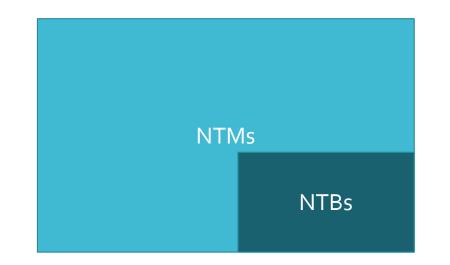


NTMs Definitions and Concepts Arun Jacob & Mia Mikic

Objectives

- 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.
- All policy-related trade costs incurred from production to the final consumer, with the exclusion of tariffs
- Countries are allowed by the WTO to regulate their imports and exports in order to achieve legitimate non-trade objectives.
- They can be used for :
 - Correcting various market failures such as informational asymmetries, externalities and monopoly power (price ceiling)
 - Protect consumer health (standards, certification, labelling)
 - Safeguard the environment (import ban)
 - Protection of national industries or infant industries (bailouts, subsidy)

Certain stylized facts on NTMs : NTMs vs Non Tariff Barriers (NTBs)



NTMs can actually be trade and/or welfare enhancing Transparency is paramount Certain stylized facts on NTMs

- They can affect prices and quantities or both.
- Even though applied indiscriminately, they can be discriminatory
- Among the different types of NTMs, sanitary and phytosanitary (SPS) and Technical Barriers to Trade (TBTs) are most predominant
- On the whole, TBTs are more prevalent than SPS measures, but SPS more prevalent on agri-food products than TBTs
- The exact extent of burden imposed by NTMs differ among export markets
- Mixed results on whether NTMs are complements on substitutes to tariffs (differs by country and product groups)

International agreements on NTMs

The SPS Agreement

- entered into force in 1995,
- allows countries to adopt scientifically based measures in order to protect human, animal and plant life or health.
- it recognizes the sovereign rights of WTO Members to provide the level of health protection they deem appropriate and it (tries) to ensure that NTMs are not disguised restrictions on international trade.
- encourages Members to base their measures on international standards (such as FAO or WHO).

International agreements on NTMs

- The TBT Agreement
 - Signed in 1980 superseded by the 1995 WTO Agreement.
 - Deals with technical requirements not covered by the SPS Agreement
 - promotes the use of international standards and the mutual recognition of requirements and of conformity assessment procedures between WTO Members.
- SPS vs TBT example
- Developing countries granted delays in implementation, technical assistance and other special treatment with regard to SPS & TBT

Question

Who can introduce NTMs ?1) Governments and public sector entities

- 2) Private sector
- 3) Both

Public versus private NTMs

Rapid rise of private NTMs in the last decade

- Adopted by individual firms or by national organizations of producers and retailers or by international NGOs/organizations
- Main reasons for expansion :
 - Spread of global value chains and supply chains
 - Increase in consumer concerns
 - Slow process of public standardization •
- Standardized data unavailability is a huge issue in assessing imposet of private NITN/a



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