Non-Tariff Measures, SDGs, RTAs and Way Forward

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APEC Virtual Trade Policy Dialogue (TPD) on Understanding Non-Tariff Measures on Agriculture, Forestry and Fisheries Sectors to Enhance Trade to Improve Rural Development and Poverty Alleviation in the Asia Pacific Region

Non-Tariff Measures, SDGs, RTAs and Way Forward

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Presentation Overview

• Introduction to NTMs
  – Link to sustainable development
• RTAs and NTM related provisions
• Way forward
  – Digital trade facilitation essential to lowering the cost of NTMs
What are NTMs?

Non-tariff measures (NTMs) are policy measures other than tariffs that can potentially have an economic effect on international trade in goods.

- include technical measures (such as SPS measures), as well non-technical measures (licensing, price controls, etc).

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<th>Technical measures</th>
<th>Non technical measures</th>
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<td>TECHNICAL BARRIERS TO TRADE</td>
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<td>PRE-SHIPMENT INSPECTION AND OTHER FORMALITIES</td>
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<td>CONTINGENT TRADE-PROTECTIVE MEASURES</td>
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<td>NON-AUTOMATIC LICENSING, QUOTAS, PROHIBITIONS AND QUANTITY-CONTROL MEASURES OTHER THAN FOR SPS OR TBT REASONS</td>
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<td>F</td>
<td>PRICE-CONTROL MEASURES, INCLUDING ADDITIONAL TAXES AND CHARGES</td>
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<td>INTELLECTUAL PROPERTY</td>
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<tr>
<td>O</td>
<td>RULES OF ORIGIN</td>
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<td>P</td>
<td>EXPORT-RELATED MEASURES</td>
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Declining (ordinary) tariffs & increasing notifications of new NTMs
NTMs in Asia-Pacific

- More than 25,000 out of 80,000 measures in UNCTAD TRAINS are by Asia-Pacific economies
- China has the highest number of NTMs in the Asia-Pacific region, followed by high-income economies of New Zealand, Republic of Korea and Australia.
- Most measures are SPS and TBT, followed by export-related measures
The 2030 Agenda for Sustainable Development recognizes international trade as an engine for inclusive economic growth and poverty reduction, and an important enabler to achieve SDGs.

Trade is strongly linked to the Goals related to health and safety, the environment and climate, public security and peace.

NTMs can directly contribute to sustainable development as policy instruments, or they can indirectly affect sustainable development through their impact on trade and investment.
Example: Alcohol-related NTMs

SDG3. Ensure healthy lives and promote well-being for all at all ages
- **Target 3.5** Strengthen the prevention and treatment of substance abuse, including narcotic drug abuse and harmful use of alcohol
  - **Indicator 3.5.2** Harmful use of alcohol, defined according to the national context as alcohol per capita consumption (aged 15 years and older) within a calendar year in litres of pure alcohol
Linking SDGs to NTMs

Distribution of NTMs that directly address SDGs

- Share of NTMs that address SDGs:
  - Asia-Pacific
  - World

Examples:
- **2. Zero Hunger**
  - e.g. regulation of medicines, food safety, technical regulations on vehicle safety, and regulations on trade, and packaging of alcohol and tobacco products.
- **3. Good Health and Well-being**
- **6. Clean Water and Sanitation**
- **7. Affordable and Clean Energy**
- **11. Sustainable Cities and Communities**
- **12. Responsible Consumption and Production**
- **14. Life Below Water**
- **15. Life on Land**
- **16. Peace, Justice and Strong Institutions**

E.g. regulation arising from international agreements such as the Montreal Protocol (ozone layer).
Ad Valorem Equivalents (AVEs) of NTMs

- The average trade costs of NTMs in the Asia-Pacific region are 15.3%, higher than in US and EU (even though EU and US have more measures applied on average)
- Evidence suggests that it is because of poor implementation of NTMs
- In the agricultural and automotive sectors, the combined costs of NTMs are up to 20% of imports
Regional efforts to coordinate and streamline NTMs can accomplish more

- NTMs are increasing addressed through regional trade agreements
- RTAs can help to reduce protectionism and compliance costs while facilitating transparency and adoption of international standards.

![Bar chart showing average number of provisions as a percentage of the total provisions for TBT, SPS, and Government Procurement from 2009-13 and 2014-18.](chart.png)

<table>
<thead>
<tr>
<th>Year</th>
<th>TBT</th>
<th>SPS</th>
<th>Government Procurement</th>
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<tbody>
<tr>
<td>2009-13</td>
<td>6.3</td>
<td>6.0</td>
<td>2.9</td>
</tr>
<tr>
<td>2014-18</td>
<td>7.0</td>
<td>8.0</td>
<td>5.7</td>
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</table>
Figure 2 – Technical Barriers to Trade provisions in RTAs of Asia-Pacific economies

Source: Trivedi, Duval, Bajt and Yoo (2019)
Figure 3 - Sanitary and Phytosanitary provisions in RTAs of Asia-Pacific economies

Source: Trivedi, Duval, Bajt and Yoo (2019)
Example: Georgia & EU

• Deep and Comprehensive Free Trade Area (DCFTA), since 1 July 2016
• Part of the Agreement required Georgia to adopt legislation in line with that of the EU
• Before DCFTA SPS regulation was mostly lacking
• This “approximation process” involved adoption of 366 separate acts of legislation, of which 97 concerned food safety, 183 were veterinary and 86 were phytosanitary
• Between 2016 and 2018 Georgia’s total exports have increased by 28 and 59 per cent to the European Union and the world, respectively.
ESCAP-ITC joint report, “Company perspectives on non-tariff measures in Asia-Pacific”

- 90% of all export partner “burdensome” NTMs are TBT, SPS or rules of origin.
- 40% of all domestic “burdensome” NTMs are: export certification, inspection, or licensing.
- *Domestic procedural obstacles* are the primary reason why NTMs are found to be burdensome: 80% of export partner NTMs and 90% of domestic NTMs found to be problematic because of them.

https://www.unescap.org/resources/company-perspectives-non-tariff-measures-asia-pacific
(or just Google: “Company perspectives on non-tariff measures in Asia-Pacific”)
Way Forward

Streamlining NTMs at the domestic level

- **Sustainability impact assessments of new and existing NTMs should be systematically conducted.**
- **Transparency in NTMs taken – NTM and related procedures to be made easily available, e.g. through national trade portal**

Trade facilitation as the key to reducing the cost of NTMs

- Effectively addressing procedural obstacles for NTMs will require a broader WTO TFA+ approach.
  - **Digitalization of NTM-related procedures**, such as issuing and exchanging certificates of origin electronically.
- **More inclusive and sector specific TF measures.**
- **Development of the quality infrastructure**, supported by mutual recognition of standards and accreditation.
UN Global Digital & Sustainable Trade Facilitation Survey Results 2021
Implementation of Agri TF measures (South + SouthEast Asia)

(47) Special treatment for perishable goods
(45) National standards and accreditation bodies to facilitate compliance with SPS
(44) Testing and laboratory facilities available to meet SPS of main trading partners
(46) Electronic application and issuance of SPS certificates
(29) Electronic exchange of Sanitary & Phyto-Sanitary Certificate

Source: UNTFSURVEY.ORG

Degree of implementation (0/3= no/full implementation)
Framework Agreement on Facilitation of Cross-Border Paperless Trade in Asia and the Pacific

A UN treaty to facilitate trade digitalization

Conclusion & Key Messages

• NTMs are not inherently good or bad – they add to trade costs, but can be important instruments in achieving SDGs, and can even promote trade.

• Trade costs of NTMs more than double ordinary customs tariffs.

• To protect health, safety and the environment, NTMs need to be coordinated or harmonized rather than eliminated
  → RTAs can be used to support this work

• Digitalization of NTM-related procedures could significantly reduce compliance costs
To learn more:

Online (free) self-paced course on NTMs for Sustainable Development

https://www.unescap.org/training/entm

[forthcoming] Online (free) self-paced UN course on negotiating RTAs for trade in times of crisis and pandemic


Also visit TINA, ESCAP’s Trade Intelligence Negotiation Advisor at tina.trade
NTMs and COVID-19

COVID-19 trade-related policies implemented by Asia-Pacific economies, by product targeted (October 2020)