



ASSESSING COST-EFFECTIVENESS
OF NON-TARIFF MEASURES –
A TOOLKIT





Assessing Cost-Effectiveness of Non-Tariff Measures – A Toolkit













What are non-tariff measures (NTMs)?

- Policy measures other than ordinary customs tariffs that can have an economic impact on trade.
- Technical or non-technical
- **Technical NTMs** are designed for **public policy objectives** to protect health, safety, and the environment can enable trade by creating trust in the quality and safety of traded products.
- Overall, NTMs are **neutral**, they do not have a positive/negative connotation.
- Can be *de facto* distortive, negatively impacting international trade businesses through high compliance costs disproportionately affecting smaller firms; consumers in the form of high product price; and the society at large.



NTMs along the production chain

Production Stage

Regulations on the quality and safety of inputs (safety production process, producer registration, certification, etc).



Post-Production

Transportation and storage





Product Itself

Quality or safety requirements (testing, inspection, certification, labelling, traceability, etc.)



Commercial Transaction

Taxes, quotas, price control measures. Regulations on the method of payment, etc.

The need for high quality NTMs

Hence the need to ensure that NTMs are of "high quality" and "implement them more effectively and efficiently" in order to —

1. Avoid high costs to the society

2. Avoid high compliance costs for businesses

3. Maintain government's ability to achieve desired objectives







Hence the need to review NTMs.....

What is the rationale of the NTM cost-effectiveness toolkit?

Design

Implementation

Compliance

How suitable is the NTM has been/can be for meeting the stated objectives?

How effective and efficient is the NTM implementation procedures?

How burdensome the NTM is on the private sector?

- Provides a **step-wise guidelines** and **certain tools** (i.e. surveys, in-depth interview guidelines, cost-assessment spreadsheet, etc.) that can be used to review NTMs.

Focuses on reviewing import NTMs applicable to intermediate inputs within critical national value chains

- Designed to enable users to review NTMs for their Design, Implementation and Compliance – the three main pillars of the toolkit.

- The end goal of the toolkit is to encourage **good** regulatory practices.

Focus of the Toolkit

The toolkit focuses on reviewing import NTMs applied to intermediate inputs relevant for a critical national value chain

Quality of import NTMs Ease of import

Cost of doing business

Export competitiveness









Yet, it offers a great deal of flexibility and can be adapted to a variety of NTMs and in varying national and regional contexts "NTM improvement should be viewed primarily as a domestic issue, part of a regulatory-improvement agenda driven by a concern for enhanced competitiveness, rather than a concession on trading partners"

Non-Tariff Measures – A Fresh Look at Trade Policy's New Frontier

Olivier Cadot and Mariem Malouche



What are the expected end results?

- Enable policymakers to generate policy options towards designing and implementing good NTMs that meet economic and non-economic policy objectives at minimal cost
- The reform itself is beyond the scope of this toolkit, as it will depend upon the country's political decision. However, activities can be designed to accompany and facilitate the process, as an extension of the toolkit.



Step 1.
Intermediate Input
Selection and NTM
Mapping

Step 2. Stakeholder Identification

Intermediate input selection

NTM mapping

Public and private

Step 3. Stakeholder Engagement (Agency and Firm Level)

Tier I Preliminary Surveys

Tier II Inception Workshop

Tier III In-depth Interviews

Tier IV - Detailed Cost Assesment.

Step 4. Stakeholder Input Analysis

> Document of Preliminary Findings

Pre-validation of findings

Step 5. Policy Options

Final Assessment Report with Policy Options





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Intermediate input

NTM mapping

selection

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Step 1: Intermediate Input Selection and NTM Mapping

Focus on imported "intermediate" inputs in critical national value chain

Input selection at HS6 digit level

Focus on regional value chains (RVCs)

NTM Mapping using UNCTAD TRAINS
Database

Key Principles



Step 1. Intermediate Input Selection and NTM Mapping

Step 2. Stakeholder

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NTM mapping

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Step 2: Stakeholder Identification

Coordinating Agency



- Drives implementation
- Liaises with other stakeholders
- Provides technical and logistical support

Focal points in NTM implementation agencies



- Participate in surveys, interviews and focus group discussions (Inception Workshop)
- Provides information and insights into NTM design and implementation

Other government agencies



- Provides additional insights into NTMs design, implementation, or compliance
- Provides technical inputs on NTMs and sector of interest
- Helps generate policy options
- Helps implement policy

NTM focal points in regulated firms



- Participate in surveys, interviews and focus group discussions (Inception Workshop)
- Provides information and insights into NTM compliance

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Step 3: Stakeholder Engagement

Tier I Preliminary Survey - A short questionnaire (10 minutes) to get a first level overview of NTM cost effectiveness from the agencies as well as the regulated firms. The goal is two-fold - (i) to assess the extent to which a full-fledged NTM review is required, and (ii) to set a foundation for further engagement on assessing NTM cost-effectiveness

Tier II Inception Workshop – Brings all stakeholders together. The inception workshop will explain the project goals, needs and methodology to the stakeholders. This will be a platform to start a dialogue where agencies and firms can discuss issues or concerns with each other.

Tier III In-depth Interviews – Comprises detailed, open-ended questions to get a thorough insight into the three pillars of the toolkit, through semi-structured interviews.

Tier IV Detailed Cost Assessment – Allows for quantification of costs associated with NTM design, implementation and compliance to further strengthen the analysis and policy recommendations.

Step 3: Stakeholder Engagement: Main Dimensions

Design Objectives Design and review process **Implementation Agency-Level** Enforcement process and time Enforcement cost Enforcement strategy Transparency Stakeholder coordination Resource allocation Faciliating smooth compliance Effectiveness Compliance Administrative formalities Firm-Level Time constraints Transparency Quality of enforcement staff Agency support Compliance costs Compliance benefits

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Step 4: Stakeholder Input Analysis

Analysis of Preliminary Surveys, Inception Workshop, Interviews and Detailed Cost Assessment



- 1. Simple checklist matrix/yes-no analysis
- 2. In-depth qualitative analysis of interview responses
- 3. Quantitative analysis of cost-assessment spreadsheet





Pre-validation of Preliminary Findings

Step 1. Intermediate Input Selection and NTM Mapping

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Intermediate input selection

Public and private

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Document of Preliminary Findings

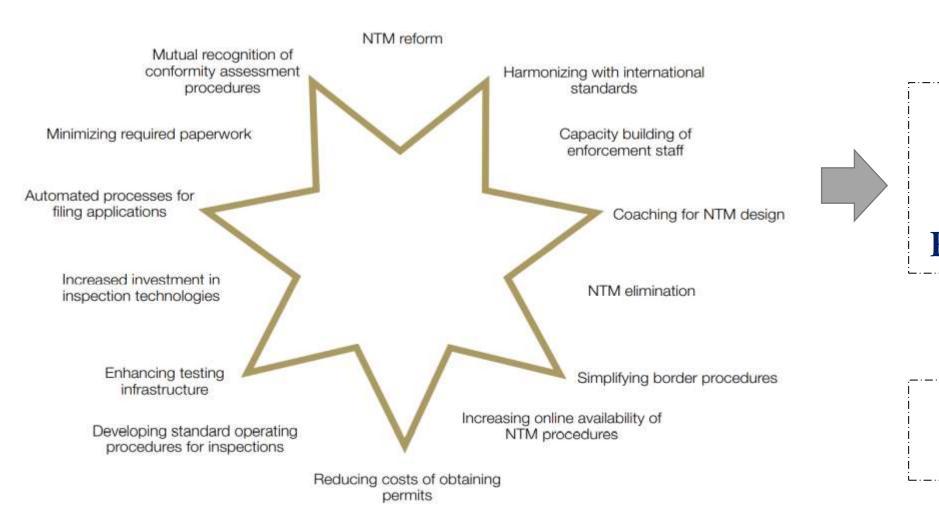
Pre-validation of findings

Final Assessment Report with Policy **Options**

Validation

NTM mapping

Step 5: Policy Options



Final Assessment Report with Policy Options



Validation Workshop

Step 5: Policy Options

Table 3Policy Options in Action

Policy Option	What specifically needs to be done?	How could this be done?	What is the overall benefit?	Who needs to be involved in the plan?	What to do next?
Working towards mutual recognition arrangements with Uganda and the United Republic of Tanzania for cotton lint standards and conformity assessment procedures	Development of a common EAC standard on cotton lint, aligned with the international standard on cotton lint Mutual recognition of CA procedures within the EAC	Reiterating the need for common standards and mutual recognition of CA procedures in the technical committee set up for cotton lint standards development, by emphasizing the challenges faced by cotton lint importers Providing technical assistance to technical committee through relevant international organizations Ensure participation by private sector within the technical committee	Eliminates the need for certificates/ licenses as well as inspections of lint imported from EAC neighbours Expedites shipment clearance time and reduces costs for firms Reduces implementation time and costs for NTM implementing agencies	Leading national institution Ministry of EAC Affairs and Regional Development Other key national institutions Ministry of Industrialization, Trade and Co-operatives State Law Office Kenya Revenue Authority Pest Control Products Board Potential international development partners TradeMark East Africa International Standardization Organization (ISO) Food and Agriculture Organization (FAO)	Outreach to the technical committee on cotton lint standard to raise issues identified Reiterate the need to eliminate inspections and documentary procedures on cotton lint imports Involve international institutions for technical assistance as and where required.

Main Tools

Step 1. Intermediate Input Selection and NTM Mapping

Step 2. Stakeholder Identification

Step 3. Stakeholder Engagement (Agency and Firm Level)

Preliminary Surveys Questionnaire

Inception Workshop Guiding Questions

In-depth Interview Guidelines

Detailed Cost-Assessment Spreadsheet

Step 4. Stakeholder Input Analysis

Step 5. Policy Options

Approach to Stakeholder Input Analysis

Procedure for identifying intermediate inputs

Using UNCTAD TRAINS Database for NTMs Mapping



Thank You