



UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT

UNCTAD



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

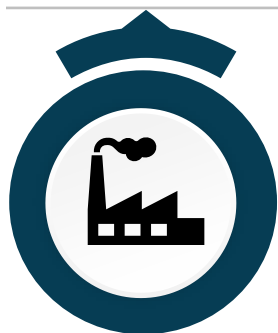
Production Stage

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

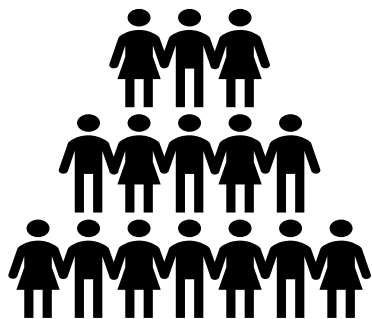
Taxes, quotas, price control measures. Regulations on the method of payment, etc.



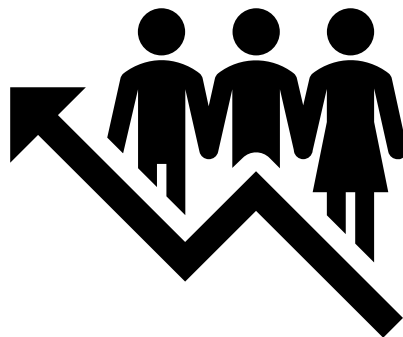
The need for high quality NTMs

Hence the need to ensure that NTMs are of “*high quality*” and “*implement them more effectively and efficiently*” in order to –

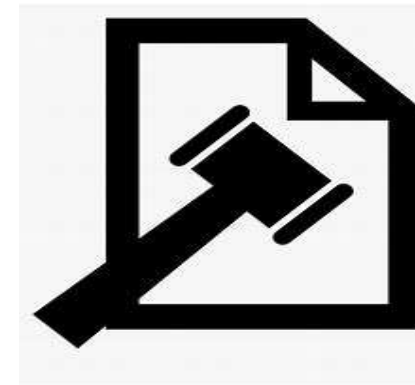
1. Avoid high costs to the society



2. Avoid high compliance costs for businesses



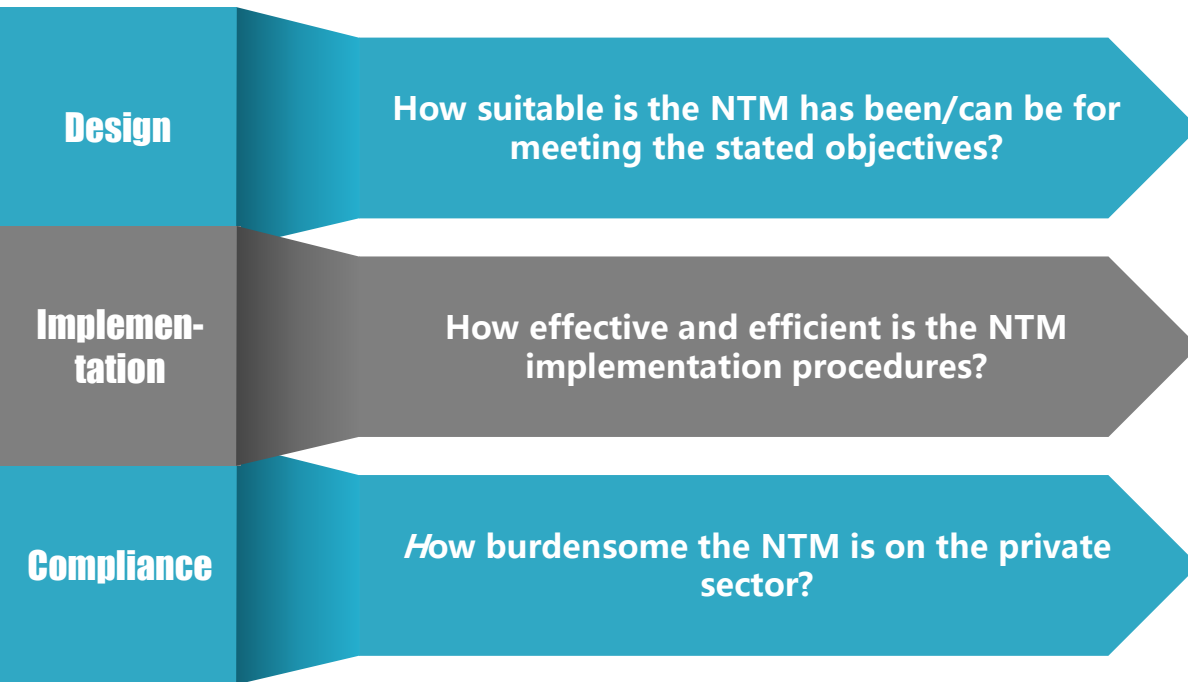
3. Maintain government’s ability to achieve desired objectives



Hence the need to review NTMs.....



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

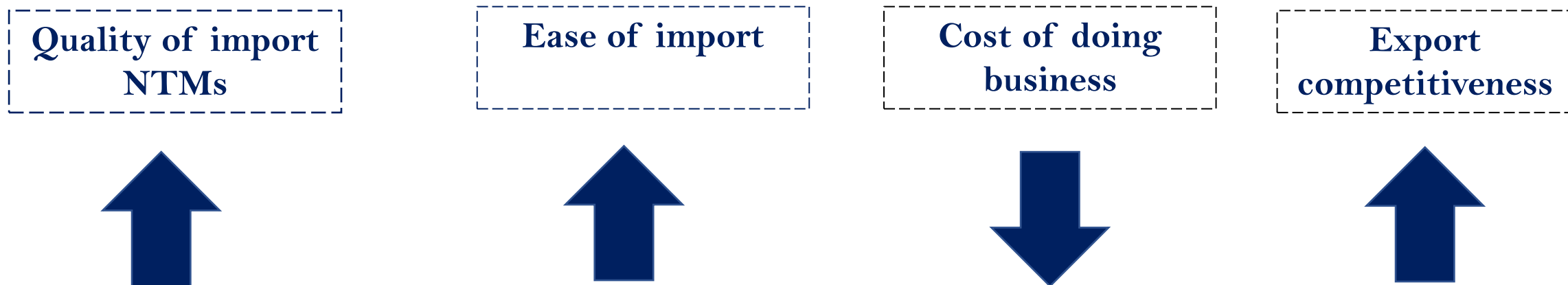


- Provides a **step-wise guidelines** and **certain tools** (i.e. surveys, in-depth interview guidelines, cost-assessment spreadsheet, etc.) that can be used to review NTMs.
- Focuses on reviewing **import** NTMs applicable to **intermediate inputs** within **critical national value chains**
- Designed 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**



Yet, it offers a great deal of flexibility and can be adapted to a variety of NTMs and in varying national and regional contexts



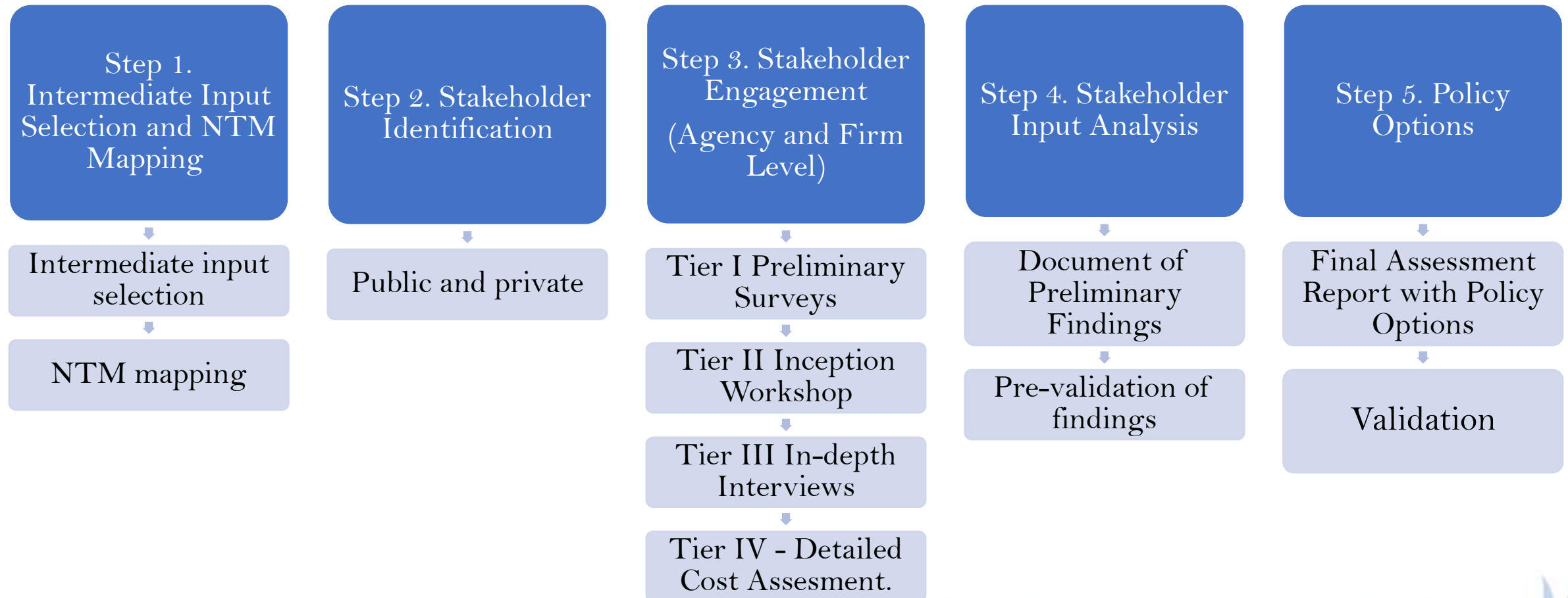
“NTM improvement should be viewed primarily as a domestic issue, part of a regulatory-improvement agenda driven by a concern for enhanced competitiveness, rather than a concession on trading partners”

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

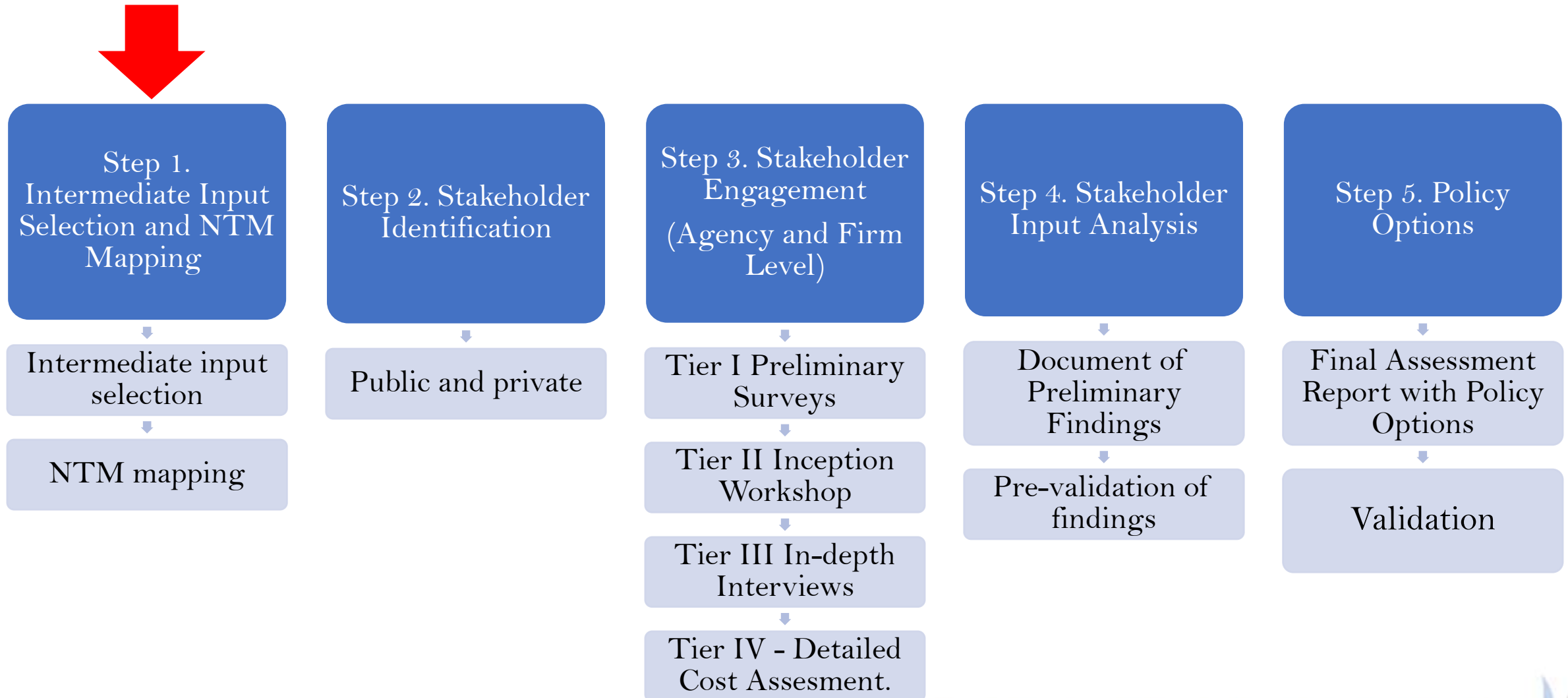
Olivier Cadot and Mariem Malouche



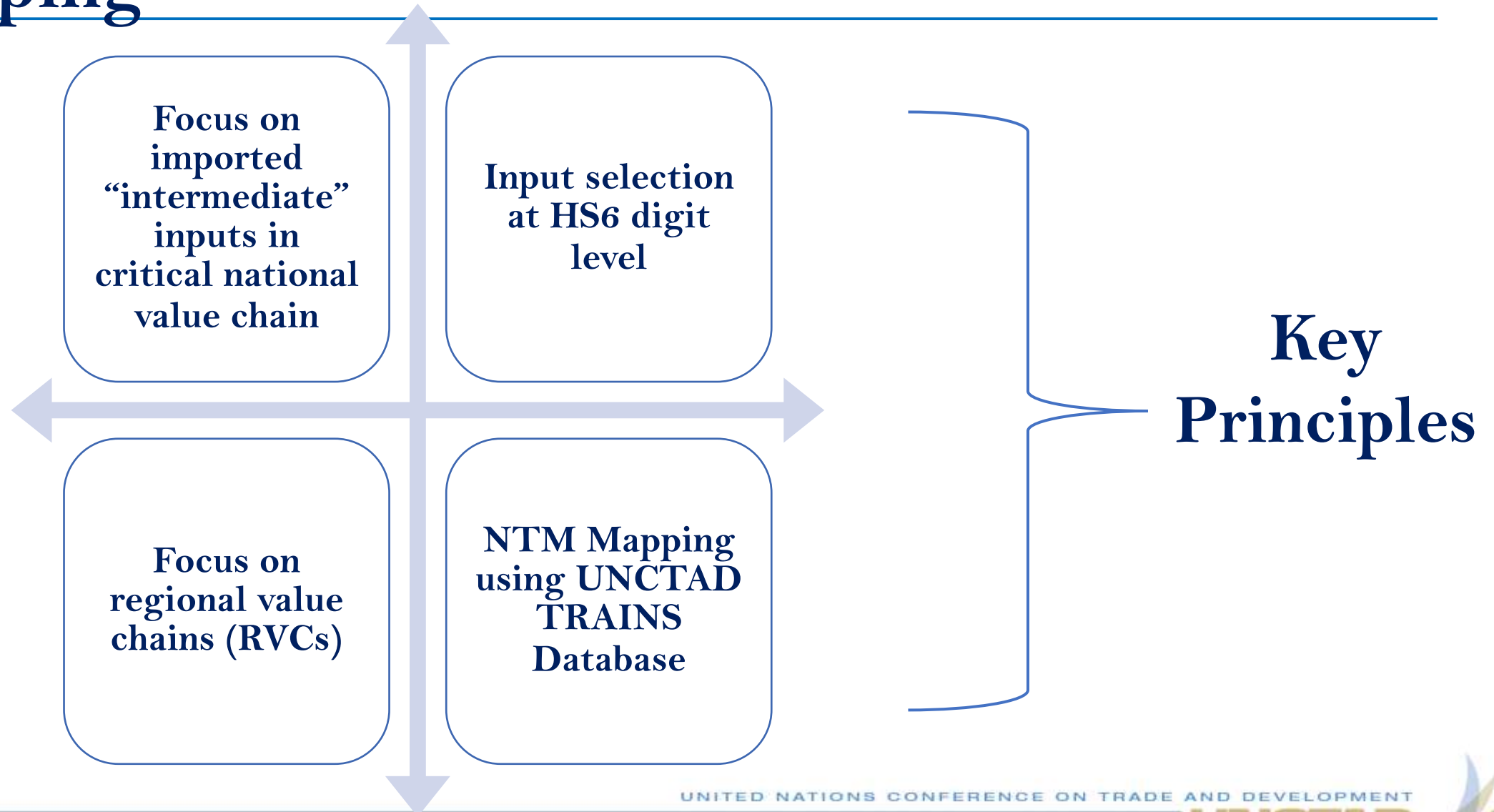
Step-by-step Implementation Approach



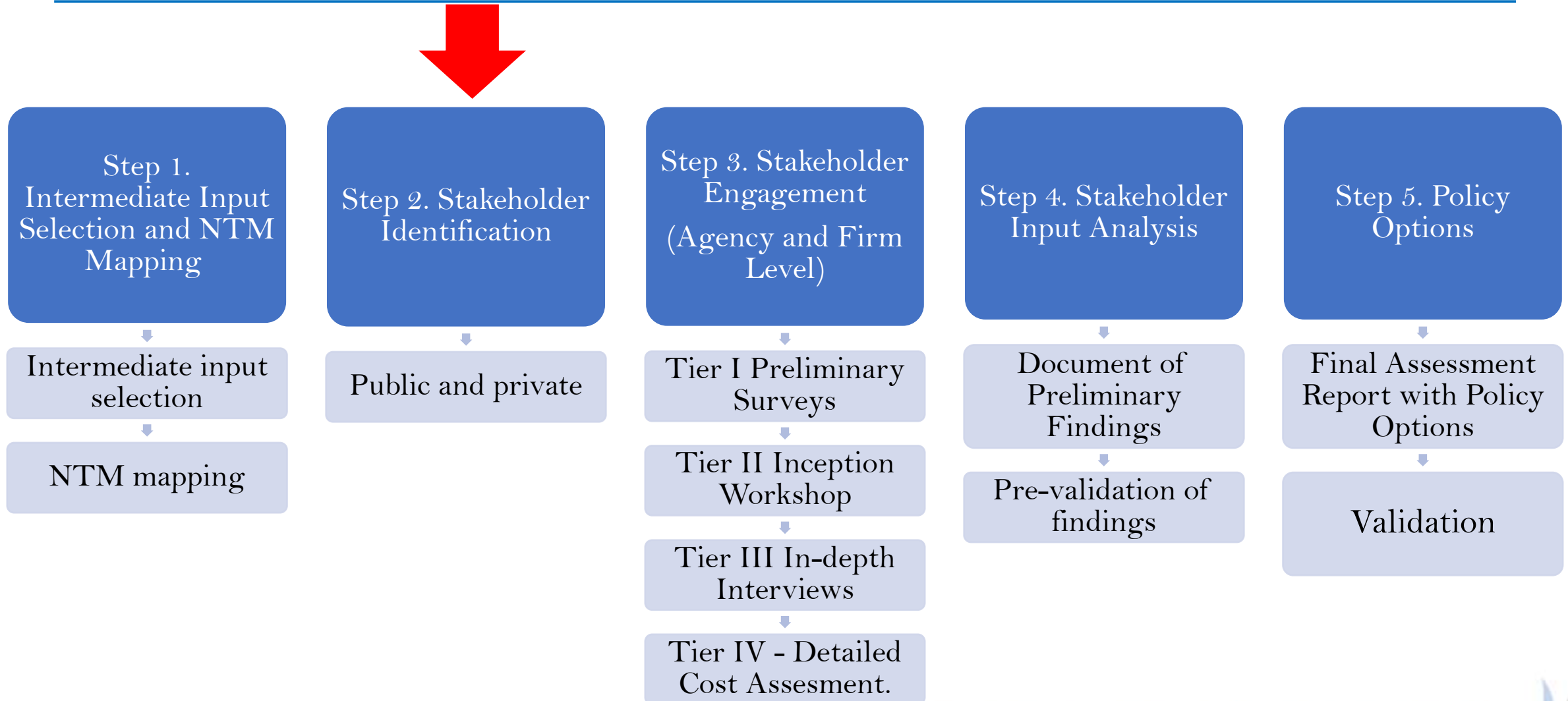
Step-by-step Implementation Approach



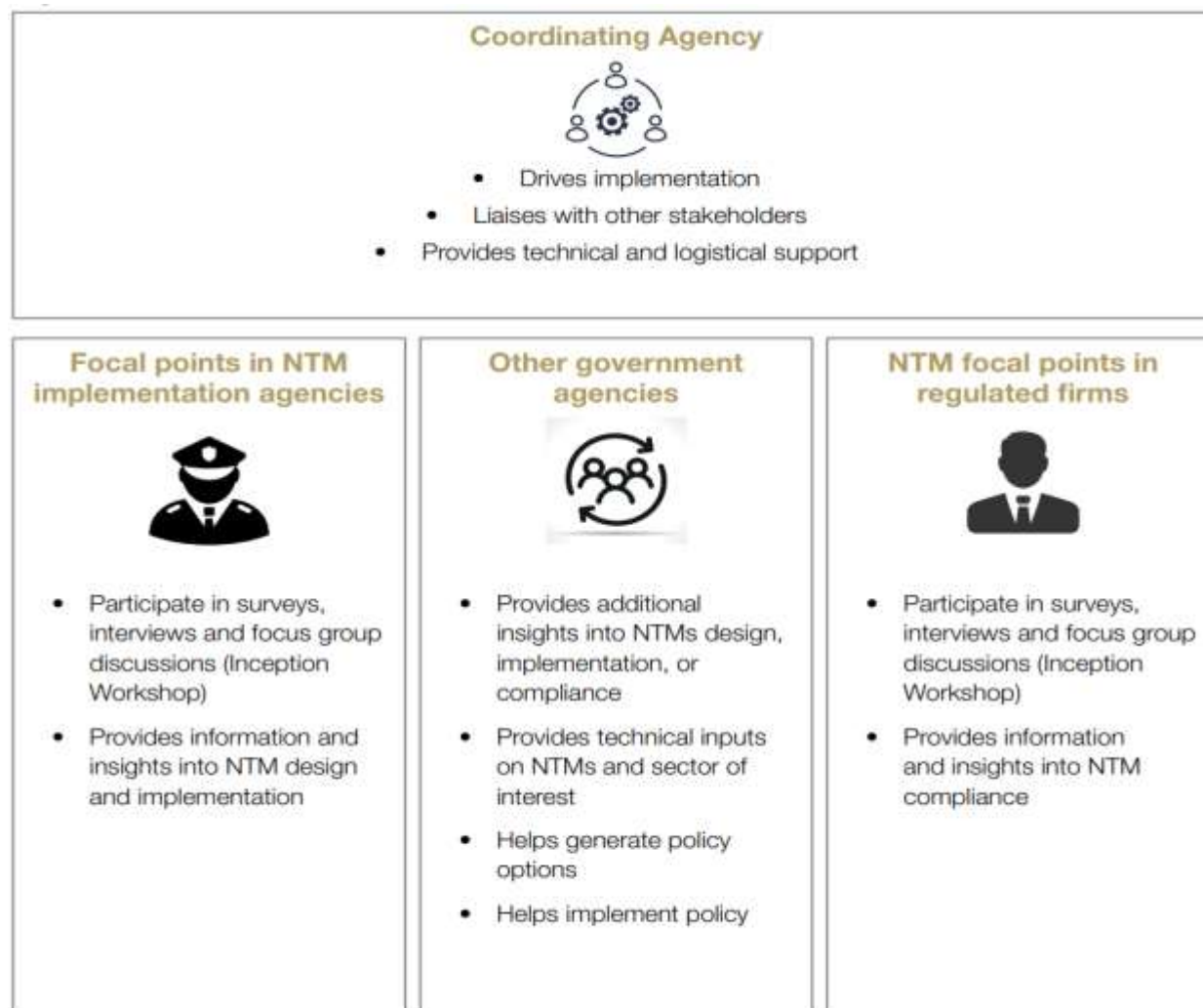
Step 1: Intermediate Input Selection and NTM Mapping



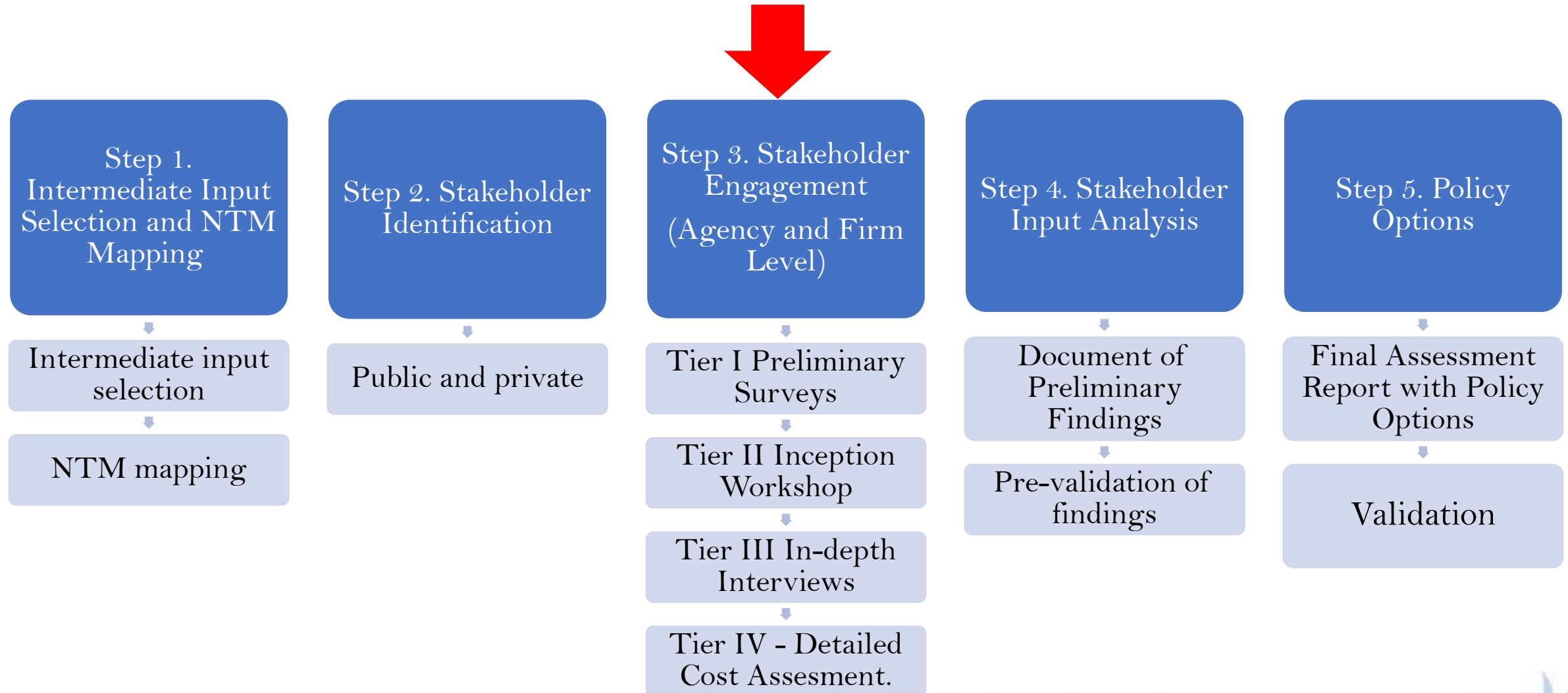
Step-by-step Implementation Approach



Step 2: Stakeholder Identification



Step-by-step Implementation Approach



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

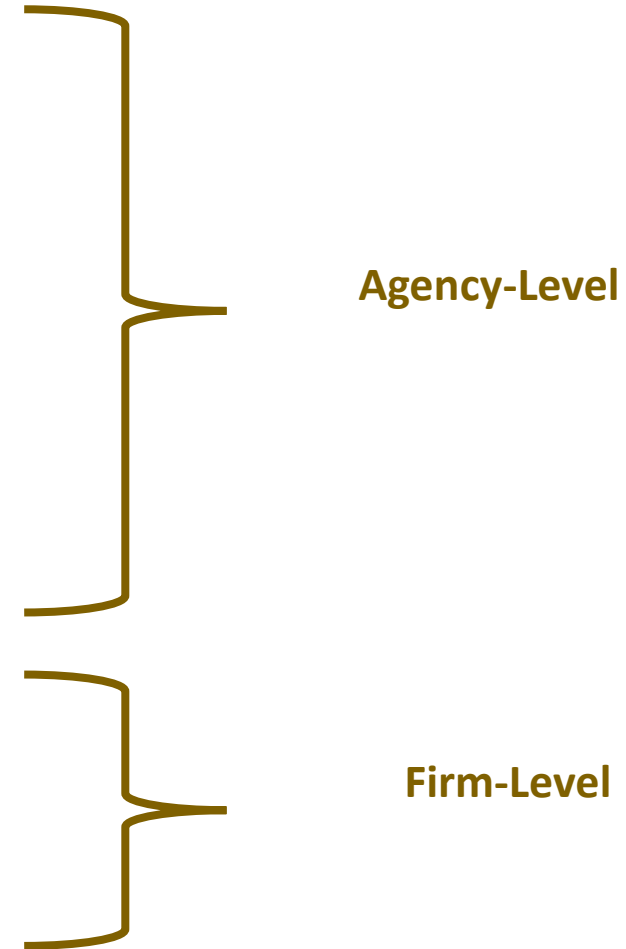
- Objectives
- Design and review process

Implementation

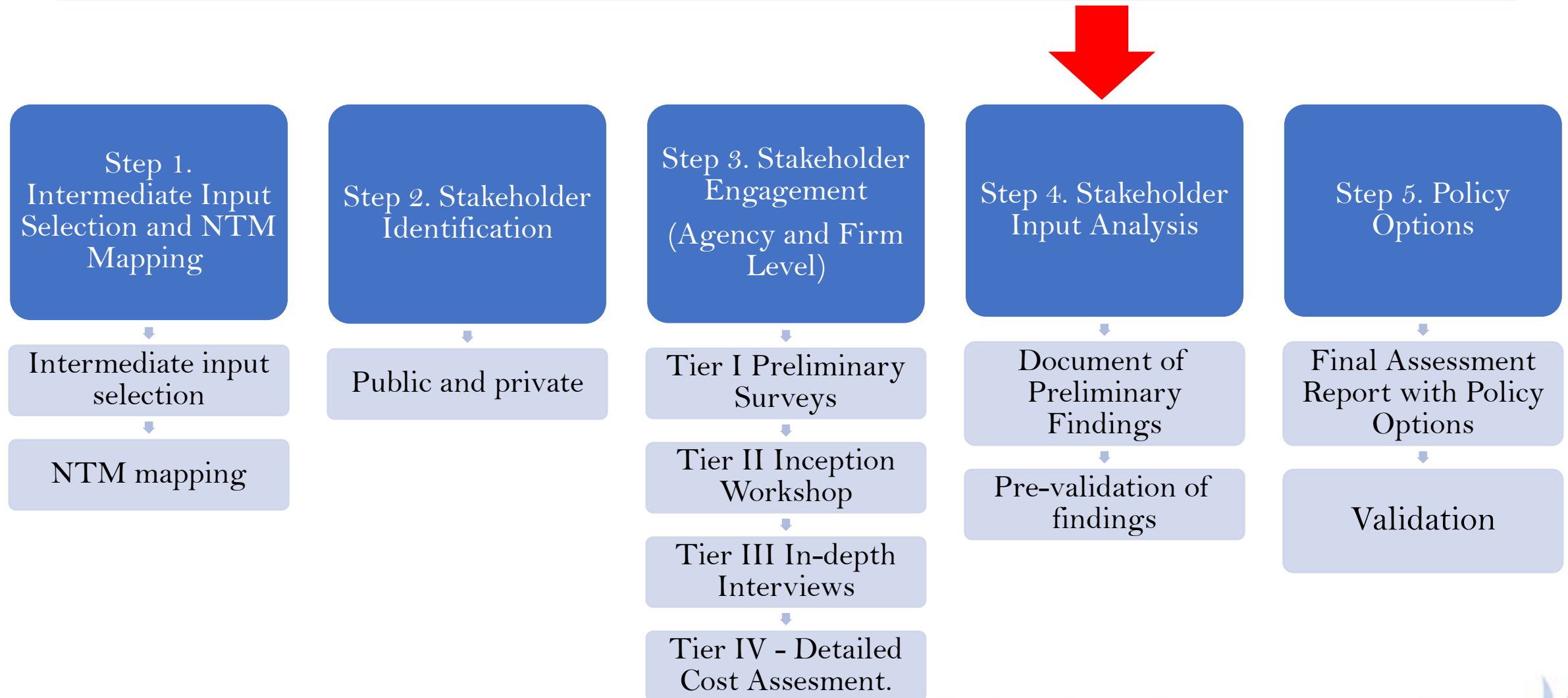
- Enforcement process and time
- Enforcement cost
- Enforcement strategy
- Transparency
- Stakeholder coordination
- Resource allocation
- Facilitating smooth compliance
- Effectiveness

Compliance

- Administrative formalities
- Time constraints
- Transparency
- Quality of enforcement staff
- Agency support
- Compliance costs
- Compliance benefits



Step-by-step Implementation Approach



Step 4: Stakeholder Input Analysis

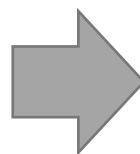
**Analysis of Preliminary Surveys,
Inception Workshop, Interviews and
Detailed Cost Assessment**



1. Simple checklist matrix/yes-no analysis

2. In-depth qualitative analysis of interview responses

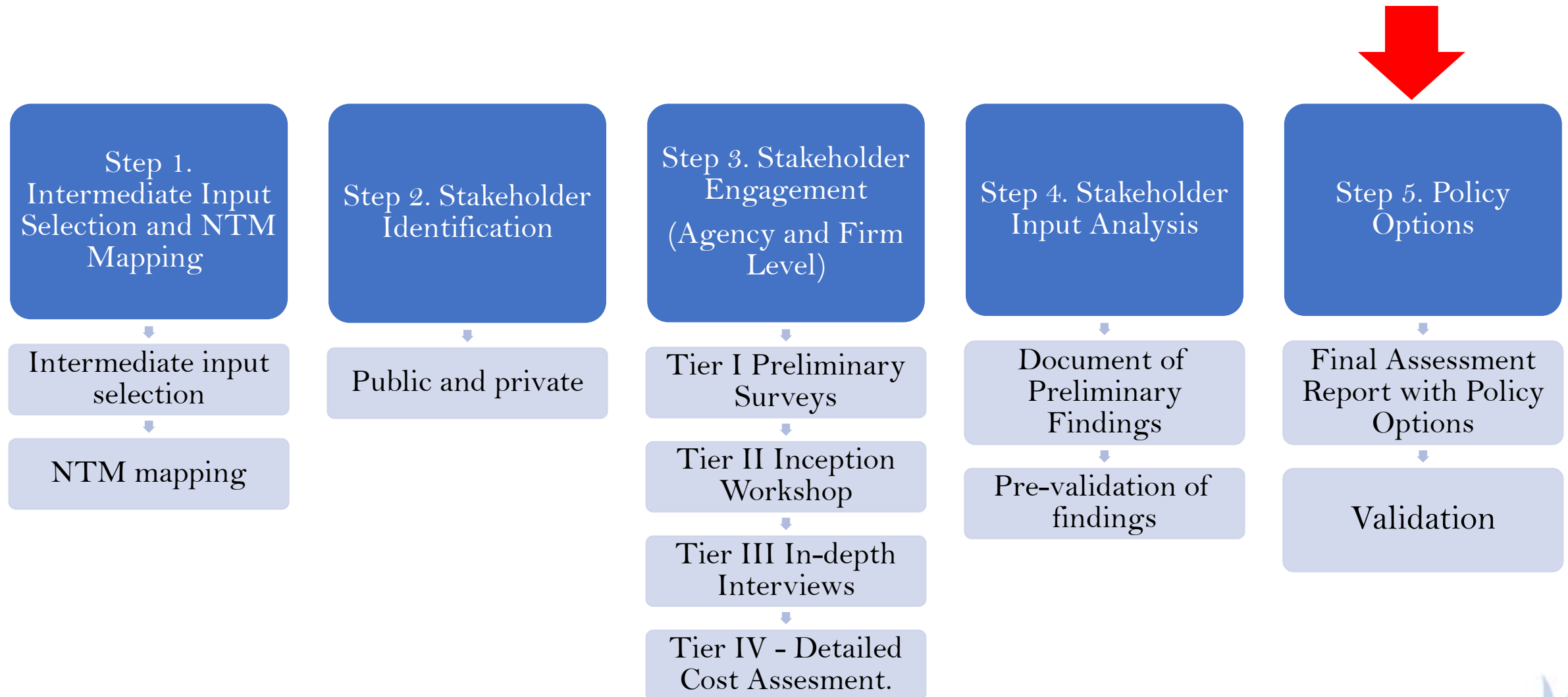
3. Quantitative analysis of cost-assessment spreadsheet



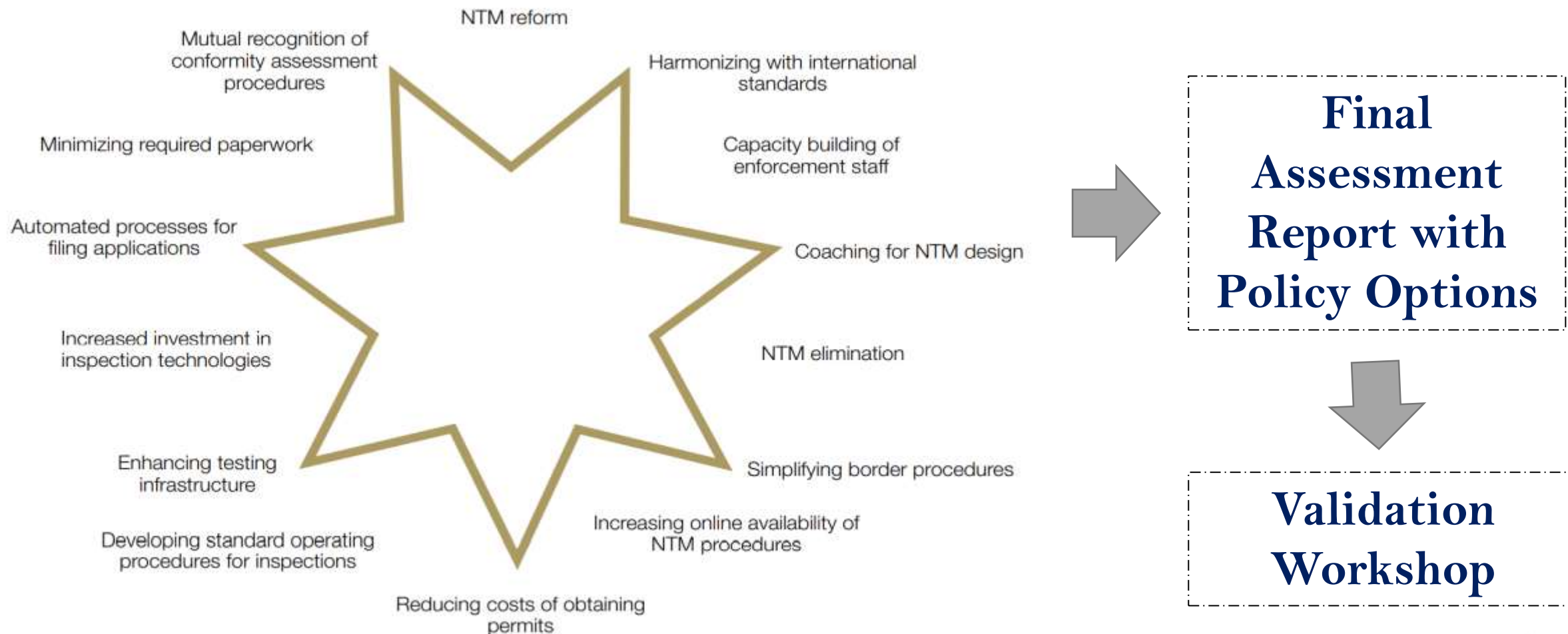
**Pre-validation of
Preliminary Findings**



Step-by-step Implementation Approach



Step 5: Policy Options



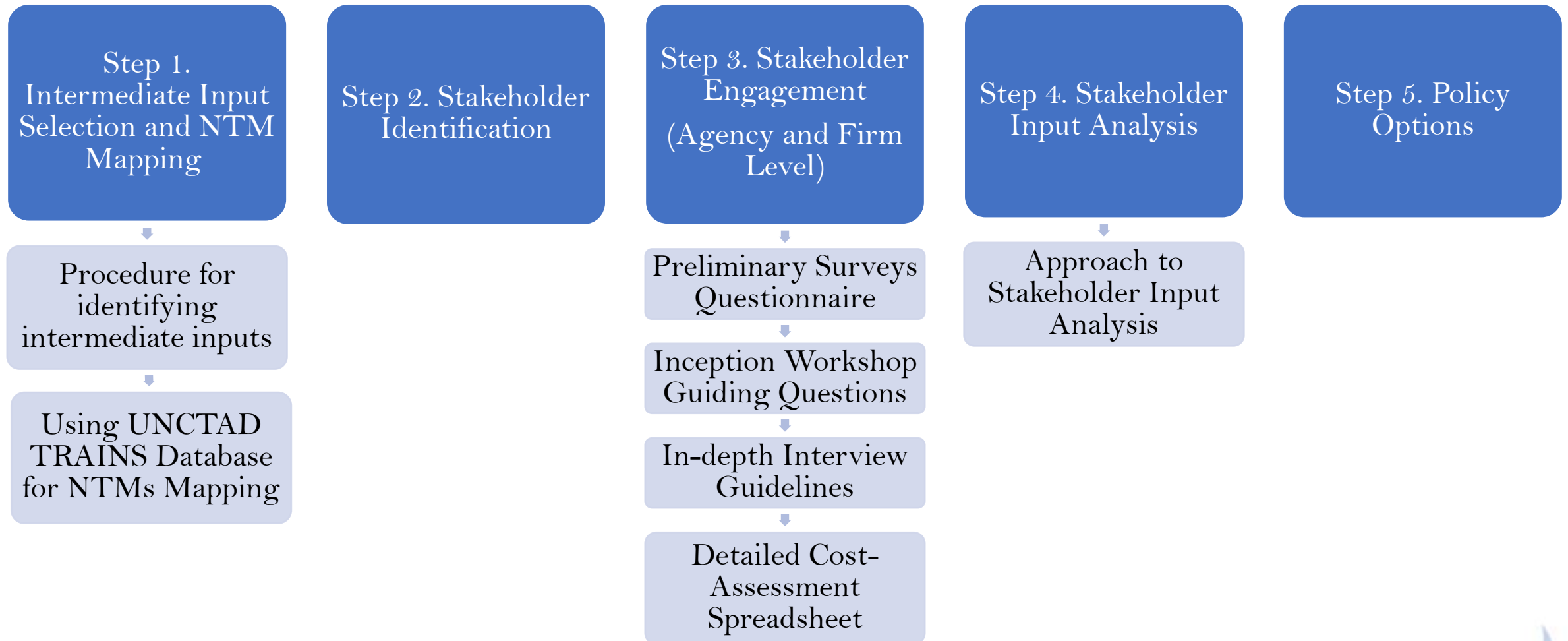
Step 5: Policy Options

Table 3
Policy 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?
<p>POLICY OPTION A</p> <p>Working towards mutual recognition arrangements with Uganda and the United Republic of Tanzania for cotton lint standards and conformity assessment procedures</p>	<ul style="list-style-type: none"> • 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 	<ul style="list-style-type: none"> • 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 	<ul style="list-style-type: none"> • 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 	<p>Leading national institution</p> <ul style="list-style-type: none"> • Ministry of EAC Affairs and Regional Development <p>Other key national institutions</p> <ul style="list-style-type: none"> • Ministry of Industrialization, Trade and Co-operatives • State Law Office • Kenya Revenue Authority • Pest Control Products Board <p>Potential international development partners</p> <ul style="list-style-type: none"> • TradeMark East Africa • International Standardization Organization (ISO) • Food and Agriculture Organization (FAO) 	<ul style="list-style-type: none"> • 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



Thank You

