

Operationalizing work on NTMs: Accelerating Trade Facilitation & Digitalization in Asia-Pacific

Yann Duval

Chief, Trade Policy and Facilitation Section

Trade, Investment and Innovation Division

United Nations Economic and Social Commission for Asia and the Pacific

Trade Costs in Asia and the Pacific

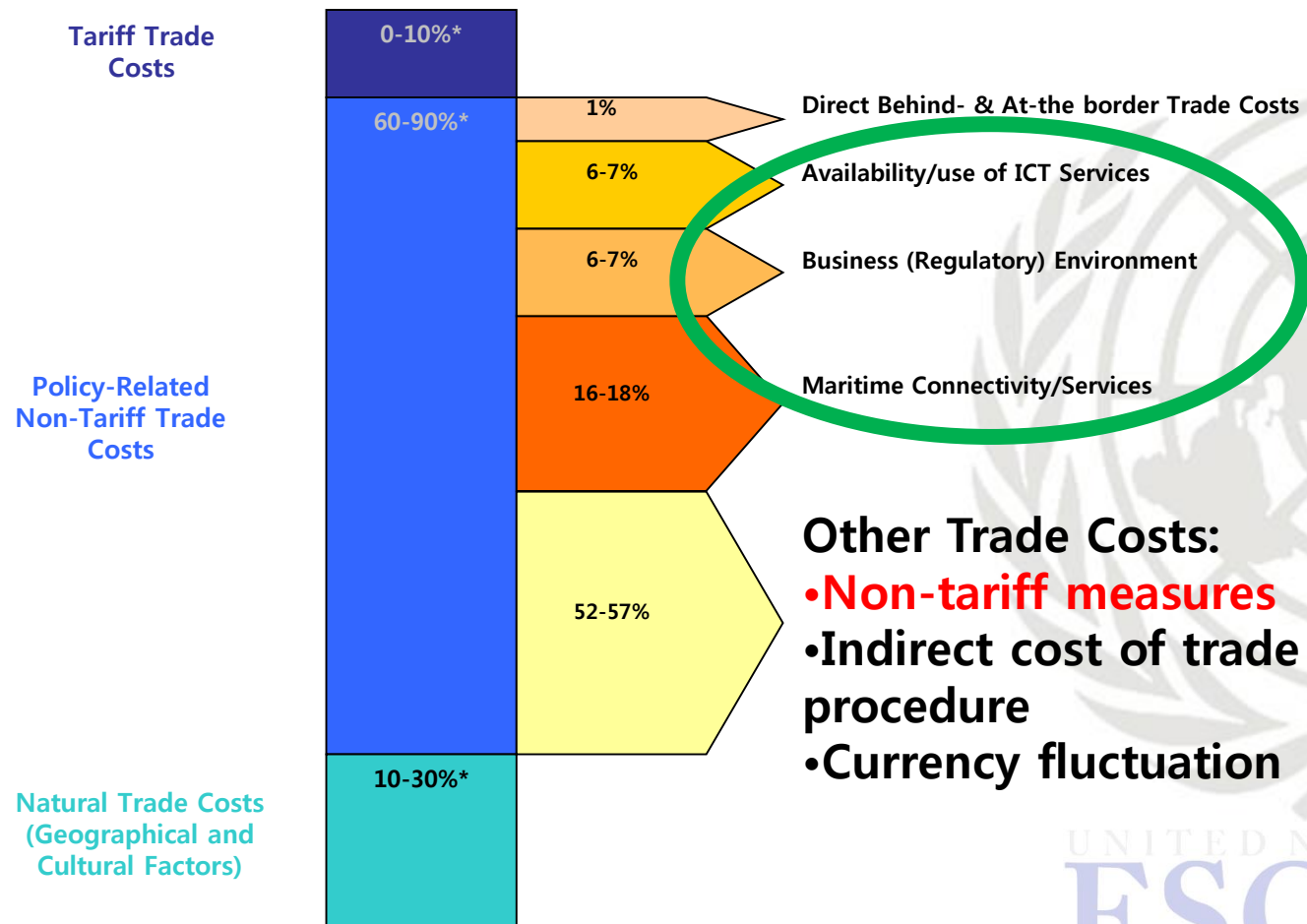
Table 1: Intra- and extra-regional comprehensive trade costs in the Asia-Pacific region (excluding tariff costs), 2011-2016

Simple Average	ASEAN-4	East Asia-3	North and Central Asia - 4	Pacific Islands Developing Economies	SAARC-4	AUS-NZL	EU-3
ASEAN-4	76.2% (3.4%)						
East Asia-3	77.6% (6.0%)	53.3% (2.9%)					
North and Central Asia - 4	342.2% (0.2%)	170.1% (-4.6%)	115.4% (-3.8%)				
Pacific Islands Developing Economies	167.6% (-9.6%)	166.1% (-4.9%)	367.4% (24.8%)	127.5% (-7.3%)			
SAARC-4	131.6% (4.6%)	123.3% (-1.9%)	304.0% (8.6%)	289.5% (-7.4%)	119.4% (10.8%)		
AUS-NZL	101.2% (2.4%)	86.8% (-4.7%)	357.2% (-0.9%)	83.8% (-4.3%)	136.7% (-6.3%)	54.1% (-0.9%)	
EU-3	105.1% (-3.2%)	84.7% (-1.1%)	149.2% (-6.4%)	197.7% (-8.4%)	113.6% (-0.3%)	107.4% (-2.9%)	42.1% (-6.9%)
USA	86.7% (7.2%)	64.3% (3.0%)	176.0% (-2.8%)	159.8% (-4.8%)	113.1% (5.7%)	100.9% (1.7%)	66.9% (0.4%)

Source: ESCAP-World Bank Trade Cost Database (June 2018 update), available at:
<http://www.unescap.org/resources/escap-world-bank-trade-cost-database>

Key factors in lowering trade costs – Asia-Pacific Perspective

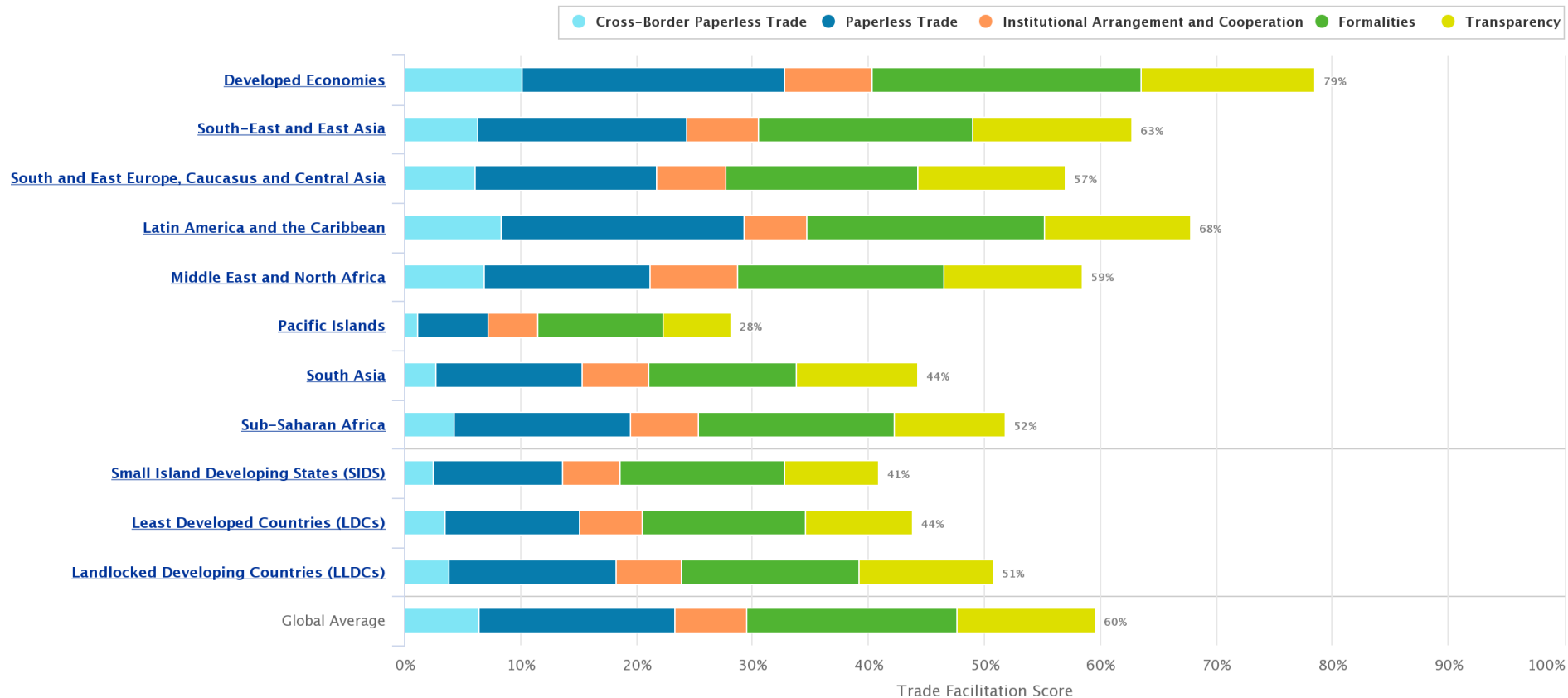
Contribution of natural barriers, behind-the border facilitation and trade-related practice to trade costs



* Illustrative based on casual observation of the data only. Natural trade costs for landlocked countries may be outside the range shown for natural trade costs.

UN Global Survey on Digital and Sustainable Trade Facilitation

conducted jointly by UN Regional Commissions



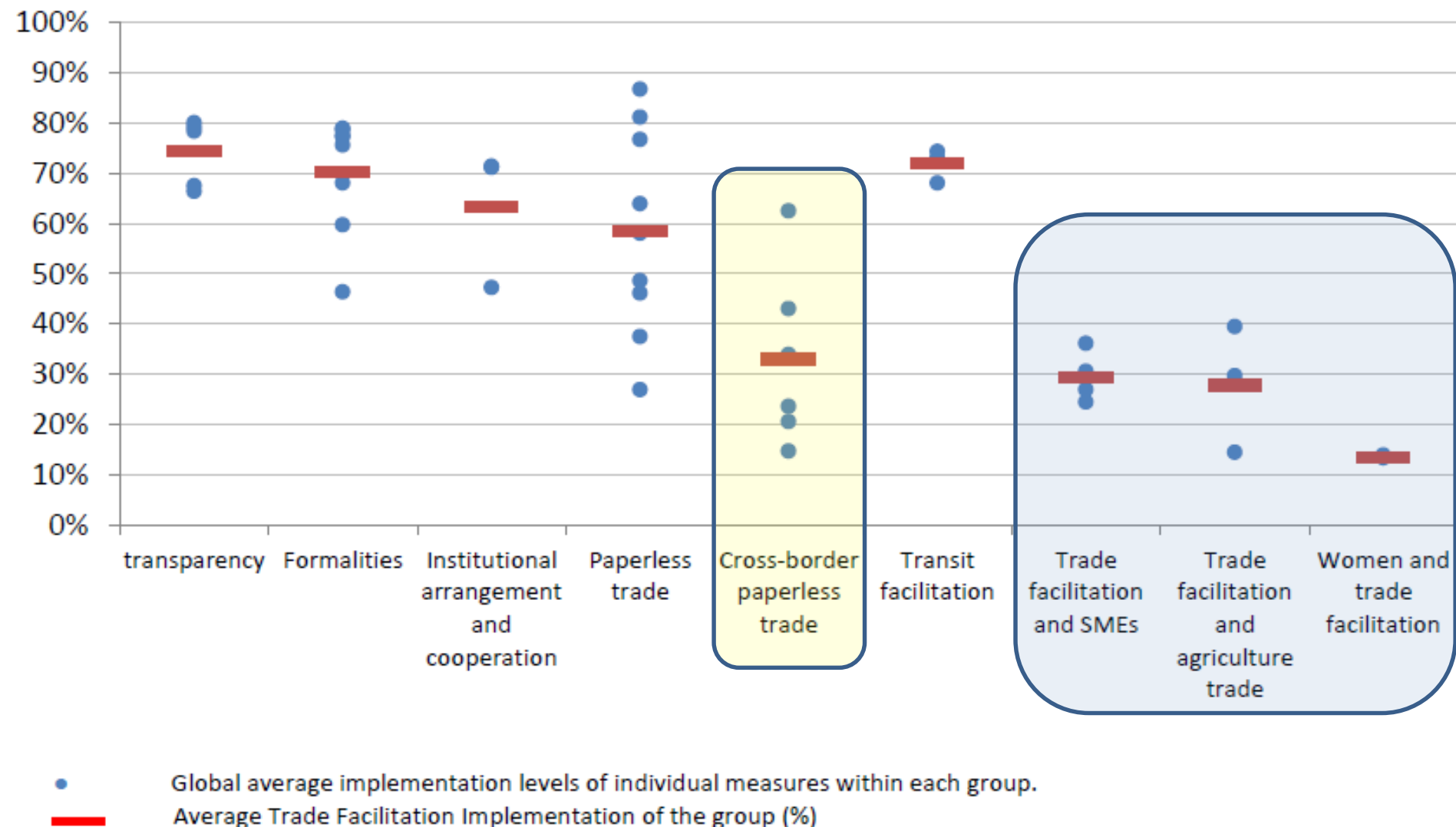
Source: UN Global Survey on Trade Facilitation and Paperless Trade Implementation 2017

UNTF SURVEY.ORG

UNITED NATIONS
ESCAP

Implementation of different groups of trade facilitation measures (2017)

Figure 4: Average implementation rates of different groups of trade facilitation measures



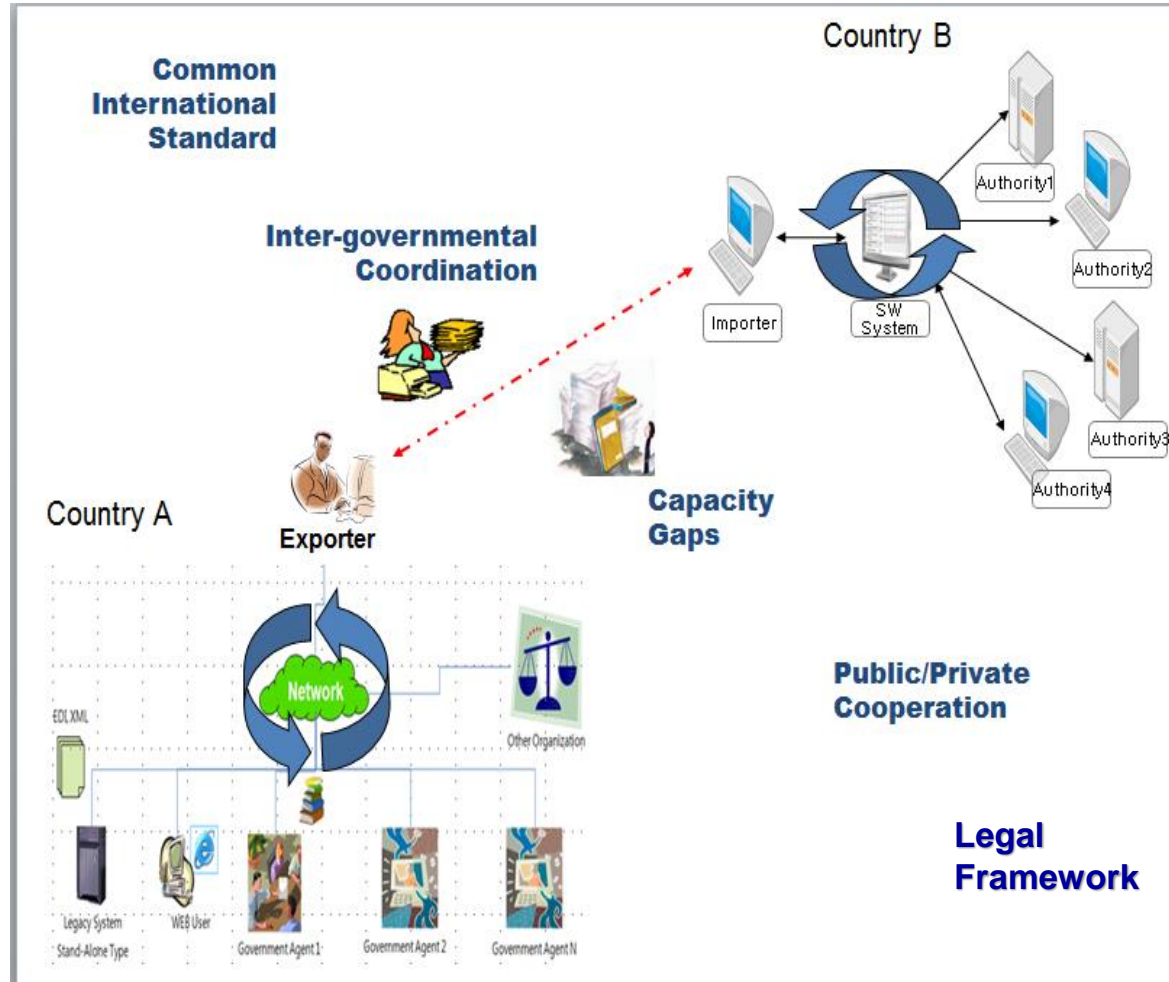
Least implemented measures in Asia and the Pacific (also true globally)

- *WTO TFA-related measures*
 - Advance rulings
 - Authorized operators programs
 - [Electronic] Single Window systems
- *Cross-border paperless trade measures*
 - **E-exchange of SPS certificates**
 - Paperless letters of credit
- *TF measures targeted at SMEs and Women*



Challenges to moving forward on cross-border paperless trade

- Adoption of common International Standards
- Harmonization of legal frameworks
- Capacity gaps among the parties (infrastructure & HR)
- Cooperation between public and private sectors
- Lack of intergovernmental coordination mechanism



Expected gains from WTO TFA implementation in Asia-Pacific

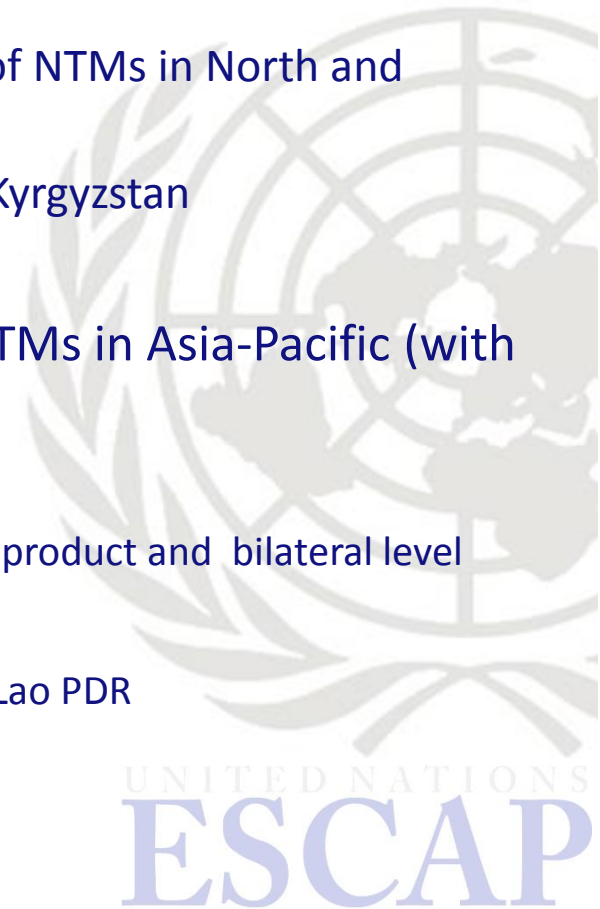
- Trade cost reductions almost double if full implementation of binding + not binding measures (-10%)
- ICT applications in TF (i.e. paperless trade measures) have high trade cost reduction potential (additional 7%)

Table 7: International Trade Cost Changes in Asia and the Pacific Resulting from World Trade Organization Trade Facilitation Agreement Implementation

Asia and Pacific	WTO TFA (binding only)		WTO TFA (binding + non binding)		WTO TFA+ (binding + non binding + other paperless and cross-border paperless trade)	
	Partially implemented	Fully implemented	Partially implemented	Fully implemented	Partially implemented	Fully implemented
Model 1						
Overall TFI	-2.70%	-5.74%	-4.64%	-9.45%	-10.37%	-16.37%
Model 3						
Transparency	-0.81%	-1.74%	-1.29%	-3.27%	-1.29%	-3.27%
Formalities	-1.67%	-2.93%	-2.26%	-4.00%	-2.26%	-4.00%
Institution	-0.41%	-1.35%	-0.41%	-1.35%	-1.37%	-2.44%
Paperless and cross-border paperless	-	-	-1.39%	-2.24%	-6.73%	-9.26%

On-going ESCAP work/support on reducing the cost of NTMs

- Capacity building of member states
 - Regional workshop on *Evidence-Based Trade Policy Making for Sustainable Development* (focus on NTMs)
 - NTM week 2018 & Workshop on Reducing the Costs of NTMs in North and Central Asia (Geneva)
 - Research capacity building on NTMs in Uzbekistan & Kyrgyzstan
- NTM data collection in Azerbaijan & Tajikistan
- Regional analysis of private sector perspective on NTMs in Asia-Pacific (with ITC)
- Database on the costs of NTMs
 - Estimation of NTMs' ad-valorem equivalents (AVEs) – at HS6 product and bilateral level
- Development of indicators to link NTMs and SDG
 - Micro-level assessments to be conducted in Bangladesh and Lao PDR



On-going ESCAP work/support on reducing the cost of NTMs



The Framework Agreement on Facilitation of Cross-Border Paperless Trade in Asia and the Pacific

- Newest UN treaty on trade and development (2016)
- Aims to accelerate implementation and interoperability of single window and other paperless trade systems
- Complements and supports digital implementation of WTO TFA
- **Great potential to reduce the cost of NTMs + increase compliance to NTMs**
- Already signed by 5 countries (incl. China), and ratified by Azerbaijan

http://bit.ly/ESCAP_FA

<https://www.youtube.com/watch?v=H5nywxwD62g>

ANNEX – More details on ESCAP data initiatives on NTMs on SDGs



NTMs and Sustainable Development

- Relate NTMs to SDGs
- Would need to go measure-by-measure (description) to see what measures may affect what – NTMs are not explicitly mentioned
- No clear matching between NTMs and SDGs, e.g.:

Imports	Technical measures	<p>A SANITARY AND PHYTOSANITARY MEASURES</p> <p>B TECHNICAL BARRIERS TO TRADE</p> <p>C PRE-SHIPMENT INSPECTION AND OTHER FORMALITIES</p>
	Non technical measures	<p>D CONTINGENT TRADE-PROTECTIVE MEASURES</p> <p>E NON-AUTOMATIC LICENSING, QUOTAS, PROHIBITIONS AND QUANTITY-CONTROL MEASURES OTHER THAN FOR SPS OR TBT REASONS</p> <p>F PRICE-CONTROL MEASURES, INCLUDING ADDITIONAL TAXES AND CHARGES</p> <p>G FINANCE MEASURES</p> <p>H MEASURES AFFECTING COMPETITION</p> <p>I TRADE-RELATED INVESTMENT MEASURES</p> <p>J DISTRIBUTION RESTRICTIONS</p> <p>K RESTRICTIONS ON POST-SALES SERVICES</p> <p>L SUBSIDIES (EXCLUDING EXPORT SUBSIDIES UNDER P7)</p> <p>M GOVERNMENT PROCUREMENT RESTRICTIONS</p> <p>N INTELLECTUAL PROPERTY</p> <p>O RULES OF ORIGIN</p>
	Exports	P EXPORT-RELATED MEASURES



NTMs and Sustainable Development

- NTMs are by definition product specific, e.g.:

reporter	partner	ntmcode	ntm_chapter	hs6
LAO	WLD	A140	A	010121
LAO	WLD	A830	A	010121
LAO	WLD	A840	A	010121
LAO	WLD	C300	C	010121
LAO	WLD	F610	F	010121
LAO	WLD	F650	F	010121
...

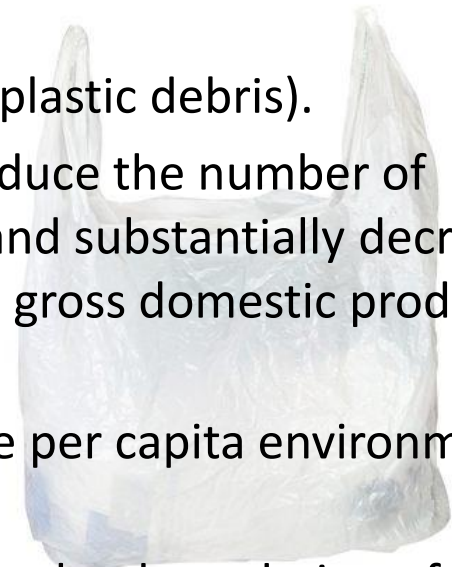
- So the key is to link the SDGs to NTMs via **product codes**

Examples

- NTMs affecting importation of plastic bags (HS 392690, 392310) are clearly linked to SDG 14 (Oceans) indicator 14.1.1 (floating plastic debris).
- NTMs affecting antiques and art (HS97) are likely to contribute to safeguarding world's cultural heritage (target 11.4).
- Arms-related NTMs (HS93) will relate to SDG 16 (Peace and Security), target 16.1 (Significantly reduce all forms of violence and related death rates everywhere) and related indicators.

Some NTMs affect a number of SDGs

- In many cases, measures affecting one product are likely to contribute to a variety of SDGs.
- In the case of measures targeting plastic bags, they are also likely to positively contribute to
 - SDG 14 (Oceans) indicator 14.1.1 (floating plastic debris).
 - SDG 11 (Sustainable cities), Target 11.5 (reduce the number of deaths and the number of people affected and substantially decrease the direct economic losses relative to global gross domestic product caused by disasters)
 - Less plastics would also reduce the adverse per capita environmental impact of cities (Target 11.6)
 - Take urgent and significant action to reduce the degradation of natural habitats, halt the loss of biodiversity and, by 2020, protect and prevent the extinction of threatened species (Target 15.5)



NTM/SDG/Target matching

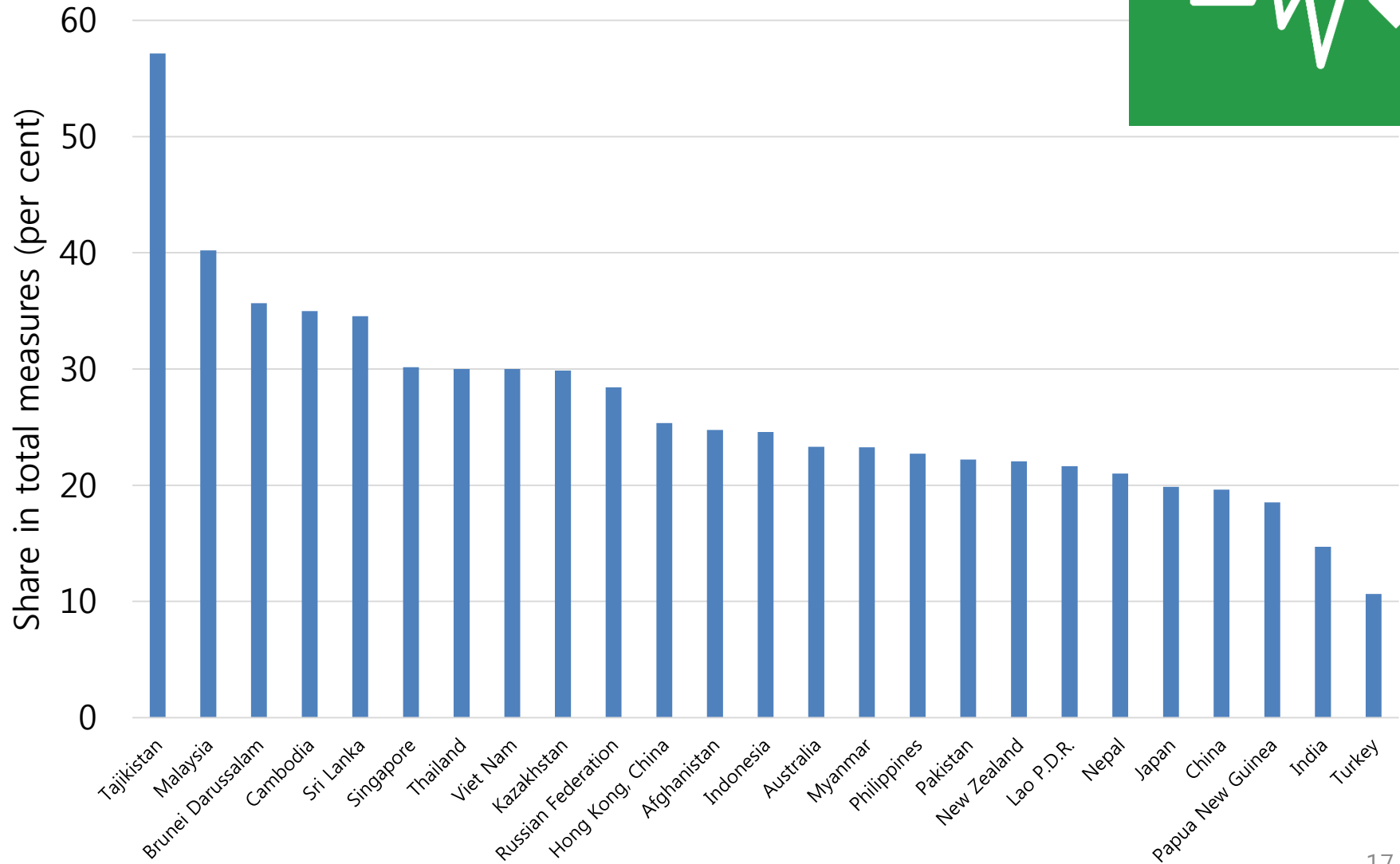
- HS 6 code
- NTM code
- Keywords

Country imposing	Partner affected	Cat	NTM Coc	Measure description	HS
Lao People's Democratic Republic	All Members	EXP	P14	Ozone Depleting Substances (ODS) and ODS-based equipment business operators that wish to	285290, 290314, 290319, 290339, 290371, 290372, 290373, 290374, 290375, 290376,
Lao People's Democratic Republic	All Members	EXP	P13	Prior to the import or export of ODS and ODS-based equipment, the business operators shall	285290, 290314, 290319, 290339, 290371, 290372, 290373, 290374, 290375, 290376,
Lao People's Democratic Republic	All Members	EXP	P5	Goods that are required to pay for export duty and their duty rates are specified in the following table	060220, 060230, 06029010, 0908, 130120, 13019010, 13019020, 1401, 2505, 2513, 2514,
Lao People's Democratic Republic	All Members	PC	F11	Goods and services that are subject to value added tax include imported goods, goods and	02, 0301, 0302, 0303, 0304, 0305, 0306, 030711, 030719, 030721, 030729, 030731, 030739,
Lao People's Democratic Republic	All Members	SPS	A82	To apply for the import permit the importer shall provide the following data for Pest Risk Analysis	06021090
Lao People's Democratic Republic	All Members	SPS	A82	Article 6. If the shipment is accompanied by a quality certificate or a testing certificate issued by	020110, 020120, 020130, 020210, 020220, 020230, 020311, 020312, 020319, 020321,
Lao People's Democratic Republic	All Members	SPS	A84	Article 6. If quality certificate or testing certificate issued by exporting country is accompanied the	020110, 020120, 020130, 020210, 020220, 020230, 020311, 020312, 020319, 020321,
Lao People's Democratic Republic	All Members	TBT	B31	All types of ODS-based products to be imported into Lao PDR shall be inspected. If the products	285290, 290314, 290319, 290339, 290371, 290372, 290373, 290374, 290375, 290376,
Lao People's Democratic Republic	All Members	TBT	B31	- Safety Data Sheet shall be attached with imported or sold dangerous substances and	252410, 252490, 270791, 280540, 282911, 282919, 283329, 285210, 285290, 285300,
Lao People's Democratic Republic	All Members	TBT	B81	Ozone Depleting Substances (ODS) and ODS-based equipment business operators that wish to	285290, 290314, 290319, 290339, 290371, 290372, 290373, 290374, 290375, 290376,

SDG	Target	Product description	HS	NTM	Keywords
SDG_12	Target_12.2	Water-using equipment and appliances for commercial	392210; 392220; 392290; 691010; 691090; 732410; 732421; 732429;	B31; B32; B7; B8; B11; E316	water efficiency; water consumption; water use; water conservation; water and energy conservation; maximum water use; water use
SDG_12	Target_12.2	Electricity and fuel using appliances, equipment,	840110; 840120; 840130; 840140; 840211; 840212; 840219; 840220;	B31; B32; B7; B8; B11; E316	energy performance; energy efficiency; energy conservation; energy class; energy conservation; fuel consumption; fuel efficiency; fuel economy
SDG_12	Target_12.2	Raw and intermediate inputs to production of non-food	250200; 250300; 250310; 250390; 250410; 250490; 250510; 250590;	A33; A51; A52; A53; A64; B33; B42; A32; B32	spoilage; spoil; damage; contaminate; contaminant; preserve; breakage; freezing; heat; sterilization; refrigeration; cooling; pre-cooling; temperature control; irradiation
SDG_12	Target_12.2	All products except wild live animals, guns and works of	0106; 93; 97	B42; B7; B8; B31; B32; B11	sustainable; life-cycle; ecodesign; eco-design; conservation; resource efficient; resource efficiency; environmental management; energy management; energy use; water use
SDG_12	Target_12.3	Foodstuffs and agricultural products intended for their	020110; 020120; 020130; 020210; 020220; 020230; 020311; 020312;	A33; A51; A52; A53; A64; B33; B42; A32; B32	spoilage; spoil; damage; contaminate; contaminant; preserve; breakage; freezing; heat; sterilization; refrigeration; cooling; pre-cooling; temperature control; irradiation
SDG_12	Target_12.4; Target_12.5	Goods regulated under Basel Conv (A list), Stockholm	051199; 252410; 252490; 262019; 262021; 262029; 262030; 262040;	B11; B14; B15; B19; B31; B32; B33; B42; B81; B82;	ODP; Basel; carbon tetrachloride; CFC; chemicals; Chlorofluorocarbon; cooling agents; electronic waste; e-waste; fluorocarbons; halons; hazardous; hazardous chemicals
SDG_12	Target_12.4; Target_12.5	Commonly used household and commercial appliances	630110; 841451; 841460; 841510; 841581; 841582; 841583; 841810;	B11; B22; E316; E112; B85	scrap; waste; e-waste; electronic waste; disposal; recycling; recovery; second-hand
SDG_12	Target_12.4;	Goods that can be sources of	290610; 290640; 290611; 290612;	B11; B32; E316; E112; B85	mercury; mercury added; Minamata

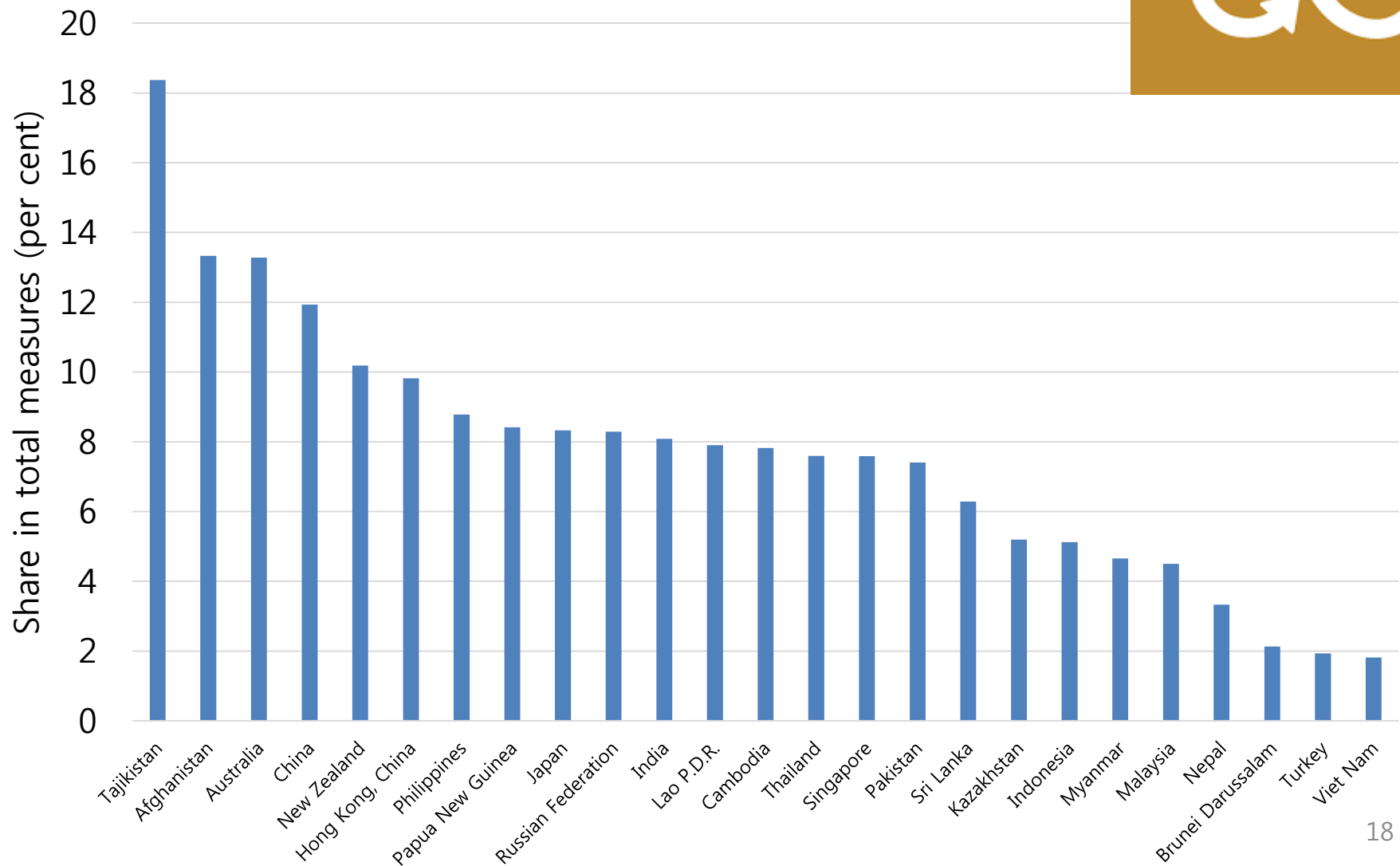
Share of measures that “match” SDG 3

3 GOOD HEALTH
AND WELL-BEING

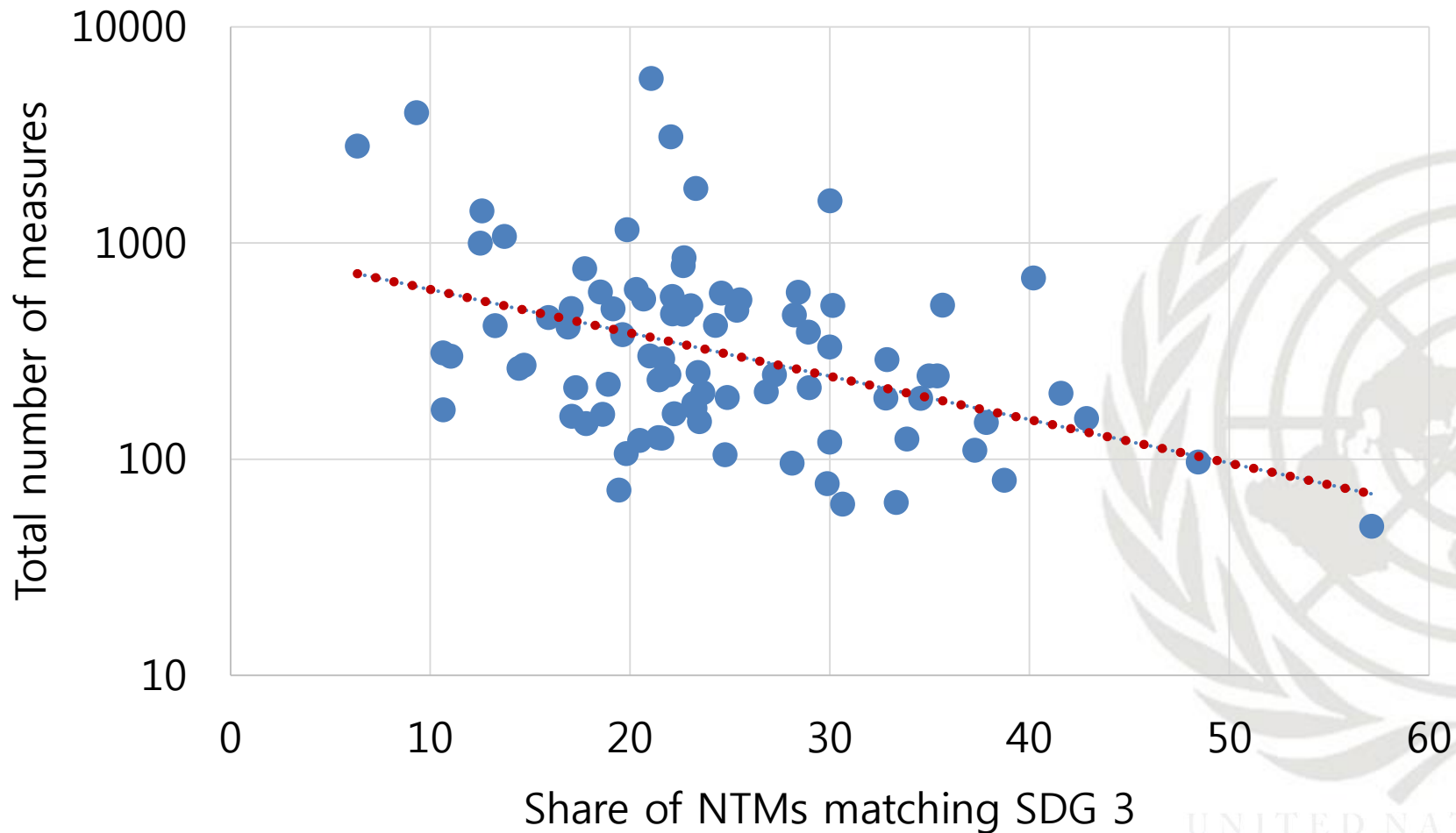


Share of measures that “match” SDG 12

12 RESPONSIBLE
CONSUMPTION
AND PRODUCTION



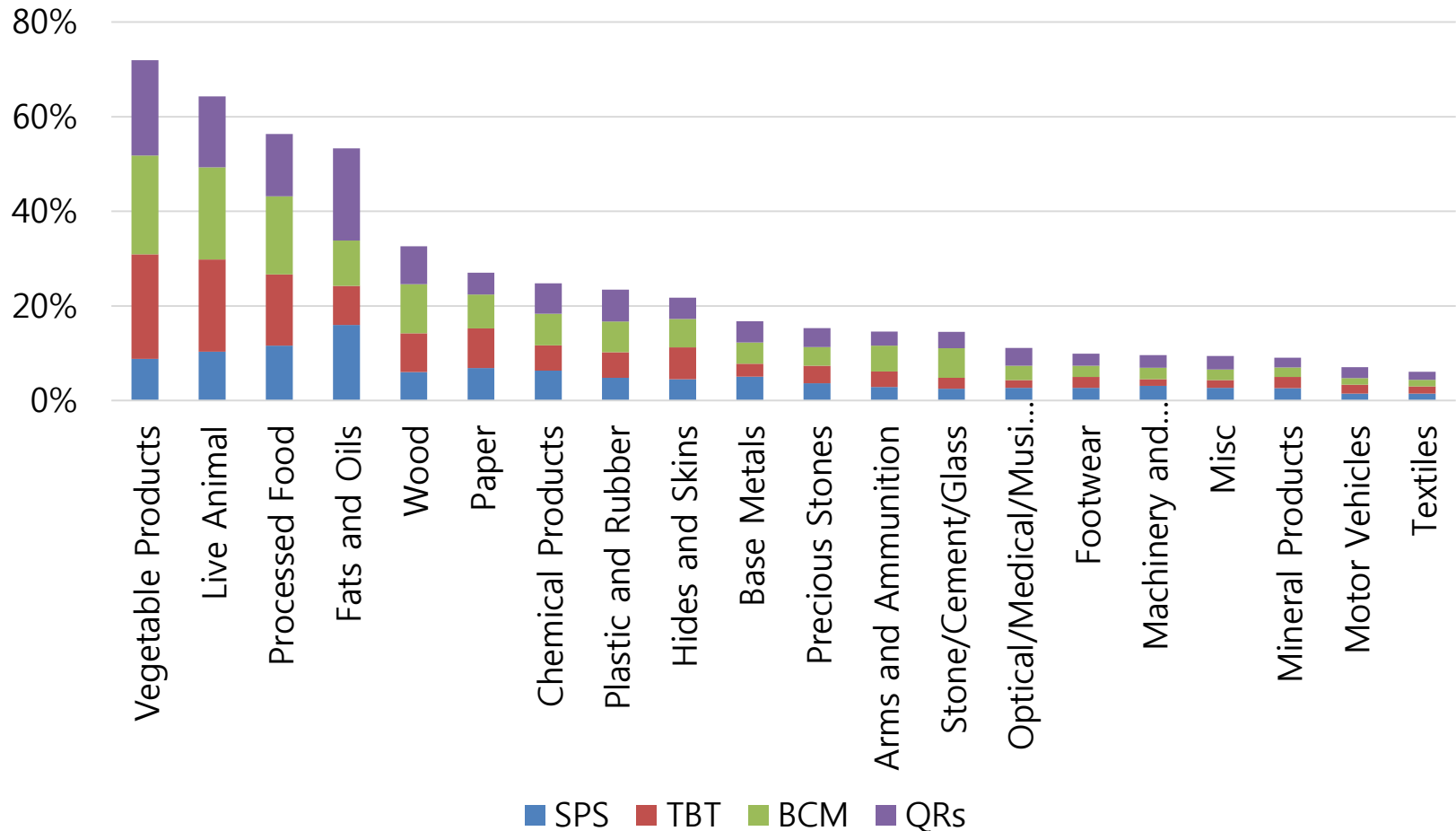
More measures = less focus?



The Cost of Non-Tariff Measures (NTMs):

ESCAP Price-Based Model Estimations of AVEs

Model (1) : average AVEs of NTMs by sector



Online gravity modelling tool for capacity building: now incorporating NTMs

ESCAP Trade Analytics Portal



Information

Reporters

Partners

Variables

Years & Effects

Welcome to the ESCAP Trade Analytics Portal. In the subsequent steps of this form you will have the option to choose economies of interest, a dependent variable, multiple independent variables, as well as a period of interest. After submitting the form, a regression will run on our server and return the results to you. You then have the options to determine the trade potential or to generate a trade simulation. To get started, please select a dataset and click on the blue "Continue" button below. If you would like to learn more about the Trade Analytics Portal, please [download the user note](#). Should you have any questions or comments on this Portal, please do not hesitate to reach out to escap-tiid@un.org

STEP 1: Please select a preferred **dataset** below:

☐ **Generic Gravity Model of Trade**

Dataset designed for policy researchers or trade experts to do their impact analysis on overall trade flows as a result of the change in policy implications. This dataset provides bilateral trade and policy indicators ranging from tariff, RTA and behind-the-border infrastructure from 1995-2016 on 200+ economies.



☒ **Gravity Model of Trade with NTMs**

This dataset expands policy scope to cover non-tariff measures in impact analysis on imports. This dataset provides bilateral imports and policy indicators ranging from tariff, RTA, non-tariff measures and behind-the-border infrastructure from 2012-2016 on 100+ economies. Add-on coverage of this database allows policy researchers and trade experts to conduct an analysis at sectoral level, including agriculture, manufacturing and overall goods sector.



Continue

Disclaimer: This portal is currently in a testing-phase and is best viewed on desktop devices in modern web browsers such as Firefox and Chrome with JavaScript enabled. The designations employed and material presented do not imply the expression of any opinion whatsoever on the part of the Secretariat of the United Nations concerning the legal status of any country, territory, city or area, or of its authorities, or concerning the delimitation of its frontiers or boundaries. References and maps obtained from external sources might not conform to the United Nations editorial guidelines. Mention of firm names and commercial products does not imply the endorsement of the United Nations. This site may contain data, opinions and statements of various information providers. The United Nations does not represent or endorse the accuracy or reliability of any data, opinion, statement or other information provided by any information/data provider. For questions, please contact escap-tiid@un.org