Chapter X

UNCTAD initiatives on non-tariff measures – some results from a pilot project

By Sudip Ranjan Basu and Hiroaki Kuwahara

Introduction

During the past decades, global tariff barriers in international trade have fallen significantly. According to the UNCTAD-TRAiNS database, the tariff averages on agricultural goods and on industrial products both declined from 19.9 per cent and 6.7 per cent in 1995 to reach 7.4 per cent and 2.4 per cent in 2008, respectively. This decline in global tariff barrier is due to eight rounds of multilateral trade negotiations under the auspices of the GATT/WTO as well as that of bilateral and regional arrangements. However, this event has subsequently raised the relative importance of NTMs as both protectionist and regulatory trade instruments.

The ongoing global economic crisis has once again highlighted the need to urgently address subtle and not-so-subtle non-tariff measures (NTMs), which have been used under various legitimate pretexts (such as protection of health and environment). Economists often argue that these measures affect trade much more ambiguously than tariffs which are price-based and transparent policy measures. For example, the majority of NTMs that were introduced over the last couple years since the onset of the current global crisis were largely WTO consistent, yet they were considered as policy measures to restrict the free flow of goods.

UNCTAD Secretariat has always underscored the mismatch between the reduction of tariffs arising from GATT/WTO multilateral agreements and the numerous regional and bilateral level preferential trade agreements (PTAs) that were concluded over the past decades, on the one hand, and the proliferation of NTMs, on the other. As tariff levels fell

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over the years, non-tariff measures increasingly took centre-stage in market-access concerns.\textsuperscript{134}

With the growing number of trade policy measures under discussion globally, it becomes clear that the existing rules under the relevant WTO agreements are not adequate to regulate a massive flow of technical regulations, standards (international, national and private), sanitary and phytosanitary regulations, and yet these agreements are not subject of negotiations in the ongoing Doha Development Round. Moreover, in spite of their importance, there is little understanding of the exact implications of NTMs on trade flows, export-led growth and social welfare in general.

It was against this background that UNCTAD Secretariat has launched the new initiative to reach a common understanding on the relative importance of the different types of NTMs and their impact on the trading activities, especially those of developing countries.

The paper is organized as follows: section A provides a brief historical account leading to new UNCTAD initiatives on NTMs that started in 2005. Section B briefly documents UNCTAD activities on NTMs related work, during 2005 and 2009, in collaboration with international, regional and national stakeholders. Section C presents the newly endorsed definition and classification of NTMs by the Group of Eminent Persons, which was constituted by the Secretary-General of UNCTAD in 2006. Section D5 illustrates and discusses some descriptive statistics of the sample survey which was conducted during the pilot project in five countries, namely, Brazil, Chile, India, the Philippines and Thailand. Section E concludes the paper.

A. Old UNCTAD NTMs classification: coding system of trade control measures

UNCTAD has been actively involved in research and programmatic activities on issues related to non-tariff measures since the early 1980s. In 1994, it began to collect and classify NTMs according to a customized Coding System of Trade Control Measures (TCMCS) from official sources.\textsuperscript{135} This coding system classified tariffs, para-tariffs and NTMs into over 100 subcategories. Concurrently, a TRAINS database was developed by UNCTAD, which subsequently grew into the most complete collection of publicly available information on NTMs. Later, in collaboration with the World Bank, TRAINS became accessible to researchers through the World Integrated Trade Solution (WITS) software application.

To be more precise, the old UNCTAD NTMs classification had six core categories according to the nature of the measure: (a) price control measures; (b) finance measures; (c) automatic

\textsuperscript{134} The Global Trade Alert, www.globaltradealert.org, report estimates show that the number of measures (official) implemented in 2008 at roughly 70 per quarter, and fewer than 5 per cent of product categories have escaped being hit by some type of protectionist measure. The report also points that many governments are already planning another 134 protectionist measures – the equivalent to half a year's protectionism at current rates. Moreover, G20 Governments, according to the report, have been implemented 121 beggar-thy-neighbour measures (as in October 2009).

\textsuperscript{135} The entire list of the TCMCS is in the UNCTAD Directory of Import Regimes, Part I: Monitoring Import Régimes (UNCTAD/DMS/2/Rev.1 (Part I)), 1994, UNCTAD. See http://www.unctad.org/trains
licensing measures; (d) quantity control measures; (e) monopolistic measure; and (f) technical measures (figure 1). These were further subcategorized in accordance with the types of measures under consideration. Measures were listed in accordance to the Harmonized Coding classification. In general, only "sensitive product categories" and "technical regulations" were further subcategorized according to the objectives of the measure (for example, protection of safety, human health, animal health and life, plant health, environment and wildlife). NTMs classification was divided into Core-Measures and Non-Core Measures, where core measures included measures intended to protect local producers; and non-core measures included measures intended to protect local consumers. The TRAINS database contains a brief description of each NTM, affected or excluded countries and footnotes on the exact product coverage, where available. ¹³⁶

Figure 1. The measures and chapters of the old UNCTAD-NTMs classification

¹³⁶ UNCTAD-TRAiNS database was also a result of close collaboration effort with a number of regional organizations, including the Associação Latino-Americana de Integração (ALADI), the Secretaría de Integración Económica Centroamericana (SIECA) and the South Asian Association for Regional Cooperation (SAARC), as well as with the Inter-American Development Bank (IADB). Among these partner organizations, ALADI developed a comprehensive NTM database of its member countries, and these data were included in the TRAINS database. UNCTAD-TRAiNS does not, however, provide any measurement of the restrictiveness of any specific measure, and needed further improvements, notably with respect to coverage, updatedness and data quality.
While the UNCTAD-TRAINS database remains the most comprehensive database on NTMs, the process of updating the database with the existing classification system had slowed down significantly at the beginning of the 2000s. This was mainly due to key issues including:

a) Difficulties in identifying NTMs
b) A growing perception that the TCM coding system did not adequately reflect new measures in certain subcategories
c) A shortage of resources

The need to update the UNCTAD Coding System of Trade Control Measures (TCMCS) to reflect new practices became all the more necessary in the light of the growing relative importance of non-core NTMs as an instrument of trade policy as shown in Table 1.

<table>
<thead>
<tr>
<th>Table 1. Changing Nature of NTMs Trend through TCMCS</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
</tr>
<tr>
<td>Core measures</td>
</tr>
<tr>
<td>Non-core measures</td>
</tr>
</tbody>
</table>

Source: UNCTAD Secretariat calculations based on UNCTAD-TRAINS database.

This has given rise to a renewed interest in the UNCTAD Secretariat to develop a relevant classification system reflecting today’s complex nature of international trading arrangements and mechanisms, and update its TRAINS database accordingly and make it publicly available.

B. Launching of UNCTAD’s new initiative on NTMs

UNCTAD’s new initiatives on NTMs started with the Ninth Session of the Commission on Trade in Goods and Services, and Commodities, held in Geneva on 14-18 March 2005. It was acknowledged that UNCTAD should examine the effects of non-tariff barriers, decided in accordance with the São Paulo Consensus, to convene an Expert Meeting on Non-Tariff Barriers (NTBs). In the same year, the Expert Meeting on Methodologies, Classifications, Quantification and Development Impacts of Non-Tariff Barriers, held in Geneva from 5 to 7 September 2005.

The focus of the Expert Meeting was primarily on technical and research issues (such as classification and quantification of NTMs) and on strengthening/forming partnerships with relevant international organizations and other stakeholders to deal with NTMs on a comprehensive and long-term basis. In sum, the key objectives of the Expert Meeting were:

- To identify ways to improve, both in terms of country coverage and data quality, the NTM database contained in the UNCTAD TRAINS database
- To clarify methodologies for defining and classifying NTMs according to their nature and source, including clusters of NTMs that are already subject to WTO disciplines
- To review econometric approaches to quantify NTMs that could be applied to improve understanding of NTMs’ role in world trade
To look at experiences of other international organizations in dealing with NTMs, including the WTO, World Bank, IMF, OECD and others

To assist developing countries, including LDCs, in building their analytical and statistical capacities in assessing NTMs affecting their exports

Supachai Panitchpakdi, Secretary-General of UNCTAD at the Expert Meeting, expressed his intention to set up a Group of Eminent Persons on NTMs drawn from governments, international organizations, academia and civil society. In 2006, the Secretary-General of UNCTAD established the Group of Eminent Persons on Non Tariff Barriers (GNTB). The main purpose of GNTB was to discuss the definition, classification, collection and quantification of non-tariff barriers so as to identify data requirements, and consequently to facilitate our understanding of the implications of NTMs. To advance the activities on NTMs, the GNTB, comprised of eminent personalities, met for the first time in UNCTAD Geneva on 12 July 2006, and adopted the following terms of reference:

a) To make recommendations on the definition, classification and quantification of NTMs
b) To define elements of and draw up a substantive work programme relating to the collection and dissemination of NTM data, with a special focus on issues and problems faced by developing countries
c) To provide guidance on the further strengthening of UNCTAD’s Trade Analysis and Information System (TRAINS) database
d) To review and make recommendations on capacity-building and technical cooperation activities in favour of developing countries in the area of NTMs
e) To provide policy advice on inter-agency collaboration and coordination on activities relating to NTMs
f) To promote cooperation with the donor community
g) To prepare comprehensive recommendations on follow-up to its work

To carry out the technical work of GNTB, a Multi-Agency Support Team (MAST) was also set up by GNTB. In addition to UNCTAD, MAST is composed of the following organizations: the Food and Agriculture Organization of the United Nations (FAO), International Monetary Fund (IMF), International Trade Centre UNCTAD/WTO (ITC), Organization for Economic Cooperation and Development (OECD), United Nations Industrial Development Organization (UNIDO), World Bank and World Trade Organization (WTO). It was also represented by observers from the United States Department of Agriculture (USDA), the United States International Trade Commission (USITC) and the European Commission. The team is composed of experts drawn from the above international organizations dealing with substantive analysis of NTMs.

137 The GNTB was composed of the following eminent persons: Alan V. Deardorff, Professor of Economics and Public Policy, University of Michigan; Anne O. Krueger, Former First Deputy Managing Director, International Monetary Fund (IMF); present Professor of International Economics, Johns Hopkins School of Advanced International Studies; Amit Mitra, Secretary-General, Indian Federation of Chambers of Commerce and Industry; Marcelo de Paiva Abreu, Professor of Economics, Pontifical Catholic University of Rio de Janeiro; L. Alan Winters, Former Director, Development Research Group, World Bank; Chief Economist, Department of International Development (DFID), United Kingdom; and Rufus H. Yerxa, Deputy Director-General, World Trade Organization (WTO).
Under the general guidance of UNCTAD, MAST had the following objectives:

a) To provide a clear and concise definition of NTMs
b) To develop a classification system of NTMs to facilitate data collection process and analysis
c) To devise ways to collect efficiently the information on NTMs, taking into account the existing mechanism of collecting specific elements of NTMs by each member agency
d) To provide guidelines for the use of data, including their quantification methodology

Since 2006 MAST has held five meetings to discuss the NTMs classification,\textsuperscript{138} identify data sources and data collection mechanisms. A pilot project was designed in order to test the updated NTM classification and the data collection procedures. Seven developing countries, Brazil, Chile, India, the Philippines, Thailand, Tunisia and Uganda were identified as pilot countries.

Meanwhile, the Accra Accord resulting from the UNCTAD XII conference (Accra, Ghana, 20-25 April 2008) emphasized that “meaningful trade liberalization will also require addressing non-tariff measures…where they may act as unnecessary trade barriers…International efforts should be made to address non-tariff measures and reduce or eliminate arbitrary or unjustified non-tariff barriers” (para. 73). In this regard, UNCTAD was requested to “address the trade and development impact of non-tariff barriers”…and databases and software, such as TRAINS/WITS” (para. 96).\textsuperscript{139}

All of these international events have provided UNCTAD with a solid footing to convince other international partners to converge to providing global market access information, to foster common prosperity through international trade through an equitable and rule-based multilateral system.

**C. Definition and new classification of NTMs**

During the MAST meetings, the technical group had come up with the broad definition and classification of NTMs. It was discussed at the meetings that NTMs in a broad sense refers to all type of policy instruments that are not tariffs, and are applied to imported products. Such instruments may or may not affect trade flows. Most importantly, not all measures affecting trade are implemented with discriminatory or protectionist purposes.

It seems that the majority of NTMs fall in two categories: those that are technical barriers to trade and those that are sanitary/phytosanitary measures. Also, such measures may affect trade of only a group of exporters. Some exporters may perceive certain SPS and/or TBT requirement being too stringent and act as a market access barriers, while it may provide those who can adopt the requirement with a competitive advantage.

\textsuperscript{138} The first meeting of MAST was hosted by the World Bank on 18 October 2006 in Washington, D.C. This meeting was followed by further meetings hosted by FAO on 5 April 2007 in Rome; UNIDO on 28 September 2007 in Vienna; OECD on 5 May 2008 in Paris; and ITC on 27 January 2009 in Geneva.

\textsuperscript{139} Available at www.unctad.org/en/docs/iaos20082_en.pdf.
After a series of MAST meetings and consultations, this technical group proposed the following definition of NTMs:

“Non-tariff measures (NTMs) are policy measures, other than ordinary customs tariffs, that can potentially have an economic effect on international trade in goods, changing quantities traded, or prices or both.”

MAST recognized that a precise and balanced definition of NTBs posed substantial difficulties, and that a distinction between NTBs and NTMs should not be attempted. At the same time, MAST agreed that NTMs cannot be simply qualified as NTBs on the basis of a single piece of regulation and can only be unequivocally identified as such following analysis of detailed data. The group later also agreed that a comprehensive database should be built to only collect data on NTMs. This would leave open the judgment of whether a given measure constitutes a trade barrier and whether the measure has protectionist or discriminatory intent.

MAST concluded that an updated and modified version of the old UNCTAD-TCMCS classification on NTMs was needed to take into account both the economic significance of an NTM, as well as the difficulty in collecting and properly classifying the data (figure 2). The group also recognized that since information on NTMs needed to be collected from various (and often heterogeneous) sources, there was a trade-off between the cost of collecting data and the degree of detail provided by the classification.

The classification of NTMs proposed by MAST and several external experts on NTMs is, therefore, suited for collecting information at different level of detail to reflect the current recourse to the use of NTMs in international trade. It must be emphasized that with respect to TCMCS, the updated classification includes a substantial number of new subcategories on SPS and TBT measures, and introduced a few new categories of NTMs, such as “export measures”, “trade-related investment measures”, “distribution restrictions”, “restrictions on post-sales services”, “subsidies”, “measures related to intellectual property rights” and “rules of origin”.

Another innovative part of the new classification is that it has introduced the concept of “procedural obstacles”, which refers to issues related to the process of application of an NTM, rather than the measure itself. MAST agreed that in a number of cases, it is not the NTM per se that is discriminatory or creates an obstacle to trade, but the actual implementation of the NTM. It was decided that information on problems or other excessive burdens related to implementation of NTMs were to be collected through survey data under the broad term of procedural obstacles (figure 3).

On 5 November 2009, the Secretary-General of UNCTAD convened the meeting in Geneva of the GNTB to finalize the work on the definition, classification. At the meeting, the GNTB members endorsed the definition and new classification system proposed by UNCTAD in conjunction with MAST members. The November 2009 GNTB meeting represents a landmark in the work on NTMs conducted by UNCTAD since the 1980s. Under UNCTAD's umbrella MAST agencies, pilot project governments, regional organizations, national research institutions and private sectors, paved the way for global consensus-building on the definition, classification, collection and to facilitate understanding and awareness of NTMs among the developing countries.
Figure 2. The measures and chapters of the NTMs classification (as of Dec 2009)

Chapter

A Sanitary and phytosanitary measures (SPS)
B Technical barriers to trade (TBT)
C Pre-shipment inspection and other formalities
D Price control measures
E Licenses, quotas, prohibition & other quantity control measures
F Charges, taxes and other para-tariff measures
G Finance measures
H Anti-competitive measures
I Trade-related investment measures
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

Figure 3. The measures and types of new NTMs – "Procedural Obstacles" classification

Procedural Obstacles

Chapter

A Arbitrariness or Inconsistency  \rightarrow e.g. Behaviour of public officials
B Discriminatory behaviour  \rightarrow e.g. Favouring local suppliers
C Inefficiency or obstructions  \rightarrow e.g. Excessive documentation requirement
D Non-transparency  \rightarrow e.g. Inadequate information on laws regulations/registrations
E Legal issues  \rightarrow e.g. Lack of enforcement
F Unusually high fees or charges  \rightarrow e.g. Stamps, testing or other services

\footnote{A detailed list of new NTMs classification is available at http://ntb.unctad.org.}
D. NTMS pilot project: Some results from the firm-level NTMs surveys

After the initial set of work on creating a new NTMs classification, UNCTAD led a project for data collection on NTMs in selected developing countries. It was recognised that assembling a comprehensive NTMs dataset creates numerous challenges both at the national and international level. In general, the MAST agreed to collect data and information on non-tariff measures through two different channels: collecting data from official sources, and collecting from exporters in the private/business sectors. Moreover, it was also decided to use a web based platform ([http://ntb.unctad.org](http://ntb.unctad.org)) to facilitate reporting of information related to NTMs. Figure 4 summarizes the data collection framework.

UNCTAD started in January 2008 the "Pilot Project on Collection and Quantification of Non-Tariff Measures (NTMs) Database" in five developing countries: Brazil, Chile, India, the Philippines and Thailand. Subsequently, the International Trade Centre UNCTAD/WTO (ITC) joined in this initiative, and extended the project activities to Tunisia and Uganda. In this paper, we provide results from five original countries in the pilot project.

Figure 4. NTMs data collection framework

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142 The project has been financed by the generous contribution by the Government of Switzerland (Project number INT0T7BA) and by the DFID (UNCTAD India Project).
143 Two United Nations regional commissions, the Economic Commission for Latin America and the Caribbean (ECLAC) and the Economic and Social Commission for Asia and the Pacific (ESCAP), supported the pilot project, as did several other national research institutions such as the Philippines Institute of Development Studies (PIDS), National Institute of Development Administration (NIDA), and University of Chile and Centro de Estudios de Integração e Desenvolvimento (CINDES).
The data collection activities of the pilot project in each of these developing countries were carried out by a Country Reporting Officer (CRO) and a specialized survey agency, in collaboration with the UNCTAD technical experts. The CRO acted as the national focal point in the pilot country and was responsible for country-related activities including the identification, collection and monitoring of official and firm-level data.

To obtain the official information, there are various national sources, e.g. the Ministry of Trade, the Ministry of Agriculture, and any National Standard Body were consulted. On the other hand, for the firm-level survey, face-to-face interviews were conducted to obtain information from both exporters and importers as they reported their experiences in any export and import-related problem they faced. The reported cases both from the official sources and private firm-level surveys were then classified into the proper category of non-tariff measures according to the new NTMs classification.

This paper provides some initial results from the firm-level surveys which were conducted in five developing countries. It must be noted that the sample size of firm-level surveys varied across five studied countries, which are diverse in terms of geographical location and economic size, but on average 300 firms, including exporting and importing firms, were interviewed in surveyed country during May 2008 to January 2009 (Table 2). The sampling was targeted toward sectors which were recognized a-priori as facing more stringent NTMs, or sectors that are considered as significant export (or import) sectors based on their shares in a country’s total exports (or imports). The preliminary results from the firm-level survey indicate some interesting policy issues both related to the NTMs and procedural obstacles measures.

After obtaining information from pilot project countries, the total number of cases was counted, except Brazil. The number of cases has varied across countries due to the sample size of the firm-level survey as well as that of the number of complainants registered. The reported number of cases was categorized based on the firm’s export or import activities. Furthermore, the exporting and importing firms could face two types of measures: import measures and export measures. Due to the reliance on exporting firms in the pilot project, the majority of the reported cases were found to be import measures, i.e. exporting firm in Country A complains against Country B for their exports. So, importing country imposes trade policy measures that can potentially have an economic impact (table 3).

144 In addition to collecting data, the pilot project aimed at support developing countries in building technical capacity to collect and analyse information on non-tariff measures that are affecting their own exporters. Under the project, initial training sessions were organized for the Country Reporting Officer, national partner institutions, officials of relevant Ministries, Chamber of Commerce and other stakeholders, who were all closely involved in the implementation of the pilot project.
145 In addition to firm-level surveys, the MAST agreed that information on trade-affecting non-tariff measures can be also collected online through the internet. A prototype of a web-based portal for collecting non-tariff barrier data, the Trade Barriers Reporter, was developed by UNCTAD. The Trade Barrier Reporter (http://ntb.unctad.org) is a global online reporting system for companies involved in international trade, where private-sector companies can report non-tariff measures they face. The online portal is also designed as a dissemination tool. Interested users can access data stored in the database through the portal and compare their experiences with other reports.
The types of measures that were reported as particularly problematic within SPS and TBT measures were those related to the labeling and packaging requirements, and requirements on conformity assessment (e.g. certification, testing and inspection requirements). Other types included those relatively new measures, such as cases pertaining to traceability and the cases related to requirements under the aim of environmental protection in many cases (table 4).

The firm-level surveys also suggest that **procedural obstacles** are very often associated with SPS or TBT measures as they involve procedures of certification, inspection, labeling and clearance. And also, the majority of the procedural obstacle cases are related to the measure called, "inefficiency or obstructions" (table 5).

One of the key objectives of the pilot project NTMs surveys were to test the new NTMs classification and also to understand the measures and procedural obstacles which are being used regularly and complained by (exporting or importing) firms as problems for their trade activities. The firm-level surveys definitely helps to better understand the policy measures of major export destinations of the developing countries such as the United States, European Union, Japan and major emerging developing countries, as well as a good reflection of domestic policies on trade regulations of the pilot project countries.

The results of five countries are described briefly on the basis of firm-level surveys: 146

**1) Brazil:** The preliminary look at the firm-level survey (thin-sample size) carried out in Brazil found that export firms had more complaints about domestic administrative measures than foreign measures. 147

**2) Chile:** Chile had a sample of 216 firms, including 54 importers, active in all sectors, except services, mining and chemicals. Small firms (Exports < $US 200,000) were excluded from the survey. The response rate was 0.33 per cent and export-oriented firms accounted for 60 per cent of Chile’s exports.

Chilean companies reported a total of 807 NTMs, where 136 related to importing firms. The average number of NTMs per company was 3.7. Twenty-seven per cent of companies experienced no NTMs, and 40.7 per cent were affected by 2 to 5 cases of NTMs. Six companies (2 per cent) had more than 10 cases, five were food exporters, one was a construction company (all large companies) and one went out of business. Of total import related NTMs, 44 per cent of NTM’s are SPS, 43 per cent are TBT’s, and 11.50 per cent are other NTMs. The remaining 1.6 per cent is related to export-related measures.

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146 The results from official sources are not discussed in this paper. However, the majority of NTMs from the official sources could be grouped into SPS and TBT as well.

147 A more detailed analysis of the Brazilian firm-level survey was not possible as the survey was launched during the economic crisis, at a time when Brazilian firms were more concerned about domestic issues than dealings with foreign markets. This lead to a certain amount of resistance on the part of surveyed firms and response rates were low. Efforts were made to improve the response but the results were unsatisfactory.
Table 2. Firm-level NTMs survey in seven developing countries (sample size)

<table>
<thead>
<tr>
<th>Country</th>
<th>Survey reference period</th>
<th>Number of firms</th>
<th>Number of exporting firms</th>
<th>Number of importing firms</th>
<th>Number of firms doing both exporting and importing</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chile</td>
<td>October 2008 to January 2009</td>
<td>216</td>
<td>184</td>
<td>54</td>
<td>22</td>
</tr>
<tr>
<td>India</td>
<td>June to September 2008</td>
<td>422</td>
<td>345</td>
<td>77</td>
<td>-</td>
</tr>
<tr>
<td>Philippines</td>
<td>May to August 2008</td>
<td>303</td>
<td>299</td>
<td>4</td>
<td>-</td>
</tr>
<tr>
<td>Thailand</td>
<td>June 2008 to January 2009</td>
<td>435</td>
<td>430</td>
<td>8</td>
<td>3</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>1456</strong></td>
<td><strong>1258</strong></td>
<td><strong>143</strong></td>
<td><strong>25</strong></td>
</tr>
</tbody>
</table>

*Source:* UNCTAD Secretariat calculations based on NTMs Pilot project database.

Note: Brazilian survey was conducted in about 80 firms. However, the survey was not completed in due course, so we are not describing much of the information on NTMs for the private/business sector sources.

Table 3. Counting number of reported NTMs cases

<table>
<thead>
<tr>
<th>Country</th>
<th>Number of NTMs cases</th>
<th>Number of NTMs cases related to exporting firms</th>
<th>Number of NTMs cases related to importing firms</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chile</td>
<td>807</td>
<td>671</td>
<td>136</td>
</tr>
<tr>
<td>India</td>
<td>1129</td>
<td>840</td>
<td>289</td>
</tr>
<tr>
<td>Philippines</td>
<td>815</td>
<td>808</td>
<td>7</td>
</tr>
<tr>
<td>Thailand</td>
<td>1195</td>
<td>1183</td>
<td>12</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>3946</strong></td>
<td><strong>3502</strong></td>
<td><strong>444</strong></td>
</tr>
</tbody>
</table>

*Source:* UNCTAD Secretariat calculations based on NTMs Pilot project database.
### Table 4: Counting number of reported NTM cases for exporting firms
(per cent of total cases)

<table>
<thead>
<tr>
<th>Country</th>
<th>Number of reported SPS cases</th>
<th>Number of reported TBT cases</th>
<th>Number of reported Other cases</th>
<th>Number of reported Export related cases</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chile</td>
<td>43.96</td>
<td>42.92</td>
<td>11.48</td>
<td>1.64</td>
</tr>
<tr>
<td>India</td>
<td>27.26</td>
<td>44.76</td>
<td>23.81</td>
<td>4.17</td>
</tr>
<tr>
<td>Philippines</td>
<td>31.31</td>
<td>48.02</td>
<td>8.67</td>
<td>12</td>
</tr>
<tr>
<td>Thailand</td>
<td>44.04</td>
<td>51.56</td>
<td>3.98</td>
<td>0.42</td>
</tr>
<tr>
<td>Average</td>
<td>36.64</td>
<td>46.81</td>
<td>11.98</td>
<td>4.55</td>
</tr>
</tbody>
</table>

*Source:* UNCTAD Secretariat calculations based on Pilot project database

### Table 5. Counting number of reported procedural obstacles

<table>
<thead>
<tr>
<th>Procedural Obstacles classification</th>
<th>Exporting firms: Number of NTMs cases</th>
<th>Importing firms: Number of NTMs cases</th>
</tr>
</thead>
<tbody>
<tr>
<td>(A) Arbitrariness or Inconsistency</td>
<td>903</td>
<td>217</td>
</tr>
<tr>
<td>(B) Discriminatory behaviour</td>
<td>239</td>
<td>25</td>
</tr>
<tr>
<td>favouring specific producers or</td>
<td></td>
<td></td>
</tr>
<tr>
<td>suppliers</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(C) Inefficiency or obstructions</td>
<td>1887</td>
<td>169</td>
</tr>
<tr>
<td>(D) Non-transparency</td>
<td>217</td>
<td>37</td>
</tr>
<tr>
<td>(E) Legal issues</td>
<td>35</td>
<td>3</td>
</tr>
<tr>
<td>(F) Unusually high fees or charges</td>
<td>332</td>
<td>2</td>
</tr>
<tr>
<td>Total</td>
<td>3613</td>
<td>453</td>
</tr>
</tbody>
</table>

*Source:* UNCTAD Secretariat calculations based on NTMs Pilot project database.
It may be noted that Chile faces few barriers, this was perhaps because many of the firms that were interviewed had a long experience in dealing with them, 60 per cent of the firms were export-oriented, and had learned to cope with obstacles. There are more NTMs in Latin American countries, perhaps because of the type of goods that were exported or imported. There is no doubt that the existence of FTAs helps in reducing obstacles to trade. Only a few companies found it too expensive to comply.

(3) India: The Indian survey focused on relevant export and import sectors and on obtaining information on NTMs directly from respondents. It sampled the top 400 products in terms of export value, which represented 83.6 per cent (at HS 6 digit level) from 68 different HS chapters. The focus was also on products with a reported history or sensitivity to NTMs, and companies were chosen from three separate sectors: manufacturing, agricultural and primary goods. In terms of importers, the survey sampled the top 100 products in terms of import value, representing 72.2 per cent of imports.

In India, the project succeeded in identifying NTMs and the procedural obstacles which may affect the ability to trade. Of the 1129 reported cases of NTMs reported by exporters, the large majority were related to SPS and TBT. These measures were largely imposed by the United States, the United Arab Emirates, the United Kingdom and Germany. The top four sectors facing the largest numbers of NTMs were the textile, leather, electrical and electronic goods and food industries. The most important procedural obstacles faced by exporters consisted of arbitrary and inconsistent behaviour and inefficiency or cases of outright obstruction.

(4) Philippines: A total of 303 companies completed the questionnaires and the majority of companies reported at least one NTM case. In the Philippines, 90 per cent of the firms reported one to five NTMs, and nine per cent reported between 6 to 10 cases of NTMs. The majority of cases were export-related measures, such as SPS and TBT; arbitrary or inconsistent measures were among the most represented procedural obstacles. Forty-eight per cent of reported NTMs concerned TBTs, and 31 per cent were related to SPS measures. The third highest category (12 per cent of cases) fell within the category of export-related measures.

A detailed breakdown of NTMs showed that the largest number of TBT cases concerned conformity assessment, and that voluntary standards and technical regulations accounted for 8.4 and 11 per cent, respectively, of NTMs. The largest number of procedural obstacles was related to inefficiency or cases of outright obstruction, followed by cases of arbitrary or inconsistent behaviour. The largest reported number of NTMs concerned exports to the United States (28 per cent), followed by Japan (9.2 per cent). The total number of reported SPS cases was highest for agricultural products and TBT cases for manufacturing cases.

(5) Thailand: A total of 435 companies were interviewed and completed the surveys in Thailand. More than half of these companies were involved in manufacturing and about 20.69 per cent, or 90 companies, were both manufacturing and trading company. Thirty-one companies, or 7.13 per cent, were classified as both multinational and trading companies. The 435 interviewed companies reported 1,195 cases of NTMs, an average of 2.74 cases per company. About 93.79 per cent of interviewed companies reported 1 to 4 cases, 5.98 per cent reported 5 to 9 cases and one company reported 10 cases. In general, the companies that
reported the largest number of cases were trading and multinational companies handling a wide variety of products with different trading partners in several countries.

As a major exporter of agricultural products, Thailand has experienced an increasing number of NTMs applied on its exports, notably SPS. Exporters have lodged a number of complaints with the Ministry of Commerce accusing some importing countries of violating SPS measures. An increasing number of cases of TBT have also been imposed on industrial products imported into Thailand and a rising number of complaints about TBT, particularly in relation to trade with China.

In Thailand, 51 per cent of the reported NTMs concerned TBTs and 44 per cent were related to SPS. The largest number of cases involved rice, followed by crustaceans and fruits. The European Union, the United States and Japan account for half of the countries for which cases have been reported. The majority of cases of NTMs applied by Thailand are SPS and TBT measures.

Only a small proportion of companies are aware of the significance of NTMs. Original equipment manufacturing producers are less concerned about NTMs. Larger firms face more varieties of NTM due to products and customers (destination countries). Some of the NTMs can be explained by the absence of trade facilitation, i.e. insufficient inspection equipment available to handle increasing numbers of shipments, particularly for perishable products, inadequate certified labs, etc.

In summary, the firm-level surveys indicate the following results:

- Total number of firms surveyed: 1,456 firms in 5 countries
- Total number of reported cases of NTMs were 3,946 of which exporting and import measures were 3,502, while importing and import measures were 444

The firm-level surveys also showed that the majority of the NTMs cases were reported as follows:

- Exporting and importing measures: SPS, TBT other technical
- Importing and import measures: SPS, TBT other technical, para-tariff measures

In the case of measures related to procedural obstacles, the survey results pointed out that a total of 4,056 measures were collected and classified, and of which there were 3,613 exporting cases and 453 importing cases related to procedural obstacles. Furthermore, it was found that the majority of the cases were due to inefficiency or obstructions related measures of procedural obstacles.

E. Future of global NTMs initiative of UNCTAD

The future work on NTMs is now being discussed so as to expand the coverage of data collection and also to find some methodological framework for impact assessment. The future data collection will mostly depend on official sources of NTMs information and will be validated through some focused questionnaire-based firm-level surveys.

UNCTAD is now proposing, along with the World Bank, WTO and ITC, to launch a multi-year programme on NTMs with the scope of building, updating and a disseminating
free of charge NTMs database, based on the new NTMs classification and covering a large number of countries.

This proposed project on NTMs is expected to include the following:

- To improve collaboration with national, regional and international agencies so as to increase awareness on NTMs related issues and to facilitate data gathering and updating
- To conduct research and policy analysis on the effect of NTMs on trade and economic development
- To offer technical assistance and advisory/training services to developing countries by providing information and analysis on NTMs faced by exporters (and importers)

UNCTAD recognizes that the availability of the NTMs global database will serve the following key objectives including:

1. **Global database on NTMs**

- Efforts to create a cross-country time series database in UNCTAD-TRAINS on NTMs to evaluate the impact of changes in NTMS on traded goods
- Harmonization of new NTMs classification and procedural obstacles to codify official NTMs information for specific sectors/products and to determine their sources such as links to national laws and regulations number, footnotes, and references.

2. **Monitoring of NTMs**

- Types of NTMS applied and their product coverage to identify the level of protection in different goods sectors
- Point out timing of NTMS application by countries and subsequently underscore the nature of their usage

3. **Analysis and quantification of NTMs**

- Quantification and impact assessment of NTMs on trade and economic welfare by incorporating new NTMs classification in simulation-based model framework such as in the CGE and Gravity model
- Explore a cross-country comparison of NTMs incidence through calculations of AVE of NTMs at the product and sector level
- Use NTMs and procedural obstacle information for trade facilitations activities
- Seek to understand questions related to impact assessment of NTMs on vulnerable economies, LDCs and landlocked developing countries

The latest UNCTAD-led initiative on NTMs in collaboration with several international, regional and national stakeholders that has so far resulted in a globally accepted definition and new classification of NTMs, has set the ground for a global effort to develop and maintain a comprehensive database of NTMs, which will eventually make research and analysis of NTMs much more timely and reliable. Moreover, better understanding of NTMs would directly and indirectly affect export supply capacity building, competitiveness, and market access and entry, especially for developing countries.
References
