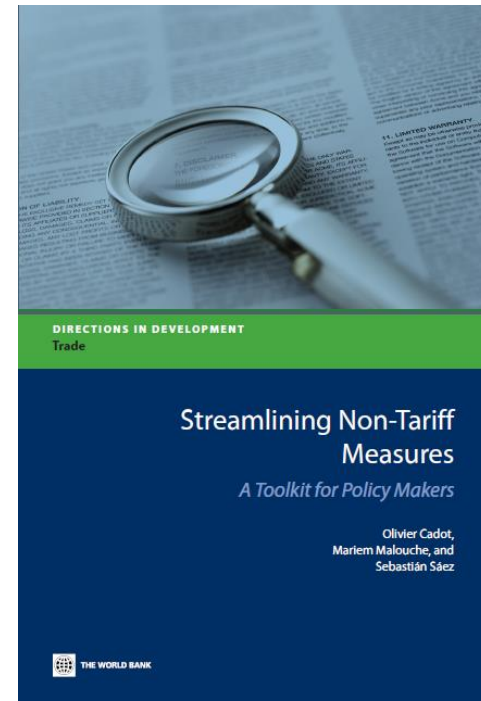


Non-Tariff Measures

20th Trade Policy Coordinating Committee Meeting

Manila
June 25, 2014

World Bank Group



What are Non-Tariff Measures?

<i>TECHNICAL MEASURES</i>	A	SPS measures
	B	Technical regulations
	C	Pre-shipment inspection
	D	Price-control measures
	E	Licenses, quotas, prohibitions and QRs
	F	Charges, taxes & para-tariff measures
	G	Finance measures
	H	Anti-competitive measures
	I	TRIMs
	J	Distribution restrictions
<i>NON-TECHNICAL MEASURES</i>	K	Restrictions on post-sales services
	L	Subsidies (excluding export subsidies)
	M	Government procurement restrictions
	N	Intellectual property
	O	Rules of origin
	P	Export measures (including export subsidies)

IMPORT MEASURES

- This classification is used both by
- UNCTAD for data collection
 - WTO for notifications

Looking at NTMs and not NTBs

Definition has evolved from Non-tariff barriers (NTBs) to Non-Tariff Measures

- *NTMs are policy measures, other than tariffs, that affect trade.*
- *NTBs have a clear protectionist intent or restrict trade more than necessarily*

No inventory of NTMs

Issued by various government bodies

Private sector complains about enforcement and procedures

Why do we Care about NTMs?

- NTMs affect trade
 - Hoekman and Nicita (2008): Cutting the AVE of NTMs in half, from around 10% to around 5%, would boost trade by 2-3%;
 - Djankov, Freund & Pham (2006): One-day delay reduces export value by 1% - and 7% for agricultural products
- NTMs affect trade competitiveness and diversification (extensive margin)
 - NTMs increase the trade-related costs: cost of compliance with technical regulation; bureaucratic procedures for permits and licenses
- NTMs affect poverty
 - NTMs increase the cost of food staples and basic commodities for the poorest
 - Cadot and Gourdon (2011): SPS measures increase the price of food staples by 13-15% in Africa; Quantitative restrictions by an additional 20%

Objectives of the new Approach

- Shift policy dialogue from “eliminating NTBs” to “reforming NTMs”
 - “Improving regulation, not necessarily through less regulation” (OECD)
- Offer a pragmatic and comprehensive approach to address the NTM agenda
 1. Data transparency
 2. Strengthen analysis of NTMs – why and how
 3. Strengthen institutional regulatory review process

New Ways to Measure and Compare NTMs

Transparency in NTMs: The Bank data collection so far

Data collection: Engage with government officials – build expertise

- Start with « pivot » countries with capabilities (e.g. Morocco, Mauritius)
- Hire local consultants (university institutes, academics, consulting firms) if needed
- Use Bank local offices for support

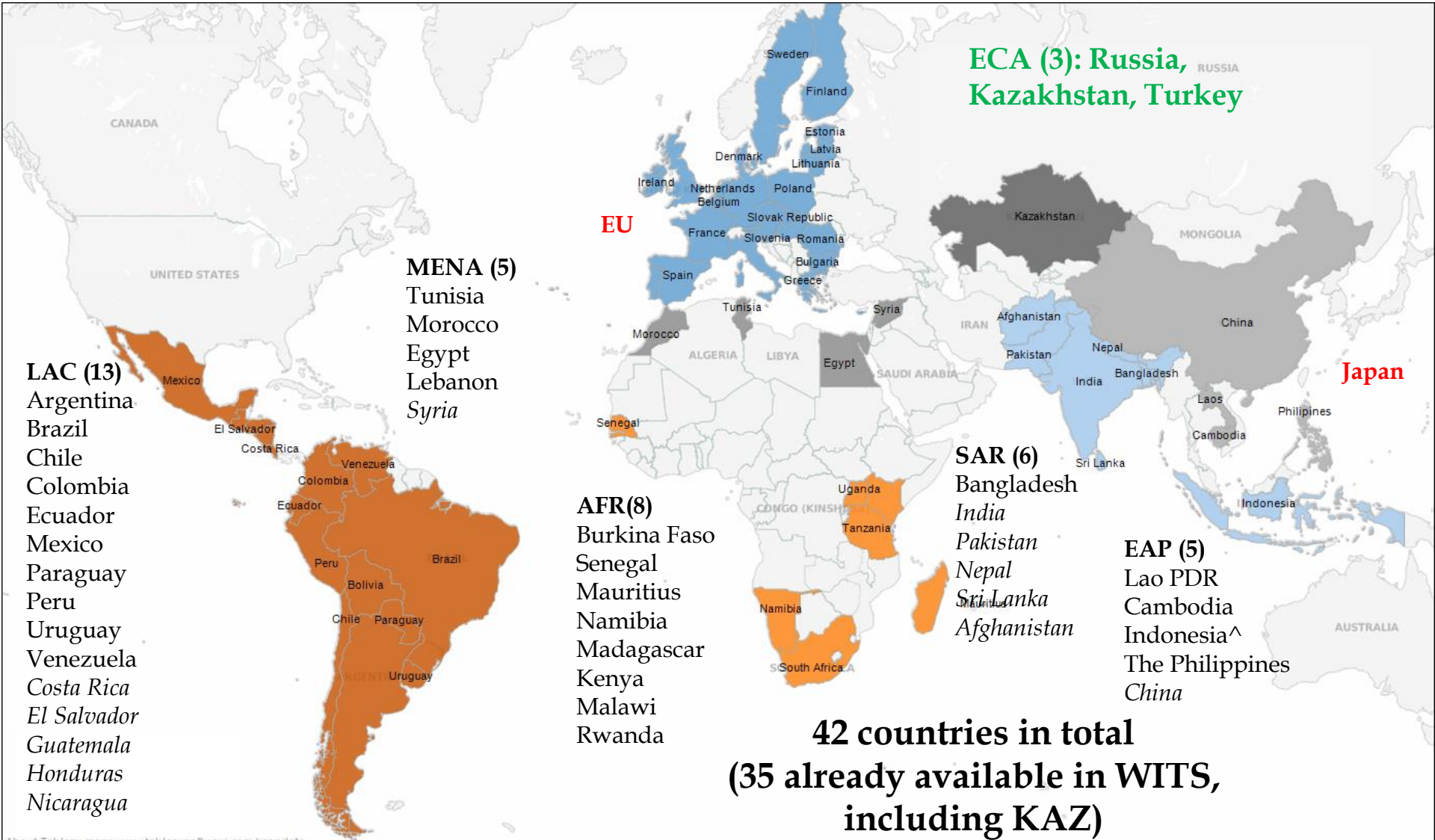
Data validation: Get the government to vet the data

- Set up validation workshop whenever possible
- **Encourage web posting of the data once it has been vetted**
- Identify counterparts in the government for follow-up
- **Use regional forums to reach data-sharing agreement**

Engaging policy dialogue

- Use validation workshop as embryo of NTM review committee when such a structure does not exist
- Offer technical assistance for NTM reviews

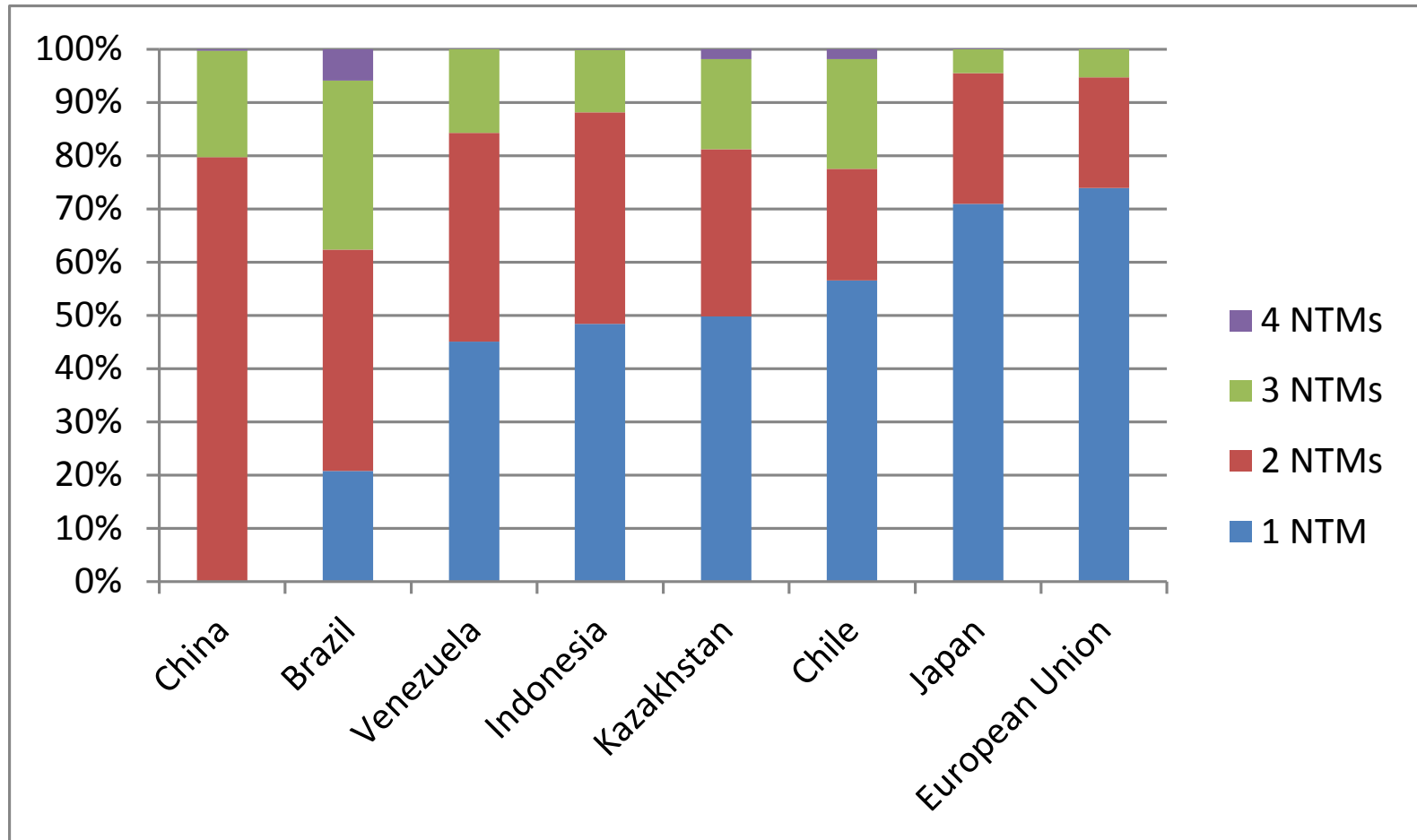
Global NTM Database



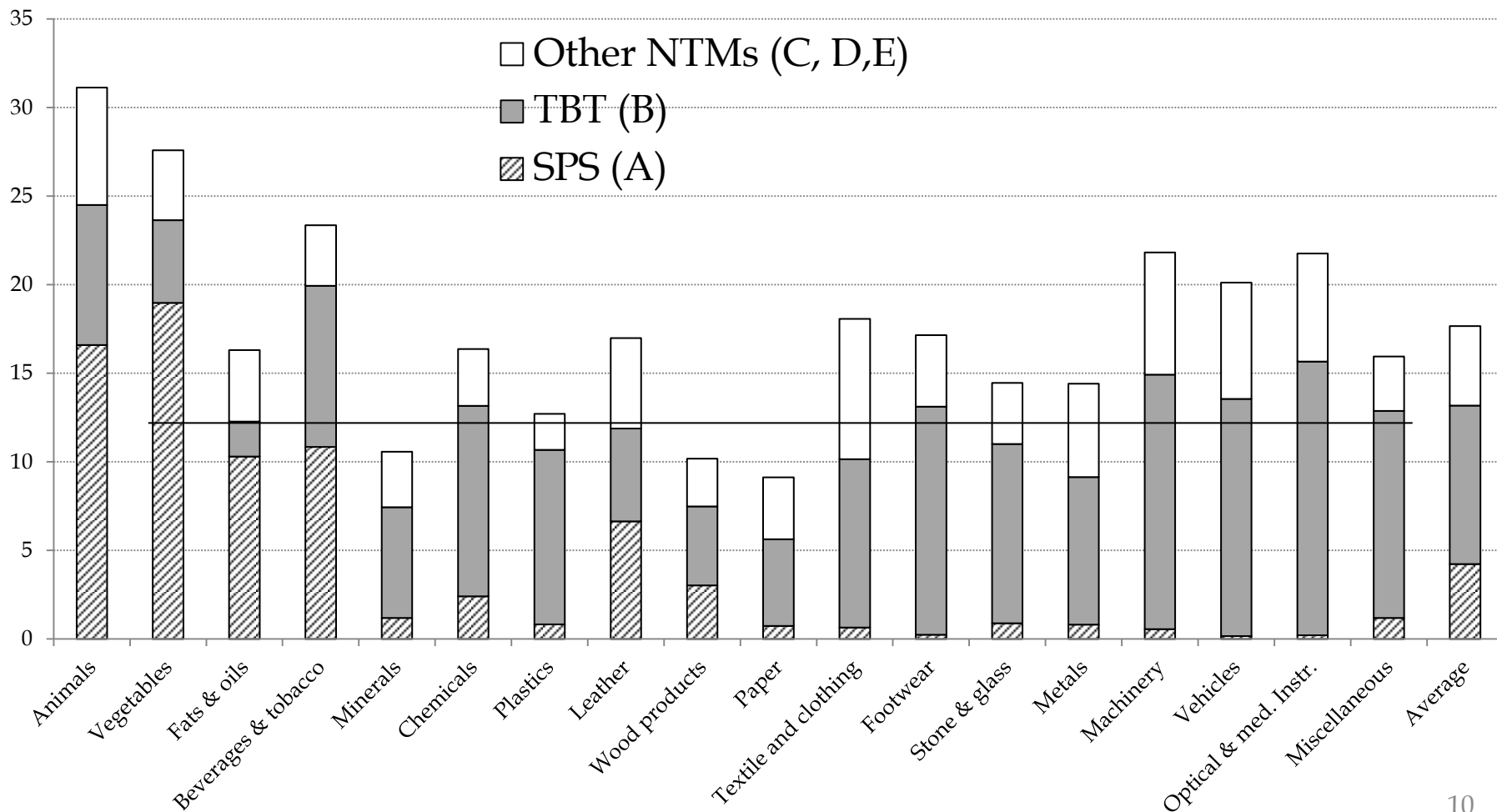
42 countries in total
(35 already available in WITS,
including KAZ)

Potential Internal Administrative Inefficiencies

% of products subject to 1,2,3 or more types of NTMs



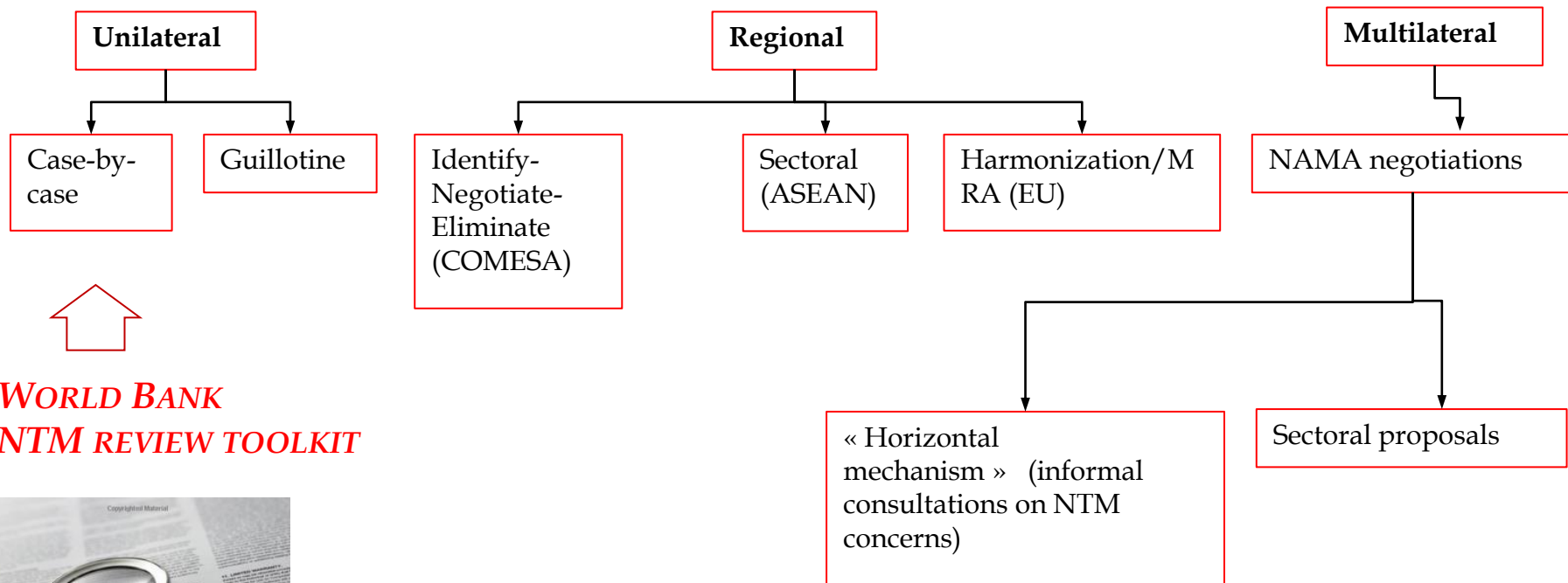
NTM AVEs Substantial Compared to Tariffs, but not Prohibitive



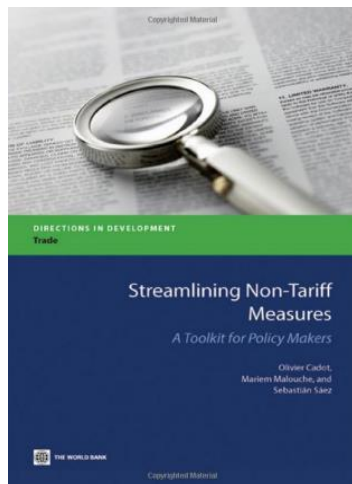
“Streamlining” Non-Tariff Measures: How to proceed?

Policies Issues: If Elimination makes no sense, then what?

Three families of approaches to “streamlining” NTMs:



WORLD BANK
NTM REVIEW TOOLKIT



What Guidance from the WTO?

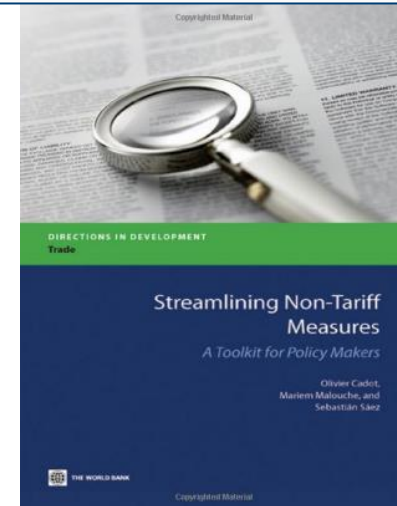
Even though we advocated not taking a trade perspective on NTM streamlining, WTO “disciplines” offer useful guiding principles for regulations:

1. Measures should **not discriminate** between countries and between domestic and foreign producers;
2. Measures should be **transparent** so that all parties have access to the information;
3. Measures should be based on a **scientific basis** in the case of SPS measures;
4. Measures have **no less trade-disturbing alternative**.

The World Bank's toolkit approach: Replace political arbitrage by technical analysis

The World Bank's toolkit approach:

1. Take a holistic approach to NTMs: Look at all aspects at the outset
2. Take out the confrontational dimension, replace it by dialogue & analysis
3. Trust the analysis to an independent regulatory supervisory body



What is required

1. An agency with strong analytical capabilities (capable of going beyond just procedural box-checking)
2. Large freedom to investigate all stakeholders, academic-style independence, means to carry out quantitative analysis (skills, equipment)
3. Strong support for the agency at the highest level (even if premise is non-confrontational, some battles likely at some point)

Getting down to business: the logical flow of an NTM review

Entry point

Request for review of an existing regulation from private sector

New regulation

Is it substantial (non-futile request)

Stage 1

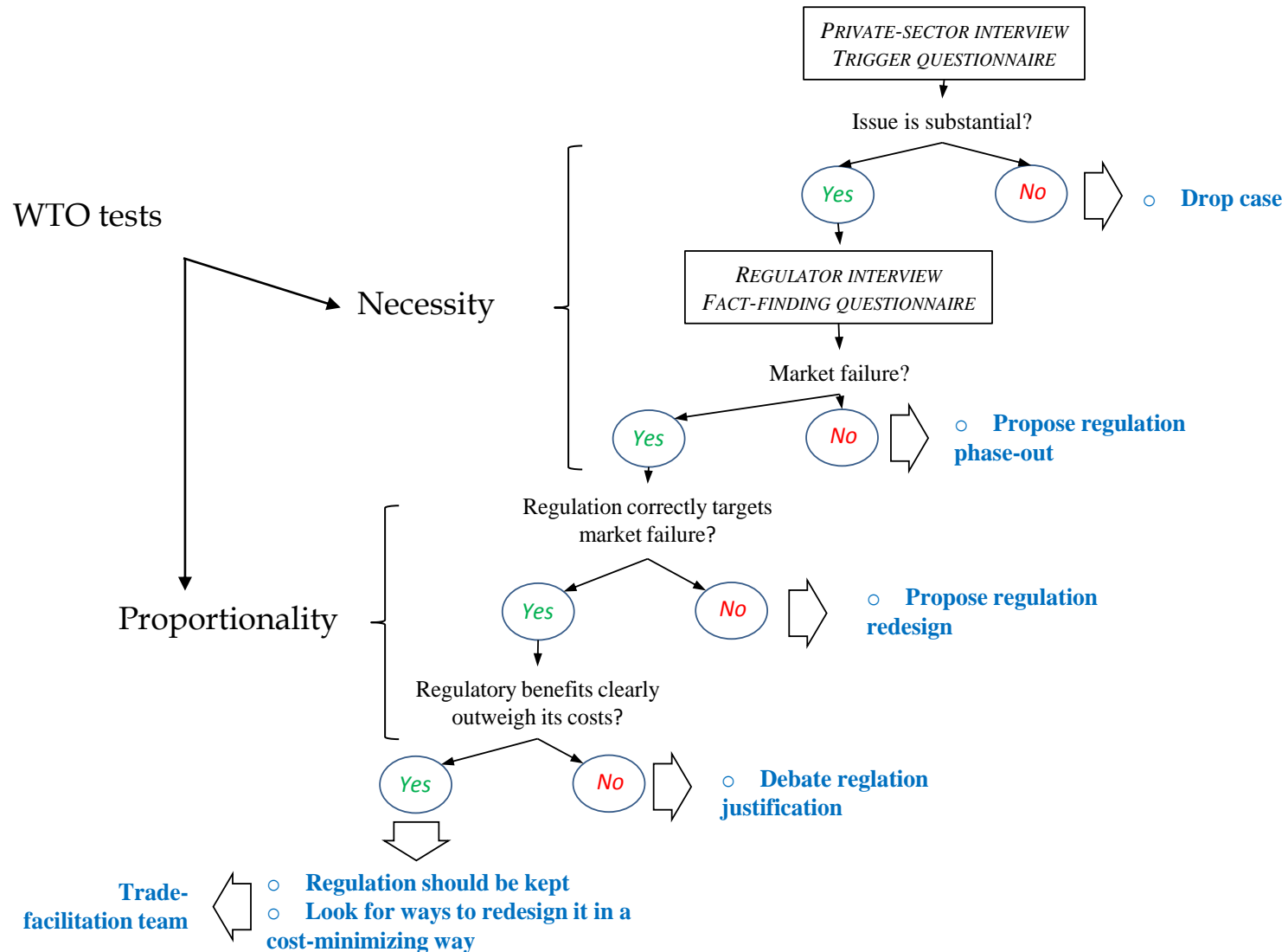
Is regulatory intervention justified? (What is the problem)

Stage 2

Does the regulation correctly address the problem?

- Is it targeted at the right level
- Is it “proportional” to the importance of the issue
- Are the benefits of the regulation higher than its costs?
- Is the regulation the most cost-effective to achieve the regulatory aim?

The “proportionality test” is the most data-intensive—Few reviews will make it to that point



Case-Studies and Lessons Learned

Three Case Studies

- 1. Nigeria: Import Bans on Selected Consumption Products**
- 2. Central America: Sanitary Registration for Processed Foods and Beverages**
- 3. Cambodia: Export Registrations and Certificates of Origin**

Cambodia: Export Registration and Certificates of Origin

- Cambodia exporters needed a certificate of origin for every single shipment, regardless of the preferential treatment of their consignment in the destination market.
- All firms in Cambodia needed to register annually at the Ministry of Commerce to be legally entitled to obtain a certificate of origin.
- Both measures involved payments and caused other costs to traders (delays, etc.). They increase the cost to export and hamper the competitiveness of the private sector, mainly for SMEs.



Cambodia: Export Registration and Certificates of Origin

- ✓ **In November 2013**, the Royal Government of Cambodia announced that:
 1. **Certificates of Origin** will be issued **only when needed**.
 2. **Elimination** of mandatory and costly **annual registrations**

- ✓ **These measures** will contribute to reduce the costs of exports and, therefore, **increase the export competitiveness** of Cambodian firms.

Lessons Learned

1. NTMs must be part of the Poverty and Competitiveness National Agenda.
 2. Institutional Coordination is paramount
 3. Case-by-case analysis is needed
- ✓ Regional Progress has been possible in ASEAN through a regional NTM work program. **Bali Agreement provides momentum for NTM transparency and streamlining!**