Asia-Pacific Trade and Investment Report 2019:
Navigating Non-tariff Measures towards Sustainable Development
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# Report overview

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Introduction:

*The rise of non-tariff measures*
Declining (ordinary) tariffs & increasing notifications of new NTMs

Average applied tariffs and annual notifications to WTO of SPS & TBT measures in Asia-Pacific

- Effectively Applied Tariff rate (per cent)
- Number of new notifications

TBT, SPS, Effectively applied tariff

www.unescap.org/publications/APTIR2019
NTMs in Asia-Pacific

- More than 25,000 out of 80,000 measures in 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.
Chapter 1:

Why non-tariff measures matter for sustainable development
42 per cent of NTMs address SDGs

All NTMs in the TRAINS database were examined to see which individual measures potentially directly and positively affected SDG targets.
There is scope for more regulations (!)

- Some SDG targets are relatively unaddressed by NTMs
- If addressed, implementation is sometimes lacking
- NTMs that don’t address SDG may still be important (e.g. consumer product safety)
Chapter 2:
Evaluating the impact of non-tariff measures on trade and investment in Asia and the Pacific

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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.

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Based in a joint analysis by ESCAP and ITC

- 56% of firms surveyed by ITC in Asia report “burdensome” NTMs.
- Half of “burdensome” NTMs are from within the region.
- 90% of all export partner “burdenome” NTMs are TBT, SPS or rules of origin.
- 40% of all domestic “burdenome” NTMs are: export certification, inspection, or licensing.

- **Domestic procedural obstacles** are the primary reason why NTMs are found to be burdensome
- They include time constraints, informal or unusually high payments, lack of transparency, discriminatory behaviour of government officials and a lack of appropriate testing facilities.
Chapters 3 & 4 and conclusion

What can be done to maximize contribution of NTMs to achieve SDGs

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Chapter 3:
Non-tariff measures and their relationship to international standards
International Standards and NTMs

Overall regulatory distance map

OIE, IPPC, Code x

Modern MDS (loss = stress; transform = identity)

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Sector case studies in Bangladesh, the Lao PDR and Viet Nam

- NTMs are generally less stringent than those recommended by the international standards

![Graph showing regulatory stringency in Bangladesh's imports of fresh apples.](image-url)
Chapter 4:
Streamlining non-tariff measures for sustainable benefits

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NTMs and Trade Facilitation

- Economies that report higher rates of trade facilitation implementation generally tend to report fewer burdensome NTMs by traders

Streamlining NTMs at the domestic level

1. **Transparency & Digitalization:** NTMs and related procedures available (national trade portal, one-stop access) and electronic (e.g. issuing and exchanging certificates of origin)

2. **Regulatory reviews and sustainability impact assessments** of new and existing NTMs should be systematically conducted.

3. **Inclusive trade facilitation:** needs of special groups and sectors

4. **More quality infrastructure**
Chapter 4: (cont.)

Streamlining non-tariff measures for sustainable benefits
Also at the regional and multilateral level
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 percentage of total provisions for years 2009-13 and 2014-18 for TBT, SPS, and Government Procurement categories.](chart.png)
Framework Agreement on Facilitation of Cross-Border Paperless Trade in Asia and the Pacific

A UN treaty to facilitate trade digitalization


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Looking forward

- A useful step to help address NTMs and related procedural obstacles would be to establish a regional NTB reporting, monitoring and elimination mechanism.
- Attention needs to be given to design, development, and implementation of NTMs. It would be beneficial for guidelines on sustainability impact assessment of new and existing NTMs to be developed in close consultation with Governments.
- **Capacity-building** in, and retention of, expertise needs to be intensified and strengthened.
THANK YOU

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www.unescap.org/tiid

www.unctad.org/ntm

Data: trains.unctad.org