



WORLD BANK GROUP

Assessing the Impact of Non-Tariff Measures

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India,

May 1st, 2017

WHY SHOULD WE CARE?

First,

Trade liberalization helps economic growth:

1. Faster growth
2. More investment

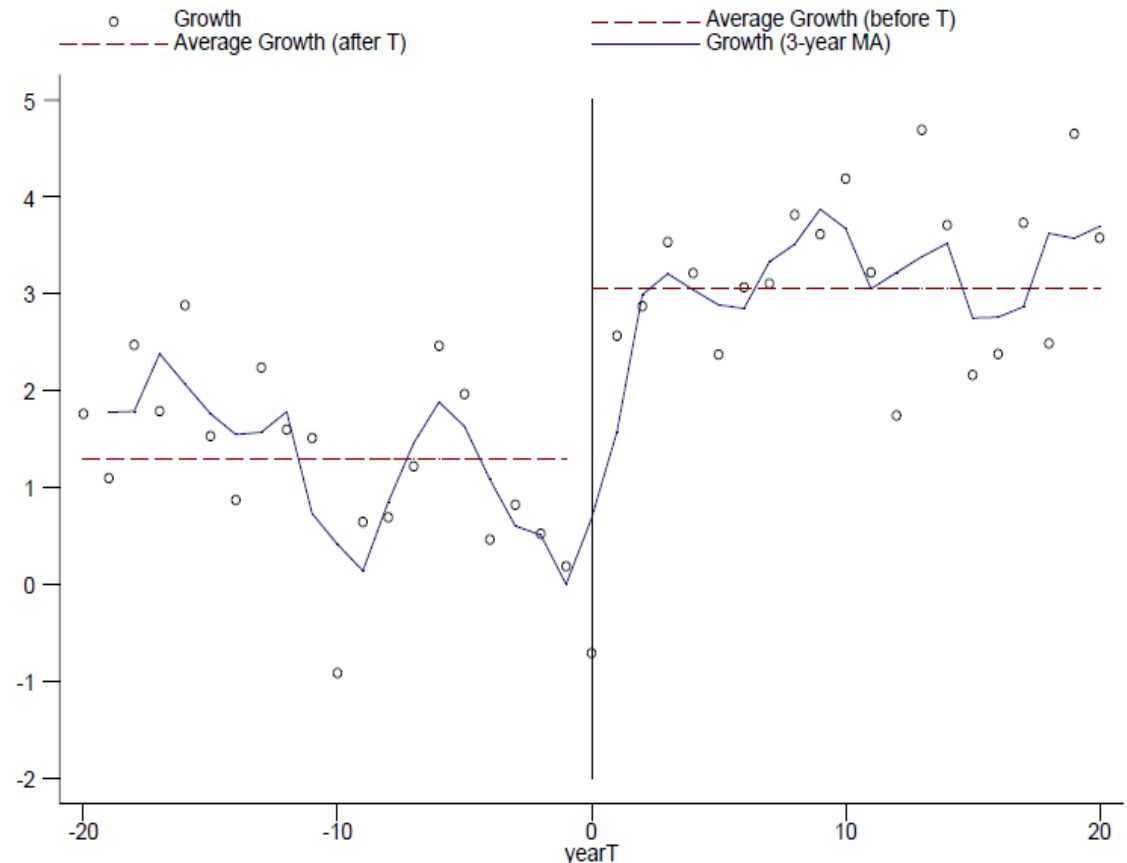


Figure 2. Growth and Liberalization - Sample Means

Source: Warczziarg and Welch (2008) World Bank Economic Review

WHY SHOULD WE CARE?

Second,

Tariff have been reduced around the world

But, non-tariff measures are more relevant now

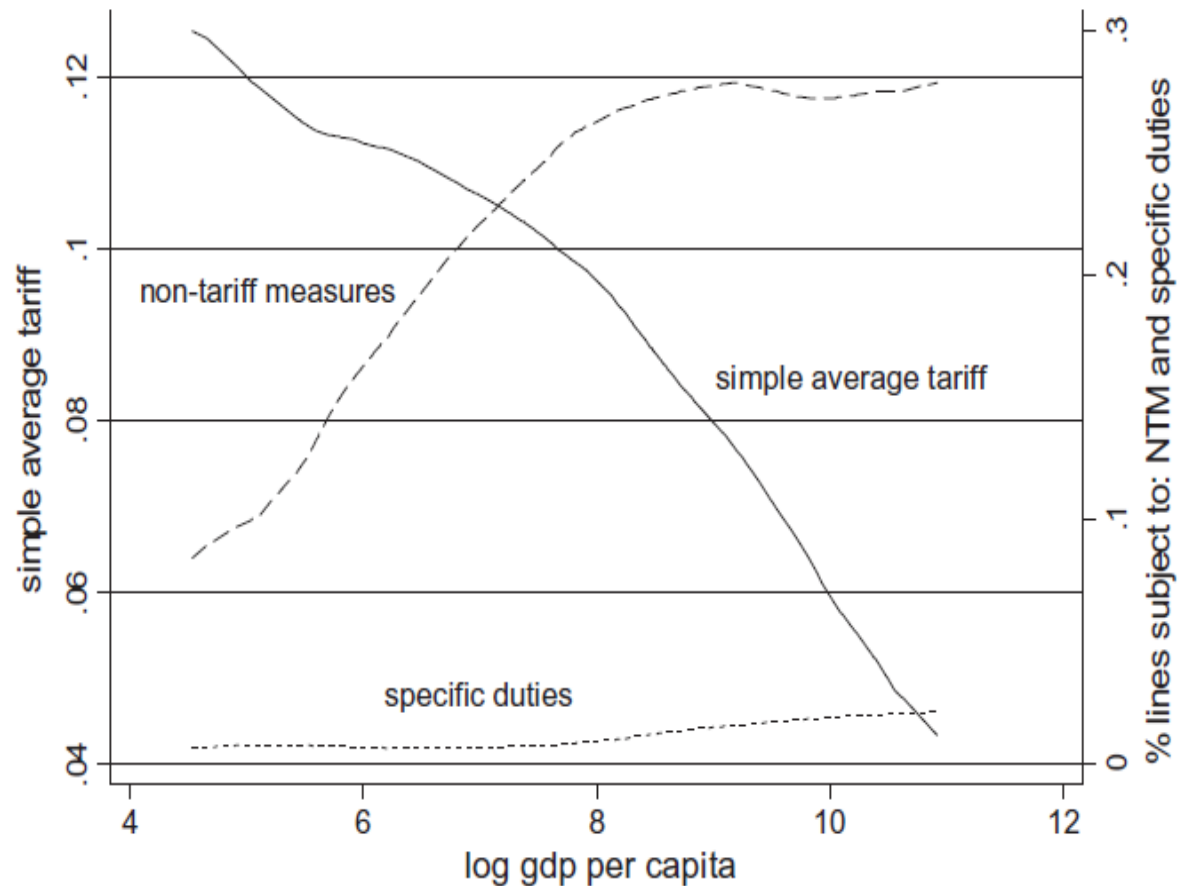


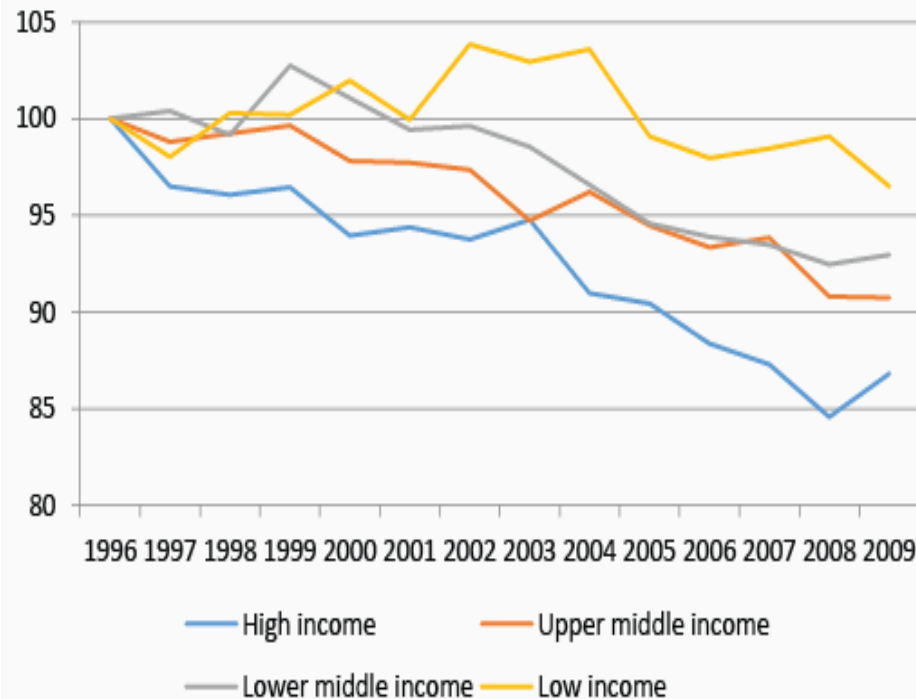
Figure 1. *Use of Tariffs, Specific Duties, and NTMs (% of HS six digit lines), 2006.*

WHY SHOULD WE CARE?

Third,

But trade costs are not falling quickly, particularly in low income countries

Figure 3. Trade costs are falling more slowly in low-income countries



Note: Figure shows average trade costs for manufactured goods with respect to the 10 largest importing countries, by World Bank income groups, 1996-2009, 1996=100.

Source: Arvis et al. 2013.

WHY SHOULD WE CARE?

1. As trade costs remain high while tariffs have been reduced, we should look at non-tariff measures (NTMs) as one of the “residual” sources of trade costs
2. Because the elimination of trade barriers correlates with growth accelerations, **this matters a lot!**

WHY SHOULD WE CARE?

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

- 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
- Kelleher and Reyes (2014): SPS measures increase the price of beef by 64% in Central America.

WHAT ARE NON-TARIFF 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
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)

**IMPORT
MEASURES**

*NON-TECHNICAL
MEASURES*

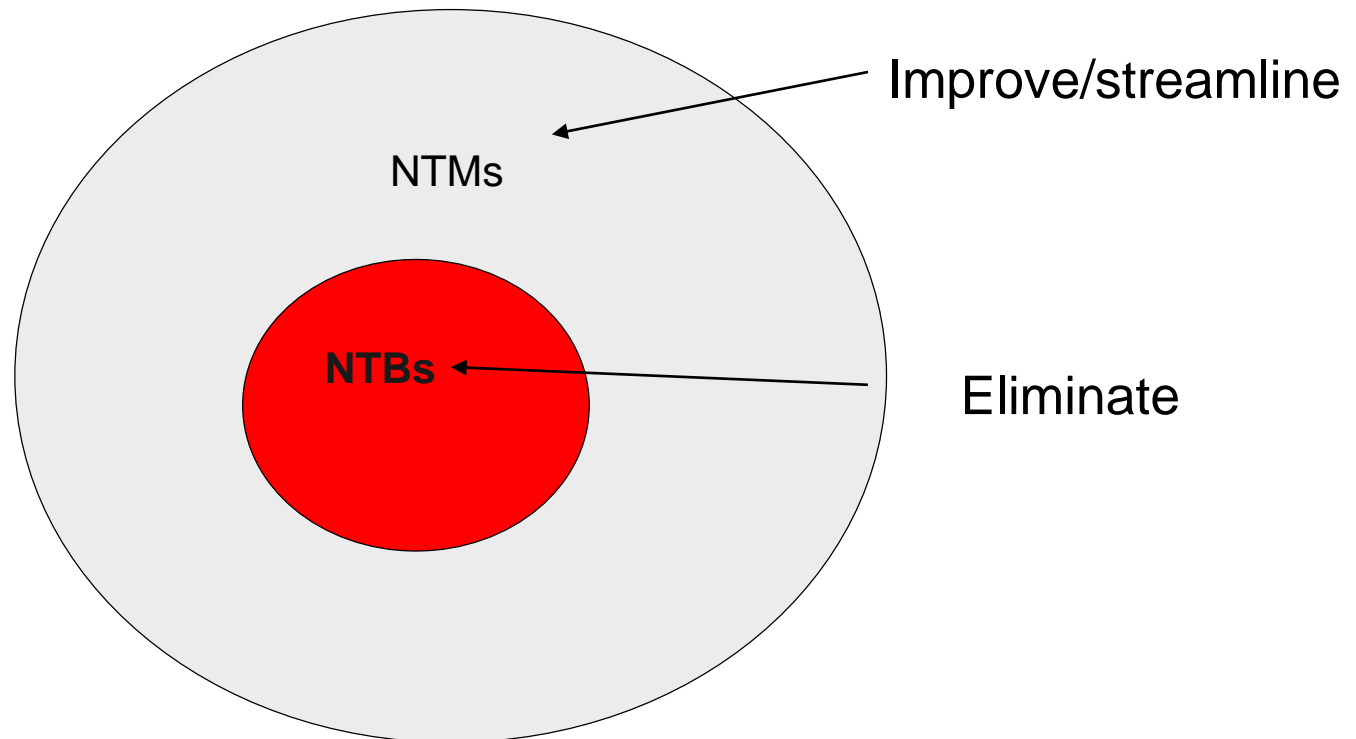
This classification is used both by

- UNCTAD for data collection
- WTO for notifications

WHAT ARE NON-TARIFF MEASURES?

NTBs (non-tariff barriers) are NTMs imposed

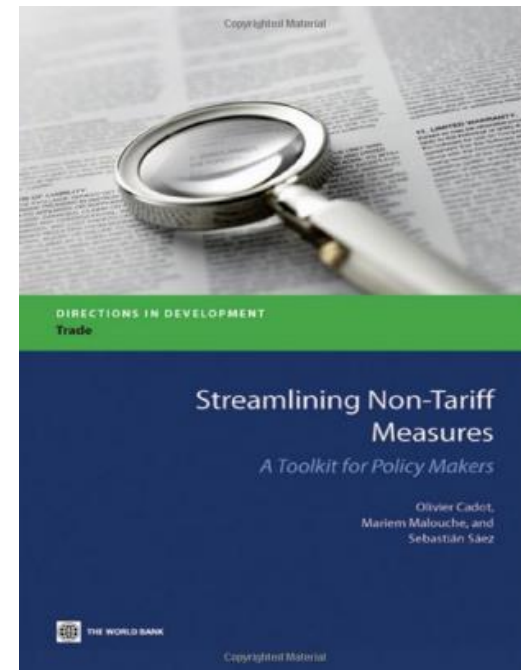
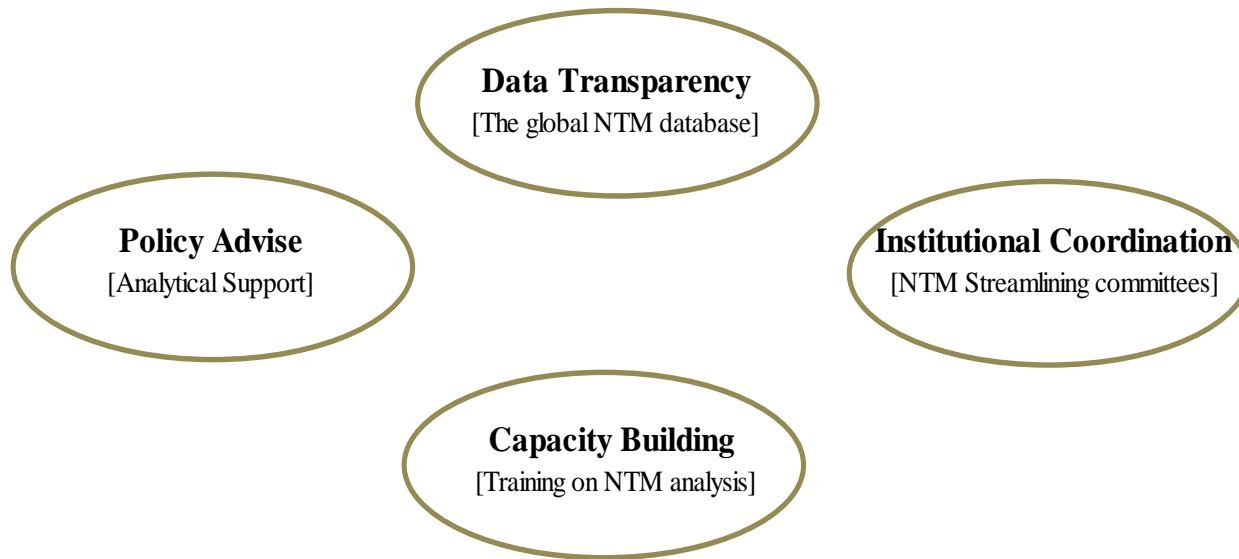
- with a deliberate protectionist intent
- In a way that hurts trade disproportionately to their non-trade objectives



HOW TO ASSESS AND REDUCE IMPACT OF NTMS

Streamlining Non-tariff Measures: A toolkit for Policy Makers

Offer a pragmatic and comprehensive approach to address the NTM agenda

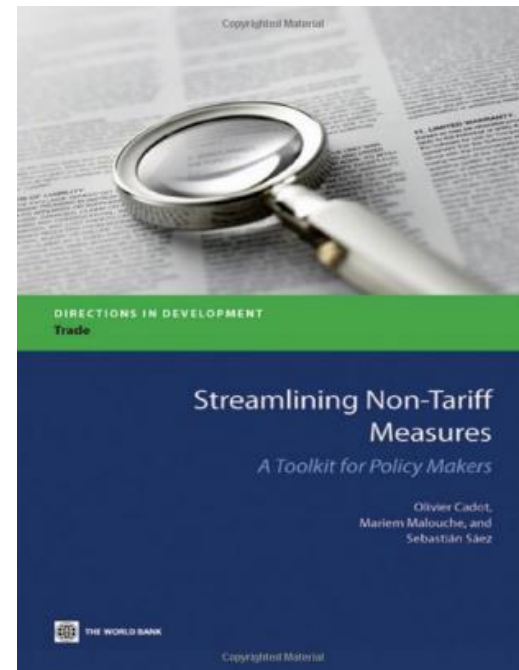


GUIDING PRINCIPLES OF THE NEW APPROACH

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

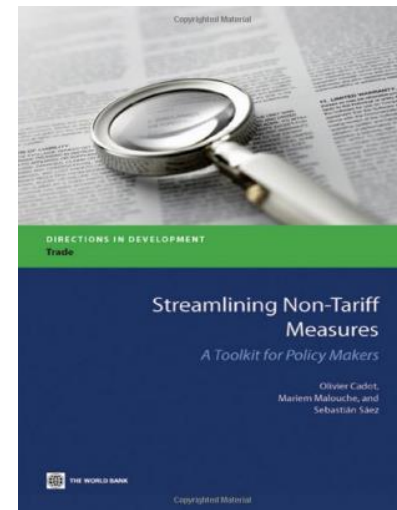


GUIDING PRINCIPLES OF THE NEW APPROACH

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

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)



Quality Infrastructure Reform Solution Package

	Constraints	Reform Interventions	Results
Diagnostics	<ul style="list-style-type: none"> • Understanding of market demand • Understanding of the extent and competency of existing QI institutions and service providers 	<ol style="list-style-type: none"> 1. Diagnostics/Gap Assessment 	<ul style="list-style-type: none"> • Reform priorities identified
Supply-Side	<ul style="list-style-type: none"> • Legal, institutional, and regulatory barriers related to over-regulation or low capacity to enforce quality requirements and ensure health, safety, and environment safeguards; • Low capabilities to provide quality assurance services; • Mismatch between domestic and international quality requirements. 	<ol style="list-style-type: none"> 2. Reforming QI legal and institutional framework 3. Developing competent quality assurance service providers (national or regional) 4. Streamlining and harmonizing technical regulations and standards with target markets 	<ul style="list-style-type: none"> • Reduced unnecessary burden (e.g. compliance cost); • Improved efficiency of NQI institutions • Increased number of accredited quality assurance service providers (e.g. labs); • Reduced/rationalized number of mandatory technical regulations; • Reduced consignment rejection rate by recipient country
Demand-Side	<ul style="list-style-type: none"> • Investment and reputational risks for multinational corporations; • Inability to access and compete at targeted markets (e.g. cost of technology upgrade, testing and certification costs) • Lack of information about the quality requirements, standards, and services 	<ol style="list-style-type: none"> 5. Complying with industry standards through FDI and GVC 6. Enabling innovation and a higher quality of domestic products to meet standards, including training and information campaign 	<ul style="list-style-type: none"> • Increased export volume; • Increased participation in new markets; • Increased investment in priority sectors; • Enhanced firms' productivity and innovation

TRADE NEGOTIATIONS TO FACILITATE MARKET ACCESS

1. Help to reduce trading costs
2. Support market access
3. Diversified the trade
4. Allow to advance on mutual recognition and confidence building among regulatory authorities



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Thank you!

