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# Tackling Non-Tariff Barriers in RCEP

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23<sup>rd</sup> Round of RCEP Negotiations

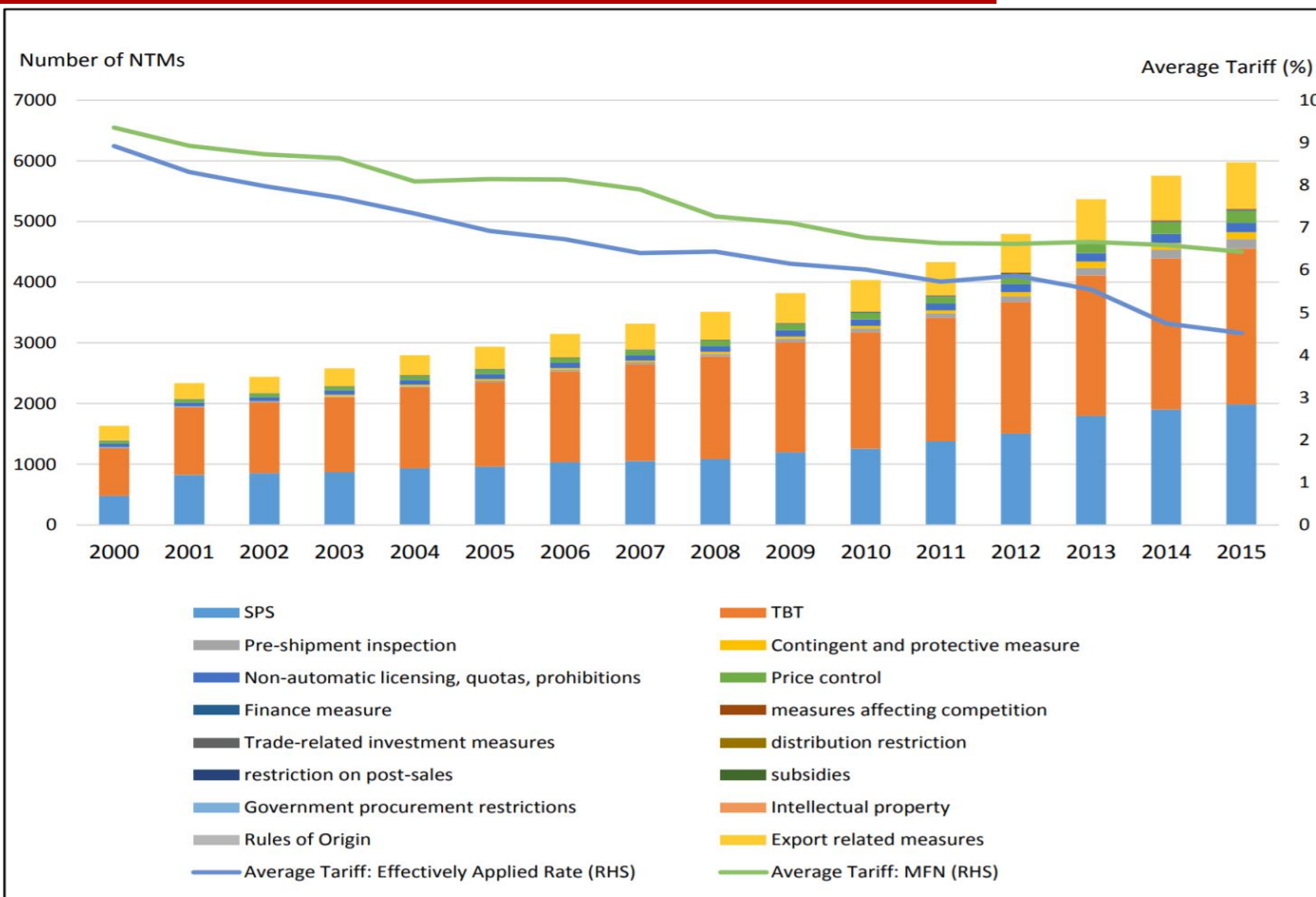
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July 23, 2018

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# Non-Tariff Measures in ASEAN



Trends of Tariff and Non-Tariff Measures in ASEAN, 2000-2015

Source: 2015 ASEAN-ERIA-UNCTAD Database, Compiled by Lili Yang Ing, Santiago Fernandez de Cordoba, and Olivier Cadot, "Non-Tariff Measures in ASEAN"

ASEAN = Association of Southeast Asian Nations; NTM = non-tariff measure; SPS = sanitary and phytosanitary; TBT = technical barriers to trade.

# Distinguishing Between NTMs and NTBs

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- Often difficult to distinguish between non-tariff measures (NTMs) and non-tariff barriers (NTBs)
- Government tends to claim all are “measures”
- Business often says all are “barriers”
- The point is that RCEP needs to have mechanism to address these issues
  - Both to discuss and define NTMs and NTBs
  - And to remove as many NTBs as possible
    - Now and into the future
    - Especially given relationship to falling tariffs and rising barriers to trade of all types
  - RCEP gains at risk if nothing done about NTBs for goods



# SPS and TBT Biggest Hurdles

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- Chart shows clearly biggest challenges in SPS and TBT (STRACAP) areas in ASEAN
  - Likely to be true for AFPs as well
- Hence RCEP must have mechanisms in place to address NTBs in both SPS and STRACAP
- Some basic principles should be embedded into RCEP texts to limit scope for NTBs
- Create specific rules in areas where problems are known to lurk
- Craft future work program to address additional barriers in RCEP members over time
- Include overall commitment to transparency and good regulatory practices



# For SPS, RCEP Should Commit:

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- To follow regulatory practices in line with best international principles
- To use fair and transparent procedures
- Which are subjected to a rigorous impact assessment prior to implementation
- Craft individual regulations based on sound, scientifically based criteria
- Applied consistently
- Using clear, proportionate, non-discriminatory rules
- With open consultation with industry and other stakeholders
- No more restrictive than necessary to achieve purpose



# For STRACAP, RCEP Should:

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- Follow similar good regulatory practices
- Clear and transparent rules
- Changes announced in advance with time for consultation and adjustment by firms
- Peg rules to international standards whenever possible
- Clarification in RCEP rules on biggest obstacles: like labeling, certification, product registration, testing procedures
  - Example: Firms allowed to use certificates for multiple shipments or consignments of same products
- Eliminate duplicative testing and certification procedures
- Everything to be put online wherever possible



# Sectoral Annexes

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- RCEP needs to be responsive today and tomorrow
- Hence the need for sectoral annexes to craft rules for future
- We recommend at least 3 at outset:
  - Cosmetics
  - Wine & spirits
  - Toys
- Government not always best positioned to discuss details of industry sector
- Could create additional annexes or sectoral groups in future as RCEP deepens in time to address new issues and sectors



# Creation of RCEP NTB Working Committee

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- Committee to meet regularly and report back to leaders on the progress addressing and removing NTBs
- Firms, trade associations and law firms should be allowed to submit complaints, feedback, and recommendations directly to committee
- Given that NTBs hit small businesses hardest, committee should seek out MSME inputs as well
- Committee could consider use of Mutual Recognition Agreements in future for such measures as standards, testing and licensing





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