

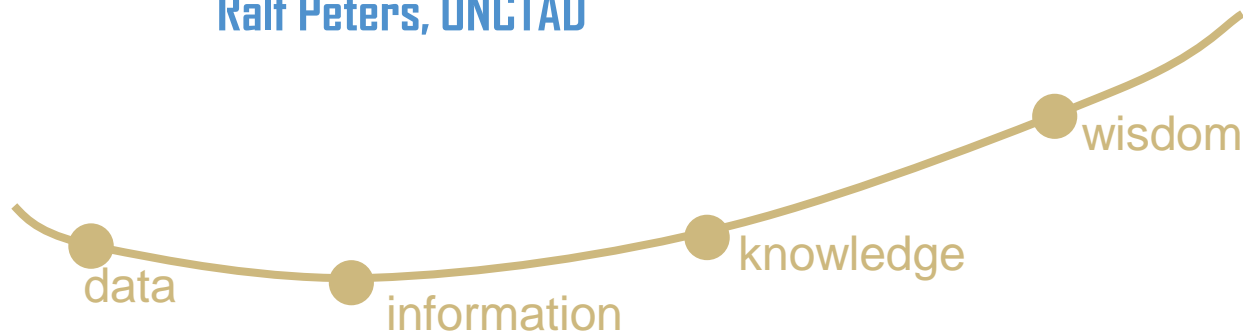


ESCAP/ISO/UNCTAD Workshop on Non-Tariff Measures and International Standards for Sustainable Development

Session 1 – The rise of NTMs, implications for trade and the use of international standards in promoting NTM regulatory coherence

Bangkok, 13 - 14 March 2019

Ralf Peters, UNCTAD



Non-Tariff Measures everywhere ...



Challenge to comply with requirements



Bringing dried mangoes into the EU is duty-free for all countries. However, exporters need to comply with

- tolerance limits for pesticide residues,
- hygienic practices during production,
- processing methods, microbiological criteria of the final product,
- certification, ...



Non-Tariff Measures

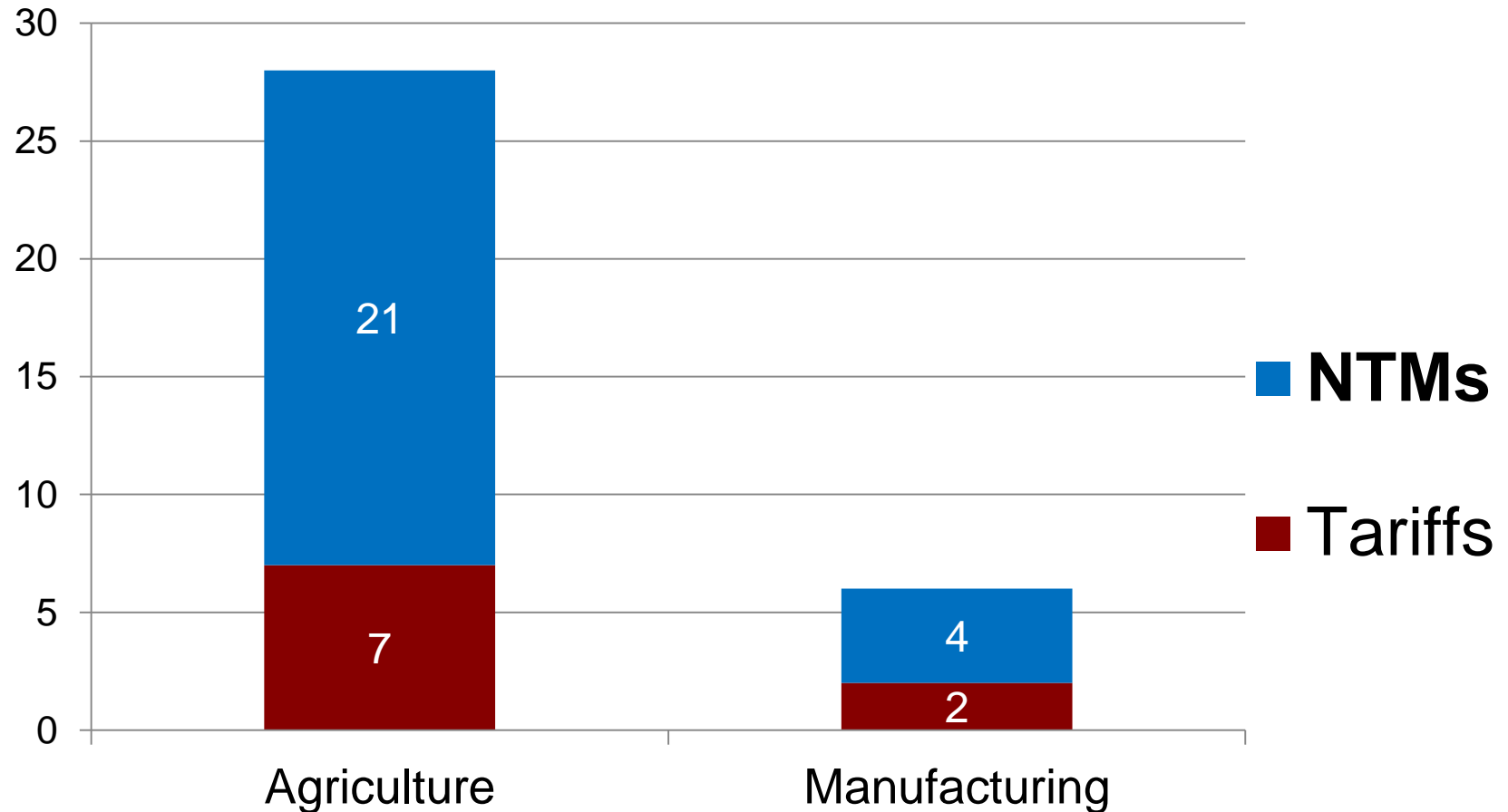
- “Non-Tariff Measures are policy measures, other than ordinary customs tariffs, that can potentially have an economic effect on international trade in goods, changing quantities traded, or prices or both” (UNCTAD Group of Eminent Persons on NTBs)

→ neutral concept!

- NTMs include a broad range of policy instruments including
 1. **traditional trade policy instruments**, such as quotas and price controls, and rules of origin as well as
 2. **regulatory and technical measures** that stem from important non-trade objectives related to health and environmental protection
 - Sanitary and Phytosanitary (SPS) measures and
 - Technical Barriers to Trade (TBT)



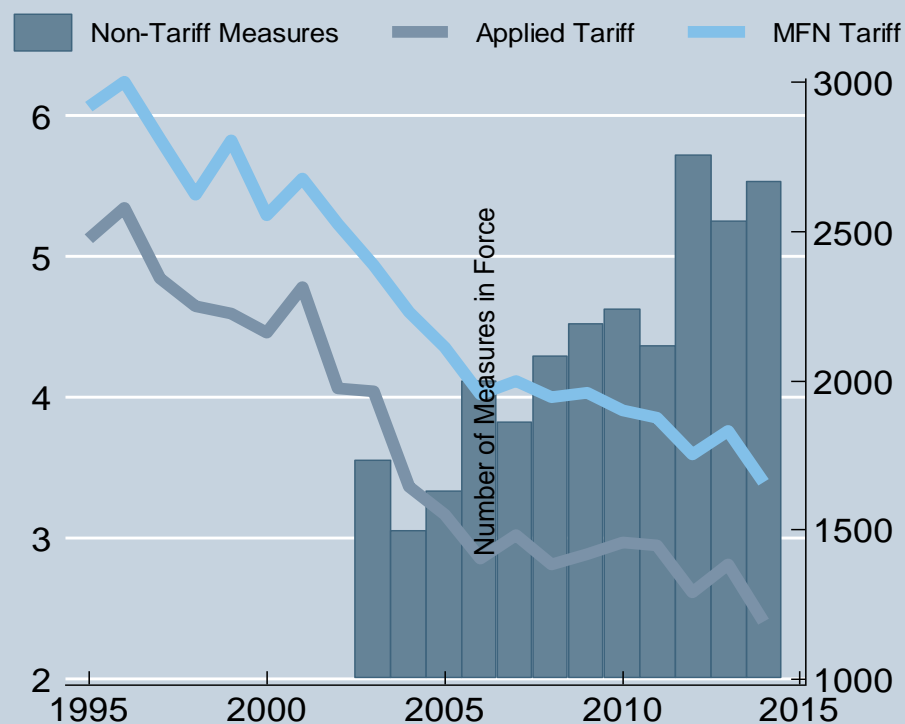
Estimated *average* ad-valorem equivalents



Trend: NTMs on the rise

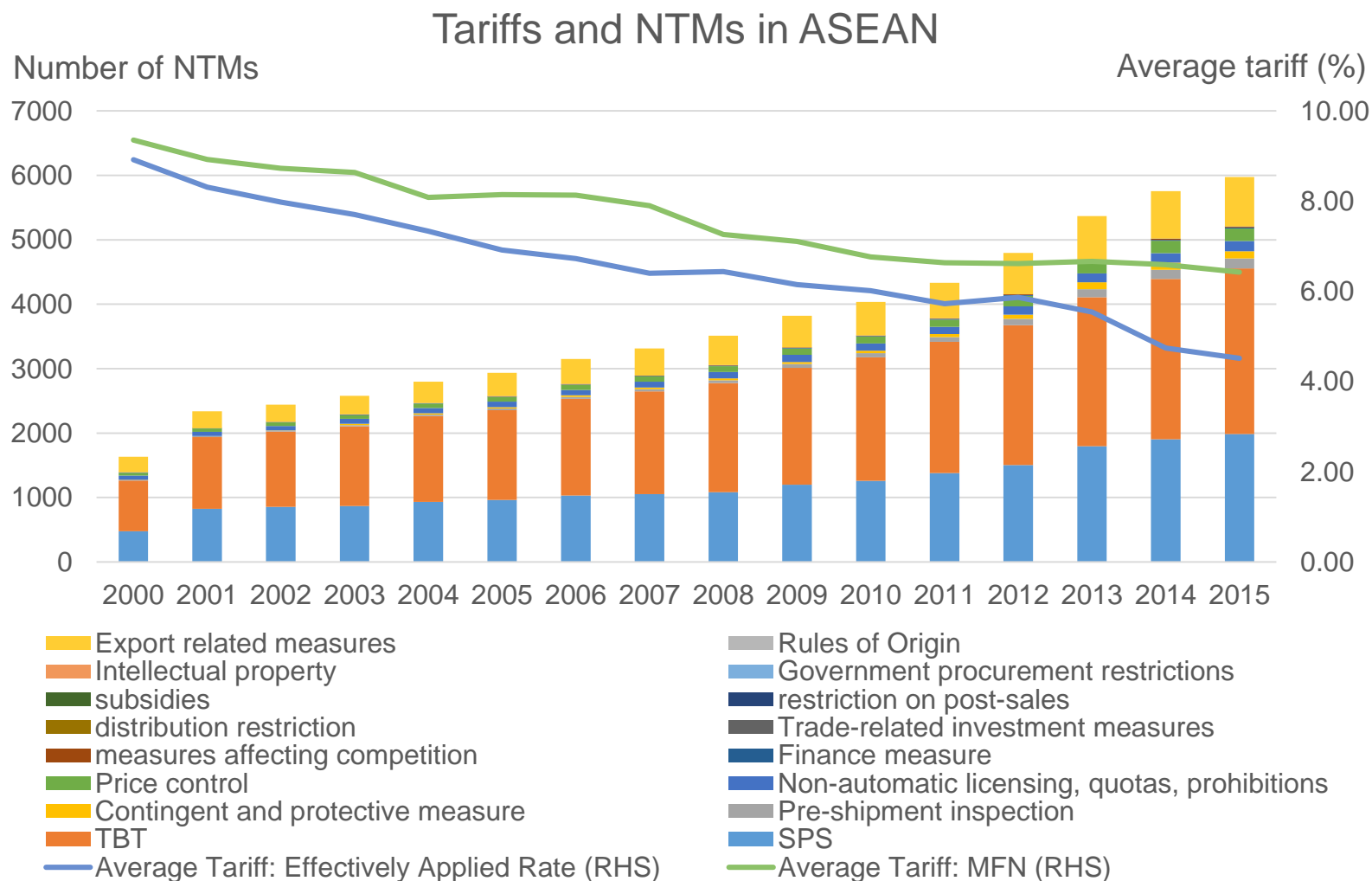
Figure 5: Contrasting Trade Policies

Tariffs have gone down, non-tariff measures not so



Source: UNCTAD calculations based on UNCTAD TRAINS and WTO I-TIP data

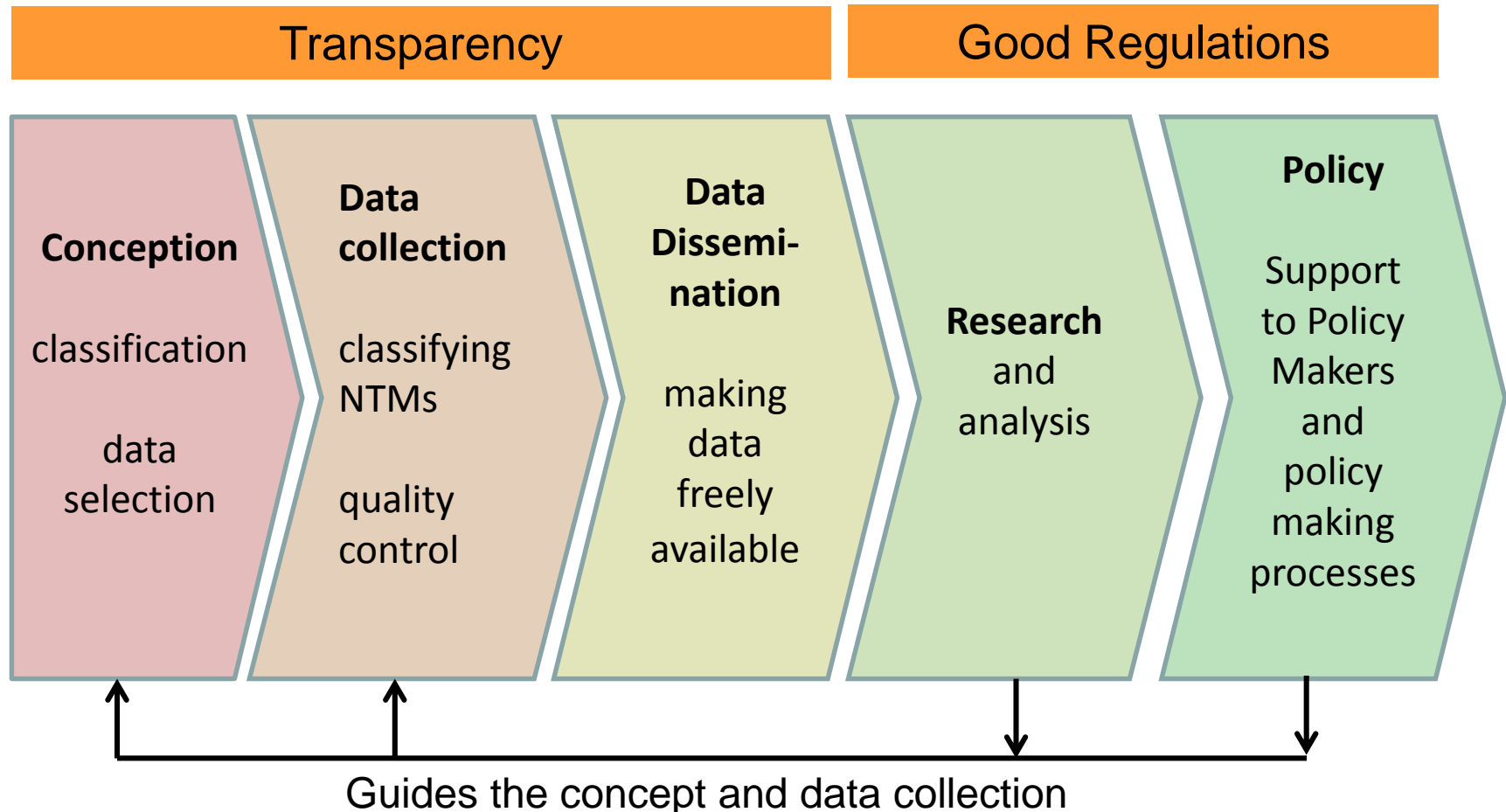
Tariffs and NTMs in ASEAN



Source: Ing, Cadot, Anandhika and Urata (2016), data on NTMs are from <http://trains.unctad.org> and data on tariff are from UNCTAD TRAINS database in WITS.

UNCTAD NTM Programme

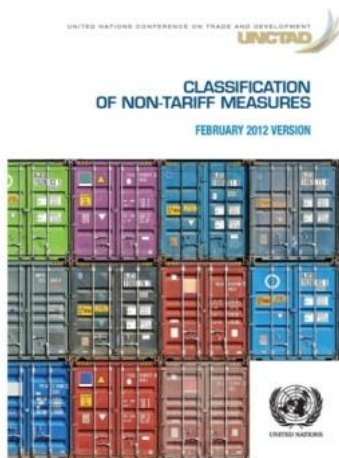
unctad.org/ntm



UNCTAD-MAST Classification:

The common language

Multi Agency Support Team
(FAO, IMF, ITC, OECD,
UNCTAD, UNIDO,
World Bank, WTO)
initiated by UNCTAD
updated NTM classification



Imports	Technical measures	A SANITARY AND PHYTOSANITARY MEASURES B TECHNICAL BARRIERS TO TRADE 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
	Exports	P EXPORT-RELATED MEASURES

UNCTAD-MAST NTM Classification

Tree structure – Example

unctad.org/ntm
Classification

- A SANITARY AND PHYTOSANITARY MEASURES
 - A1 Prohibitions/restrictions of imports for SPS reasons
 - A2 Tolerance limits for residues and restricted use of substances (...)
 - A8 Conformity Assessment related to SPS
 - A81 Product registration requirement
 - A82 Testing requirement
 - A83 Certification requirement
 - A84 Inspection requirement
 - A85 Traceability requirement
 - A851 Origin of materials and parts
 - A852 Processing history
 - A853 Distribution and location of products after delivery
 - A859 Traceability requirements n.e.s.
 - A86 Quarantine requirement
 - A89 Conformity assessments related to SPS n.e.s
 - A9 SPS Measures n.e.s.
- B TECHNICAL BARRIERS TO TRADE
- C PRE-SHIPMENT INSPECTION AND OTHER FORMALITIES
- D CONTINGENT TRADE PROTECTIVE MEASURES
- E NON-AUTOMATIC LICENSING, QUOTAS, PROHIBITIONS ...
- F PRICECONTROL MEASURES INCLUDING ADDIT. TAXES ...
- G FINANCE MEASURES
- H MEASURES AFFECTING COMPETITION
- I TRADE-RELATED INVESTMENT MEASURES

At this level of coding: 177 measures in the classification

Three types of data

Not to be mixed or mistaken

- 1. "Official Measures"

- Requirements enacted within a legal text or regulation issued officially by a country.

Notifications to WTO
in this category

- 2. Survey data

- Complaints from exporters
- Often procedural obstacles to trade (i.e. implementation)

- 3. Voluntary

- Private standards or international standards



Official NTM data collection

• From here...

...to here

The Gazette of the Democratic Socialist Republic of Sri Lanka EXTRAORDINARY

අංක 1376/9 - 2005 ජනවාරි 19 වැනි බදාදා - 2005.01.19
No. 1376/9 - WEDNESDAY, JANUARY 19, 2005

(Published by Authority)

PART I : SECTION (I) — GENERAL Government Notifications

L.D. - B. 11/80 II

FOOD ACT, No. 26 OF 1980

REGULATIONS made by the Minister of Health in consultation with the Food Advisory Committee under No. 26 of 1980.

NIMAL SIR
Minister of Health
Uva Weillas

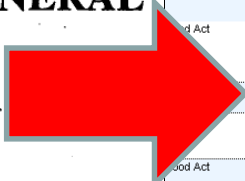
Colombo.
17th January, 2005.

Regulations

01. These Regulations may be cited as "Food (Labelling and Advertising) Regulations 2005."

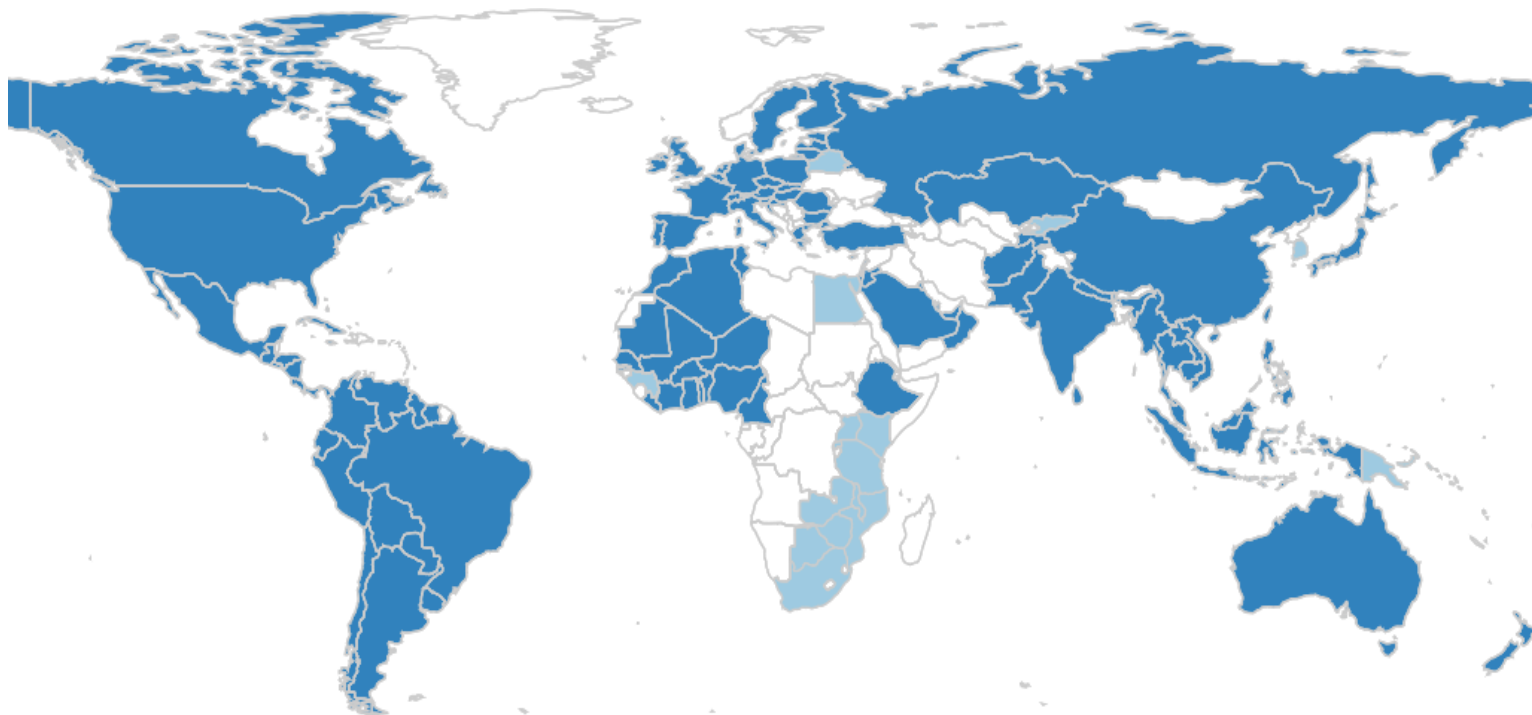
02. No person shall sell, offer for sale, expose or keep for sale, transport or advertise for sale, any food in a container unless such package or container is labelled in accordance with these regulations.

Provided however that, these regulations shall not apply to any package of food if the food is of the national brand requested by the purchaser and is weighed, counted or measured in the presence of the purchaser.



Document Title	Regulation Title_Short	NTM Code	Measure Implementation Date	Measure Repeated	Measure Description	Affected Products_Description	Affected Countries
Food Act	Food (Control of import, labelling, and sale of genetically modified foods) Regulation 2006	B14	01/01/2007		Needs to get approval of the Chief Food Authority in order to import	Food products	All countries
Food Act	Food (Control of import, labelling, and sale of genetically modified foods) Regulation 2006	B31	01/01/2007		Labelling Requirements	Food products	All countries
Food Act	Food (Irradiation) Regulations 2005	A31	01/05/2006		Labelling Requirements	Food products that had been treated with irradiation	All countries
Food Act	Food (Irradiation) Regulations 2005	A83	01/05/2006		Certification by the competent authorities of the country of origin that the food has been inspected	Food products that had been treated with irradiation	All countries
Food Act	Food (Irradiation) Regulations 2005	A89	01/05/2006		Documentation that the Food Irradiation Facility concerned is approved, licensed, authorised by the competent national authority of food irradiation	Food products that had been treated with irradiation	All countries
Food Act	Food (Irradiation) Regulations 2005	P62	01/05/2006		Certification by the competent authorities of the country of origin that the food has been inspected	Food products that had been treated with irradiation	All countries
Food Act	Food (Melamine in Milk and Milk Products) Regulations 2010	A22	01/01/2011		Specifying permitted ppm levels of melamine in milk and milk products	Milk and Milk Products	All countries
Food Act	Food (Melamine in Milk and Milk Products) Regulations 2010	A83	01/01/2011		A health certificate required from the National Food Safety Authority of the country of origin that the products conform to the levels of melamine specified	Milk and Milk Products	All countries
Food Act	Food (Packaging materials and articles) Regulation 2010	A32	01/06/2011		Marking requirements - need to print the words "FOR FOOD USE" or any other relevant words or symbols as indicated in the regulation	Food packaging material	All countries
Food Act	Food (Packaging materials and articles) Regulation 2010	A83	01/06/2011		Certification by the manufacturer that the material meets required quality standards	Food packaging material	All countries
Food Act	Food (Packaging materials and articles) Regulation 2010	A22	01/06/2011		Restricted use of certain substances in food packaging material	Food packaging material	All countries
Food Act	Food (Preservations) Regulations	A19	01/01/1991		Prohibited to import, manufacture, sell or distribute food preservatives other than those specified in the regulation & food which has in or upon it any preservative that is permitted by the regulation	Food preservatives	All countries

Map of Data Availability – A global initiative



● Data is available ● In progress



ED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT

UNCTAD

For policy
makers:

trains.unctad.org

(in cooperation
with WTO)

- Tables by
 - Products
 - Measures
 - Members
- Graphs over time

TRAINS

The global database on Non-Tariff Measures

Through
Developed by WTO
Adapted for TRAINS data by
UNCTAD

Logos: UNITED NATIONS UNCTAD, AfDB, ALADI, ERIA, International Trade Centre, GRIPS, UNECE, The World Bank, WTO OMC

Home | TABLES by PRODUCTS | TABLES by MEASURE | TABLES by COUNTRIES | DETAILED QUERY | ANALYSIS | About

TRAINS: Non-Tariff Measures (NTMs) based on official regulations

TRAINS NTMs, the global non-tariff measures database, provides comprehensive and systematic information on a broad range of policy instruments that can have an effect on international trade in goods. The information includes traditional trade policy instruments, such as quotas or price controls, as well as regulatory and technical measures that stem from important non-trade objectives related to health and environmental protection (Sanitary and Phytosanitary (SPS) measures and Technical Barriers to Trade (TBT)). The objective of the database is to increase transparency and understanding about trade regulations and trade control measures.

The measures have been retrieved from official sources, mainly national trade laws and regulations. Measures are classified according to the [International Classification of NTMs](#) and affected products are classified at the most detailed level of the [Harmonized Commodity Description and Coding System \(HS\)](#). The global data collection, a joint effort by UNCTAD, AfDB, ALADI, ERIA, ITC, the World Bank, WTO and financial support from the Ministry of Finance of the Russian Federation, follows the [UNCTAD's Guidelines for NTMs data collection](#).

QUICK SEARCH

Country imposing:

Partner affected:

Product affected:

Choose one of the following options:

TABLES by PRODUCTS

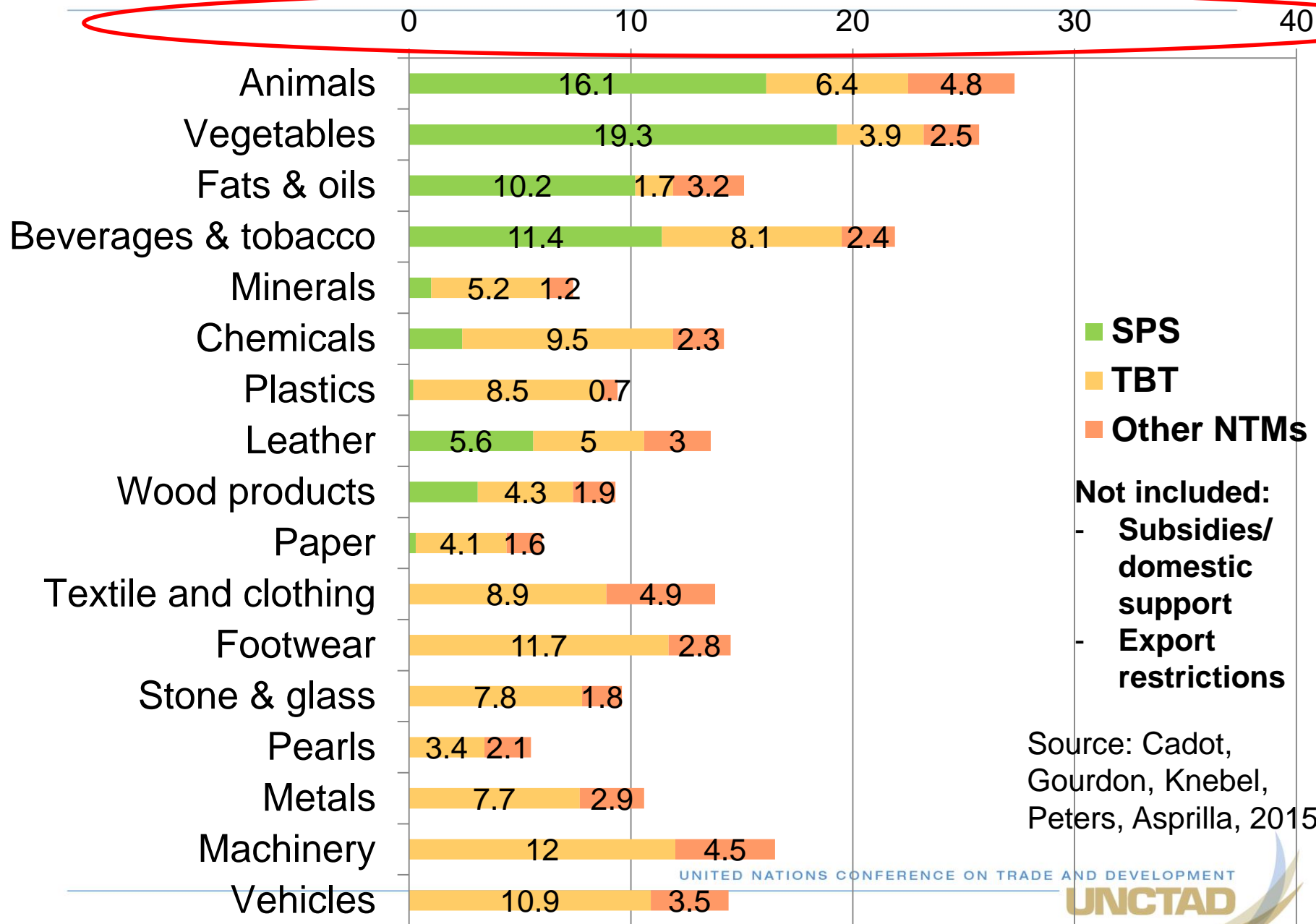
- Look at the incidence of NTMs by HS sections and chapters, and by country imposing the measure.
- See individual measures by simply clicking on any number in the tables!
- This option does not allow a selection of products.

ABOUT

- [How To](#)
- [Available Countries](#)
- [Map of the Application](#)
- [Classification used in the application](#)
- [Partners and Donors](#)
- [Disclaimer](#)

For researchers: trains.unctad.org and wits.worldbank.org (in cooperation with World Bank)

World average ad-valorem equivalent of NTMs



Two different challenges

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

...Quotas, price mechanisms, contingent protection, etc.

- Strongly regulated already under WTO agreements
- *Usually imposed by ministries responsible for trade/economy/industry*
- Direct economic objectives
 - elimination conceivable

b) ***Technical measures to trade: SPS and TBT***



Two different challenges

a) Traditional non-tariff *barriers*

b) *Technical measures to trade: SPS and TBT*

- partially addressed by WTO
- *Usually regulated as (domestic) market policy by ministries for agriculture/health/...and Bureaus of Standards*
- *Primary objectives not trade-related: to protect human, animal and plant health, or the environment, etc.*
 - elimination *not* an option
-



Regulatory Cooperation: Intuition

- Trade unit values...
 - ...from [Malawi vs Japan] to France
→ level of domestic regulatory framework matters (in addition to many other reasons related to the ability to comply!)
 - ...from France to [Germany vs US]
→ regulatory heterogeneity matters



Descriptive statistics on "regulatory distance"

NTM types and codes for a specific product at HS-6 level: e.g. beef	Country X	Country Y	Country Z
A21: Maximum residue limit	1	1	0
A62: Animal raising processes	1	1	0
A83: SPS certificate	0	1	0
A14: Special authorization	0	0	1

b) data-analysis of "distance in regulatory structures"

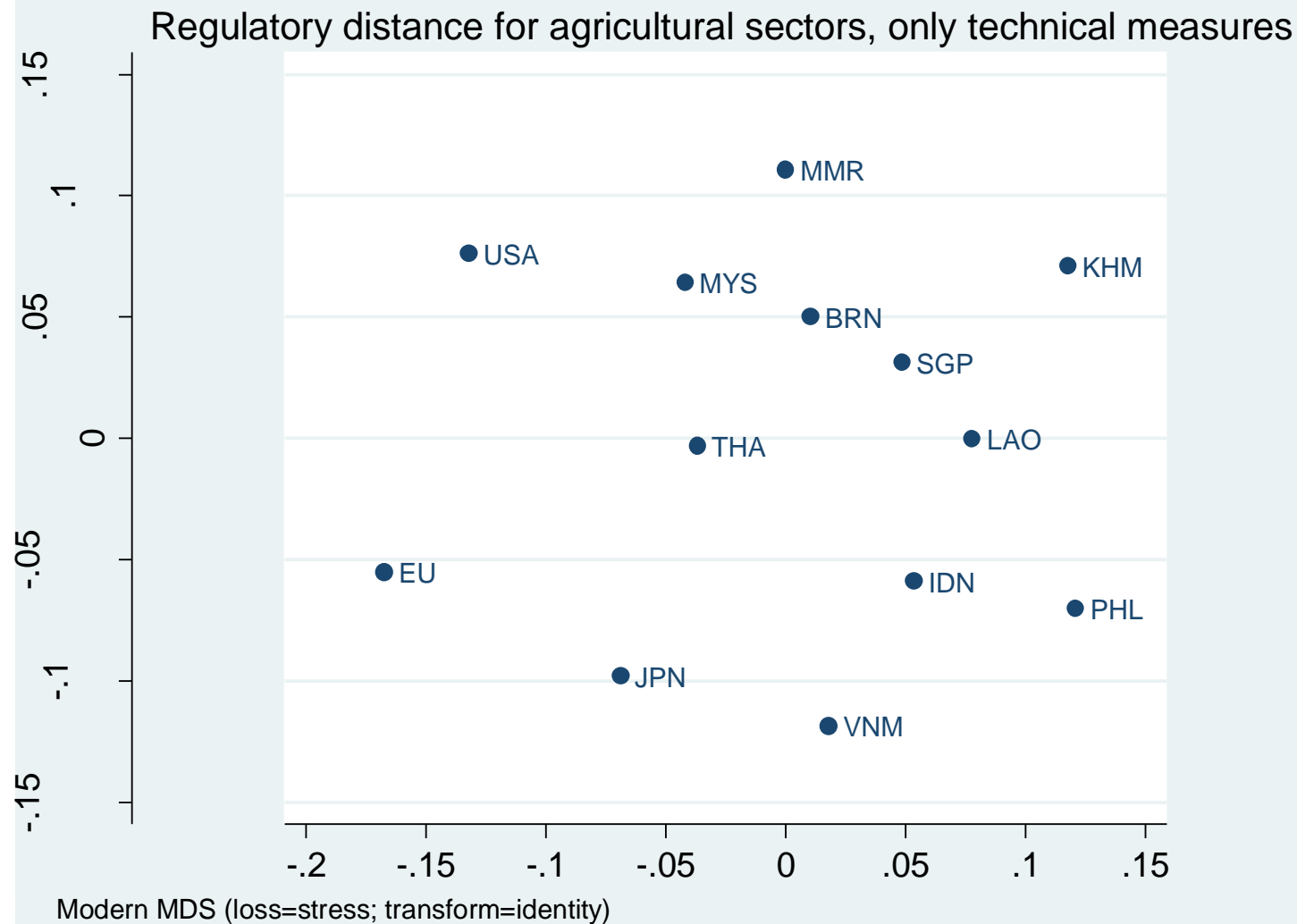
a) in-depth analysis of specific regulations to compare the stringency of measures

b) "regulatory distance": Imagine over 5000 tables (=products) with 58 rows (=measure types) + columns for every country!

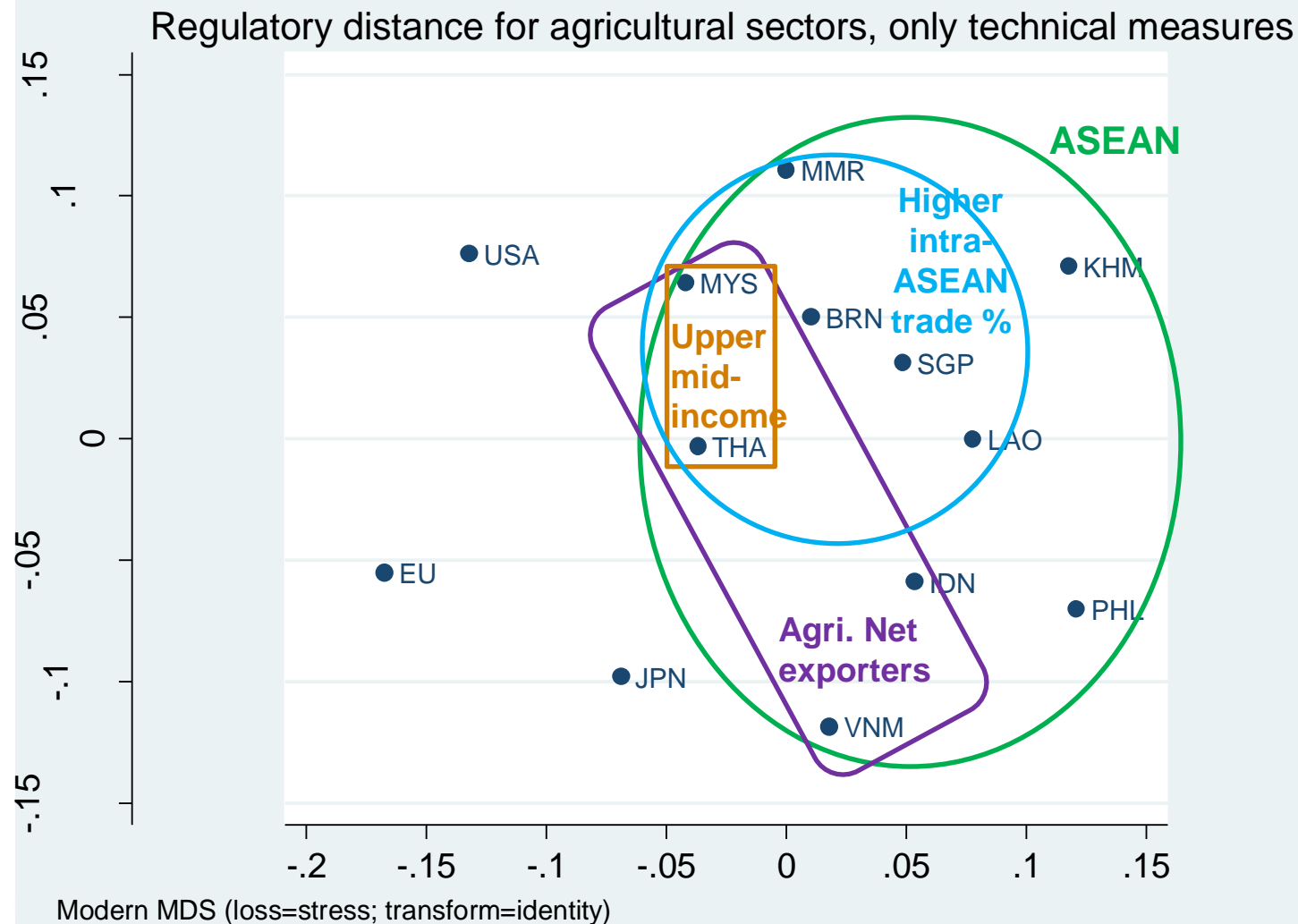
→ Aggregation over all technical measure types (L) and products (K):

$$RD_{ij} = \frac{1}{L K} \sum_l^L \sum_k^K |n_{ijk}^l - n_{jik}^l|$$

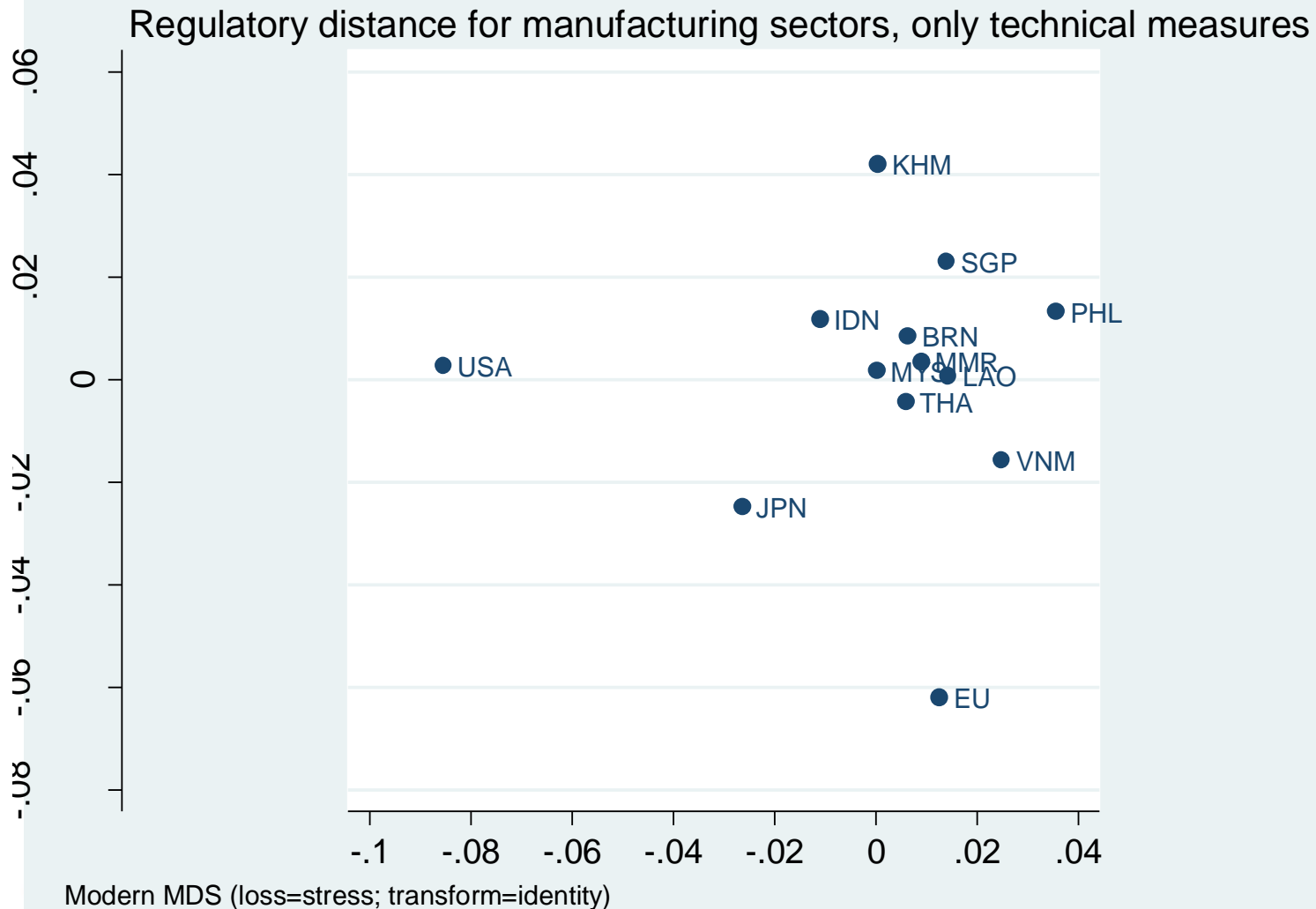
Regulatory distance plotted onto 2-dimensional space: only agriculture



Regulatory distance plotted onto 2-dimensional space: only agriculture

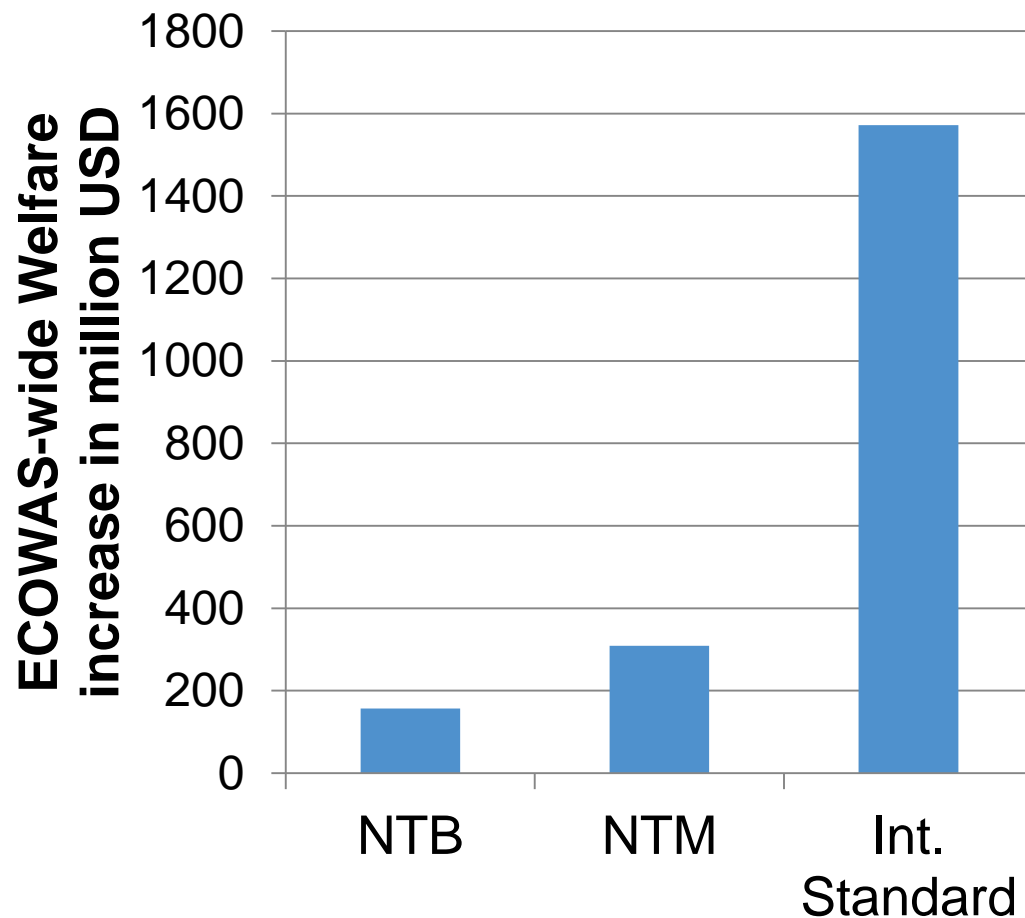


Regulatory distance plotted onto 2-dimensional space: only manufacturing



UNCTAD analysis for *ECOWAS*

Welfare increases in three scenarios



- "**NTB**": intra-regional (only) elimination of barriers
- "**NTM**": "**NTB**" + intra-regional regulatory convergence
- "**Int. Standards**": "**NTB**" + "**NTM**" + adoption of international standards with impact beyond intra-regional trade



Conclusions

1. NTMs cover a vast array of policies; in fact the most WTO agreements deal with NTMs (and FTAs, too)
2. On average, NTMs are 3 times more costly than tariffs
3. SPS and TBT measures nowadays account for the majority of incidence and effect
4. Regulatory measures are highly relevant for *sustainable* development and affect everyday life (behind the border)
5. NTM abroad *and* at home matter for competitiveness
6. Reducing the cost of NTMs:
 - More transparency is needed. Visit: trains.unctad.org
 - Good regulatory practice, regulatory coherence
 - Regulatory convergence (harmonization, mutual recognition)



UNCTAD

PROSPERITY FOR ALL

www.unctad.org
unctad.org/ntm
tab@unctad.org



Indirect linkages between NTMs and SDGs

- NTMs seen as trade costs
 - Trade costs reduce trade opportunities
 - And therefore reduce trade's potential to
 - generate income
 - create employment (SDG 8)
 - reduce poverty (SDG 1)
 - create financial resources to promote social and environmental sustainability
- “trade – growth nexus” or “export led growth”
 - only part of the story...



Direct linkages between NTMs and SDGs

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



Good Regulatory Practice

- *Advance* notification/consultation of stakeholders and the public
- Assessment of potential impacts of future regulation (*before* issuing regulations)
- Evaluation of regulation performance in delivering the intended outcomes (*after* implementation)

Domestic → Coherence:

- Policy coordination across institutions/ministries is crucial
- Multi-dimensional assessment of costs and benefits (streamlining)

International → Convergence:

- Harmonization
- Equivalence
- Mutual recognition
- Reduce trade costs while maintaining beneficial sustainability effects

