Non-Tariff Measures to Trade – Economic and Policy Issues for Developing countries.

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Alessandro Nicita and Ralf Peters
Division on International Trade in Goods and Services, and Commodities
UNCTAD, Geneva
“NON-TARIFF MEASURES TO TRADE: Economic and Policy Issues for Developing Countries“ seeks to inform policymakers and trade analysts on trade issues related to non-tariff measures, with particular attention to those more relevant for developing countries.

Google search: ntm trade unctad
What is in the Report

The report provides:

• Definition, incidence and some **statistics** related to NTMs
• Overview of the **methods** used to quantify the effects of NTM
• Review of **case studies** on the effects of NTMs
• Reporting, monitoring, existing **databases** on NTMs
• Regulatory **frameworks** of NTMs (WTO and Regional)
• NTMs in the context of **national reforms**
Non-Tariff Measures vs Non-Tariff Barriers

The report does not intend to distinguish NTBs from NTMs

- **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.

- **NTBs**: Policy measures that surely affect quantity traded and prices and have proven discriminatory effects against foreign firms
## What are non tariff measures?

### YES (RULES AND REGULATIONS)
- Import prohibitions / bans
- General or product-specific quotas
- Quality conditions, and proofs
- Sanitary and phyto-sanitary conditions
- Determination of eligibility (geographical)
- Documentation: Certificate of Origin, etc
- Import licenses
- Export subsidies
- Fixation of a minimum import price
- Voluntary Export Restraints
- Foreign exchange market controls
- Export restrictions
- Para-tariffs
  - ...and others

### NOT
- Overvalued currency
- Inadequate infrastructure
- Corrupt and/or lengthy customs procedures
- Employment law
- Occupational safety and health regulation
- Private Standards

### Not Exhaustively
- Rules of Origin
- Subsidies
- Procurement
- Intellectual property laws
Why trade is regulated by NTMs?

- Protect consumers (SPS TBT)
- Protect the environment (SPS TBT)
- Regulate domestic markets (Pricing, Licenses)
- Protect domestic firms (AD, subsidies, quotas)
- Avoid unintended spillovers (ROO)

Many NTM are legitimate and are there to stay (cannot be negotiated away). Still, NTMs may have large effects on trade.
Highlight (#1):
Tariffs vs Non-Tariff Measures cost estimates
Highlight (#2): Trends

- Reliable market access and trade opportunities increasingly depend on compliance with technical non-tariff measures.

- Developing countries regulate imports by non-technical NTMs
- Developed countries imports are regulated by technical measures
Highlight (#3): Complexity

- NTMs include complex and diverse instruments. Understanding their impact on trade requires detailed information and appropriate specific analysis.
  - Add Costs to Trade
    - Information and Compliance
  - Preclude trade
    - Prohibitions, stringent requirements
  - Divert Trade
    - Quotas
  - Standardize/Segment markets
    - SPS and TBT
Highlight (#4): Distortionary

- Regardless of whether NTMs are imposed with protectionist intent or to address legitimate market failures, NTMs often impose additional costs on trading. These costs tend to be higher for some than for others
  - Compliance costs are often fixed (small firms disadvantaged)
  - Cost of complying is often dependent on infrastructures.
Highlight (#5): NTMs bias vs low income countries

• Some issues:
  – Cost of compliance is often higher for firms operating in low income countries. Even if NTMs are uniformly applied AVE are bilateral.
  – GVC localization. Competitive markets means that higher costs of compliance affect localization of GVC.
  – SME face market segmentations (no diversification)
  – NTMs are more common in goods exported by low income countries (agriculture, apparel)
Highlight (#6): Domestic Policy
Streamlining NTMs process

**Principle of efficient regulations:** policy effort is critical to ensure that NTMs serve their intended legitimate purposes.

- Efficient regulations are essential for addressing domestic concerns while not decreasing competitiveness
- NTMs can have large *spillovers* and therefore should be precisely targeted to the market failures they are trying to correct
Highlight (#7): Policy responses from multilateral perspective

- Measures with a evident **protectionist** intent
  - Removal of protectionist measures in the appropriate fora
- **Non protectionist** measures:
  - Harmonization of standards, custom procedures, mutual recognition principle (Negotiations in PTA, RTA, WTO)
- Other measures **not negotiable** within PTA.
  - Technical Assistance in production and export processes

Costs associated to the NTM could be covered by:
- Aid for Trade, Technical assistance (development assist.)
- Partnership agreements (mutual interest within PTA)
- Global chains investments (profit driven)
Research and policy output is possible only with good data. UNCTAD is committed to provide good data/information on NTMs.

• **Data collection at UNCTAD**
  – with internal resources
  – jointly with other organizations
  – seeking support from donors
Purposes of the NTMs Data at UNCTAD

• For Transparency
  – To better understanding on the use of NTMs (what types, where, on what)
  – To contribute to raise awareness/importance of NTMs
  – To show deficiencies in notification mechanisms

• For Research
  – Quantification of the effects of NTMs

• For Policy
  – Ultimately to inform the policymaking process
UNCTAD contribution to fill the Transparency Gap

UNCTAD contributions related to NTM data

- Data collected since early 1980s but substantial improvements required to keep up with the increasing complexity of and need for NTM data
- UNCTAD initiative with Group of Eminent Persons and multi-Agency Support Team
- Detailed Classification SPS, TBT, …, Export restrictions
- New effort in data collection. Official NTM data are collected jointly with partners - International effort coordinated by UNCTAD
- Sustainability of data collection and quality of data to fit the purposes
The NTM classification

MAST Members:
FAO
IMF
ITC
OECD
UNCTAD
UNIDO
World Bank
WTO

Suited for:
TRANSPARENCY
ANALYSIS
COLLECTION

Classification adopted by UNCTAD, ITC and WTO
Partnerships with other organizations

Transparency in Trade Initiative

A joint effort by the AfDB/ITC/UNCTAD/World Bank
Supported also by donors: Russia

More info at: http://www.tntdata.org/
## Data Availability

(more countries in the pipeline)

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