

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

9-11 October 2018

**Comments on**  
**"The unseen impact of Non tariff Measures: Insight from a new database"**

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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# **Comments on “The unseen impact of Non tariff Measures: Insight from a new database”**

**NTM Week  
10 October 2018  
Geneva**

- **Salient point:**

There is heterogeneity in the coverage (i.e. number/share imported products regulated) but most of all in the intensity (here capture via prevalence score)

Indeed, the cumulative burden of different measures is considered the most burdensome for trade. And thanks to MAST dataset it can be captured

But not clear if different type of NTM: SPS+ TBT+ QR... or also multiplicity in the same type: several SPS etc...

- **Possible Improvement:** regulatory distance

Only a detailed comparison of regulatory texts allow to assess precisely the extent to which regulations differ across countries.

A shortcut is to measure of regulatory distance in terms of type of NTMs (MAST categories) between any two countries at the HS6 product level.

- relevant for technical measures only ( SPS A and TBT B)
- rough approximation to regulatory differences
- should ideally be complemented by a measure differences in the stringency of NTMs (say, MRL level)

- **Salient point**

Show that while average are similar between developed and developing the composition differs (technical vs non technical).

Important in terms of next steps: non technical barriers are of the responsibility of the importers, while technical barriers can be deal in the context of IRC mechanisms

Still good to compare AVE NTM with Tariff: not new but gives a good sense of what should be tackled: not only tariff

- **Possible Improvement: estimation of AVE**

Need clarify if true specific importer effect of NTM.

Interact the presence of NTM with share of importer in world trade: not strictly an importer specific effect then

NTM often serve policy objective (consumer protection).  
Then positive effect of some NTMs on trade flows?

What about the cumulative effect of NTMs (see the prevalence ratio)? number of NTMs instead of NTM presence



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# **Comments of “Non tariff Measures: Economic Assessment and Policy Option for Development”**

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# Comments on Part 1

- Policy implications (Chapter 2):

Mapping exercise is very relevant : with SDG but also with WTO rules

Very timely to look at how/if WTO rules constrain domestic policy objectives

Need more Transparency at WTO on NTMs notifications (in particular in subsidies)

Right to focus on TFA, important for OECD (TFI to monitor)

and on Aid for Trade (could have evaluation of those projects)

- Model framework (Chapter 4) :

novel : map with each type of NTM a model framework to understand economic implications in terms of cost and trade flows and welfare: (program this in wits?)

Recent firm level data studies: Fontagne et al (2015), Fontagne and Orefice (2018) or ongoing Fugazza, Olarreaga and Ugarte (2018)



## Comments on Part 1 (2)

- Technical measures and their trade enhancing effect (Chapter 5):  
Rely on earlier work from Xiong and Beghin (2014) → insisted on the positive trade enhancing effect that those technical measures can have

Indeed when the quality of suppliers is heterogeneous and unknown to buyers, regulations can overcome the information deficit and convey a signal that all producers conform to a certain standard, encouraging demand: Good regulations can facilitate trade

And this is key to capture this aspect once the next step is adopting IRC mechanisms : those positive effect must remain after harmonization

- Estimating the effect of NTM (Chapter 3) : see first book

## Comments on part 2: case studies

- Broad comment : overall huge heterogeneity in the type of case studies: some are a research type (model and econometrics) other are statistics descriptive:
- their main common factor is that they are specific to a developing region or country
- Off interest for the work we are doing at OECD is the study by Ferraz, Ribeiro and Rittel that shows countries with a comparative advantage in product categories adapt more easily to NTMs in destination countries
- Again one might want to keep this in mind for the next step if IRC schemes

# Overall

- Two very excellent pieces on this NTM field
- That I recommend to read
- But plan to have time ahead