

Understanding and evaluating the effects of NTMs on trade and Sustainable Development in Asia-Pacific

Alexey Kravchenko
Associate Economic Affairs Officer
Trade Policy and Facilitation Section

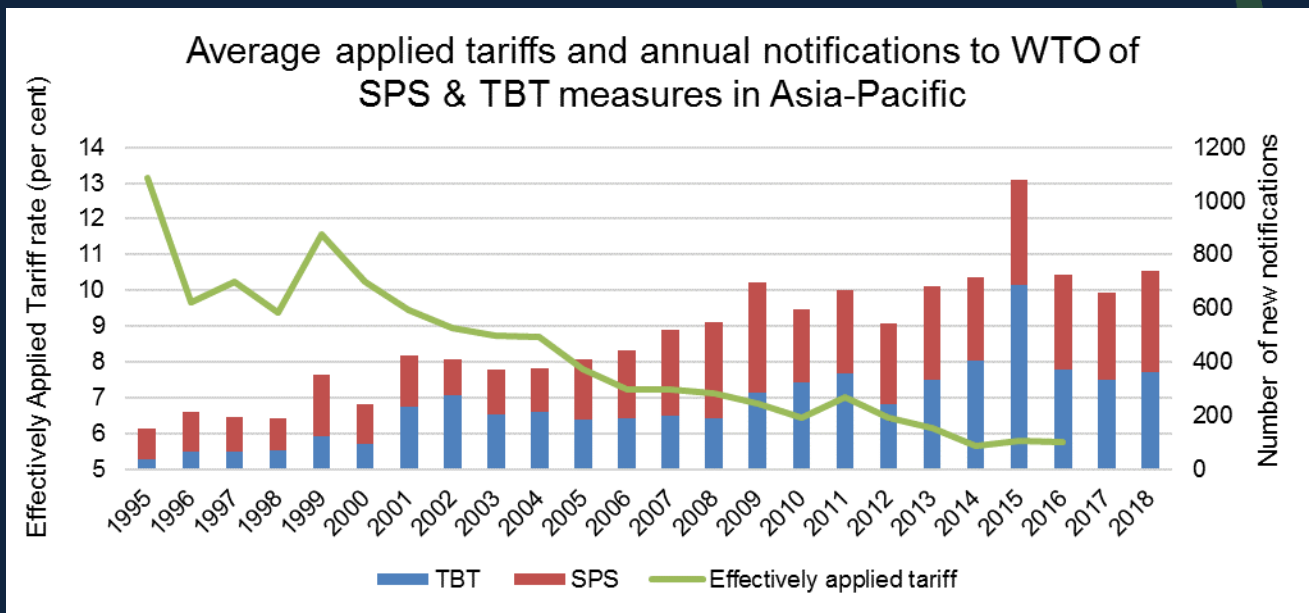


Purpose and Objective

- Purpose
 - to strengthen capacity in developing and least developed countries to measure and monitor the impact of NTMs on the progress towards the SDGs.
- Objective
 - 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.



Declining (ordinary) tariffs & increasing notifications of new NTMs



Source: ESCAP, based on data from WTO and World Bank, WITS

Non-tariff measures – MAST classification and UNCTAD TRAINS database

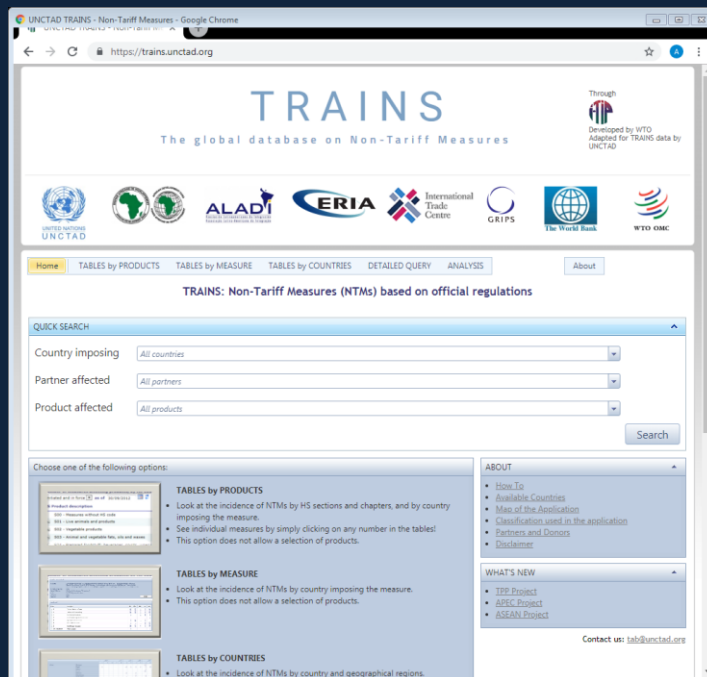
Imports	Technical measures	<p>A SANITARY AND PHYTOSANITARY MEASURES</p> <p>B TECHNICAL BARRIERS TO TRADE</p> <p>C PRE-SHIPMENT INSPECTION AND OTHER FORMALITIES</p>
	Non technical measures	<p>D CONTINGENT TRADE-PROTECTIVE MEASURES</p> <p>E NON-AUTOMATIC LICENSING, QUOTAS, PROHIBITIONS AND QUANTITY-CONTROL 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



<https://unctad.org/en/Pages/DITC/Trade-Analysis/Non-Tariff-Measures/NTMs-Classification.aspx>



Non-tariff measures – MAST classification and UNCTAD TRAINS database



<https://trains.unctad.org/>



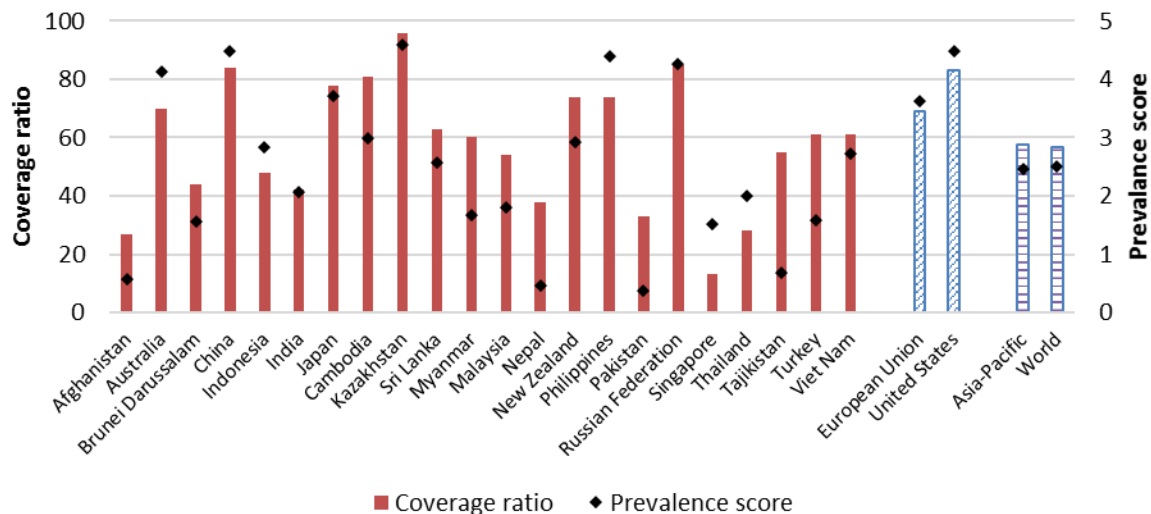
Example of a “measure”

- **New Zealand SPS – A13 on “Animal feed”:**
- 1.1 Fitness for purpose (1) Imported feed commodities must not contain:
 - a) physical contamination of a type or nature at a level that will result in harm to the animal for which the feed is intended, or b) biological contamination of a type or nature at a level that cannot be effectively managed by further processing or at the point of use on farm. Guidance ...The application of Hazard Analysis and Critical Control Point (HACCP) principles is an effective way of identifying and managing physical and biological contamination. Importers should be familiar with the supply chain and be able to identify points in the process where hazards can be eliminated, controlled or reduced to safe levels. (HACCP means the internationally recognised system used to identify and manage significant hazards in the manufacturing process. HACCP can be used throughout all stages of the supply chain, from primary production to final consumption.)



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

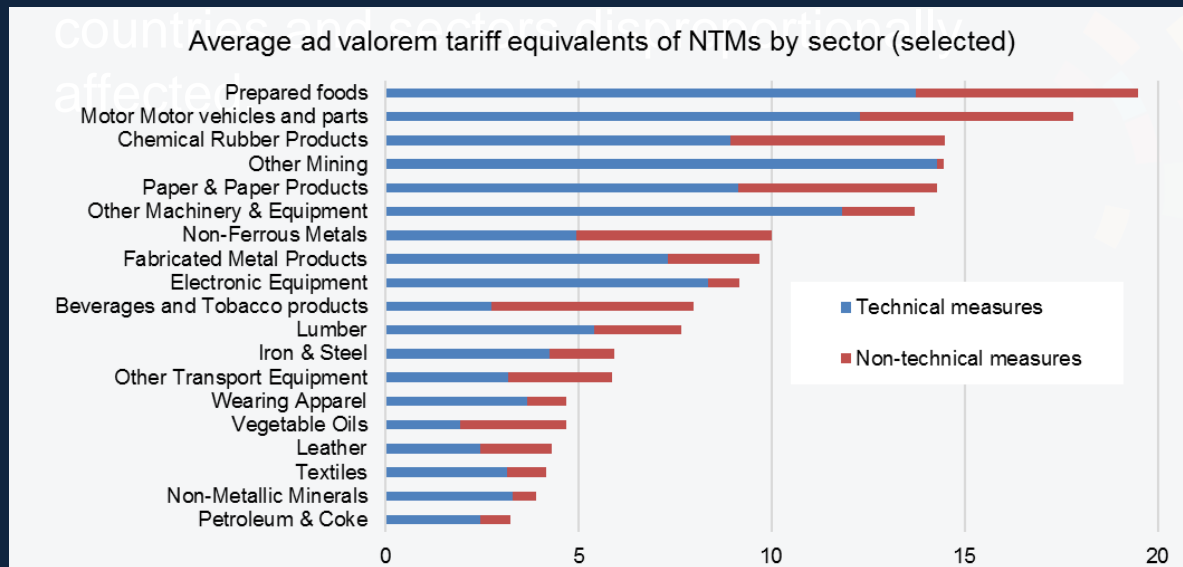
Coverage ratios and prevalence scores of NTMs



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

Impact of NTMs on the trade

- NTMs add, on average, more than 10% to the price of imports, with imports from some



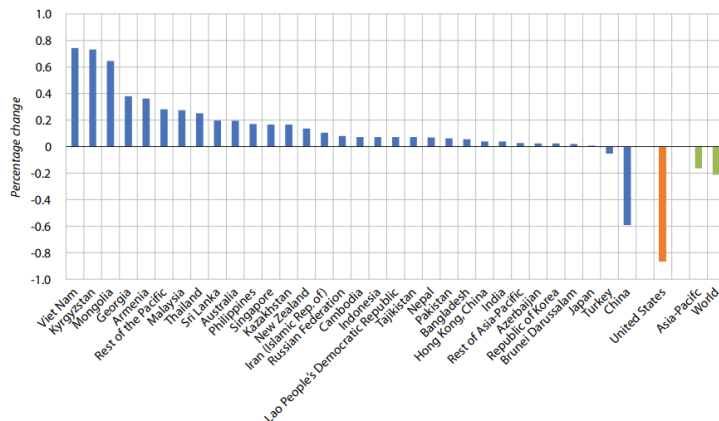
Source: ESCAP calculations

What can we do with AVEs?

- In APTIR 2018 we examined the impact of the following scenarios on trade, GDP and employment:
 - Trade War
 - Regional Integration

Figure 4.13

Change to GDP if threatened tariffs are implemented (Scenario 2)



Economic impact of NTM policy changes

- In a similar way, using the ad-valorem equivalents (AVEs) of NTMs, we can estimate their impact on trade, GDP and employment
- Using AVEs we can model NTM harmonization, removal of NTMs (partial or total), and other scenarios (see APTIR 2019 – forthcoming)
- If we remove all technical NTMs (SPS, TBT and Border Control Measures), global GDP will increase by 2%!
- We do NOT advise that... NTMs serve important public policy objectives, but 2% is the global cost of achieving those objectives



How to measure public policy objectives?





SUSTAINABLE DEVELOPMENT GOALS

1 NO POVERTY



2 ZERO HUNGER



3 GOOD HEALTH AND WELL-BEING



4 QUALITY EDUCATION



5 GENDER EQUALITY



6 CLEAN WATER AND SANITATION



7 AFFORDABLE AND CLEAN ENERGY



8 DECENT WORK AND ECONOMIC GROWTH



9 INDUSTRY, INNOVATION AND INFRASTRUCTURE



10 REDUCED INEQUALITIES



11 SUSTAINABLE CITIES AND COMMUNITIES



12 RESPONSIBLE CONSUMPTION AND PRODUCTION



13 CLIMATE ACTION



14 LIFE BELOW WATER



15 LIFE ON LAND



16 PEACE, JUSTICE AND STRONG INSTITUTIONS



17 PARTNERSHIPS FOR THE GOALS



SUSTAINABLE
DEVELOPMENT
GOALS

Quick SDG Quiz

- How many SDGs are there?
 - 17
- How many Targets are there?
 - 169
- How many Indicators are there?
 - 241... (230)



NTMs and Sustainable Development

- No clear matching between NTMs and SDGs
- Would need to go measure-by-measure (description) to see what measures may affect what – NTMs are not explicitly mentioned in SDGs

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Can examine measures submitted to WTO (not ideal):

<http://l-tip.wto.org/goods/Forms/TableView.aspx>



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





Example: Alcohol-related NTMs

SDG3. Ensure healthy lives and promote well-being for all at all ages

- **Target 3.5** Strengthen the prevention and treatment of substance abuse, including narcotic drug abuse and harmful use of alcohol
 - **Indicator 3.5.2** Harmful use of alcohol, defined according to the national context as alcohol per capita consumption (aged 15 years and older) within a calendar year in litres of pure alcohol



Other Examples



NOTICE

BAN ON PLASTIC BAGS IN KENYA

Nairobi, August 31, 2017 ...This is to inform you that Kenya has enforced a ban on the use of plastic bags from 28th August 2017.

This ban infers to the use, manufacture and importation of the banned plastics within Kenya and especially affects plastic carrier bags.

All guests traveling into Kenya with duty free plastic bags shall be required to leave the bags at the entry points and seek alternative carrier bags.

You do not carry plastic bags whilst visiting or working in Kenya. Penalties for those caught with them.

If you have a bag containing duty free items, we advise that you use a woven one provided on board and give the plastic bag for disposal.

We apologize for any inconvenience caused by this ban.

Kenya Airways, a member of the Sky Team Alliance, is a leading African airline flying to 53 destinations in Africa and carries over three million passengers annually. It continues to expand its fleet with 16 aircraft being some of the youngest in Africa. This includes its flagship 747-400 which is renowned and the lie-flat business class seat on the 747-400 was voted among the world's top 10. Kenya Airways takes pride for being the first African airline to be voted among the world's top 10. Kenya Airways celebrated 40 years of service to the World and the World to Africa through its hub at the new ultra-modern Jomo Kenyatta International Airport in Nairobi. Kenya Airways celebrated 40 years of service to the World and the World to Africa through its hub at the new ultra-modern Jomo Kenyatta International Airport in Nairobi. Kenya Airways celebrated 40 years of service to the World and the World to Africa through its hub at the new ultra-modern Jomo Kenyatta International Airport in Nairobi. For further information call our 24HR Contact Center or visit www.kenya-airways.com. Twitter: @KenyaAirways, Facebook: KenyaAirways



SDG-HS-NTM Concordance

- **Objective**
- - *Identify direct linkages between SDGs, HS and NTMs*
- **Purpose**
 - *Build foundation for quantitative analysis to determine to which extent non-tariff measures of countries reflect their commitment to achieve SDGs*
- **Method**
 - Evaluate targets/indicators/metadata for relevant product groups and NTMs affecting trade in them
 - Isolate combinations where presence/absence of NTM is sufficient to infer direct impact on the examined SDG
 - Check I-TIP, UNCTAD TRAINS, WTO EDB, etc. for viability
 - Identify keywords where necessary
- **Result - concordance strings**
- SDG Target - HS 6-digit code - NTM MAST code -
- keywords



Direct linkage

- HS-NTM code pair has direct linkage to an SDG
- if NTM has a clearly stated SDG-related objective
 - e.g. SPS measures for the protection of human health, animal and plant life; regulations on energy performance, vehicle emissions, noise generation; regulations on use of international nonproprietary names for generic medicines; etc.
- if HS-NTM combination is not likely to have any objective other than the one that is relevant to an SDG
 - e.g. trade in hazardous chemicals and waste, narcotic drugs, endangered species of flora and fauna, cultural heritage items, arms and weapons, etc.
- Resulting HS-NTM code pairs **with clear direct linkage** to specific SDGs have positive impact on their achievement (stated or implied)



SDG-HS-NTM Concordance Matrix

SDG	Target	Product description	HS	NTM	Keywords	A/C/Cw
SDG_2	Target 2.4	All agricultural raw materials for food	010111; 010119; 010120; 010121; 010129; 010130;	A1; A5; A6; A8	pest; quarantine, disease;	C
SDG_3	Targets 3.1; Target	Medicines (dosified and bulk, inputs to	263628; 281830; 283322; 284210; 284290; 284330;	N; B31; B32; B33	TRIPS; Paragraph 6 System;	CwK
SDG_3	Target 3.5	Narcotic drugs	121130; 121140; 121150; 121190; 130190; 130211;	B11; B31; B33;	dangerous; narcotic;	CwK
SDG_3	Target 3.a	Tobacco, tobacco products, tobacco	240110; 240120; 240130; 240210; 240220; 240290;	B11; B14; B15;	NA	C
SDG_3	Target 3.4	All intermediate and final food	020900; 021011; 021012; 021019; 021020; 021090;	A2; A3; A4; A63;	NA	C
SDG_3	Target 3.5	Food grade alcohol	220300; 220410; 220421; 220422; 220429; 220430;	B31; B32; B33;	health, warning, monitoring,	CwK
SDG_3	Target 3.6	Motor vehicles, motorcycles, their	870110; 870120; 870130; 870191; 870192; 870193;	B11; B7; B8;	safety; belts; restraint;	CwK
SDG_6	Target 6.4	Water-using equipment and	392210; 392220; 392290; 691010; 691090; 732410;	B31; B32; B7;	water efficiency; water	CwK
SDG_7	Target 7.3	Electricity and fuel using appliances,	840110; 840120; 840130; 840140; 840211; 840212;	B31; B32; B7;	energy performance; energy	CwK
SDG_11	Target 11.6	Fuel-using motor vehicles	870110; 870120; 870130; 870191; 870192; 870193;	B31; B32; B7;	emission; pollution,	CwK
SDG_11	Target 11.4	Works of art; collectors' pieces and ant	970110; 970190; 970200; 970300; 970400; 970500; 9706	B11; B14; B15;	historical; heritage; art;	CwK
SDG_12	Target 12.2	Raw and intermediate inputs to	250200; 250300; 250310; 250390; 250410; 250490;	B33; B42; B32	spoilage; spoil; damage;	CwK
SDG_12	Target 12.2	Any product produced using sustainable management of processes	0101; 0102; 0103; 0104; 0105; 0201; 0202; 0203; 0204;	B4; B7; B8; B11;	sustainable; life-cycle; eco-	A
SDG_12	Target 12.3	Foodstuffs and agricultural products	0205; 0206; 0207; 0208; 0209; 0210; 0301; 0302; 0303;	B31; B32	design; eco-design;	CwK
SDG_12	Target 12.4;	Hazardous chemicals and waste	051199; 252410; 252490; 262019; 262021; 262030;	B11; B14; B15;	ODP; Basel; carbon	C; CwK
SDG_12	Target 12.5	Single-use plastic	390110; 390120; 390130; 390140; 390190; 390210;	B11; B31; B32;	non-biodegradable;	CwK
SDG_14	Target 14.4; Target	Fish and crustaceans, mollusks and	030111; 030119; 030191; 030192; 030193; 030194;	A83; B83; B11;	IUU fishing; illegal,	CwK
SDG_15	Target 15.7; Target	Endangered species of flora and fauna	010129; 010130; 010190; 010239; 010290; 010391;	A11; A14; B11;	CITES; C.I.T.E.S.; Convention	CwK
SDG_15	Target 15.8	Genetically modified living organisms	01; 010594; 010611; 010619; 010649; 010690; 02;	A11; B11; A14;	LMO, GMO+living,	CwK
SDG_15	Target 15.8	Invasive species	010111; 010119; 010120; 010121; 010129; 010130;	A11; A14; B11;	alien; invasive; alien	CwK
SDG_16	Target 16.4; Target	Arms and ammunition; parts and	930110; 930120; 930190; 930200; 930310; 930320;	B31; B32; B33;		C
SDG_16	Target 16.4; Target	IED related products	281119; 282911; 282919; 282990; 282990; 282990;	B11; B14; B31;	explosive; explosive	A
SDG_16	Target 16.4; Target	Weapons of mass destruction	281112; 281211; 281212; 281213; 281214; 281215;	B11; B14; B31;	nuclear weapons; chemical	CwK



Strings with direct impact

VERY FEW STRINGS ARE CLEAR WITHOUT KEYWORDS

Target 2.4	All agricultural raw materials for food production	SPS measures to prevent spreading of pests, and to protect animal and plant life
Target 3.4	All intermediate and final food products	SPS measures regulating safety of food products to human health
Target 16.4	Arms and ammunition; parts and accessories thereof	Regulations on traceability, product and importer/exporter registration & authorization, import/export prohibitions, restrictions on import and distribution channels, licensing for special use, etc.
Target 3.a	Tobacco, tobacco products, tobacco product manufacturing equipment	Regulations on traceability, product and importer/exporter registration & authorization, import/export prohibitions, restrictions on import and distribution channels, etc.

Strings with direct impact

KEYWORDS ARE NECESSARY IN MOST CASES DUE TO VARIOUS REASONS

Target 3.5	Narcotic drugs	Regulations on traceability, product and importer/exporter registration & authorization, import/export prohibitions, restrictions on import and distribution channels, etc.
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6-digit HS codes contain sensitive goods regulated for other purposes (hazardous chemicals, chemical weapons).

Target 15.7, 15.c	Endangered species of flora and fauna	Regulations on traceability, product and importer/exporter registration & authorization, import/export prohibitions, restrictions on import and distribution channels, etc.
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6-digit HS codes do not distinguish between endangered and not endangers species

Target 7.3	Electricity and fuel using appliances, equipment, vehicles and machinery for household, commercial and industrial use	Technical regulations on energy/fuel performance, compliance measures, bans on importation of not compliant or old goods, energy performance labelling
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Technical NTMs under same MAST code may have other regulatory purposes (regulations of safety, electromagnetic compatibility, pollutant emissions, water efficiency, use of chemicals substances, etc.)



Examples of indirect impact

- Reducing use of single-use plastic (T12.5) can contribute to reducing impact of water-related disasters in cities (T11.5) and to decreasing plastic debris density in coastal areas (T14.1)
- T8.4 on sustainable consumption and production has same indicators as T12.2 on sustainable and efficient use of resources
- T12.2 on sustainable and efficient use of resources can be facilitated by regulating water and energy efficiency of goods (T6.4 and 7.3)
- Prevention of spreading of dangerous pests (T2.4) is beneficial to controlling transboundary movement of invasive species (T15.8)
- Reduction of deaths and illnesses from hazardous chemicals and pollution (T3.9) can be facilitated by reducing vehicle emissions (11.6), controlling use of hazardous chemical and waste (12.4), and regulating contaminants in food (3.4)



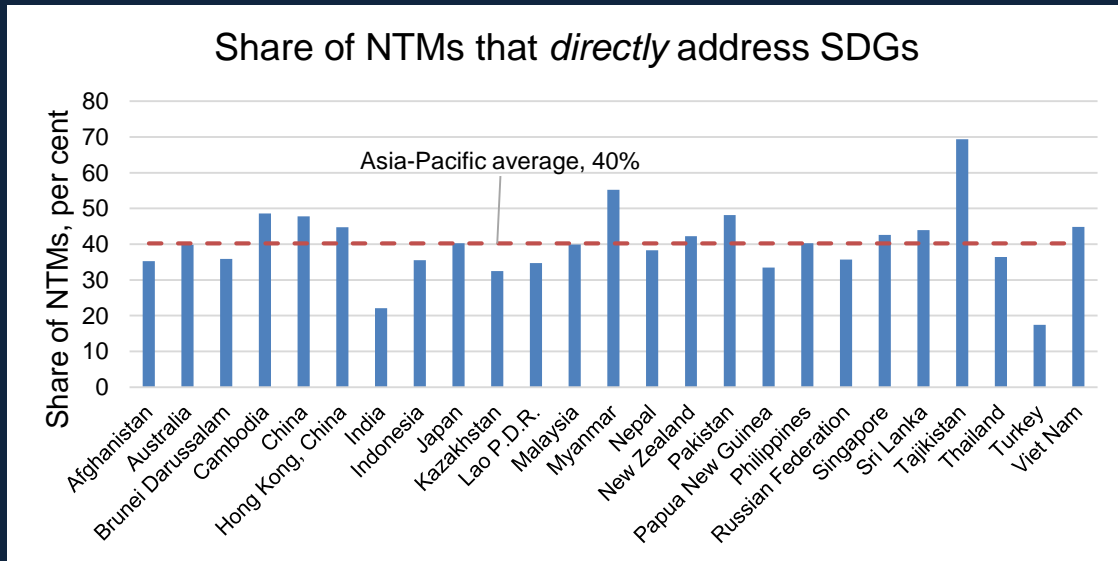
Positive/negative impact

- **IPRs**
 - crucial for innovation (SDG9) and reducing trade in counterfeit goods (SDG16)
 - barrier for access to technologies (most of SDGs). Partially resolved for access to medicines through TRIPS flexibility provision
- **Dual use and strategic goods**
 - crucial to controlling trade in arms, weapons and precursors (SDG16) and reducing of violence
 - barrier for access to advanced technologies (most of SDGs).



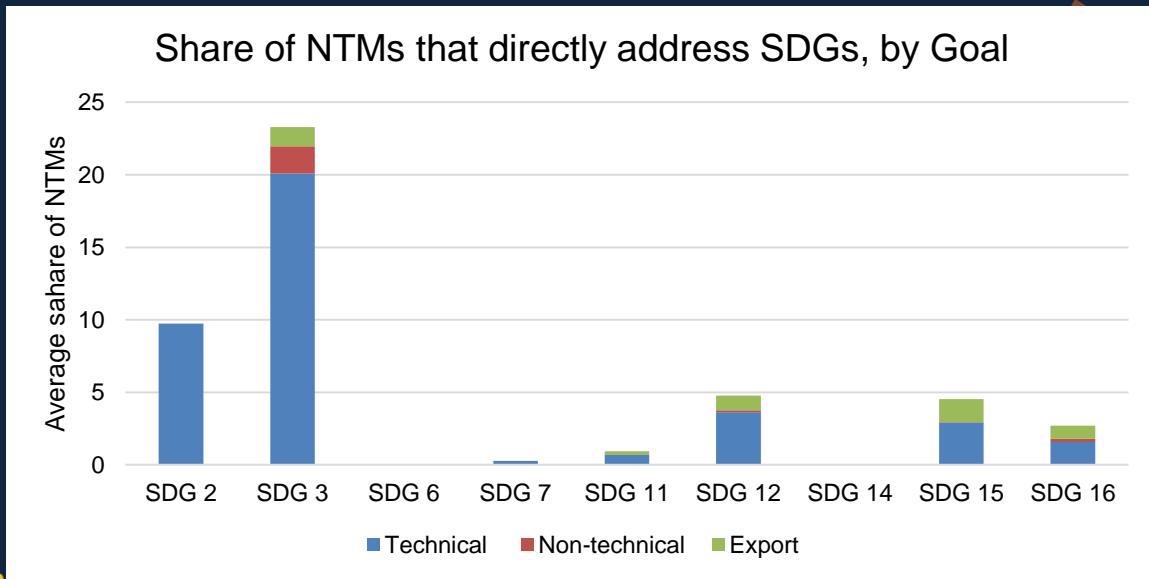
NTMs and SDGs

- On average, 40% of NTMs in Asia-Pacific have a direct link to SDGs



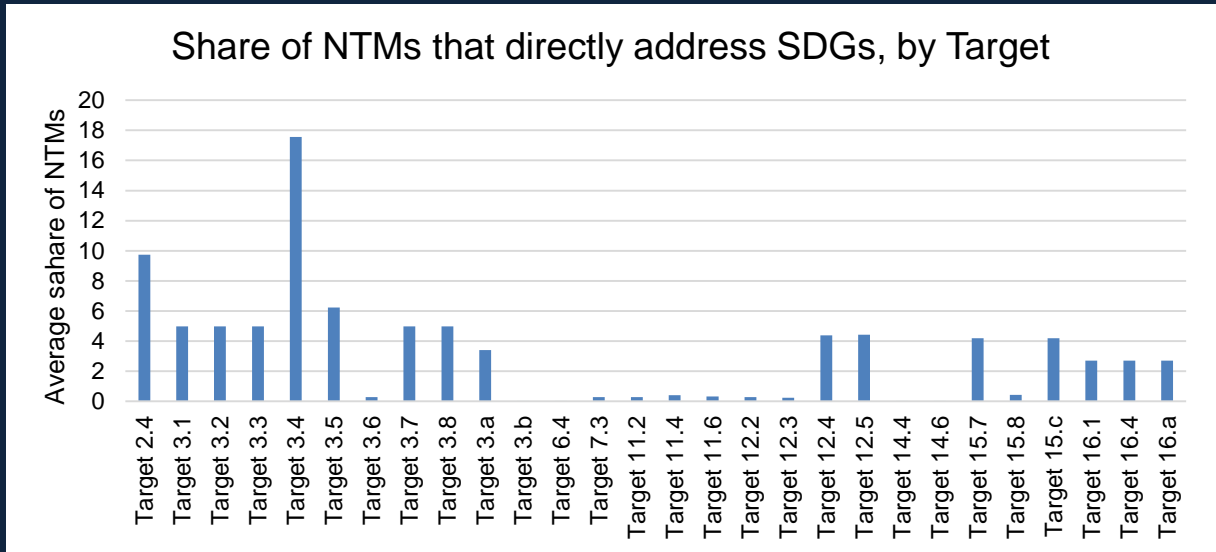
NTMs and SDGs

- Goals 3 is the most prominent – mostly by technical measures



NTMs and Targets

- Target 3.4 attracts the most share:



Summary and Conclusion

- NTMs contribute to trade costs, but at the same time serve important public policy objectives
- They can also promote trade (more trust from consumers)
- So the key is to minimize distorting costs through:
 - Transparency
 - Harmonization/mutual recognition agreements
 - Using international standards
 - Addressing Procedural Obstacles
- Do you really need all the NTMs for public policy?
- Is it really legitimate?
- Is it applied in the same way to domestic producers?



THANK YOU

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