

# ARTNeT Capacity Building for Trade Policy Researchers

Supporting Equitable Development in ASEAN:  
Impact of Regional Integration on CLMV Countries

**Measuring the  
economic impacts  
of NTMs**

**(Part 1)**

- 1. Gravity**
- 2. Other. Substitution/  
complementarity:  
empirical evidence**

## Session 9



UNITED NATIONS  
UNCTAD

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# Still a new area of study

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Still building knowledge !

- Descriptive
- Gravity (Ex-post estimation)
  - Incidence measures
- General Equilibrium (Ex-ante estimation)
  - AVE
- Welfare



# Economic analysis of NTMs

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- Existing investigations
  - “Mercantilist” assessments
  - Limited welfare analyses
- Limits
  - Insufficient data
  - Few studies on private standards
- Future:
  - Improve NTM impact measurement,
  - Better account for microeconomic effects



# Conceptual discussion

- NTMs (even non-protectionist ones) may affect trade
- **Facilitate trade** – Increasing demand for foreign products:
  - Better quality of products
  - Reduction in informational asymmetries btw. domestic consumers and foreign producers
- **Eliminate trade** – NTM may:
  - Exclude some (non-complying) varieties from the market
  - Exclude some firms (e.g. small DCs' producers) from the market (additional cost: NTM compliance cost)
  - Effect exacerbated if NTMs differ among countries & if they are implemented in a way that favors national industry



# Import or export obstacles

	Export Measures	Import Measures
My country's policies	Obstacle to Export Caused within my country / because of national policies	Obstacle to Import Caused within my country / because of national policies
Other CEFTA partner's policies	Obstacle to Export Caused in another CEFTA party / because of other party's policies	Obstacle to Import Caused in another CEFTA party / because of other party's policies



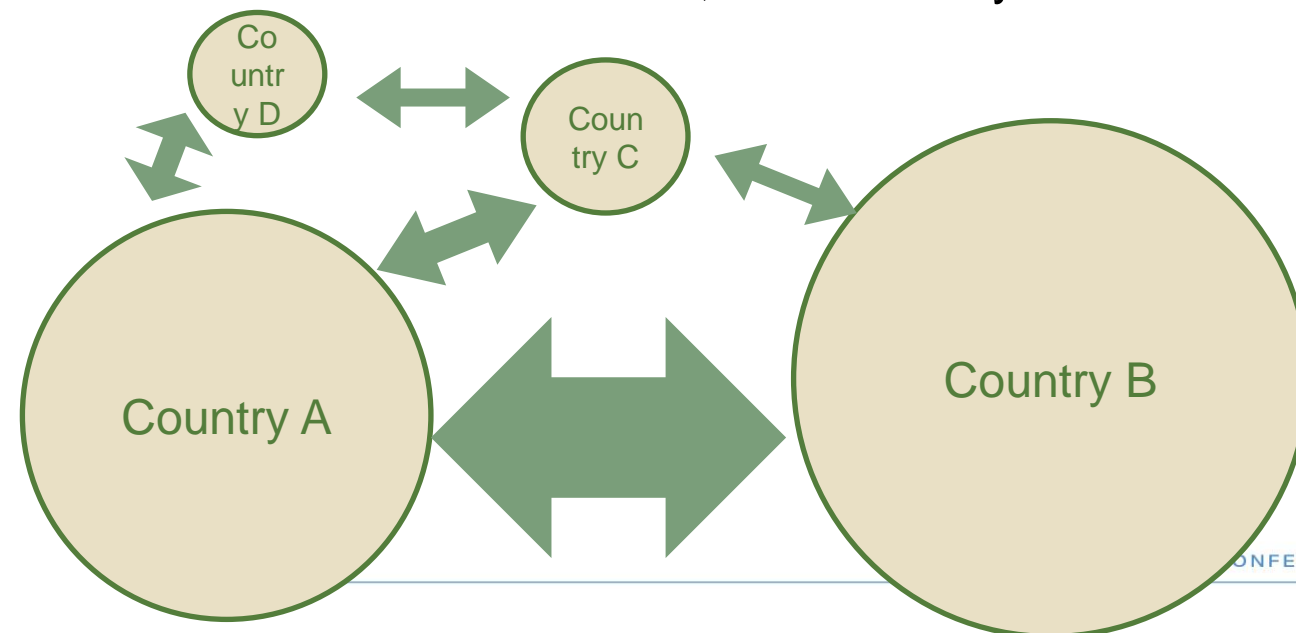
# Gravity estimations based on empiric verification but do not contradict theory

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Trade theories explain why there is trade.

Different Reasons and benefits (impact)

- Efficiency differences (technology)
- Endowments of productive factors
  - comparative advantage , inter industry trade
- Products are different (love for variety)
- Firms are different
  - Economies of scale, intra industry trade



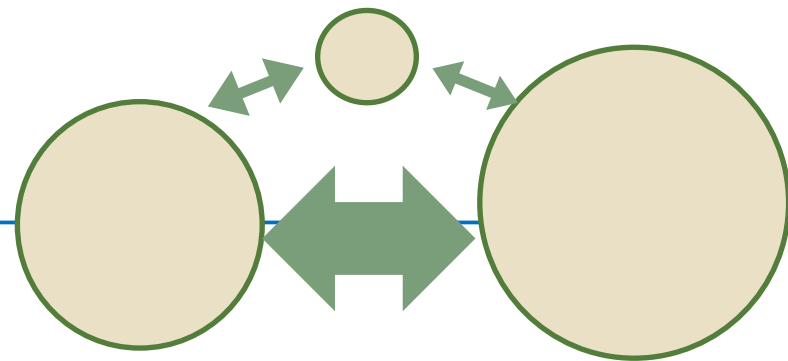
Gravity

- Was based on empiric verification



# The gravity model of international trade

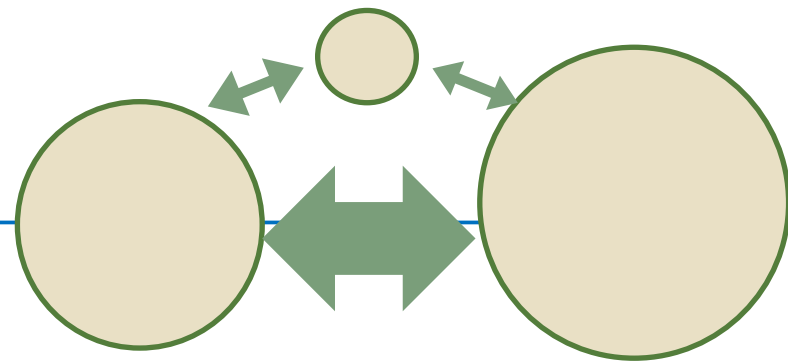
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- The gravity model has gone from a theoretical orphan to being the favoured child of all main theories of international trade
- Why so popular?
  - High explanatory power ( $R^2$  between 0.65 and 0.95)
  - Easy access to relevant data
  - Estimation standards and benchmarks clearly established



# Gravity estimations



## Geographical variables

- Size of economy
- Geographical closeness (proxy for transport cost)
- Neighbours? Island?

## Institutional variables, historical and political features

- Language and other cultural or historical ties
- Common currency or other institutional relationships
- Same FTA?

预览已结束，完整报告链接和二维码如下：

[https://www.yunbaogao.cn/report/index/report?reportId=5\\_3090](https://www.yunbaogao.cn/report/index/report?reportId=5_3090)

