Non-Tariff Measures As Major Factors Affecting Market Access

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Market Access

- Elimination of tariffs and non-tariff measures (NTMs) is key topic of negotiations in FTA/RTA
- Significant reduction in tariffs under WTO and bilateral/multilateral trade agreements, except for some special products
- Increasing and widespread use of NTMs; increasing number of notifications of technical measures to the WTO
- NTMs greatly restrict international trade; their impact is higher than tariffs
- The effects of NTMs on international trade flows are understudied
- NTMs not easy to quantify; significant variation in NTM instruments; quantitative analysis need data which is very hard to collect
- NTMs remain a major challenge in FTA/RTA negotiations
- Objective of discussion is to present estimates of NTMs in ASEAN and RCEP
**UNCTAD NTM Classification**

**Imports**
- Technical measures • Sanitary and phytosanitary (SPS)
  • Technical barriers to trade (TBT)
  • Pre-shipment inspection and other formalities
- Non-technical measures • Contingent trade-protection measures
  • Non-automatic licensing quotas, prohibitions and quantity-control measures other than for SPS and TBT reasons
  • Price-control measures, including additional taxes and charges
  • Finance measures
  • Measures affecting competition
  • Trade-related investment measures
  • Distribution restrictions
  • Restrictions on post-sales services
  • Subsidies, excluding export subsidies
  • Government procurement restrictions
  • Intellectual property
  • Rules of origin

**Exports**
- Export-related measures

Source: UNCTAD - NTM Classifications 2012 Version

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**Incidence of NTMs (Worldwide)**

<table>
<thead>
<tr>
<th></th>
<th>% of trade</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Technical measures</strong></td>
<td></td>
</tr>
<tr>
<td>TBT</td>
<td>30%</td>
</tr>
<tr>
<td>SPS</td>
<td>15%</td>
</tr>
<tr>
<td><strong>Non-technical measures</strong></td>
<td></td>
</tr>
<tr>
<td>Pre-shipment</td>
<td>20%</td>
</tr>
<tr>
<td>Price control</td>
<td>8%</td>
</tr>
<tr>
<td>Quantity controls*</td>
<td>23%</td>
</tr>
</tbody>
</table>

*quotas, export restrictions, non-automatic licensing

Source: UNCTAD - NTM Classifications 2012 Version
Frequency Index by Broad Type of MTNs (Worldwide)

- Technical measures: 50 in 1999, 60 in 2010
- Price controls: 5 in 1999, 10 in 2010
- Quantity controls: 15 in 1999, 10 in 2010
- Other measures*: 10 in 1999, 15 in 2010

*Other measures include pre-shipment inspection and trade defense (or contingency protection) measures

Source: UNCTAD - NTM Classifications 2012 Version

Measuring NTMs

- Approaches
  - Direct measurement
  - Indirect measurement, such as estimation of gravity model
- Gravity model – exports are affected by: production; consumption; distance; contiguity, common language, colonial history, etc; multilateral resistance factors; border effects
- Below is set a of estimates of ad valorem tariff equivalent of NTM in ASEAN and RCEP estimated using GTAP 8 data
Implications

- High NTMs in ASEAN and RCEP
  - High NTMs in agriculture and food
  - Prohibitive NTMs in services
- Need to discuss and address them for they limit the flow of trade within the region
- Need to carefully study the effects MTNs on trade and welfare in the region
- Reduction in NTMs on agriculture and food is a poverty alleviation measure