



Understanding the Significance of NTMs in Ag Trade

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Assessment

- NTBs are mainly a concern for South-North trade.
- An increasing number of NTBs are of concern for South-South Trade.
- Customs and other administrative procedures are a common complaint.



Assessment

- All countries can benefit from more efficient customs and administrative procedures.
- Both partners need to improve to reap greatest benefit.
- Greatest benefits are possible for improvements based on most sensitive products.



What are NTBs?

- A “nontariff distortion” is “any measure (public or private) that causes internationally traded goods and services, or resources devoted to the production of these goods and services, to be allocated in such a way as to reduce potential real world income.” (Baldwin, 1970)



The Economics of Food Safety: The Case of Green Onions and Hepatitis A Outbreaks



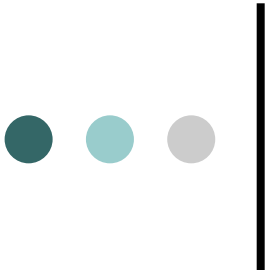
Case Study: Mexican Green Onions

- November 15, 2003—Food and Drug Administration (FDA) announced hepatitis A outbreaks in September in Georgia, North Carolina and Tennessee
- November 20, 2003—FDA announced that green onions appeared to be from Mexico



Case Study: Mexican Green Onions

- November 21, 2003—FDA announced that outbreak in Pennsylvania was associated with green onions from Mexico and named four firms.

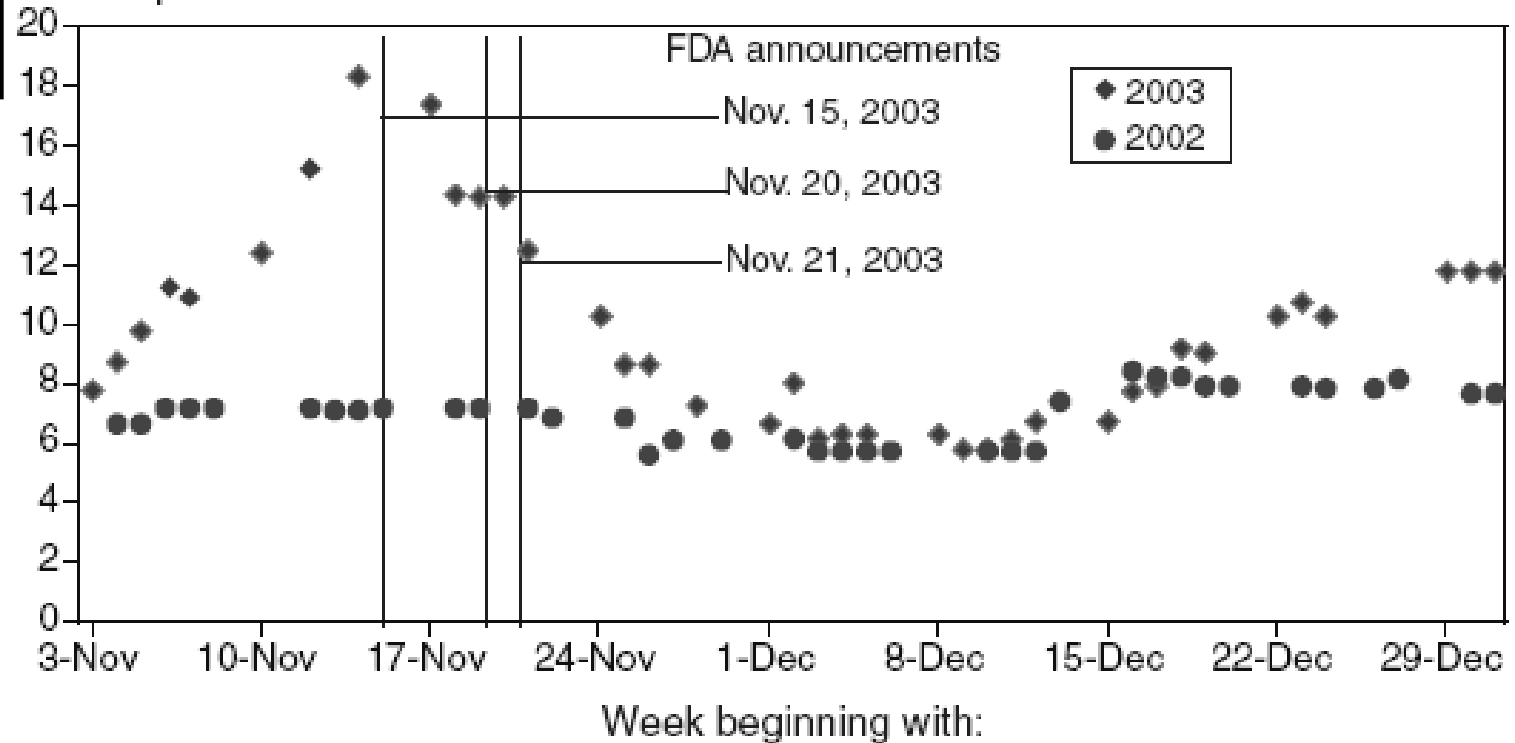


Case Study: Mexican Green Onions

- November 14, 2003—FOB price was \$18.30 per box
- November 21, 2003—FOB price was \$12.43 per box
- November 28, 2003—FOB price was \$7.23 per box
- Between November 14 and December 10, 2003 the price of green onions fell by 72 per cent.

Daily green onion free-on-board prices in the United States, 2002 and 2003¹

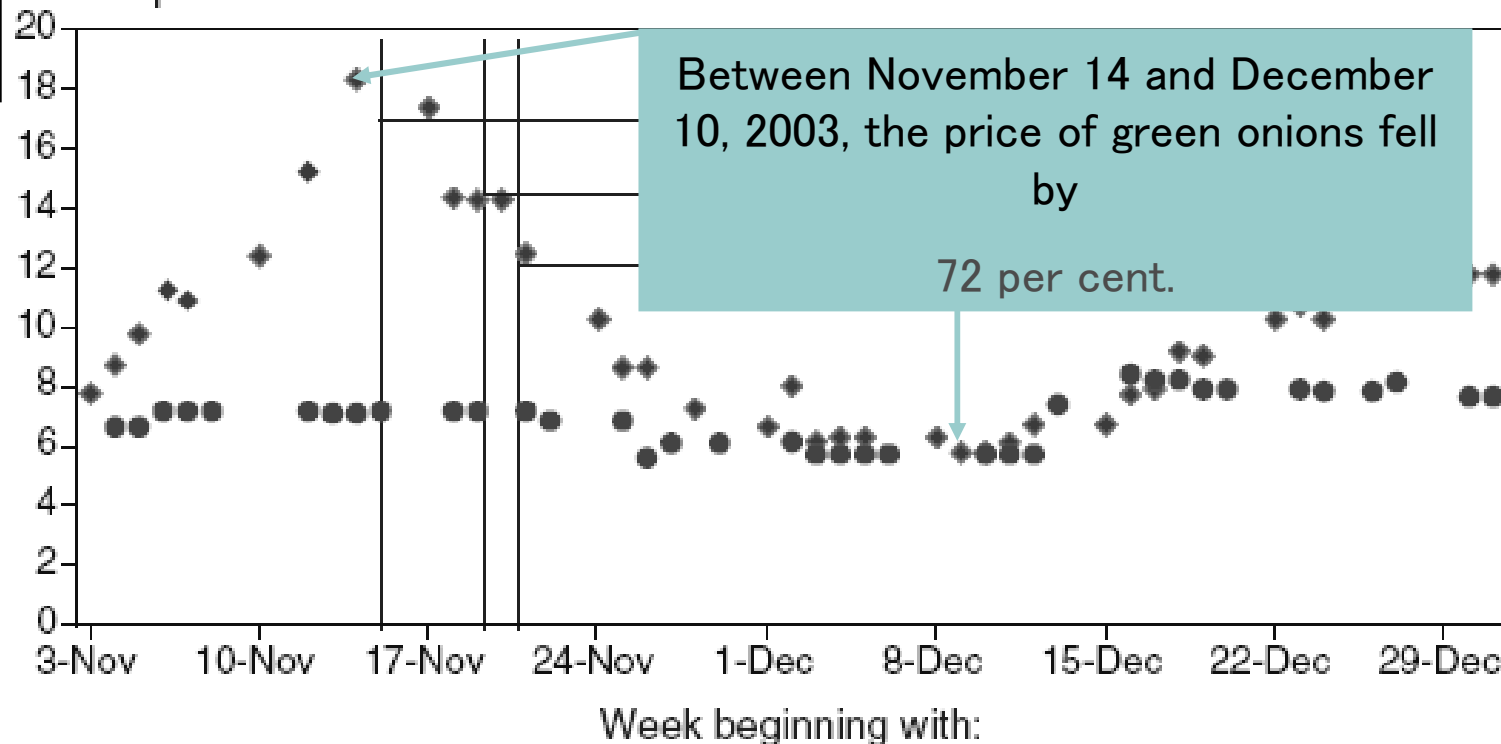
Dollars per 13-lb box



¹Free-on-board price is the average, unweighted unit price received by the shipper or grower-shipper. It excludes freight and insurance costs. Prices are for 13-lb boxes of medium green onions (48 bundles to a box)—both Mexican and U.S.—sold from U.S. distribution points. Source: *Western Melon and Vegetable Report*. Agricultural Marketing Service, USDA.

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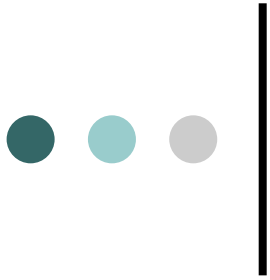
Why Think about NTBs?

- In 2001 Ministers at Doha agreed “...to reduce or as appropriate eliminate tariffs, including the reduction or elimination of tariff peaks, high tariffs, and tariff escalation, as well as non-tariff barriers, in particular on products of export interest to developing countries. Product coverage shall be comprehensive and without a priori exclusion.”

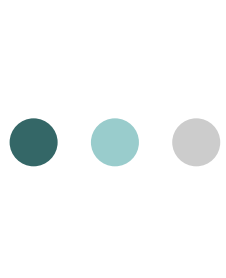


Why Think about NTBs?

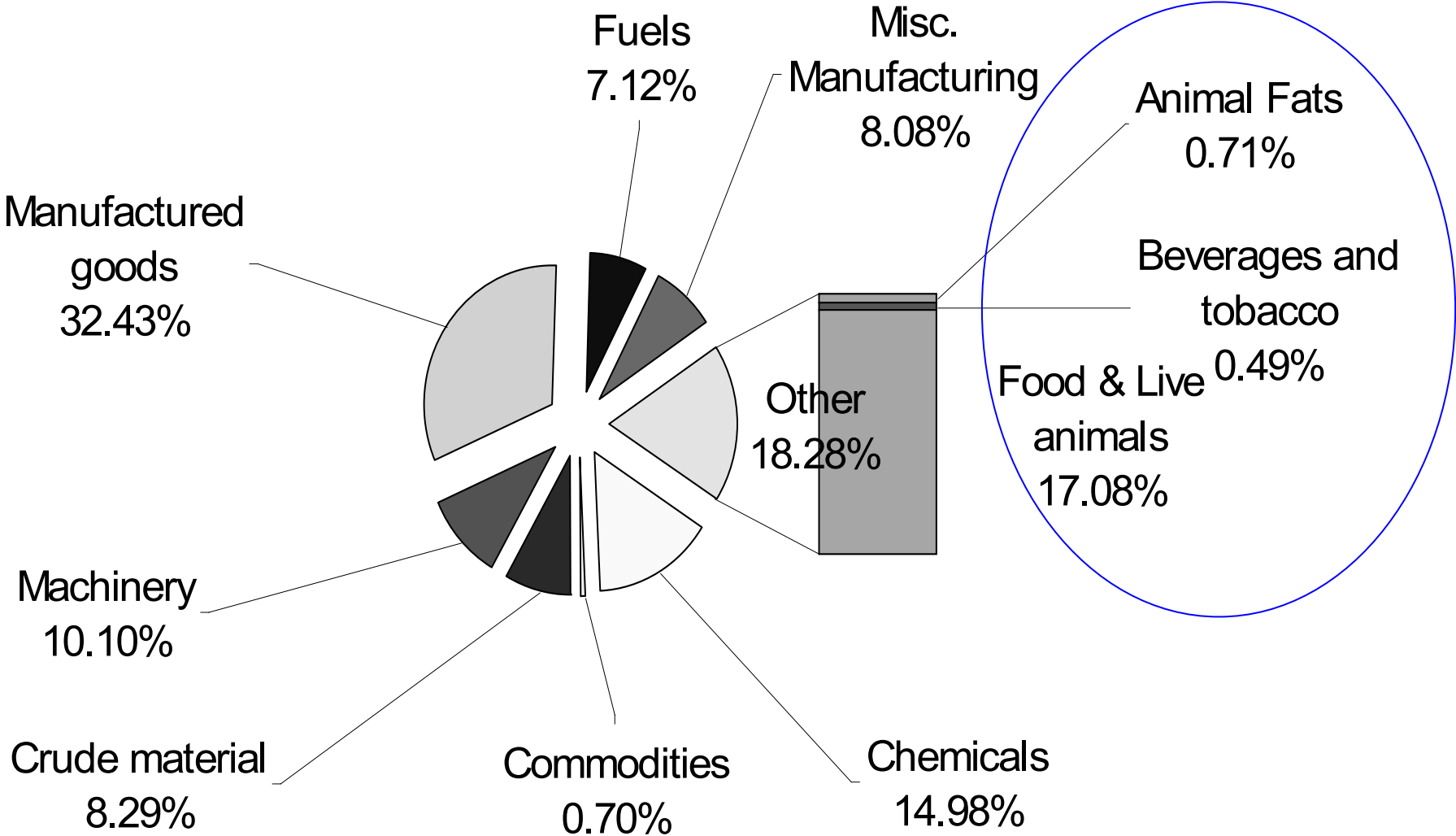
- Andriamananjara, *et al.* (2004), estimated that global gains from the removal of NTBs to be USD 90 billion.
- Wilson, Mann and Otsuki (2005) consider improvements in ports, customs, regulation, and service sector infrastructure to USD 377 billion, about a 9.7% increase in total trade.



Analysis of Non-tariff Barriers of Concern to Developing Countries

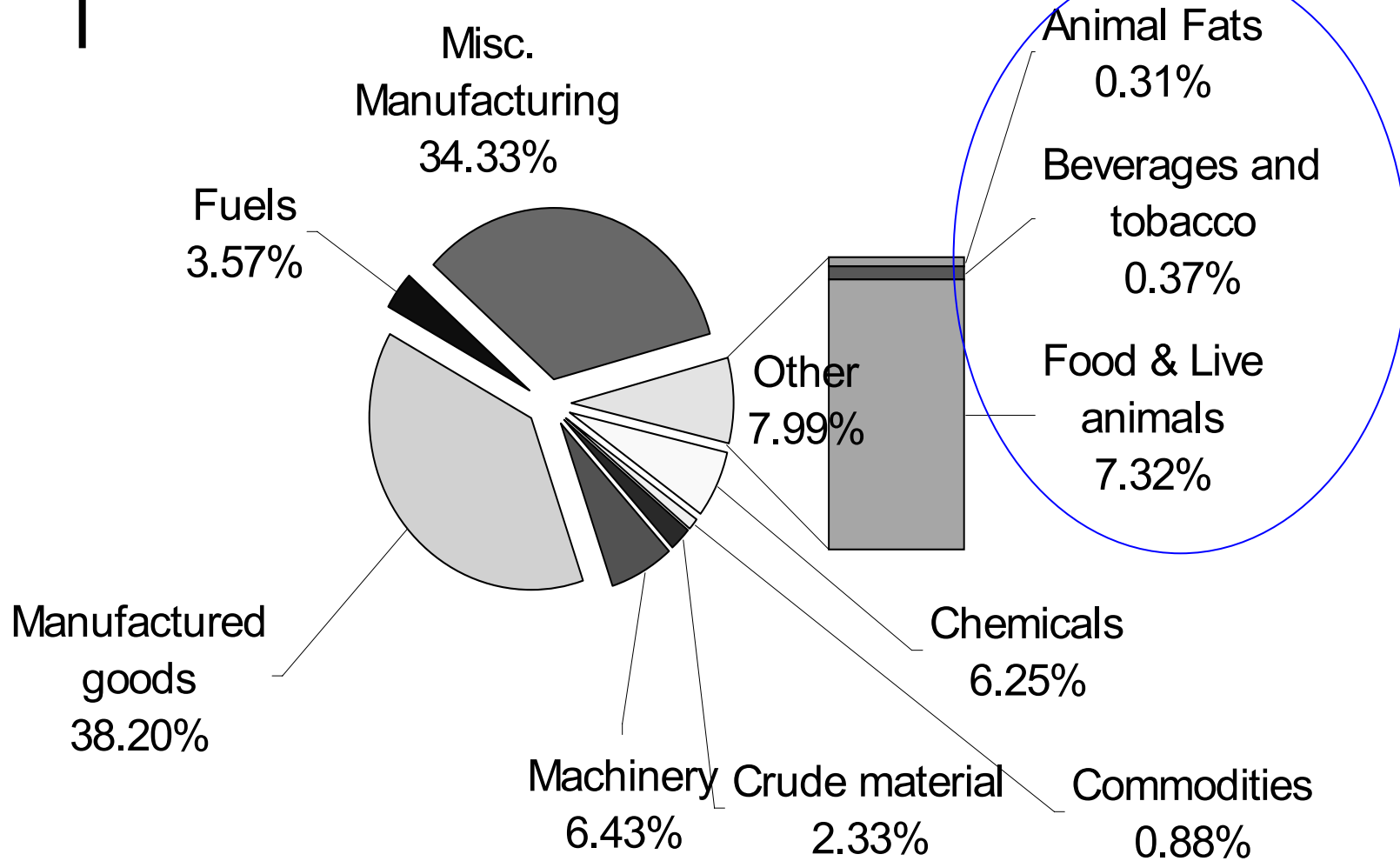


South-South Trade





South-North Trade





NTBs that Matter: NAMA Notifications

- Analysis of Notification of NTBs to NAMA
 - WTO members were invited to submit notifications on NTBs that directly affect their exports.
 - Notifications were based on NAMA Inventory of Non-tariff Measures.



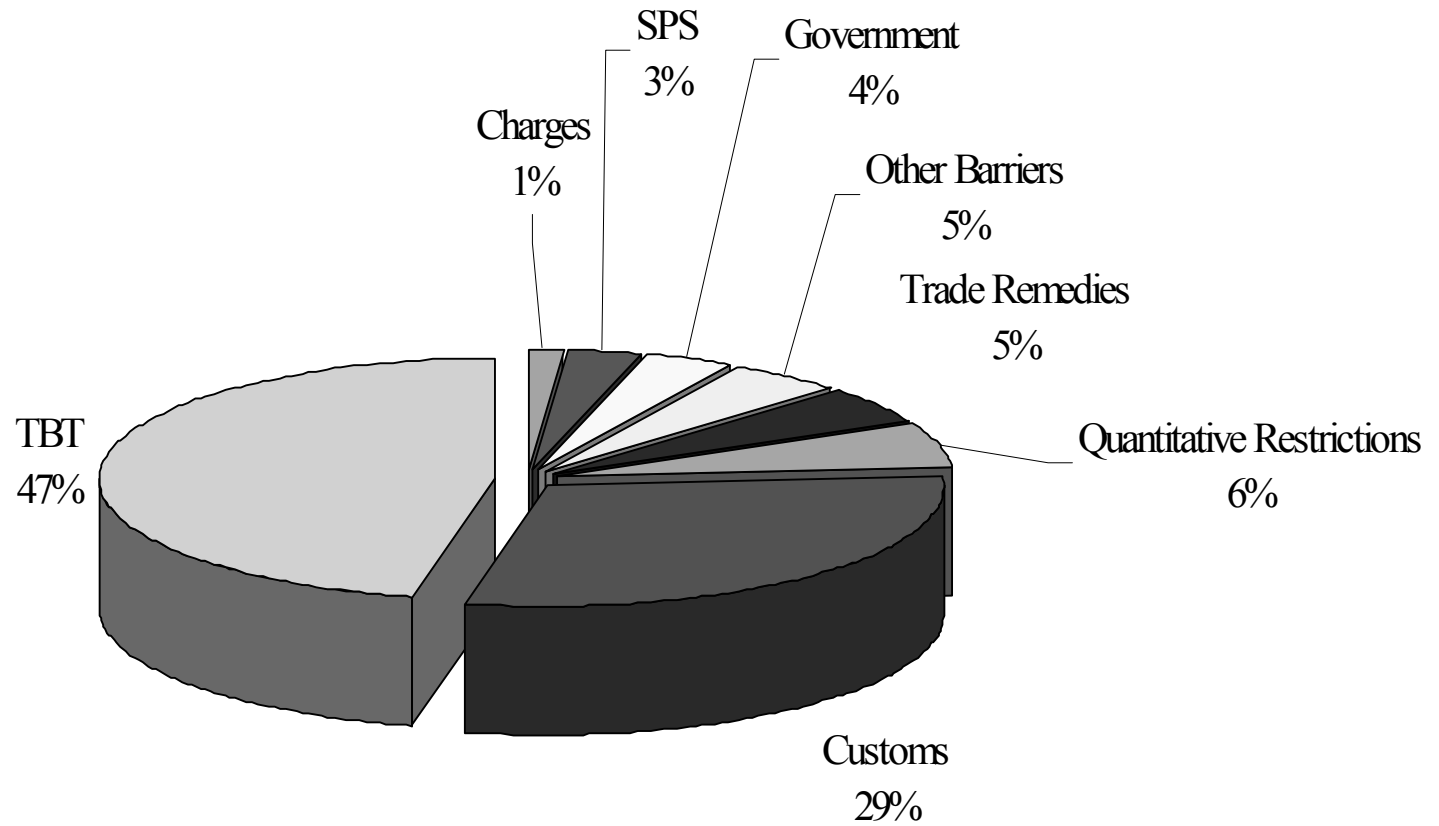
NTBs that Matter: NAMA Notifications

- Analysis of Notification of NTBs to NAMA
 - 21 non-OECD countries made 1 200 notifications.
 - The 21 countries represent 57% of total DC exports and 18% of total global exports.



Classification for the Study

- Government Participation in Trade
- Customs and Administrative Procedures
- Technical Barriers to Trade
- Sanitary and Phytosanitary (SPS) Measures



NTBs that Matter: NAMA Notifications



NTBs that Matter: DS Cases

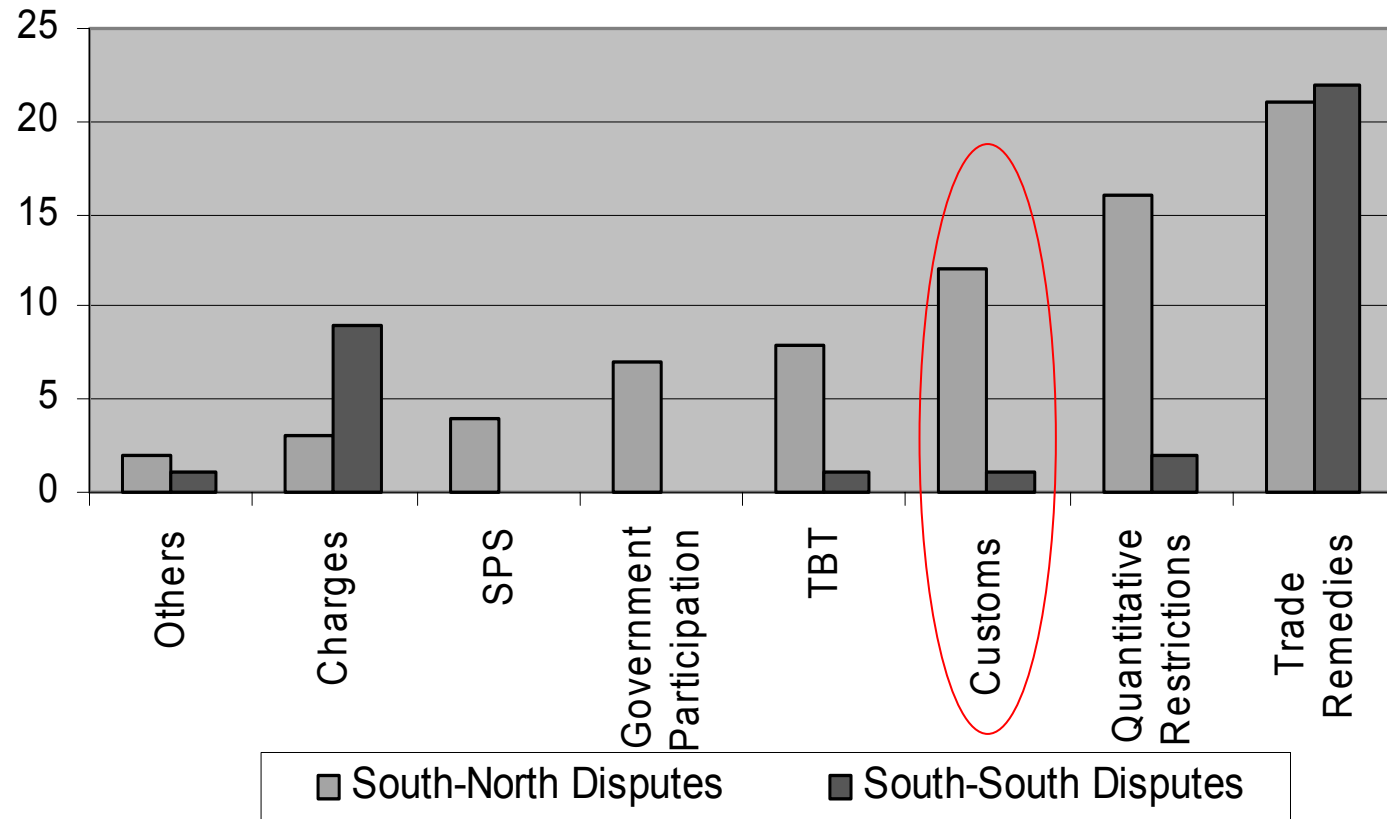
- Developing countries have filed a growing number of cases under the Dispute Settlement Understanding.
 - Over 10 years, 24 non-OECD countries have filed 90 cases
 - Two-thirds have been cases filed against OECD countries,
 - But a growing number of cases are South-South disputes.

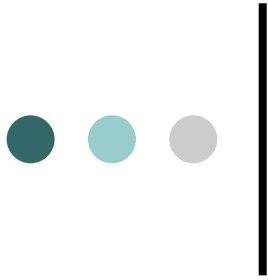


NTBs that Matter: DS Cases

Respondent	DSU First Period 1995- 1999	DSU Second Period 2000-2004	<i>Percent Change</i>
Non-OECD Countries	8	23	188
OECD Countries	27	32	19
Total	35	55	57

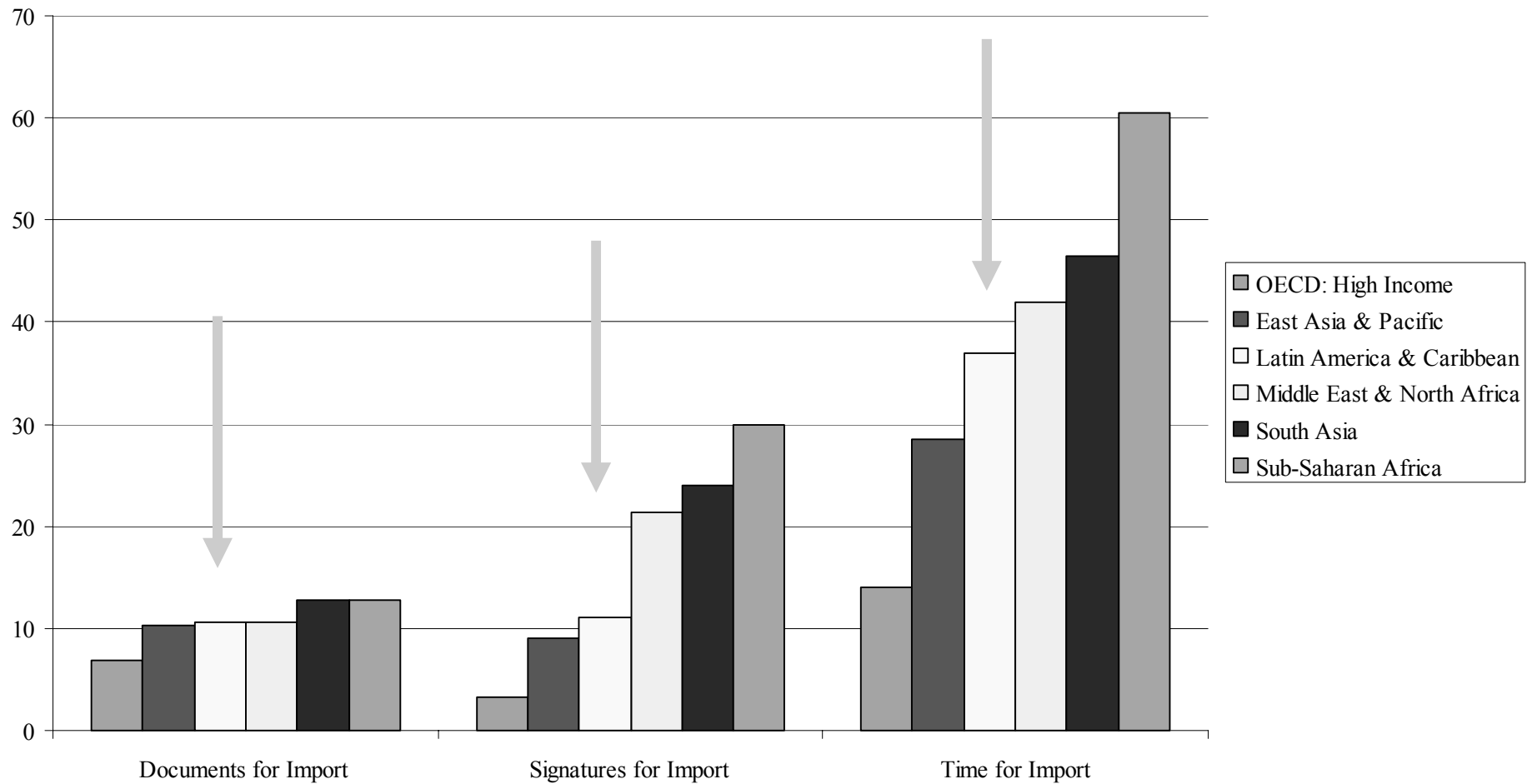
Number of DSU Case 1995-2004 by NTB





Examining the Trade Effect of Certain Customs and Administrative Procedures

Regional Averages of Trading Across Borders Metrics for Imports





For *Exporters* Necessary
Reduction in the Days to Achieve
a 10% Increase in Trade

Importer Exporter	Latin America & Caribbean	OECD	Sub-Saharan Africa
Latin America & Caribbean	1.87	1.80	1.89
OECD	0.75	0.72	0.76
Sub-Saharan Africa	3.02	2.92	3.04



For *Importers* Necessary
Reduction in the Days to Achieve
a 10% Increase in Trade

Importer Exporter	Latin America & Caribbean	OECD	Sub-Saharan Africa
Latin America & Caribbean	2.29	0.83	2.90
OECD	2.21	0.80	2.81
Sub-Saharan Africa	2.32	0.85	2.94

The Necessary Reduction in the Days at the Border to Increase Trade by 10%

Exporter	Importer	Total Exports 000 USD	Reduction for Exporter	Reduction for Importer
<i>Coffee, Tea and Spices</i>				
Brazil	Peru	735.28	2.29	1.82
Greece	Ethiopia	16.37	1.72	3.38
<i>Clothing and Accessories</i>				
Brazil	Peru	835.95	2.47	1.97
Greece	Ethiopia	23.01	1.86	3.65



Recap

- NTBs beyond SPS affect agriculture.
- NTBs in South-South trade may be on the rise.
- Trade facilitation is important, even for agriculture.