NTMs training in ASEAN Countries

Introduction

1. What are NTMs and why are they important
2. UNCTAD’s work on NTMs
3. UNCTAD’s classification and database on NTMs
WHY ARE NON-TARIFF MEASURES IMPORTANT?
Examples

Requirements for how food is processed to ensure what we eat is safe
Examples

Bans on ivory products to protect endangered animal species
These policy measures have a growing impact on international trade
How do NTMs matter for trade?

90% of global trade is subject to NTMs
How do NTMs matter for trade?

NTMs can increase trade costs 3X more than tariffs, especially for small firms in developing countries.
How do NTMs matter for trade?

NTMs often lack transparency, this increases uncertainty and unpredictability in global trade.
**Production stage**

Regulations on the quality or safety of inputs used

- Follow certain safety processes in production.
- The producer to have Authorizations to produce; or have Certifications for producer (not for the product).
- Registration

**Inputs & Processes**

**The Product itself**

Quality or safety requirements.

- Testing, inspection.
- Authorizations or Certifications needed for the product.
- Labelling, Traceability info, Registration

**Post-Production stage**

Transport, storage

**On the commercial transaction & adm**

- Taxes, Quotas,
- Any price limitation,
- Regulations on the mode of payment, financial.
Elimination of NTM is not an option

-> Need to strike a balance to avoid cost burden

- Protect consumers, quality, safety, protect environment
  - Address market failures (non-trade policy objectives)
  - ‘Good reputation’ effect

- Overregulate, unnecessary burden, protectionist

- Affect competition, efficiency, welfare
- Coordination mechanism among several ministries
- Particularly important for SME
Why are NTM important?
NTM may increase costs (even if well administered)

Trade as enabler to growth and development

- Trade Costs reduce the efficiency of trade, and thus reduce growth

Trade Costs have multiple faces

<table>
<thead>
<tr>
<th>External factors</th>
<th>Distance, language, transport costs, …</th>
</tr>
</thead>
<tbody>
<tr>
<td>Policy</td>
<td>Tariffs</td>
</tr>
<tr>
<td>Regulations (NTMs)</td>
<td>Border clearance procedures (e.g. waiting time at the border)</td>
</tr>
<tr>
<td>Uncertainty</td>
<td></td>
</tr>
</tbody>
</table>

Costs:
- Increased costs
- Increased prices
- Higher entry costs
- Lower competition
Why are NTM important?
Asia is one big Trade hub

data for 2017

- The width -> the magnitude of trade
- The size of the nodes -> total trade
- The colours -> % increase (darker colours indicating greater increases)
GVC make intermediate import and exports key for growth and development
... and those are affected by NTM

• Intermediate products continued to make up the bulk of world trade in 2017
The ad-valorem equivalents (AVEs) of NTMs is one way to assess its impact

The interpretation of AVEs of NTMs is similar to that of a tariff:

- **AVEs represent the additional costs that the presence of NTMs has on imports**
- The AVE are price effects of NTM, in %, on trade flow

**Example**

- an AVE of 10% indicates that the NTM add about 10% to the price of the traded product
Estimated trade-weighted *average* ad-valorem equivalents

Source: Kee and Nicita (2017, 2018)
Tariffs and NTM, by sector

Ad-Valorem Equivalent (AVE)

Tariffs are normally less costly than AVE

AVE for agriculture are much higher

- Those countries that are net food exporters will be more affected

Source: Kee and Nicita (2017, 2018)
Who is more affected?
... low income countries.

![Graph showing the relationship between average percentage and log GDP per capita.](image-url)
Non-tariff Measures. Economic Assessment and Policy options for Development

Handbook: tools and methods for assessing the implication of NTMS

UNCTAD publication

Unseen impact of Non-tariff Measures. Insights from a new database

UNCTAD and World Bank publication
OBJECTIVE OF NTMs DATA COLLECTION

1. Transparency

Comprehensiveness
- All currently applied measures
- Official governmental sources

Comparability
- Consistent data collection methodology for all countries
- Data quality check by UNCTAD

Accessibility
- One stop (online) shop
- What info is available – same variables – Full regulation detail

UNCTAD NTM database is the key main input to Trade Repository or Trade Portal
Data collected on NTM is ‘neutral’

- Collect 'All measures'
  (comprehensiveness, neutrality)

- To tell apart those that are a barrier or obstacle to trade, it is not intrinsic to the measure
  - Different possible analysis methods or approaches
  - May also vary across countries, companies, and also on time

- This is why it was decided to collect data in a neutral approach, without judgement of impact or legitimacy
ERIA and UNCTAD Objectives
NTMs are used without judging on legitimacy

- NTMs have a neutral meaning, they are used without judging on legitimacy, adequacy, necessity or discrimination of any form of policy intervention used in international trade
- NTMs does not have a negative connotation

Dedicated to improving transparency of NTMs and good regulations

➢ Transparency in NTM
  - collecting and disseminating well structured, comprehensive, comparable and publicly accessible data
  - reduces trade and administrative costs, (which particularly affect developing countries and SMEs)

➢ Good regulations
  - National level -> coherent and streamlined regulations
  - Regional/international level -> regulatory cooperation (countries cooperate on NTMs, e.g. mutual recognition or harmonization)
  - ASEAN
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 private sector
   - Often procedural obstacles to trade (i.e. implementation)

3. Voluntary standards
   - Private or international standards
     - ISO standards, IEC standards, Codex Alimentarius and etc.
     - Other standards such as Rainforest Alliance, Alliance for Water Stewardship and etc.
**Big classification groups**

<table>
<thead>
<tr>
<th>Import measures</th>
<th>Non-Technical Measures</th>
<th>Export measures</th>
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<tr>
<td>Technical Measures</td>
<td>A  SPS</td>
<td>P  Export-related Measures</td>
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<tr>
<td></td>
<td>B  TBT</td>
<td></td>
</tr>
<tr>
<td></td>
<td>C  Pre-shipment inspection and other formalities</td>
<td></td>
</tr>
<tr>
<td>D  Contingent trade-protective measures</td>
<td>E  Non-automatic licenses, quotas, prohibitions, Quantity-control measures</td>
<td></td>
</tr>
<tr>
<td>F  Price-control measures, taxes and charges</td>
<td>G  Financial measures</td>
<td></td>
</tr>
<tr>
<td>H  Measures affecting competition</td>
<td>I  Trade-related Investment measures</td>
<td></td>
</tr>
<tr>
<td>J  Distribution Restrictions</td>
<td>K  Restrictions on Post-Sales Services</td>
<td></td>
</tr>
<tr>
<td>L  Subsidies</td>
<td>M  Government Procurement restrictions</td>
<td></td>
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<tr>
<td>N  Intellectual Property</td>
<td>O  Rules Of Origin</td>
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International Classification of NTM

- Discussed and agreed by several international organizations
- Adopted by increasing number of institutions
  - AfDB, ALADI, BM, ITC, OMC, UNCTAD
GUIDELINES TO COLLECT DATA ON OFFICIAL NON-TARIFF MEASURES

- SEPTEMBER 2014 VERSION


- 2019 version forthcoming
NTM data collection from official sources

• From here…

The Gazette of the Democratic Socialist Republic of Sri Lanka
EXTRAORDINARY

PART I : SECTION (I) — GENERAL

Government Notifications

L.D. — B. 11/80 II

FOOD ACT, No. 25 OF 1980

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

NOMAL SINH MINISTER OF HEALTh

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 for sale, transport or advertise for sale, any food container unless such package or container is labelled in accordance with the regulations.

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

Raw_text: Transparency

Comprehensiveness

Comparability

Accessibility
**Conception**

*The Classification of NTMs* was developed by UNCTAD, together with other 7 members of the Multi-Agency Support Team (FAO, IMF, ITC, OECD, UNIDO, WB, and WTO) and is used by international and regional organizations, governments, researchers, and traders worldwide. The Classification is the common language of NTMs and available in English, French, Spanish, Chinese, Arabic, and Russian.

**Data Collection**

UNCTAD developed *Guidelines* for a comprehensive and consistent database of NTMs.

- NTMs data collection by UNCTAD and partners: **100 countries collected and on-going updates** (representing 88.2% of world trade*)
  
  *UNCTADSTAT

**Data Dissemination**

UNCTAD’s NTMs data is made publicly available through two portals, *Trade Analysis Information System (trains.unctad.org)* and *World Integrated Trade Solution (wits.worldbank.org)*

NTMs are collected from official sources, mainly national laws and regulations.

**Research & Analysis**

Our research seeks to raise transparency and generate evidence-based insights on NTMs for policymakers, trade negotiators and researchers. This will help them to use NTMs in a way that carefully balances the reduction in trade costs against the preservation of public objectives.

- Topics include: Impacts of NTMs on developing countries; Regional Integration; Gains from tackling NTMs; How to design smart regulations.

**Policy Support**

UNCTAD provides NTMs policy support for negotiations of trade agreements, domestic policy reform and increased transparency. Building on UNCTAD's extensive and tailor-made analysis such as the Regional NTM Integration Review, policymakers gain a better understanding of how to address NTMs. Moreover, UNCTAD leads capacity-building workshops to raise awareness of NTMs at the technical and political level, both through face-to-face and *Online Training Courses*. In all of these efforts, UNCTAD works closely together with its partner to provide NTM data, thought leadership and policy support most effectively.

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**Value chain of the work program**

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**Global Goals**

- Food security & Food safety
- Restrictions of harmful drugs & alcohol
- Jobs and Safe working place
- Safeguard cultural & natural heritage
- Control of wastes & chemicals
- Sustainable fishing
- End illegal trade of wildlife products
- Control of guns & arms
- Policy coordination & coherence

**Development ICTAD**

http://unctad.org/ntm
Eastern African Community
SADC
ALADI in Latin America
ERIA in Asia
UNECE

Various donors also support our work
Map of Data Availability – A global initiative
Data Dissemination

- UNCTAD TRAINS via trains.unctad.org
  - For policy makers and negotiators

- researcher Stata file published by UNCTAD unctad.org/ntm
  - For researchers

- World Bank WITS wits.worldbank.org
  - For researchers

Same data
Different presentation for different users
Reasons why NTM design can raise trade costs (besides stringency)

In foreign markets
- Information cost. Non-transparency, accessing information
- Different market specifications
- Conformity assessment procedures

Domestically
- Complexity, bureaucracy

Reducing the cost of NTMs and increase benefits:
More transparency is needed. Visit: trains.unctad.org
- Enhancing transparency of trade related regulations is necessary
- Gathering this information constitutes a hidden cost to trade, in addition to the cost of compliance with these requirements

Good regulatory practice, regulatory coherence
- Regulatory reassessment at the national level is important to ensure coherent and efficient policy measures
- Countries that improve their regulatory systems should not simply add new measures but should develop a comprehensive and coherent national strategy that includes streamlining of existing measures and observing good regulatory practices in the design of NTMs

Regulatory cooperation (harmonization, mutual recognition)
- The multiplicity of incompatible regulatory systems adds cost by itself
- Regulatory cooperation can be pursued at multiple levels.
## Conclusions

### NTM in the economy
- NTMs cover a vast array of policies; they are present in everyday life.
- NTMs may be quite more costly than tariffs.
- SPS and TBT measures nowadays account for the majority of incidence and effect.
- Regulatory measures have benefits and costs (behind the border); and are highly relevant for sustainable development.
- NTM abroad and at home matter for well-being and competitiveness.
- International cooperation reduces costs (including in conformity assessment).

### UNCTAD’s proposal
- Database with NEUTRAL approach.
- Standardized detail-oriented data-collection process using own-developed training materials.
- Data can go directly to the Trade Repository.
- Looking forward to updating the data with you.
- Increase efficiency through: Transparency, GRP, international cooperation.
Wrap up

Highlight the importance of addressing non-tariff measures, transparency needs, and good regulatory practices.
THANK YOU

www.unctad.org

unctad.org/ntm