

**Expert Group Meeting on “Indicators to monitor the impact of NTMs on SDG progress”
31 May – 1 June 2017
Bangkok, Thailand**

Report of the meeting

Background

The 2030 Agenda for Sustainable Development recognizes international trade as an engine for inclusive economic growth and poverty reduction, and an important enabler to achieve the Sustainable Development Goals (SDGs). The SDG framework explicitly recognizes different trade policy measures. Trade and trade related policies have a multifaceted link to the SDGs. In addition to the trade-growth economic development nexus, trade is strongly linked to sustainable development goals such as food safety, health, climate, labour conditions, etc. Non-tariff measures (NTMs) cover measures such as sanitary and phytosanitary standards and technical barriers to trade that aim to protect human, animal and plant life as well as the environment. They are necessary instruments to achieve social and environmental objectives. However, such measures can become barriers to trade hampering economic development opportunities. Evidence indicates that NTMs can be three to four times more restrictive than tariffs and are the main contributors to trade costs. NTMs have thus moved to the forefront of the discussion on sustainable global trade patterns and are key to enhance policy coherence for sustainable development (target 17.14). Even though both tariffs and certain non-tariff measures feature in the Sustainable Development Goal framework, concrete quantifiable indicators associated with NTMs (and, in general, trade costs) are largely missing. In order to implement the 2030 Agenda at full capacity, there is an urgent need for a tool to monitor and analyse the impact of NTMs on SDGs.

The purpose of the project is to strengthen capacity in developing and least developed countries to measure and monitor the impact of NTMs on the progress towards the sustainable development goals. The objective is to develop a composite index (comprised of indicators) to measure impact of countries' use of NTMs in achieving economic, social and environmental development. The index will thus complement and integrate existing SDGs indicators with regard to allowing government officials to monitor their countries' progress towards the SDGs. One of the end products could be a guidebook for both researchers and policymakers on indicators and NTMs/NTBs.

Objective

The purpose of the Expert Group Meeting (EGM) was to summarize the current knowledge related to NTMs; discuss and identify indicators in a context of the NTMs' impact on progress of SDGs; decide on whether the project should focus on the effect of NTMs on SDGs or from SDGs to NTMs, or both; discuss/identify pilot countries; and set the timeline, tasks and monitoring for the work.

Participants¹

Representatives of ARTNeT institutional members (including Economic Research Institute for Trade, Institute of Malaysian and International Studies (IKMAS), ESCAP, Mekong Institute, South Asian Network on Economic Modeling (SANEM), and Thammasat University), Asia-Pacific Trade Agreement (APTA) secretariat, Ministry of Commerce of China, OECD, and UNCTAD.

Welcome and Opening Remarks

On behalf of ESCAP, **Ms. Susan Stone**, Director of Trade, Investment and Innovation Division (TIID), ESCAP, welcomed the participants to the EGM and delivered opening remarks. Ms. Stone emphasized that having a thorough understanding of NTMs is vital for designing effective policies to enhance trade to achieve the 2030 Development Agenda. She further noted that NTMs are a cross cutting issue affecting not just trade, but a variety of sectors. As such, Ms. Stone highlighted the importance of partnerships in this project to take advantage of various expertise required to deliver the outputs, including ESCAP's Statistics Division for expertise on indicators, methodology and data collection, and UNCTAD with expertise on NTMs as well as their global reach. Finally, Ms. Stone noted that some of the participants were APTA negotiators, and deeper understanding on NTMs would likely to benefit the APTA negotiations.

Mr. Ralf Peters, Chief, Trade Information Section (TIS), Division on International Trade in Goods and Services and Commodities (DITC), United Nations Conference on Trade and Development (UNCTAD), welcomed the participants and thanked the ESCAP secretariat for organizing the event. Mr. Peters started with an overview of UNCTAD's work on NTMs, noting that it started as far back as the 1980's, but gained increasing prominence since 2005-2006. He further stressed that starting in 2006 a revised NTMs Classification was developed with seven international organizations to categorize NTMs, and highlighted that member States' requests concerning NTMs are becoming more frequent. Mr. Peters expressed his regrets that NTMs were not explicitly mentioned as any targets or indicators in the 2030 Agenda. However, he emphasized that NTMs have strong relationship to other SDGs directly through trade, or indirectly through issues such as food security and environmental protection, underlying importance to measure them.

Introduction of the Project

Ms. Rikke Munk Hansen, Chief, Economic and Environment Statistic Section (EES), Statistic Division (SD), ESCAP, and **Ms. Mia Mikic**, Chief, Trade Policy and Analysis Section (TPS), TIID, ESCAP, provided an overview of this project, *Developing an index to monitor the impact of NTMs on SDGs progress*, in the context of the larger Development Account 10th Tranche (DA10) Programme, *Strengthening Statistics and Data for the Sustainable Development Goals*. As part of her overview, Ms. Hansen remarked that the DA10 programme is highly comprehensive, and that the work on NTMs falls under the 4th pillar of the Programme (Economic Pillar), of which business registers, trade statistics and trade related measures make up one of five themes (Figure 1). The focus of the theme is to improve capacity of countries to measure and monitor the economic effects of trade regulation (including NTMs) used for advancing social and environmental SDGs.

¹ Please see Annex A – List of Participants for details.

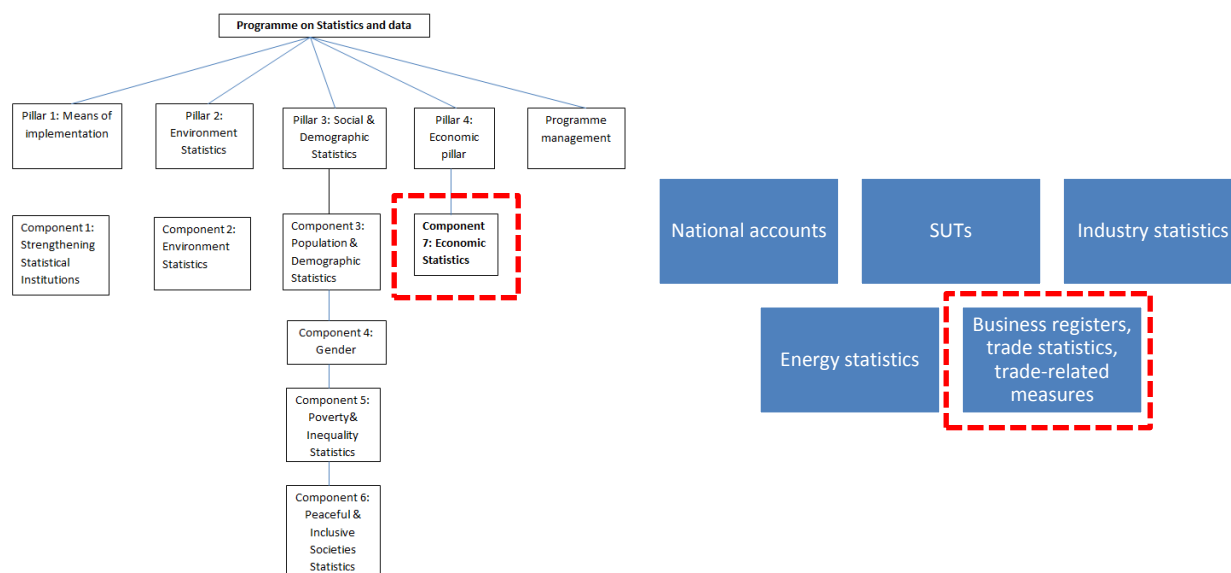


Figure 1. This project component in the context of the DA10 project, "Strengthening Statistics and Data for the SDGs"

Ms. Hansen emphasized the need to increase the availability and quality of statistics collection for the purpose of achieving SDGs. She also observed that although NTMs were not included in the global SDG monitoring framework, their relevance for sustainable development analysis was recognized broadly, including through their explicit mentioning in this Programme. She thanked UNCTAD for having promoted their inclusion. In response to a question about national vis a vis global monitoring, she elaborated that national SDG monitoring frameworks would be developed to monitor national progress and hence would be designed and implemented by each country, bearing in mind the commitments made to the Goals and Targets included in the 2030 Agenda. National monitoring frameworks would therefore not necessarily include the same indicators as those included in the global SDG monitoring framework.

Ms. Mikic stated that trade data, particularly data in the developing countries, often resides outside of traditional statistical institutions, emphasizing the importance of this project, aiming to build statistical indicators, to involve other Government offices housing data and information on NTMs. Ms. Mikic echoed Ms. Hansen's comment on national indicators, saying that national policy and commitments, including monitoring, should be driven by national priorities. As such, the proposed indicator on NTMs would help with policy development and evaluation, in particular related to NTMs, with an ultimate goal being that careful cost/benefit analysis is carried out before any such measures are put in place.

Ms. Mikic remarked that it was envisaged that the index would be composite, easy to implement, multi-dimensional and prescriptive, to be added as an additional indicator to specific SDG/national development targets. In addition, as part of this project, it is aimed to develop a guidebook for researchers and policymakers to compile datasets to carry out studies, formulate negotiation mandates, monitor implementation of trade liberalization, as well as improve the design and use of NTMs.

The participants noted that there is often lacking data in the poorest socio-economic strata of economies, particularly in the Mekong delta. As such, the informal trade sector, being an important source of income for the poorest, while could be affected by certain measures that could be classified as NTMs, would require additional data collection.

The secretariat agreed that while such sectors were important, it was beyond the scope of this project to collect high level of disaggregated statistics. The tentative aim was to use available statistics for

benchmarking purposes, highlighting the need to ensure cross-country and cross-sectoral comparison. This project could benefit from subsequent complementary studies which could target informal sectors.

The participants showed an overwhelming consensus that NTMs were at the frontier international trade issues, and displayed interest and support for the project. It was argued that an increase in transparency related to NTMs could ostensibly increase trade more so than any tariff reductions (given relatively low level of applied tariffs). The participants then suggested that it would be beneficial to involve APTA secretariat, since for senior officials the issues of NTMs were currently a big policy and negotiation issue, apart from not understanding their impact on addressing the development gaps between countries. In particular, the effects of NTMs could disproportionately affect countries with special needs, as larger/more developed economies could, for example, afford testing labs to meet Sanitary and Phytosanitary (SPS) requirements. Furthermore, smaller firms were less likely to be able to deal with regulations. There are also subnational differences in the capacities to address foreign NTMs, where, for example in Beijing, companies are better equipped to deal with them, than, for instance, large manufacturing provinces of Shandong and Zhejiang. As such, better understanding of NTMs could also address country-specific developmental issues. Participants also recommended that this work could be invaluable to further ASEAN (and ASEAN plus 6 /RCEP) economic integration.

Next, conceptual issues of developing the index were discussed in more detail. In particular, it was suggested that there is a gap between regulations in practice and their enforcement. Hence, it was proposed to examine objective indicators that could proxy for overall difficulty of accessing an export market, such as time, cost and the number of procedures. Next, the issue of data collection was brought up, whether it needs to be done by sector, country, or bilaterally. This was found to be potentially problematic, particularly with differences among land-based and sea-based trade, as land-based trade tends to encounter more issues. The problems of differentiating between legitimate NTMs and NTMs designed specifically (and intentionally) to reduce trade were brought up. From a statistical point of view, control variables due to missing data were predicted to likely to impact any estimates of the effect of the index on SDGs. Finally, caution was called for constructing and interpreting the index, as its low values could indicate low quality regulation. Some regulations, while could constitute NTMs could also affect domestic producers, further complicating the study.

It was agreed that the most likely direction would be to examine the impact of NTMs, perhaps just a selection of, on SDGs, rather than the other way around. It would be important to match trade data, and most likely to involve official administrative data, whether enforced or not.

Review of theoretical and empirical work on the measurement of NTMs

Mr. Christian Knebel, Associate Economic Affairs Officer, TIS, DITC, UNCTAD, introduced key concepts related to NTMs, including UNCTAD-MAST² classification. Mr. Knebel presented the global database on non-tariff measures (TRAINS),³ which is the result of extensive work of collecting and classifying policies that have the potential to impact trade. The database is populated with the original legislatures from countries covered, coded according to the UNCTAD-MAST classification, and linked to HS6 product codes together with links to relevant provisions and short summaries of each measure. Mr. Knebel further drew parallel with WTO's database on NTMs, noting that the WTO database only contains measures notified to the WTO. Mr. Knebel demonstrated the usability of TRAINS interface, and provided a quantitative overview on the types of NTM affecting various sectors, remarking that the incidence of specific regulations was not proportional to trade restrictiveness of measures, potentially complicating quantitative analysis. He further observed that the majority of NTMs today are Sanitary and Phytosanitary

² Multi Agency Support Team (FAO, IMF, ITC, OECD, UNCTAD, UNIDO, World Bank, WTO)

³ <http://i-tip.unctad.org/>

(SPS) measures and Technical Barriers to Trade (TBT). The primary objectives of these NTMs are the protection of human, animal and plant health, and/or the environment, and while the costs of such measures have been estimated in terms of ad valorem equivalent (AVEs), the benefits have not been studied extensively.

The participants were appreciative of the database, particularly as some firms were said to often find it hard to find the exact importing requirements at one single source, particularly with different languages involved.

Mr. Knebel stressed that the key to the success of the database has been its neutrality – the database in itself serves as an objective depository of measures that can potentially impact trade, without classifying whether any measures are warranted or not. As such, elimination of the measures was not the purpose of the database nor an option, but rather was developed in the interests of transparency. Aligning policies with SDGs may actually increase the number of NTMs (due to health consideration, etc). However, transparency in itself (even of restrictive measures) can potentially lower trade costs. In addition, wider understanding of NTMs could foster higher use of internationally agreed standards, such as CODEX Alimentarius, in place of voluntary certifications or those from entirely private institutions, which could further enhance transparency and lower trade costs.

Participants brought to attention that export-related NTMs also have the potential to impact outbound trade, citing an example of regulation of tea exports in Sri Lanka, which requires a certain national export quality standard, not applied to locally sold tea. Another example was the restriction of mined rare earth exports, under the premises of environmental protection.

Finally, it was noted that NTMs that require adherence to certain standards, while may negatively effect on trade in the short term, may actually provide a positive effect in the longer term, hence, it was important to be conscious of time horizon in the analysis. There was a wide consensus among the participants that there is currently a lack of literature on the (positive) health and environmental impacts of NTMs.

Objectives of building the NTM index, linkages to SDGs and selections of countries

Mr. Peters started off the session with the description of linkages between international trade and SDGs. He defined NTMs as policy measures, other than ordinary customs tariffs, that can potentially have an economic effect on international trade in goods, changing quantities traded, prices or both. NTMs could be categorized into two broad categories: technical measures, such as SPS and Technical Barriers to Trade (TBT); and non-technical measures, such as price and quantity measures. As such, the emphasis of the study would be on technical measures that can indirectly affect price and quantity, with the purported primary goals being non-trade related (i.e. health and safety, environment). He reiterated that while NTMs are not explicitly mentioned as SDG indicators, whether intentionally or not, NTMs can have a significant effect on trade, which *is* explicitly mentioned in SDGs (Table 1). In addition, NTMs can also be related to a variety of other SDGs (see Tables 2 & 3 for examples).

Table 1. Potential positive links between trade and SDGs

Trade is an engine for economic growth and poverty reduction.	Goal 1: End poverty in all its forms everywhere
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Trade is an engine for economic growth, income and agricultural production. Trade therefore affects access, availability and stability of food security.	Goal 2: End hunger, achieve food security and improved nutrition and promote sustainable agriculture
Trade can provide opportunities for the economic empowerment of women.	Goal 5: Achieve gender equality and empower all women and girls
Trade and global value chains are drivers for technological innovation and production of renewable energy sources.	Goal 7: Ensure access to affordable, reliable, sustainable and modern energy for all
Trade is an engine for economic growth and employment.	Goal 8: Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all
Trade is an engine for economic growth and industrialization.	Goal 9: Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation
Trade is an engine for economic growth. Trade-led growth in many developing countries has contributed to reduce inequality between countries.	Goal 10: Reduce inequality within and among countries
Trade is an engine for economic growth and key "means of implementation" for sustainable development.	Goal 17: Strengthen the means of implementation and revitalize the global partnership for sustainable development

Table 2. Quality and safety effect

NTMs in the shape of SPS measures and TBT are also directly linked to several pillars of food security. SPS measures protect the health of humans, animals and plants; including the protection of agricultural production from pests and diseases.	Goal 2: End hunger, achieve food security and improved nutrition and promote sustainable agriculture
NTMs/SPS measures are employed to protect human health from risks arising from additives, contaminants, toxins or disease causing organisms in food and drink. Codex Alimentarius provides recommendations for science-based SPS regulations. TBT also allow countries to regulate food for consumer protection, e.g. labelling of fat or sugar contents. Furthermore, NTMs/TBT regulate the safety of imported pharmaceutical products as well	Goal 3: Ensure healthy lives and promote well-being for all at all ages

as any hazardous substances that may have an adverse effect on human health.	
NTMs apply to clean energy products in different ways. On the one hand, some countries use subsidies, often "feed-in tariffs", to promote the import and use of clean energy technologies. On the other hand, some apply local content requirements for these benefits, which may slow down the proliferation of clean energy sources. Furthermore, photovoltaic products have been subject to antidumping duties and WTO disputes.	Goal 7: Ensure access to affordable, reliable, sustainable and modern energy for all
NTMs/TBT enable countries to regulate production and imports of products that cause environmental damage.	Goal 12: Ensure sustainable consumption and production patterns

Table 3. Coordination and global partnership

All of the above direct linkages between NTMs and sustainable development show a strong need for global partnership and coordination.	Goal 17: Strengthen the means of implementation and revitalize the global partnership for sustainable development
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Mr. Rajan Sudesh Ratna, Economic Affairs Officer, TPAS, TIID, ESCAP, provided a brief overview of ESCAP's role as a secretariat to the Asia-Pacific Trade Agreement (APTA) which is a preferential trade agreement having Bangladesh, China, India, Lao PDR, Republic of Korea and Sri Lanka as its existing member and Mongolia which is in process of accession. ESCAP has prepared an online database on around 11,000 national tariff lines on which the tariff concessions have been exchanged under APTA. This online database also includes the information on rules of origin as well as SPS and TBT regulations which have been notified to WTO. The meeting was informed that APTA members appreciated the efforts of ESCAP in this regard since they recognise the dissemination of information on tariff concessions as well as NTMs to the private sector which will facilitate trade. Participants were informed that ESCAP is regularly updating the database and with the limitations of WTO database, it will try to see how the UNCTAD NTM database can fill the information gap.

Participants engaged into an extensive discussion on the components of the proposed indicator. Adherence to international standards was proposed as viable criteria, whereas it was noted that national standards would impact domestic firms as well, making it difficult to justify a link between an indicator to a measure of country's trade performance. Product disaggregation was also agreed to be an important issue, as well as the ability of the indicator to be tracked over time. Some NTMs in the short run may decrease trade, whereas in the long run, due to increased technical capacity of firms, could boost trade.

It was widely agreed that while the effect on trade would be comparatively easy to measure and thought to be mostly negative during the introductory phase, the effect on SDGs of NTMs would be more difficult to ascertain, particularly as different countries would have different SDG priorities. Potential ideas on quantifying the positive effects of NTMs on SDGs discussed include industry shares, economic effects of not having certain NTMs, and just accepting that there are certain positive effects (like fewer instances of liver cancer due to mercury restrictions in fish) but forgoing any detailed discussion on it.

A suggestion to estimate the link between NTMs and SDGs through tracking down any cost/benefit analysis that presumably would have been conducted before any measures were introduced. This would have an added advantage of potentially demonstrating that the rationale behind some legacy NTMs would no longer be applicable in the current environment. Such method could further add to transparency and implore policymakers to remove/update any outdated measures. However, it was also suggested that in some cases any cost/benefit analyses were only internally discussed, and only the final decisions – the actual policies and regulations – are available at the national level.

Experiences from other measurements based on qualitative data: STRI

Mr. Massimo Geloso-Grosso, Head of OECD Indonesia and South East Asia Office, Organization for Economic Cooperation and Development (OECD), introduced the OECD Services Trade Restrictiveness Index (STRI). The index was described a composite index to provide a snapshot of trade restrictiveness of 22 service sectors in 44 countries, based on an OECD-compiled and updated annually regulatory database (see Figure 2 for the distribution of STRI values across sectors). Mr Massimo stated that collection of the data was the hardest part – some immigration regulations having as many as 70,000 documents to review.

The rationale to include various measures in STRI are either mentioned in the GATS, considered for future negotiations in the GATS, mentioned in regional trade agreements or identified by stakeholders. The main policy areas examined include restrictions on foreign entry, restrictiveness to movement of people, barriers to competition, regulatory transparency and other discriminatory measures. The indicators of policies are assigned binary scores (i.e. 0=completely open, 1=completely closed), with complex or continuous measures being broken down according to thresholds, with hierarchical nature of regulations and different market structures reflected. Highlighting the hierarchical nature of regulations, Mr Massimo noted that regulations are qualitative, and sometimes just two measures, such as foreign equity and professional service binding nationality requirements, were enough to completely shut off a market. As such, foreign equity requirement is, for example, one of the key regulations on the top of the hierarchy, and if restricted, indicators at the lower level of the hierarchy, such as documentation requirements, are automatically assigned 1, irrespective of the actual values of the indicators.

The weighting of the subcomponents of STRI depends on judgements of expert, who are polled online. Mr. Massimo emphasized that linkages between regulations are more important than the weights. He discussed various options considered for weights, such as equal weighs, econometrically estimated or expert opinion based. Mr. Massimo argued that equal weights were not truly objective, as the outcomes often depend on the number of measures included in each subcomponent, some of which may be less relevant. Ideally, econometrically-derived weights, such as through principal component analysis, would be used, but presently there was insufficient data for deriving such weighs. Mr. Massimo noted that the robustness of the index was checked by assigning equal and then random weights, to see if country/sector rankings change significantly. Furthermore every year, if warranted, adjustments are made for new sectors/technologies. If any adjustments are made, the index is then backtracked so as to maintain consistency across time. The peer review of the STRI values is conducted through governmental peer review, yet private sector is involved indirectly through their respective government representatives.

Participants discussed in detail various methodological aspects of setting up STRI. The issue of assigning a binary as opposed to continuous variables was noted to be one of the most contentious issues, but Mr. Massimo defended the practice, saying that it was chosen in the interest of objectivity, transparency, consistency and parsimony, noting that the key consideration is selecting thresholds and that ultimately the index needs to provide variation between sectors, countries and time periods. The actual practice of threshold selection involves close consultation with experts, and while there were no specific criteria for expert selection, it was noted that the more experts are involved, generally, the better. In some cases, such as foreign ownership regulations threshold selection was comparatively easy (i.e. below or above 50 per cent) whereas for some other indicators the values were compared against the average.

Participants suggested that comparison to international standards, such as CODEX Alimentarius could be a way forward to assign binary values to NTMs (i.e. 0 if the same as internationally agreed, 1 if more restrictive). The thresholds could be guided by business surveys or consultation with experts, including from FAO and WHO. It was noted, however, that it would be contentious to identify what constitutes less/more stringent if country-specific regulations were not explicitly based on scientific evidence. Approaches of comparison to international standards employed at WTO were observed to comprise of identical/equivalent/or modified categories.

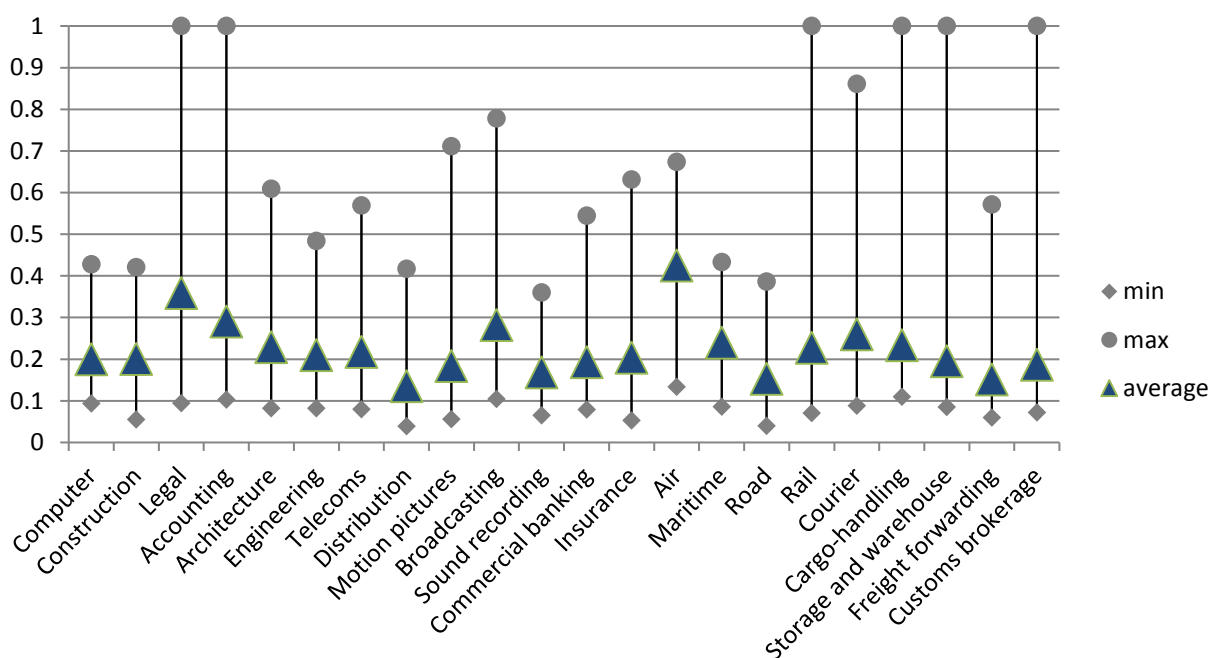


Figure 2. STRI Sector profiles

Ms. Witada Anukoonwattaka, Economic Affairs Officer, TPS, TIID, ESCAP, discussed how to make data collection more efficient using statistical means, based on a recent example of policy uncertainty index construction (see more details on policyuncertainty.com)

She noted that it would be challenging to determine positive impact that NTMs as any effects they may have will be long-term in nature. In addition, many of the measures are likely to have been based on particular policy sentiments at the time they were established. It was noted it would be hard to go through extensive legislation to ascertain the historical reasons behind each measure.

Conceptual approaches to building an NTM impact index

Mr. Sudip Ranjan Basu, Economic Affairs Officer, Countries with Special Needs Section (CSN), Macroeconomic Policy and Development Division (MPFD), ESCAP, discussed his experience of building the trade and development index (TDI) at UNCTAD. The goal of developing the index was to integrate trade into the SDG framework. Mr. Basu discussed alternative options of weighting systems, including simple average, multivariate regression, factor analysis, principal component, and most recently employed structural simultaneous equations modelling to see how various measures interact as well as precisely estimate the contribution of each variable. He noted, however, that the biggest problem was data collection and doubted whether for a qualitative index such a weighting system would be appropriate. Mr. Basu further noted that policymakers sometimes question the usefulness of any index if it is closely correlated with macro indicators, such as GDP. However, participants indicated that efforts of international organizations are generally to fight rise in protectionism and it was important to inform policymakers about the emerging trend of NTMs. The work of World Bank on international trade, in particular, revolved mostly on SPS issues. WTO's Doha negotiations, while encountering resistance from some major economies, eventually included provisions on NTMs because they were considered to be too important to exclude. Similarly, the TPP negotiations were mostly revolved around the NTMs.

Ms Seul Lee, Consultant, TIS, DITC, UNCTAD, discussed conceptual approaches to building an NTM impact index. Considering a product-specific approach, Ms Lee suggested that firstly, products that could potentially affect specific SDG targets and indicators could be collected, noting that multiple linkages could exist. For example, easier access to fertilizers and agricultural machines by small farmers could increase yields, but overuse of chemicals may have negative environmental repercussions. Furthermore, the issue of the extent of indirectness of any impacts was discussed, for instance, use of fossil fuels (subject to NTMs) is linked to climate change, which could change food producers' yields. This wide extent of indirect impact that a product has to SDG limits the collection of an exhaustive list of SDG-affecting products because any product can be linked to SDG in a far indirect manner.

Regarding comparison to international standards, Ms Lee examined WTO's weighting and balancing on notified NTMs, noting the criteria included 1) importance of common interest or values protected by the measure; 2) contribution these measures make to the policy objective, and 3) the impact of the measure on international trade. On SPS measures, WTO SPS Agreement Article 3 (harmonization) called members to "*base their SPS measures on international standards, guidelines or recommendations*", specifying that those which "*conform to international standards, guidelines or recommendations* shall be deemed to be necessary to protect human, animal or plant life or health". The international standards, guidelines and recommendations accepted by WTO include Codex Alimentarius, International Office of Epizootics, and International Plant Protection Convention. Ms. Lee suggested that the way forward could be to use the existing UNCTAD's NTM data and supplement it with matching exercise of these international standards. By matching NTM provisions with corresponding international standards at product level, it would be possible to determine whether the regulations were more or less stringent than, or as stringent as the international standards. However, the level of stringency would not carry any prescriptive implication because more stringent measures are allowed if backed by scientific evidence.

Participants observed that going by a few specific products only may neglect certain SDGs, NTMs may differ in different countries on their impact on SDGs and countries may have different SDG priorities. In addition, restriction in trade in certain products (such as tobacco and alcohol) may actually bring about positive health-related outcomes.

The way forward

Based on the previous discussions, participants engaged into deliberations on the way forward. It was generally agreed for index to include two dimensions – costs due to trade restrictiveness and benefits through helping to achieve the SDGs, irrespective of a direction of impact on trade.

As a basis for further work, it was widely agreed to use data already collected by UNCTAD, namely the TRAINS. The issue with time period could potentially add a complication, as TRAINS is not constantly updated, hence, data for different countries may be from different time periods. However, it was agreed that updating the database for a particular country was easier than compiling a database from scratch.

It was agreed to focus on a bottom-up approach looking at the qualitative evaluation of individual measures and at the product level. Estimations using large datasets, and resulting in statistical errors, shall only provide general normative guidance.

Preliminary agreement was to compare the measures against international standards. While it was generally agreed that international standard were assumed to provide a good balance, less stringent measures could be beneficial to openness, though less beneficial on health/environmental dimensions. However, it was also noted that deviations from international standards were not always negative, so long as they were backed up by unbiased scientific evidence.

A complementary approach could look at the country level with regard to overall transparency, good regulatory practice, , ease of doing business, WEF indices, as well as business surveys on NTMs.

The potential name of the index was also discussed – index of “restrictiveness” was thought to have a negative connotation and neglecting any positive effects on SDGs as well as potential long-term benefits, such as increase in market share, etc.

It was discussed that both costs and benefits should be considered to be largest possible extent. Further ideas on benefits of NTMs included matching them to SDGs (as simple as binary). It was also suggested to review reports from OECD on SPS risk assessment to see the evaluation of the cost/benefit analysis, and similar work from WTO Technical Barriers to Trade (TBT) Committee and adherence to GATS article on domestic regulations⁴. Consultations with FAO and WHO were also suggested, as these organizations are likely to be working on impact assessments of various NTM-related policies to achieve the SDGs. Finally, a possible way forward suggested was to develop an index capturing the cost side, and then capturing the benefit side through an experimental “sustainability-adjusted” version of the index. Meeting participants agreed to conduct more research on the ways of assessing the positive impacts of NTMs.

In terms of product selection for the case study, it was agreed to select a physical product (not a service), that is highly traded, and relatively important in the region, such as agriculturally related. A specific focus on a set of products would allow a close examination of the rationales behind establishment of NTMs affecting them. Specific agricultural products discussed included rice (but tentatively dropped due to comparatively low levels of trade vis-à-vis consumption) and maize (relatively more traded as used in feed). Other products potentially shortlisted included fertilizers, pesticides, dairy, including processed milk, textile industry related, and meat (which would have very stringent halal label requirements in some countries). It was suggested, however, that fertilizer and pesticides may attract comparatively fewer SPS measures (in comparison to agricultural produce) and agricultural machinery would not necessarily be

⁴ https://www.wto.org/english/tratop_e/serv_e/dom_reg_negs_e.htm

differentiated from industrial equipment. A range of at least three-four products from different categories should be considered to validate the index.

For country selection, including APTA countries was considered as most advantageous due to geographical proximity, close relationship with ESCAP secretariat and the potential to roll out the practice to all APTA members. The main criteria considered were data availability, different levels of development as well as language consideration for research of legislation. While the meeting did not agree on a specific pilot country, it was decided to highlight to the APTA secretariat that the initial pilot work is intended as a start, with the aim of rolling out the methodology to other members as it becomes developed. Tentative shortlist includes Bangladesh, China, India, Lao DPR, Republic of Korea and Thailand.

Product and country selection are related question and would have to be decided in tandem.

Tentative outline of the way forward was agreed on the meeting:

Tentative timeframe	Description	Lead
end of June 2017	Product and country selection	All
September 2017	Expert discussion (online & facilitated by ESCAP)	All
Ongoing	Code Codex Alimentarius, OIE, IPPC related to target products according to ICNTM and UNCTAD guidelines (UNCTAD)	UNCTAD
Ongoing by August 2017	Benefit side literature	ESCAP
end of 2017	Mature the index	All
early 2018	Capacity building	All
2018	Roll out to APTA	All

APPENDIX A - LIST OF PARTICIPANTS

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LAO PEOPLE'S DEMOCRATIC REPUBLIC

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