

# Measuring the Development Impact of Non-Tariff Measures in Asia and the Pacific

*EGM on Navigating Non-Tariff Measures toward Sustainable Development*

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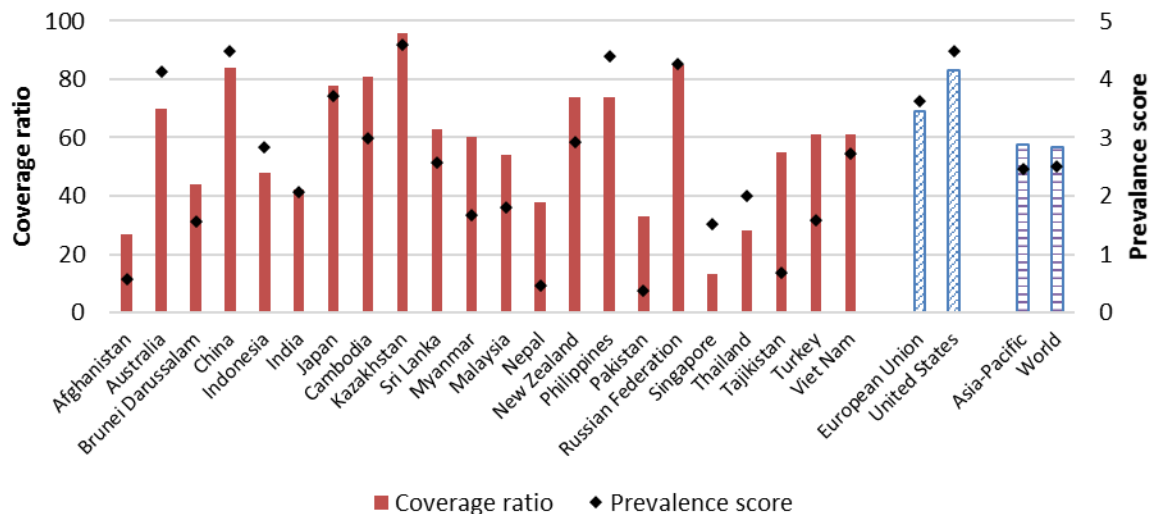


# Section A: Effects of NTMs on trade



# NTMs cover more than 50% of the world's imports, with each imported product, on average, facing more than 2 NTMs

Coverage ratios and prevalence scores of NTMs



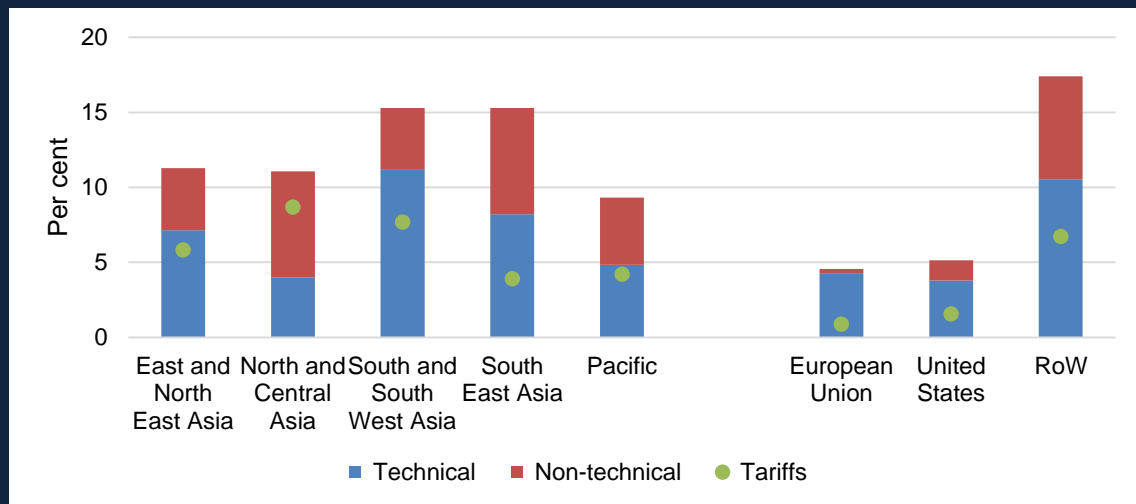
Source: UNCTAD. 2018. NTM hub: Data on non-tariff measures. Available from <https://unctad.org/en/Pages/DITC/Trade-Analysis/Non-Tariff-Measures.aspx>

# Costs associated with NTMs

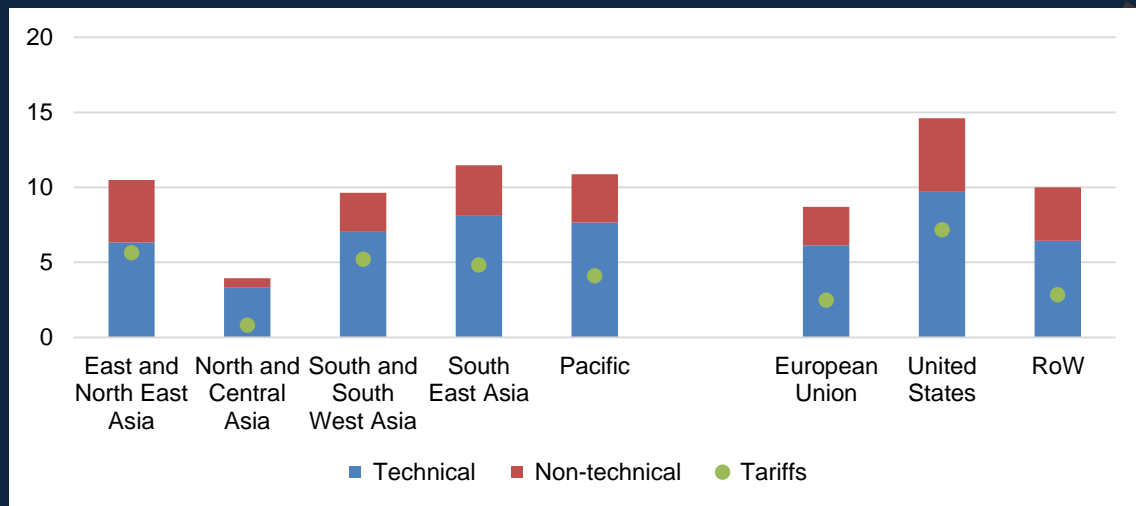
- Information costs – cost associated with finding information on NTMs and related procedures
- Conforming assessment costs – cost associate with proving that products meet the required standards
- Specification costs – costs changing product/production processes in order to meet importing countries' NTMs.



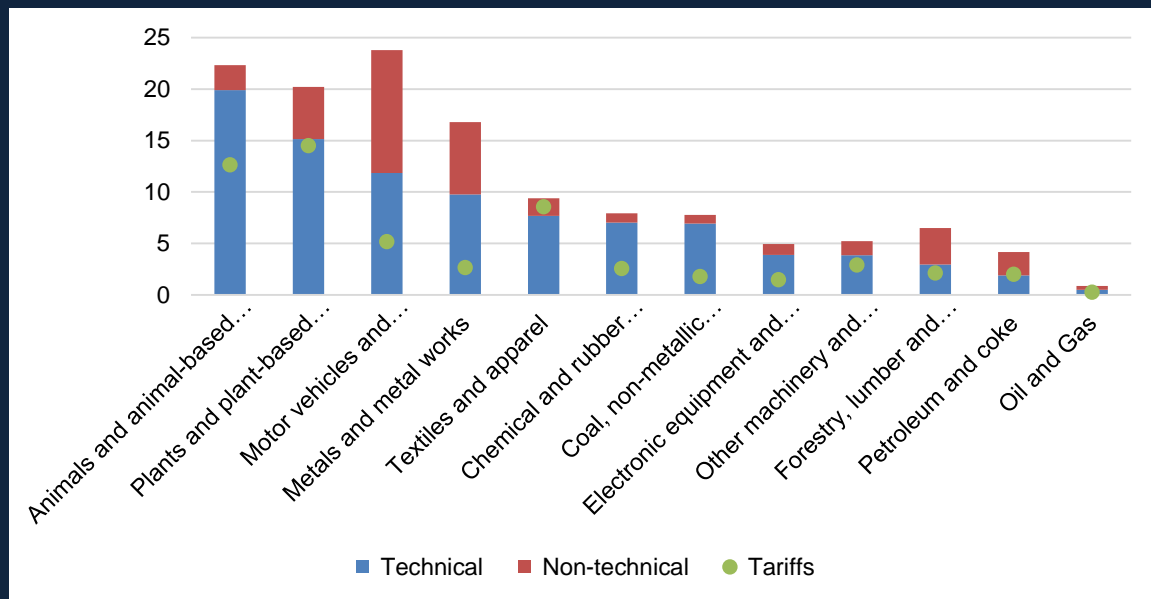
# Trade-weighted tariffs and AVEs of NTMs imposed by economies, by subregions



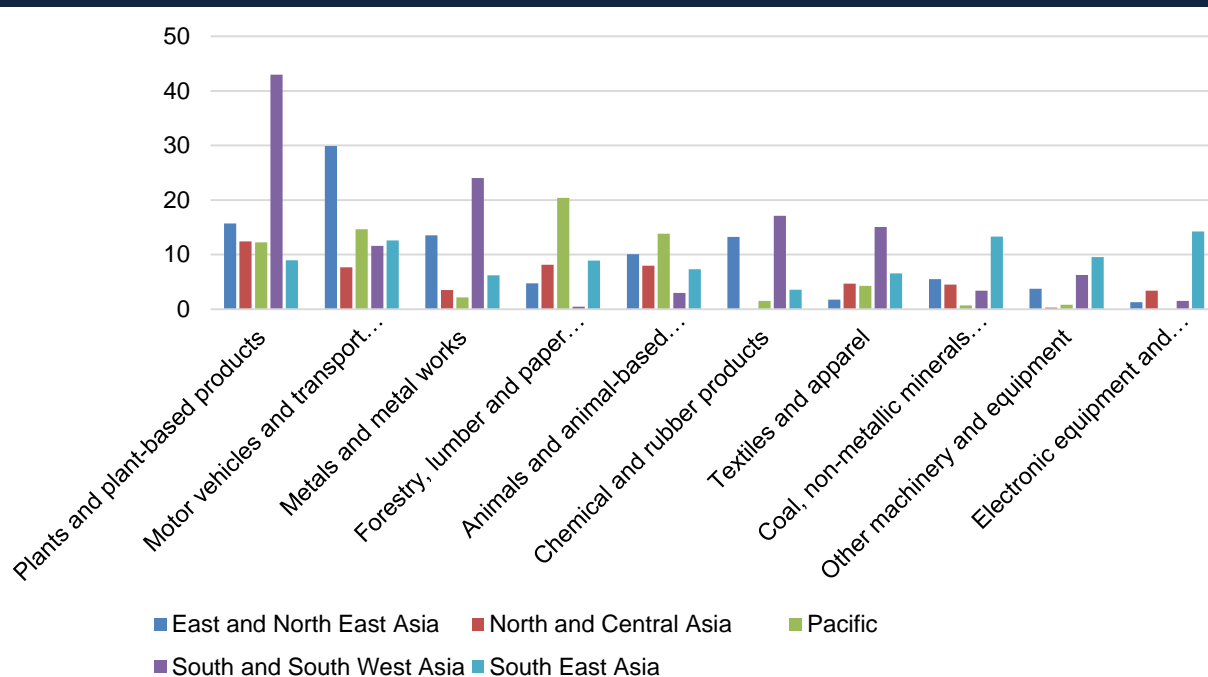
# Trade-weighted AVEs of NTMs and tariffs faced by exporters, by subregions



# AVEs of NTMs and tariffs, by sector



# AVEs of NTMs imposed by subregions in Asia-Pacific, by sector and subregion





# Economic impact of NTM policy changes

- Using the ad-valorem equivalents (AVEs) of NTMs, we can estimate their impact on trade, GDP and employment
- If we remove all technical NTMs (SPS, TBT and Border Control Measures), global GDP will increase by 1.6% (\$1.4 trillion)!
- We do NOT advise that... NTMs serve important public policy objectives, but 1.6% can be interpreted as the global cost of achieving those objectives



# Section B: NTMs and foreign direct investment



# Linking NTMs to FDI

- Imports have a strong a positive link with inward FDI, whereas the reverse relationship (i.e. effect of FDI on imports) is weaker.
- As such, through affecting imports, NTMs may indirectly affect inward FDI.
- Furthermore, the findings suggest that the combined effect from incremental non-tariff measure induces FDI by approximately 12 per cent.
- When disaggregated, the effect of technical measures in inducing FDI ranging from 14 to 21 per cent.
- Effect of behind-the-border facilitation, proxied by doing business index, reduces inward FDI stock by 7 to 10 per cent



# Section C: NTMs: a private sector perspective



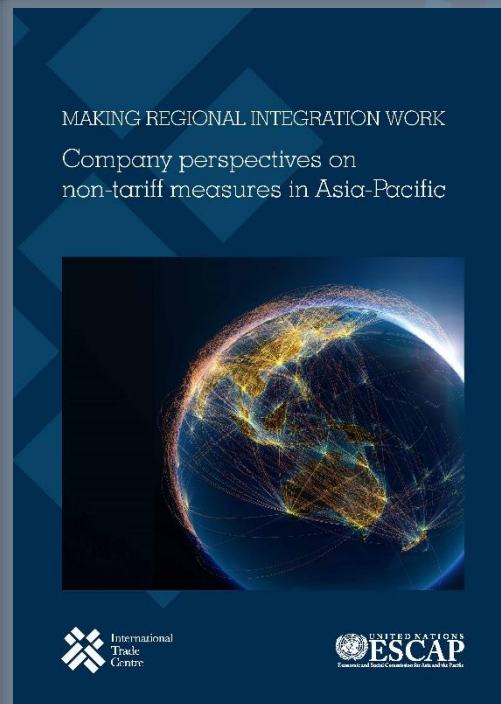
# ESCAP-ITC joint report, “Company perspectives on non-tariff measures in Asia-Pacific”

- Domestic procedural obstacles are the primary reason why NTMs are found to be burdensome: 80% of export partner NTMs and 90% of domestic NTMs found to be problematic because of them.

## Final Draft:

<https://www.unescap.org/resources/company-perspectives-non-tariff-measures-asia-pacific>

(or just Google: “Company perspectives on non-tariff measures in Asia-Pacific”)

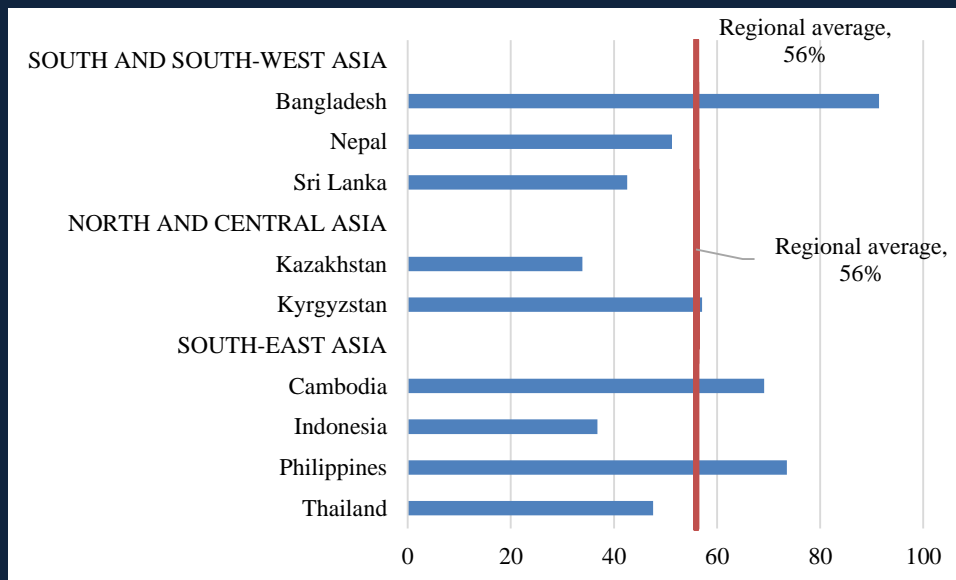


# Summary of findings

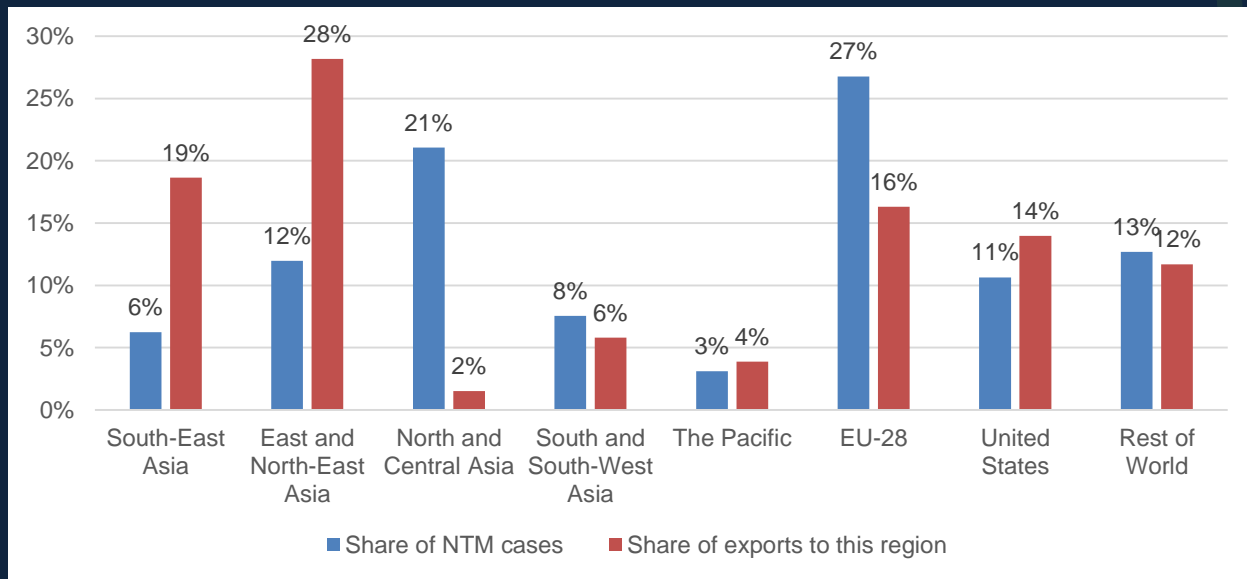
- NTMs have a significant impact on exporters in the Asia-Pacific, with 56 per cent of all interviewed firms reporting burdensome NTMs.
- Intraregionally applied NTMs comprise exactly half of all reported NTMs, broadly reflecting the weighting of intraregional trade versus total trade, which comprises almost three-fifths of both Asia-Pacific exports (57%) and imports (59%).
- Businesses perceive that burdensome NTMs are typically applied by export partners (80%) rather than domestic governments (20%).
- Almost 90 per cent of all export partner NTMs come from only three types of import-related NTMs: technical barriers to trade, sanitary and phytosanitary measures and rules of origin.
- More than 40 per cent of all domestic government NTMs come from only three types of export-related NTMs: export certification, inspection and licensing.



# Affectedness rate of 9 surveyed Asia-Pacific economies



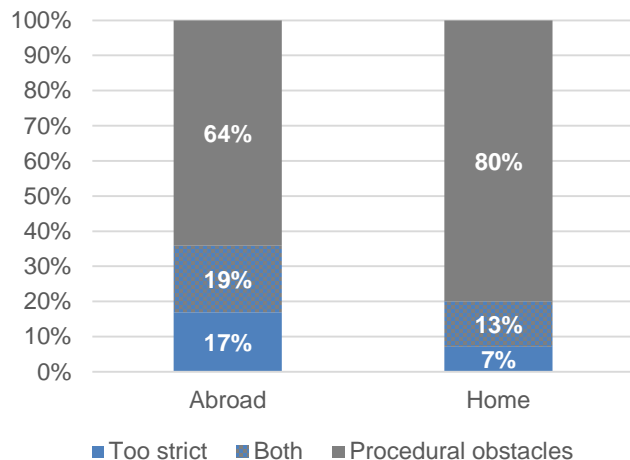
# *Burdensome NTM cases vs export shares*



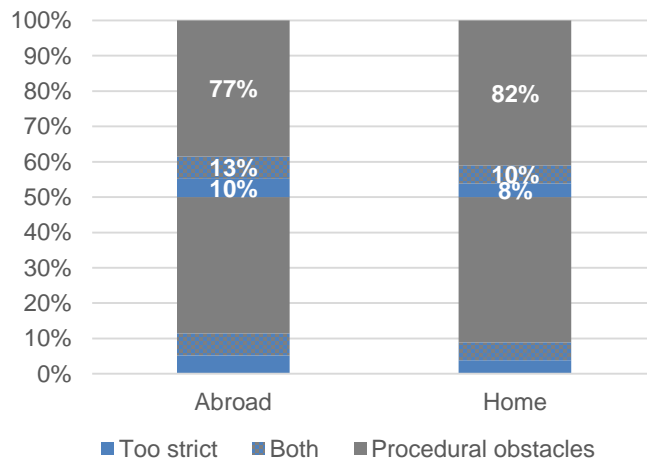


# Why exporters find NTMs a burden either abroad or at home

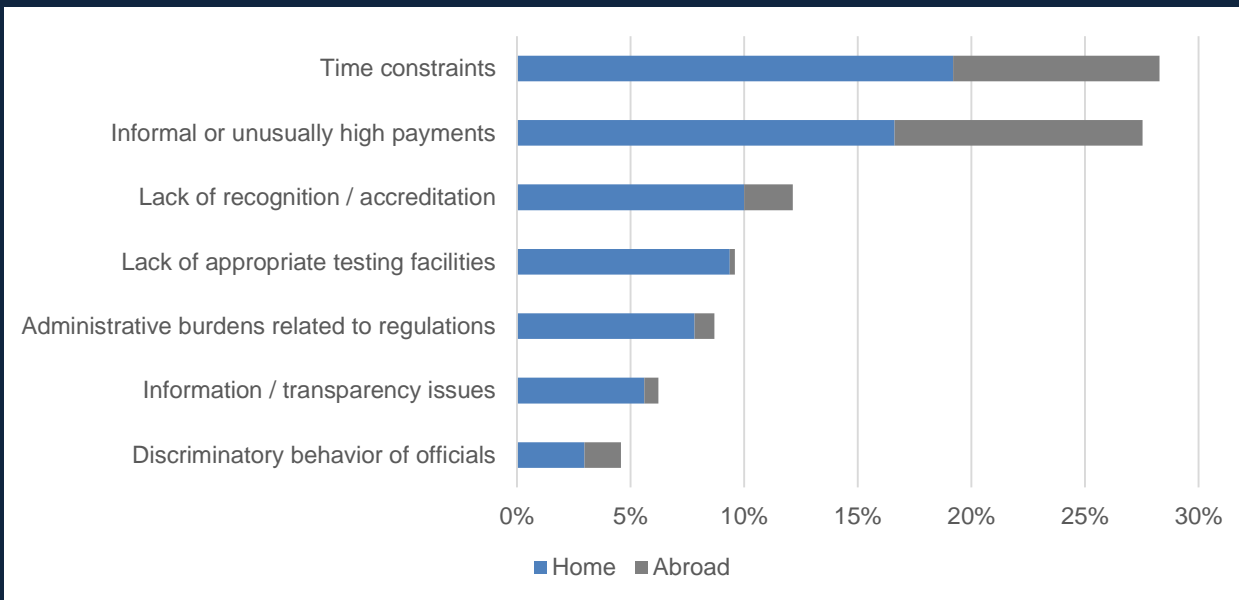
## Agriculture



## Manufacturing



# Where exporters encounter procedural obstacles



# THANK YOU

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# Global removal of technical NTMS

- Reduce the NTMs among all the countries:

$$\% \text{ Shock} = \frac{100 * \{(1 + 0.01 * AVE_{\text{initial}}) - (1 + 0.01 * AVE_{\text{target}})\}}{(1 + 0.01 * AVE_{\text{initial}})}$$

- This % shock is given to *ams*, which incorporates import-augmented technological change.
- Almost all countries experience GDP growth, with the exception of those for which NTM data was not collected

