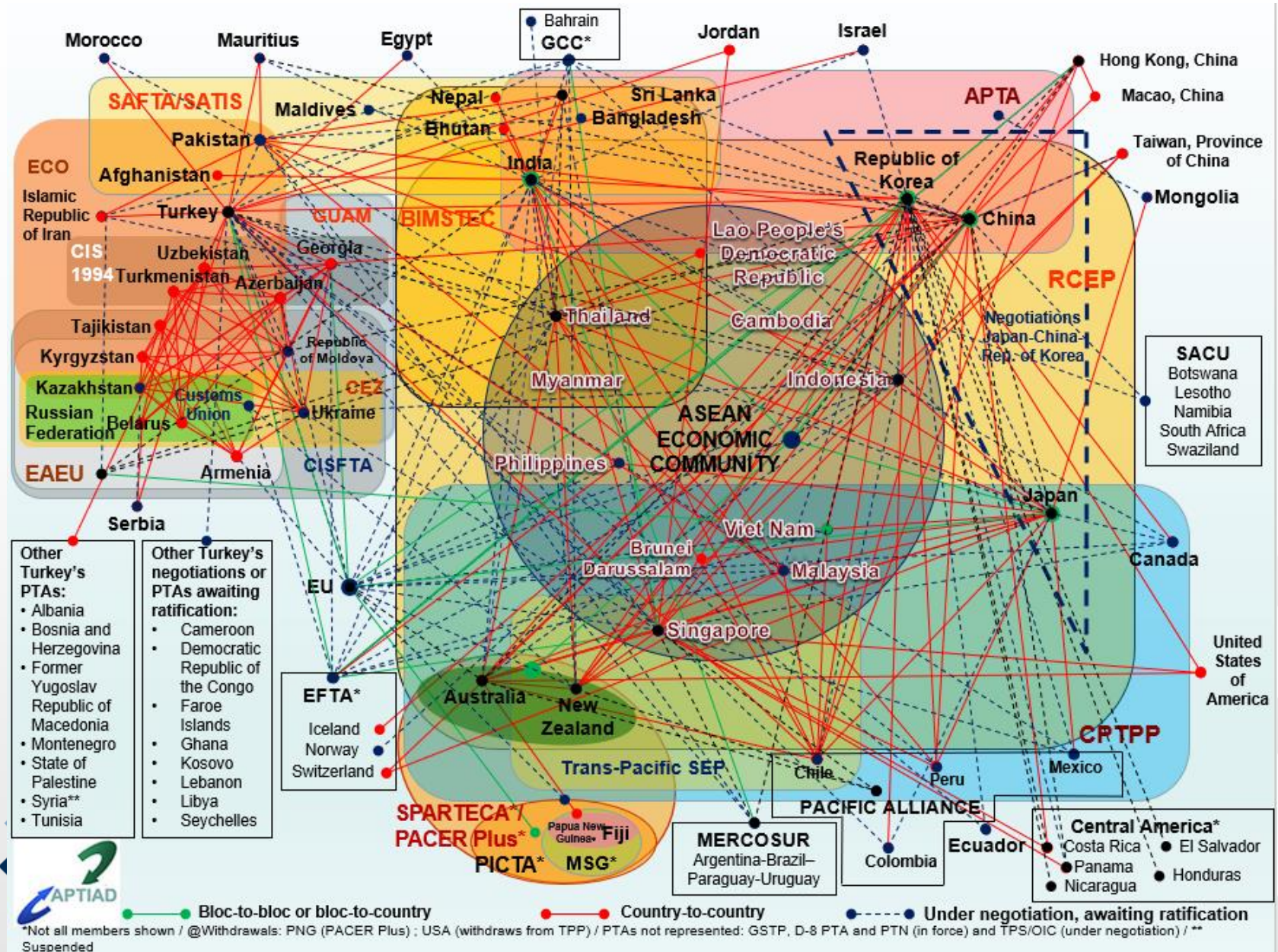


# Non-tariff measures in Asia-Pacific: a private sector perspective

Key findings of a joint ITC-ESCAP report

Julia Spies  
Bangkok, 14 March 2019

# Asia-Pacific "Noodle Bowl" of regional trade agreements



# Trade costs in the Asia-Pacific region

Intra- and extraregional 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	PIDEs	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 (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)
United States	86.7 (7.2)	64.3 (3.0)	176 (-2.8)	159.8 (-4.8)	113.1 (5.7)	100.9 (1.7)	66.9 (0.4)

Note: figures in %, 2011-16 to 2005-10 change in brackets)

# Trade integration in the Asia-Pacific region

Subregion	Destination of exports								
	ENEA	SEA	SSWA	NCA	Pacific	Asia-Pacific	EU	USA	Rest of the world
East and North-East Asia (ENEA)	34.3	12.9	5.3	2.1	2.5	57.0	13.5	16.6	12.9
South-East Asia (SEA)	35.8	23.4	5.7	0.5	3.5	68.9	11.4	11.1	8.7
South and South-West Asia (SSWA)	13.2	7.1	9.9	2.2	1.1	33.5	27.8	11.2	27.6
North and Central Asia (NCA)	19.2	1.9	7.9	7.8	0.1	36.8	43.3	2.7	17.2
Pacific	57.0	10.7	5.7	0.3	6.7	80.4	6.2	4.7	8.7
Asia-Pacific	32.7	13.6	5.9	2.1	2.6	56.9	16.0	13.6	13.5

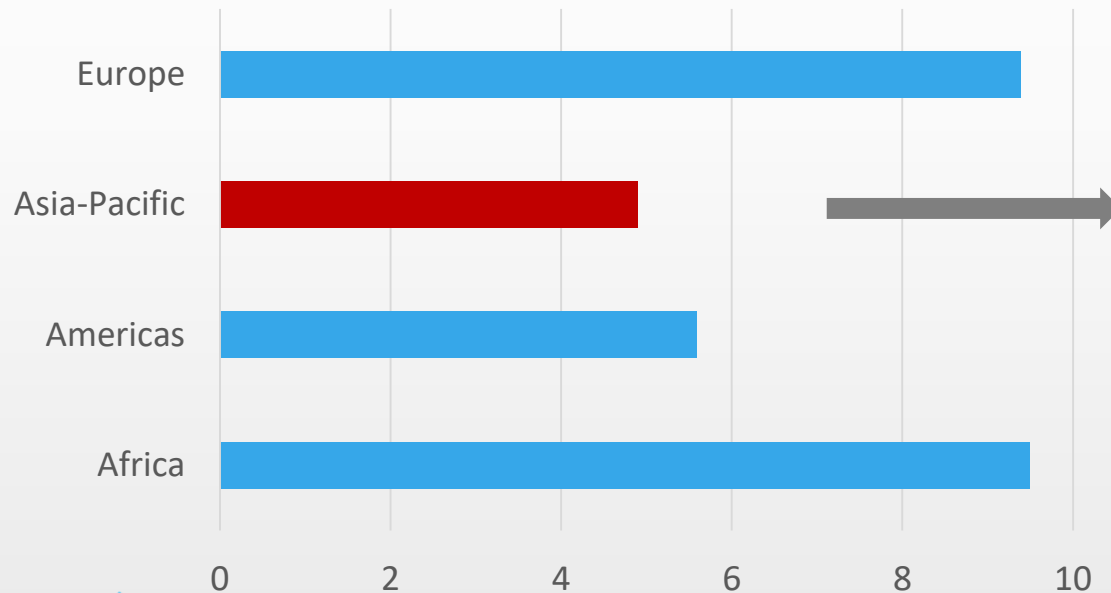


# Trade integration in the Asia-Pacific region

Trade integration of a region A (rest of the world is called B) can be measured as:

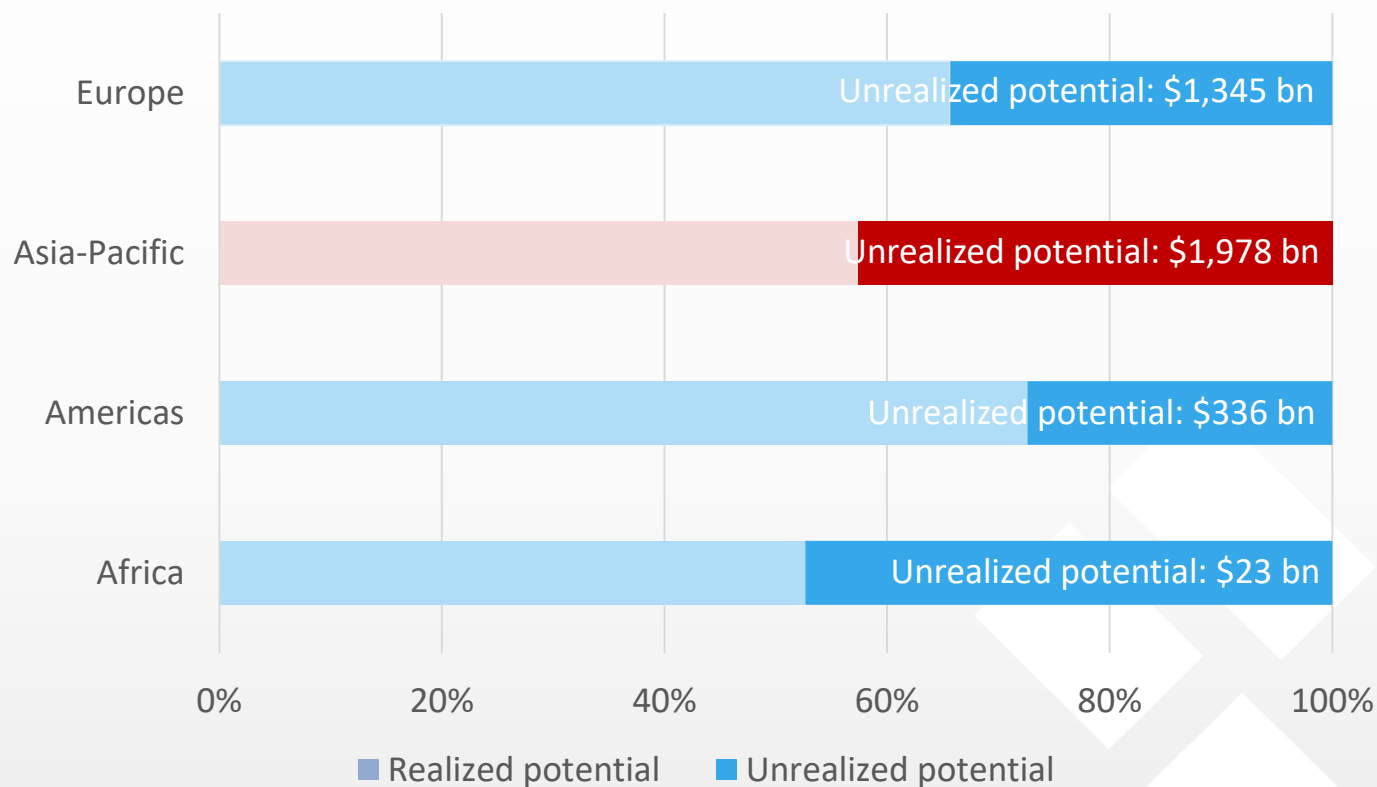
$$\frac{A's \text{ exports to A} / A's \text{ exports to B}}{B's \text{ exports to A} / B's \text{ exports to B}}$$

A value of 1 means no integration. Larger values mean more integration.

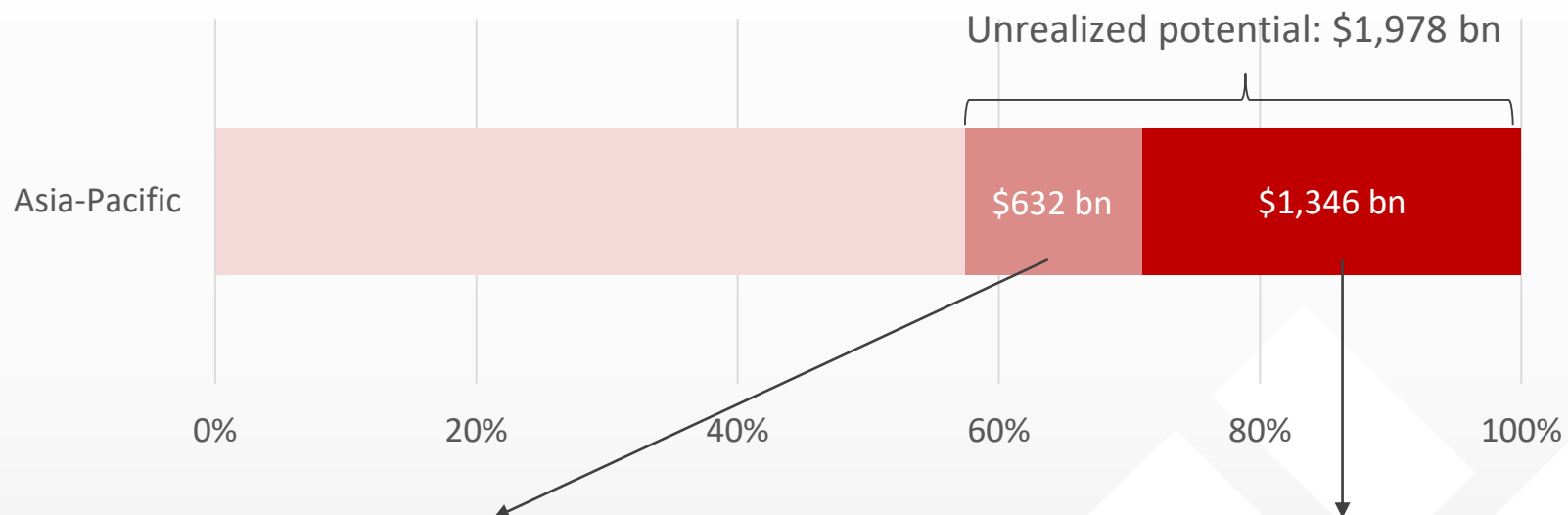


Asia-Pacific region shows low level of regional integration when considering its economic size

# Unrealized export potential across regions



# Unrealized export potential across regions



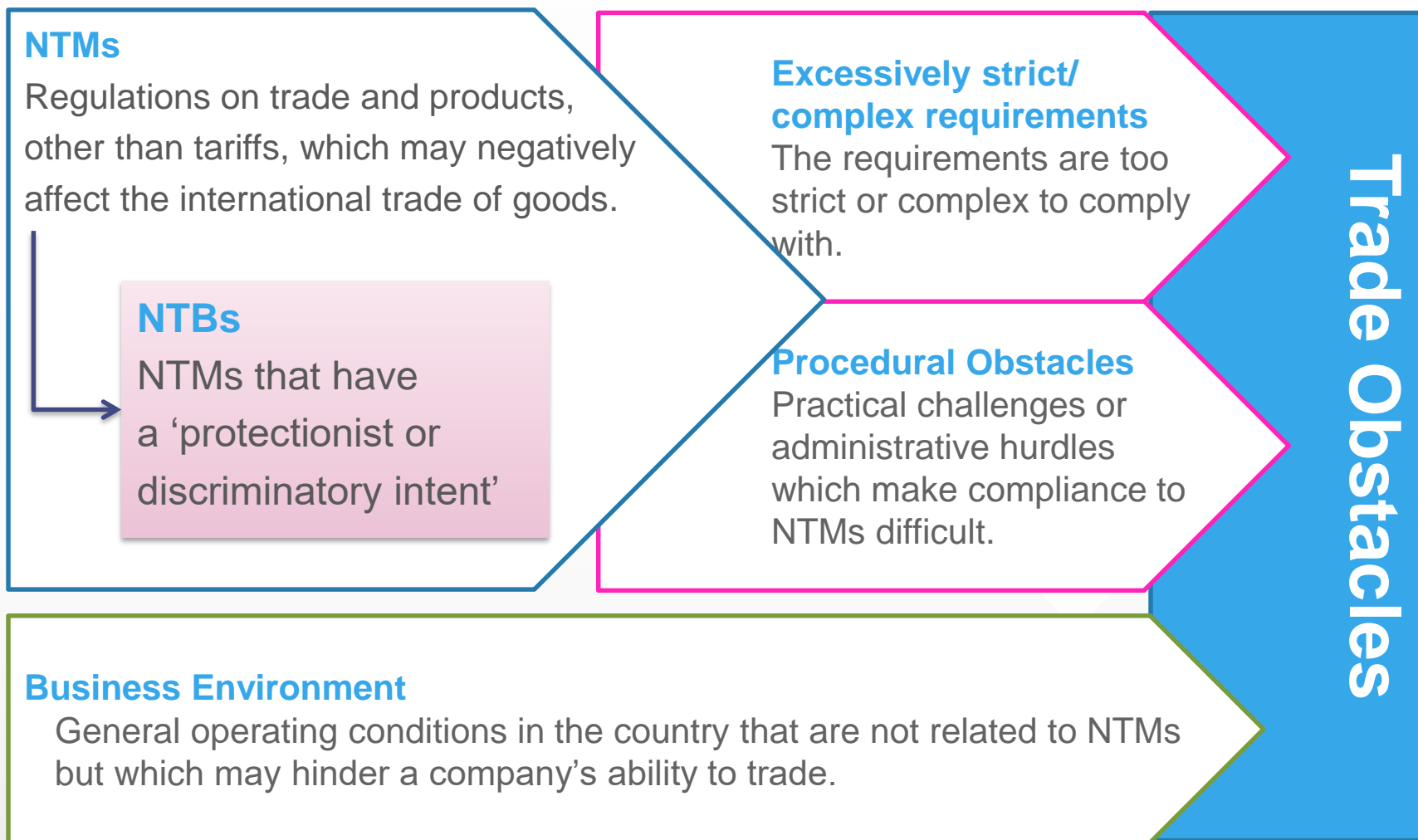
## Friction-based unrealized potential

- NTMs, incl. rules of origin
- Lack of market transparency
- Price-quality mismatches
- Seasonality
- ...

## Growth-based unrealized potential

- Projected export performance
- Projected import demand

# NTMs and trade obstacles





# ITC business surveys on NTMs in numbers



**29,000**

Phone Interviews



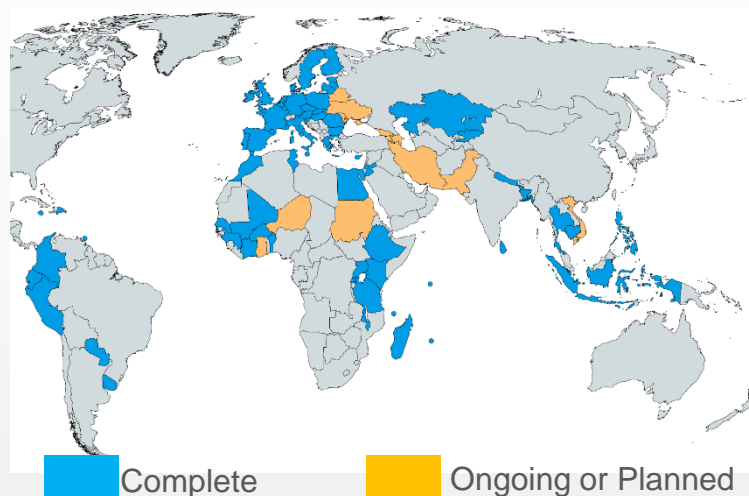
**8,200**

Face-to-face interviews

From over  
developing  
countries

**40**

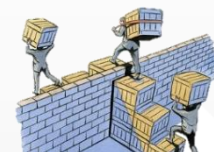
+ **28** EU countries



More than

**30,000**

reported trade obstacles...



...concerning  
trade with  
partner countries

**185**

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Source: [www.ntmsurvey.org](http://www.ntmsurvey.org)

# Type of data: Face-to-face interviews

Face-to-face data gathering company-level information (only those facing trade obstacles) on:

All affected trade flows



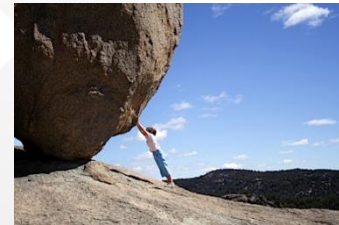
All traded products and partner countries



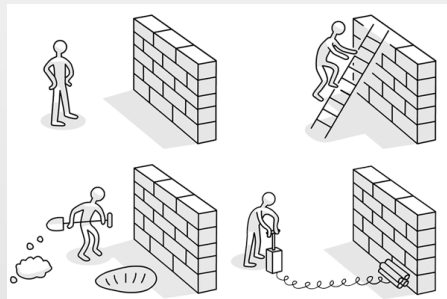
Burdensome regulations

(description, official name, category of NTM, implementing body, applying country)

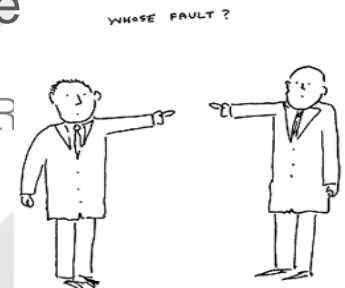
Related obstacles  
(description, category of obstacles, implementing agency, location)



Recommendations to overcome the obstacles

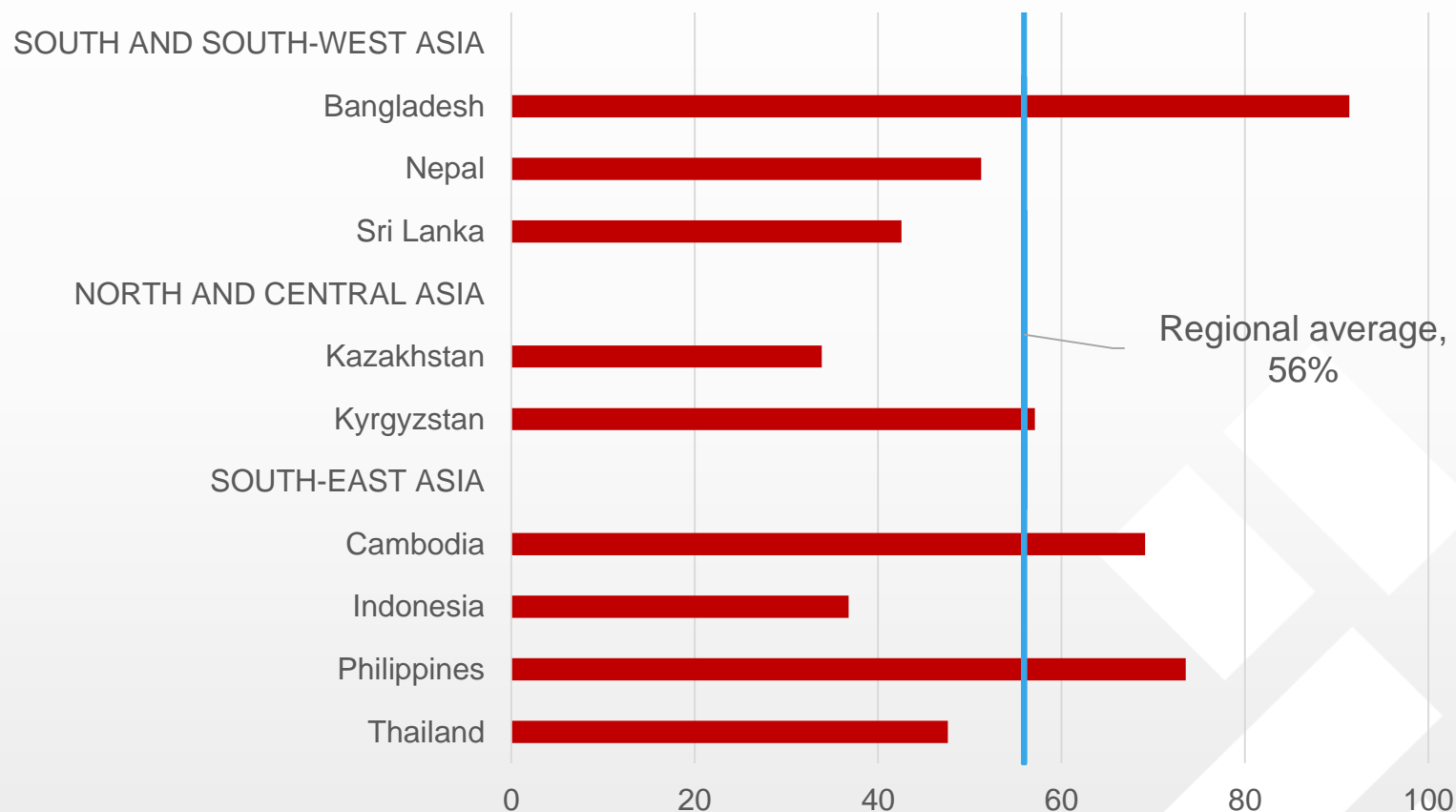


Where the problem occurs<sup>TR</sup>

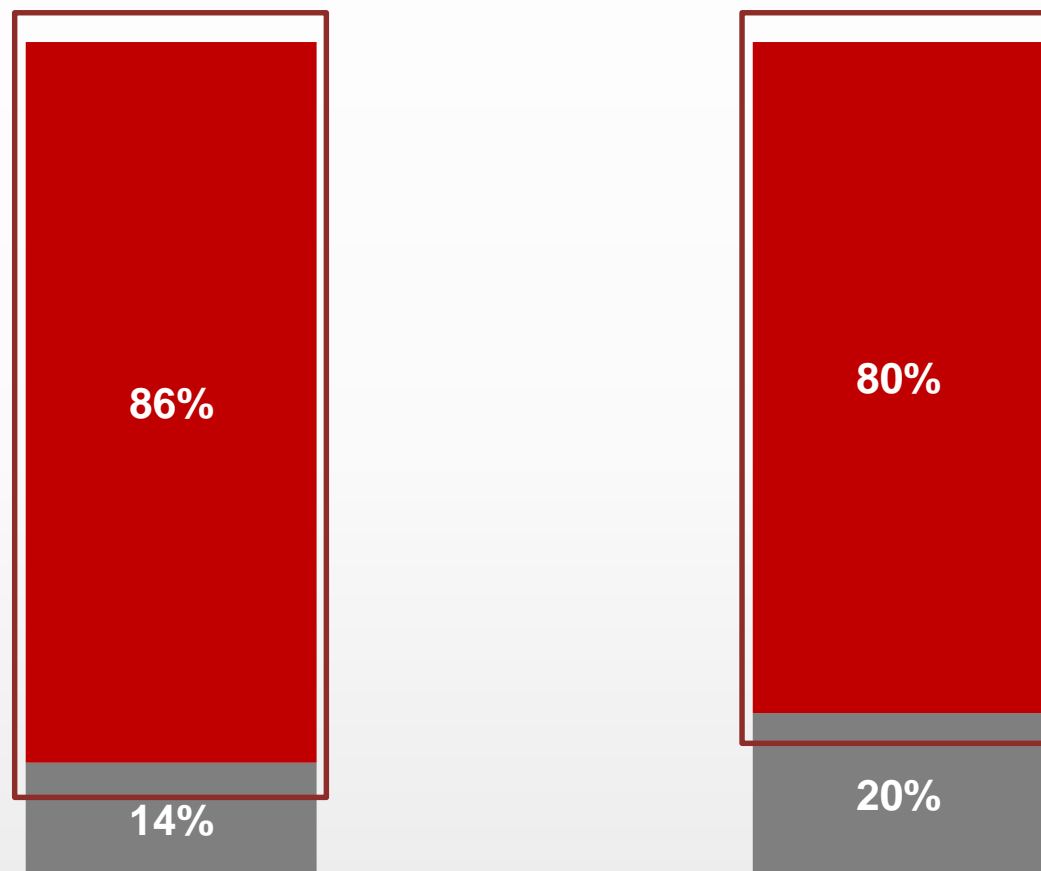


# NTMs do not affect every country equally

Share of companies affected by burdensome NTMs

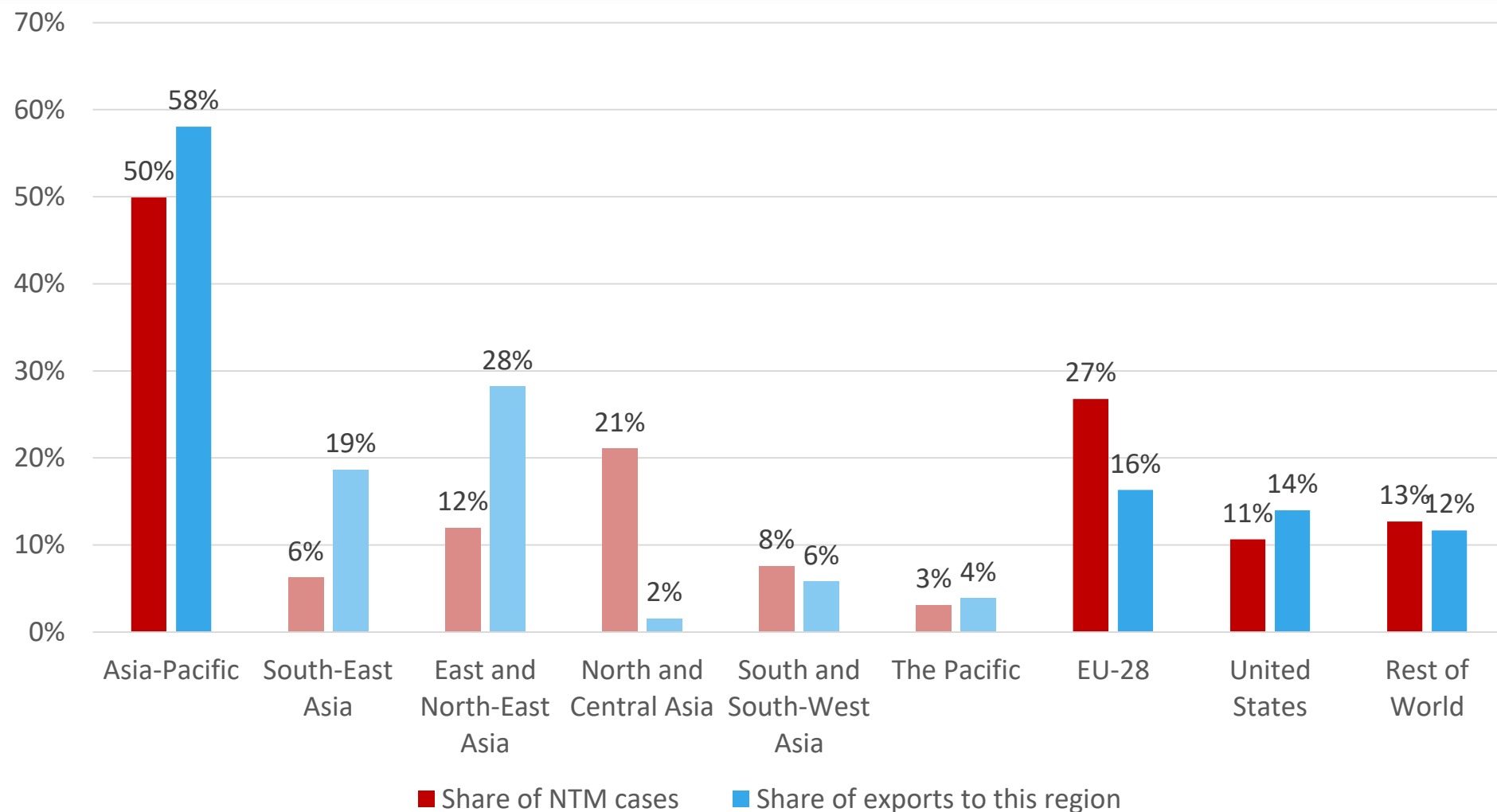


## Import-related measures are more frequent than export-related measures



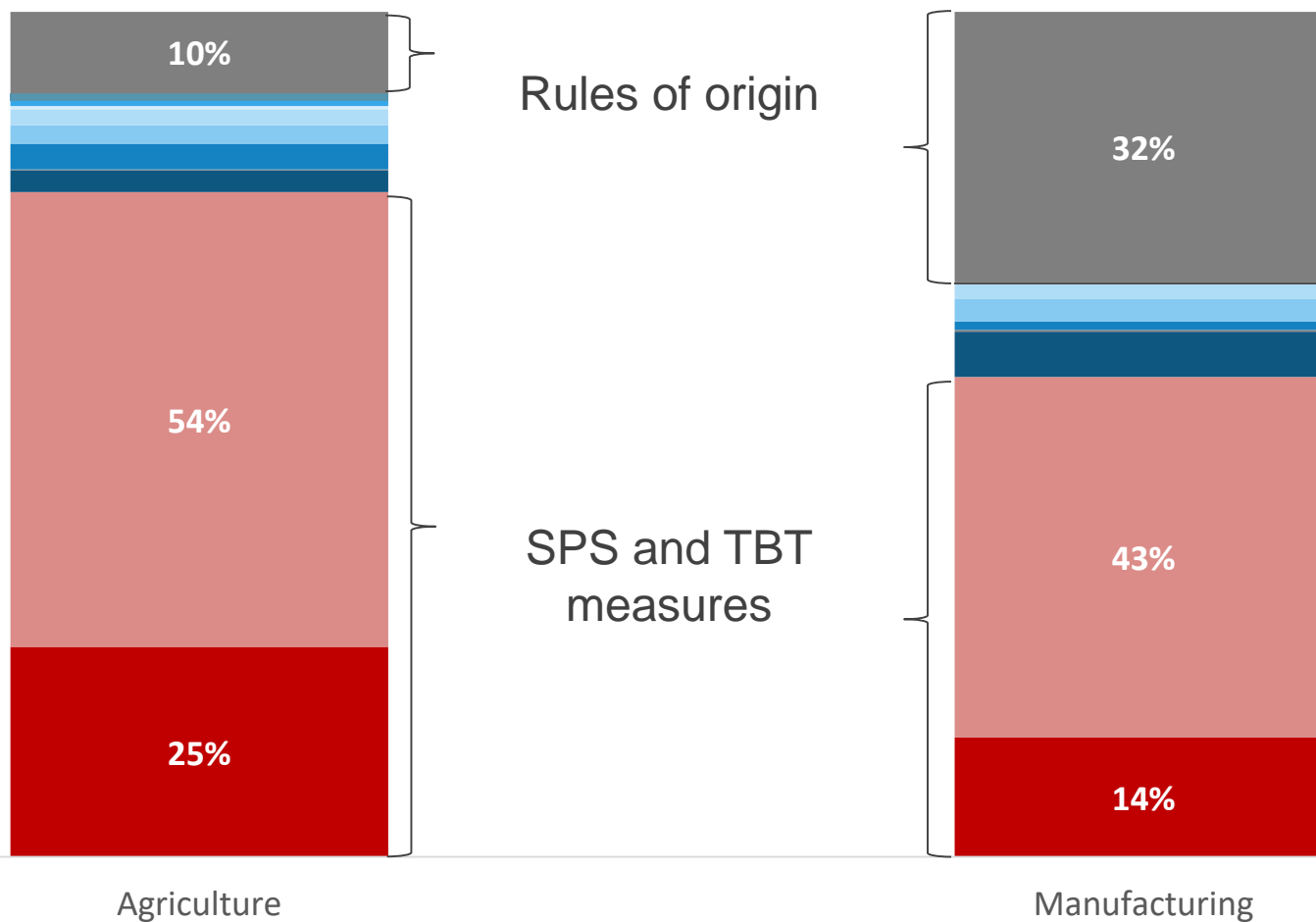
# NTMs are linked to export values (or not?)

Share of NTM cases vs export shares\*



\*Data based on nine Asia-Pacific countries that are part of the ITC business survey on NTMs.

# What are the most frequent types of burdensome NTMs?



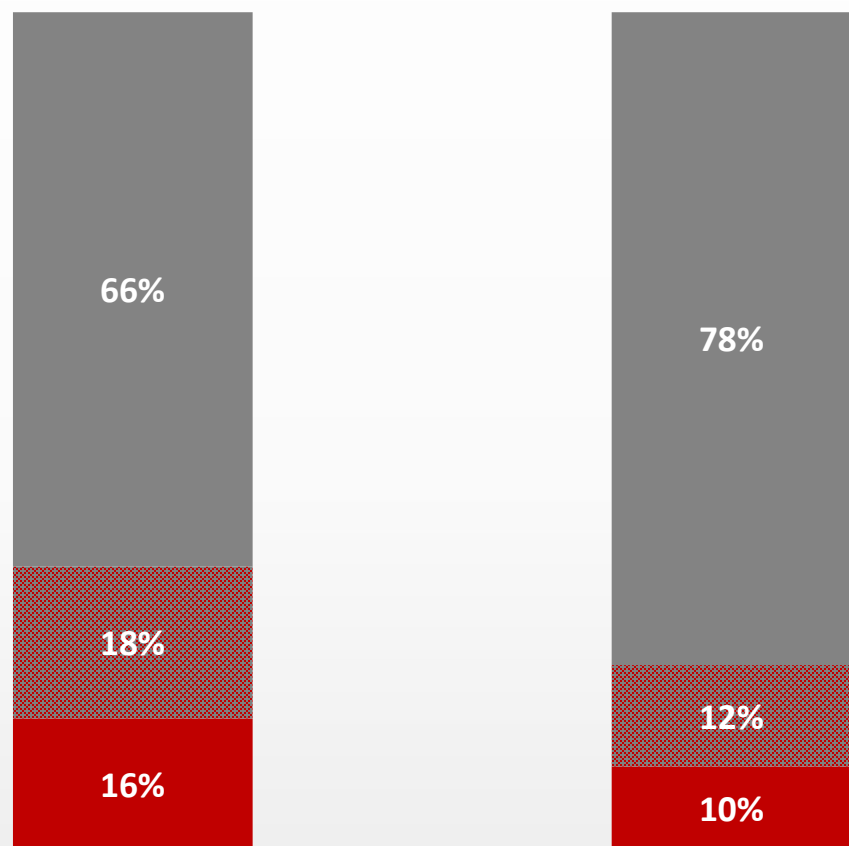
■ A. Technical requirement  
■ D. Trade remedies  
■ G. Finance measures  
■ K. Restriction of post-sales services

■ B. Conformity assessment  
■ E. Quantity control measures  
■ H. Anti-competitive measures  
■ N. Intellectual property

■ C. Pre-shipment inspections  
■ F. Charges, taxes and price control measures  
■ J. Distribution restrictions  
■ O. Rules of origin



# Why are NTMs perceived as burdensome?



- The regulation is difficult because of procedural obstacles
- The regulation is difficult and there are procedural obstacles
- The regulation itself is too strict

# Most procedural obstacles occur at home



Time constraints



Informal or unusually high payments

Unusually high fees and charges for reported certificate/regulation

Informal payment, e.g. bribes for reported certificate/regulation

Lack of recognition / accreditation

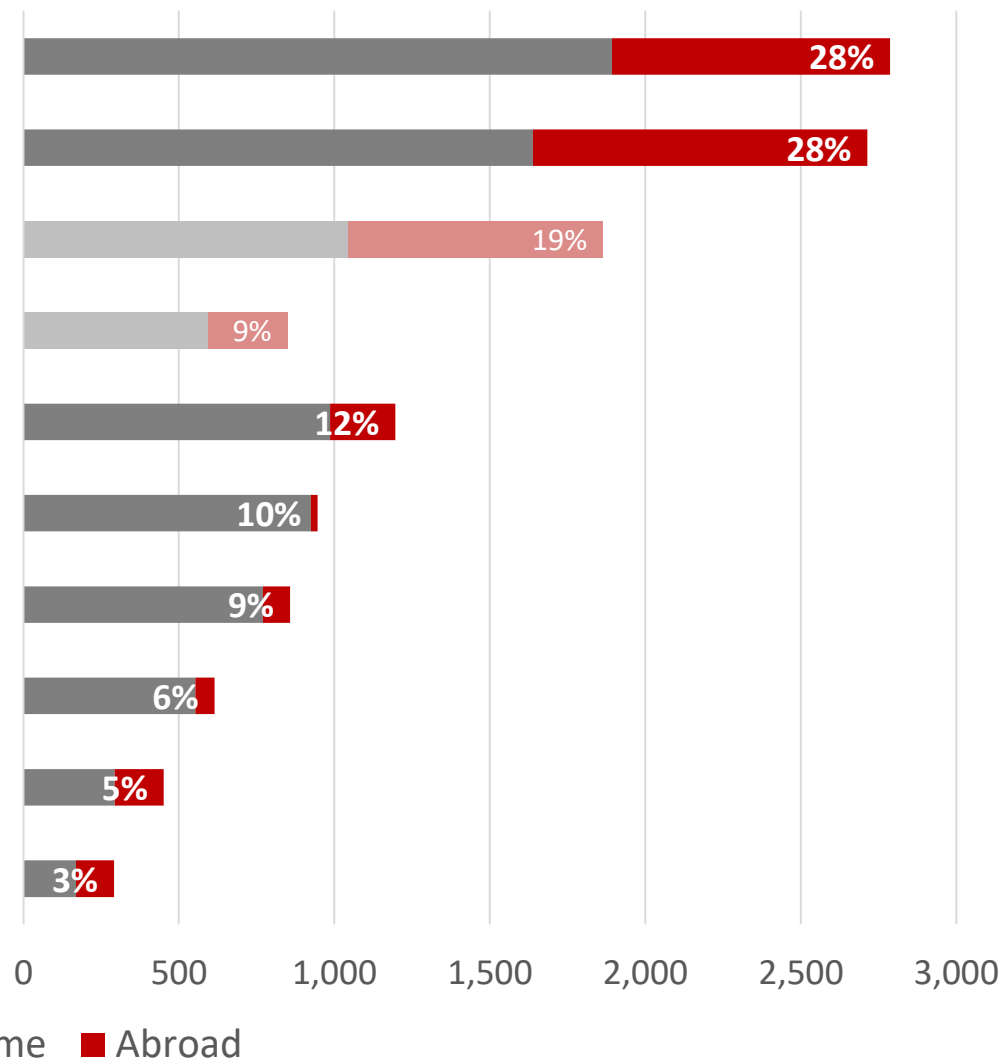
Lack of appropriate testing facilities

Administrative burdens related to regulations

Information / transparency issues

Discriminatory behavior of officials

Other procedural obstacles

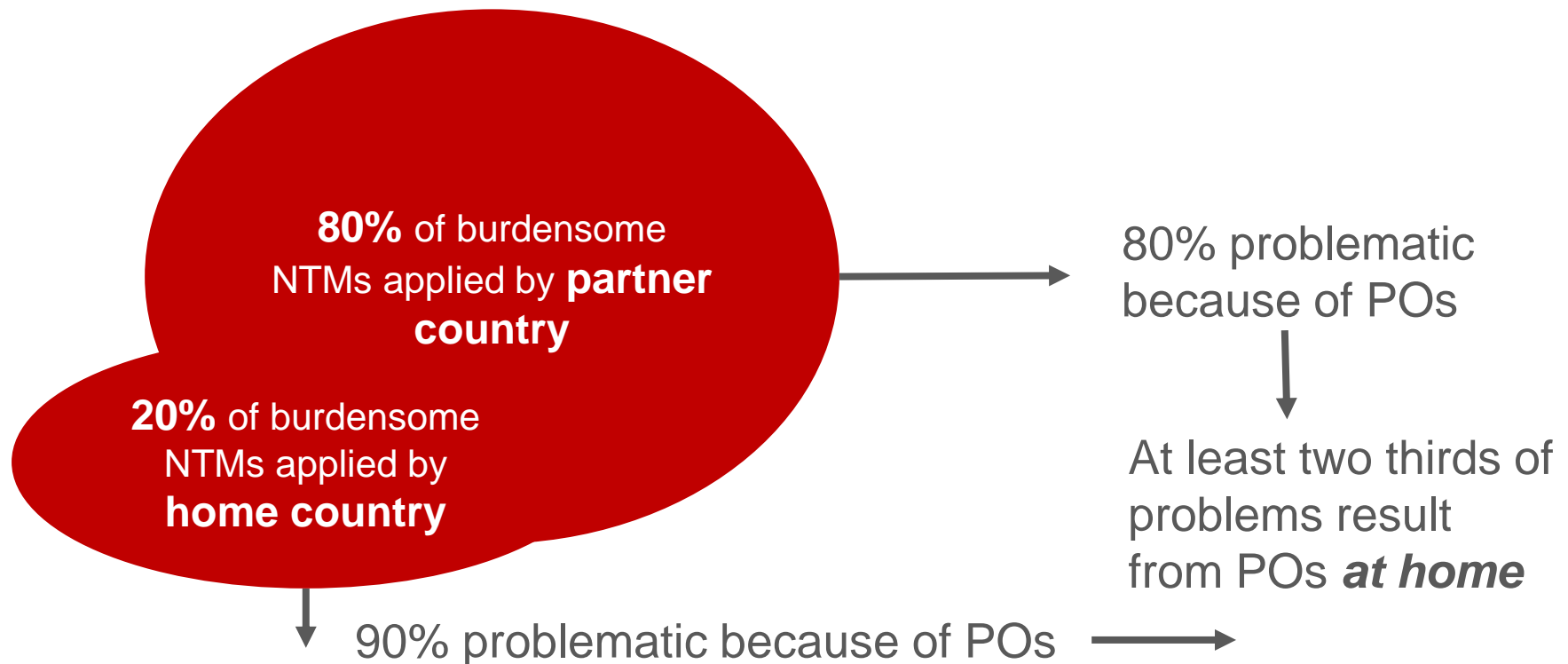


# ITC survey findings at a glance

The bulk of problematic NTMs relate to technical measures and rules of origin

~90% of all export partner NTMs come from: technical barriers to trade, sanitary and phytosanitary measures and rules of origin. Nearly half of all NTMs relate to conformity assessments (proofing compliance is more difficult than the regulation itself!).

## Market access begins at home



# What to do next?



## 1) Institutional streamlining

- ✓ Identify domestic opportunities for streamlining trade procedures
- ✓ Establish a consultation mechanism on NTMs to foster public-private dialogue
- ✓ Enhance transparency through existing notification channels such as in ASEAN or at the WTO (example: [www.ePingalert.org](http://www.ePingalert.org))

## 2) Soft infrastructure

- ✓ Use mutual recognition agreements and/or international standards to address conformity assessment-related compliance issues
- ✓ Digitalize NTM procedures and foster cross-border paperless trade to eliminate administrative layers

## 3) Hard infrastructure

- ✓ Develop regional quality infrastructure to address bottlenecks in testing and certification
- ✓ Fully implement the WTO Trade Facilitation Agreement

# For more information

**ITC Survey results online:** [www.ntmsurvey.org](http://www.ntmsurvey.org)

## **ITC series on NTMs (Asia-Pacific country reports):**

Bangladesh (English, 2017)

Nepal (English, 2017)

Indonesia (forthcoming 2016)

Kazakhstan (English, Russian, 2014)

Kyrgyzstan (English, Russian, 2018)

Cambodia (English, 2014)

Philippines (English, 2017)

Sri Lanka (English, 2011)

Thailand (English, 2016)

## **Other NTM publications:**

### **Navigating non-tariff measures –**

Insights From A Business Survey in the European Union (2016)

### **The Invisible Barriers to Trade –**

How Businesses Experience Non-Tariff Measures (2015)

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