

# 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

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Bandar Seri Begawan , 10-11 February 2020  
Kuala Lumpur , 13-14 February 2020





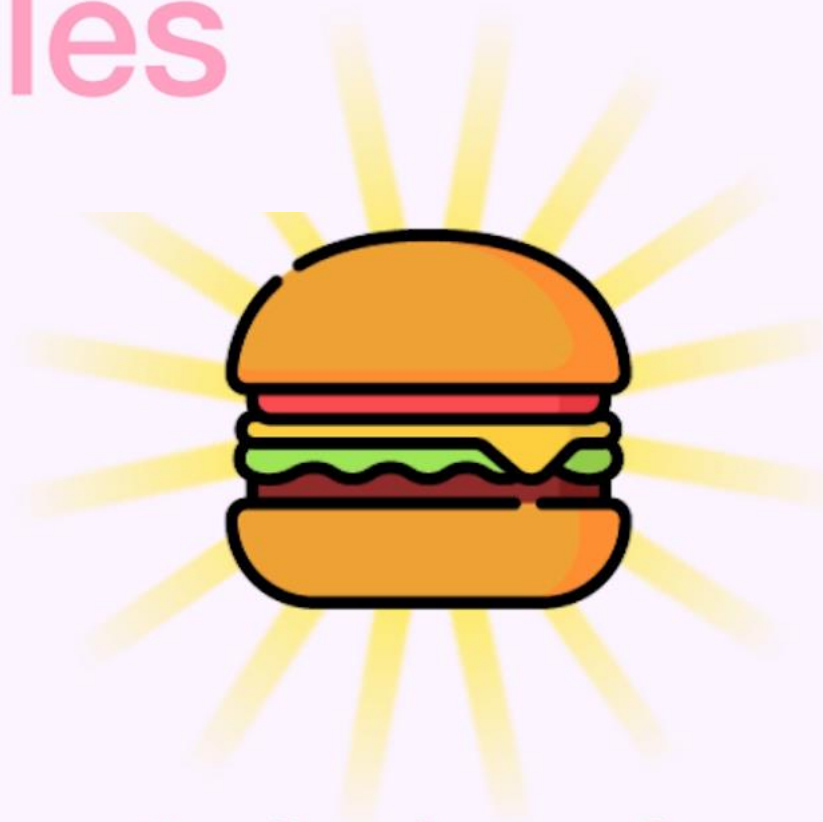
UNITED NATIONS  

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UNCTAD

# 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





Health



Environment





These policy measures have a growing impact on international trade



## How do NTMs matter for trade?



**90%** of global trade  
is subject to NTMs



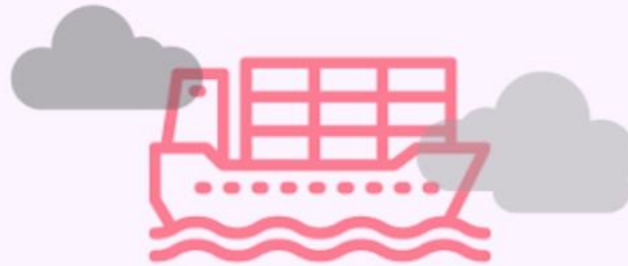
## How do NTMs matter for trade?

 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



# NTM along the production chain

What are NTM?



Inputs & Processes

## 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



## The Product itself

Quality or safety requirements.  
✓ Testing, inspection.  
Authorizations or Certifications needed for the product.  
Labelling, Traceability info, Registration

Transport, fumigation, irradiation, & other

## 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

Why are NTM  
important?



- 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

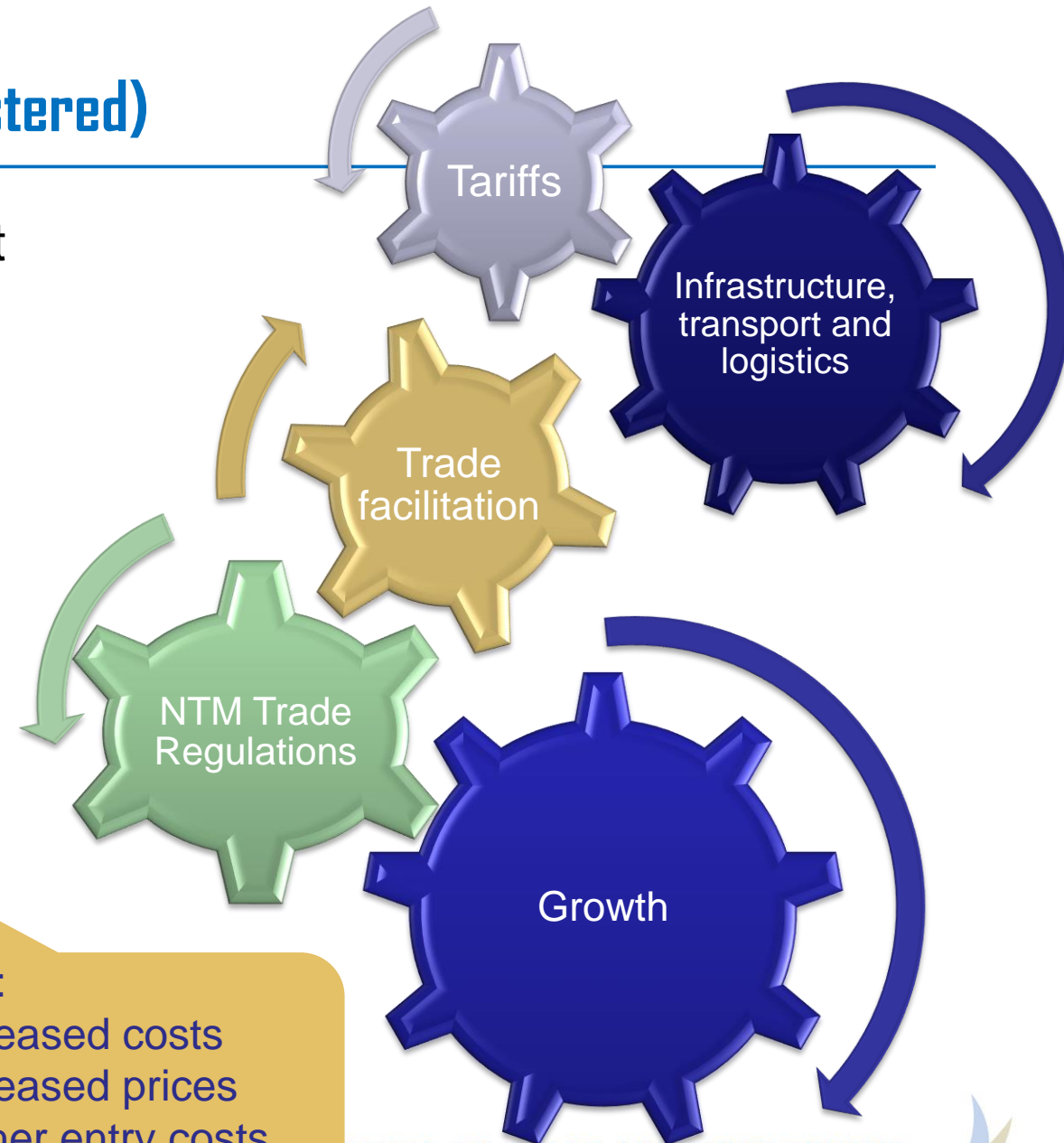
- Trade Costs reduce the efficiency of trade, and thus reduce growth

Trade Costs have multiple faces

External factors	Distance, language, transport costs, ...
Policy	Tariffs
	Regulations (NTMs)
	Border clearance procedures (e.g. waiting time at the border)
	Uncertainty

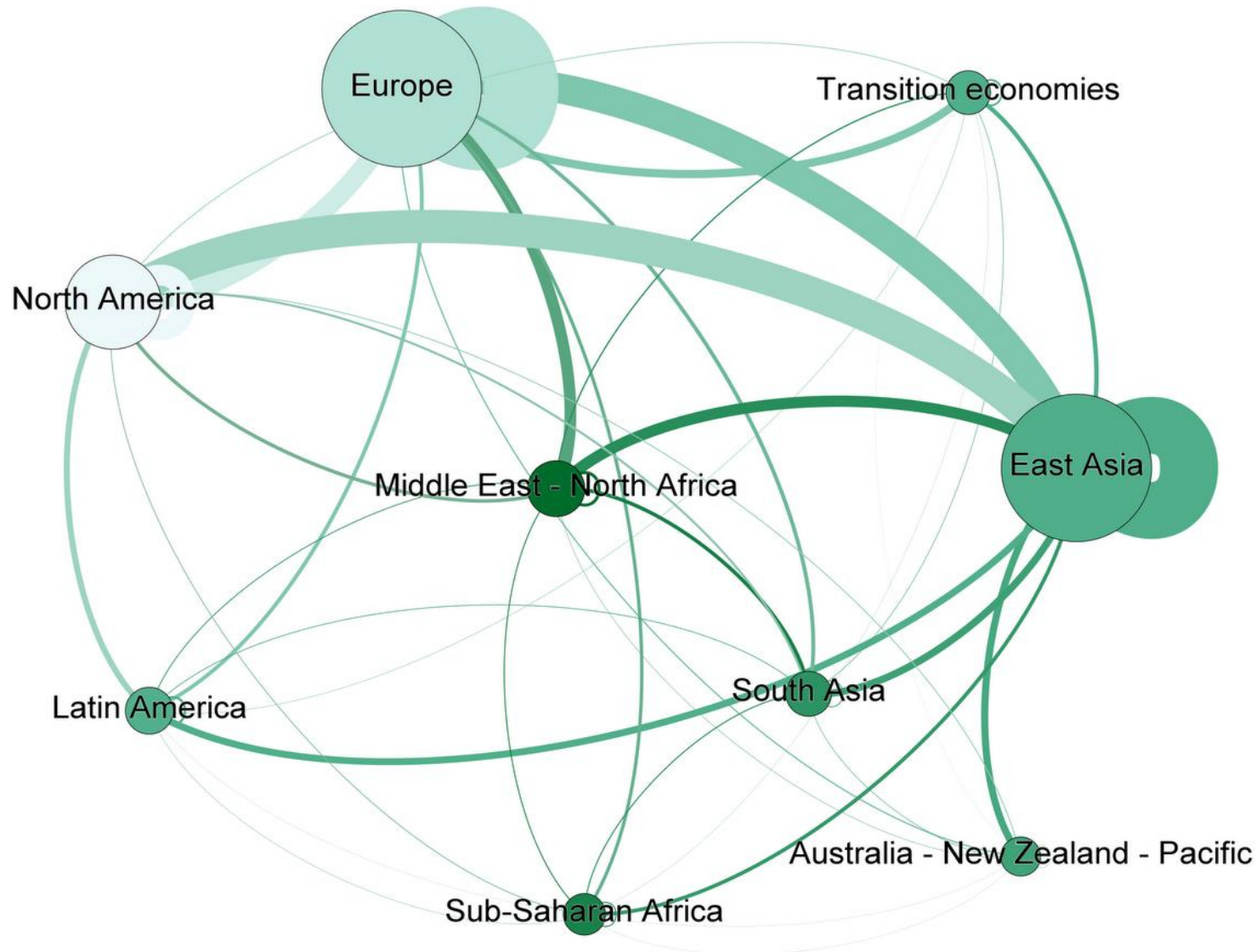
Costs:

- Increased costs
- Increased prices
- Higher entry costs
- Lower competition



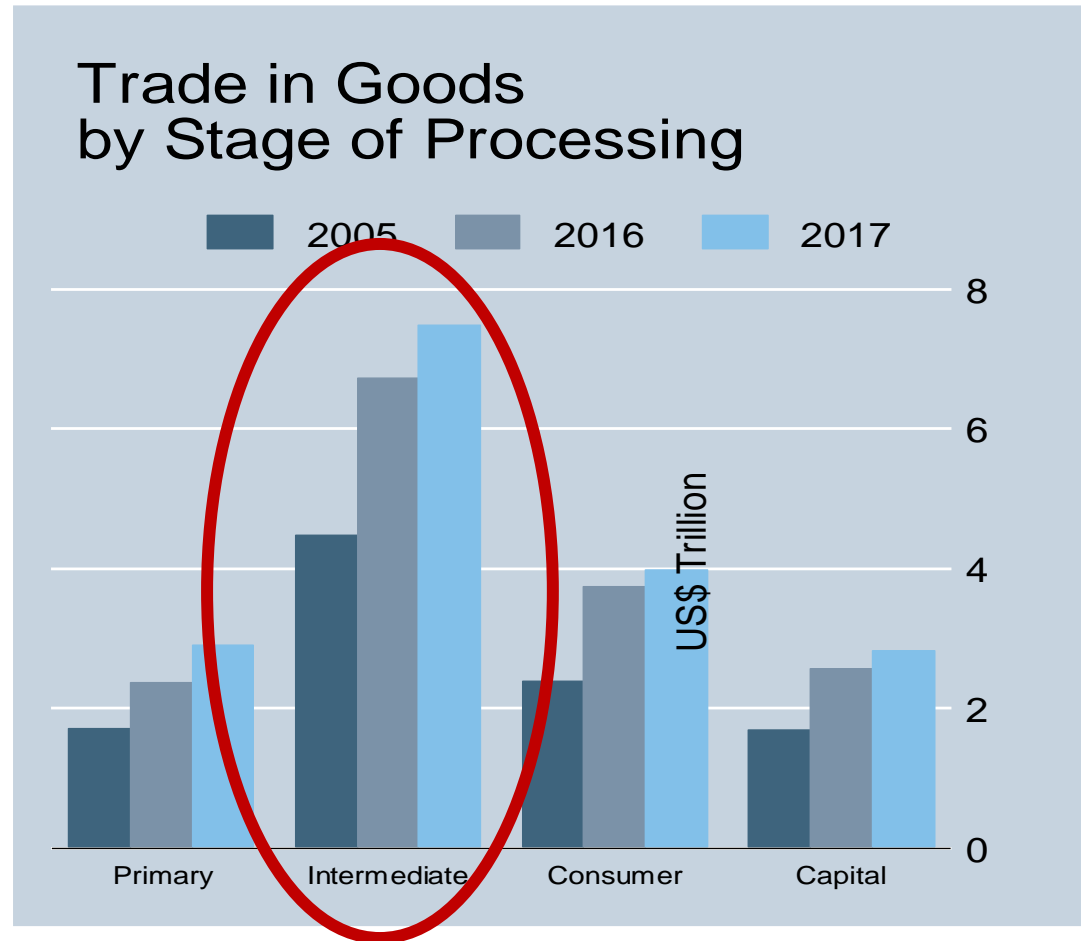
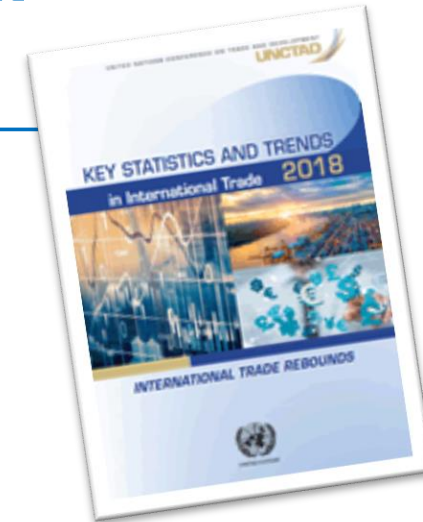
# Why are NTM important? Asia is one big Trade hub

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

Why are NTM important?

## The ad-valorem equivalents (AVEs) of NTM is one way to assess its impact

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

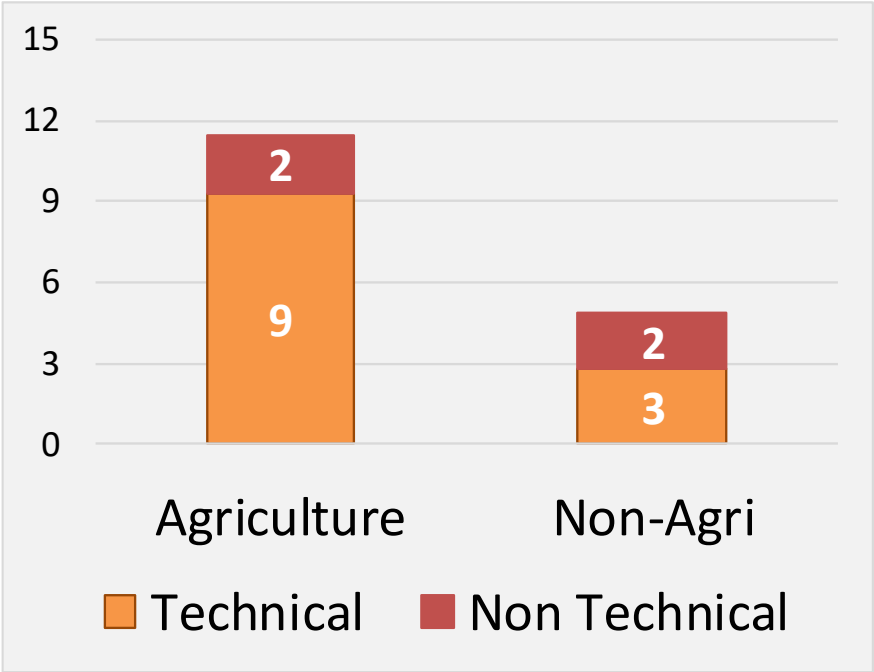
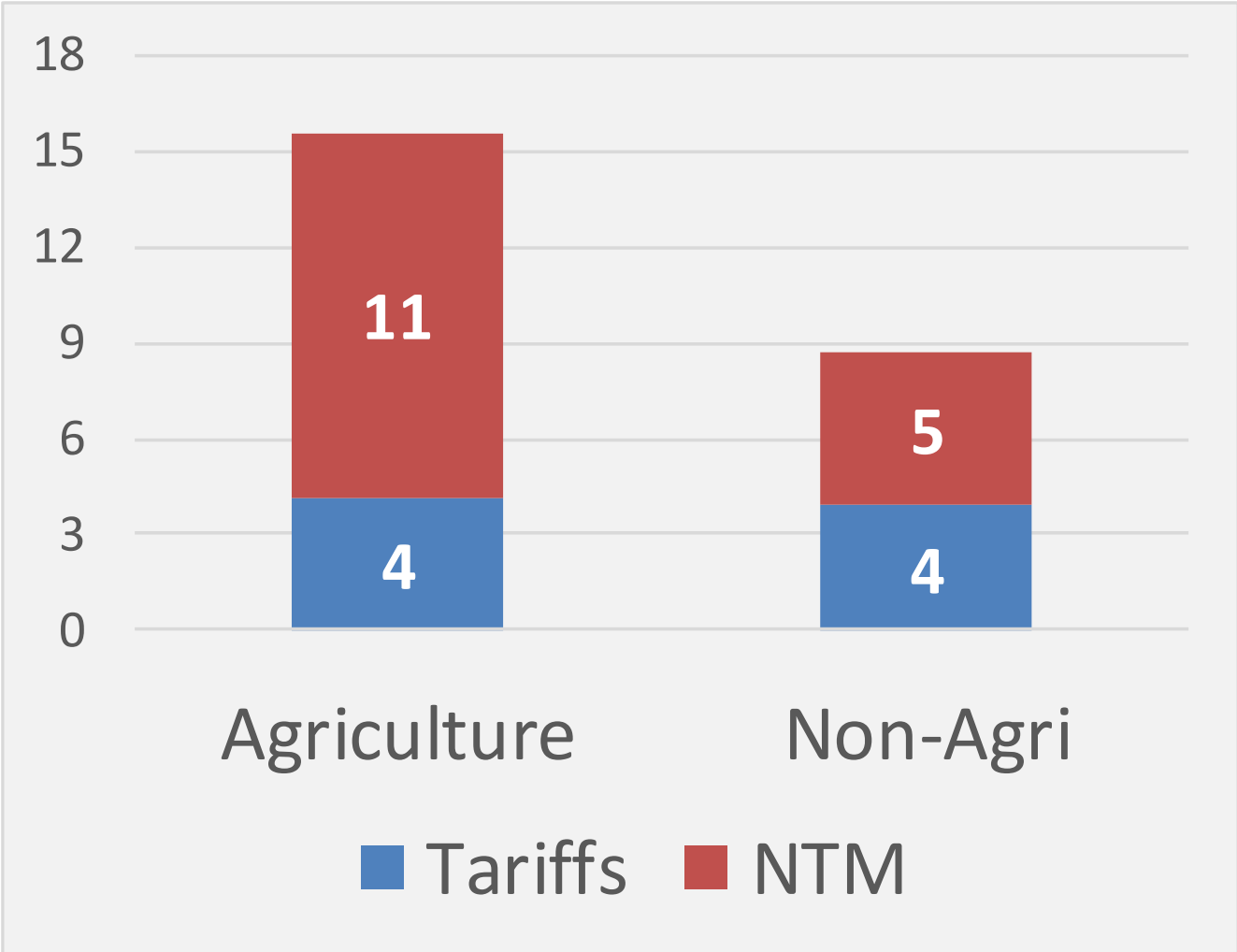
- **AVEs represent the additional costs that the presence of NTMs has on imports**
- The AVE are price effects of NTM, in %, on trade flow

### *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



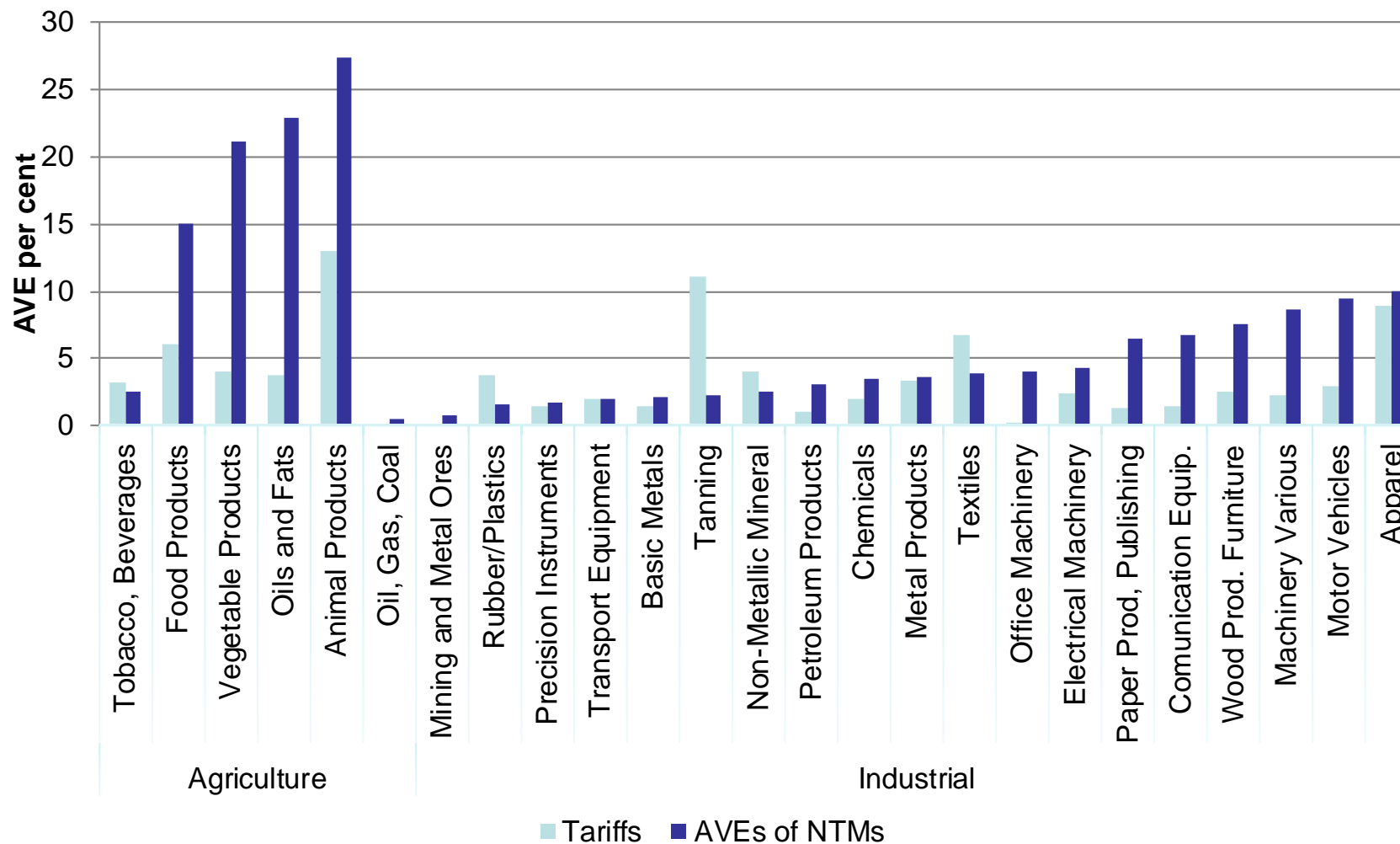
Source: Kee and Nicita (2017, 2018)





# Tariffs and NTM , by sector

## Ad-Valorem Equivalent (AVE)



Tariffs are normally less costly than AVE

AVE for agriculture are much higher

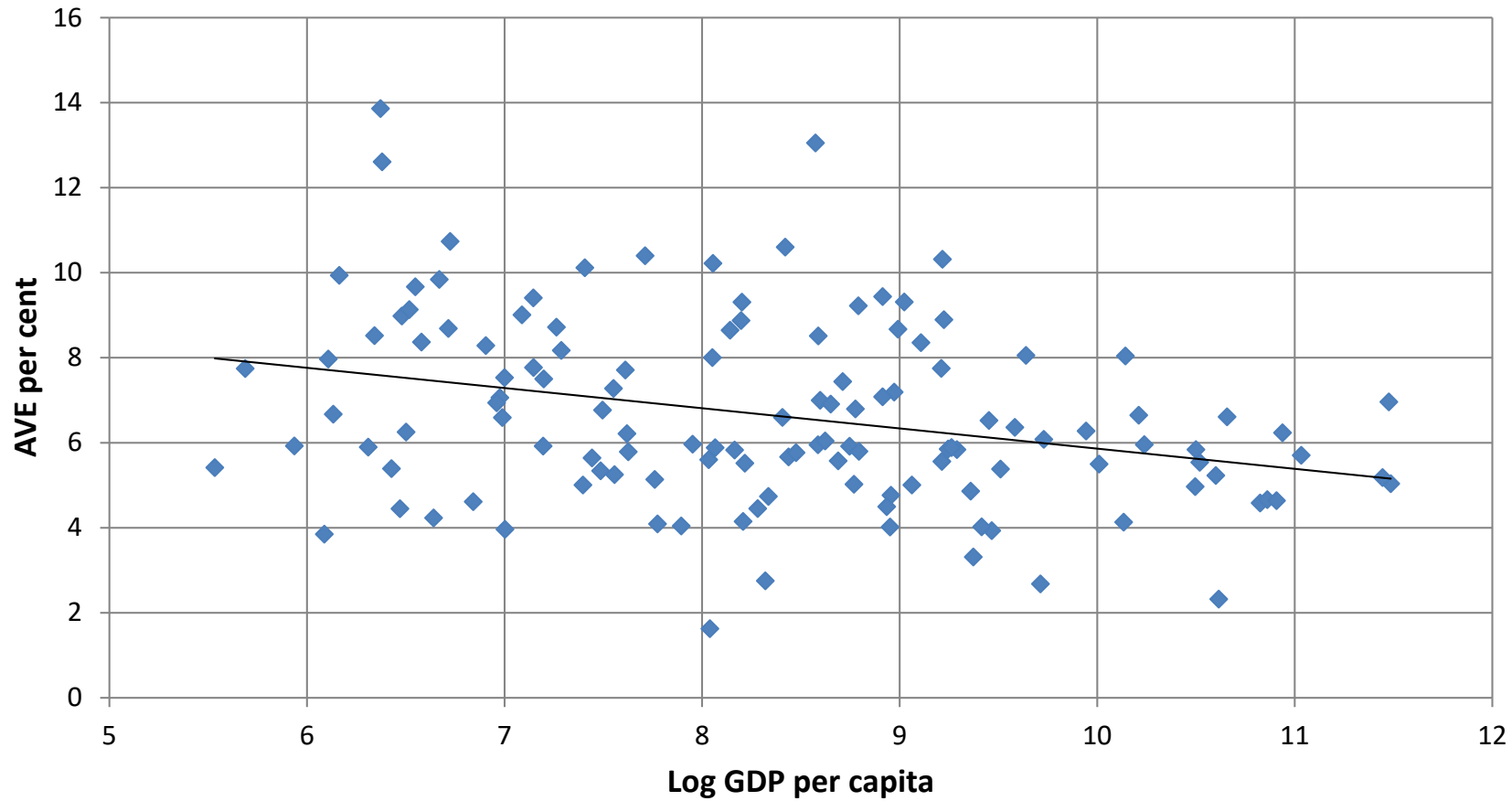
- Those countries that are net food exporters will be more affected

Source: Kee and Nicita (2017, 2018)



# Who is more affected?

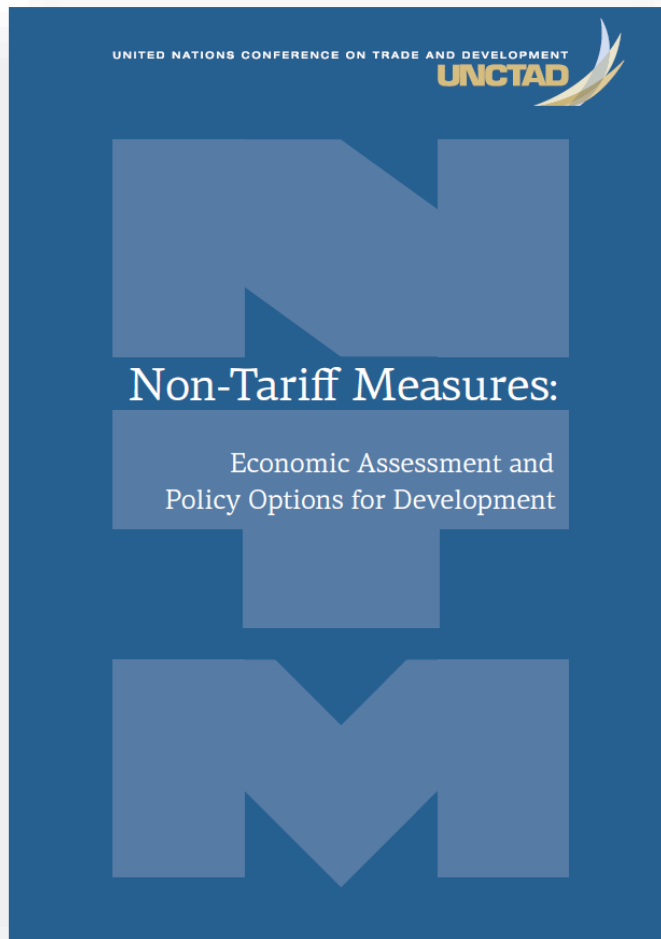
... low income countries.



## UNCTAD publication

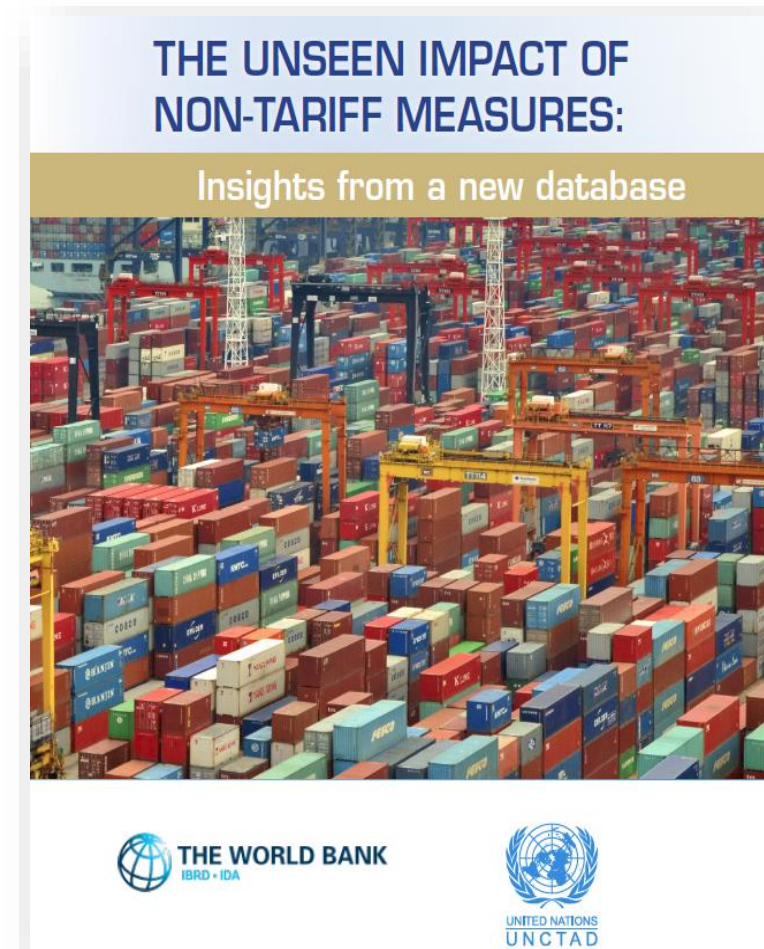
*Non-tariff Measures. Economic Assessment and Policy options for Development*

**Handbook: tools and methods for assessing the implication of NTMS**



## UNCTAD and World Bank publication

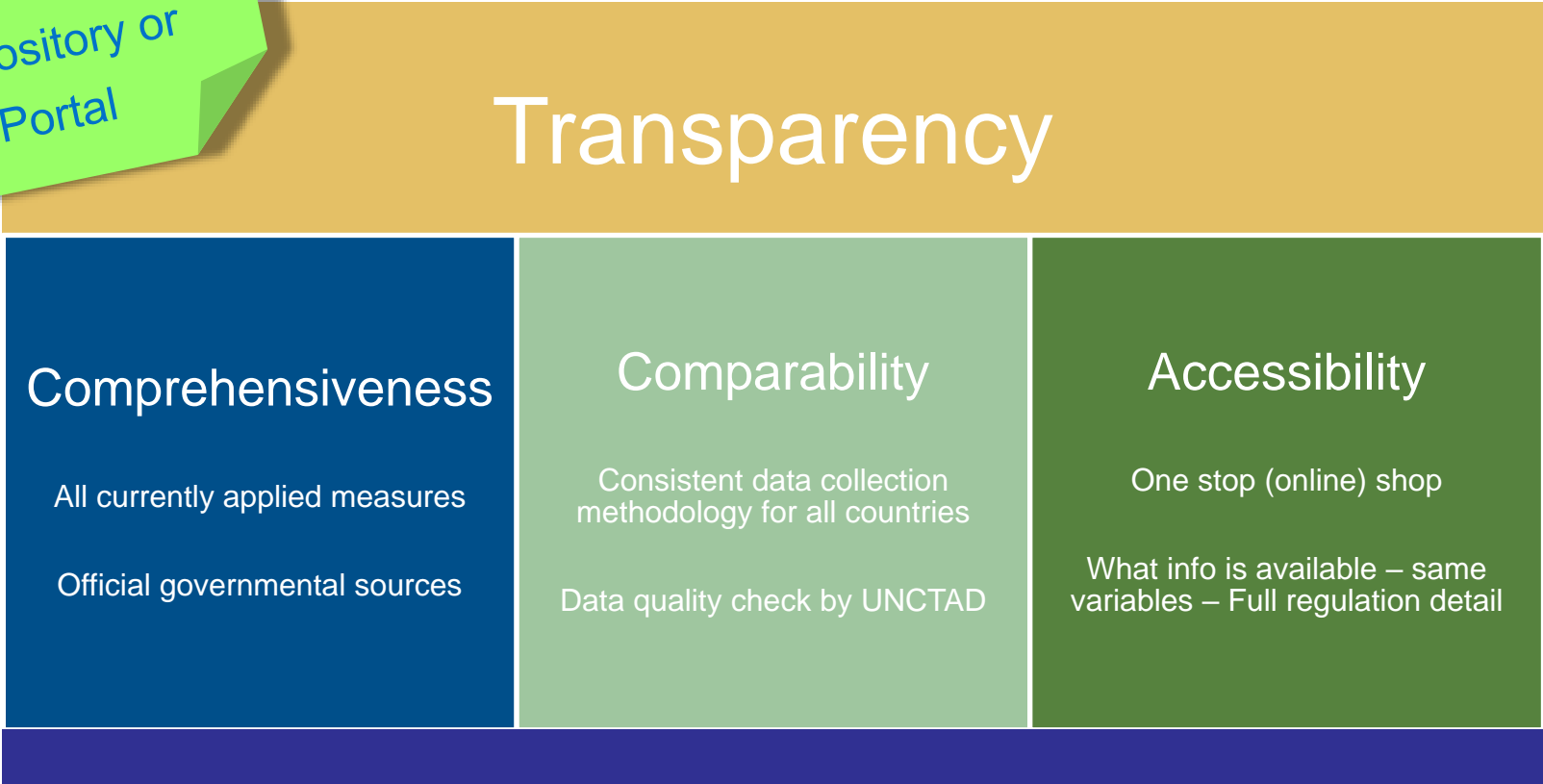
Unseen impact of Non-tariff Measures.  
Insights from a new database



# OBJECTIVE OF NTMs DATA COLLECTION

## 1. Transparency

UNCTAD NTM database is the key main input to Trade Repository or Trade Portal



## Data collected on NTM is 'neutral'

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What have we done?

- 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**

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- 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

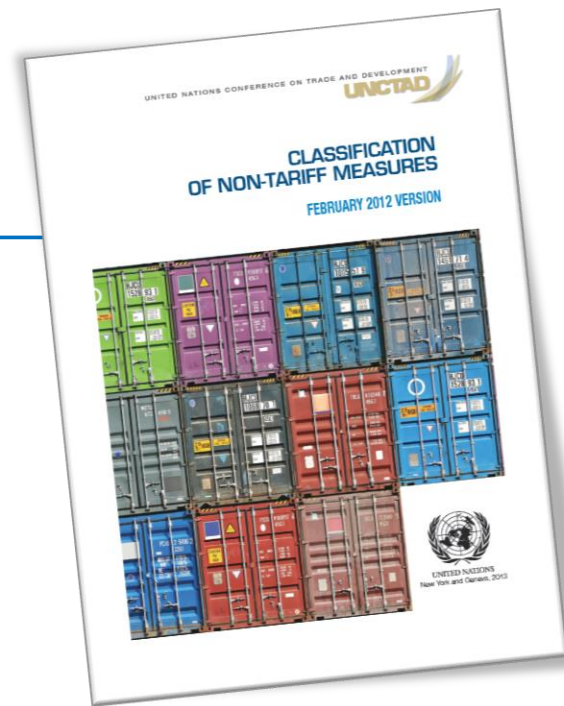
## Not to be mixed or mistaken

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- 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.



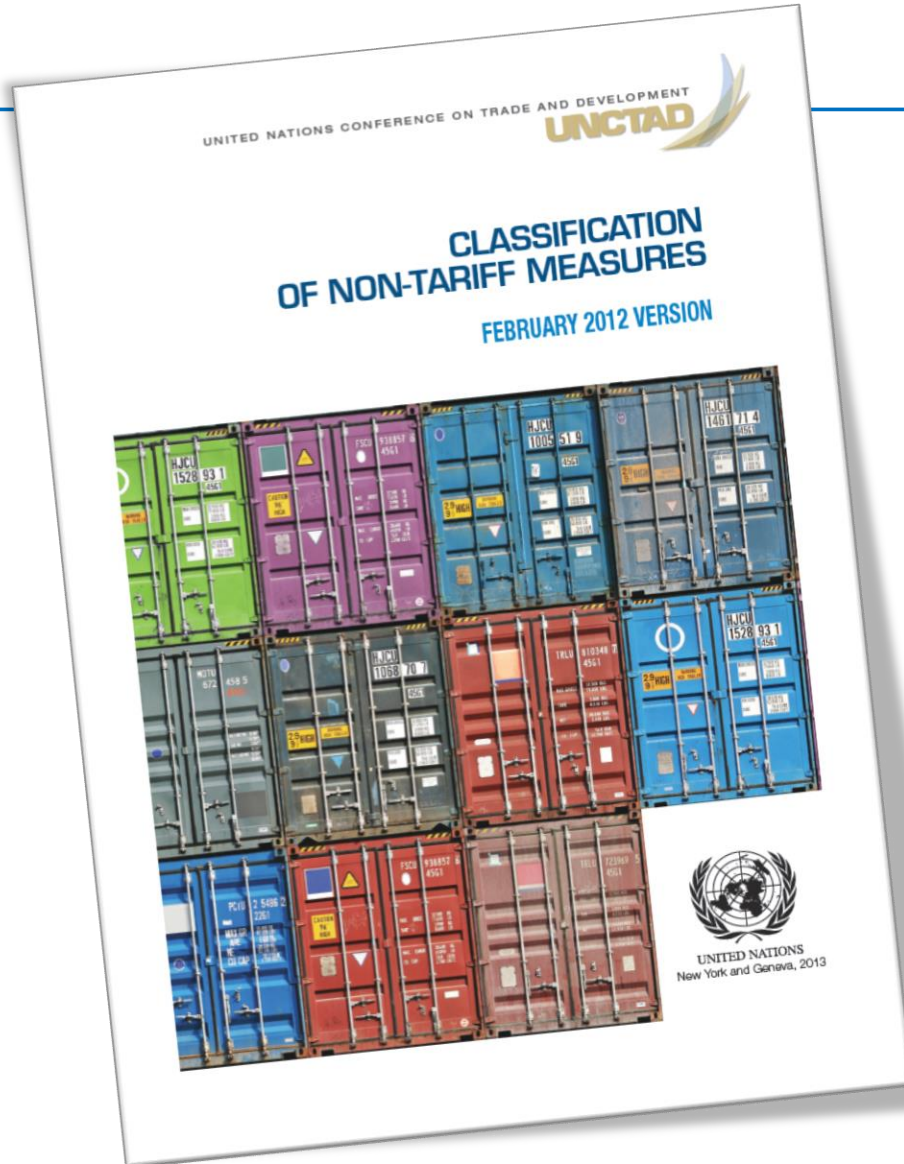
# Big classification groups



Import measures	Technical Measures	<ul style="list-style-type: none"> <li>A SPS</li> <li>B TBT</li> <li>C Pre-shipment inspection and other formalities</li> </ul>
	Non-Technical Measures	<ul style="list-style-type: none"> <li>D Contingent trade-protective measures</li> <li>E Non-automatic licenses, quotas, prohibitions, Quantity-control m</li> <li>F Price-control measures, taxes and charges</li> <li>G Financial measures</li> <li>H Measures affecting competition</li> <li>I Trade-related Investment measures</li> <li>J Distribution Restrictions</li> <li>K Restrictions on Post-Sales Services</li> </ul>
		<ul style="list-style-type: none"> <li>L Subsidies</li> <li>M Government Procurement restrictions</li> <li>N Intellectual Property</li> </ul>
		<ul style="list-style-type: none"> <li>O Rules Of Origin</li> </ul>
		<ul style="list-style-type: none"> <li>P Export-related Measures</li> </ul>
Export measures		



# International Classification of NTM

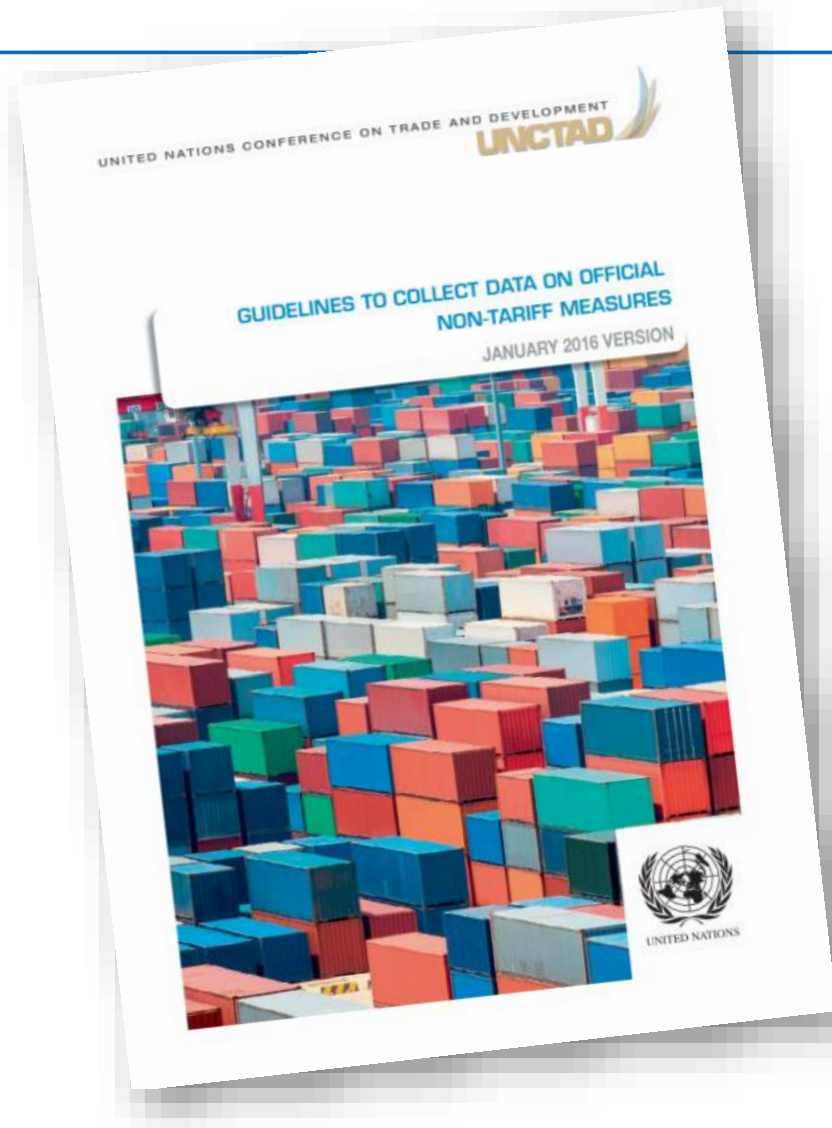


- Discussed and agreed by several international organizations



- Adopted by increasing number of institutions
  - AfDB, ALADI, BM, ITC, OMC, UNCTAD

# GUIDELINES TO COLLECT DATA ON OFFICIAL NON-TARIFF MEASURES



- SEPTEMBER 2014  
VERSION

[http://unctad.org/en/PublicationsLibrary/ditctab2014d4\\_en.pdf](http://unctad.org/en/PublicationsLibrary/ditctab2014d4_en.pdf)

- 2019 version  
forthcoming



# NTM data collection from official sources

Transparency

Comprehensiveness

Comparability

Accessibility

• From here...

...to here

## The Gazette of the Democratic Socialist Republic of Sri Lanka EXTRAORDINARY

අංක 1376/9 - 2005 ජනවාරි 19 වැනි බදාදා - 2005.01.19  
No. 1376/9 - WEDNESDAY, JANUARY 19, 2005

(Published by Authority)

### PART I : SECTION (I) — GENERAL Government Notifications

L.D. - B. 11/80 II

#### FOOD ACT, No. 26 OF 1980

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

NIMAL SIR  
Minister of Health  
Uva Wellas

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

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

Consumer Affairs Authority Act

Measures  
Enter the list of non-tariff measures you found in the official trade regulations you collected. These must be linked to

Document Title	Regulation Title Short	NTM Code	Implementation Date	Measure Repealed Date	Measure Description	Affected Products Description	Affected Countries
Food Act	Food (Control of import, labelling, and sale of genetically modified foods) Regulation 2006	B14	01/01/2007		Needs to get approval of the Chief Food Authority in order to import	Food products	All countries
Food Act	Food (Control of import, labelling, and sale of genetically modified foods) Regulation 2006	B31	01/01/2007		Labelling Requirements	Food products	All countries
Food Act	Food (Irradiation) Regulations 2005	A31	01/05/2006		Labelling Requirements	Food products that had been treated with irradiation	All countries
Food Act	Food (Irradiation) Regulations 2005	A83	01/05/2006		Certification by the competent authorities of the country of origin that the food has been inspected	Food products that had been treated with irradiation	All countries
Food Act	Food (Irradiation) Regulations 2005	A89	01/05/2006		Documentation that the Food Irradiation Facility concerned is approved, licensed, authorised by the competent national authority of food irradiation	Food products that had been treated with irradiation	All countries
Food Act	Food (Irradiation) Regulations 2005	P62	01/05/2006		Certification by the competent authorities of the country of origin that the food has been inspected	Food products that had been treated with irradiation	All countries
Food Act	Food (Melamine in Milk and Milk Products) Regulations 2010	A22	01/01/2011		Specifying permitted ppm levels of melamine in milk and milk products	Milk and Milk Products	All countries
Food Act	Food (Melamine in Milk and Milk Products) Regulations 2010	A83	01/01/2011		A health certificate required from the National Food Safety Authority of the country of origin that the products conform to the levels of melamine specified	Milk and Milk Products	All countries
Food Act	Food (Packaging materials and articles) Regulation 2010	A32	01/06/2011		Marking requirements - need to print the words "FOR FOOD USE" or any other relevant words or symbols as indicated in the regulation	Food packaging material	All countries
Food Act	Food (Packaging materials and articles) Regulation 2010	A83	01/06/2011		Certification by the manufacturer that the material meets required quality standards	Food packaging material	All countries
Food Act	Food (Packaging materials and articles) Regulation 2010	A22	01/06/2011		Restricted use of certain substances in food packaging material	Food packaging material	All countries
Food Act	Food (Preservations) Regulations	A19	01/01/1991		Prohibited to import, manufacture, sell or distribute food preservatives other than those specified in the regulation & food which has in or upon it any preservative that is permitted by the regulation	Food preservatives	All countries

Navigation: Cover / Sources / Documents / Regulations / Measures / Measures\_Affected\_Products / Measures\_Affected\_Countries / Measures\_Objectives

Transparency

Good Regulations

**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.



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 and arms

Policy coordination & coherence



# Partners

Various donors also support our work



Eastern African Community



SADC



ALADI in Latin America

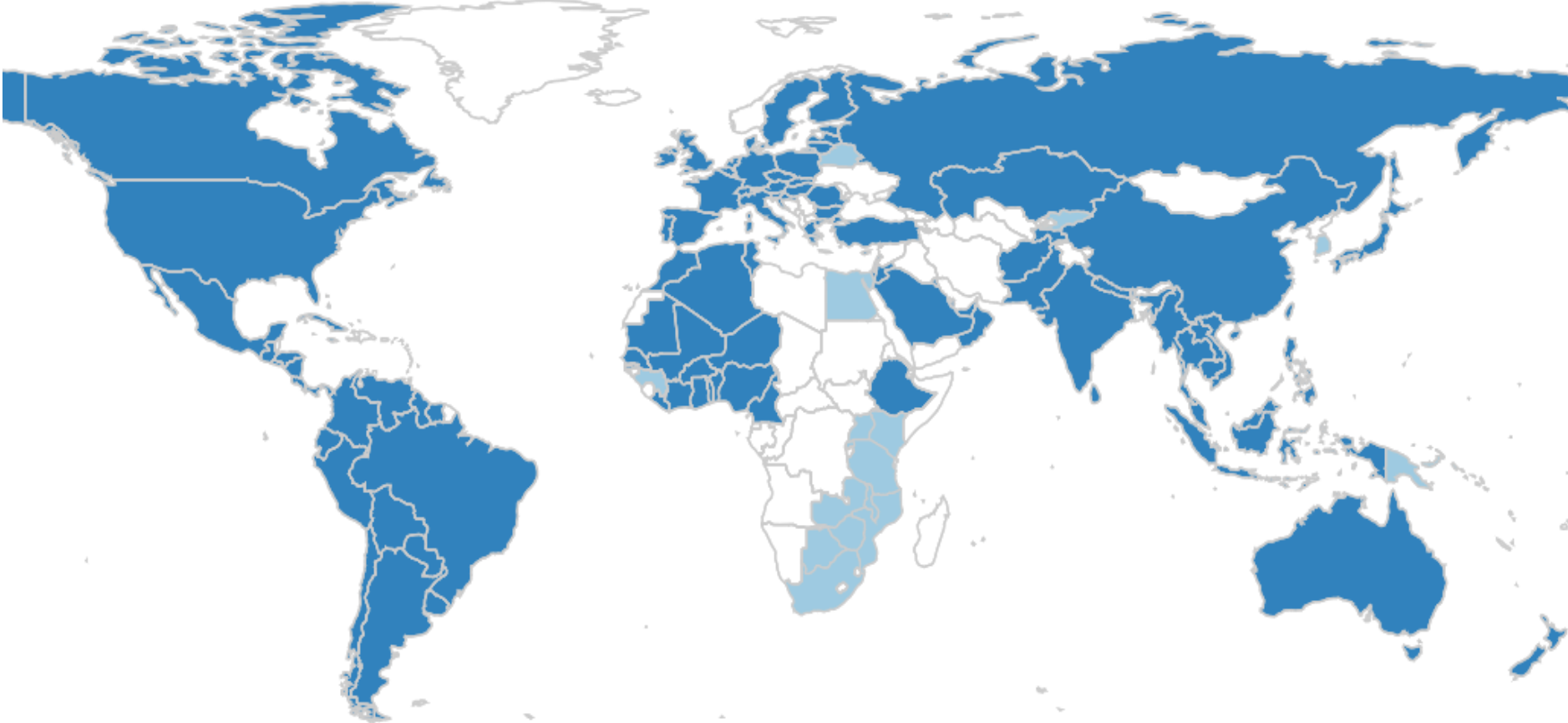


ERIA in Asia



UNECE

# Map of Data Availability – A global initiative



● Data is available    ● In progress



# Data Dissemination

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- UNCTAD TRAINS via [trains.unctad.org](https://trains.unctad.org)

→ For policy makers and negotiators

- researcher Stata file published by UNCTAD [unctad.org/ntm](https://unctad.org/ntm)

→ For researchers

- World Bank WITS [wits.worldbank.org](https://wits.worldbank.org)

→ For researchers



Same data

Different presentation  
for different users



## Reasons why NTM design can raise trade costs (besides stringency)

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**Reducing the cost of NTMs  
and increase benefits:**

### In foreign markets

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

### Domestically

- Complexity, bureaucracy





- More transparency is needed. Visit: [trains.unctad.org](https://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

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



**THANK YOU**

**UNCTAD**  
PROSPERITY FOR ALL

**[www.unctad.org](http://www.unctad.org)**

**[unctad.org/ntm](http://unctad.org/ntm)**

