

**NON-TARIFF MEASURES WEEK**  
**TRADE REGULATIONS AND VOLUNTARY SUSTAINABILITY STANDARDS**

**9-11 October 2018**

**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



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## **OPERATIONALIZING NON-TARIFF MEASURES**

**Reflections from UNECE studies on regulatory and procedural barriers to trade**

# UNECE EVALUATION METHODOLOGY

Design & Implementation of key NTMs underpinning trade in goods

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

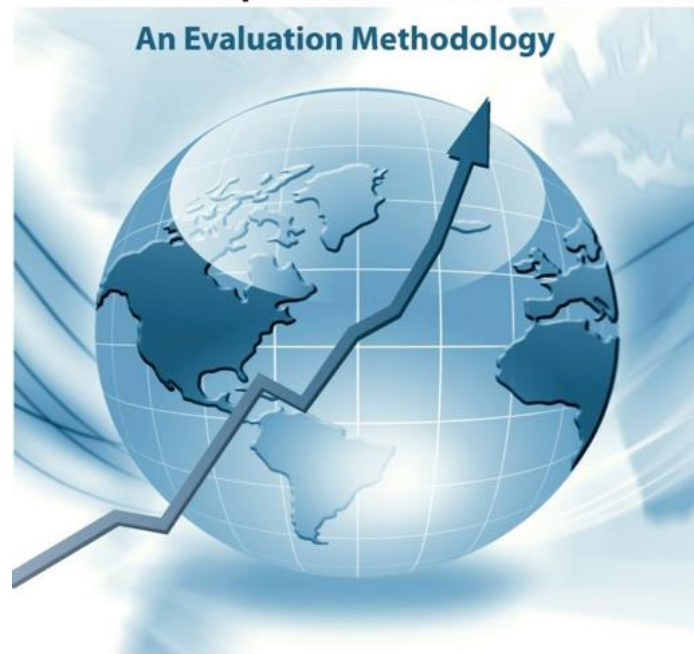
Consultations with public and private stakeholders

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

UNITED NATIONS ECONOMIC COMMISSION FOR EUROPE

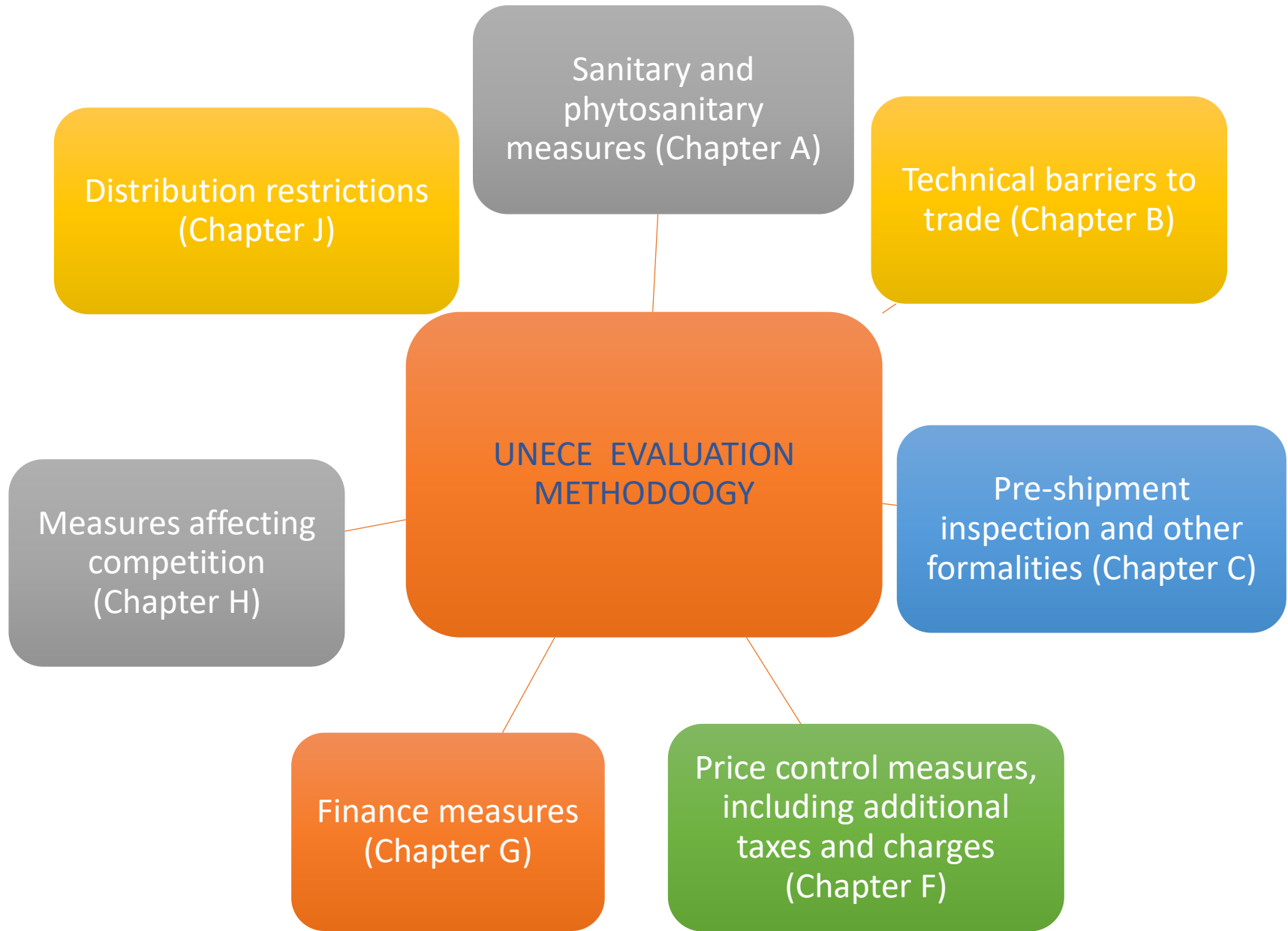
**Assessing regulatory and procedural measures in trade:**

**An Evaluation Methodology**



# 7 NTM CHAPTERS

## Behind and at-the-border measures



## Main Findings

**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)

- TIR not widely used
- Transit trade agreements are narrowly focused (Tajikistan)

- Slow implementation of trade corridor projects
- Inadequate rail , road and maritime transport facilities

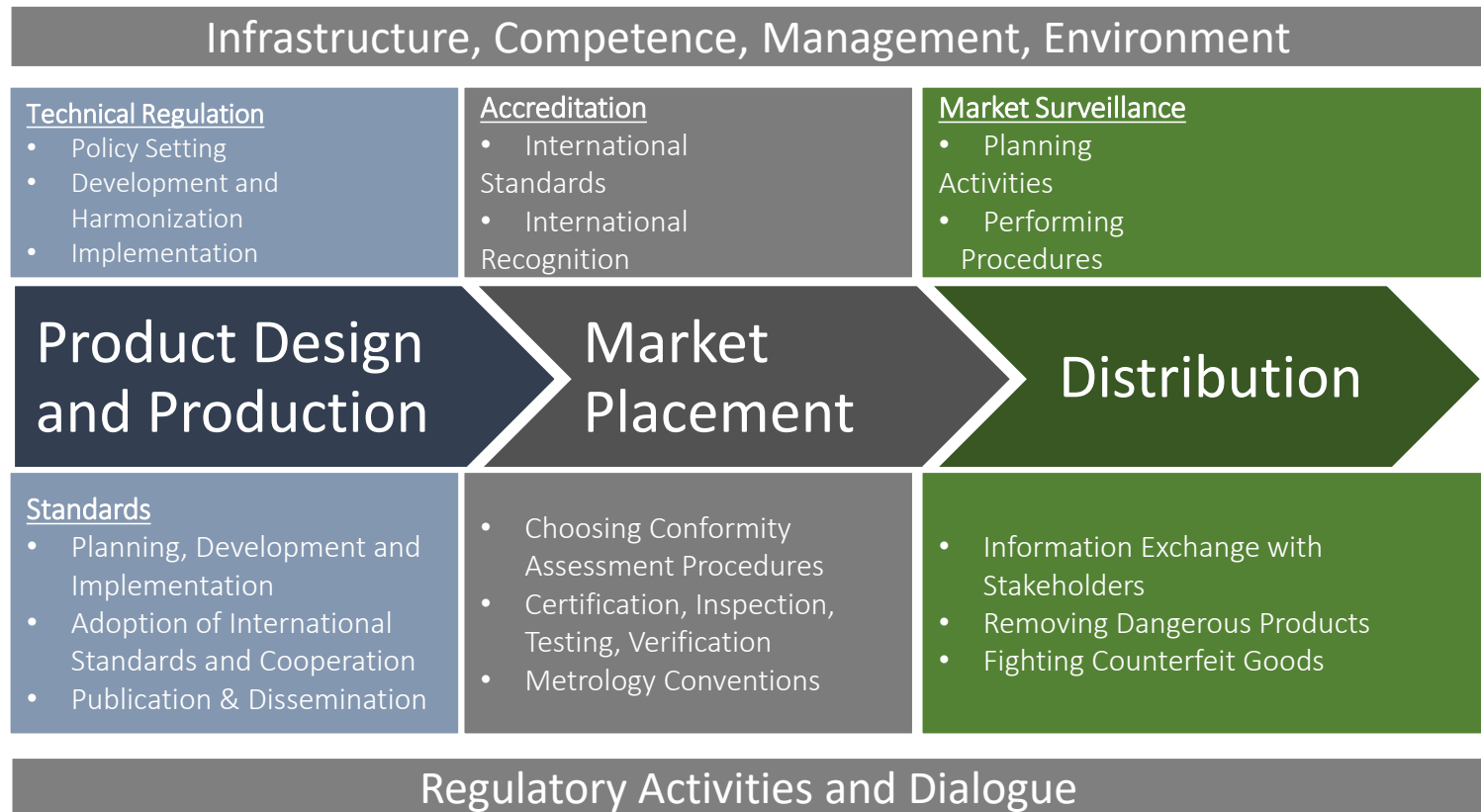
- Shortfalls in inter-agency coordination
- Weaknesses in risk management
- Single Window facilities, White elephants?
- Lack of adequate facilities at main border crossing points

### Lack of expertise skills within State agencies:

- Recurrent government restructuring
- Low salary scales

# Quality control and quality assurance

Not fashioned around product Life cycle



# Quality control and quality assurance

Regulatory  
harmonization:  
Design problems

Preferential rules  
of origin,  
additional  
burden?

## Enterprises' 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)
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## 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

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# Quality Control and Quality assurance

Conformity assessment and metrology systems not up to the task

Absence of mechanisms to ensure in country compliance

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

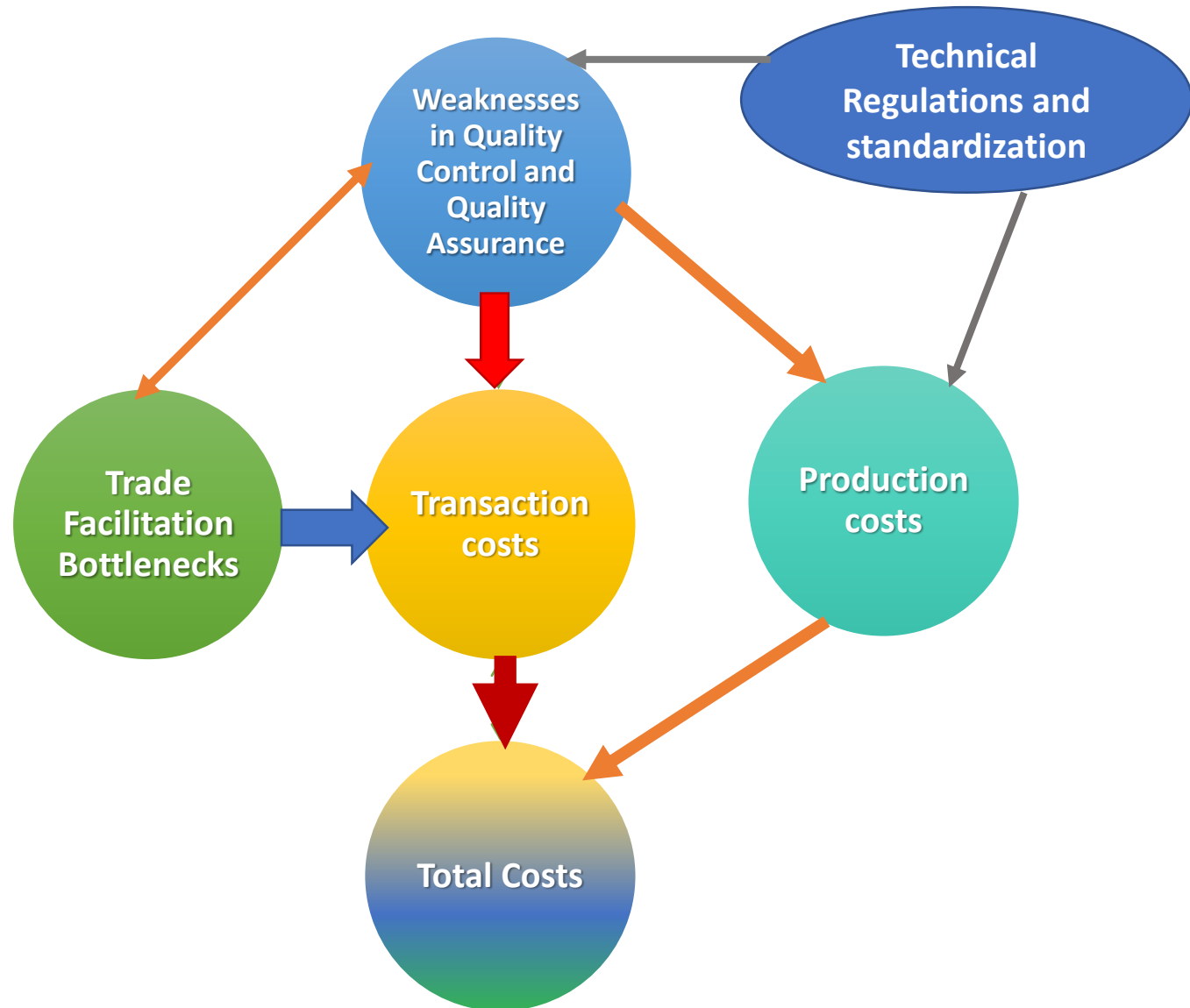
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Market surveillance systems remain embryonic

Enterprises implementing international and regional harmonized standards find themselves threatened by cheaper non-compliant products

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# Interplay between trade facilitation, quality control and assurance systems



# Additional costs assumed by traders



## 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

## Main Findings

**Policy Space? Reaping the expected benefits also requires creating dynamic synergies between legislative harmonization and industrial policies**

# Sector-focused strategies

## Spotlight Effect of standards



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

# A comprehensive system of incentives

## Public Purse

Infrastructure development (not everything is necessary and systems do not need to be built from scratch)

Public Private Partnerships  
Foreign Direct Investment

Maintenance and operational costs factored into budget planning

## Transparency is not only about information dissemination

Institutionalize public-private consultations that build on existing mechanisms and gear these towards achieving **buy-in of key stakeholders**

Keeping trade partners abreast (UNCTAD TRAINS)

## Market support services

Brokerage industry

Trade finance

Loan facilities for producers

On the farm support

Industrial upgrading (technological capability)

Networking, both in country and with regional and global supply value chains

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>