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Non-tariff protectionism in Asia and the Pacific: selected aspects as tackled through ARTNeT research programme

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Presentation outline

- Definitional issues
- As an instrument of choice in future (aka murky protectionism)?
 - Taming the use:
 - DDA and NAMA negotiations
 - RTAs
- Way forward - Research

* Based on material presented through ARTNeT /MARKHUB projects



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Definitional issues

- Avoiding a priori distinction between non-tariff measure (NTM) and non-tariff barrier (NTB):
 - NTM any measure, other than an import/export duty, that can cause changes in the quantity and/or prices of traded goods and services
 - NTB is an NTM that has a protectionist intent (i.e. *be more trade-restricting or trade-distorting than strictly necessary to promote initial objective*)
- Examples of NTM:
 - Traditional include: quotas and tariff-rate quotas (QR), licensing regimes, price bands, monopolistic measures
 - Non-traditional include: SPS, TBT, AD, certification and labelling requirements, GP, IPR, etc

Identification of NTBs

- Comparison with International norms and standards
 - Lack of participation of developing countries ?
- Comparison between treatment of domestic and imported products
 - Lack of LEGAL evidence for discriminatory treatment?
- Comparison of official data and results from business survey
 - Exporters are not always aware of the exact regulations they are facing



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NTBs on the rise?

- Mostly based on anecdotal evidence?
- Results of some of more rigorous measurements in response to 2008-2009 crisis



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Revenue side

	Import duties as % of tax revenue
Bangladesh	39.1
Bhutan	4.8
Cambodia	26.7
China	6.6
India	19.5
Indonesia	4.6
Lao PDR	na
Malaysia	5.4
Mongolia	7.8
Nepal	23.9
Samoa	na
Sri Lanka	12.1
Thailand	6.8
US	1
Viet Nam	na

Source: WTO trade profiles

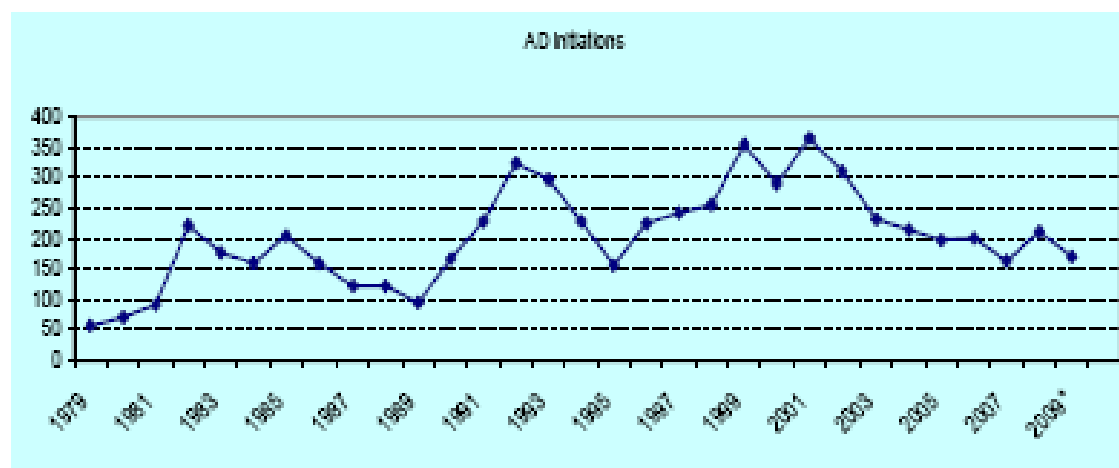
Tariff increases: a large proportion of countries increase few tariff lines

IDB	countries in sample	countries with $dt > 0$	mean ($dt > 0$)	TL per country	tariff lines %
1996-1997	32	22	3.25	376	5.37
1997-1998	39	25	3.65	796	10.45
1998-1999	45	28	5.12	405	5.22
1999-2000	64	46	6.36	341	5.62
2000-2001	74	58	3.97	238	4.01
2001-2002	93	75	10.58	164	2.73
2002-2003	85	57	3.82	213	2.87
2003-2004	73	55	3.64	168	2.55
2004-2005	79	57	7.94	226	3.28
2005-2006	88	60	4.06	160	2.20
2006-2007	97	72	7.19	132	2.04
2007-2008	73	43	3.95	126	1.56
2008-2009	24	12	3.75	56	0.60

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Murky or not?

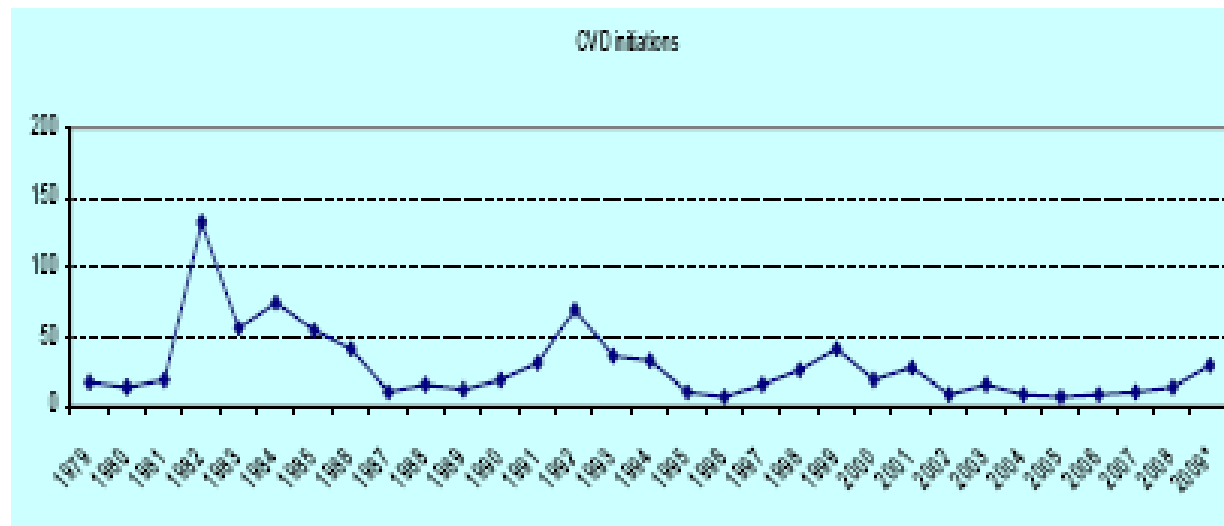
AD initiations remain well below 2001



Data for 2009 refer to 2009Q3

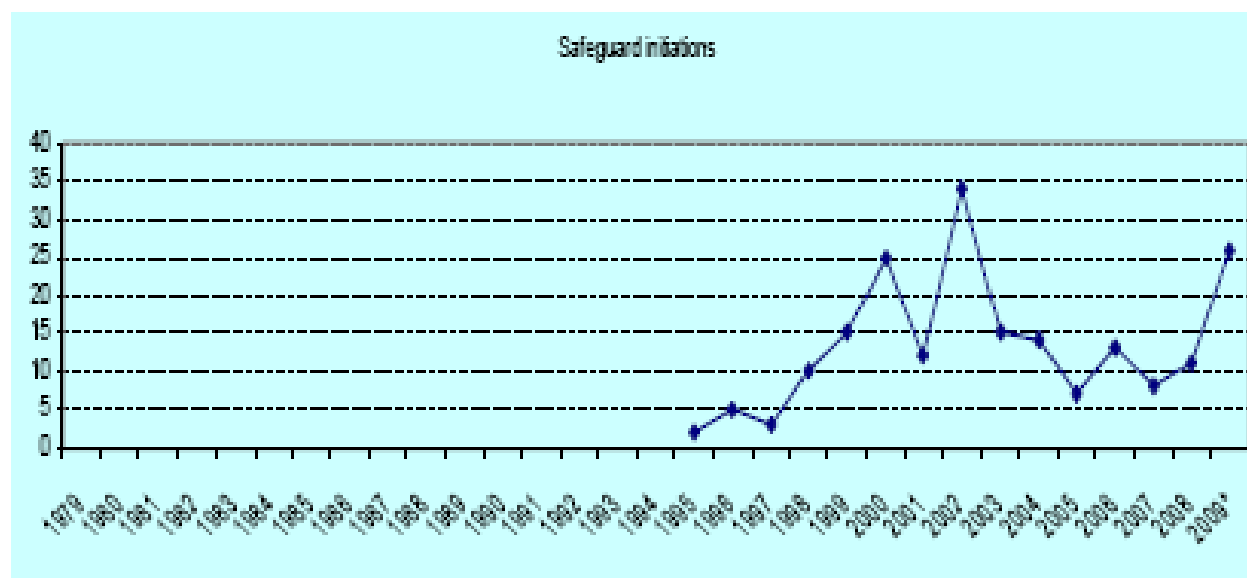
Note that on a year-to-year basis (1st July 2008-30 June 2009) a 14% increase in AD initiations has been recorded

Recent increase in CVDs merits attention



CVDs are very little used. Recently they have been filed together with AD

Safeguards initiations have increased well above the average post 2001 crisis



Asia-Pacific total (GTA)

Asia-Pacific	
Import ban	40
Non tariff barrier (not otherwise specified)	208
Quota (including tariff rate quotas)	20
Sanitary and Phytosanitary Measure	29
Technical Barrier to Trade	18
Trade defence measure (AD, CVD, safeguard)	167



DDA and NTBs

- Submission by India and the EU with a framework for addressing industry-specific NTB – rules for transparency* regarding different NTM could be identical for different sectors
- Japan (Switzerland and US) on remanufacturing** (link to saving raw materials and environment)
- 2 EU on standards, technical regulation and conformity assessment for automotive and electronics (co-spons. by Swiss) – links to MRA and harmonization of international standards
- US has alternative proposals with more detailed transparency requirements
- EU, US, Mauritius and Sri Lanka-labelling for textiles, clothing and footwear

* Consider costs of compliance, discuss with trading partners, respect international standards whenever possible

** re-manufactured ≠ second-hand



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SECTORS/ AREAS covered by RTAs

<i>RTA</i>	<i>NTMs</i>	<i>Investment</i>	<i>Services</i>	<i>Competition</i>	<i>IPR</i>	<i>TF</i>
ASEAN-Australia-New Zealand FTA (AANZFTA)	✓	✓	✓	_***	✓	✓
ANZCERTA ¹	✓*	-	✓ Separate	✓ Separate	-	✓ Separate
APTA ²	-	In progress	In progress	-	-	In progress
ASEAN (AFTA) ²	✓	✓ Separate	✓ Separate		✓	✓
ASEAN-China PTA ²	_**	_**	✓ Separate	-	_***	-
BIMSTEC-FTA	_**	_**	_**	-	-	_**
India-Singapore BTA ¹	✓	✓	✓	✓	_***	✓
PICTA	✓	-	-	✓	-	_***
SAFTA	-	_**	-	_**	-	_**
TRANS-PACIFIC SEP ¹	✓	In progress	✓	✓	✓	✓

RTAs and NTBs

- Harmonization of RoO
- Elimination of QR
- Cooperation on SPS and TBT
- Enhanced trade facilitation



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Research

- Links to trade facilitation issues (Ferrantino, 2009):

- NTMs make trade harder, and removing them makes trade easier
- Trade facilitation makes trade easier, by removing problems that make trade harder

- DATA

- METHODOLOGY



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Existence of NTMs

- Price gaps or quantity gaps
- Are import prices unusually high?
 - Aka “tariff equivalents”
 - Comparisons of distorted with non-distorted or “world” prices
- Are import quantities unusually low?
 - What would “normal” trade look like?
 - Often estimated with gravity models



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Policy information

- Official information vs. “concerns and complaints”
- Exporters and policymakers will identify specific policies



CoreNTMs

● UNCTAD

- TRAINS (accessible through WITS)
- Pilot Project surveys of exporters

● Simon Evenett's Global Trade Alert: new policies implemented or proposed in the current recession

● Martinez, Mora and Signoret: CoReNTMs database (forthcoming on www.usitc.gov)

- Synthesis of WTO TPRs, USTR NTE,
- EU Market Access Database



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Trade information



- COMTRADE through WITS – convenient and cheap, but some unit values are estimates

- COMTRADE direct – more expensive, but contains flag for imputed unit values

- GTIS – private fee-based source

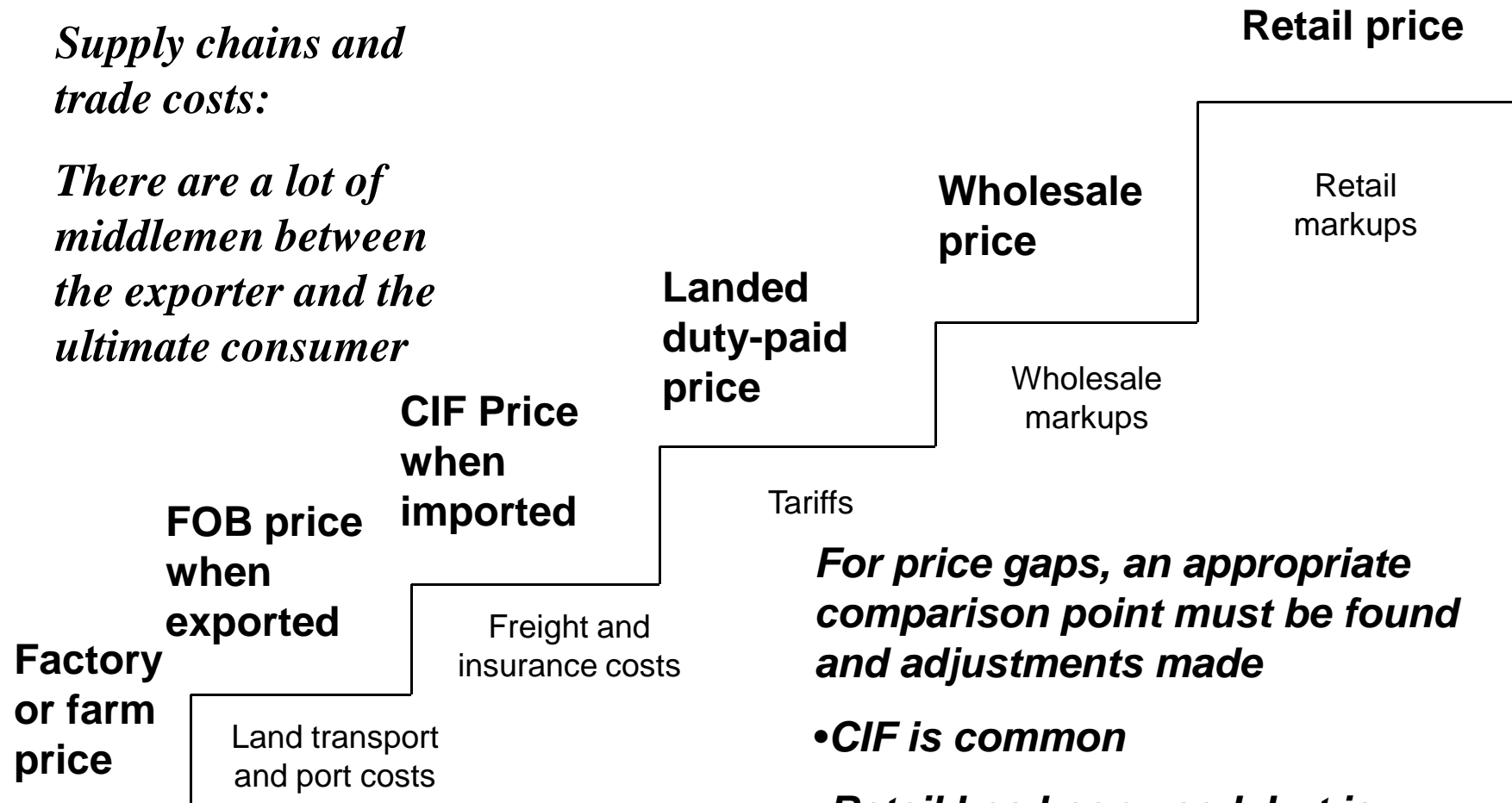


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Supply chains and trade costs:

There are a lot of middlemen between the exporter and the ultimate consumer



For price gaps, an appropriate comparison point must be found and adjustments made

- *CIF is common*
- *Retail has been used, but is problematic*
- *Import and export reference prices (at farm or factory gate)*

What if there are multiple policies?

- The price gap captures the net effect of them all, but doesn't break them down.
- In the real world, eliminating one NTM when there are several may do nothing at all. Or new ones may keep popping up.
- A supply chain perspective may help to sort this out.

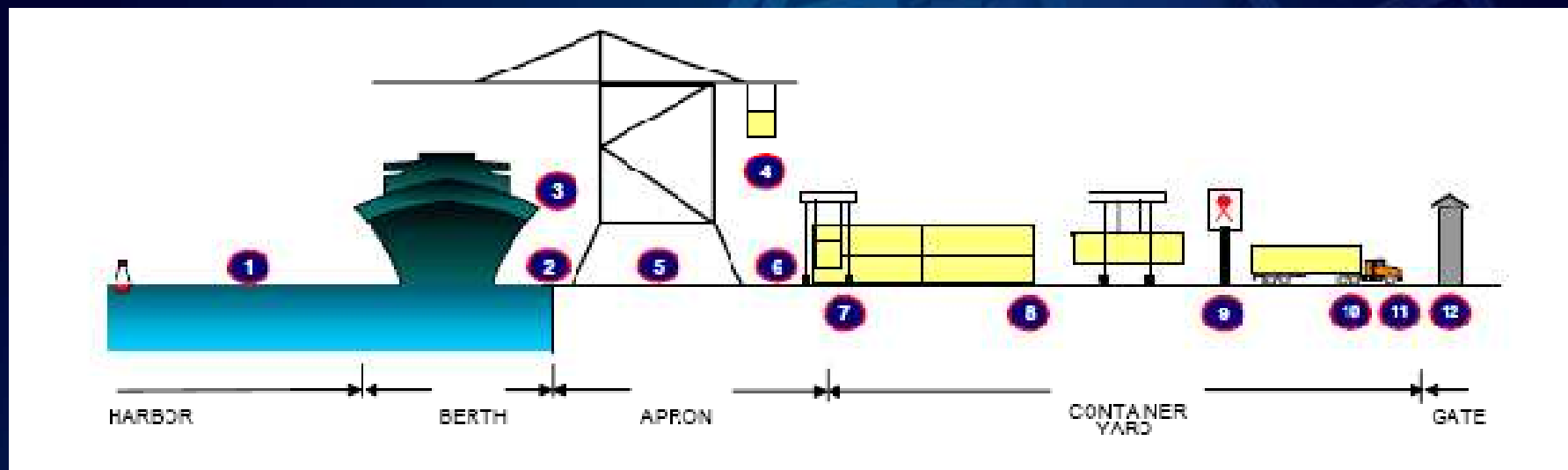


^{“Whack-a-mole”}
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The supply chain can be broken down further to identify problems

Import port logistics



Source – Londoño-Kent and Kent. *A Tale of Two Ports* (2003)



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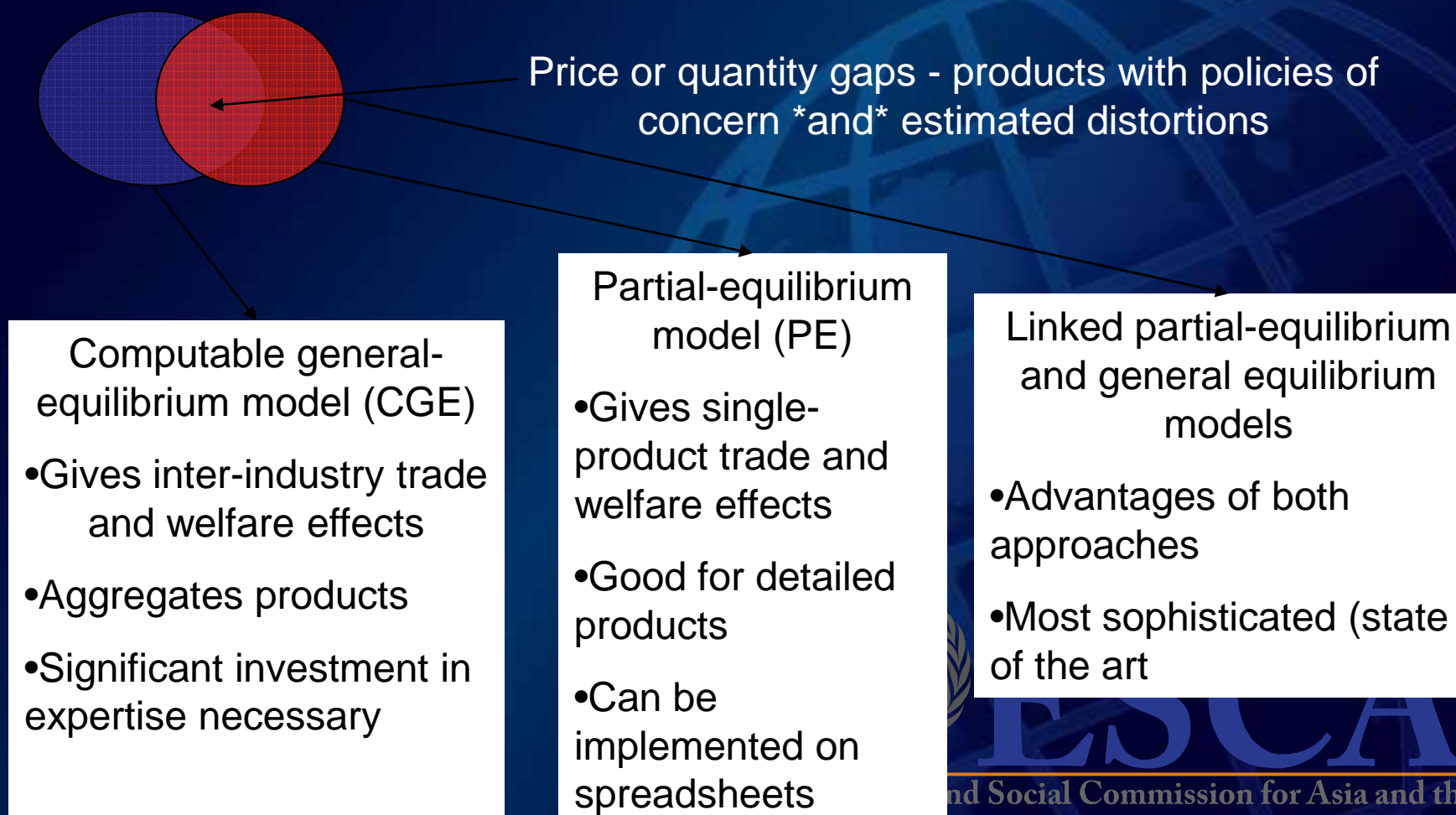
Quality adjustments – are we comparing the same products?

● Real analytical problem?



Partner-specific price comparisons can help

Linkages to simulation modeling



A resource for analysts



NTM Network

- NTM Network (<http://i4ide.org/NTMnetwork/>)
- and NTM Wiki (<http://i4ide.org/NTMwiki/>) contain links to databases, methodology papers, research and analysis from many sources (academics, GTAP, OECD, World Bank, WTO, USDA-ERS, USITC, etc).



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Thank you!

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