



# Possible research on NTMs using UNCTAD survey

**Gloria O. Pasadilla, PhD**  
**Research Fellow, ADB**  
**Institute**

**ARTNeT-UNCTAD-WTO Meeting**  
**Vientiane, Laos**  
**October 27-28, 2010**



# Outline

---

- Background info on the project and NTMs
- Survey instruments, NTM classification
- Results for the Philippines
- Potential research use

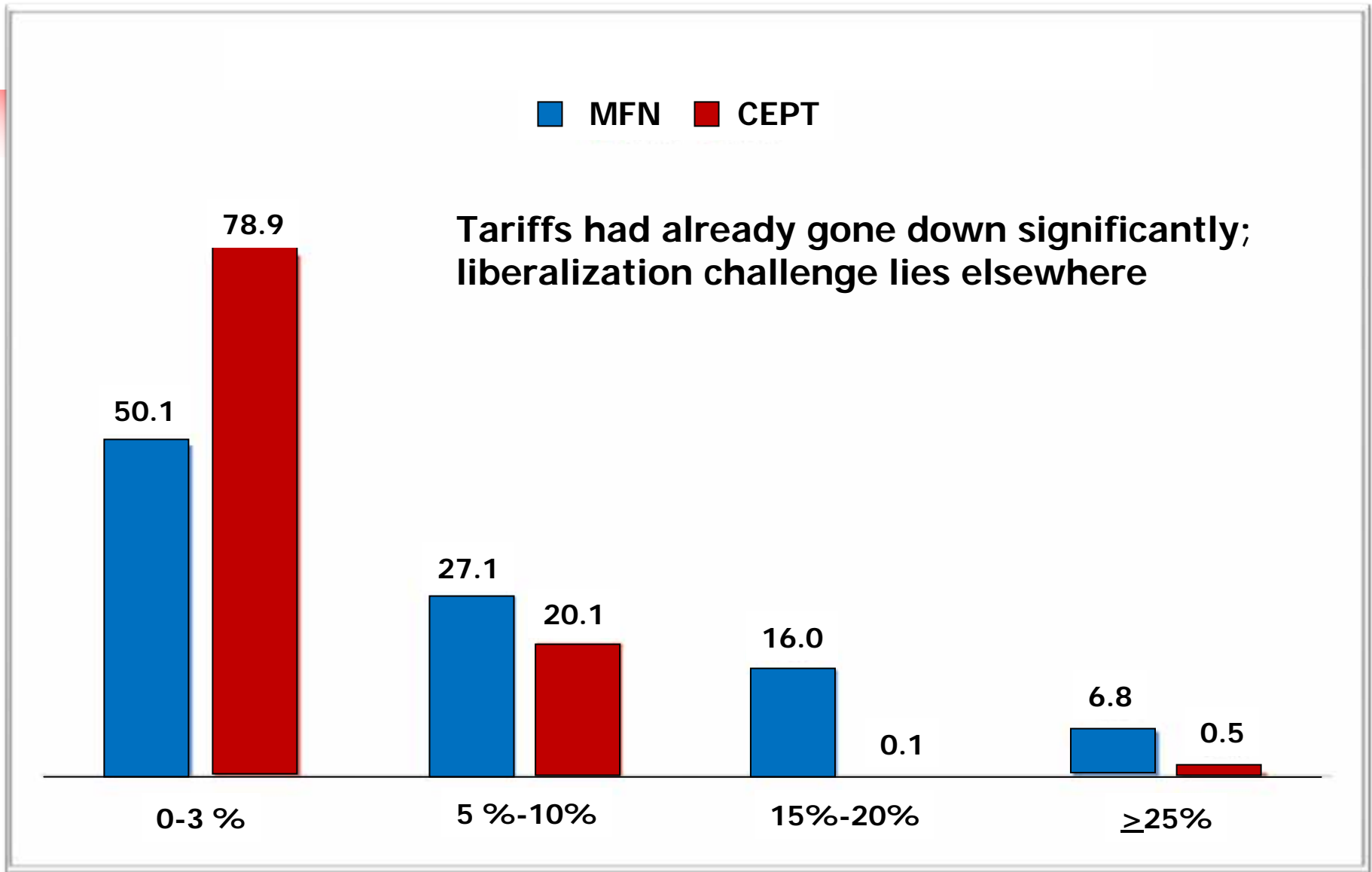


# Importance of NTMs

---

- Global liberalization process was like “draining a swamp” with the “lower water level revealing all the snags and stumps of non-tariff barriers that still have to be cleared away”.’ (Baldwin)

# Figure I.1 Frequency Distribution of Philippine tariffs





# Problem of definition

---

- NTMs : measures other than tariff; usually 'Within border' measures; most common are regulations and standards that affect trade
- Not all NTMs are NTBs
  - difficult to determine when a measure is a trade barrier
  - But whether it is an NTM or NTB, the measure increases trade costs => similar effect on trade as tariffs: higher price, lower trade volume
- Tentative effort to differentiate ntm and ntb using survey (more of this later)



# Problems in analyzing NTMs

---

- Microeconomic literature has grown on effects of NTBs, with similar effects as tariffs in prices and volume, but welfare implication may differ
- empirical evidence is scant because of data problems
- Best source of info: exporters (and importers): their experience of NTMs
- Aim of the UNCTAD project: to capture firm level experience of NTMs



# How UNCTAD proceeded with survey

---

- Key: understanding of the typology or classification of NTMs based on UNCTAD's classification (see next slides)



# Classification of NTM (major headings)

---

- **A000**      **SANITARY AND PHYTOSANITARY**
- **B000**      **TECHNICAL BARRIERS TO TRADE**
- **C000**      **OTHER TECHNICAL MEASURES**
- **D000**      **PRICE CONTROL MEASURES**
- **E000**      **QUANTITY CONTROL MEASURES**
- **F000**      **PARA-TARIFF MEASURES**
- **G000**      **FINANCE MEASURES**
- **H000**      **ANTI-COMPETITIVE MEASURES**
- **I000**      **EXPORT RELATED MEASURES**
- **J000**      **TRADE-RELATED INVESTMENT**



## First and second level of disaggregation

**A000 SANITARY AND PHYTOSANITARY MEASURES**

**B000 TECHNICAL BARRIERS TO TRADE**

C000 OTHER TECHNICAL MEASURES

D000 PRICE CONTROL MEASURES

E000 QUANTITY CONTROL MEASURES

F000 PARA-TARIFF MEASURES

G000 FINANCE MEASURES

H000 ANTI-COMPETITIVE MEASURES

I000 EXPORT RELATED MEASURES

J000 TRADE-RELATED INVESTMENT

MEASURES

K000 DISTRIBUTION RESTRICTIONS\*

L000 RESTRICTION ON POST-SALES

SERVICES\*

M000 SUBSIDIES\*

N000 GOVERNMENT PROCUREMENT

RESTRICTIONS\*

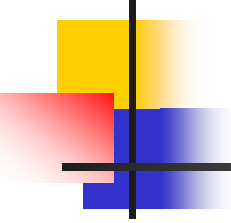
O000 INTELLECTUAL PROPERTY\*

P000 RULES OF ORIGIN\*



A100 Voluntary standards,  
A200 Sanitary and  
phytosanitary regulations,  
A300 Conformity assessment  
related to SPS, and  
A900 Sanitary and  
phytosanitary measures, n.e.s.

## Second and third level of disaggregation

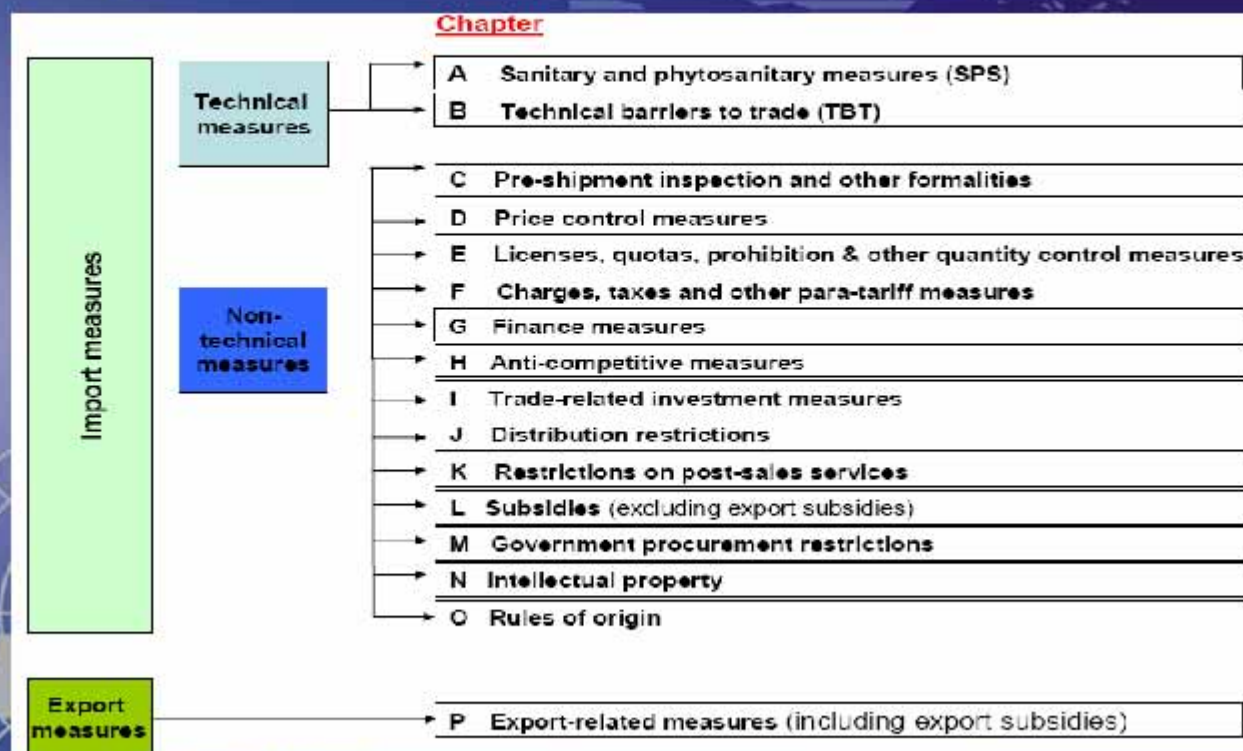


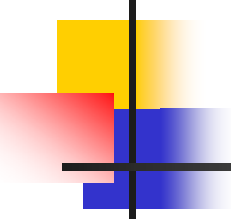
A100 Voluntary standards,  
**A200 Sanitary and phytosanitary regulations,**  
A300 Conformity assessment related to SPS, and  
A900 Sanitary and phytosanitary measures, n.e.s.



A210 Labelling, Marking and Packaging requirements,  
A220 Traceability requirements,  
A230 Tolerance limits for residues and contaminants,  
or restricted use of certain substances,  
A240 Regulation of foods or feeds derived from  
or produced using GMO,  
A250 Hygienic requirement,  
A260 Disease prevention measures,  
A270 Regulations on productions processes,  
A280 Geographical restrictions, and  
A290 Sanitary and Phytosanitary regulations n.e.s.

# UNCTAD Non-Tariff Measures Classification (16 December 2009)





# Understanding Procedural Obstacles

---

The protectionist or discriminatory intent is the factor differentiating non-tariff barriers (NTBs) from NTMs

Preliminary effort to differentiate NTBs from NTMs through procedural obstacles. Survey contains questions on:

- **A. Arbitrary or inconsistent behaviour:**
- **B. Discriminatory behaviour favouring specific producers or suppliers:**
- **C. Inefficiency or cases of outright obstruction consisting of:**
- **D. Non-transparent practices consisting of:**
- **E. Legal obstacles consisting of:**
- **F. Unusually high fees or charges**



## Procedural obstacles: first and second level of disaggregation

---

- A. Arbitrary or inconsistent behaviour:
- B. Discriminatory behaviour favouring specific producers or suppliers:
- **C. Inefficiency or cases of outright obstruction consisting of:** →
- D. Non-transparent practices consisting of:
- E. Legal obstacles consisting of:
- F. Unusually high fees or charges

**C1:** Too much documentation or forms to be supplied or completed

**C2:** Too strict, too detailed or redundant testing/certification or labeling requirement

**C3:** Substantial delays in obtaining authorization/approval

**C4:** Complex clearing mechanism such as a need to obtain approval from several entities

**C5:** Short submission deadlines to supply information

**C6:** Outdated procedures such as lack of automation

**C7:** Lack of resources such as understaffing or scarce equipment in destination market



# Next issue: sample selection

---

- Philippines Frame: registered exporters
  - Target export sectors *with likely large NTM experiences*
  - Not necessarily reflective of export structure that is dominated by electronic exports (60%)
- Two phases: Metro Manila, Regions (General Santos, Cebu, Davao)
- Other countries may use different sample that may be reflective of export structure



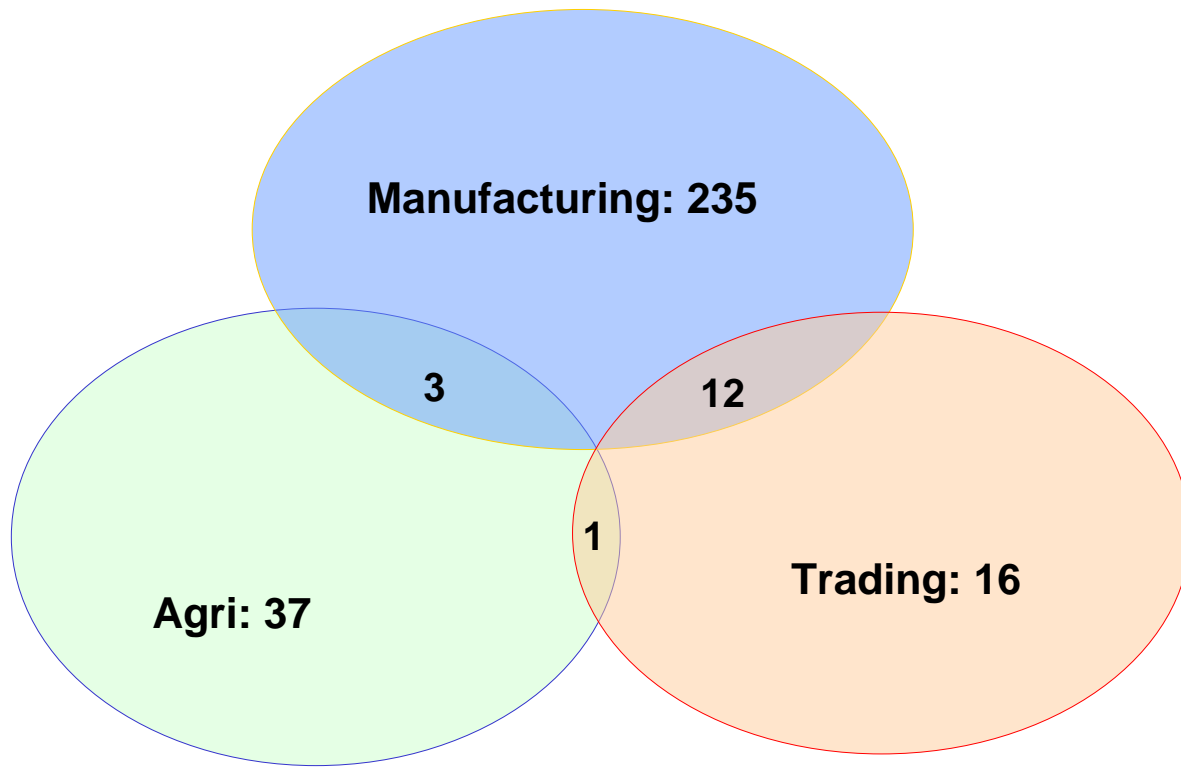
# How to understand the survey result

---

- Firms asked about NTM experiences:
  - Specific product
  - Destination market
  - Specific NTM and Procedural obstacles encountered
- Unit of observation: firm-product-ntm-destination
  - Philippines Total: 812 observations out of 303 firms interviewed

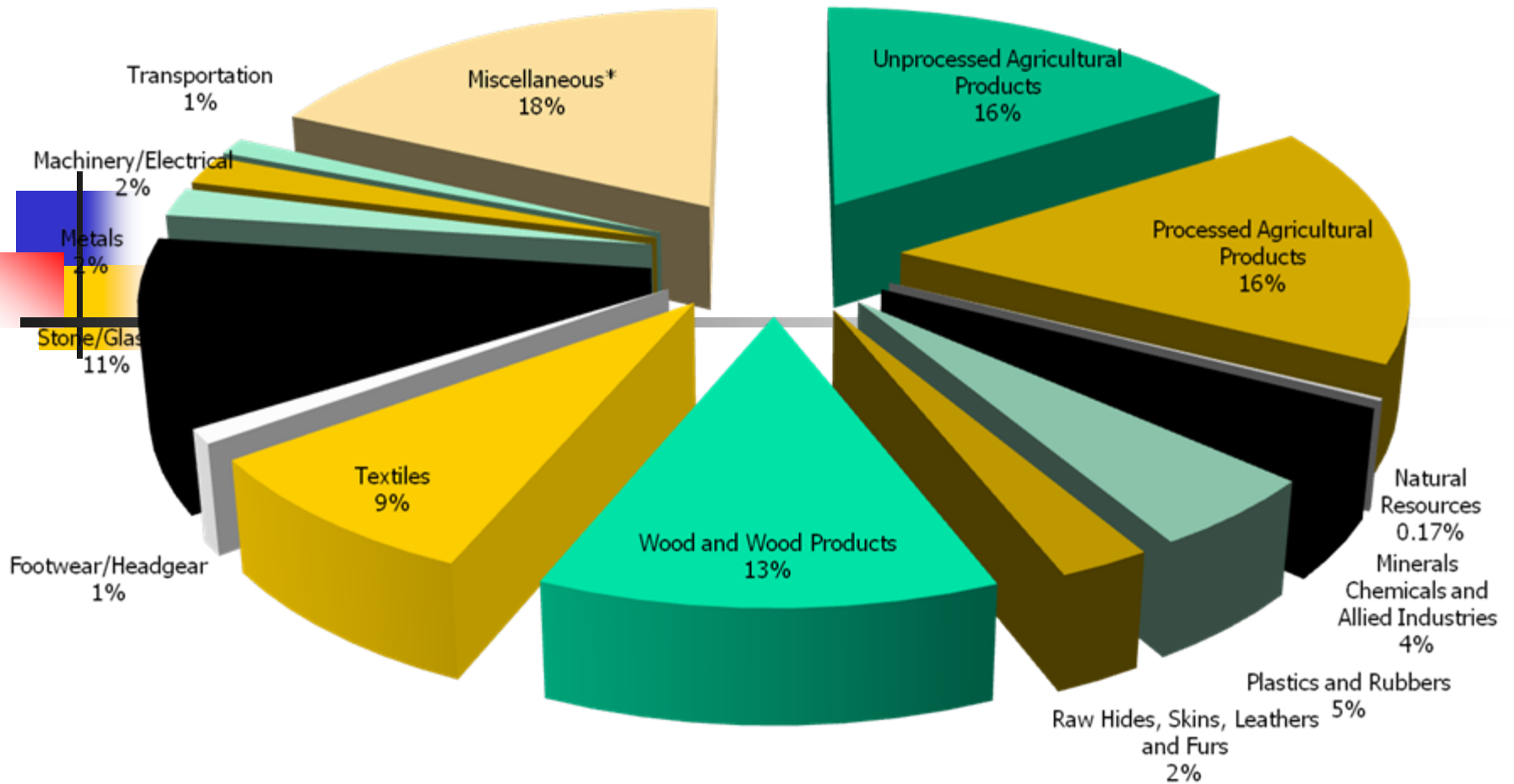
# Results: Sample Characteristics

Figure II.1. Profile of Interviewed Companies





# Percentage Share per Specific Product Group



\* Optical, photographic, cinematographic, medical or surgical apparatus; Stuffed furnishings, Light Fittings; Toys and Sports Requisites; Other Manufactured Articles

# Sample Characteristics

## Foreign vs. Local

	No foreign ownership	Foreign ownership less/equal 50%	Foreign ownership more than 50%	Not available	TOTAL number of interviewed companies
<b>No. of companies</b>	254	25	24	0	303
<b>Percent of Total</b>	84	8	8	0	100

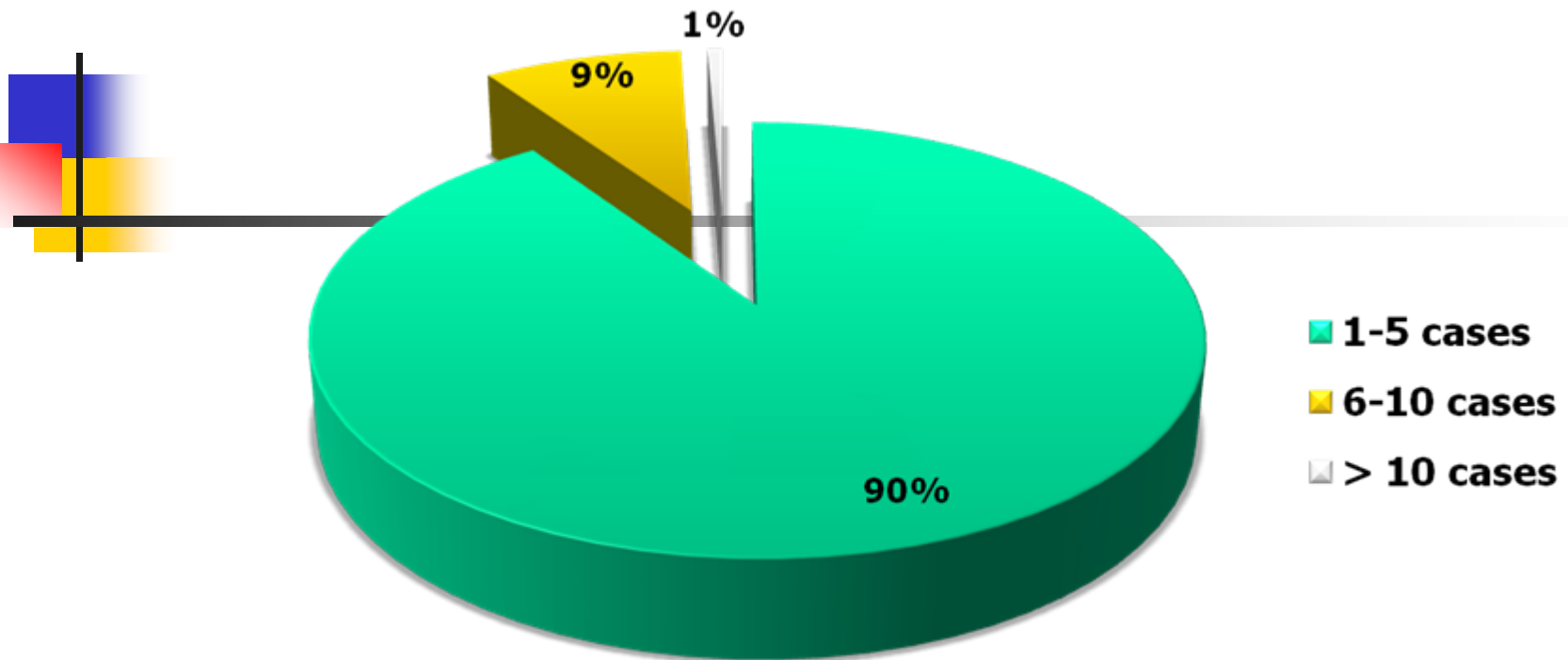
## Length of Operation

	Less than 5 years	More than 5 years	Not available
<b>Nr. of companies</b>	38	264	0
<b>Percent of Total</b>	13	87	0

## Size

	1-9 employees	10-20 employees	21-50 employees	More than 50 employees	TOTAL number of interviewed companies
<b>No. of companies</b>	25	58	56	164	303
<b>Percent of Total</b>	8	19	19	54	100

# Survey of Collected Cases from Exporters



This can mean:

- One product-different destination-ntms
- Several products-one destination-ntms
- One product-one destination-several ntms

## Which NTMs are widely experienced?

### NTM Categories of Reported Cases

	Measure categories	Total number of reported cases <sup>a)</sup>	Percent of Total	only exports
A	Sanitary and phytosanitary measures	254	31	253
B	Technical barriers to trade	370	45	364
C	Other technical measures	21	3	21
D	Price control measures	12	1	12
E	Quantity control measures	2	0	2
F	Para-tariff measures	21	3	21
G	Finance measures	4	0	4
H	Anti-competitive measures	1	0	1
I	Export related measures	97	12	97
J	Trade-related investment measures	2	0	2
K	Distribution restrictions	1	0	1
L	Restriction on post-sales services	0	0	0
M	Subsidies	0	0	0
N	Government procurement restrictions	0	0	0
O	Intellectual property	9	1	9
P	Rules of origin	0	0	0
	Other	18	2	18
	Total Export Cases	805		805
	Total Export and Import	812		

a) both import and export cases

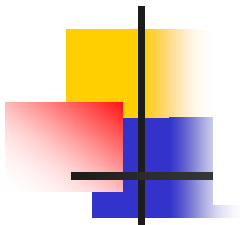
## Table II.6 Detailed Incidence for SPS and TBT

NTM Description	No. of SPS Cases	Percent of Total	No. of TBT Cases	Percent of Total
<b>Voluntary Standards</b>	<b>59</b>	<b>7.3</b>	<b>68</b>	<b>8.4</b>
International Standards	17	2.1	38	4.7
National Standards	31	3.8	21	2.6
<b>Technical Regulations</b>	<b>97</b>	<b>12</b>	<b>87</b>	<b>11</b>
Labelling Requirements	22	2.7	7	0
Packaging Requirements	8	1.0	26	3.2
Origin of Materials and Parts	7	0	12	1.5
Tolerance limits for residues and contaminants, or restricted use of certain	27	3.3	16	2
Quarantine Requirement	10	1.2	0	0
Environment-Specific Requirement	0	0	10	1.2
<b>Conformity Assessment</b>	<b>98</b>	<b>12.1</b>	<b>215</b>	<b>27</b>
Certification by government agencies of the countries of origin	31	3.8	110	13.5
Certification by local agencies in the destination market	25	3.1	19	2.3
Testing Requirement	13	1.6	19	2.3
Inspection and Clearance Requirement	6	0	33	4.1

Source: Annex Table II.1 - II.2

# Table II.8 Detailed Table for A, C and F Procedural Obstacles

PO Code	PO Description	No. of Cases	No. of Companies Affected	No. of Countries Where Present
<b>A</b>	<b>Arbitrary or inconsistent behaviour:</b>	<b>226</b>		
A1	Behaviour of customs officials or any other government official	37	28	19
A2	With regard to how your product has been classified or valued	46	26	19
A3	In the manner procedures, regulations or requirements have been applied	143	64	35
<b>C</b>	<b>Inefficiency or cases of outright obstruction consisting of:</b>	<b>383</b>		
C1	Too much documentation or forms to be supplied or completed	64	54	26
C2	Too strict, too detailed or redundant testing/certification or labelling requirement	223	136	38
C3	Substantial delays in obtaining authorization/approval	56	42	22
C4	Complex clearing mechanism such as a need to obtain approval from several entities	32	19	22
C5	Short submission deadlines to supply information	3	3	2
C7	Lack of resources such as understaffing or scarce equipment in destination market	5	4	4
<b>F</b>	<b>Fees or charges are unusually high (e.g. fees for stamp, testing, or other services)</b>	<b>134</b>	<b>72</b>	<b>36</b>





# Incidence by economic sectors

Table II.9. Breakdown by economic category

	No. of NTM Cases	Percent of Total	No. of Procedural Obstacles	Percent of Total
<b>Unprocessed Agriculture (HS 01-08)</b>	139	17.1	76	9.1
<b>Other Agriculture (HS 09-24)</b>	125	15.4	137	16.3
<b>Natural Resource (HS 25-26)</b>	3	0.4	7	0.8
<b>Manufacturing/Industrial Goods (HS 27-97)</b>	545	67.1	619	73.8
<b>Total</b>	<b>812</b>		<b>839</b>	

# Top Countries for which cases have been reported

Table 11.9

Rank	Countries with the most number of reported cases	Total number of NTM cases	Percent of total cases	Total number of procedural obstacles	Percent of total cases	Total Number of Exporters	Percent of total firms
1	United States	217	26.7	241	28.7	96	31.7
2	Japan	63	7.8	65	7.7	28	9.2
3	Australia	43	5.3	50	6.0	17	5.6
4	European Union	38	4.7	40	4.8	14	4.6
5	United Kingdom	37	4.6	36	4.3	15	4.9
6	China	30	3.7	36	4.3	15	4.9
	Germany	30	3.7	32	3.8	11	3.6
7	Saudi Arabia	29	3.6	27	3.2	8	2.6
	Spain	29	3.6	27	3.2	7	2.3
8	Canada	26	3.2	26	3.1	9	2.97
9	Italy	25	3.1	23	2.7	10	3.3
10	United Arab Emirates	22	2.7	21	2.5	5	1.7
11	Korea, Rep. of	18	2.2	21	2.5	7	2.3



# Top Ten Countries' Cases by NTM Category

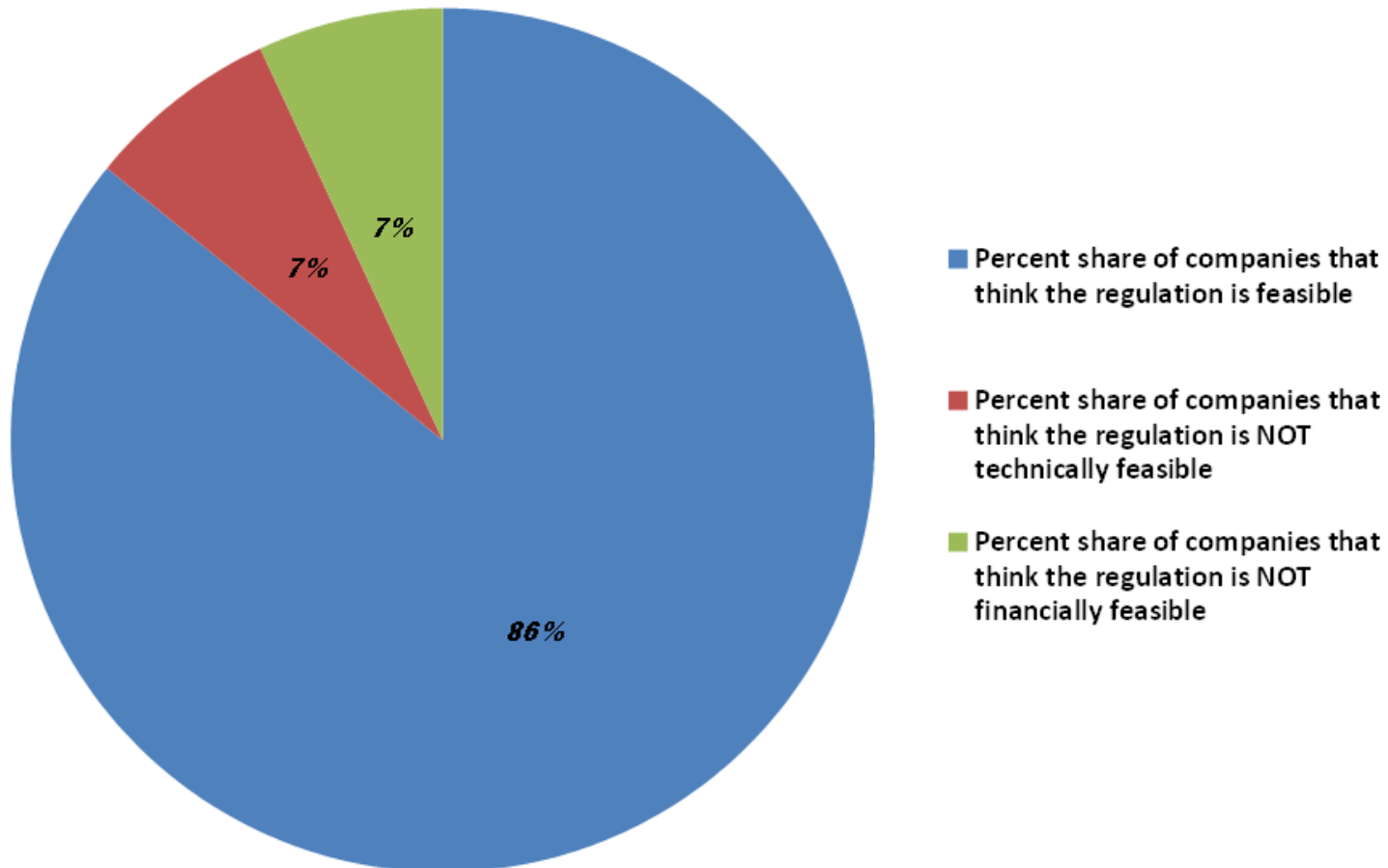
Table II.10a:

Many smaller countries too have significant sps and tbt and other technical measures

NTM	Total Number of Cases (Top 10 Countries)	Grand Total (All Countries)	Top 10 Countries % Share to Total
(A) Sanitary and Phytosanitary Measures	175	254	68.9
(B) Technical Barriers to Trade	270	370	73.0
(C) Other Technical Measures	15	21	71.4
(D) Price Control Measures	12	12	100.0
(E) Quantity Control Measures	2	2	100.0
(F) Para-Tariff Measures	11	21	52.4
(G) Finance Measures	4	4	100.0
(H) Anti-Competitive Measures	1	1	100.0
(I) Export Related Measures	62	97	63.9
(J) Trade-Related Investment Measures	2	2	100.0
(K) Distribution Restrictions	1	1	100.0
(O) Intellectual Property	9	9	100.0
—	17	18	94.4
<b>Totals</b>	<b>581</b>	<b>812</b>	<b>71</b>

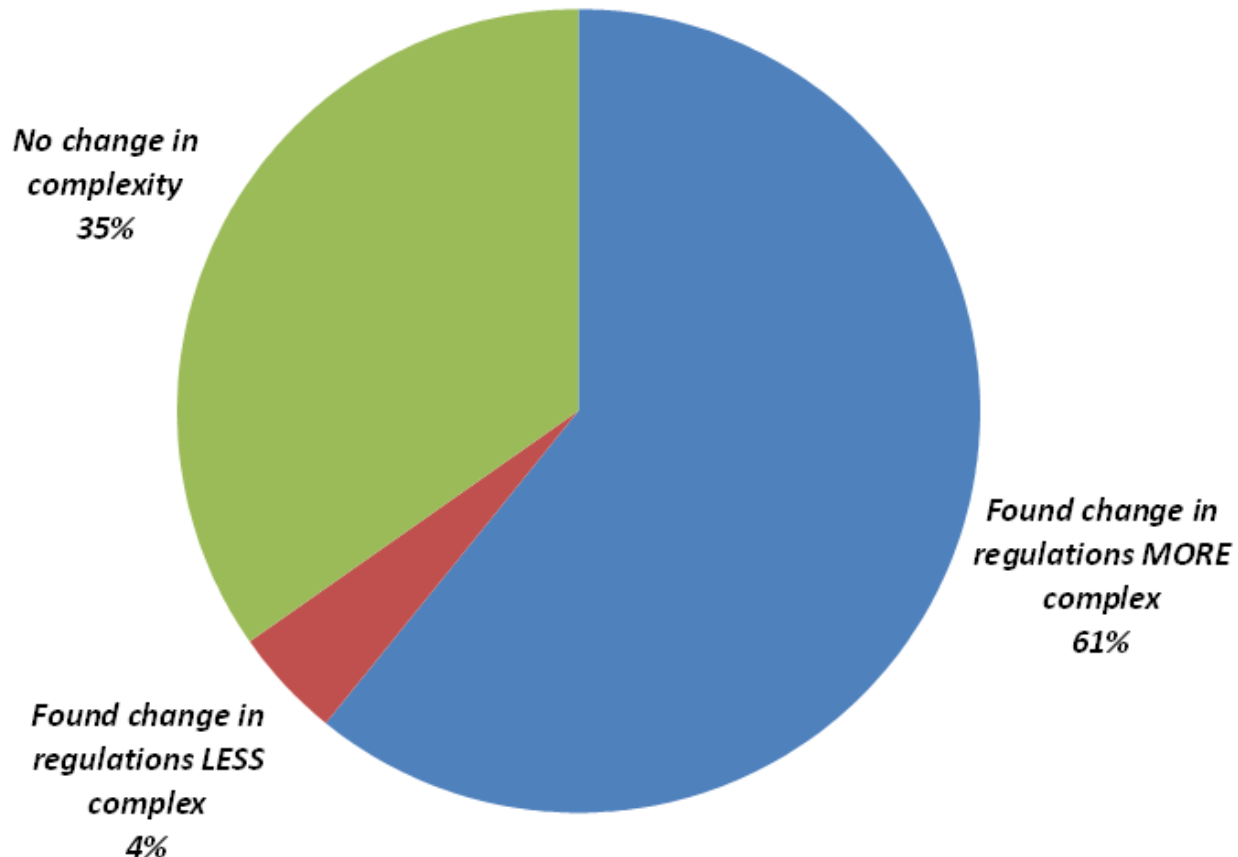
# Firms' perception of sanitary and technical regulations

Figure II.2a. Companies' view on technical/financial feasibility of regulations



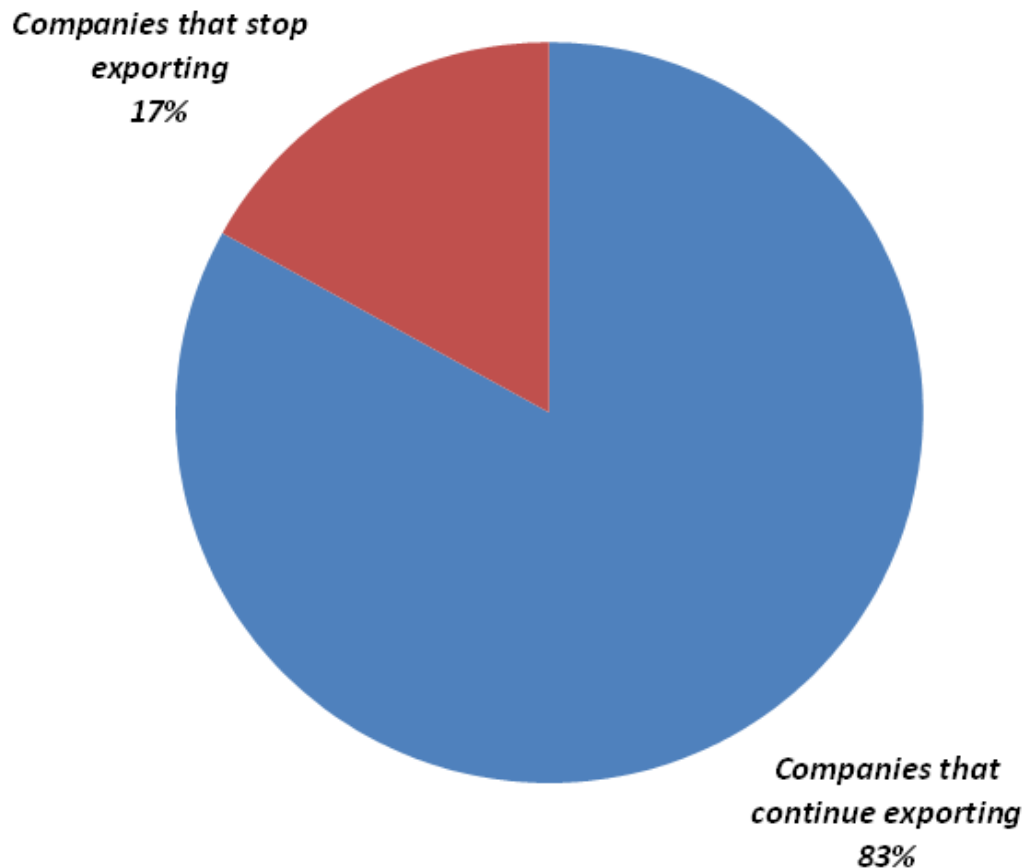
# Firms' perception of sanitary and technical regulations

Figure II.2d. How companies found the new technical regulations



# Firms' perception of sanitary and technical regulations

Figure II.2e. Consequence of change in regulation





# How survey data can be used for research

---

- cross country comparisons of experiences of ntms
- comparison of business survey with official rules and regulations
- Explore cross country comparison of NTMs incidence through calculations of AVE of NTMs
- impact of changes on traded goods or firms e.g., exit from a destination market