



**Asia-Pacific
Economic Cooperation**

2018/SOM2/CTI/WKSP/003

**Recent Approaches to Addressing Non-Tariff
Measures in Free Trade Agreements and Regional
Trade Agreements: An International Perspective**

Submitted by: UNCTAD



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



Capacity Building Workshop on addressing Non-tariff Measures in FTAs/RTAs under the 3rd Regional Economic Integration Capacity Building Needs Initiative

**Session 1:
Recent approaches to addressing NTMs in FTAs/RTAs: an international perspective**

Christian Knebel, UNCTAD

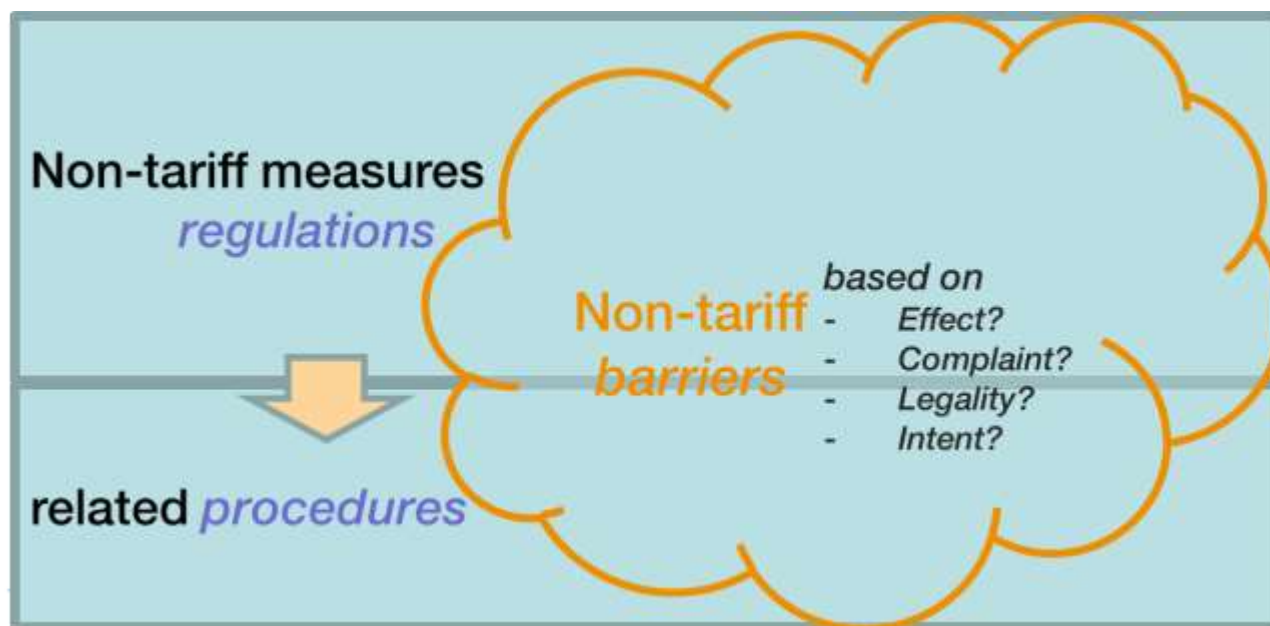
christian.knebel@unctad.org

Port Moresby, 17 May 2018



Definition of non-tariff *measures*

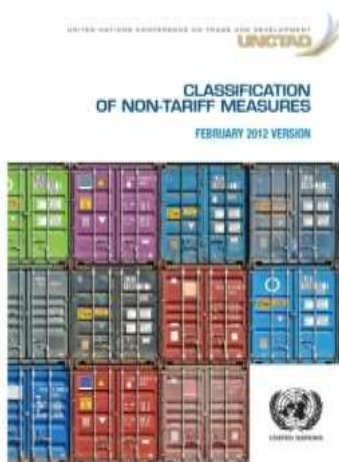
- **NTM definition by (UNCTAD / GNTB-MAST):**
 - *“Non-tariff measures (NTMs) are policy measures, other than ordinary customs tariffs, that can potentially have an economic effect on international trade in goods, changing quantities traded, or prices or both.”* → **neutral concept!**



International NTM classification:

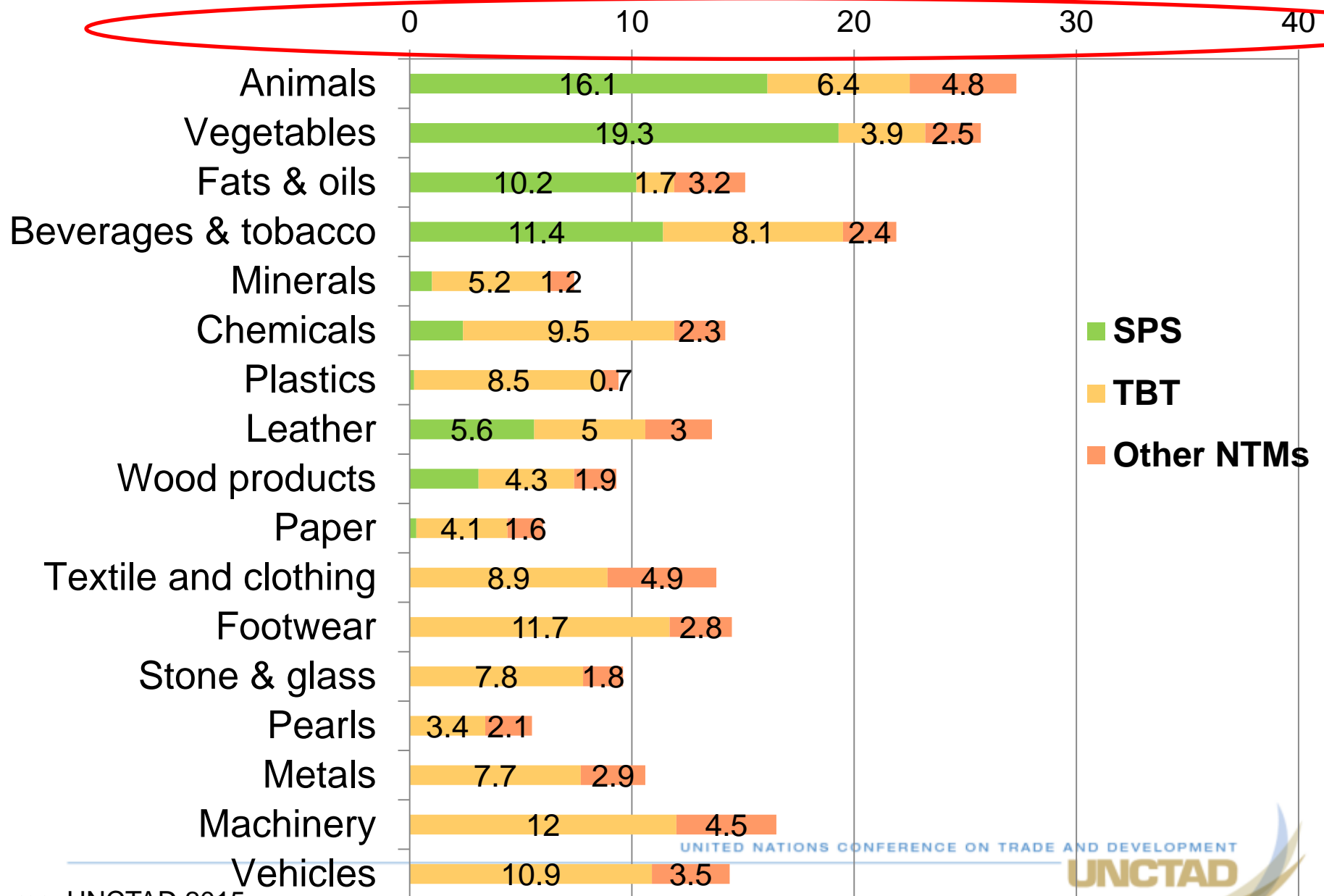
- The common language

Multi Agency Support Team
(FAO, IMF, ITC, OECD,
UNCTAD, UNIDO,
World Bank, WTO)
initiated by UNCTAD
updated NTM classification



Imports	Technical measures	<p>A SANITARY AND PHYTOSANITARY MEASURES</p> <p>B TECHNICAL BARRIERS TO TRADE</p> <p>C PRE-SHIPMENT INSPECTION AND OTHER FORMALITIES</p>
	Non technical measures	<p>D CONTINGENT TRADE-PROTECTIVE MEASURES</p> <p>E NON-AUTOMATIC LICENSING, QUOTAS, PROHIBITIONS AND QUANTITY-CONTROL MEASURES OTHER THAN FOR SPS OR TBT REASONS</p> <p>F PRICE-CONTROL MEASURES, INCLUDING ADDITIONAL TAXES AND CHARGES</p> <p>G FINANCE MEASURES</p> <p>H MEASURES AFFECTING COMPETITION</p> <p>I TRADE-RELATED INVESTMENT MEASURES</p> <p>J DISTRIBUTION RESTRICTIONS</p> <p>K RESTRICTIONS ON POST-SALES SERVICES</p> <p>L SUBSIDIES (EXCLUDING EXPORT SUBSIDIES UNDER P7)</p> <p>M GOVERNMENT PROCUREMENT RESTRICTIONS</p> <p>N INTELLECTUAL PROPERTY</p> <p>O RULES OF ORIGIN</p>
	Exports	<p>P EXPORT-RELATED MEASURES</p>

Global average ad-valorem equivalents of NTMs



Two different challenges

a) Traditional non-tariff *barriers*

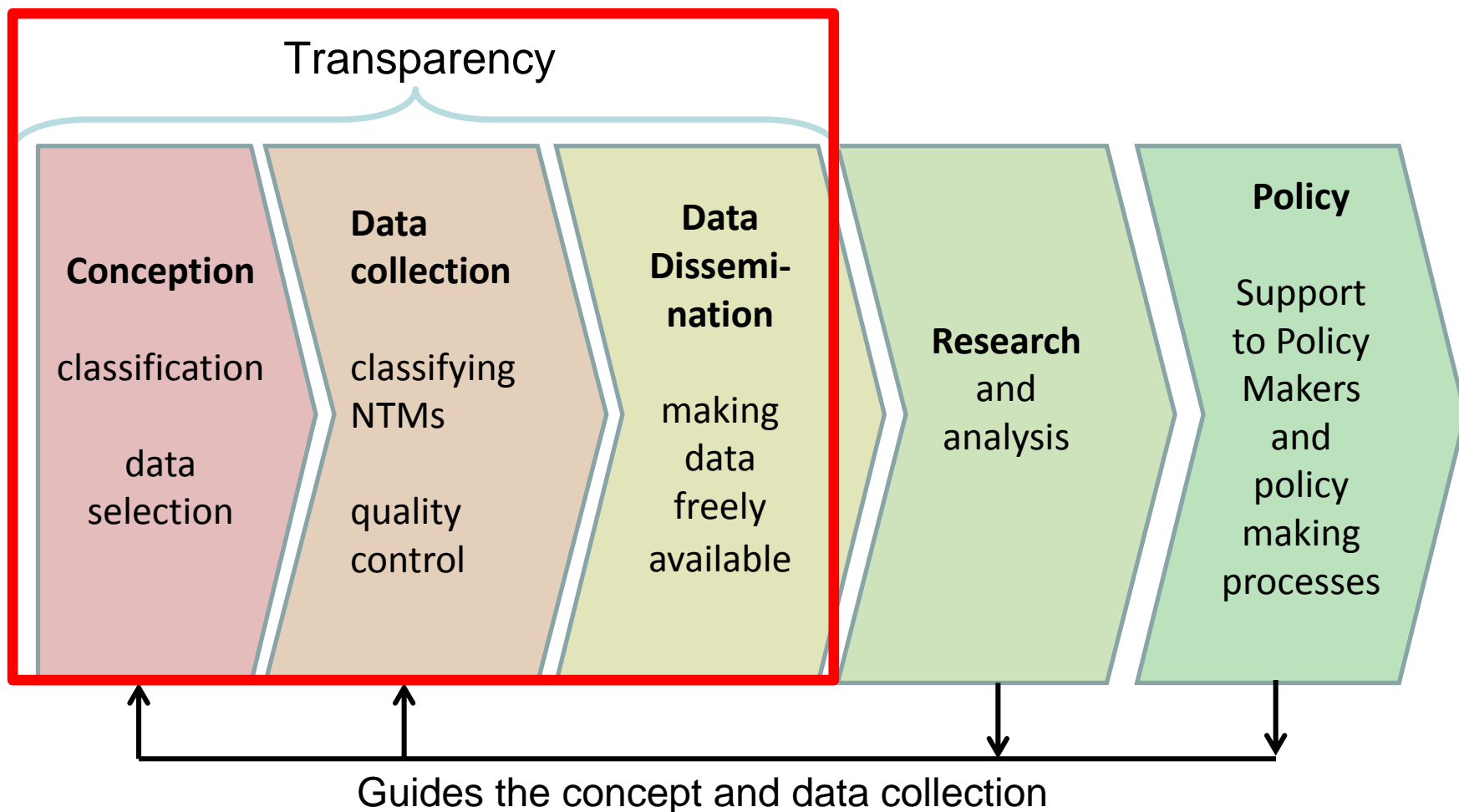
- Quotas, price mechanisms, contingent protection, etc.
= economic policy
- regulated by *ministries responsible for trade/industry*
- *Elimination possible*

b) *Technical measures to trade: SPS and TBT*

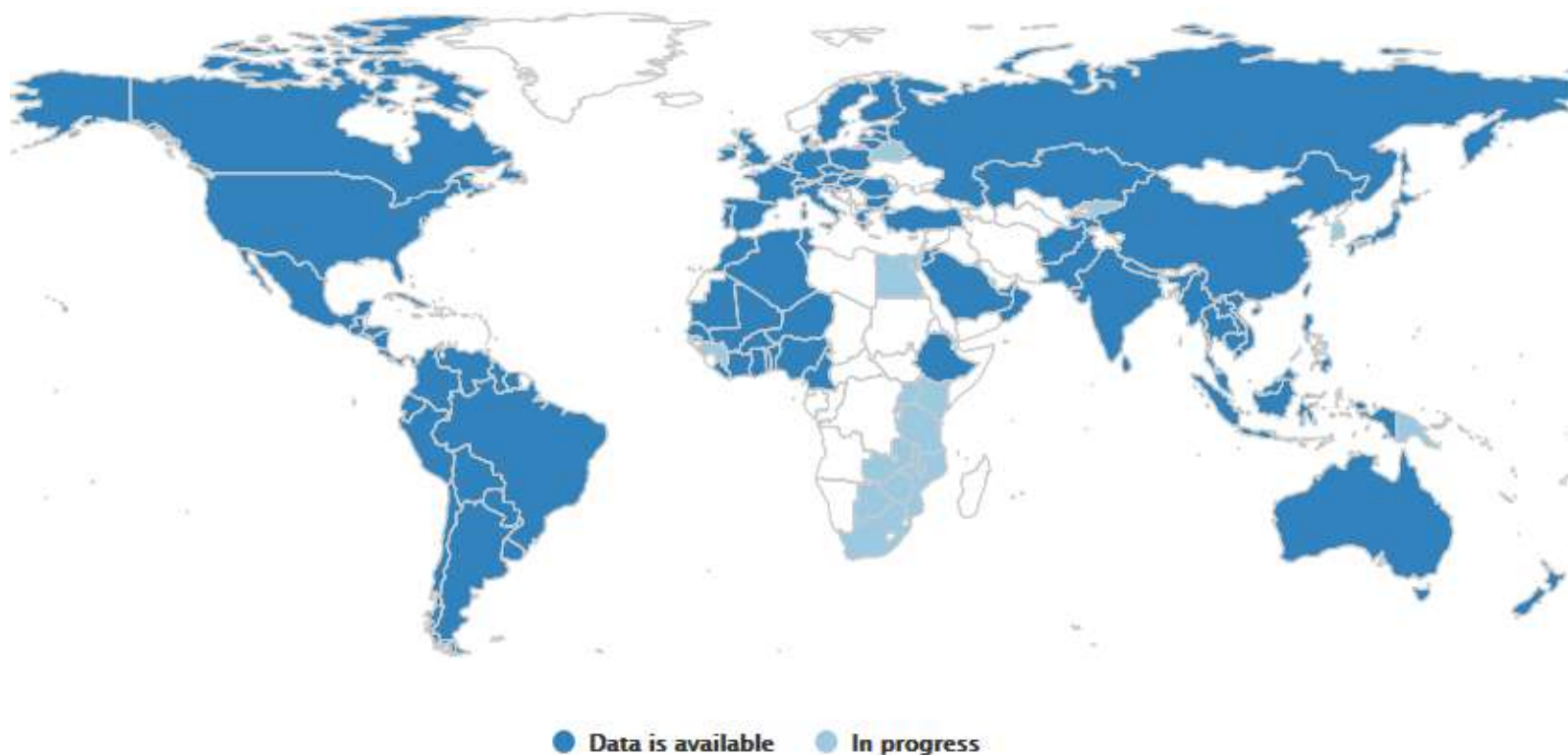
- *Direct* impact on sustainable development: to protect human, animal and plant health, or the environment
 - elimination *not* an option
- *Usually regulated as (domestic) market policy by ministries for agriculture/health/standards authorities*
- But substantial cost reductions are possible through:
 - **Transparency**
 - **Regulatory convergence**
 - GRP, regulatory coherence, procedural efficiency, ...

UNCTAD NTM Programme

unctad.org/ntm



UNCTAD-led global NTM transparency initiative



Same comprehensive data available at:

trains.unctad.org --- macmap.org --- wits.worldbank.org

→ and soon: ITC-UNCTAD-WTO Global Trade Helpdesk!



UNCTAD TRAINS database at trains.unctad.org

TRAINS

The global database on Non-Tariff Measures

Through



Developed by WTO
Adapted for TRAINS data by
UNCTAD



TRAINS: Non-Tariff Measures (NTMs) based on official regulations

TRAINS NTMs, the global non-tariff measures database, provides comprehensive and systematic information on a broad range of policy instruments that can have an effect on international trade in goods. The information includes traditional trade policy instruments, such as quotas or price controls, as well as regulatory and technical measures that stem from important non-trade objectives related to health and environmental protection (Sanitary and Phytosanitary (SPS) measures and Technical Barriers to Trade (TBT)). The objective of the database is to increase transparency and understanding about trade regulations and trade control measures.

The measures have been retrieved from official sources, mainly national trade laws and regulations. Measures are classified according to the [International Classification of NTMs](#) and affected products are classified at the most detailed level of the [Harmonized Commodity Description and Coding System \(HS\)](#). The global data collection, a joint effort by UNCTAD, AfDB, ALADI, ERIA, ITC, the World Bank, WTO and financial support from the Ministry of Finance of the Russian Federation, follows the [UNCTAD's Guidelines for NTMs data collection](#).

QUICK SEARCH

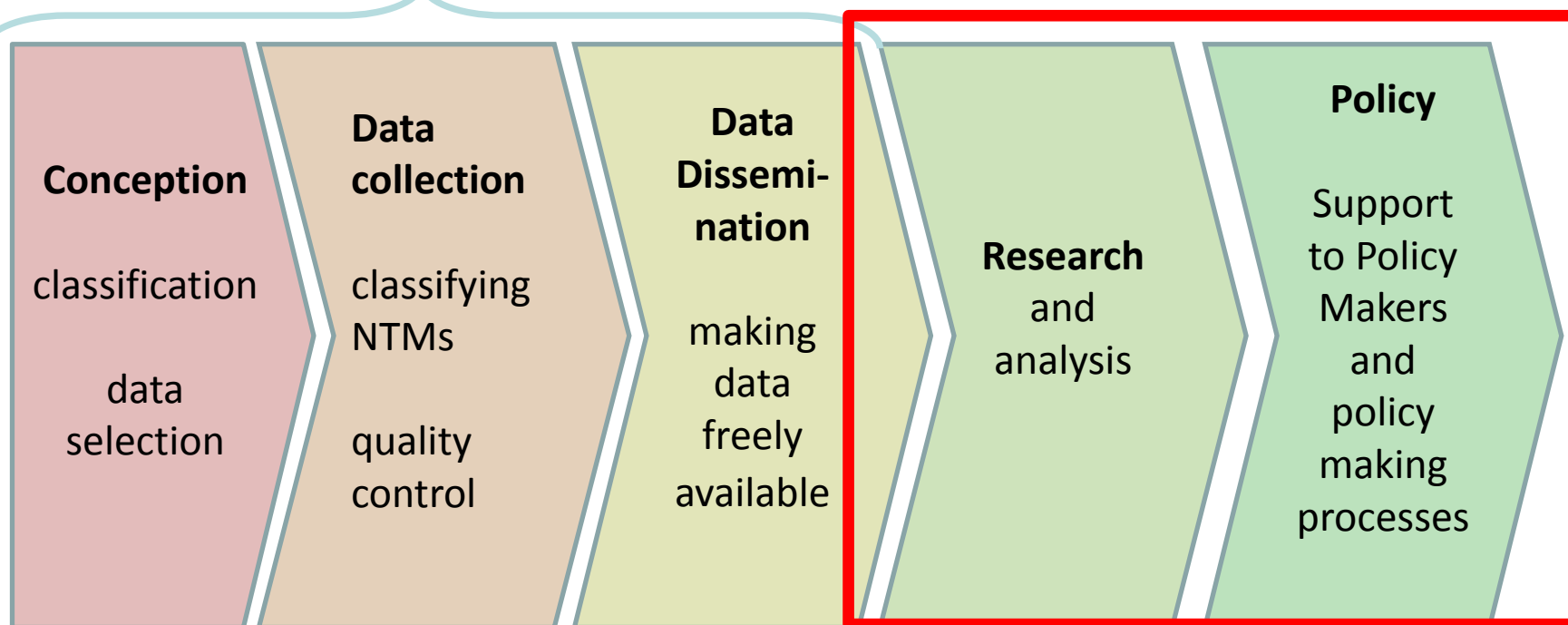
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Partner affected	<input type="text"/>
Product affected	<input type="text" value="030617 -- Other shrimps and prawns"/>

Search

UNCTAD NTM Programme

unctad.org/ntm

Transparency

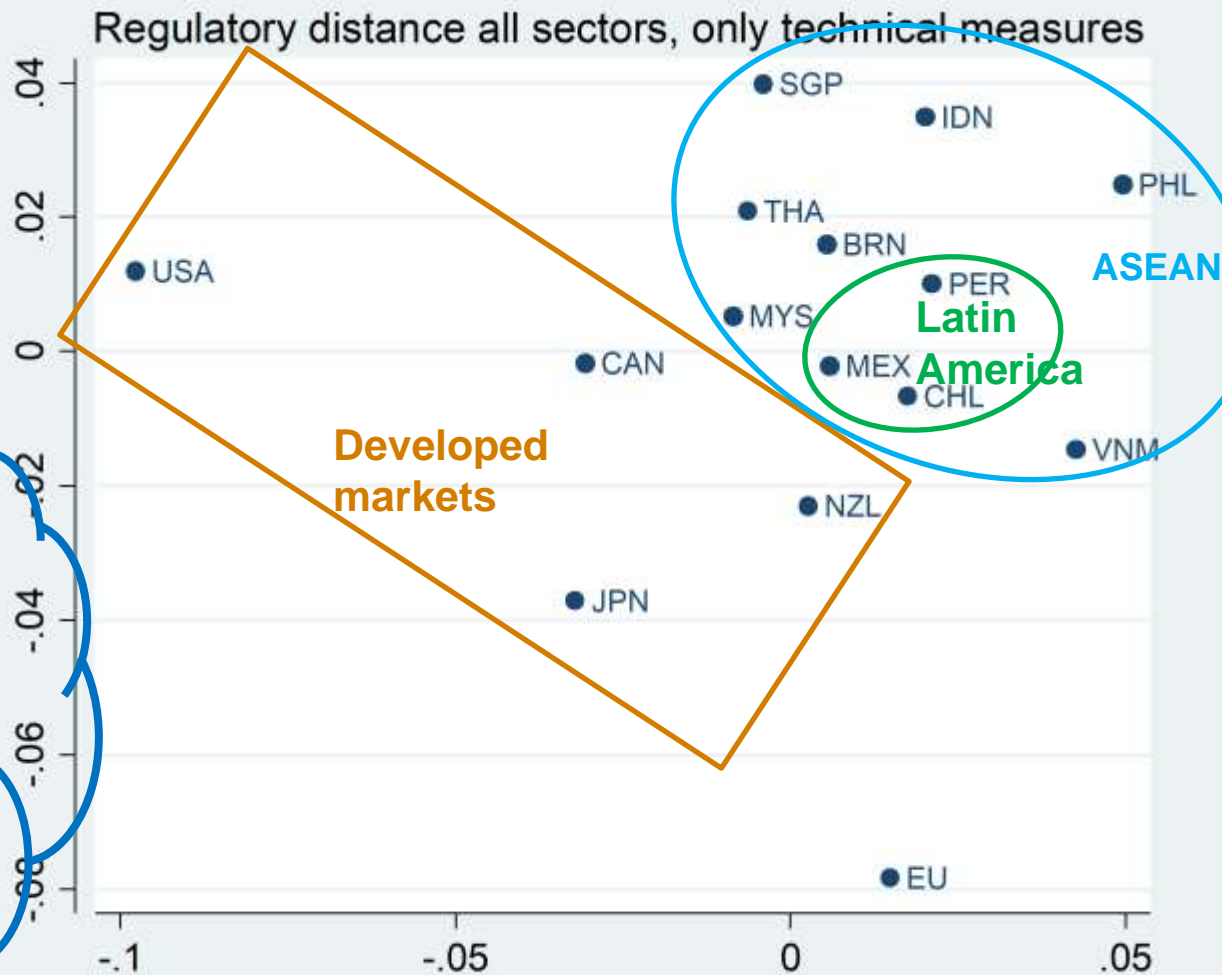


Guides the concept and data collection



Technical NTMs: no elimination → convergence

New visualization: regulatory “distance”



What matters is the “distance” between the points (not the position on x/y axis)

Modern MDS (loss=stress; transform=identity)

UNCTAD research: how big is the impact of reducing regulatory distance/gaps?

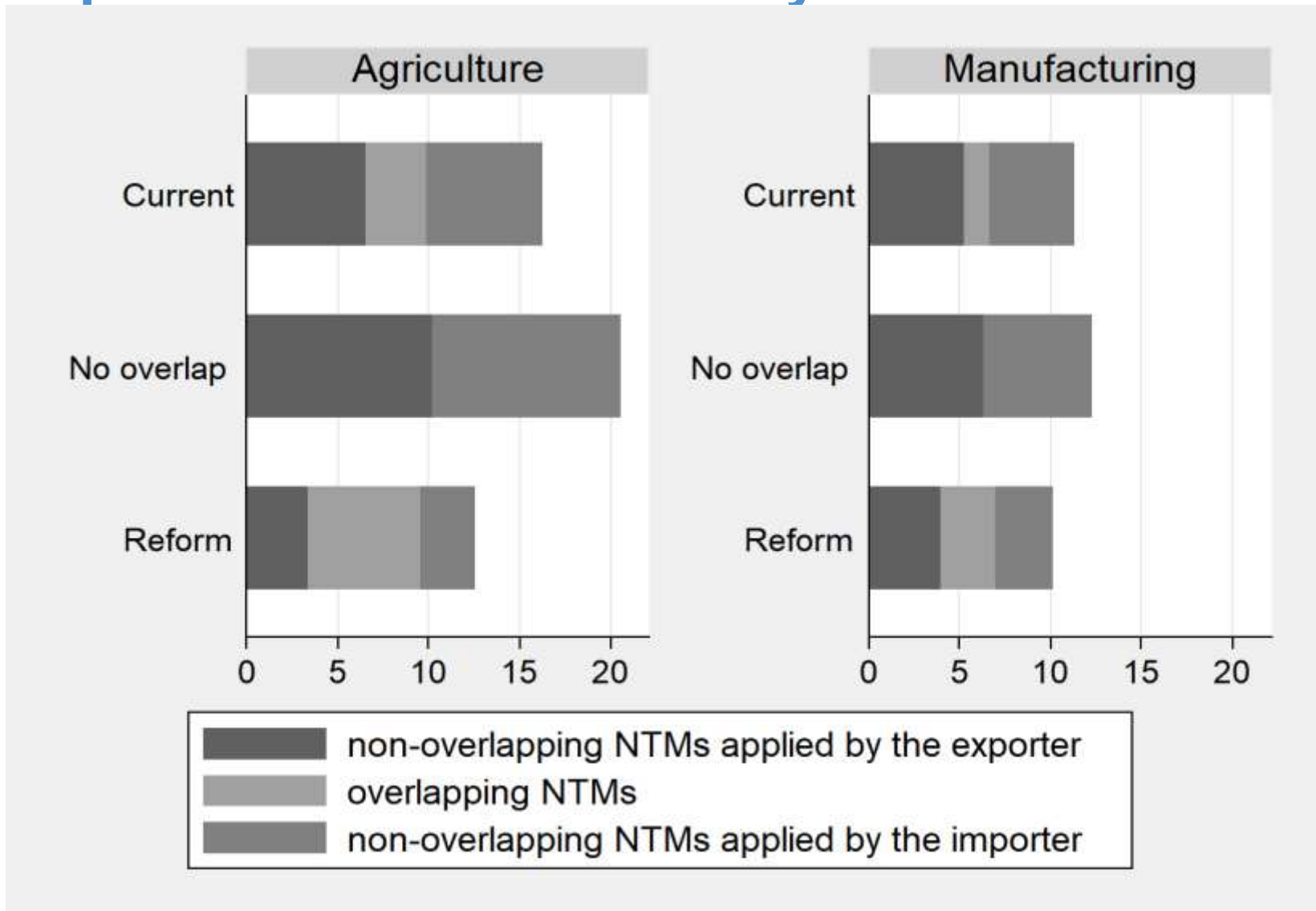
- What we try to do with econometric analysis:
Disaggregate the impact of NTMs on *trade unit values*...

- **Results:**
 - Foreign measures matter*
 - ...of course
 - *Domestic* regulation matters, too!
 - ...for (competitive) export product prices
 - *Regulatory convergence* matters
 - ...can improve price-based *competitiveness*

- *Overlapping measures (measures that are similar between domestic and foreign requirements) are **half** as costly as non-overlapping measures*

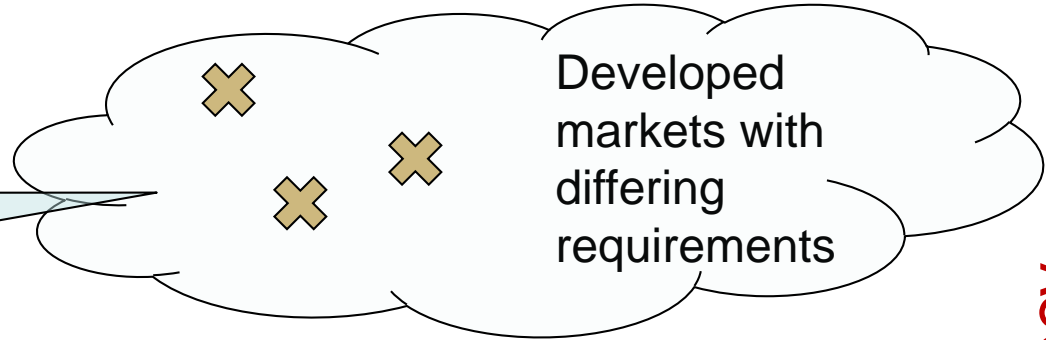


APEC: Regulatory convergence could reduce impact of technical NTMs by ~25%

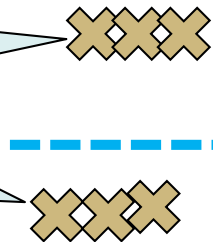


Convergence: towards where?

Adopting overly strict requirements can harm trade



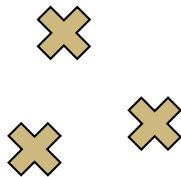
Regional harmonization promotes intra-regional trade



International guidelines
e.g. Codex Alimentarius



Adopt international standards to enhance intra- and extra regional trade



Level of NTM stringency ↑

New FTAs: Southern/Eastern Africa and Continental Free Trade Area

“NT**B** reporting, monitoring and eliminating mechanism”

→ Collaborative venue for NTB elimination *before* resorting to formal dispute settlement

- NTBs are reported by actors *on the ground*: traders and truck drivers can submit complaints via SMS, online at tradebarriers.org, or in writing
- National NTB focal points
 - responsible for domestic stakeholder consultation (with a National Monitoring Committee)
 - ...and eventually for addressing/eliminating the NTB
- NTB Regional Sub-Committee for progress review
- NTB Coordination Unit in regional secretariat



New FTAs: CPTPP

zooming into regulatory measures

SPS and TBT

- WTO (small) plus
- More transparency
- Risk assessment (SPS)
- Info exchange on equivalence
- Facilitate conformity assessment
- TBT sectorals



Cooperation and capacity building

- CPTPP Committee

SMEs

- Comprehensive websites
- Reduce paperwork etc
- CPTPP Committee

Development

- Productive capacity, technology,...
- CPTPP Committee

Regulatory Coherence

- Good regulatory practice
- CPTPP Committee

Transparency and Anti-Corruption

At the multilateral level

- **Seventh Triennial Review on TBT**
 - *Good Regulatory Practice* → next slide
 - Standards → transparency in standard setting
 - Conformity Assessment → risk management, mutual recognition
 - Technical Assistance → expand, +effectiveness
 - Transparency → +notifications, sub-federal level
- **“Friends of MSMEs” group is proposing increased transparency obligations at WTO MC11**
 - Notification of final measures, free online publishing of (technical) NTMs, Public consultation
 - (trade facilitation, E-commerce, trade finance)



Conclusions

- NTMs are 3 times more costly than tariffs
 - SPS and TBT measures account for majority of incidence and effect
 - But SPS/TBT measures are necessary for *sustainable* development and affect everyday life (behind the border)
 - NTM abroad *and* at home matter for competitiveness
- Reducing the cost of NTMs:
 - More transparency is needed
 - A simple reform of alignment (without increasing or decreasing measures) could reduce the cost of SPS/TBT in agriculture by 25%
 - Using international standards significantly increases gains
- Modern FTAs focus on
 - transparency and information exchange,
 - good regulatory practice and cooperation
 - SMEs, cutting red tape



THANK YOU!

unctad.org/ntm

tab@unctad.org

christian.knebel@unctad.org

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