

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

***SPECA Working Group on Trade***  
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# Report overview

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# Introduction:

## *The rise of non-tariff measures*



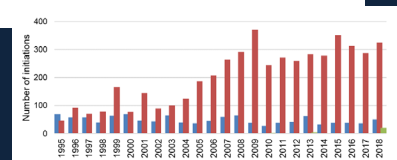
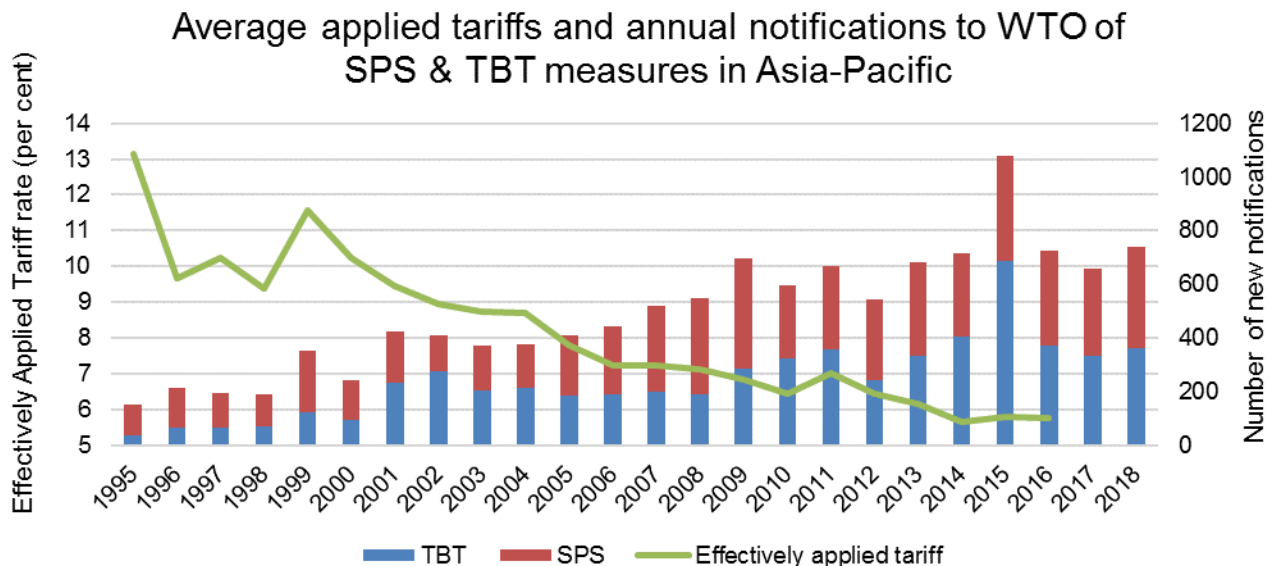
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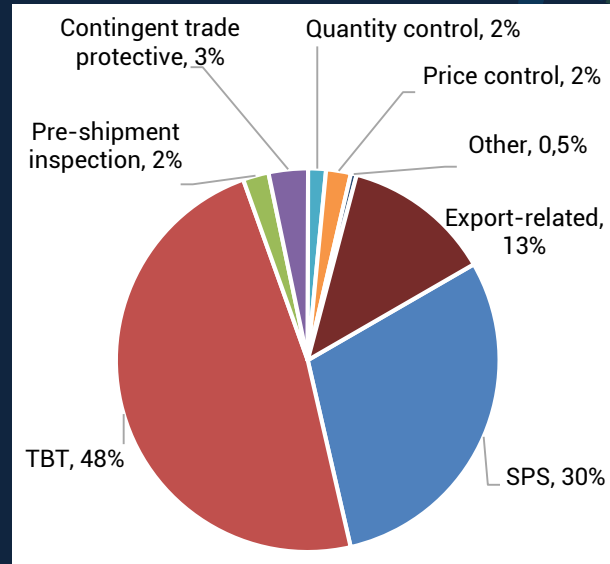


# Declining (ordinary) tariffs & increasing notifications of new NTMs



# 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*



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# Linking SDGs to NTMs

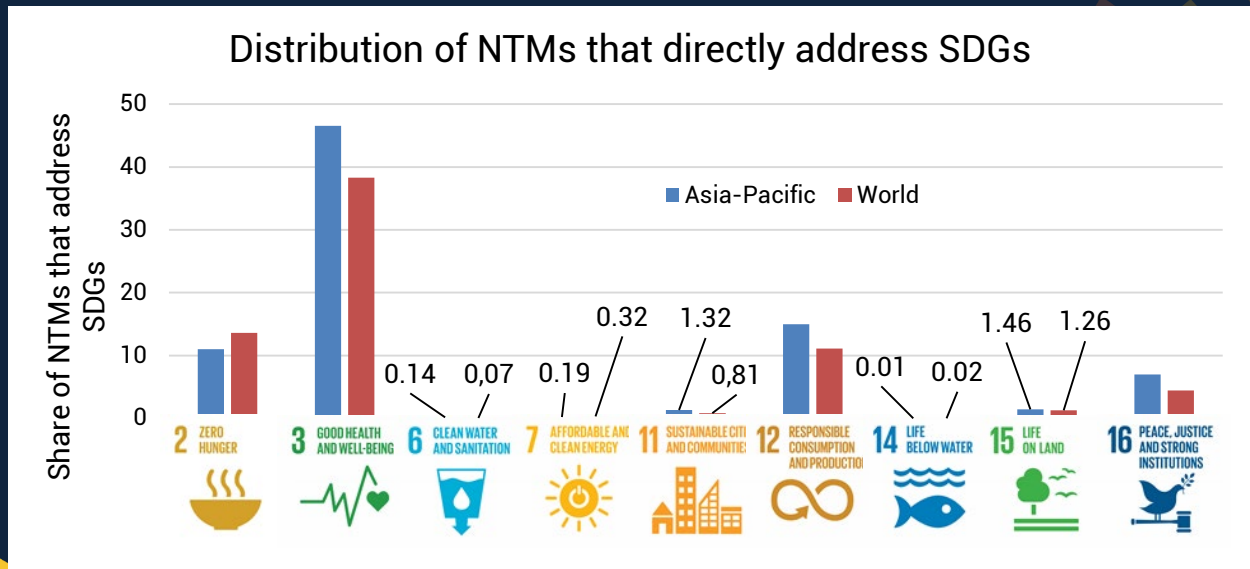


- Sustainable Development Agenda:
  - Trade is an engine for inclusive economic growth and poverty reduction, and an important enabler to achieve SDGs
- Trade linked to
  - health and safety
  - environment and climate
  - public security and peace
- NTMs can directly and indirectly contribute to SDGs
  - Direct: policy instruments addressing safety, health, environment
  - Indirectly: through impact on trade (costs) and investment



# 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





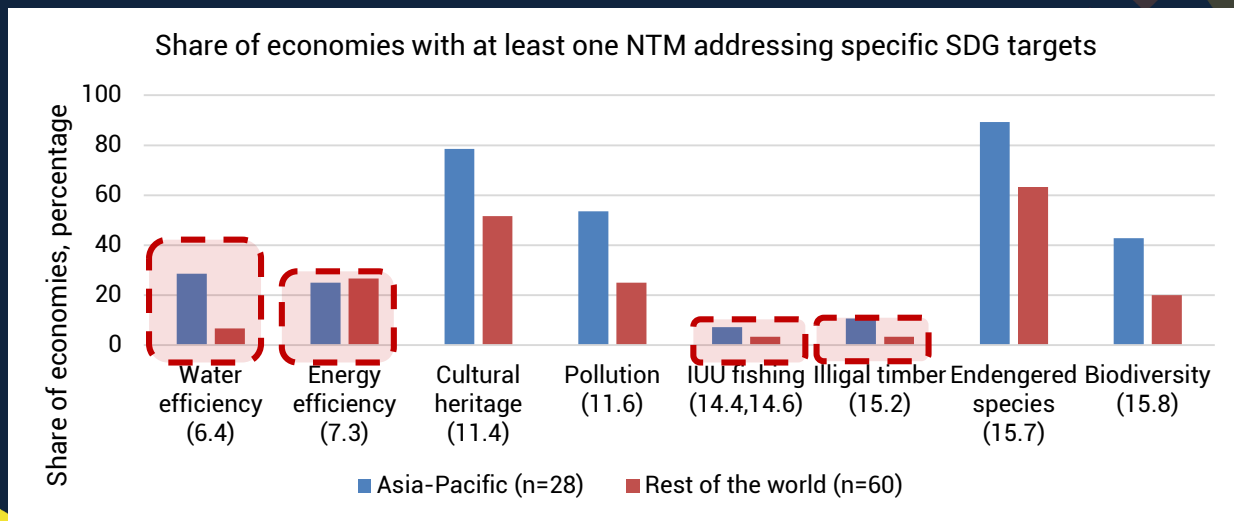
# NTMs that address SDGs

- The highest share of SDG-related NTMs in the Asia-Pacific region and globally directly address Goal 3 (Good Health and Well-being).
- They include regulation of
  - medicines
  - food safety
  - vehicle safety
  - alcohol and tobacco products
- NTMs that arise due to international agreements are also prevalent, highlighting the need for international collaboration to achieve SDGs.



# 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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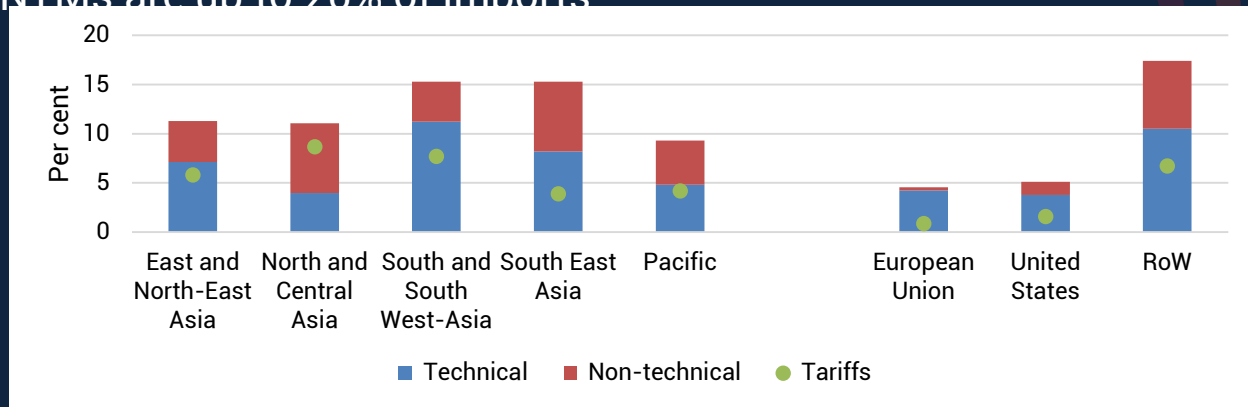


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# Ad Valorem Equivalents (AVEs) of NTMs

- 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



# Private Sector Perspective

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 “burdensome” NTMs are TBT, SPS or rules of origin.
- 40% of all domestic “burdensome” 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



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# International Standards and NTMs

- Protection of health, safety and environment: Eliminating NTMs not an option -> Coordinate or harmonize
- International standards aim at assisting harmonization of measures
  - Standards are not per se NTMs (only if referenced in government regulation, making it mandatory)
- TBT Agreement does not mention specific International Standards
- SPS Agreement mentions Codex Alimentarius, OIE and IPPC



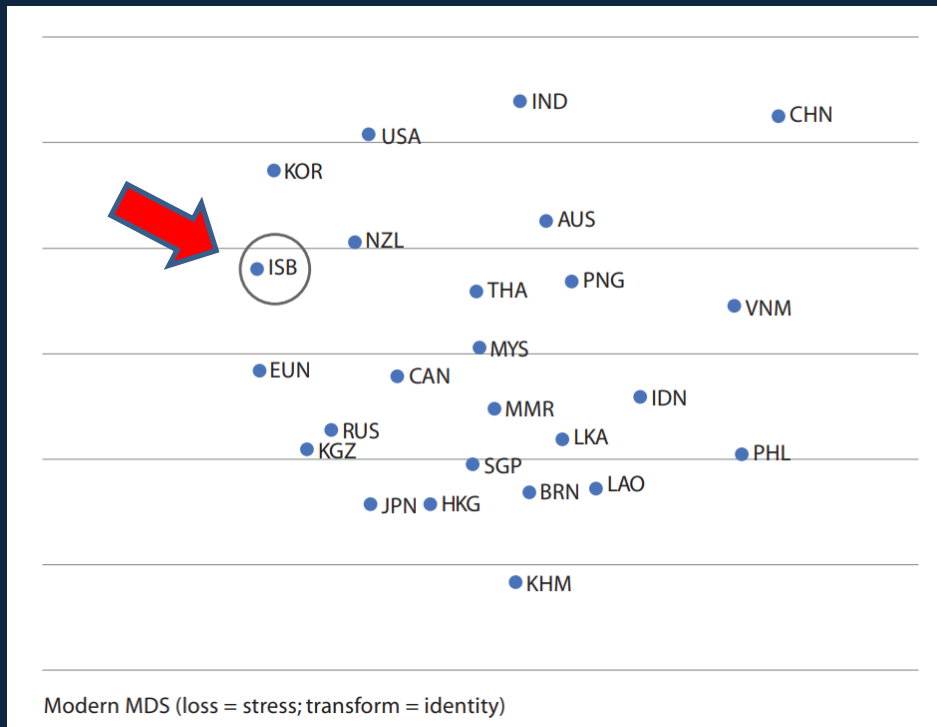
**Most countries in Asia and Pacific divert from international standards and under-regulate**





# International Standards and NTMs

## Overall regulatory distance map

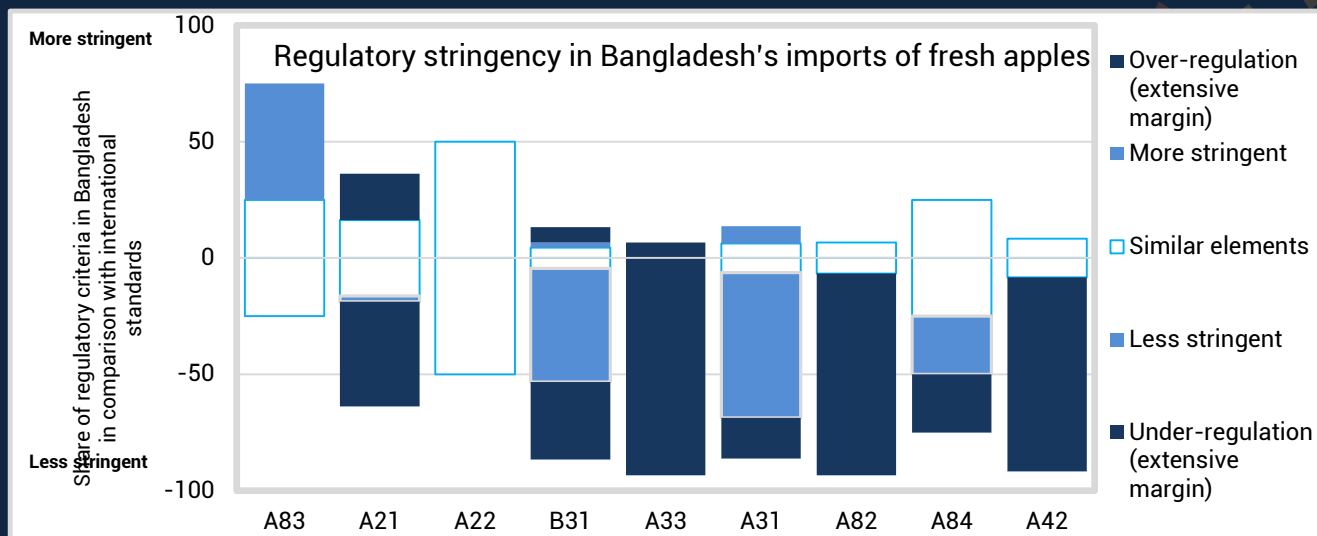


Modern MDS (loss = stress; transform = identity)



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

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



# Chapter 4:

## Streamlining non-tariff measures for sustainable benefits



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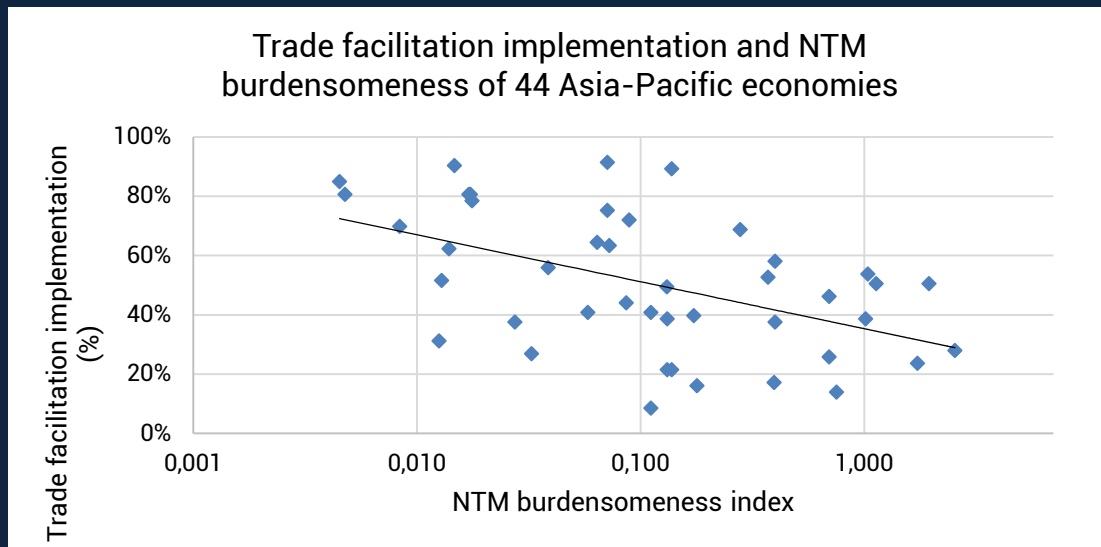


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# NTMs and Trade Facilitation

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



Source: UN Global Survey on Trade Facilitation and Paperless Trade Implementation, 2017; International Trade Centre, 2015-2018.



**UNTFsurvey.org**

[www.unescap.org/publications/APTIR2019](http://www.unescap.org/publications/APTIR2019)

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# Streamlining NTMs at the domestic level

- 1. T**ransparency & **D**igitalization: NTMs and related procedures available (national trade portal, one-stop access) and electronic (e.g. issuing and exchanging certificates of origin)
- 2. R**egulatory reviews and sustainability impact assessments of new and existing NTMs should be systematically conducted.
- 3. I**nclusive trade facilitation: needs of special groups and sectors
- 4. M**ore quality infrastructure



# Chapter 4: (cont.)

Streamlining non-tariff  
measures for sustainable

→ benefits

- Also at the regional and  
multilateral level



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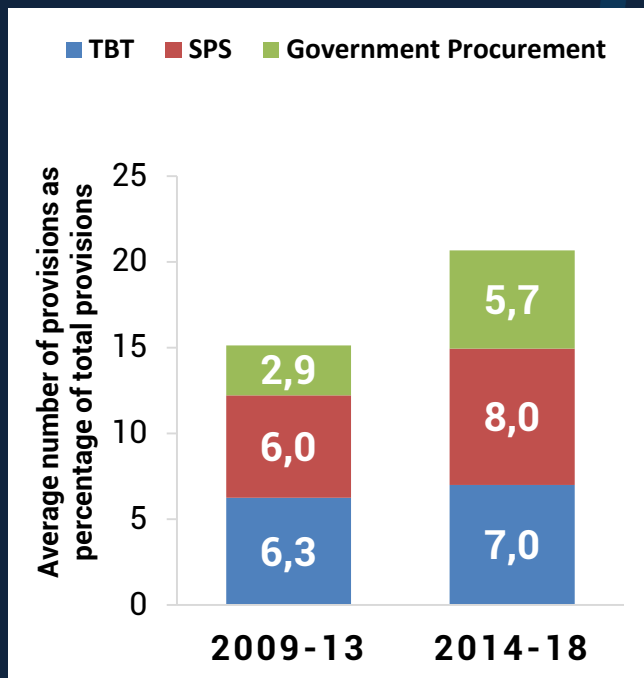


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# Regional efforts to coordinate and streamline NTMs can accomplish more

- 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.



# Framework Agreement on Facilitation of Cross-Border Paperless Trade in Asia and the Pacific

A UN treaty to facilitate trade digitalization



<https://www.unescap.org/resources/framework-agreement-facilitation-cross-border-paperless-trade-asia-and-pacific>





# 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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Data: [trains.unctad.org](http://trains.unctad.org)



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Economic and Social Commission for Asia and the Pacific

