



FONDATION POUR LES ÉTUDES
ET RECHERCHES
SUR LE DÉVELOPPEMENT
INTERNATIONAL

Landscape of NTMs for Environmental Goods

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Boosting Sustainable Development:
Impact of NTMs and Policy Responses

Non-Tariff Measures week (Geneva, 25-27 September 2017)

Outline

NTMs, SDGs, and EGs/ESs

- Regulatory expansion ([here](#))
- NTMs needed to meet SDGs ([here](#))
- Identification Problems: EGs/ESs are poorly identified ([here](#))
- EGs and ESs complementarities ([here](#))
- EGs are complex; different lists of EGs ([here](#))

Trade Measures for EGs: The Landscape

- Tariffs on EGs are lower ([here](#))
- Not so for market access for ESs ([here](#))
- NTM Coverage ratios: EGs vs. non-EGs ([here](#))
- Distribution of NTMs by category & income group (CLEG+ list) ([here](#))

From Doha to APEC to EGA to....

- Mercantilism on display at Doha negotiations ([here](#))
- and little on the table at APEC (and EGA) ([here](#))
- Lessons so far ([here](#))

NTMs, SDGs and EGs/ESs

Environment at the heart of WTS and relation to SDGs

- Doha Round for ‘developing countries and for protection of the environment’
- Failure at DR negotiations on reduction of trade barriers on EGs and ESs to achieve a ‘triple win’ (trade, DCs, environment)
- Limited success at APEC and stalling at EGA negotiations.
- Many SDG goals covered in GATT/WTO articles and corresponding MAST chapters

Mapping NTMs to WTO Provisions and SDGs

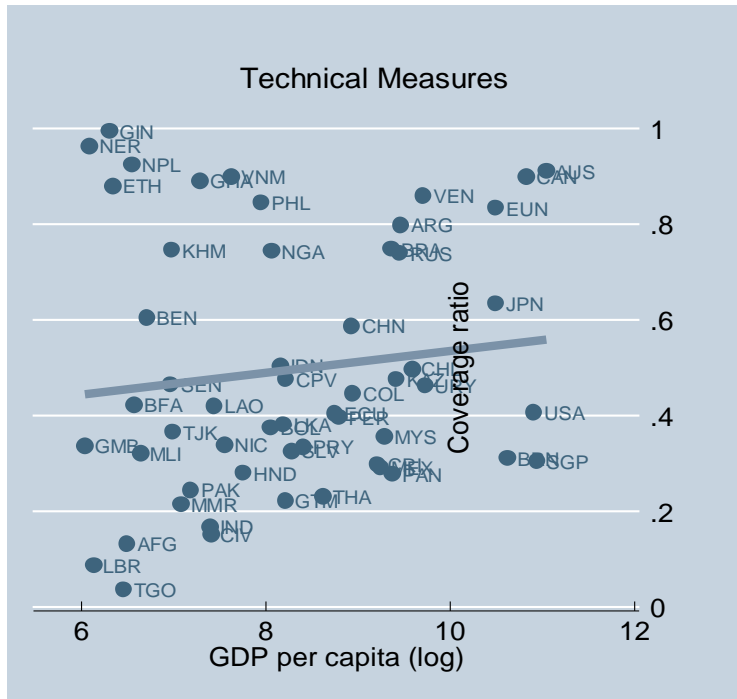
GATT Article/WTO Agreement and year of entry into force	Subject/content of discipline	Relevance to SDG goals (number)	MAST NTM chapter covered
Art. I	MFN requirement	8, 10, 17	All NTMs
Art. III; TBT, SPS and TRIMS Agreements (1995)	NT requirement and more specific provisions on application of domestic product regulation and local content measures	2, 3, 8, 9, 10, 12, 14, 15, 17	All NTMs; A, B, I
Art. V; (TFA) (2017)	Freedom of transit of goods	2, 7, 8, 9, 10, 13, 17	H, J
GATT Art. VI; AD & CVM (SCM) (1995)	Allows AD and CVM (defines criteria and procedures to be followed in investigations)	8, 9, 10, 13, 15, 17	D
Art. VII; Customs Valuation (Implementation of Art. VII); PSI Agreement (1995)	Valuation of goods for customs purposes to be based on actual value	8, 10, 16, 17	C
Art. II; Art. VIII; TFA (2017)	Fees connected with import and export formalities to be cost-based	8, 10, 16, 17	C, F
Art. X; TFA (2017)	Obligation to publish trade laws and regulations	8, 10, 16, 17	
Art. XI; TRIMS Agreement (1995)	Prohibition on QRs on imports or exports	8, 9, 10, 16, 17	E
Art. XII	Permits trade restrictions to safeguard BOP.	8, 16, 10,	D, G
Art. XIII; Import Licensing Agreement (1995)	Non-discriminatory administration of quantitative restrictions	8, 9, 10, 16, 17	E, J
Art. XVI; SCM Agreement; Agreement on Agriculture (1995); Nairobi agreement on agricultural export subsidies (2015)	Prohibition on non-agricultural export subsidies, with exemption for; disciplines on agricultural export subsidies; 2015: Nairobi prohibition on agricultural export subsidies	8, 9, 10, 12, 14, 15, 17	L
Art. XVII	State trading enterprises to abide by MFN rule	8, 9, 10, 16, 17	H
Art. XVIII	Protection for Infant industries and BOP(weaker conditionality than Article XII.)	8, 9, 10, 16, 17	D, E, F, H, I, P.
Art. XIX; WTO Agreement on Safeguards	Allows for emergency action to restrict imports of particular products if these cause serious injury to the domestic industry.	8, 9, 10, 16, 17	D, E, F
Art. XX; TBT and SPS Agreements	General exceptions provision—allows trade restrictions if necessary to attain non-economic objectives (health, safety).	3, 10, 12, 13, 14, 15, 17	A, B, C, E, H, I, L, N, P
Art. XXI	National security exception.	6, 7, 16	E, F, G, I, L, M, P
Agreement on rules of origin	Harmonization work programme for non-preferential rules of origin	8, 10, 17	O
TRIPS Agreement	Provide minimum standards of IP	3, 16, 17	J, N
Agreement on Government Procurement (only applies to signatories)	Non-discrimination rules to procurement; imposes transparency and procedural disciplines.	8, 9, 10, 16	M
Agreement on Agriculture	Disciplines on production and export subsidies and on quantitative restrictions	2, 3, 8, 10, 12, 14, 15, 17	E, F, L
GATS	MFN and sector-specific market access/national treatment commitments for services	3, 4, 8, 10, 16, 17	G, K

Source: Hoekman (2017)

[\(back\)](#)

Coverage ratios: Technical and non-technical NTMs

Large Variance in use of all regulatory measures (more transparency needed to understand patterns)

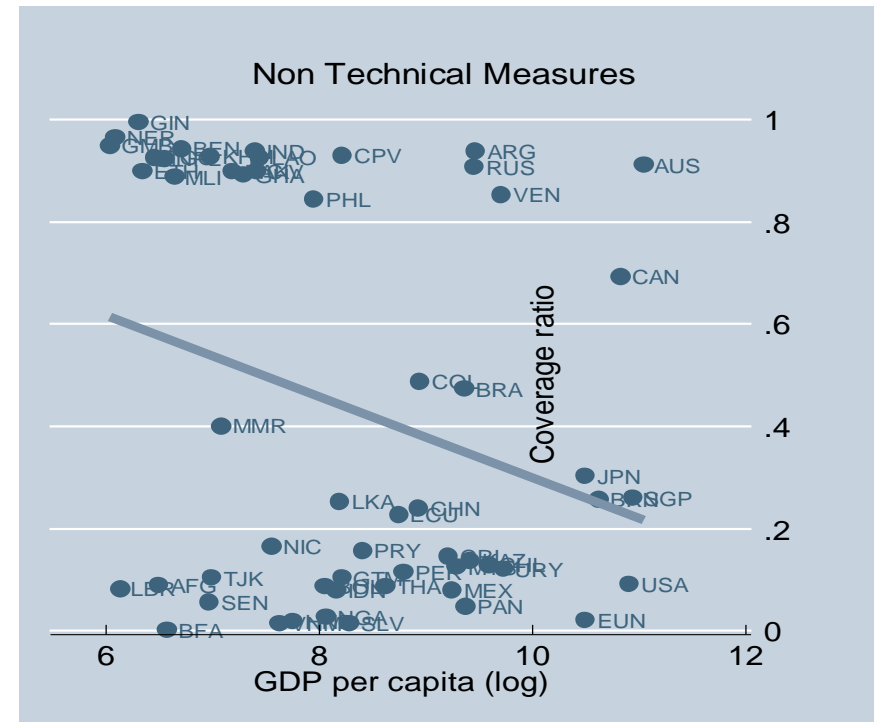


Unit value of imports rise with income: regulatory agencies respond to switch towards high quality/safer products

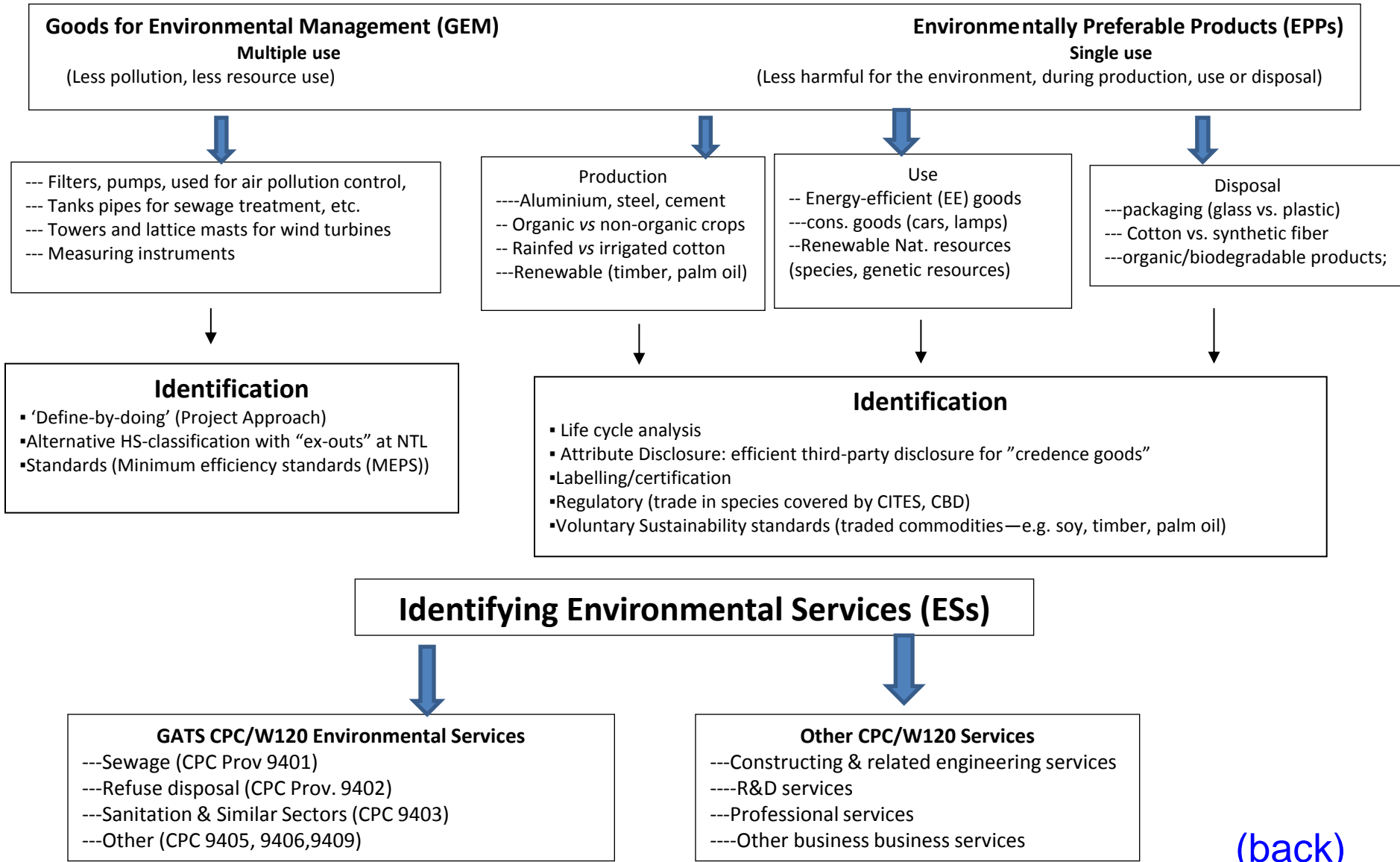
Bimodal pattern: LICs apply non-technical measures across-the-board in sample of 57 countries (chapters H-O excluded)



[\(back\)](#)



Identifying Environmental Good (EGs)



[\(back\)](#)

...and No provisions in WTO legal system related to EGs and ESs

EGs and ESs: Classification & Complementarities

Classification challenge.

- Goods: HS does not classify Goods by their end-use
- GEMs and (especially EPPs) difficult to identify.
- Services: WTO services classification is single-purpose classification (only 4/155 GATS sectors are ESs).

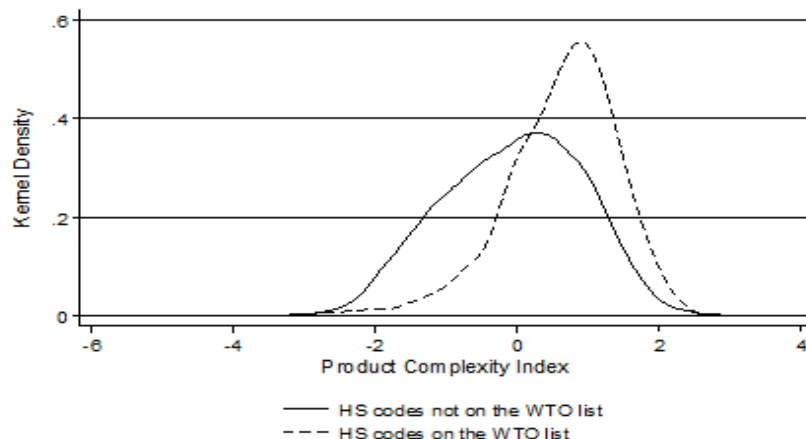
Tariffs, NTBs and ESs

1. Need deeper Agreement on classifying EGs and ESs (or project approach or club)
2. Environmental projects: turnkey with EGs and ESs complementarity and jointness of production.
3. Tackle jointly reduction of trade barriers (EGs and ESs).

[\(back\)](#)

Technological Complexity

EGs from different lists --submitted by HICs-- have higher Complexity (Hausman-Hidalgo index)



Different EG Lists

ODHA: CORE list (28 products) and WTO combined list (411 products)

APEC (54 products)...departure for ongoing EGA negotiations

OECD: CLEG (248 products);

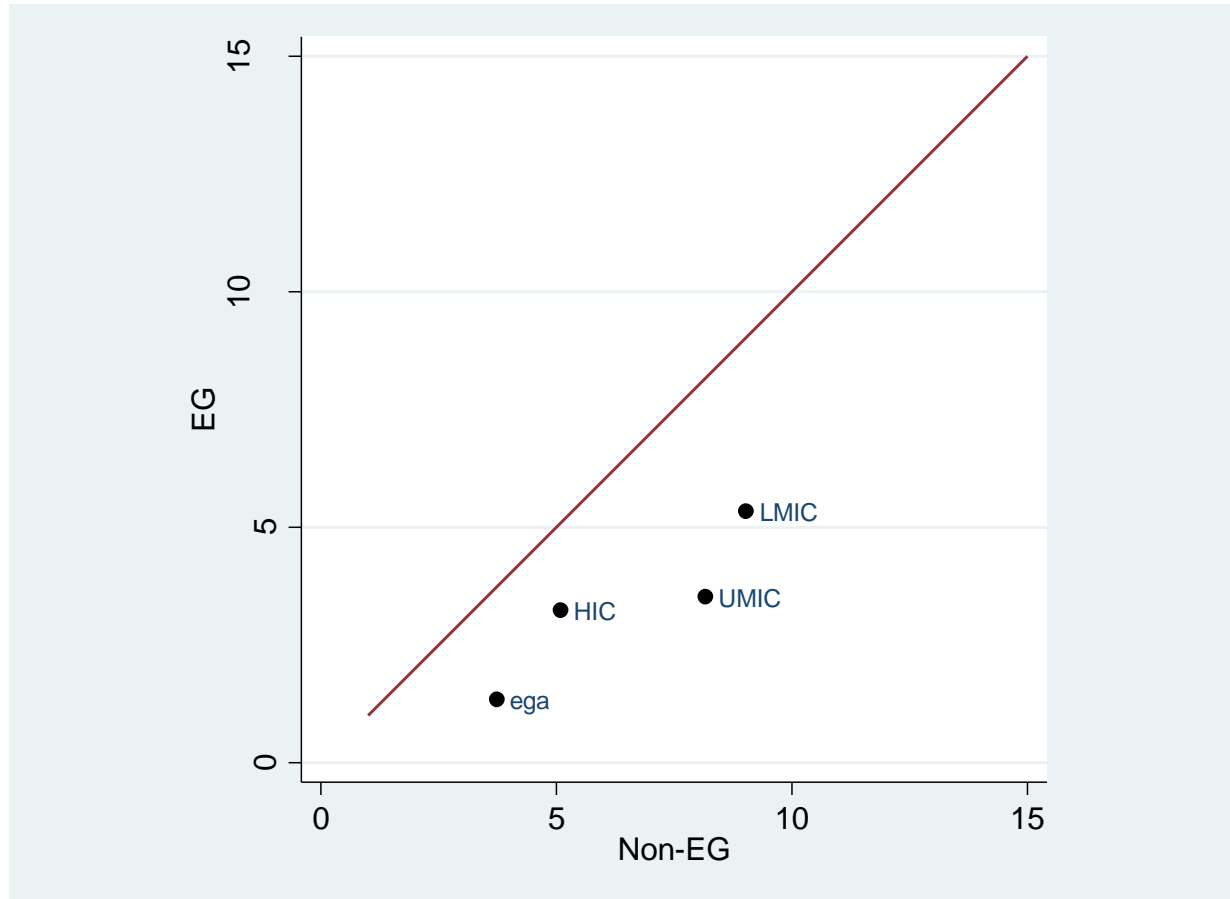
Core CLEG (11 products); [EG import share of at least 50%]

⇒CLEG+ (40 products) [EG import share of at least 25%]

[\(back\)](#)

...but all lists exclude products in which LICs/LMICs have a comparative advantage

Applied Tariffs EGs vs. non-EGs



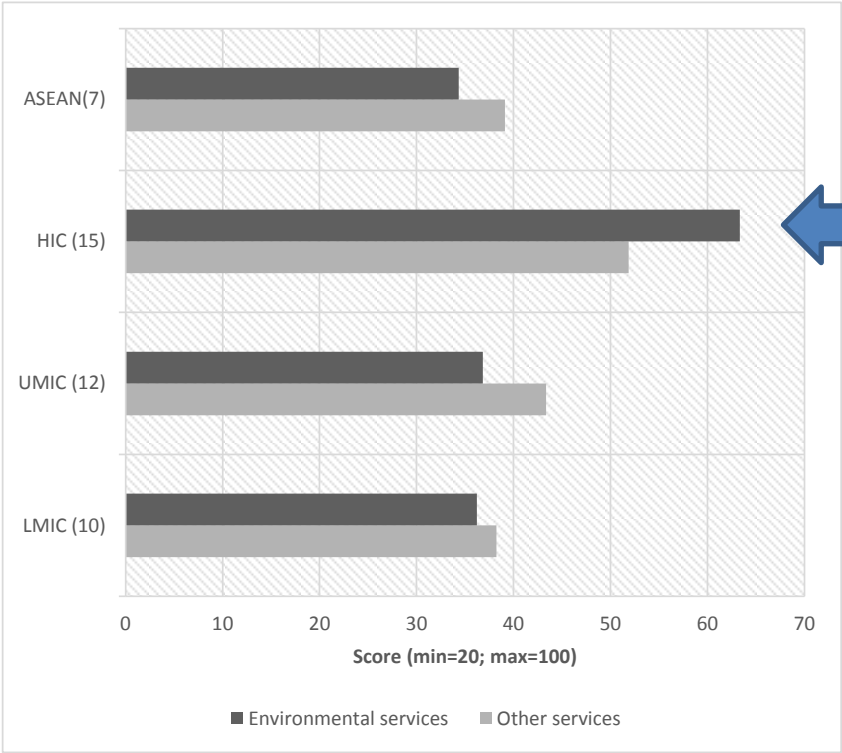
... Not much on the negotiating table

[\(Back\)](#)

Market Access for ESs

GATS Score Commitments for Environmental Services and other (Environmental-related) Services

Wide Definition of Environmental Services*



**Greater
commitment
for ESs for
HICs**

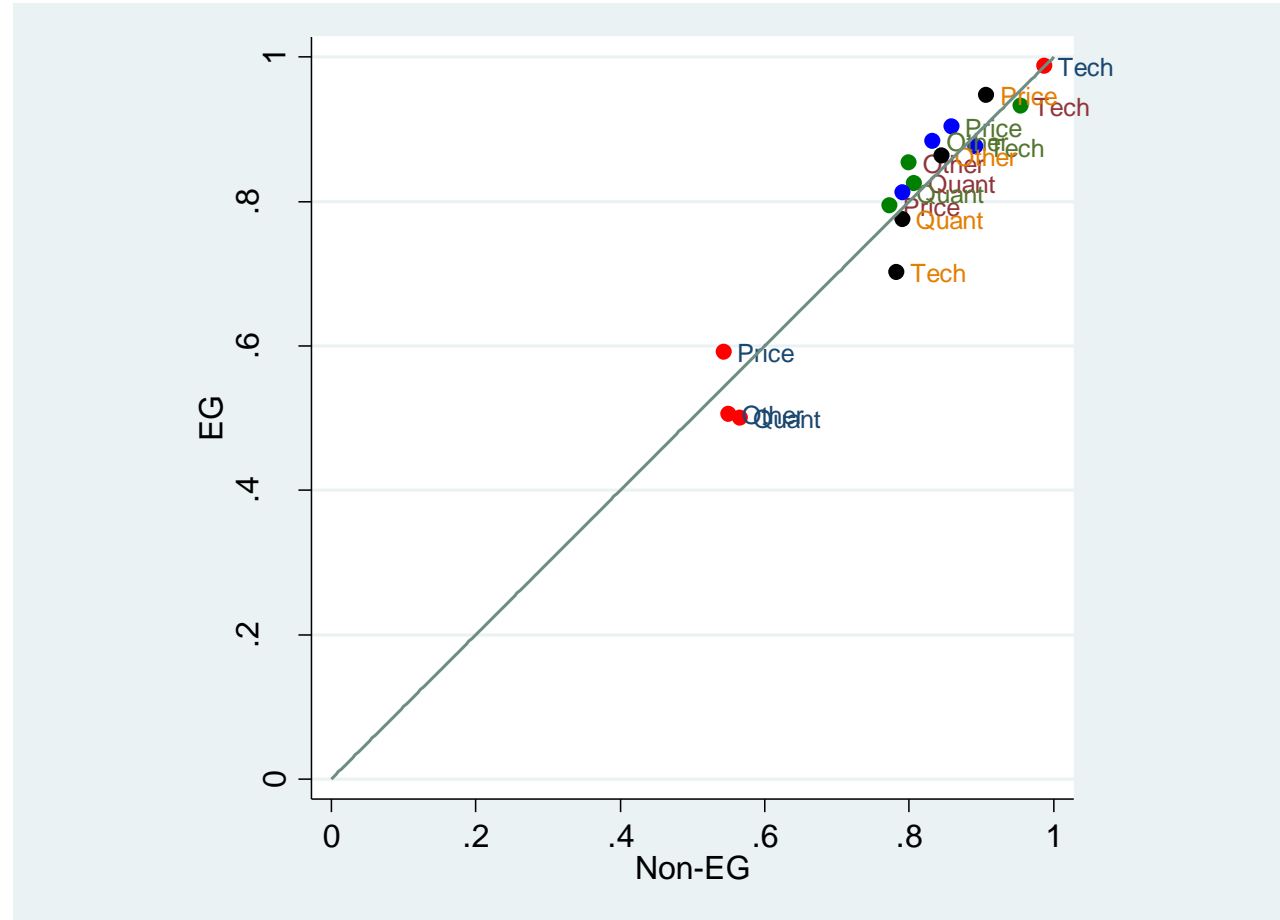
Notes: Number of countries in parenthesis. Scores based on the qualitative Environmental Services liberalization (ESL) index. A higher score means greater market access, closer to national Treatment.

Source: Melo and Solleder (2017)

[\(back\)](#)

NTM Coverage ratios (CLEG+ list)

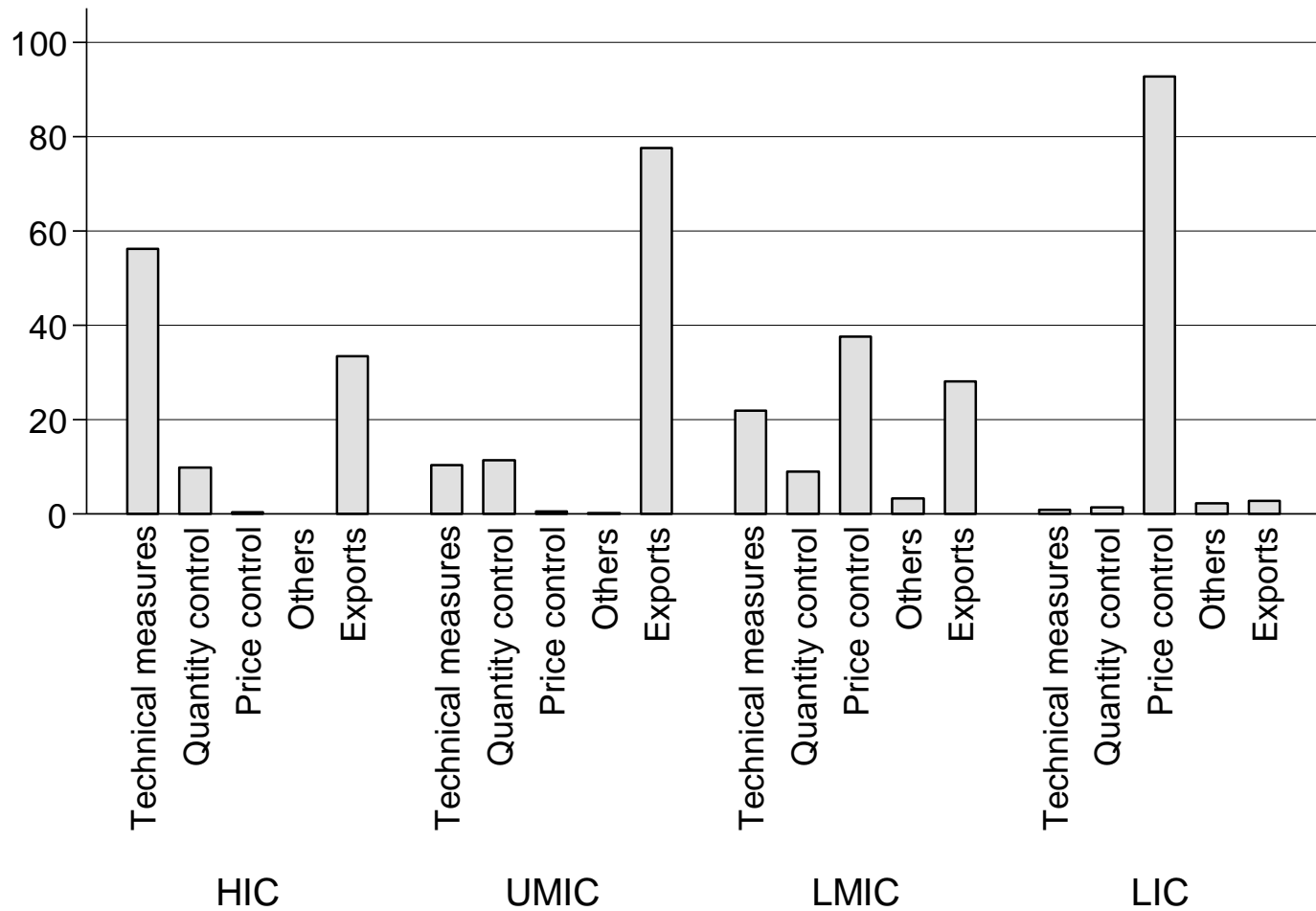
Red = HIC;
Green = UMIC;
Blue = LMIC;
Black = LIC



[\(back\)](#)

NTBs = (?) QTTY CONTROL (C,D,E) + PRICE CONTROL (F,H);
NTM = (?) TECH (A+B) ; OTHER (G,I,J,L,M,N,.O)
EXPORT CONTROL (excluded)

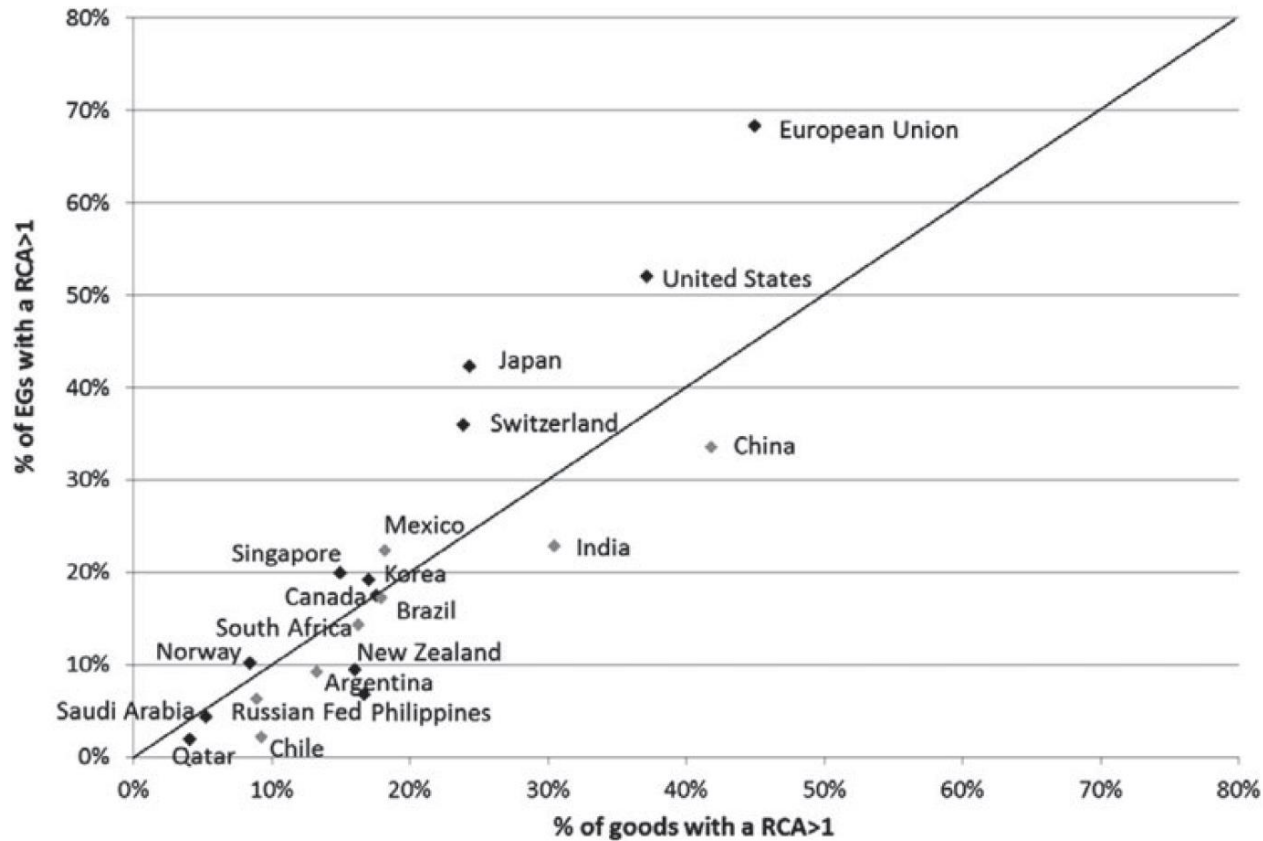
Distribution of NTMs by category & income group (CLEG+ list)



[\(Back\)](#)

From Doha, to APEC, to EGA...

Doha: No EGs with tariff peaks and EGs with $RCA > 1$

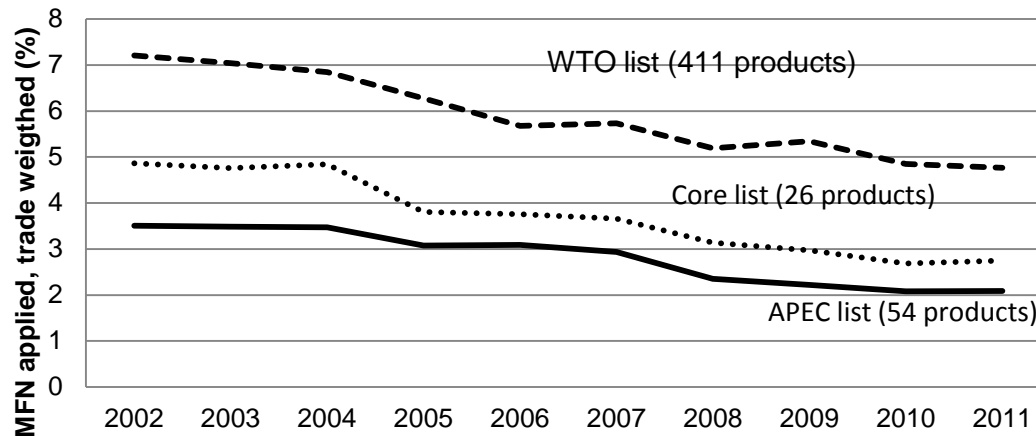


Notes: Percentages of goods with a Revealed Comparative Advantage (RCA) greater than 1. Countries above (below) the 45° line have a larger (smaller) proportion of goods with a comparative advantage in EGs than in the overall distribution of comparative advantage across all products.

- Submitters of lists at Doha: (i) submitted EGs in which they had $RCA > 1$ on WTO list (especially the big guys); (ii) No EGs with tariff peaks. But China, India, and Mexico who did not submit had a fair share of EGs > 1 .
- Pattern likely reflects both Kuznets effects & bargaining power. ([back](#))

Little on the Table for APEC list and for EGA

APEC Members:
trends in tariff protection for different
EGs lists



- **APEC Members have taken on board EGs trade liberalization well before 2012 commitments:** decreasing trends in applied tariffs and a lower level of protection in EGs (all lists) than non-APEC Members.
- **Tariff protection for APEC list (54 goods) for APEC group is lower than for other lists discussed at the WTO.**
- **APEC account for 70% of world exports of APEC list**
- **EGA has an a minima agenda with little on the table (only tariffs)**

[\(back\)](#)

Lessons so far

- (i) NTMs important for SDG goals and for substantive reduction in trade barriers on EGs and ESs (need to include NTBs that need to be identified)
- (ii) No distinct pattern of NTMs for EGs vs. non-EGs (only tariffs are lower on any list of EGs)
- (iii) Need better data to improve EGs/ESs classifications
 - Distinguish NTMs from NTBs for implementing SDGs
 - Develop better methods to analyze NTMs (distinguish demand-enhancing vs. cost-raising effects NTMs as for MRLs on pesticides on trade in plant products)
- (iv) Discussion/examples in forthcoming edited UNCTAD volume on NTMs

EXTRA SLIDES

Share of measures by income group (WTO list)

