NON-TARIFF MEASURES WEEK
TRADE REGULATIONS AND VOLUNTARY SUSTAINABILITY STANDARDS

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OPERATIONALIZING NON-TARIFF MEASURES:
Reflections from UNECE studies on regulatory and procedural barriers to trade

by

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The views expressed are those of the author and do not necessarily reflect the views of UNCTAD
OPERATIONALIZING NON-TARIFF MEASURES

Reflections from UNECE studies on regulatory and procedural barriers to trade
Design & Implementation of key NTMs underpinning trade in goods

Actor-oriented questionnaires, review of reform efforts, analysis of regional dynamics

Consultations with public and private stakeholders

Albania, Belarus, Georgia, Kazakhstan, Kyrgyzstan, Moldova (Republic of), Tajikistan
UNECE EVALUATION METHODOLOGY

Sanitary and phytosanitary measures (Chapter A)

Distribution restrictions (Chapter J)

Technical barriers to trade (Chapter B)

Pre-shipment inspection and other formalities (Chapter C)

Measures affecting competition (Chapter H)

Finance measures (Chapter G)

Price control measures, including additional taxes and charges (Chapter F)
Regulatory harmonization increases the cost of trade due to implementation gaps
Buy

Ship

Pay

Lack of clarity over regulatory and procedural requirements

• Traders have to piece together information on documentary requirements, regulations and applied procedures from different sources and are often unclear as to the start date of reform implementation
• Public–Private consultations are ad hoc, insufficient services and narrowly focused on raising awareness about existing/new regulations and procedures
• Advance ruling is not widely used: slow response and rulings are not binding

Commercial Procedures

• Weak negotiating position: delivery terms are dictated by buyers

Transport Procedures

• Transit trade arrangements

Regulatory Procedures

• Difficult to obtain documents (numerous support documents, red tape, and inadequate conformity assessment systems)
• Cumbersome clearance procedures: overreliance on physical inspection; time consuming sampling of products; and disputes over customs valuation
• Delays in effecting payments at border crossing points

Financial Procedures

• Delays in receiving payments due to weaknesses in the banking sector
• Strict regulatory requirements (e.g., advance payments in Tajikistan)

Lack of expertise skills within State agencies:
• Recurrent government restructuring
• Low salary scales

• TIR not widely used
• Transit trade agreements are narrowly focused (Tajikistan)
• Slow implementation of trade corridor projects
• Inadequate rail, road and maritime transport facilities

• Shortfalls in inter-agency coordination
• Weaknesses in risk management
• Single Window facilities, White elephants?
• Lack of adequate facilities at main border crossing points
### Not fashioned around product Life cycle

#### Quality control and quality assurance

<table>
<thead>
<tr>
<th>Infrastructure, Competence, Management, Environment</th>
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<tr>
<td><strong>Technical Regulation</strong></td>
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<tr>
<td>• Policy Setting</td>
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<td>• Development and Harmonization</td>
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<td>• Implementation</td>
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#### Product Design and Production

- **Standards**
  - Planning, Development and Implementation
  - Adoption of International Standards and Cooperation
  - Publication & Dissemination

#### Market Placement

- **Choosing Conformity Assessment Procedures**
- **Certification, Inspection, Testing, Verification**
- **Metrology Conventions**

#### Distribution

- **Information Exchange with Stakeholders**
- **Removing Dangerous Products**
- **Fighting Counterfeit Goods**

#### Regulatory Activities and Dialogue
Entreprises’ export readiness not given center stage

- Regulatory harmonization is often executed in the absence of proper regulatory impact assessment
- Harmonized standards are adopted using the cover sheet method (EU harmonized standards)
- Which standards should be harmonized? The answer is very much country specific (Eurasian Economic Union)

Establishing if sufficient processing or substantive transformation was undertaken inflates traders’ transaction costs

In some countries (Republic of Moldova) obtaining EUR 1 Movement certificate involves complex administrative procedures and repetitive submission of information requirements
Enterprises have to accrue additional costs to prove compliance with regulatory requirements.

Results issued by national conformity assessment bodies are not recognized internationally.

Calibration and measurement capabilities of standard holding metrology laboratories not internationally recognized.

Market surveillance systems remain embryonic.

Enterprises implementing international and regional harmonized standards find themselves threatened by cheaper non-compliant products.
Interplay between trade facilitation, quality control and assurance systems

- Trade Facilitation Bottlenecks
- Weaknesses in Quality Control and Quality Assurance
- Technical Regulations and standardization
- Production costs
- Transaction costs
- Total Costs
Discovery costs

Finding new partners becomes a time consuming process with significant risks (accepting harsh terms of sales)

Production costs

One time investments and annual running costs associated with implementing harmonized standards

Administrative costs

- Some trade documents become difficult to obtain
- Product re-testing in destination countries
Policy Space? Reaping the expected benefits also requires creating dynamic synergies between legislative harmonization and industrial policies
Structural transformation towards increased specialization in products with high value added (determined by Revealed Comparative Advantage and welfare effects)

Export diversification (products and trade partners on both import and export sides)

Increased income with equity

Spotlight Effect of standards
### A comprehensive system of incentives

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<th><strong>Public Purse</strong></th>
<th><strong>Market support services</strong></th>
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<td>Infrastructure development (not everything is necessary and systems do not need to be built from scratch)</td>
<td>Brokerage industry</td>
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<td><strong>Public Private Partnerships</strong></td>
<td>Trade finance</td>
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<td><strong>Foreign Direct Investment</strong></td>
<td>Loan facilities for producers</td>
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<td>Maintenance and operational costs factored into budget planning</td>
<td>On the farm support</td>
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<th><strong>Transparency</strong></th>
<th><strong>Industrial upgrading</strong></th>
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<tr>
<td>Transparency is not only about information dissemination</td>
<td>(technological capability)</td>
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<tr>
<td>Institutionalize public-private consultations that build on existing mechanisms and gear these towards achieving <em>buy-in of key stakeholders</em></td>
<td>Networking, both in country and with regional and global supply value chains</td>
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Keeping trade partners abreast (UNCTAD TRAINS)

Investment retention (Aftercare)

Multi-modal transport services
Thank You

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Studies available at: https://www.unece.org/tradewelcome/studies-on-regulatory-and-procedural-barriers-to-trade.html