

Methods to evaluate non tariff measures on trade



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Non-tariff measures are difficult to quantify as Tariff levels are published in tariff schedules, and these can be large, cumbersome and difficult to read. Non-tariff measures are politically sensitive and this may arise from the lobby activity of vested interests. Measures that are difficult to compute may also be less transparent, which helps to prevent public discussion. Several techniques may be used to evaluate the effect of non tariff measures for example ;

- data sources;

Information about the effects on NTM's can be gathered through different databases such as the ; 2013 National Trade Estimate Report on Foreign Trade Barriers which is organized each year by the Office of the U. S. Trade Representative to surveys important foreign barriers to U. S. exports, the European Union's Market Access Database, World Trade Organization's (WTO) Trade Policy Reviews and the World Integrated Trade Solutions (WITS) software developed by the World Bank which is described as Vald manole as a user friendly way .

- price gap measures;

Non-tariff measures increase the price paid by consumers. The basic strategy method involves a comparison of prices before and after the NTM mark up where the difference is expressed as a Tariff equivalent. For example, the price of a product includes the cost of transport and insurance while wholesale or retail prices include the cost of transport. These factors must be removed from the observed price difference before the markup can be attributed to non-tariff measures.

(Ferrantino, 2006).

- Econometrics model

The notable advantage of econometric analysis, relative to the “ price gap” method, is that it can be used to study the trade effects of multiple non-tariff measures across multiple industries and countries simultaneously. They forecast that the price of trade between any two countries will be positively linked to the size of their economies and inversely connected to the distance (and other measures of trade costs) between them.

Measures taken by the government to alleviate the impact of Non Tariff barriers

Mauritius has effectively diversified its economic activities from a monocrop economy depending on sugar to an economy based on textile, tourism and financial services. Mauritius is regarded as a middle income country and ranks according the recent “ Human Development Index” for 173 countries, Mauritius was ranked second in Africa. (Wikipedia)

However, Non tariff measures are affecting Mauritian Trade. A workshop was organized on the 24 January 2013 by the International Trade Center (ITC) with the collaboration of the Mauritian Ministry of Foreign Affairs, where the core results about non-tariff measures (NTMs) affecting Mauritian exporters were discussed, along with solutions and potential policy options.

The ICT’s NTM Program Manager Poonam Mayhem claimed that “ Though Mauritian companies enjoy preferential access in the EU market, they complained about the technical and conformity assessment requirements

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which they find cumbersome in these markets. Labelling, namely the need for labelling in various languages, was also considered to be an important non-tariff barrier" (Anon 2013). Moreover, a report claimed that 29% of burdensome NTMs were encountered within COMESA in which Mauritius is a member .

Thus , in order to alleviate this problem, the government has decided to take concrete measures to eliminate Non Tariff Barriers that are unjustified. The measures were announced by the Dr. the Hon. A. Boolell, Minister of Foreign Affairs, Regional Integration and International Trade at the opening of the Workshop on NTBs in September 2013. The measures are as follows :

- To eliminate some 26 trade measures considered as NTB's after a study carried out by Strataconsult which identified those non tariff measures that hold no justification and had to be either streamlined or eliminated., relating mainly to import and export procedures in 2012.
- The launching of the Mauritius Trade Portal to empower businesses by granting with all the relevant information concerning the import and export procedures. " A more ambitious project currently being developed is the single window that will link all Government agencies concerned with trade procedures - the objective being for traders to complete all trade procedures on line"(Anon 2013). This system will help to meaningfully eliminate the quasi totality of Non Tariff Barriers in Mauritius.
- The Government is also collaborating with the International Trade Centre to carry out a survey with organizations to examine the factors affecting trade.

- Dwell time for the release of goods at the port and airport have been significantly improved since the construction of a one stop center by housing Customs and other agencies under one roof.
- The Ministry with the collaboration of the World Bank has codified all existing NTB's so as to facilitate their streamlining or elimination. Some people from the World Bank was in Mauritius recently to help us in setting the permanent data collection tool on NTMs, modelled on a new classification method that is more user friendly.

Other measures taken by the government

1. COMESA-EAC-SADC Training Workshop

In addition , the COMESA-EAC-SADC Training Workshop was also organized and targeted at enabling trade on Non-Tariff Barriers. Mauritius is ranked first in Sub-Saharan Africa in the “ Ease of Doing Business index of the World Bank”. Mauritius is rated 20th globally in the “ Ease of Doing Business index of the World Bank”, 2nd among SIDS economies and is in the top 10 worldwide for the ease of starting a business. We need to eliminate all weaknesses and difficulties to trade so as to gain more markets since no markets will be at risk if the needs of consumers are satisfied .

2. The World Bank Database on ‘ Non Tariff Measures’

Moreover, The World Bank Database on ‘ Non Tariff Measures’ (NTMs), including a catalogue of some 6 000 tariff lines, was given to the Minister of Foreign Affairs, Regional Integration and International Trade, Dr. Arvin Boolell, by the Ag Country Director of the World Bank, Mr. Constantine Chikosi, recently. The Database will allow Mauritius to carry out a regular

study of the effects of NTMs on trade and competitiveness. It also facilitates exports by improving information on NTMs in export markets. It offers the government with necessary data to implement the right policies that improve the investment climate in competitiveness of Mauritian businesses.

Measures taken in other countries are as follows:

- Elimination of NTM'S in the EU

The elimination of NTM's in the EU is based on three principles : "(i) non discrimination; (ii) mutual recognition; (iii) Community legislation to the functioning of the common market"(Carrère Jaime 2011). These values protect " the movement for goods, persons, services and capital and is the result of the abolition of customs duties, QRs, and measures having equivalent effect to customs duties"(Malouche *et al* . 2012). In addition, according to the European Commission, On 25 March 2013, the EU and Japan officially launched the negotiations for a Free Trade Agreement, which calls for the removal of EU duties and non-tariff barriers in Japan to merge together. They also enable the EU side to interrupt negotiations after one year if Japan does full fill its commitments to remove non-tariff barriers.

- Elimination of NTM's in India

India signed a framework contract for setting a free trade area with Thailand in October 2003. The agreement is similar to India-ASEAN free trade agreement. It also says that FTA should cover: (i) Non-tariff barriers (NTBs) imposed on any products covered in this Agreement, including, but not limited to quantitative restrictions or prohibition on the importation of any product or on the export or sale for export of any products. (ii) Safeguards

based on the GATT/WTO principles; (iii) Disciplines on subsidies and countervailing measures and anti-dumping measures based on the existing GATT discipline. The Government of India has also taken some internal measures like the instance, import restrictions levied certain products under Article XX.

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