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Summary

- 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. Where they raise costs and have a negative impact on trade, they are also often referred to as 'non-tariff barriers' (NTBs). NTMs can affect any type of export, from food to digital goods and services.
- MFAT commissioned a research paper from Sense Partners, a specialist economic consultancy, on the [impacts, trends and effects of NTMs on exports from New Zealand](#). This page summarises the paper's key findings.
- Please note that this is not legal advice and does not make an assessment of any NTM's consistency with international trade law obligations.

Report

There are over 2.5 million NTMs globally

- Over the past 20 years, NTMs have become a prominent issue in trade policy. There are more than 2.5 million NTMs globally, covering over 78% of world trade. The total cost of compliance with NTMs was estimated at approximately NZ\$2.4 trillion in 2019 (with costs incurred by both exporters and/or importers).
- NTMs cover at least 83% of New Zealand exports and have an annual compliance cost in excess of NZ\$12 billion. On average, New Zealand products each face an average of nine NTMs across the markets they are exported to.
- International trends do not affect all New Zealand exporters equally. Some businesses are able to comply with NTMs easily at relatively little cost, while others can have difficulty and face higher costs. This may be due to factors such as company size and level of familiarity with the market.

NTMs can have both positive and negative effects

- The majority of NTMs that New Zealand exporters face are normal risk management measures. These can have positive effects. For example, product packaging and labelling requirements can address concerns about food safety. Not only does this confer public health benefits, it can also improve consumer confidence and boost trade.
- NTMs can have some negative impacts. They usually impose compliance costs for exporters and importers, and can raise prices for consumers. Costs might be unduly high if the NTM is implemented inefficiently, even to the point of making export to a particular market uneconomic.
- A country with a high number of NTMs or expensive compliance costs is not necessarily a restrictive trading environment. It depends on the intent of each NTM and its implementation in practice.

The use of distortionary measures is growing internationally

- A minority of NTMs exist to unfairly restrict or distort trade. These include trade prohibitions, subsidies and other measures intended to favour domestic producers.
- The use of these NTMs has grown rapidly during the past decade. Since 2008, over 19,000 distortionary measures have been introduced, the majority of which are subsidies.
- The increase in distortionary NTMs can have a snowball effect by promoting reactionary policies that, once in place, can be difficult for governments to backtrack from - entrenching restrictions in global trade.
- The highest numbers of new restrictive NTMs are concentrated in the European Union, China and the United States (although this is a worldwide trend). The top five groups of products affected are machinery, metals, transport equipment, minerals and chemicals.
- New Zealand exporters as a group have been somewhat insulated from negative impacts because these NTMs mainly target certain manufactured products that make up a relatively small proportion of our exports. For example, there are more than 3000 new NTMs affecting machinery, but machinery only comprises 3% of New Zealand's exports.

Developed countries are the main users of NTMs

- Developed countries generally apply more NTMs than developing and least developed countries. The Americas region has the highest number of NTMs (an average of 15 per product), while Africa has the lowest (an average of four per product). However, there can be variation within regions.
- New Zealand exports face the highest number of NTMs in the US, which is consistent with this trend. New Zealand animal and food products are subject to around 40 NTMs each in the US market. (As noted above, NTMs can have both positive and negative effects for trade.)
- Global compliance costs are highest in China (where NTMs increase the cost of trade by 31%), Brazil (23%), the United Arab Emirates (21%), the US (17%) and Argentina (16%).
- New Zealand exports are subject to the highest compliance costs in East Asia, totalling over NZ\$6 billion annually. This is in line with global norms.

TBT measures dominate globally, but New Zealand exports mainly experience SPS restrictions

- Technical barriers to trade (TBT) are the most common type of NTM internationally. TBT measures include labelling and packaging requirements, compliance documentation, and quantity limits.
- There are over 850,000 TBT barriers worldwide. They cover about 70% of world trade and carry a compliance cost of approximately NZ\$1.8 trillion.
- Since New Zealand's export profile consists largely of primary products, sanitary and phytosanitary (SPS) barriers are instead the most common for New Zealand exporters. SPS restrictions comprise 59% of the total cost of NTMs to New Zealand exporters versus only 10% globally.

Primary products and beverages are particularly affected by NTMs

- Globally, primary sector and processed food exports face the highest number of NTMs. Primary products are subject to over 20 NTMs each on average across the markets they are exported to.
 - In terms of compliance costs, beverage products are subject to the most expensive NTMs internationally. These NTMs increase the total trade value for beverages by 150%. For example, a bottle of wine that would otherwise cost \$20 to export could actually be \$30 because of NTMs.
 - Both trends hold true for New Zealand. New Zealand meat exports typically face 28 NTMs, dairy 24, and fish 20 across the markets to which they are exported. NTMs raise beverage prices by nearly 150%, and have an overall compliance cost of NZ\$3.3 billion annually.
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External links

- View the [full research paper](#).
- New Zealand businesses encountering difficulties with NTMs in their overseas markets can seek assistance and advice by [filling out a simple form](#), emailing exports@mfat.govt.nz, or phoning 0800 824 605.

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