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

SPECA Working Group on Trade
18 November 2019, Geneva

Presented by
Yann Duval
Chief, Trade Policy and Facilitation Section
Trade, Investment and Innovation Division, UN ESCAP
Report overview

Introduction  The rise of non-tariff measures

Chapter 1  Why non-tariff measures matter for sustainable development

Chapter 2  Evaluating the impact of non-tariff measures on trade and investment in Asia and the Pacific

Chapter 3  Non-tariff measures and their relationship to international standards

Chapter 4  Streamlining non-tariff measures for sustainable benefits
Introduction:

The rise of non-tariff measures
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
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.

![Distribution of NTMs that directly address SDGs](chart.png)
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)

![Graph showing share of economies with at least one NTM addressing specific SDG targets.](chart.png)

**Share of economies with at least one NTM addressing specific SDG targets**

- Water efficiency (6.4)
- Energy efficiency (7.3)
- Cultural heritage (11.4)
- Pollution (11.6)
- IUU fishing (14.4, 14.6)
- Illegitimal timber (15.2)
- Endangered species (15.7)
- Biodiversity (15.8)

Asia-Pacific (n=28)  Rest of the world (n=60)
Chapter 2:
Evaluating the impact of non-tariff measures on trade and investment in Asia and the Pacific
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.
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.

Private Sector Perspective
Chapters 3 & 4 and conclusion

What can be done to maximize contribution of NTMs to achieve SDGs
Chapter 3:
Non-tariff measures and their relationship to international standards
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

![Graph showing regulatory stringency in Bangladesh’s imports of fresh apples](image)
Chapter 4:
Streamlining non-tariff measures for sustainable benefits
NTMs and Trade Facilitation

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


www.unescap.org/publications/APTIR2019
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
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

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

WWW.UNESCAP.ORG/TIID

UNESCAP
UNESCAP
UNESCAP
UNITEDNATIONSESCAP
UNITEDNATIONSESCAP

WWW.UNCTAD.ORG/NTM

Data: trains.unctad.org