

# Non-Tariff Measures and their effect in Trade

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UNCTAD (<https://unctad.org/ntm>)

# Challenge to comply with requirements



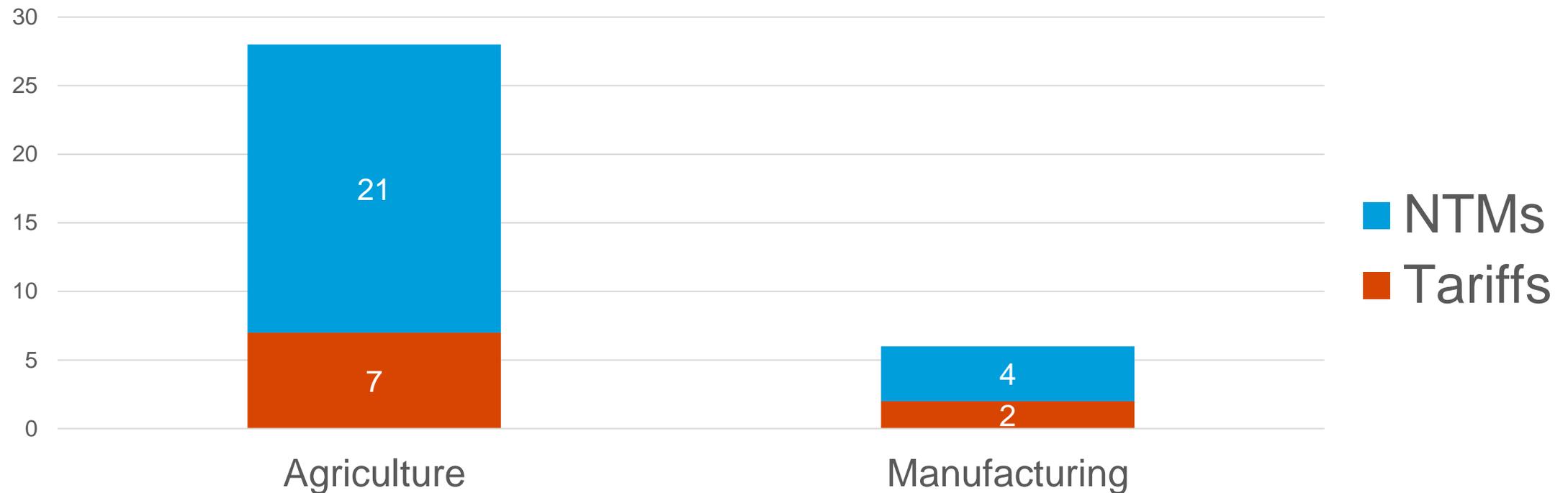
Bringing ginger into the EU is duty-free for all countries. However, exporters need to comply with

- Tolerance limits for pesticide residues
- Hygienic practices during production
- Packaging
- Labelling
- Certification
- ...

# Non-Tariff Measures (NTM)

- “Policy measures other than ordinary customs tariffs that ... have an economic effect on international trade in goods ...”
- Neutral meaning. Non-Tariff Measures  $\neq$  Non-Tariff Barriers
- NTM has two sides
  - It raises trade cost (information cost, compliance cost)
  - It has legitimate policy objectives, Sustainable Development Goals, ...

# Estimated *ad-valorem* equivalents (Percentage)



Source: UNCTAD, 2013

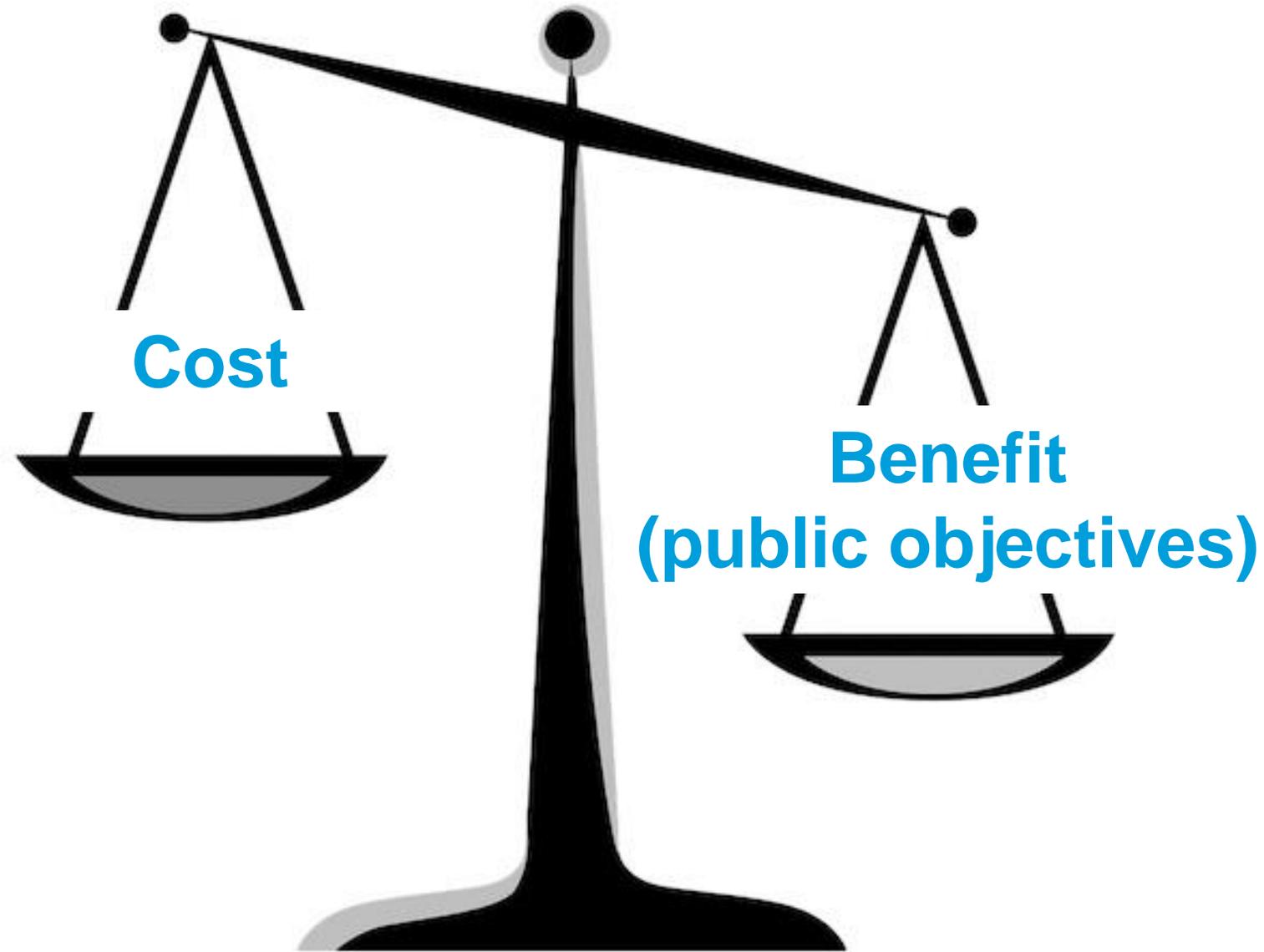
# Legitimate policy objectives



Illegal cargo of giant clams found in container

Local | 24 Mar 2016 9:22 pm





## 2 ways to meet the balance of NTM

### 1. To increase transparency in trade-related regulations and NTMs

- Reduce the information and compliance cost

### 2. To help the countries to make good NTMs that

- Meet policy objectives, while not being overly trade-restrictive
- Support economic integration to the region and the world

## 5 NTM areas of work

1. NTM data collection
2. NTM data dissemination
3. NTM data analysis
4. NTM in free trade agreements
5. Capacity building and training

# 5 NTM areas of work

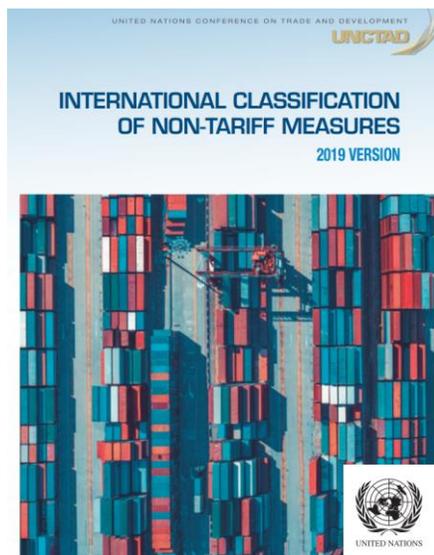
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# 1. NTM data collection

- *In the Food Safety Act 2022, sanitary certificate (A83) on poultry meat (HS 0207) imported from New Zealand*
- NTM code is based on the **International Classification of Non-tariff Measures (so called NTM Classification)**

# NTM Classification

- FAO, ITC, OECD, UNCTAD, UNIDO, World Bank, WTO
- Initiated by UNCTAD
- Updated NTM classification



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

<b>Imports</b>	<b>Technical measures</b>	<p><b>A</b> SANITARY AND PHYTOSANITARY MEASURES</p> <p><b>B</b> TECHNICAL BARRIERS TO TRADE</p> <p><b>C</b> PRE-SHIPMENT INSPECTION AND OTHER FORMALITIES</p>
	<b>Non technical measures</b>	<p><b>D</b> CONTINGENT TRADE-PROTECTIVE MEASURES</p> <p><b>E</b> NON-AUTOMATIC LICENSING, QUOTAS, PROHIBITIONS AND QUANTITY-CONTROL MEASURES OTHER THAN FOR SPS OR TBT REASONS</p> <p><b>F</b> PRICE-CONTROL MEASURES, INCLUDING ADDITIONAL TAXES AND CHARGES</p> <p><b>G</b> FINANCE MEASURES</p> <p><b>H</b> MEASURES AFFECTING COMPETITION</p> <p><b>I</b> TRADE-RELATED INVESTMENT MEASURES</p> <p><b>J</b> DISTRIBUTION RESTRICTIONS</p> <p><b>K</b> RESTRICTIONS ON POST-SALES SERVICES</p> <p><b>L</b> SUBSIDIES (EXCLUDING EXPORT SUBSIDIES UNDER P7)</p> <p><b>M</b> GOVERNMENT PROCUREMENT RESTRICTIONS</p> <p><b>N</b> INTELLECTUAL PROPERTY</p> <p><b>O</b> RULES OF ORIGIN</p>
	<b>Exports</b>	<p><b>P</b> EXPORT-RELATED MEASURES</p>

# NTM Classification - Tree structure

- A SANITARY AND PHYTOSANITARY MEASURES
  - A1 Prohibitions /restrictions of imports for SPS reasons
  - A2 Tolerance limits for residues and restricted use of substances
  - (...)
  - A8 Conformity Assessment related to SPS
    - A81 Product registration requirement
    - A82 Testing requirement
    - A83 Certification requirement
    - A84 Inspection requirement
    - A85 Traceability requirement
      - A851 Origin of materials and parts
      - A852 Processing history
      - A853 Distribution and location of products after delivery
      - A859 Traceability requirements n.e.s.
    - A86 Quarantine requirement
    - A89 Conformity assessments related to SPS n.e.s.
  - A9 SPS Measures n.e.s.
- B TECHNICAL BARRIERS TO TRADE
- C PRE-SHIPMENT INSPECTION AND OTHER FORMALITIES
- D CONTINGENT TRADE PROTECTIVE MEASURES
- E NON-AUTOMATIC LICENSING, QUOTAS, PROHIBITIONS ...
- F PRICE CONTROL MEASURES INCLUDING ADDITIONAL TAXES ...
- G FINANCE MEASURES
- H MEASURES AFFECTING COMPETITION
- I TRADE-RELATED INVESTMENT MEASURES

NTM classification has about 500 measure types

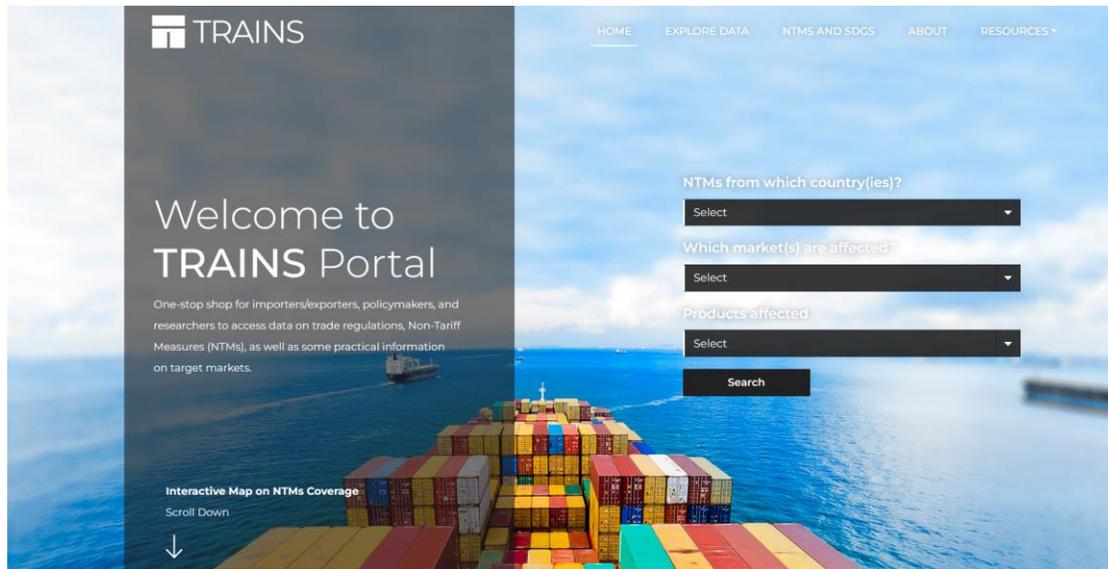
# 1. NTM data collection

1. Collect **official national legislation** (Acts, Regulations, Orders, etc.)
2. Read the text and identify information
3. Classify NTM type according to the **NTM Classification**
4. Classify HS according to the **HS Classification**
5. Review internally
6. Validate with the government

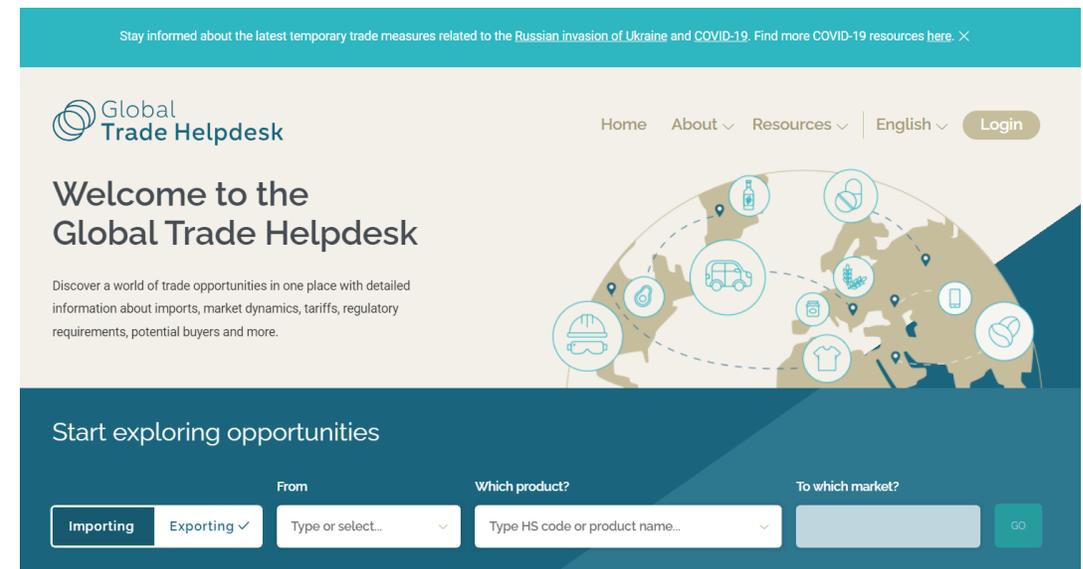
# 5 NTM areas of work

1. NTM data collection
- 2. NTM data dissemination**
3. NTM data analysis
4. NTM in free trade agreements
5. Capacity building and training

## 2. NTM data dissemination



<https://trainsonline.unctad.org/home>



<https://globaltradehelpdesk.org/en>

- TRAINS for researchers / Global Trade Helpdesk for private sector
- 100+ countries covering approximately 90% of international trade, including EU, US, New Zealand, South Korea, Japan, and China

## 5 NTM areas of work

1. NTM data collection
2. NTM data dissemination
- 3. NTM data analysis**
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## 3. NTM data analysis

- How costly are Fiji NTMs?

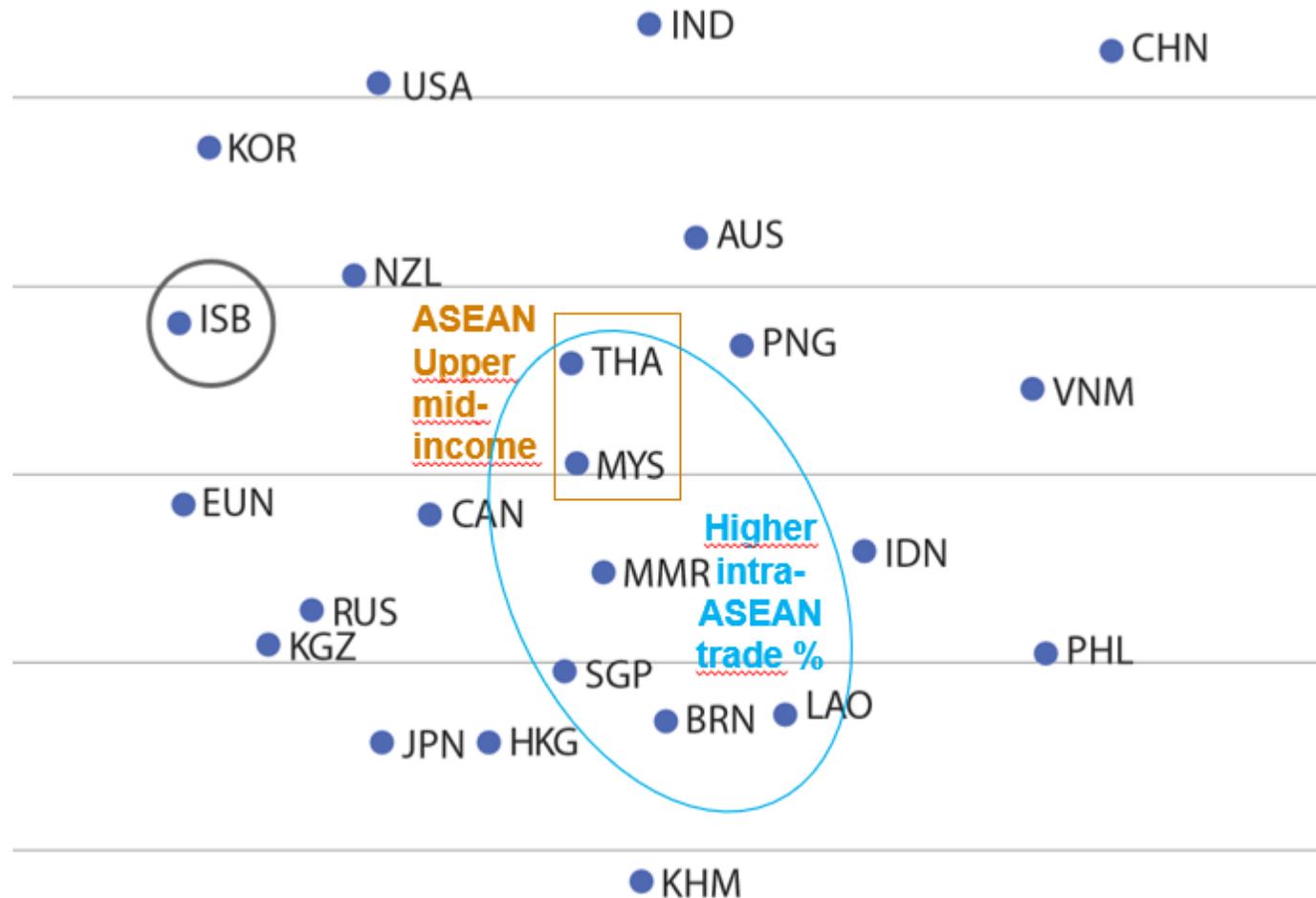
### Estimated *ad-valorem* equivalents (Percentage)



Source: UNCTAD, 2013

### 3. NTM data analysis

- How different/similar are Fiji NTMs?



Source: UNCTAD

### 3. NTM data analysis

- How to improve Fiji NTMs along the value chain?
- Kenyan cotton, textiles and apparel (CTA) value chain
  - Importing cotton lint -> Exporting textiles and apparel
- Reviewed the design, implementation and compliance of NTMs on cotton lint through stakeholder surveys, interviews, cost-assessment spreadsheets, etc.
- Simplifying procedures for obtaining a VAT exemption on imported cotton lint



## 5 NTM areas of work

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# 4. Transparency provisions under FTAs

## Article 7 Transparency

### WTO SPS Agreement

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Members shall notify changes in their sanitary or phytosanitary measures and shall provide information on their sanitary or phytosanitary measures in accordance with the provisions of Annex B.

## iEPA

*Article 40*

### Transparency and exchange of information

1. The Parties confirm their commitments to implement the transparency provisions set out in the SPS Agreement and the TBT Agreement to facilitate access to relevant information on TBT or SPS measures.
2. The EC Party agrees to cooperate with initiatives of the Pacific States to establish a mechanism to permit efficient notifications of TBT and SPS measures at a regional level.
3. The Parties shall endeavour to inform each other at an early stage of proposals to modify or introduce TBT or SPS measures that may affect trade between the Parties, where appropriate making use of existing systems.

# 4. Good NTMs provisions under FTAs

## African Continental Free Trade Area (AfCFTA) Framework Agreement

### Article 12

#### Mechanism for Identifying, Reporting, Resolving, Monitoring and Elimination of Non-Tariff Barriers

1. The mechanism for identifying, reporting and monitoring NTBs will be put in place to facilitate the elimination of NTBs within the AfCFTA.
2. Any State Party or Economic Operator may register a complaint or trade concern through the mechanism provided for in Appendix 2 of this Annex.
3. State Parties are encouraged to resolve NTBs raised at intra-REC level using the resolution mechanisms in place in each REC.

\* REC: Regional Economic Communities



## 5 NTM areas of work

1. NTM data collection
2. NTM data dissemination
3. NTM data analysis
4. NTM in free trade agreements
5. Capacity building and training

## 5. Capacity building and training

- Offline trainings and online courses
- Audience-specific
  - Policy-makers
  - Researchers
- Various NTM areas of work

# Thank you.

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# IMPACT project – Timeline

1. NTM data collection: 2023~
2. NTM data dissemination: 2024~
3. Support for WTO transparency provisions: Done
4. NTM data analysis: 2024~
5. Capacity building and training
  - Offline training: Done
  - Online course: 2024~

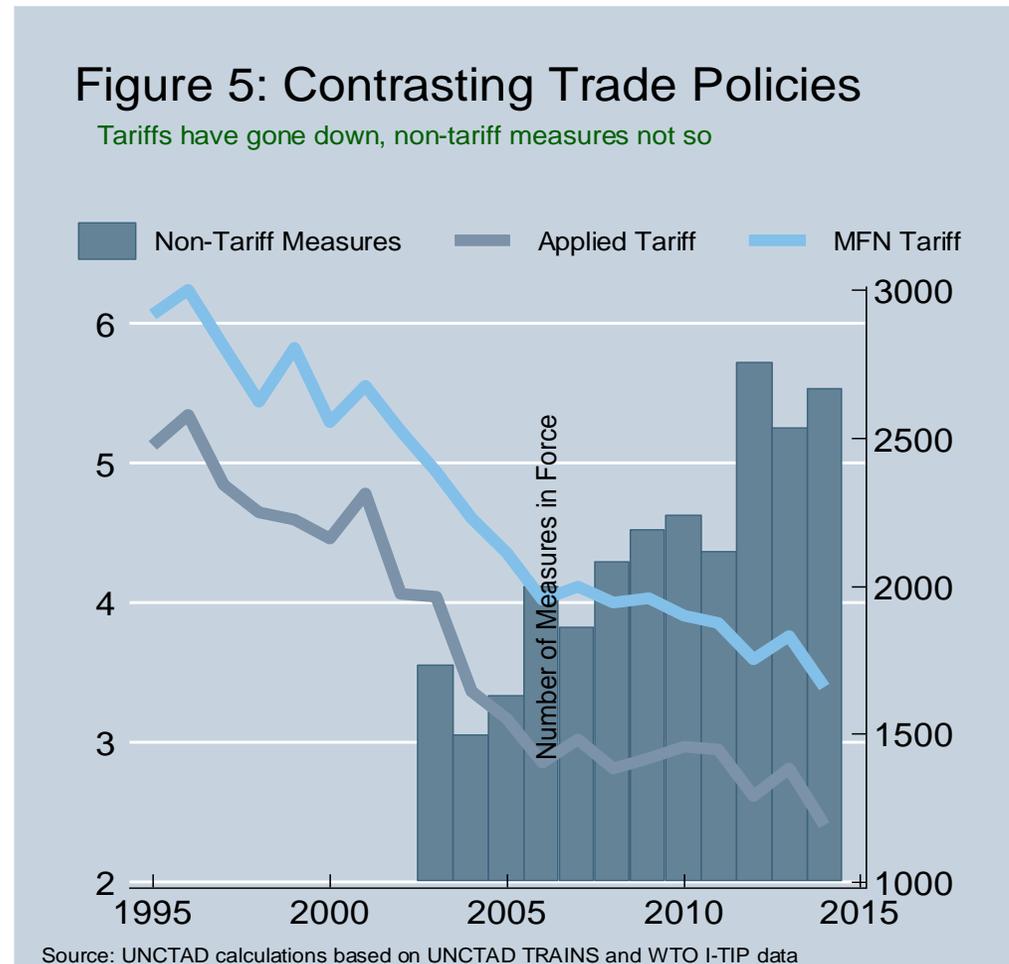
# IMPACT project – Timeline

	2023			2024				2025
	2Q	3Q	4Q	1Q	2Q	3Q	4Q	Jan
1. NTM update								
2. NTM dissemination + Trade Portal update								
3. WTO transparency								
4. NTM analysis								
5. Capacity building								

# 1. NTM data collection - Fiji

- Under the MSG Green Trade Project, NTM data up to 2021.
- Under the IMPACT Project, NTM data correction and update up to 2023.
- Support from the government officials is essential to collect the regulations and HS codes.

## Trend: NTMs on the rise



# Official NTM data collection

• 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.

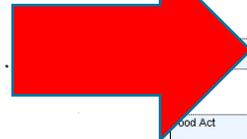
Colombo.  
 17th January, 2005.

**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.



NIMAL SIR  
 Minister of Health  
 Uva Wellas

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	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

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

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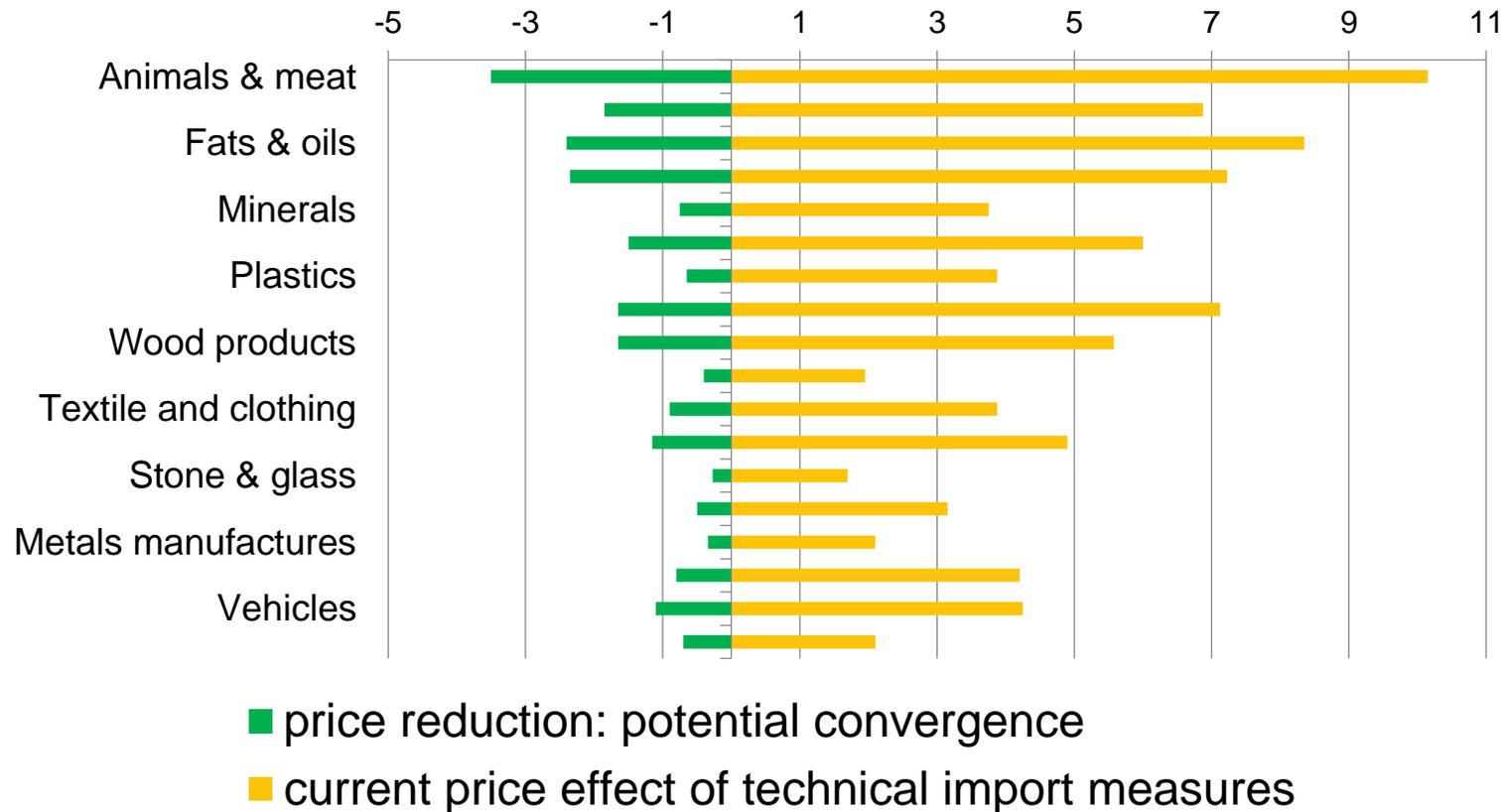
## AfCFTA → Protocol on Trade in Goods → Annex 5

- The *continental NTB mechanism*:
  - Art 12.(1): “A **mechanism for identifying, reporting and monitoring NTBs** will be put in place to facilitate the elimination of NTBs [...]”
  - Art. 12(2): “Any [...] **Economic Operator may register a complaint** [...]”
- **Institutional framework**: Art. 4-9: Sub-Committee, NTB Coordination Unit, National Monitoring Committees and **National Focal Points**
- **Categorization of NTBs**: Appendix 1
- **Process of resolution**: Art. 11 and Appendix 2



## 3. NTM data analysis

- How much the cost of Fiji NTMs can be reduced by converging the regulations?

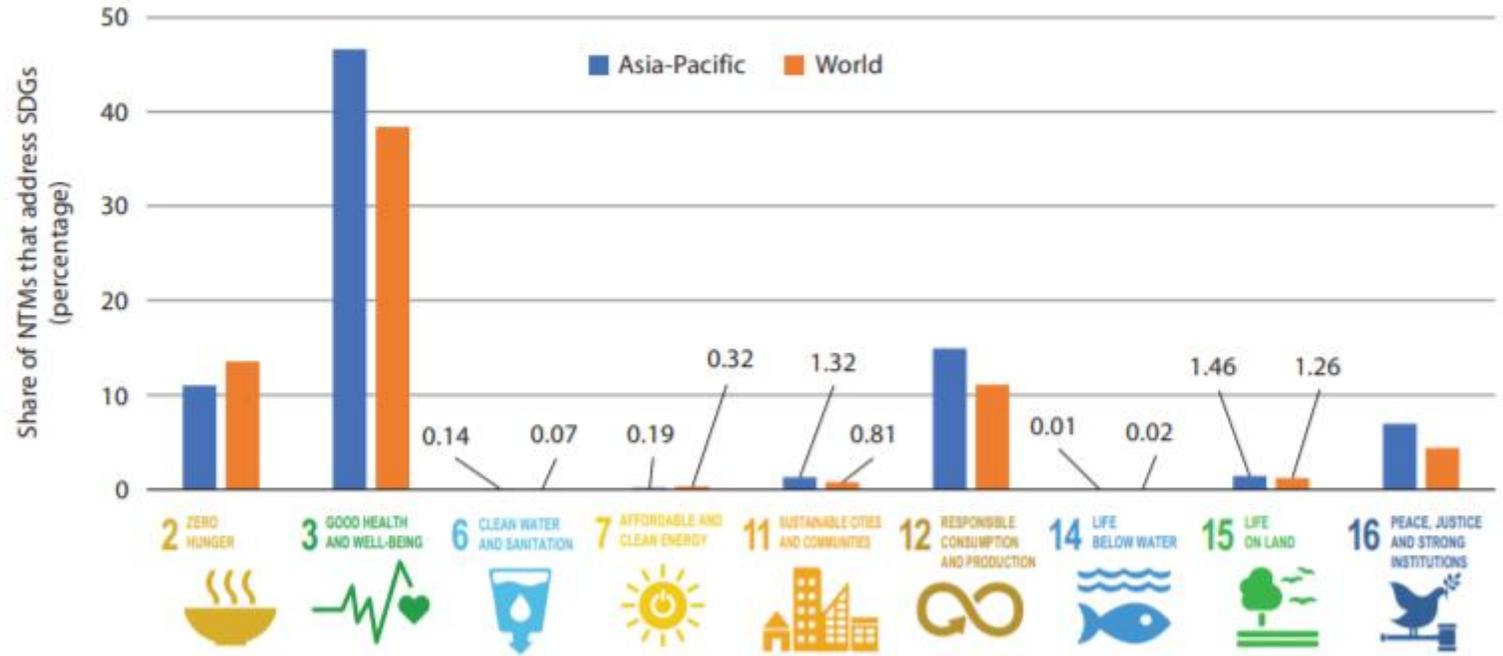


# To which extent NTMs in each economy/region directly address specific SDGs?

Figure 1.4

Distribution of NTMs that directly address SDGs, by Goal

\* Read with caution



Source: ESCAP calculations based on UNCTAD TRAINS database and methodology developed by ESCAP and UNCTAD (Kravchenko and others, 2019).