
TRAINING WORKSHOP

ECONOMIC IMPLICATIONS OF NON-TARIFF MEASURES

10-11 APRIL 2017
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1. Background

The continuous reductions in tariffs taking place at the international, regional and bilateral levels have increased the importance of trade as an engine of growth, breathing a new life in trade-led development strategies. In particular, the belief that the scaling down of tariff levels would provide the much needed incentives for triggering, through trickledown effect, a structural transformation towards increased specialization in higher value-added products and, thereof, qualitatively large and robust positive impact on income.

However, experience to date brings forward the limits of such strategies, showing that developing countries remain unable to reap the expected benefits. Their efforts to increase their share in global trade are often met with limited success, with the majority struggling with expanding trade deficits as their exports remain dominated by labour-intensive products with low-value added. The majority of these countries also remain unable to venture into new markets, with their exports concentrated with a few trade partners.

Evidence from the UNECE research and analysis work shows that a key contributor to such a performance record has been the enterprises' inability to comply with the non-tariff measures (NTMs).¹ Dictated by the imperative to ensure consumer safety, environmental protection and broader health concerns, these measures often involve adherence to complex quality standards and regulatory requirements in an intricate exercise, which enterprises, especially small and medium-sized enterprises

¹ See UNECE national studies on regulatory and procedural barriers to trade. Using a comprehensive evaluation methodology, the studies provide a coherent approach for capturing behind and at-the-border regulatory and procedural barriers stemming from: (i) trade facilitation measures; (ii) quality control systems embodied in standardization policies, technical regulations, conformity assessment and metrology; and, (iii) trade-related infrastructure, including transport and logistical services. In so doing, the studies highlight the manner in which these barriers combine to inflate transaction costs and provide action-oriented recommendations that can be sequenced by priority according to national absorptive capacities and development plans. <http://www.unece.org/tradewelcome/studies-on-regulatory-and-procedural-barriers-to-trade.html>

(SMEs), are awkwardly placed to undertake. The enterprises are held back by weak technological capabilities- that is they lack the financial resources, know-how and equipment to efficiently specialize in technology-intensive activities. They are also subject to cumbersome administrative procedures, which inflate transaction costs and operate in the absence of modern quality assurance systems, so that they cannot benefit from the presumption of conformity.

Addressing the above-mentioned challenges is complicated by the difficult to grasp legislative and developmental aspects of NTMs. Governments have to navigate through the extensive body of multilateral rules and regulations to capture the manner in which the NTMs should be reflected into national law and the manner in which these measures manifest themselves in the day-to-day administrative procedures and economic activities. The upshot is restricted market access for exporters, as some NTMs pose effective non-tariff barriers (NTBs) with growth bottlenecks of greater significance than tariffs.

2. Objectives

The workshop targets line Ministries involved in the development of technical regulations and trade policy, namely ministries of economy, health and agriculture. By the end of the workshop, participants will be familiar with main approaches to:

- Identifying the key characteristics of NTMs, their prevalence and impact on trade flows
- Evaluating the accuracy of studies, which use econometric tools for quantifying the impact of NTMs on trade flows
- Factoring NTM considerations into national development strategies

3. Format

The training will take the form of a working interactive session, focused on the following areas:

A. NTMs: definition, patterns and key issues

A.1 Diversity of objectives and complexity of design

A.2 NTMs and the WTO-administered multi-lateral trading system:

- Sanitary and Phytosanitary (SPS) measures and the Agreement on Technical Barriers to Trade (TBT)
- Implementation of SPS measures and TBT by developing countries.

A.3 NTMs versus NTBs

- Variety of channels and impact areas: difficult to distinguish between legitimate and protectionist motivations

- Multiplicity of effects
- Costs (compliance costs, discrimination, empirical evidence points to soaring costs)
- The broader perspective: cost-benefit analysis and the notion of welfare effects

B. Implications for policy making

B.1 Striking a balance between competing regulatory objectives

- Approaches, practices and mechanisms
- Ex ante and ex post assessments
- Border inspections

B.2 International regulatory convergence

- Heterogeneity in regulations across countries: regulatory distance and trade impact
- Regulatory convergence in trade agreements: mechanisms and trade impact
- Harmonization to international standards: mechanisms and trade impact

B.3 Multilateral disciplines

- WTO SPS and TBT committees
- Aid for Trade Programmes

C. Measuring the impact of NTMs

C.1 Different methods: traps and limitations of each

C.2 Most widely used method AVEs: definition and rationale for calculating AVEs; direct and indirect method (limitations of each). How does AVEs fair against GEM (just briefly mention the traps and limitations of GEM)

C.3 Ambiguity of assessments

C.4 Data sources (WITS)

D. Thematic Discussions

This is an interactive discussion, with UNCTAD putting forward reflections for kick starting the discussion under each theme. Experts are encouraged to prepare examples and case studies for sharing with their peers.

D.1 Global context: challenges of the 21st century



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D.2 Factoring NTM implications into national development strategies: A national approach to regional and global integration? Is this possible?

D.3 NTMs and the SDGs