



**Asia-Pacific  
Economic Cooperation**

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**2018/SOM2/CTI/WKSP/002**

## **Addressing Non-Tariff Measures in Free Trade Agreements and Regional Trade Agreements**

Submitted by: ERIA



**Capacity Building Workshop on  
Addressing Non-Tariff Measures in  
Free Trade Agreements and Regional  
Trade Agreements  
Port Moresby, Papua New Guinea  
17 May 2018**



# Addressing Non-tariff Measures in FTAs and RTAs

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***Capacity Building Workshop on addressing NTMs in FTAs/RTAs***

***Port Moresby, May 17<sup>th</sup>, 2018***

# Perspective on NTMs

- Policy measures, other than ordinary customs tariffs, that can potentially have an economic effect on international trade in goods, changing quantities traded, or prices, or both (UNCTAD)
- Economic impact can be positive or negative.
- No judgment over legitimacy



# Why NTMs?

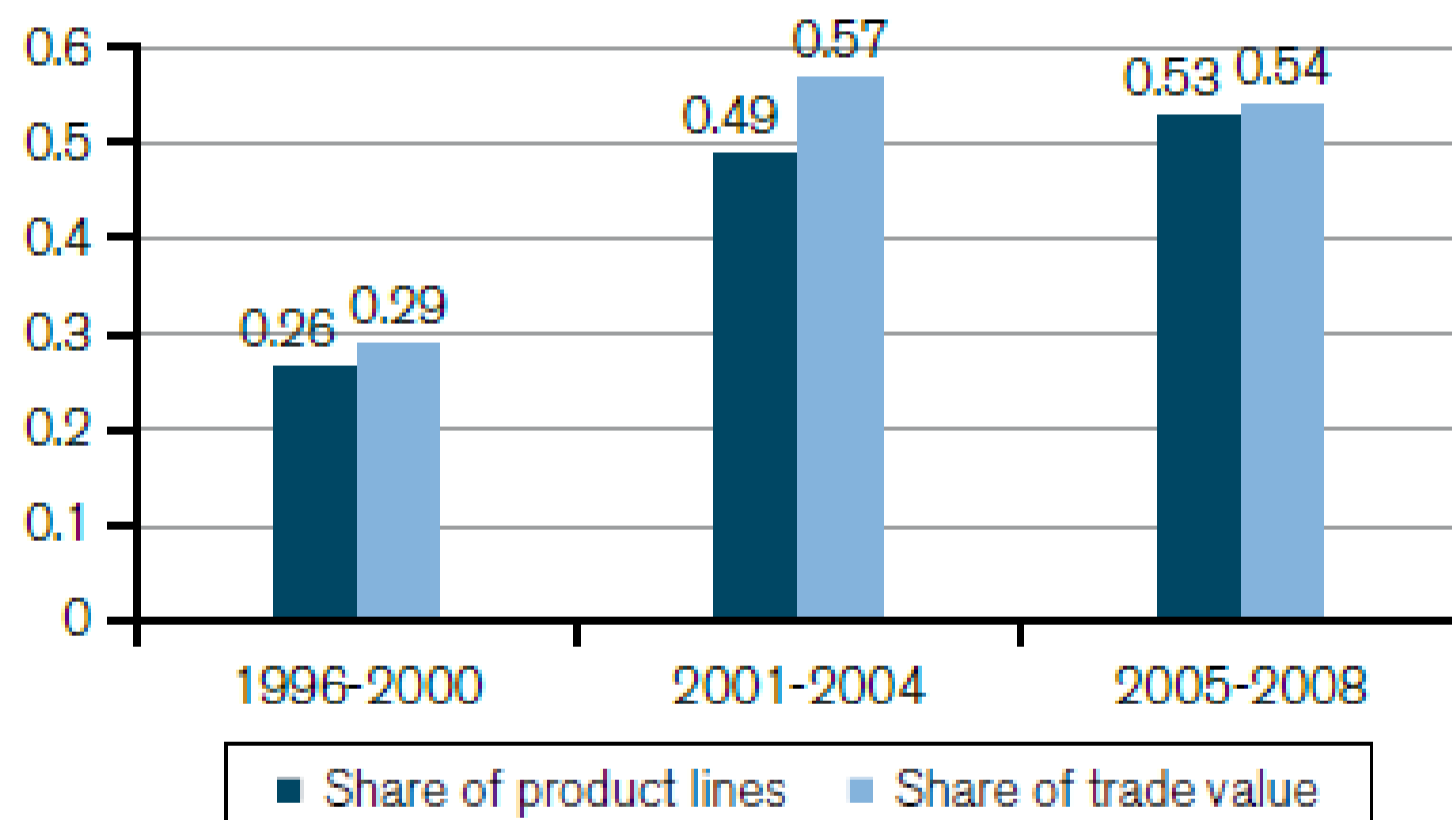
- Non-trade vs trade objectives



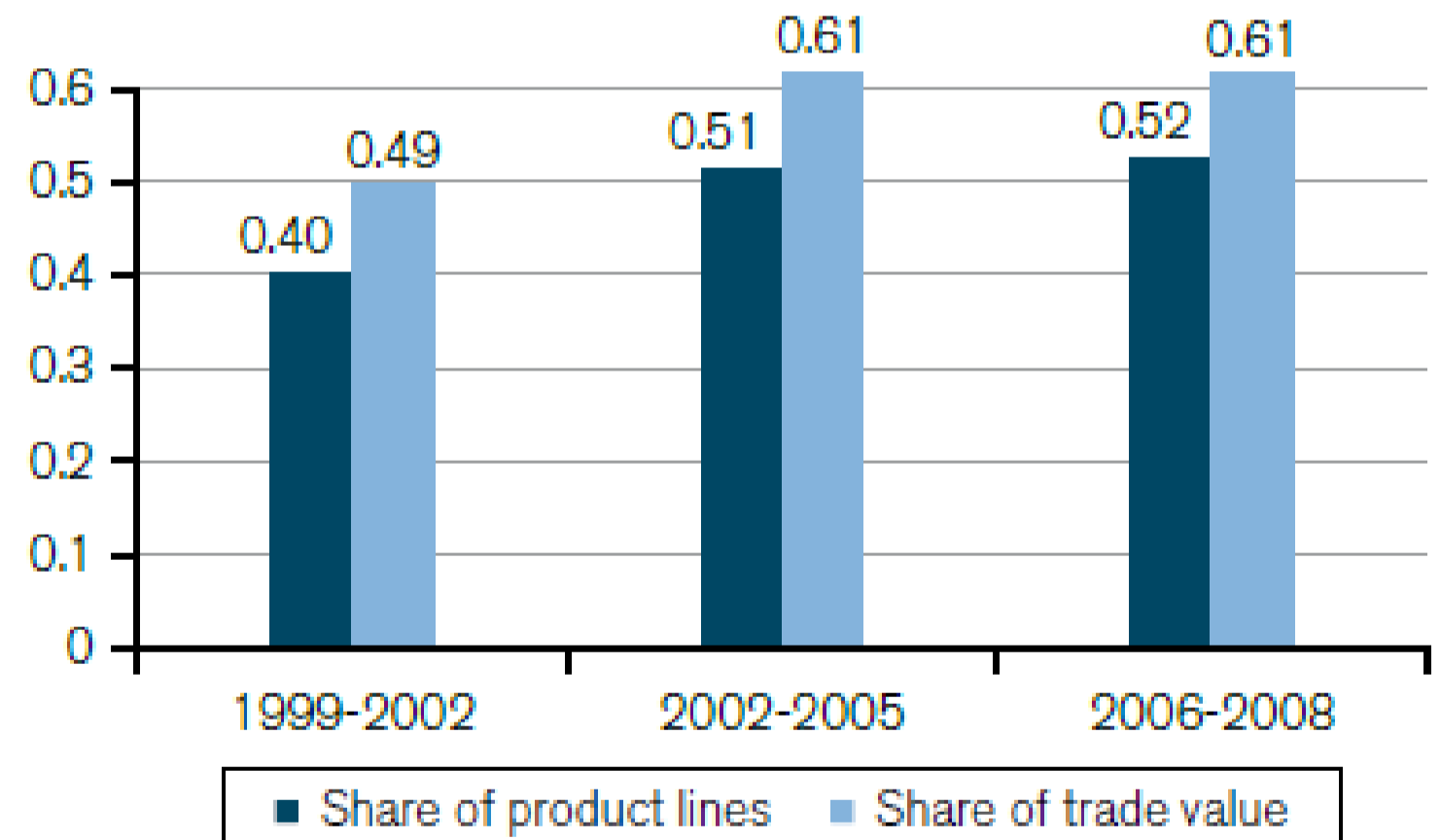
# NTMs on the rise

## Share of product lines and trade value covered by NTMs, 1996-2008

(a) All available countries



(b) Selected Latin American countries

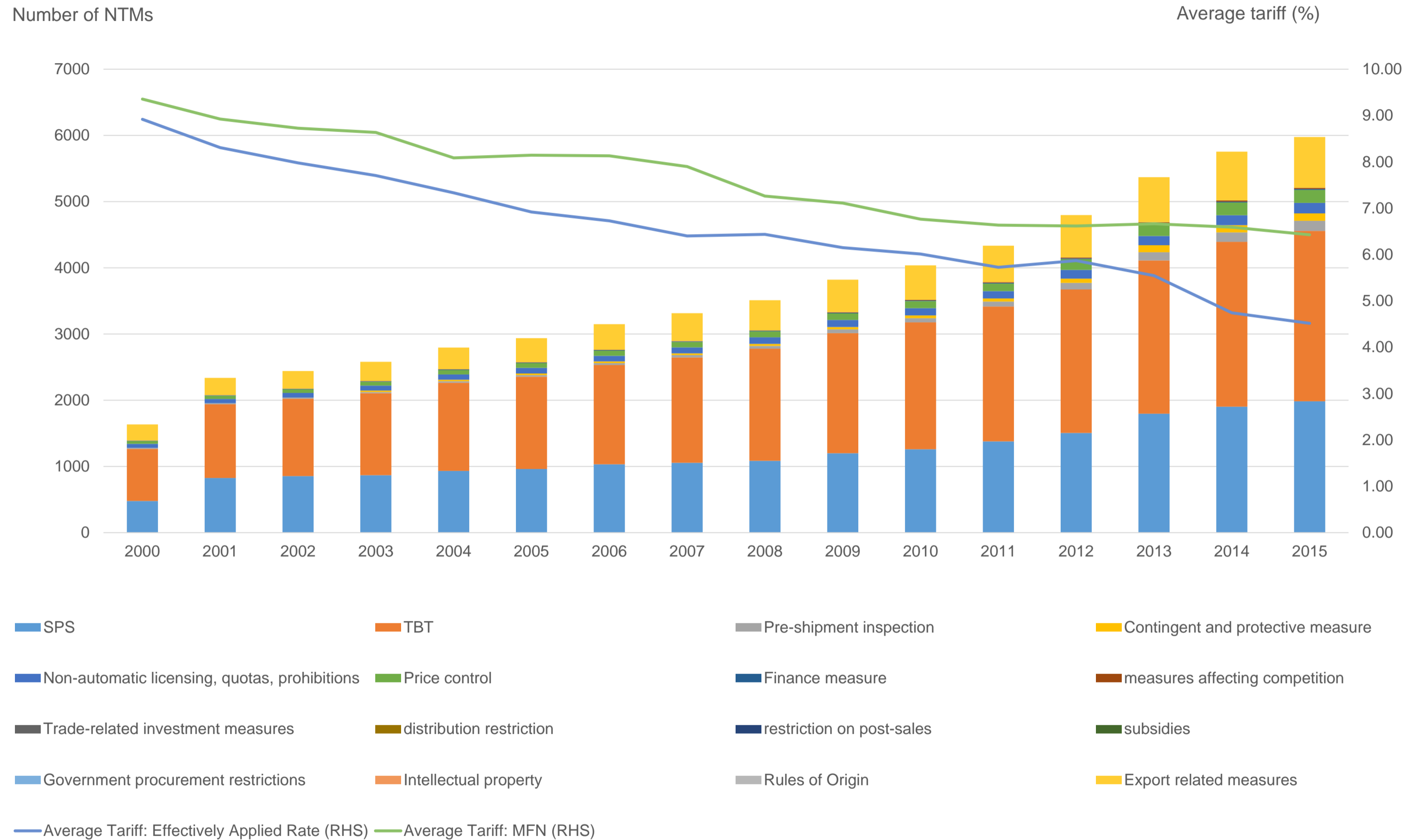


Source: WTO's World Trade Report, 2012



# Tariff and NTMs in ASEAN

Tariffs and NTMs in ASEAN

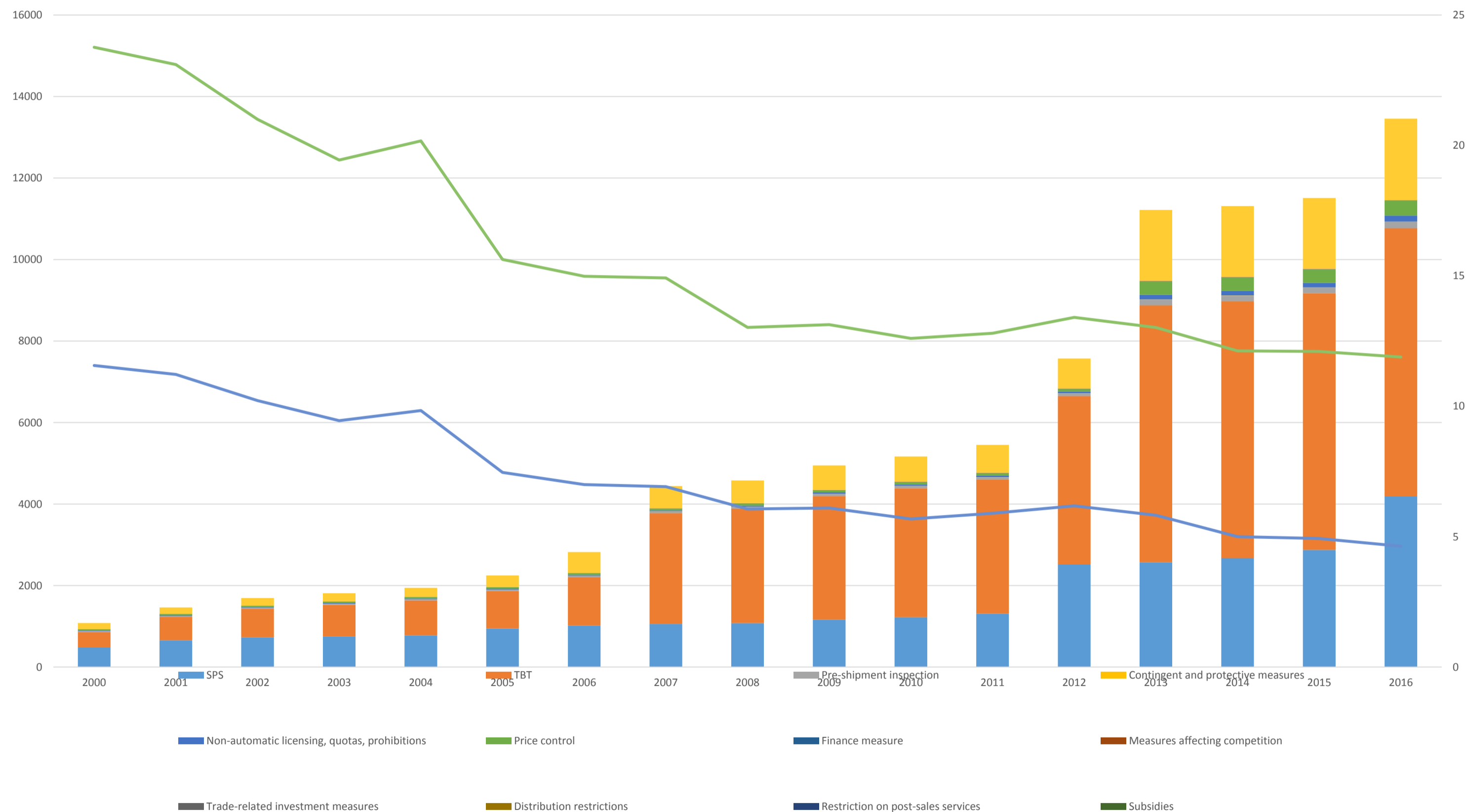


Source: Ing, Cadot, Anandhika and Urata (2016), data on NTMs are from <http://asean.i-tip.org> and data on tariff are from WITS database.



# Tariff and NTMs in Chn, Kor, Jpn, India, Aus, Nz

(As of January 2017. Not for quotation)



Source: ERIA-UNCTAD NTM National Team Template Database, January 2017 [the data cannot be quoted as they still need to be verified]

www.eria.org

# NTMs in ASEAN by measures

Country	Total (number)	SPS (%)	TBT (%)	Export measures (%)	Others (%)
Brunei	516	31	56	9	4
Cambodia	243	15	50	29	7
Indonesia	638	20	51	12	18
Lao PDR	301	13	30	27	30
Malaysia	713	36	47	10	7
Myanmar	172	44	24	20	12
Philippines	854	27	42	17	13
Singapore	529	24	59	9	7
Thailand	1,630	48	34	8	9
Viet Nam	379	37	37	17	8
<b>Total</b>	<b>5,975</b>	<b>29%</b>	<b>43%</b>	<b>16%</b>	<b>12%</b>

Source: Ing, Cadot, Anandhika and Urata (2016), data on NTMs are from <http://asean.i-tip.org> and data on tariff are from WITS database.



# NTMs in Chn, India, Jpn, Kor, Aus, NZ by measures

Country	Total (number)	SPS (%)	TBT (%)	Export measures (%)	Others (%)
Australia	2,027	4%	64%	25%	6%
China*	1,750	51%	20%	21%	8%
India	2,081	50%	46%	2%	1%
Japan	3,298	10%	61%	21%	7%
Korea Rep.	1,248	23%	42%	25%	10%
New Zealand	3,053	50%	46%	2%	2%
<b>Total</b>	<b>13,457</b>	<b>31%</b>	<b>49%</b>	<b>15%</b>	<b>5%</b>

Source: ERIA-UNCTAD NTM National Team Template Database, January 2017 [the data cannot be quoted as they still need to be verified]

Note: \*The work on China is still very preliminary as more than 90% of regulations are in Chinese

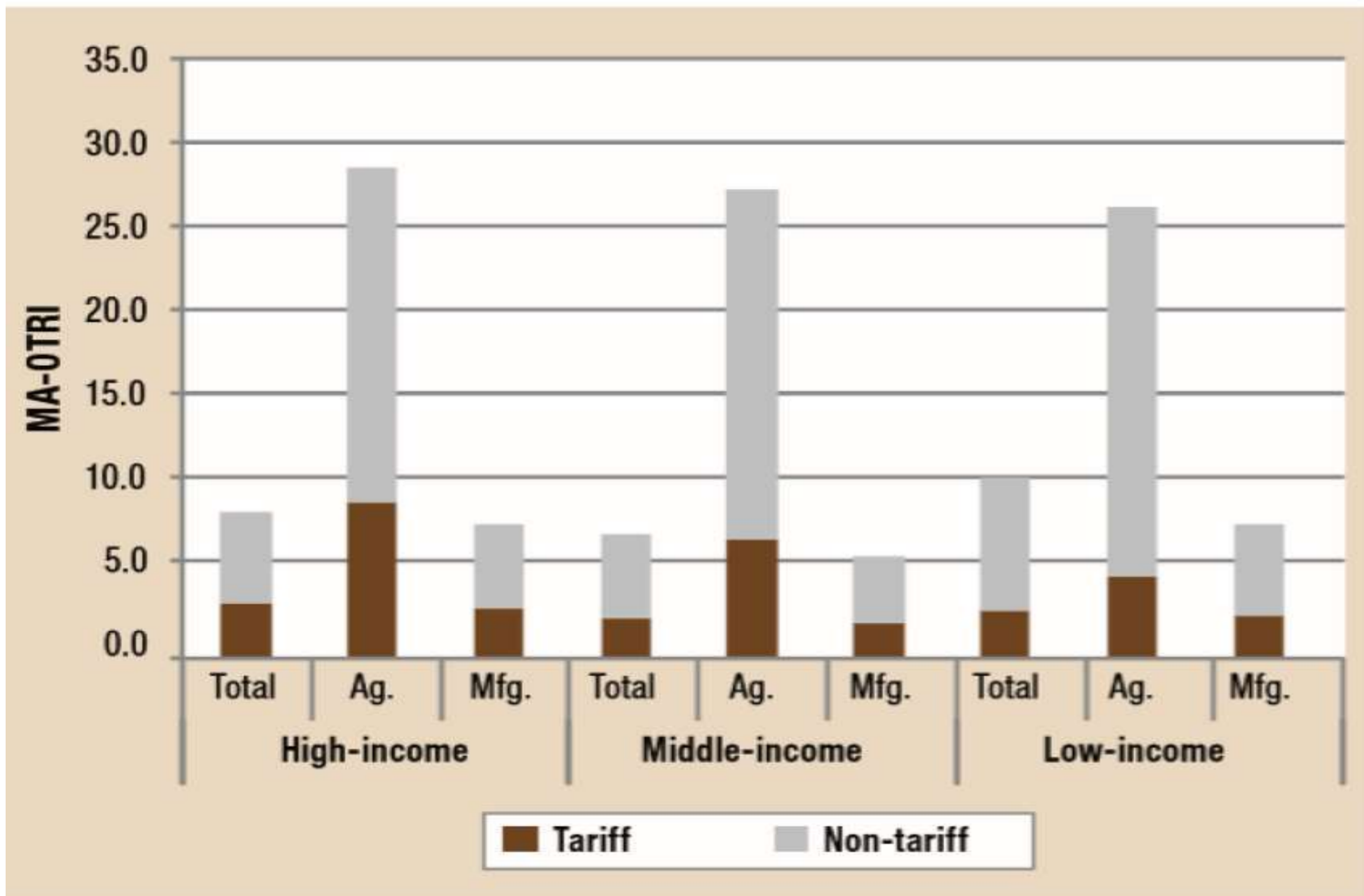


# NTMs vs NTBs

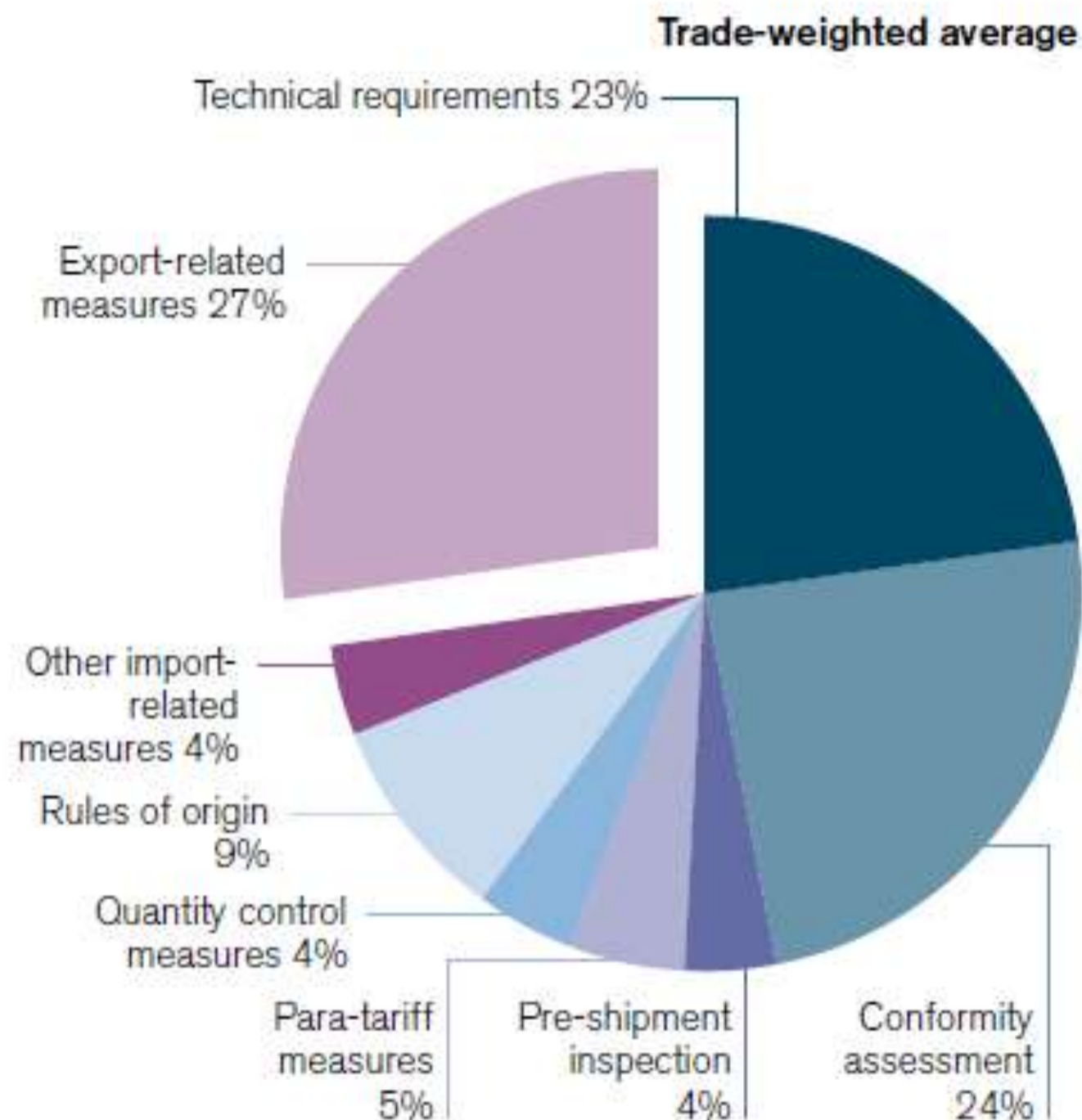
- NTMs can serve legitimate purposes
  - Regardless of the objectives, NTMs are potentially trade-inhibiting.
- Core Challenge: Public policy goals vs trading opportunities



# Overall level of restrictiveness faced by exporters



# Burdensome NTMs by type of measures, 2010 (%)



Source: ITC business surveys on NTMs.

Note: Surveys were conducted in 11 developing and least-developed economies: Burkina Faso, Egypt, Jamaica, Kenya, Madagascar, Mauritius, Morocco, Paraguay, Peru, Rwanda and Uruguay. Minerals and arms are excluded from the survey.



# Addressing NTMs in FTAs

- Issues
  - Reduction of tariff alone is not sufficient to enhance trade
  - Conventional approach: elimination of tariffs and reduction of NTBs
  - Principles on SPS and TBT related measures: weak, repetition of WTO principles



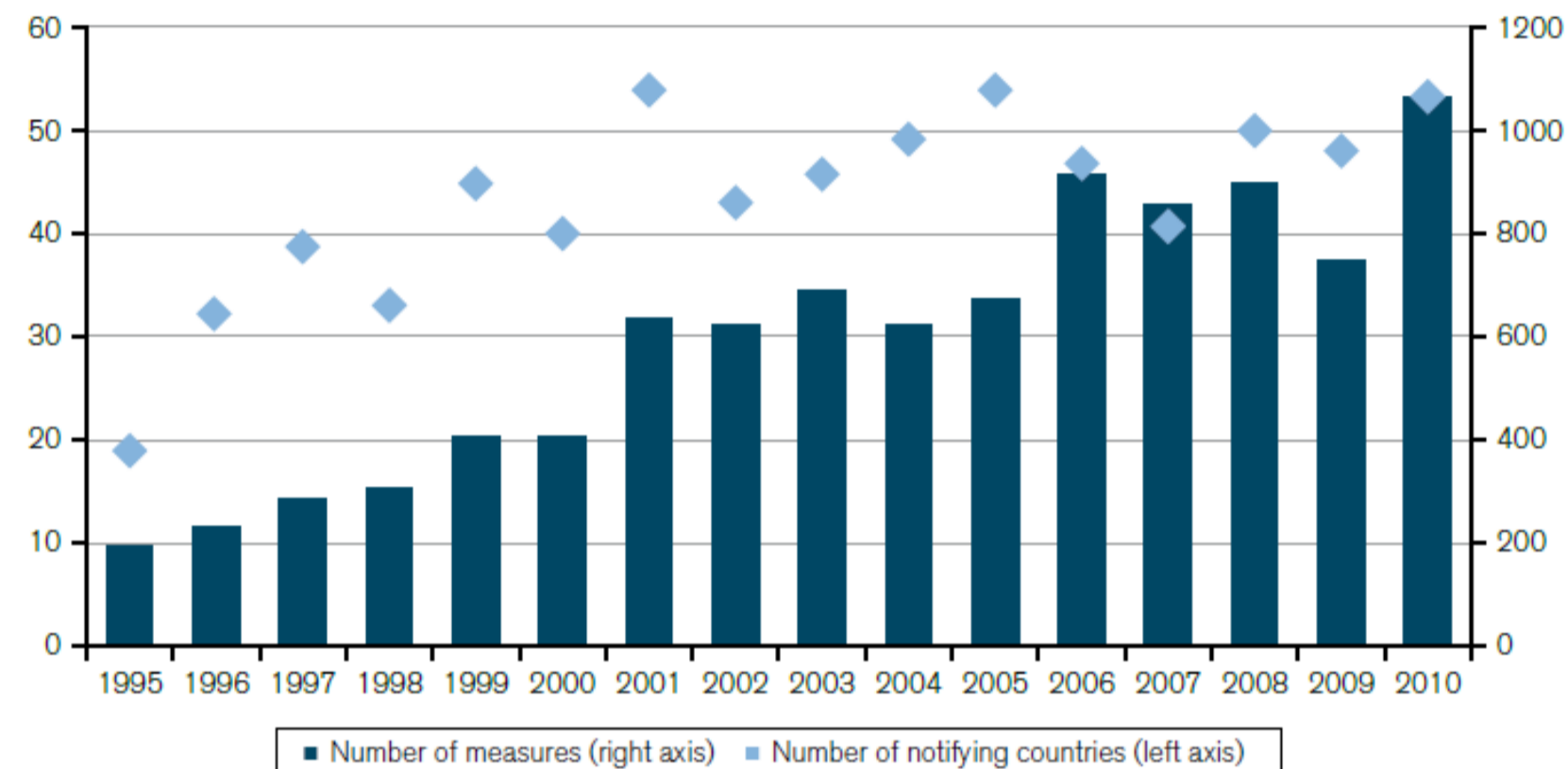
# Addressing NTMs in FTAs

- Challenges
  - Lack of transparency
    - Notification
    - Availability and accessibility of data
  - Assessment
    - Regulations → Quantification
    - Complexity
    - Measures vs procedure
  - Regulatory divergence
    - Coverage ratios
    - Stringency of measures
    - Implementation

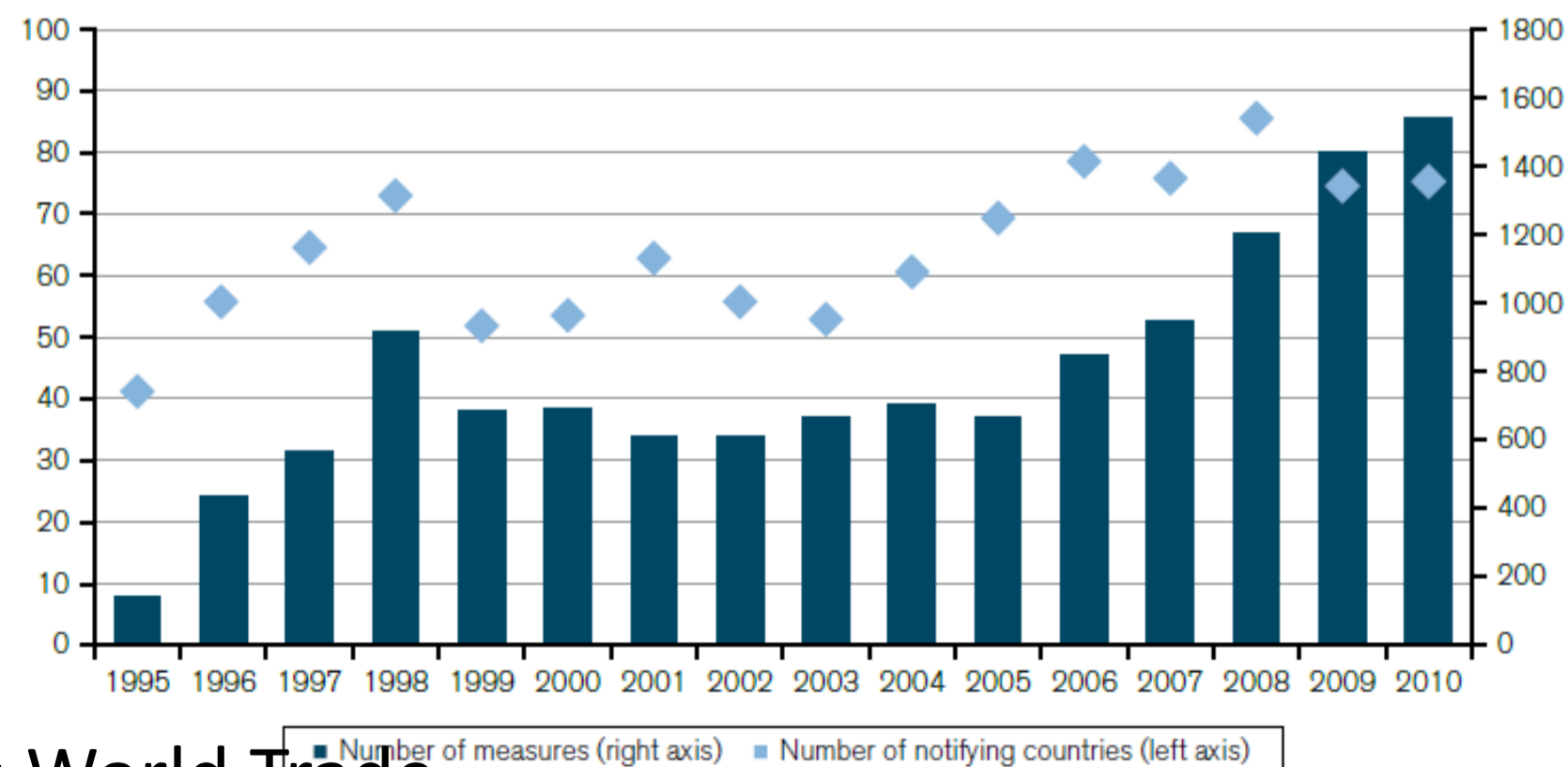


# SPS and TBT Notifications, 1995-2010

(a) SPS



(b) TBT



Source: WTO's World Trade



# Addressing NTMs in FTAs

- Key principles
  - Transparency and simplicity
  - Non-discrimination
  - Based on international standards or scientific evidence
  - Least trade-restrictive measures
  - Right to respond
  - Dialogue and cooperation

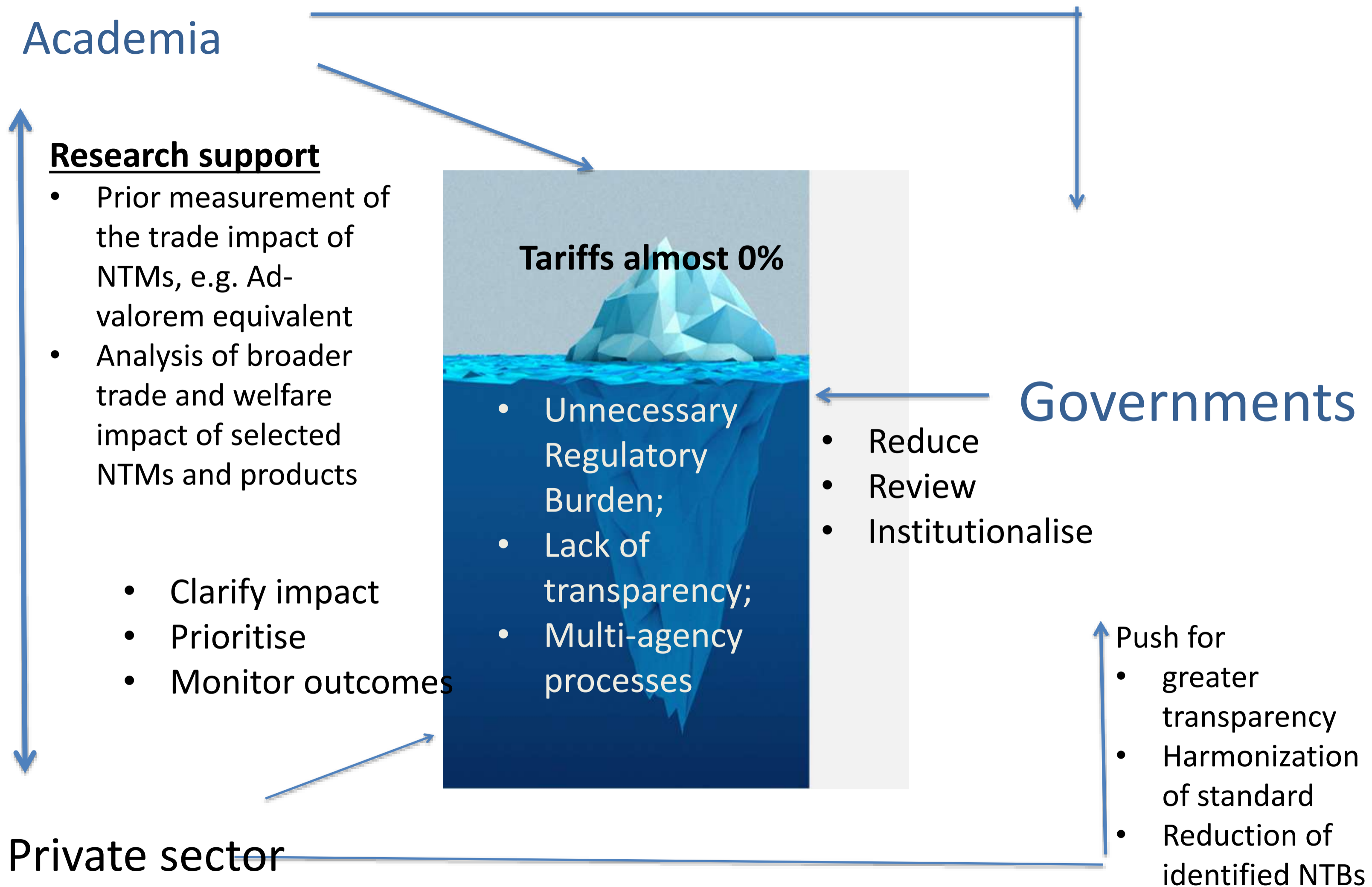


# Addressing NTMs in FTAs

- Actions
  - Transparency
    - Establishment of specialized committees in charge of monitoring NTMs
    - Notification mechanism
  - Assessment:
    - Impact analysis
    - NTMs vs NTBs
  - Regulatory convergence
    - Reduction of regulatory burden
    - Recognition of international standards
    - Mutual recognition agreements
  - Development from domestic laws
  - Consideration of development gap across members

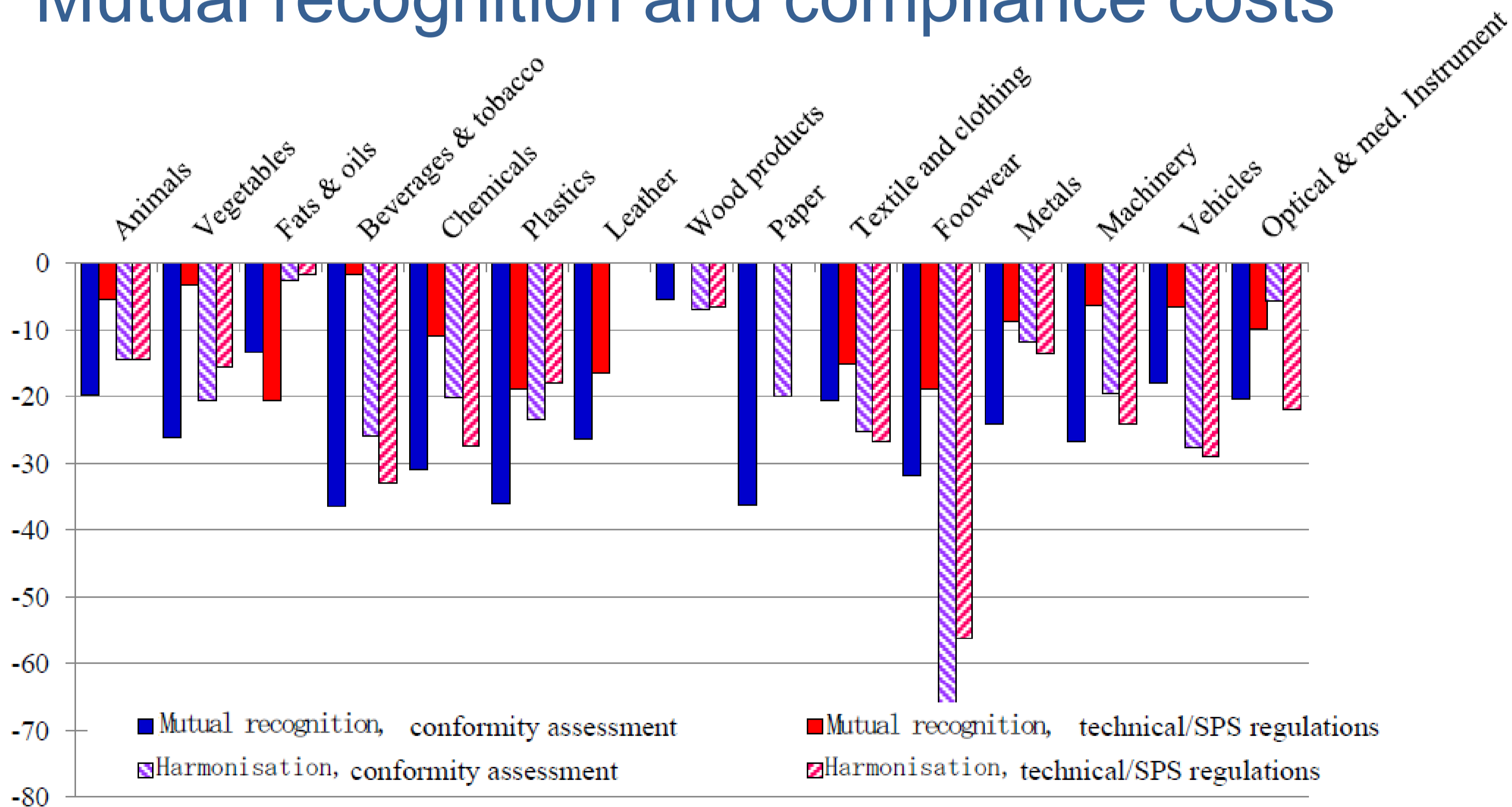


# Alignment, Coordination, Collaboration: Managing NTMs



Case study: Cadot and Ing (2015). NTMs and Harmonisation: Issues for the RCEP. ERIA Discussion Papers Series ERIA-DP-2015-61.

## Mutual recognition and compliance costs



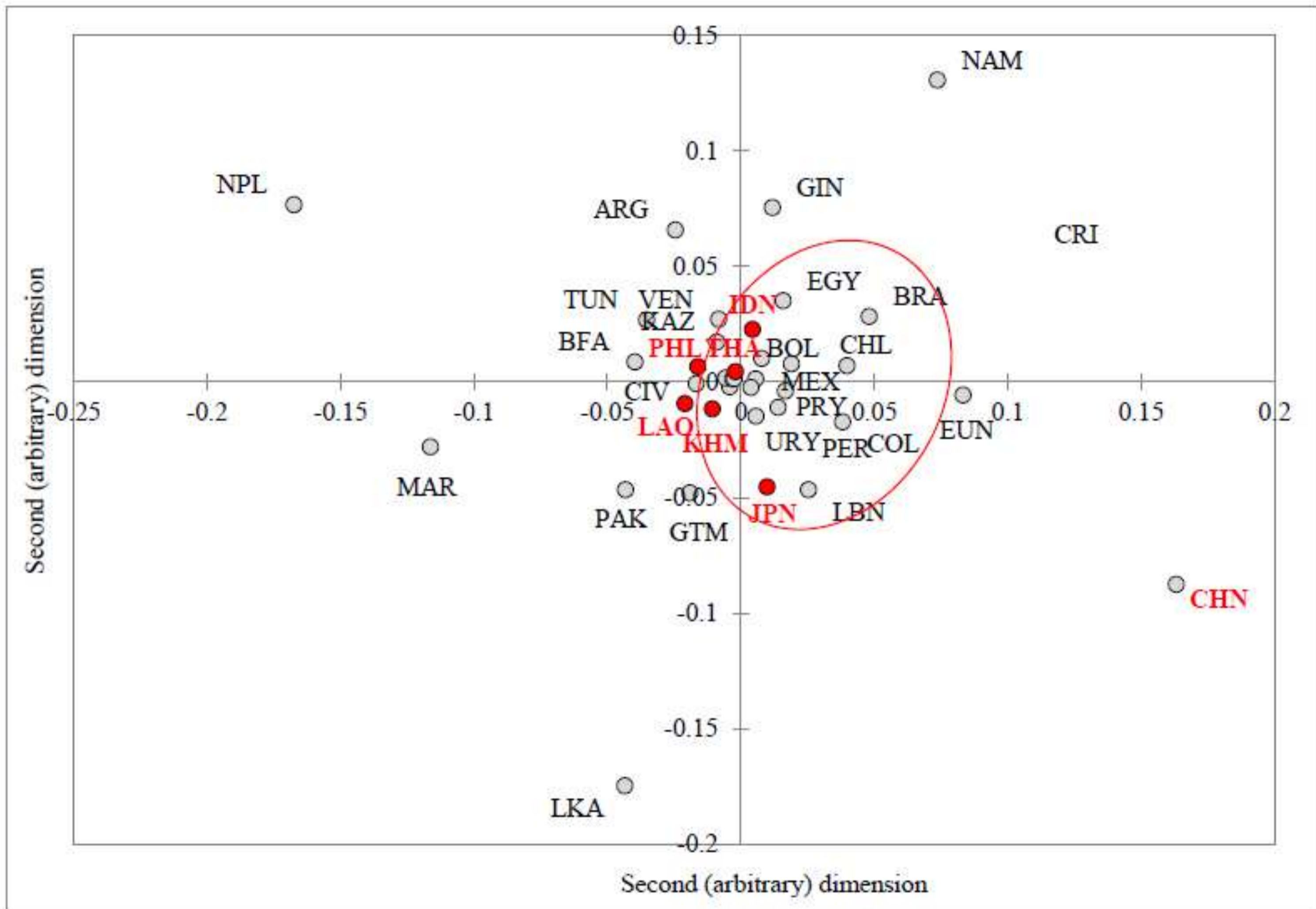
# Regional standards vs international standards

	Coefficient a/
<b>North-South trade b/</b>	
RTA with SPS/TBT harmonization:	
On regional standards	-0.20
On international standards	0.52
<hr/>	
<b>South-South trade c/</b>	
Importer belongs to a NS RTA	-0.11
Exporter belongs to a NS RTA:	
Any RTA	-0.20
RTA with SPS/TBT harmonization	-0.22
<hr/>	

*Note* :RTA = Regional trade agreement; SPS = Sanitary and phytosanitary; TBT = Technical barriers to trade; NS = North–South.



# Regulatory Distance



# Regulatory Distance

	(1)	(2)
Both in the same RTA (any)	-0.033 (8.07)***	
Both in aladi		-0.029 (2.83)***
Both in andeancom		-0.023 (0.77)
Both in cacm		-0.049 (0.72)
Both in comesa		-0.033 (0.85)
Both in sadc		-0.045 (1.14)
Both in safta		0.018 (0.46)
Constant	0.086 (24.33)***	0.083 (26.15)***



# ERIA-UNCTAD's NTM database in East Asia

- Phase 1: Data collection
  - ASEAN NTM database: covers 10 ASEAN countries
    - First round: 2015
    - Second round: 2018 (in progress)
  - +6 NTM database: China, Korea, India, Japan, Australia, New Zealand.
    - First round in progress

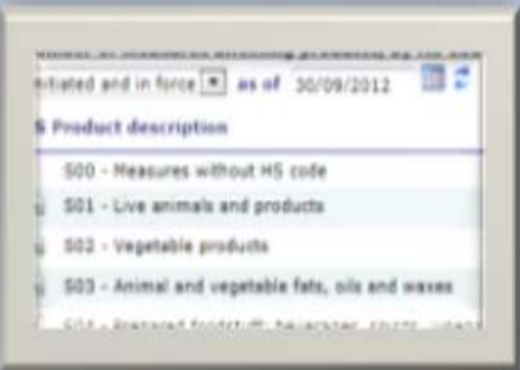


# http://asean.i-tip.org

UNCTAD - Integrated Trade Information System


asean.i-tip.org/

Choose one of the following options:



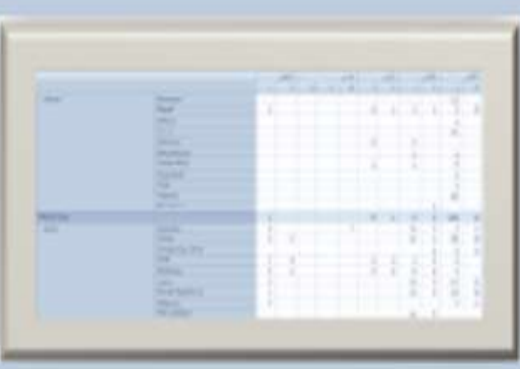
### TABLES by PRODUCTS

- Look at the incidence of NTMs by HS sections and chapters, and by country imposing the measure.
- See individual measures by simply clicking on any number in the tables!
- This option does not allow a selection of products.




### TABLES by MEASURE

- Look at the incidence of NTMs by country imposing the measure.
- This option does not allow a selection of products.



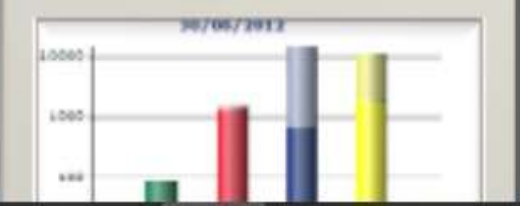
### TABLES by COUNTRIES

- Look at the incidence of NTMs by country and geographical regions.
- See individual measures by simply clicking on any number in the tables!



### DETAILED QUERY

- Select any combination of the five criteria: type of NTM, dates, country imposing, country affected, and product. Get tabular listing of NTMs.
- Drill down for additional details.
- Export summary and detailed NTM information.



### ANALYSIS

- You can see and select stocks or flows of Non-Tariff Measures (NTMs), by type of measure.

### QUICK SEARCH

Country imposing

Partner affected

Product affected

Search

### ABOUT

- [How To](#)
- [Available Countries](#)
- [Map of the Application](#)
- [Classification used in the application](#)
- [Disclaimer](#)

### WHAT IS AVAILABE NOW

- NTM data for the 10 ASEAN countries
- Brunei Darussalam
- Cambodia
- Indonesia
- Laos
- Malaysia
- Myanmar
- Philippines
- Singapore
- Thailand

# ERIA's further work on NTMs

- Data analysis: trade and welfare impact of NTMs
- Streamlining NTMs in ASEAN

