Good Regulatory Practice for NTMs monitoring

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NTMs Definition

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, 2010)

Economic impact can be either positive or negative. No judgment over legitimacy

NTBs: Referring to NTMs with “protectionist intent”.

NTMs Objectives

Non-trade objectives
  Protection of human and animal’s health
  Protection of the environment
  Protection of consumers’ rights

Trade objective
  Protect domestic producers
NTMs on the rise

While tariff rates have declined significantly, the number of NTMs has risen.
Figure 1: NTMs vs Tariff

Source: UNCTAD calculations based on UNCTAD TRAINS and WTO I-TIP data
Figure 2: Frequency index and Coverage Ratio of NTMs by chapter

Source: UNCTAD (2012)
Figure 3: Frequency index and Coverage ratio by region

Source: UNCTAD (2012)
Figure 4: Overall level of restrictiveness faced by exporters

Source: UNCTAD (2012)
NTMs management - Challenges

• Transparency: lack of comprehensive database
• Complexity: multi-regulations, cross-agencies
• NTMs vs NTBs: Regardless of the objectives NTMs have the potential to affect trade.
The structure of trade costs

- MFN tariff rates
- PTA tariff rates
- Transport and logistics costs
- Border clearance costs
- Costs of compliance with RoOs
- Non-tariff measures

Source: Cadot and Ing (2015)
Good regulations for monitoring NTMs

• ASEAN Good Regulatory Practice Guide (2009)
  – Transparency of non-tariff measures
  – Removal of trade barriers
  – Harmonization of standards and technical regulations
Good regulations for monitoring NTMs

• Main principles for NTMs management
  – Transparency
  – Consultation
  – Non-discrimination
  – Necessity and proportionality
  – Sunsetting
Good regulations for monitoring NTMs

• Regulatory Impact Analysis
  – Defining objectives
  – Ex-ante/ ex-post analysis of cost and benefit
  – Analysis of possible alternatives
  – Analysis of implementation issue
ERIA’s Review of AANZFTA

• NTMs section
  – Survey from business sector in AMS regarding the implementation of NTMs in Australia and New Zealand.
  – Focuses on SPS and TBT measures
  – 70% of respondents operate in garment and textiles, and food and beverages
Main findings (1)

• Areas of good practices
  – Availability and accessibility of information (EU, UK, US, Aus, Ca)
  – Simple document requirement (Hongkong)
  – Specific requirement of international certifications (e.g. ISO) in EU
  – Strict but clear implementation of SPS/TBT measures (US, Ca)
  – Fast conformity assessment, clear requirements
Main findings (2)

• Areas that can be obstacles for trade
  – Large number of regulations and measures
  – Lack of mutual regulations across markets
  – Unclear/too general measures
  – Standard gaps between Aus, NZD and AMSs.
  – Lack of enforcement of regulations
  – High compliance cost
  – Unreasonable SPS/TBT measures
  – Too many documents required for exports in some AMSs.
  – Complex bureaucratic procedures
  – Discrimination
  – Corruption
ERIA- UNCTAD’s NTMs in ASEAN and East Asia

Objectives

- Provide a comprehensive NTMs database
- Analyze NTMs and provide policy recommendations

Project members

- National teams include economists and government officials - ERIA-UNCTAD
ERIA- UNCTAD’s NTMs in ASEAN and East Asia

Steps

1. Phase I: Database for ASEAN countries
   http://asean.i-tip.org
   http://ntm.eria-database.com

2. Phase II: Database for the +6 countries (CHN, IND, JPN, KOR, AUS, NZD)

3. Phase III: Analyses on NTMs in ASEAN

4. Phase IV: Country report on NTMs in East Asian
Figure 5: Tariff vs NTMs in ASEAN

ASEAN NTM Measures and Tariffs

Number of NTMs

- Export related measures
- Intellectual property
- Subsidies
- Distribution restriction
- Measures affecting competition
- Price control
- Contingent and protective measure
- TBT

Average Tariff: Effectively Applied Rate (RHS)

Rules of Origin
- Government procurement restrictions
- Restriction on post-sales
- Trade-related investment measures
- Finance measure
- Non-automatic licensing, quotas, prohibitions
- Pre-shipment inspection
- SPS

Average Tariff: MFN (RHS)
## Figure 6: Composition of NTMs in ASEAN

<table>
<thead>
<tr>
<th>Country</th>
<th>Total (number)</th>
<th>SPS (%)</th>
<th>TBT (%)</th>
<th>Export related measures (%)</th>
<th>Others (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brunei</td>
<td>516</td>
<td>31</td>
<td>56</td>
<td>9</td>
<td>4</td>
</tr>
<tr>
<td>Cambodia</td>
<td>243</td>
<td>15</td>
<td>50</td>
<td>29</td>
<td>7</td>
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<tr>
<td>Indonesia</td>
<td>638</td>
<td>20</td>
<td>51</td>
<td>12</td>
<td>18</td>
</tr>
<tr>
<td>Lao PDR</td>
<td>301</td>
<td>13</td>
<td>30</td>
<td>27</td>
<td>30</td>
</tr>
<tr>
<td>Malaysia</td>
<td>713</td>
<td>36</td>
<td>47</td>
<td>10</td>
<td>7</td>
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<td>Myanmar</td>
<td>172</td>
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<td>24</td>
<td>20</td>
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<td>Philippines</td>
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<td>13</td>
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<td>Singapore</td>
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<td>24</td>
<td>59</td>
<td>9</td>
<td>7</td>
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<td>Thailand</td>
<td>1630</td>
<td>48</td>
<td>34</td>
<td>8</td>
<td>9</td>
</tr>
<tr>
<td>Viet Nam</td>
<td>379</td>
<td>37</td>
<td>37</td>
<td>17</td>
<td>8</td>
</tr>
<tr>
<td><strong>Total / average</strong></td>
<td><strong>5975</strong></td>
<td><strong>29</strong></td>
<td><strong>43</strong></td>
<td><strong>16</strong></td>
<td><strong>12</strong></td>
</tr>
</tbody>
</table>

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

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
Next steps

• Analysis of the impact of NTMs on trade
• RIA of selected NTMs based on cost and benefit approach
• Recommendation on streamlining NTMs in the region (NTMs guideline- ASEC)