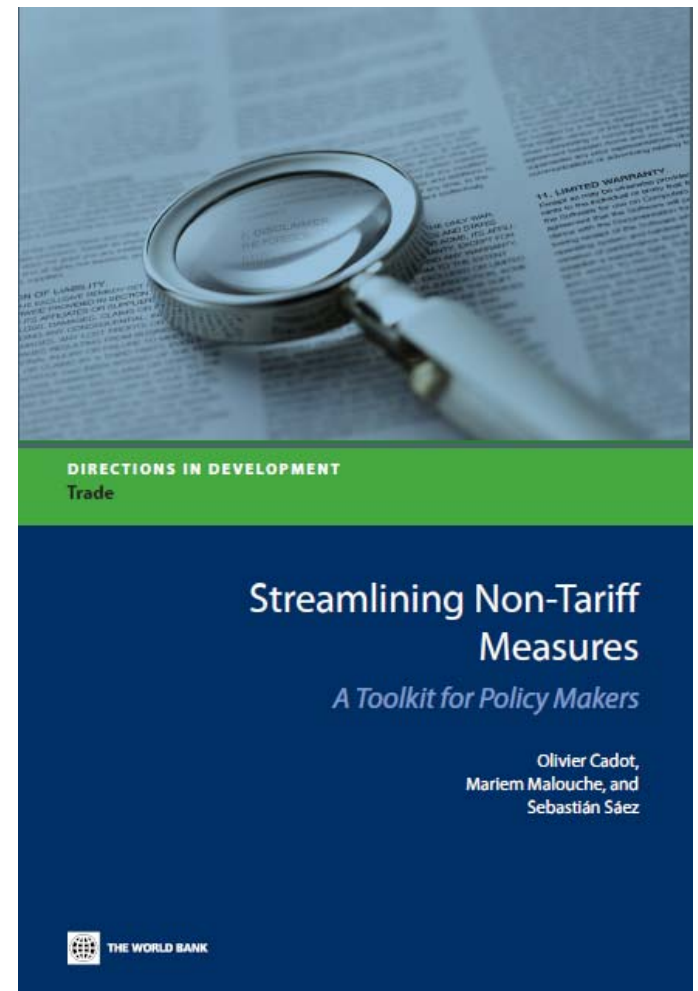


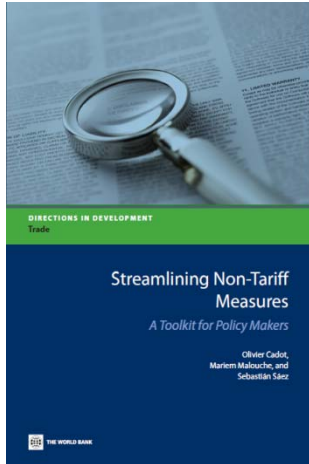
Non-Tariff Measures

A toolkit for policymakers

Mariam Malouche
World Bank

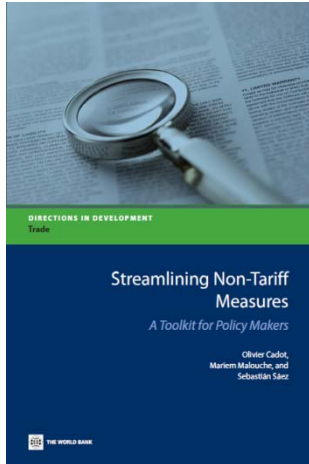
Seminar at US International Trade Commission
August 10, 2012





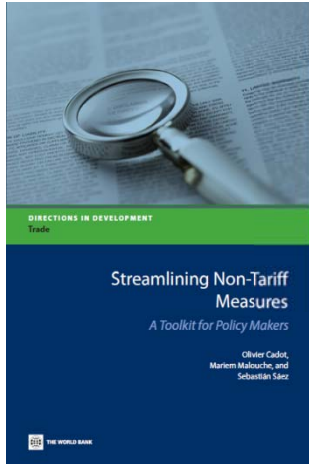
Objectives

- Shift policy dialogue from “eliminating NTBs” to “streamlining NTMs”
- Offer a pragmatic and comprehensive approach to address the NTM agenda
 - Institutional Process
 - Analytical tools and questionnaires
 - Data transparency
 - Case studies and international experience
- Introduce the culture of Regulatory Impact Assessment in policy making



Main Challenges for policymakers

- Lack of data
- NTMs are increasingly TBTs and SPS
 - not transparent ; complex legal documents
- MTMs are issued by various ministries with different mandates – often not trade or competitiveness
- WTO Guidelines are rather vague:
 1. Transparency
 2. Non-discriminatory
 3. No least trade restrictive alternative measure
 4. Scientifically based for SPS
- Increasingly a regional agenda
- “Eliminating” NTMs is often not the right strategy, leading to deadlocks and disappointing results



NTMs – a new classification

*IMPORT
MEASURES*

*TECHNICAL
MEASURES*

- 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*

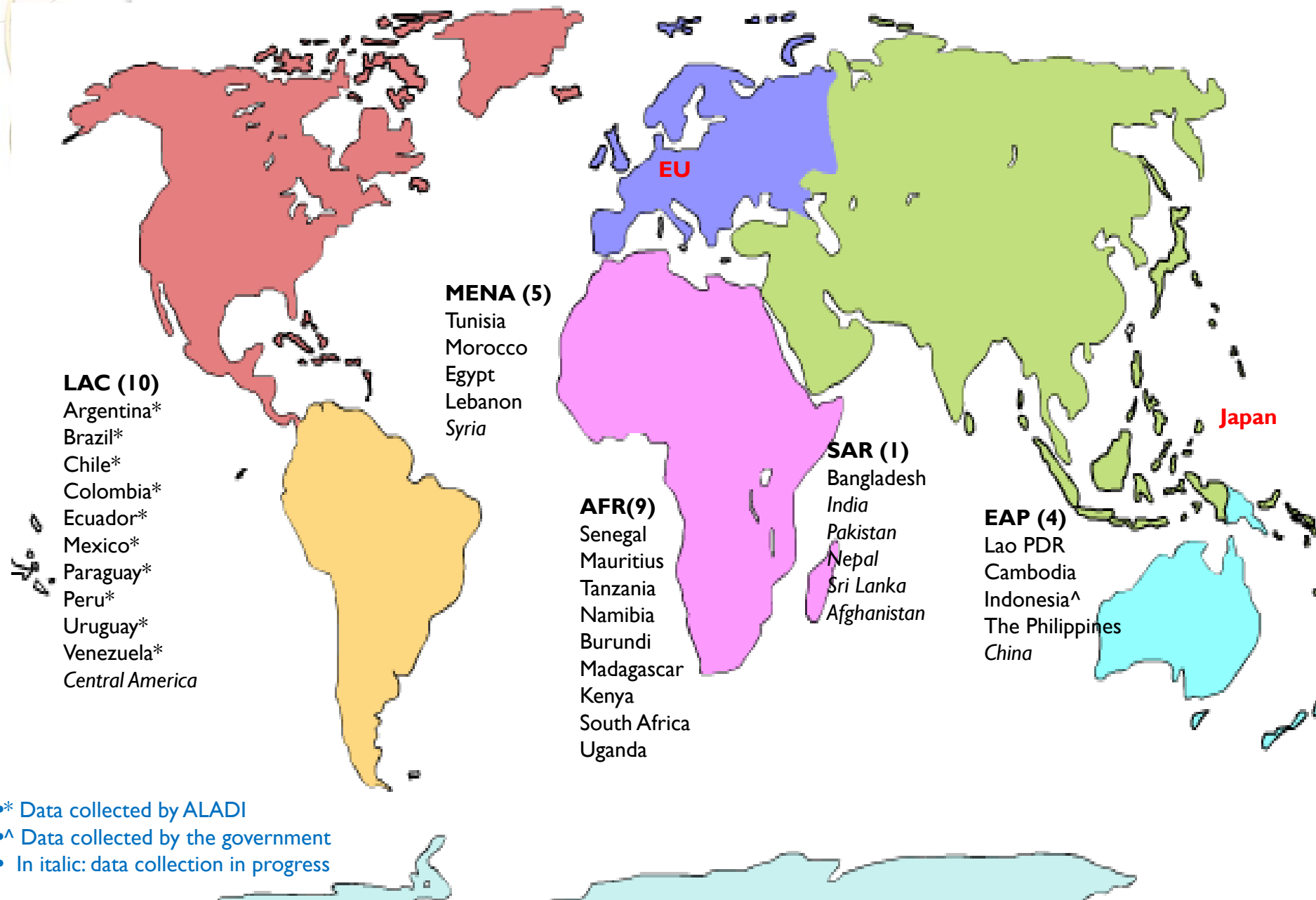
*NON-
TECHNICAL
MEASURES*

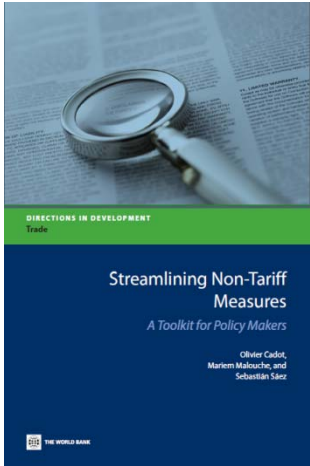
- I** *TRIMs*
- J** *Distribution restrictions*
- K** *Restrictions on post-sales services*
- L** *Subsidies (excluding export subsidies)*
- M** *Government procurement restrictions*
- N** *Intellectual property*
- O** *Rules of origin*

P Export measures (including export subsidies)

Source: UNCTAD

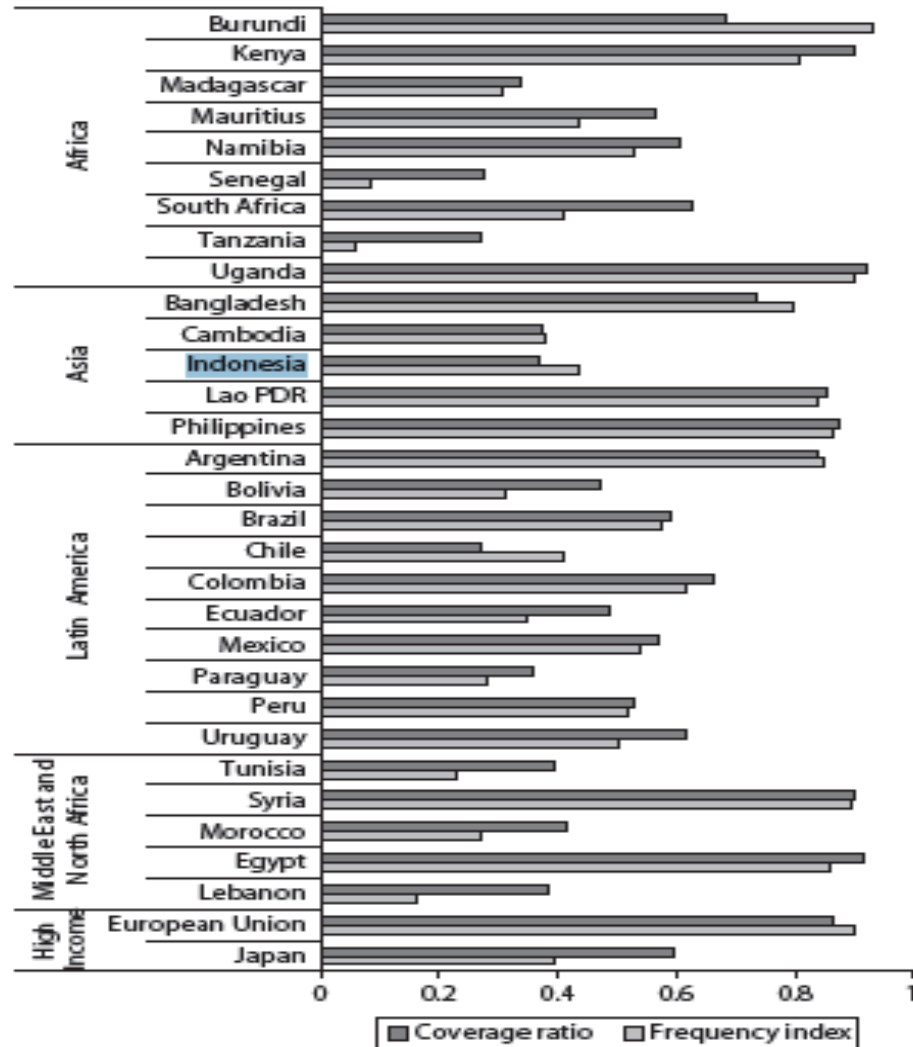
NTM data collection – August 2012

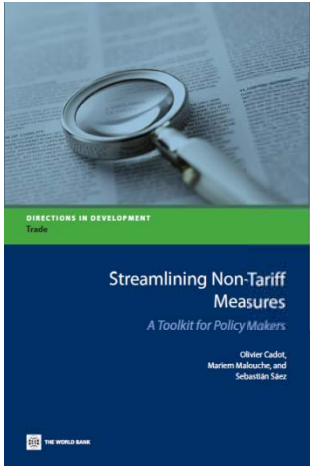




NTM Data analysis

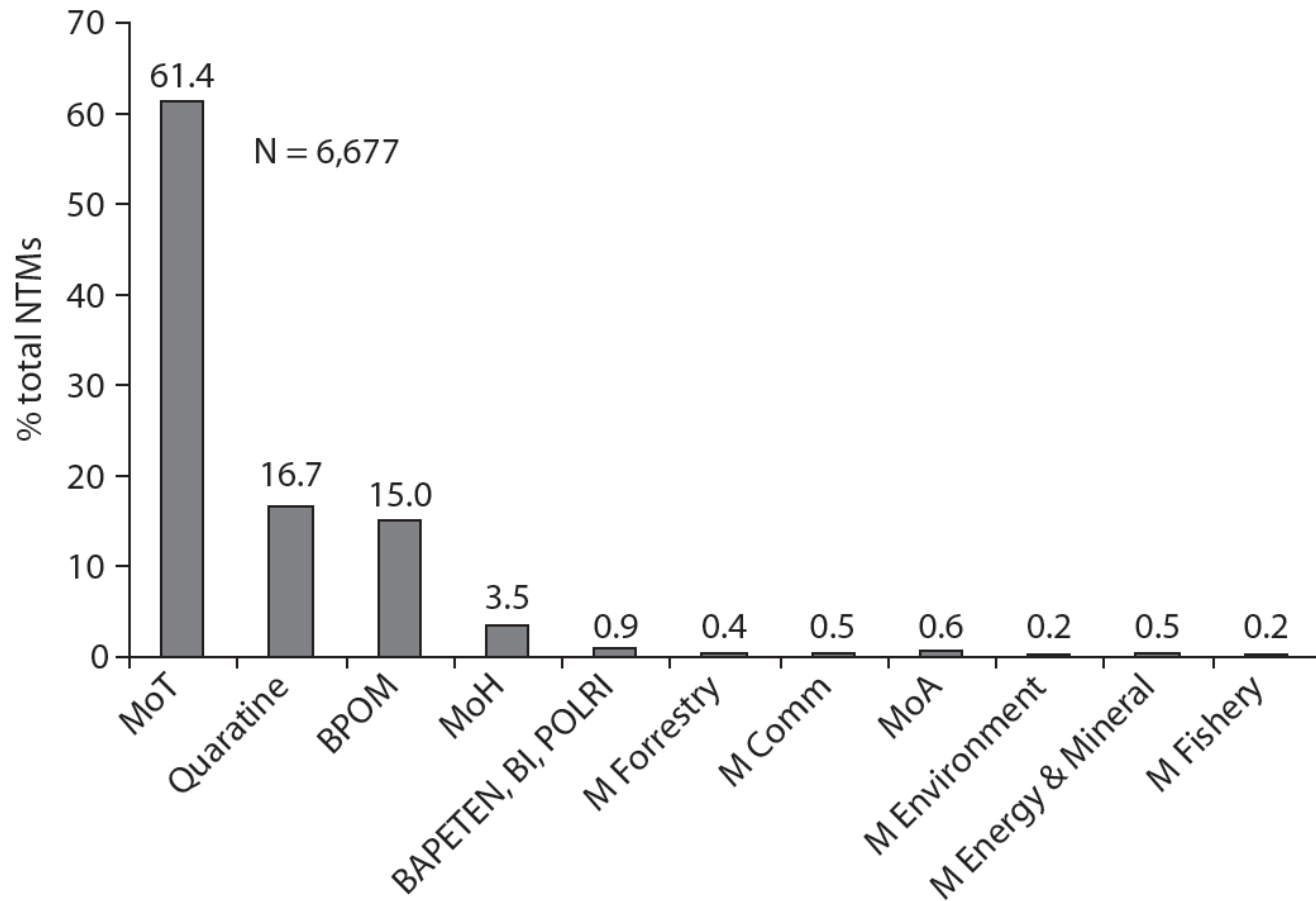
Figure 1.4 Frequency Indices and Coverage Ratios, by Country

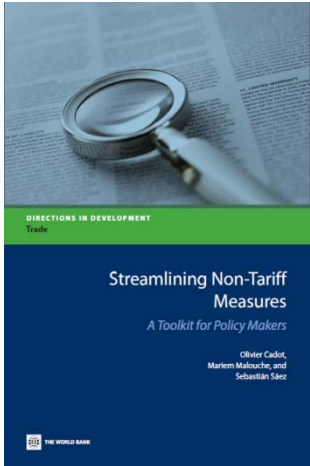




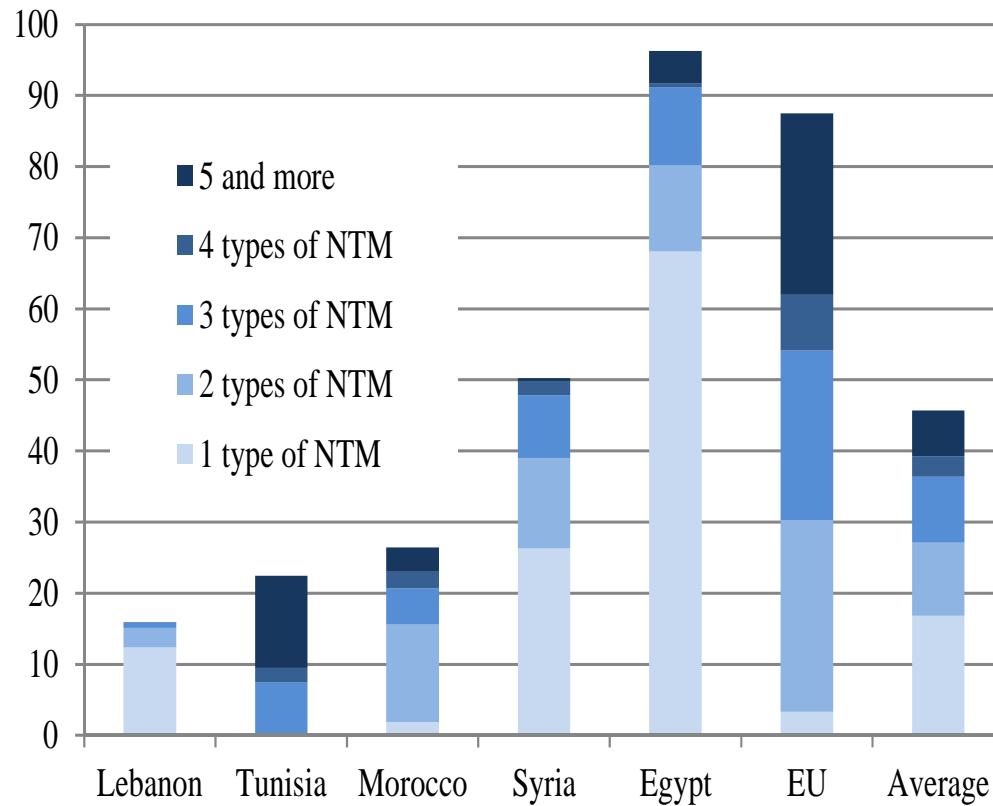
Number of Measures by Ministry

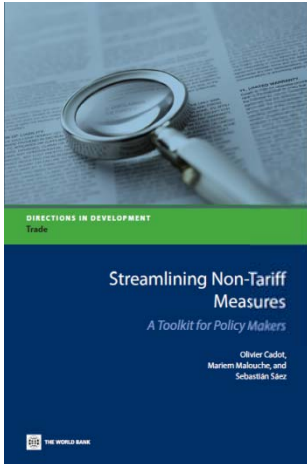
Figure 4.2 NTMs Issued by Agency





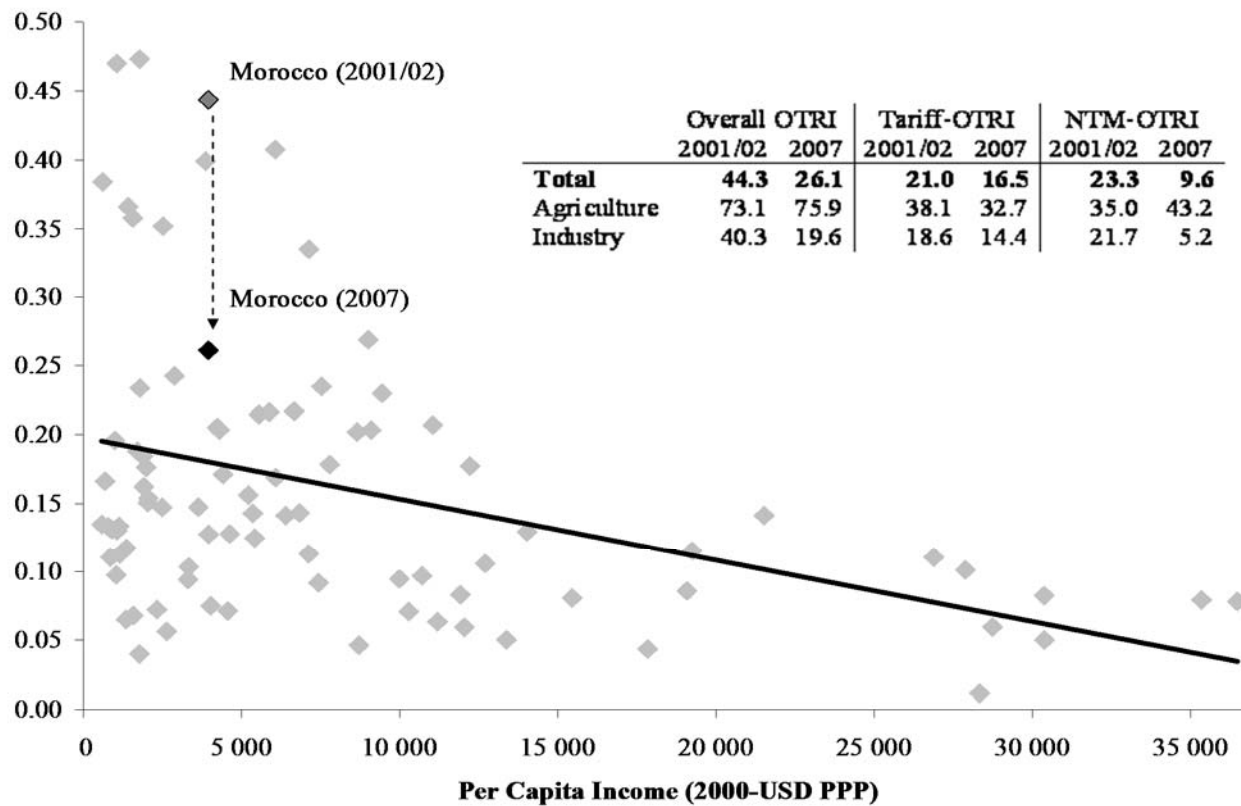
Number of Measures by Product

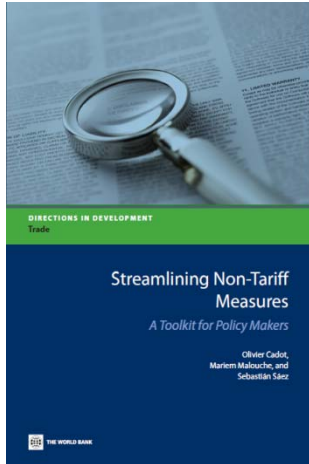




NTM impact on Trade

Re-estimation of Overall Trade Restrictiveness Index (OTRI) on the basis of 2007 partial update

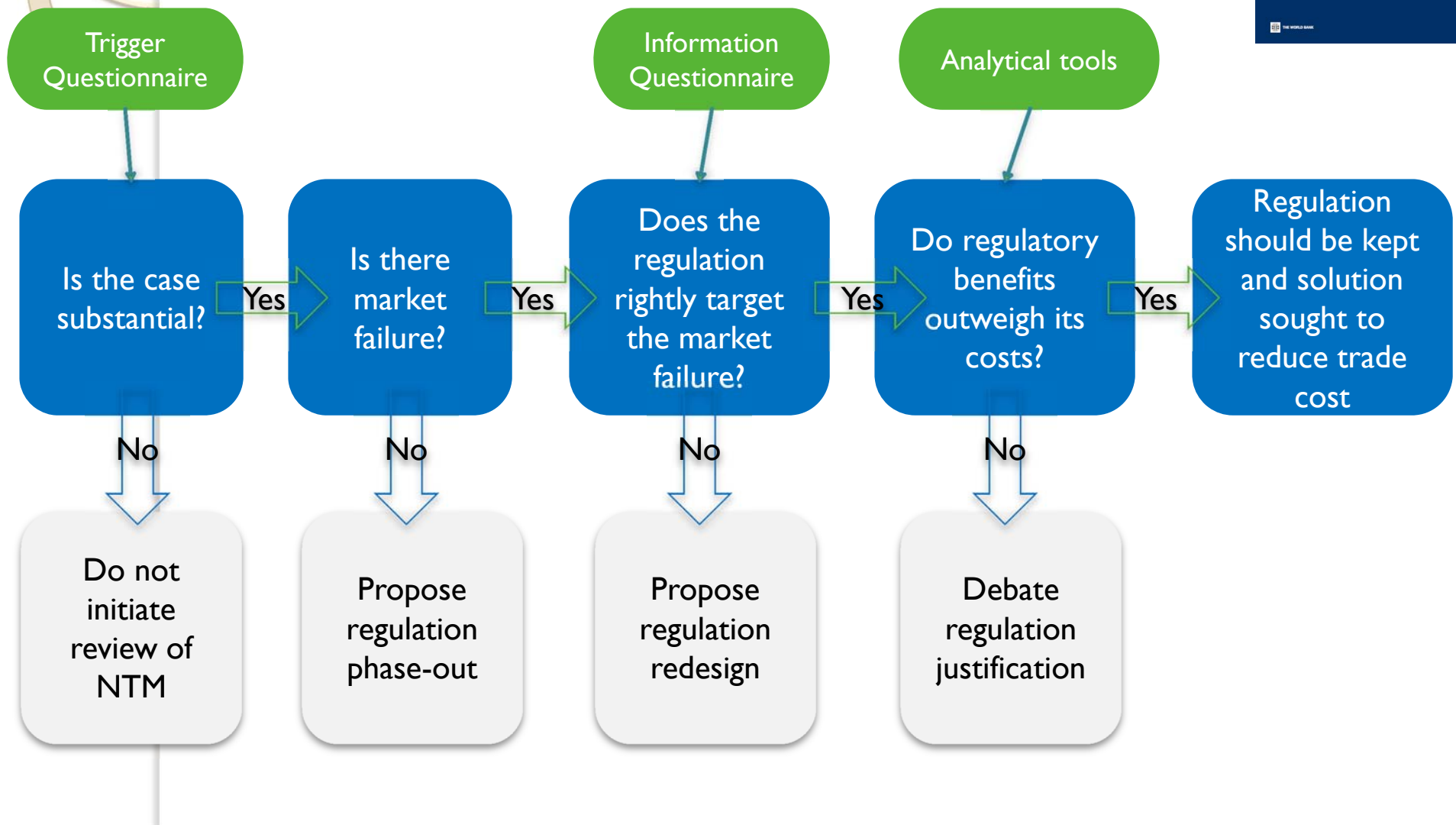
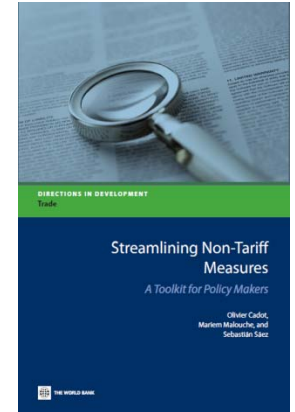




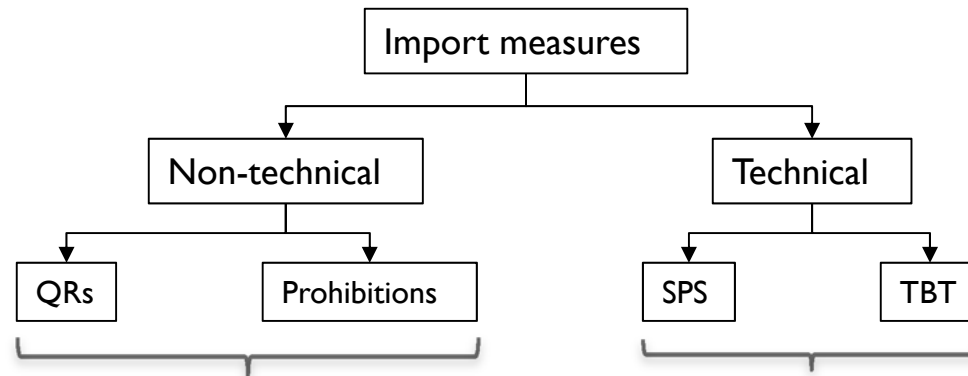
Need for a more pragmatic approach

- To recognize the right of countries to regulate trade with NTMs to achieve legitimate policy objectives
- To design regulations that are the least trade restrictive
- To improve governance over trade regulations through:
 - interministerial consultation around competitiveness
 - Consultation with the private sector and other stakeholders that might be affected by the regulation
- To make informed and sound decision based on dialogue and use of analytical tools for cost benefit analysis

Flowchart of an NTM review



What kind of issues are we dealing with?



ISSUES TO WATCH

- How restrictive?
- Political economy
- Adjustment costs

- Justification (market failure?)
- WTO-consistency
- Coherence (along value chain)
- Implementation

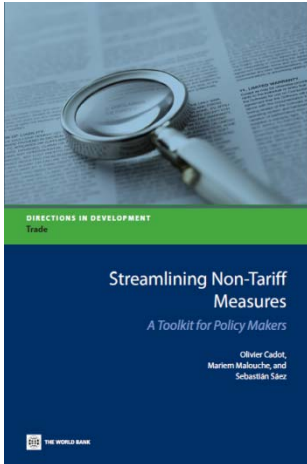
ANALYTICAL TOOLS

- AVEs
- Price gap
 - KNO

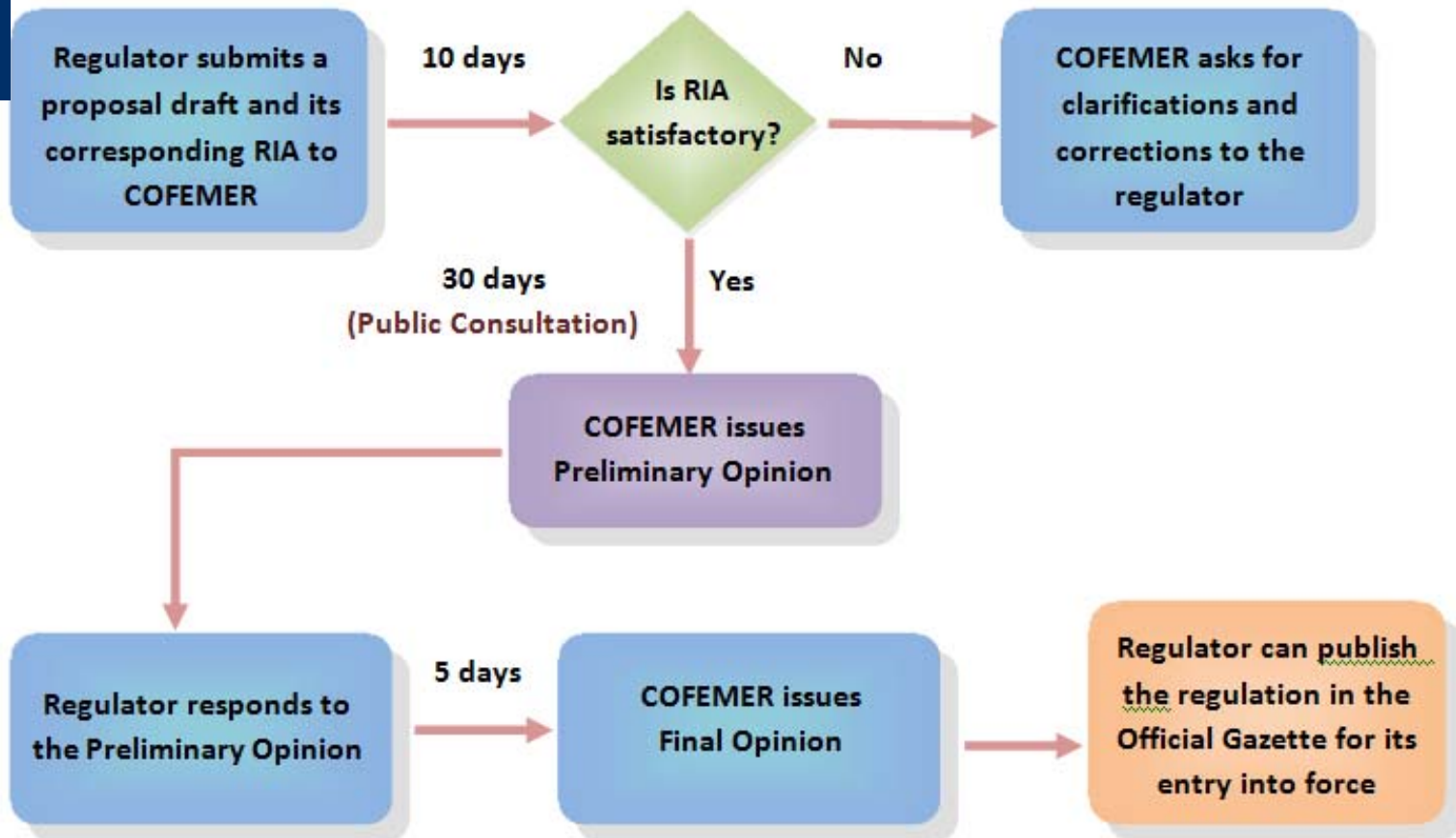
SCM
Risk analysis

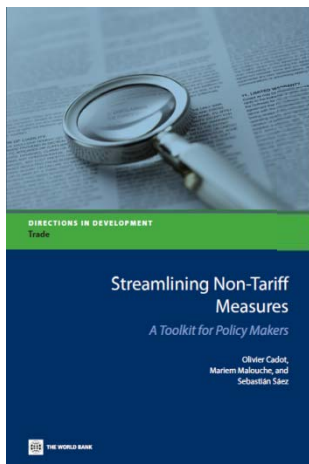
Welfare/distributional analysis

- Feed econometric estimates into simulation models (e.g. TRIST)
- Feed simulation results into household surveys for distributional effects



Mexico: review of new regulations by COFEMER





Mexico – RIA guidelines

COFEMER's RIA guidelines

General questions

- General data on the regulatory proposal (name, initiating agency, responsible officers)
- Summary of the proposal (objectives, problem being addressed)

Section A : Legal analysis

- Type of proposal (law, by-rule, technical standard,...)
- Alternative measures considered
- Legal basis for the measure
- Related regulations, existing regulations affected by the proposal.

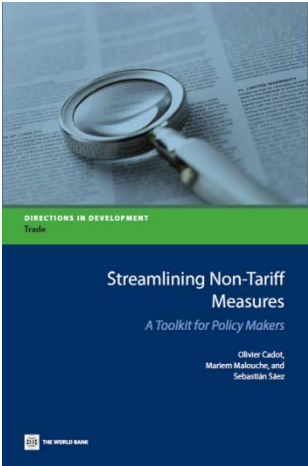
Section B : Regulatory analysis

- Regulatory effects (identify and describe)
- International experience (compatibility of proposed regulation, approaches followed in other countries)
- Public consultation (describe process, who participated, what proposals were submitted, why not incorporated,...)
- Implementation (describe resources available)
- Enforcement (describe mechanisms).

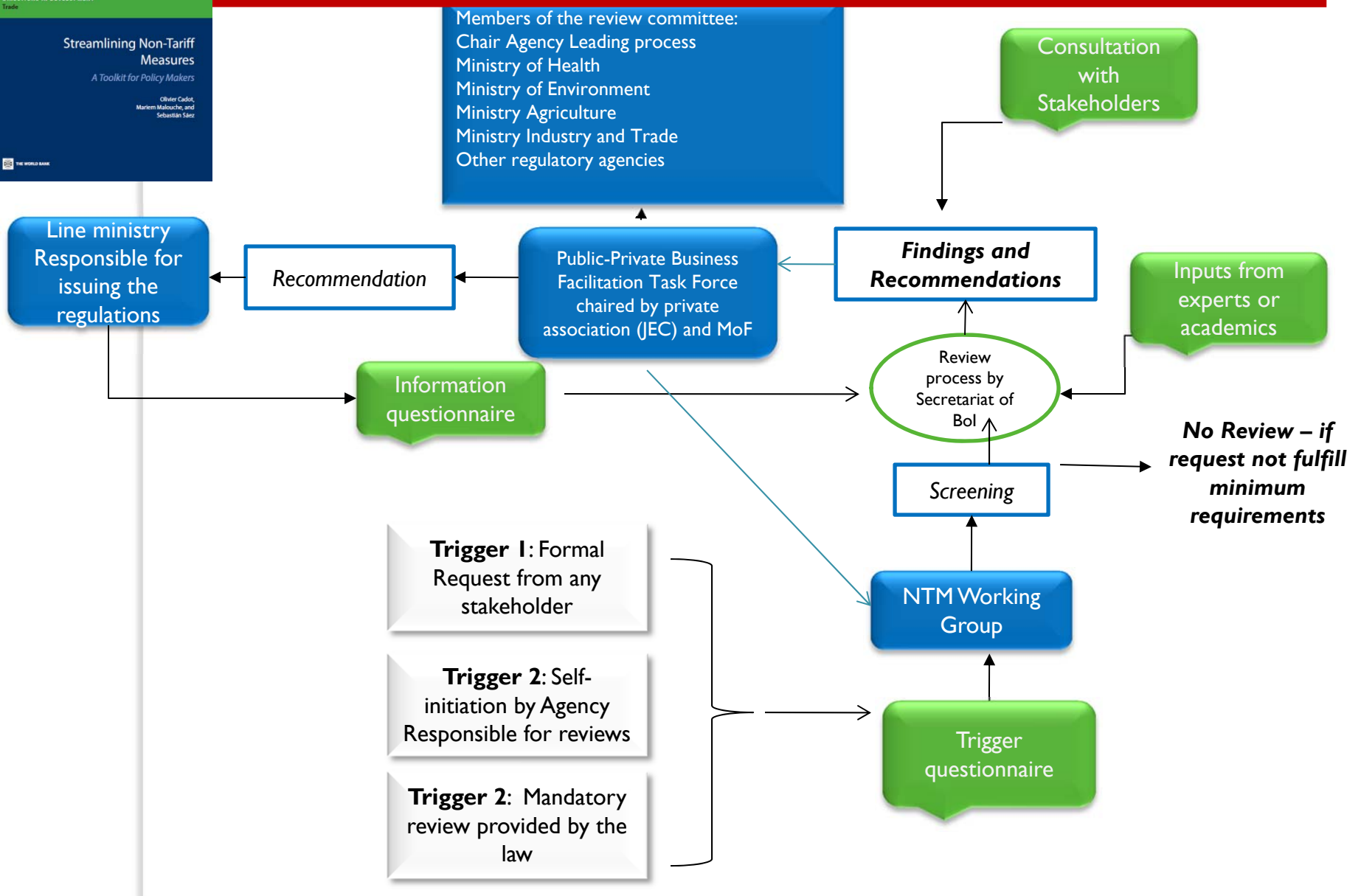
Section C : Impact analysis

- Is this a high-impact measure ? (compliance cost over U.S.\$80m/year)
- Is compliance cost concentrated on a particular group ?
- If yes to both, full cost-benefit analysis must be annexed.
- General effects on competition and trade (international and domestic)
- Effects on consumers
- Effects on SMEs
- Measurable costs (description & quantification)
- Measurable benefits (description & quantification)
- Non-measurable benefits, additional information on costs & benefits
- Effect on business formalities (does it affect, eliminate, or add one ?).

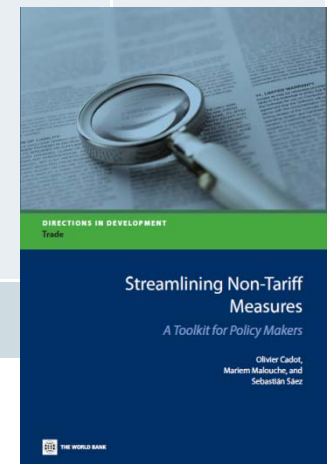
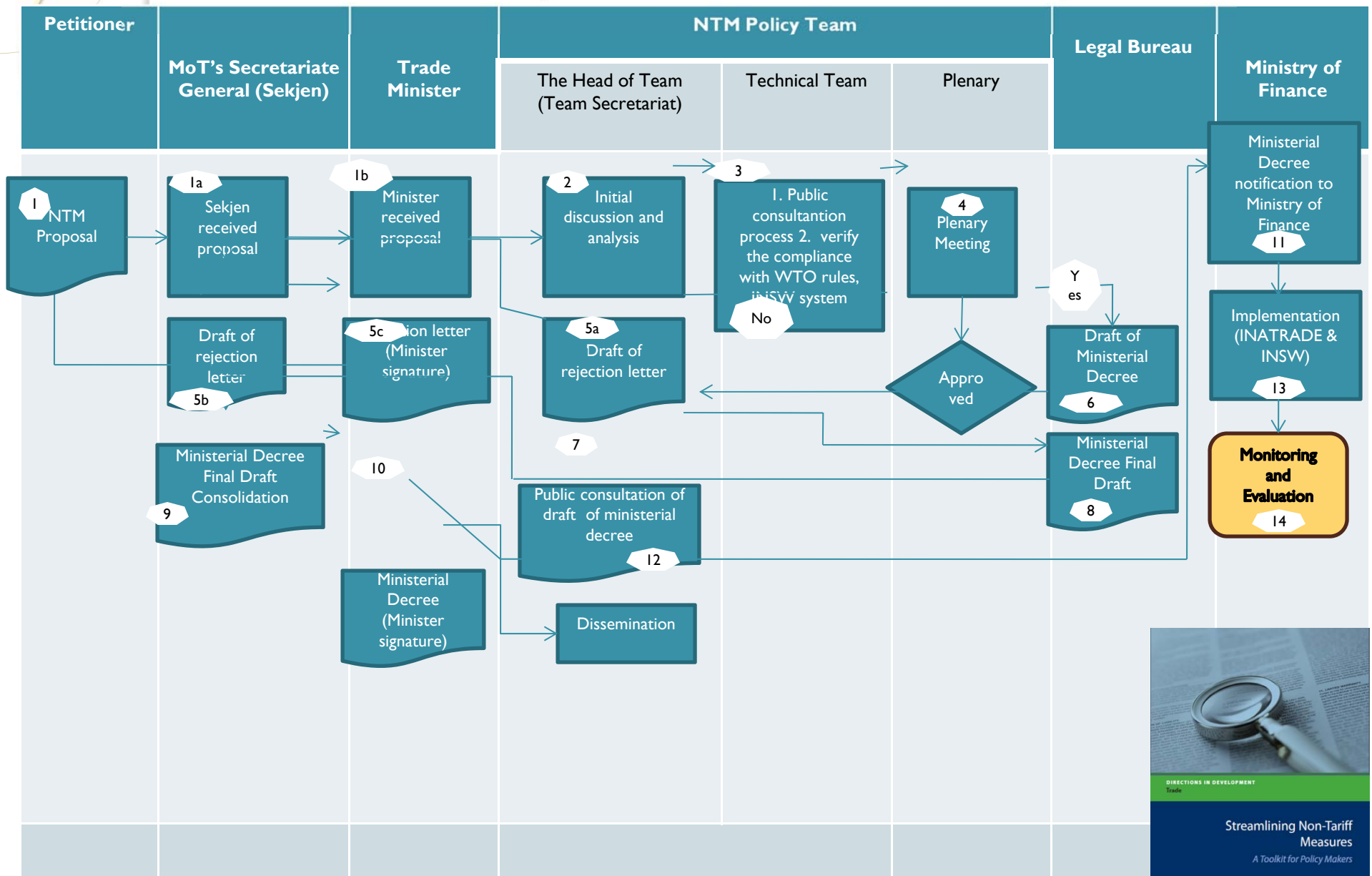
Source : www.cofemer.gob.mx

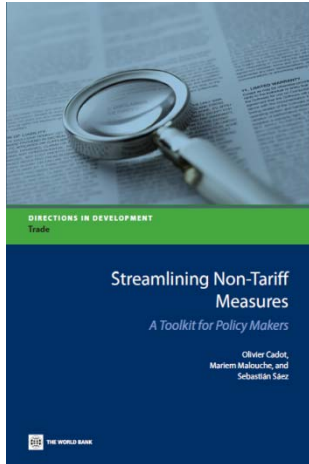


Institutional Arrangement – an example



Indonesia: Review process for new NTMs by MoC





Impact on Poverty - Nigeria's import Prohibitions (I)

GoN request to Region:

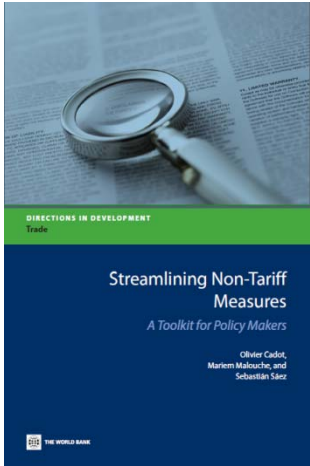
- Nigeria maintains large number of **import prohibitions** on consumption goods
- Seeking World Bank support for their elimination

Region turned to us for quick assessment of phase-out implications—initial request

- Effect on cost of living
- Effect on employment if possible—but no data

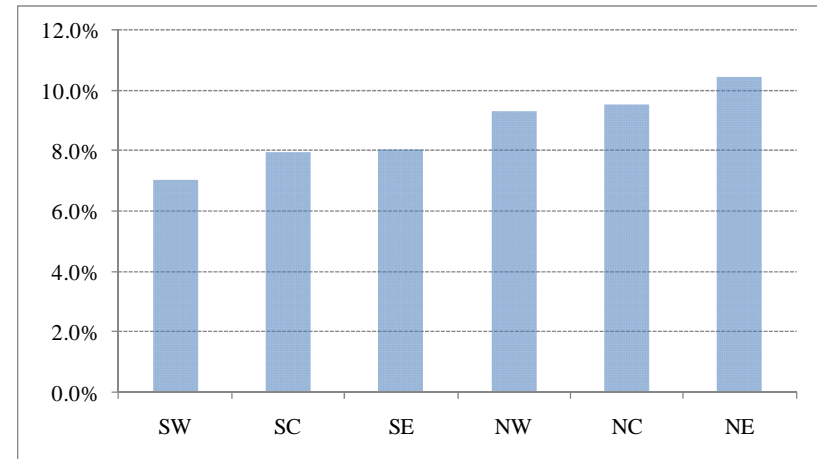
Analysis & results

- Price gap using EIU retail price data Lagos vs. other SSA cities; COL adjustment: 15%, **average price gap: 92%**
- Poverty analysis: elimination equivalent to **8-9% rise in real income**—enough to make 3 million people cross the poverty line
- Distribution effect using HH survey:
pro-poor

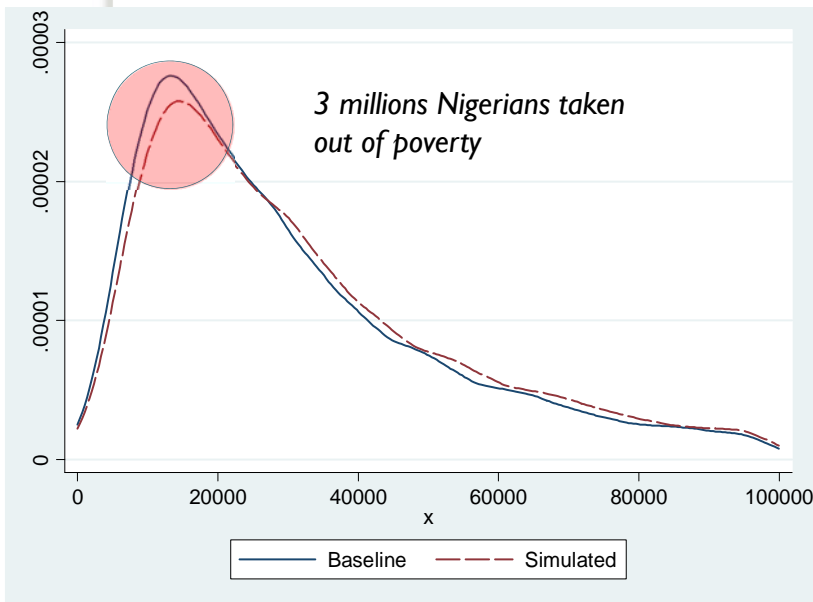


Impact on Poverty - Nigeria's import Prohibitions (2)

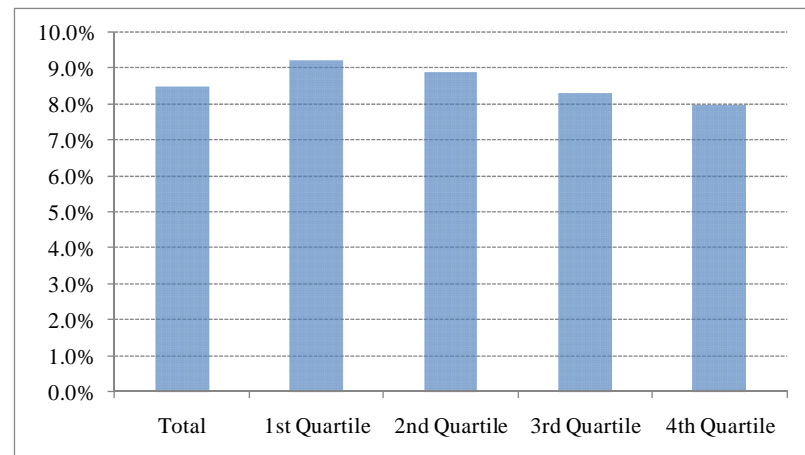
Effect by region

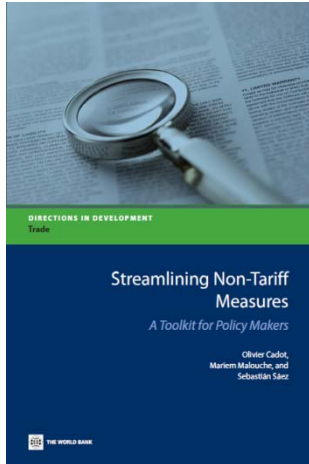


Overall shift in income distribution



Effect by income bracket



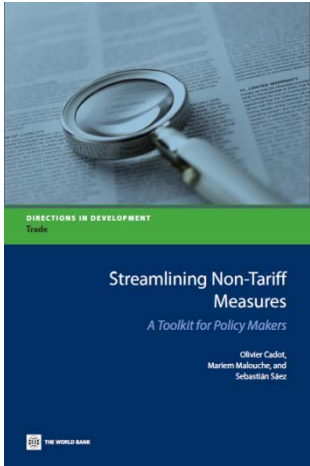


SPS case - Anthurium in Mauritius

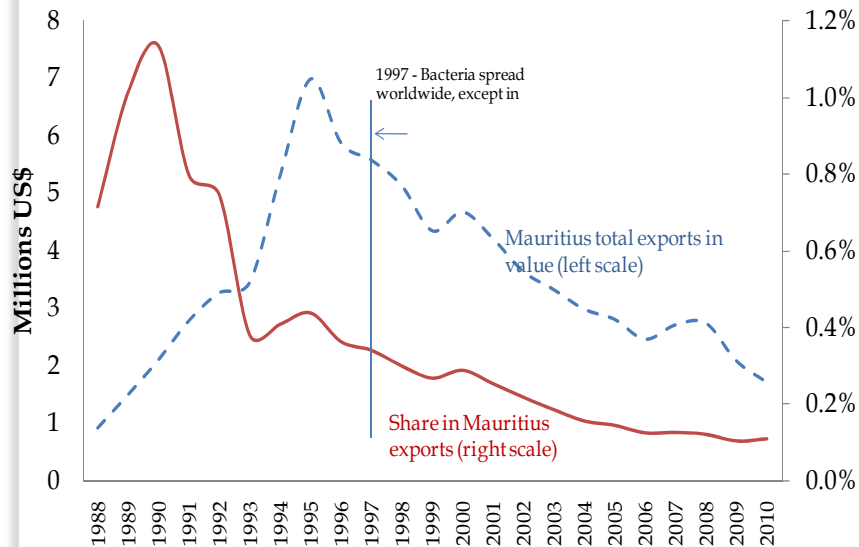


Prohibition of adult anthurium imports

- Risk of bacterial infection from imported plants that could spread to domestic production
- Lack of capacity to test plants for the presence of the bacteria
- Government does not accept certificates confirming that plants are disease free from foreign laboratories

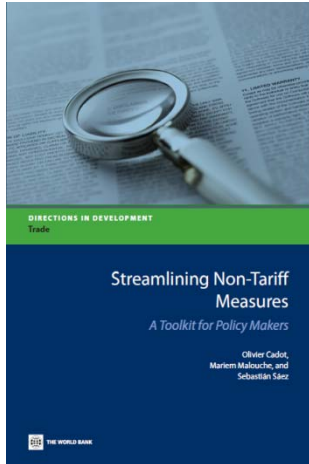


SPS case - Anthurium in Mauritius (3)



Factors to be considered:

- WTO consistency
- Risks to the environment, a biologist expert opinion / irreversibility
- Loss for the industry
- Cost of lifting the ban



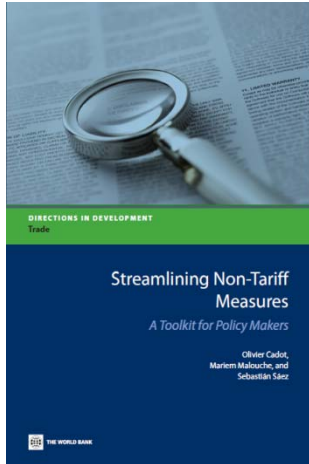
TBT case – Steel in Indonesia

GoI request to Region:

- Trade Ministry wants to streamline NTBs, but political drive weak in other ministries
- Seeking VBG support for low-profile engagement

Using TBTs for the wrong purpose

- Strong growth of Chinese low-grade steel imports for construction (“H beams”), pressure from local producer;
- Technical regulation on steel imports (minimum quality); faulty regulation design: relies on foreign production facility certification—Indonesia doesn’t have the clout to impose that
- Inadequate use of instruments: import surge should be dealt with by safeguard (or AD if appropriate)



Next steps

- Continue NTM data collection – Transparency in Trade initiative
- Improve the analysis of the impact of NTMs on trade using prices, household surveys, unit values
- NTMs and regional integration – policy options



Non-Tariff Measures

A toolkit for policymakers

<https://openknowledge.worldbank.org/handle/10986/6019>

Non-Tariff Measures - A Fresh Look at Trade Policy's New Frontier
Edited by Olivier Cadot & Mariem Malouche, July 2012

http://siteresources.worldbank.org/TRADE/Resources/NTMs_A_Fresh_Look_Complete.pdf

