Nontariff Measures (NTMs) in Food and Agricultural Trade

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What are 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)

• Very broad definition, just about every economic policy could affect international trade

• It defines NTMs by what they aren’t rather than what they are
What do we usually mean by NTMs?

- Sanitary and phytosanitary measures (SPS)
- Technical barriers to trade (TBTs)
- Direct controls on the amount imported – import bans, licenses, quotas
- Anti-dumping measures and countervailing duties
- Import charges other than tariffs
- Customs clearance procedures
Examples of NTMs

- Bans, since relaxed somewhat, on Japanese and South Korean imports of U.S. beef
- U.S. antidumping duties on shrimp from India, Brazil, China, Thailand, Vietnam
- China-U.S. poultry dispute (U.S. import ban, Chinese antidumping duties)
- Japanese fire blight protocol for apple imports from U.S.
- EU-U.S. beef hormone dispute
Don’t you mean NTBs, not NTMs?

• NTMs used to be referred to as non-tariff barriers (NTBs)
• Why the change in terminology from non-tariff *barriers* to non-tariff *measures*?
NTMs can have benefits

- Can protect human health
- Can protect plant and animal health
- Can increase trade rather than reduce it
  - Provide assurances to consumers about safety and quality of imported products
  - Spur developing-country exporters to modernize their supply chains
  - Streamlined, transparent customs procedures
Example: U.S. seafood HAACP standard

- HAACP standard for seafood mandated in 1997
- 2009 study by economists Sven Anders & Julie Caswell
- Largest seafood exporters increased their exports to the U.S., smaller ones lost exports
  - Standards as both catalysts and barriers to trade
Possible impacts on trade

- Trade impeding
  - Non-tariff barriers

- Trade creating
  - Reduce risks, more transparency, more information

- Trade diverting
  - Discriminatory effects among exporters
Determining if an NTM is beneficial or harmful

- Often no way to tell on the face of it, especially for SPS and TBT measures
- The economic approach:
  - Analyze changes in trade like Anders & Caswell
  - Analyze impacts on economic welfare, taking into account the welfare of all domestic and international parties
  - Example: 2008 study of Mexican avocado exports to U.S., Everett Peterson & David Orden
Why the growing interest in NTMs?

• Being used more often, especially SPS and TBT measures
• More high-profile cases like U.S. beef
WTO notifications of SPS and TBT measures

Source: Martin Banse et al. (2009)
NTMs in agriculture: import coverage ratio

Source: Martin Banse et al. (2009)
Why are NTMs being used more often?

- Countries are looking for new ways to protect domestic producers from import competition
- Greater consumer demands for food safety and quality
- Growth in global trade and the potential for spread of human, plant, and animal diseases (avian flu, H1N1)
- New agricultural science and technology (GMOs)
Case study of India

- 2009 USITC report, *India: Effects of Tariffs and Nontariff Measures on U.S. Agricultural Exports*
- Reductions in U.S. agricultural exports to India in 2007 due to...
  - Tariffs: $200-291 million
  - NTMs: $169-371 million
  - Wheat is main U.S. export affected by NTMs
MAST project

• Our understanding of NTMs is only as good as the data
• WTO notifications have weaknesses
  – Some data are fragmentary, outdated
  – Only changes or new measures get notified
• MAST project
  – Better coverage of countries/measures
  – Better description of measures
  – Piloted in 7 countries so far, with more to follow
Thank You!