

# Chapter 11

## Non-tariff Measures in Thailand

Chedtha Intaravitak

*Thailand Development Research Institute*

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## CHAPTER 11

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#### 1. Introduction

This chapter is a descriptive analysis of Thailand's database of non-tariff measures (NTMs) constructed from January to August 2015 using the United Nations Conference on Trade and Development (UNCTAD) methodology and NTM classification (UNCTAD, 2012; 2014). This study evaluates the comprehensiveness of the database by computing proxies for incidence, depth, and intensity of Thailand's NTMs. NTMs imposed on some products (at the 8-digit tariff line level) are explained in detail to highlight their layers and complexity. Policy recommendations to streamline NTMs in Thailand are briefly mentioned. Section 2 describes an overview of Thailand's NTMs, and the comprehensiveness of the database, the types of NTMs imposed, and regulatory institutions. Section 3 discusses the incidence and depth of NTMs by product groups. Section 4 analyses the intensity of NTMs for each product group by computing the average number of NTMs per tariff line. Products with a particularly high average number of NTMs imposed are emphasized by explaining their NTMs in detail to give perspectives on the procedures with which importers and exporters have to comply. Section 5 provides brief policy recommendations and section 6 concludes.

#### 2. Overview of Thailand's non-tariff measures

##### 2.1. Comprehensiveness of database

Table 11.1 shows a total of 425 regulations coded out of approximately 600 regulations reviewed. Some regulations are not mandatory, unofficial, or revoked, which, according to UNCTAD methodology, are not included in the database. The study only counts 250 non-tariff 'measures'<sup>42</sup> in force' reported to the World Trade Organization (WTO); measures 'in initiation' to WTO are not included. The study has classified 1,630 NTMs using decentralized methods, that is, analysing regulations of each regulatory agency at the most disaggregate level starting from

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<sup>42</sup> NTMs reported to WTO are 'measures' and not "regulations' although some reported measures provide links to regulation sources.

ministerial notices then moving up to a higher level of regulations such as royal decrees or acts as necessary. A thorough and careful interpretation of contents and/or clauses in each regulation results in 9,558 affected products (at the 8-digit national tariff line), which is 98.90 percent of all tariff lines (9,664 lines at 8-digit level). NTMs related to international conventions are also classified. The study found two D321 (volume-based agricultural special safeguard) measures in the Thailand–New Zealand and the Thailand–Australia free trade agreements. These are not reported in this database since NTMs related to foreign trade agreements are under consideration by related international organizations. A limited number of antidumping and safeguard measures are included in the database.<sup>43</sup> The other types of NTMs that have been incorporated in the database were those reported to WTO and verified to have been incorporated in the database. It was considered that reporting the number of ‘regulatory agencies’ at sub-ministry level is more meaningful than reporting the number of ‘issuing institutions’ at ministry level<sup>44</sup> as the latter is too aggregated to gain a perspective on how diverse NTM-related government agencies are. An accurate understanding of this issue is crucial in the design of a right institution to streamline NTMs.

**Table 11.1. Comprehensiveness of Database**

No.	Comprehensiveness	Number
1	Total number of coded regulations	425
2	Total number of ‘NTMs’ reported to the WTO (measures in force)	250
3	Total number of coded NTMs	1,630
4	Total affected products (HS lines, national tariff lines)	
	a. Total number of affected products <sup>a</sup>	9,558
	b. Share of the number of affected products to the number of total products <sup>b</sup>	98.9%
5	Total number of ‘regulatory agencies’	26

Note: a. A product may be affected by more than one measure, but the same HS-coded product will be counted as one product, e.g. HS 840731 has three NTMs; it will be counted as ‘one affected product’.

b. Thailand adopts the HS-8 digit at national tariff lines and has 9,664 tariff lines.

Source: Authors’ calculation based on the newly constructed 2015 NTM database ASEAN-ERIA-UNCTAD raw data.

## 2.2. Types of non-tariff measures

Table 11.2 shows sanitary and phytosanitary (SPS) measures comprising 48.3 percent and technical barriers to trade (TBT) comprising 34.9 percent of all NTMs. Price control

<sup>43</sup> Type D NTM measure, which includes antidumping, countervailing, and safeguard measures, is not the focus of this data collection. UNCTAD, however, has added some antidumping measures to our database based on antidumping measures reported to WTO.

<sup>44</sup> Most regulations classified in this chapter are ministerial notices and are issued by relevant ministries.

measures (F type) contribute 1.3 percent of NTMs. A detailed inspection of F type measures indicates applicable 'special fees' on some sensitive agricultural products such as F69 (additional charges, n.e.s.) for import of maize and soybean meal. Other important F measures include, for example, F65 (import licence fee) for chemical weapons, F72 (excise tax for tobacco and liquor), F9 (price control measures, n.e.s.) for alcoholic beverages. A detailed inspection of E indicates a small number of measures with a clear objective of protecting domestic industry. These are measures aimed at some sensitive agricultural products. Examples include E113 (licensing linked to local production) for milk (to import milk, importers must buy domestic milk in ratio of 1:2 by weight), soybean/coconut/palm oil (to control effects on vegetable oil sold in domestic market), coconut/onion (in the event of shortage, import is allowed within certain limits in quantity and timeframe). Soybean oil, palm oil, and palm kernel are examples of products that could be imported only by the public warehouse organization. P measures (export-related measures) affect almost all tariff lines but, depending on products, the measures range from simple inspection to registration to licensing/granting permit and to export prohibition.

**Table 11.2. Types of Non-tariff Measures Imposed by Thailand**

Code	NTM by Type	Number of NTMs	%
A	Sanitary and phytosanitary measures (SPS)	788	48.3%
B	Technical barriers to trade (TBT)	562	34.5%
C	Pre-shipment inspection and other formalities	44	2.7%
D	Contingent trade protective measures	44	2.7%
E	Non-automatic licensing, quotas, prohibitions, and quantity control measures other than SPS or TBT reasons	40	2.4%
F	Price control measures including additional taxes and charges	21	1.3%
G	Finance measures		0%
H	Measures affecting competition	3	0.2%
I	Trade-related investment measures		
J	Distribution restrictions		
K	Restrictions on post-sales services		
L	Subsidies (excluding export subsidies under P7)		
M	Government procurement restrictions		
N	Intellectual property		
O	Rules of origin		
P	Export-related measures	128	7.8%
	Total coded NTMs	1,630	100%

Notes: J to O types of NTMs are not collected in this project.

Source: Authors' calculation based on the newly constructed 2015 NTM database ASEAN-ERIA-UNCTAD raw data.

### **2.3. Regulatory institutions**

Regulatory agencies for NTMs are diverse across different ministries, offices, and committees (Table 11.3). NTMs regulated by each ministry are, however, not fragmented at lower level agencies. They are usually grouped in one or two sub-ministry agencies. The Ministry of Public Health, for example, contributes 42.6 percent of total number of NTMs of which 35.1 percent comes from the Food and Drug Administration alone. The Ministry of Agriculture and Cooperatives imposes 29.1 percent NTMs of which the Department of Agriculture contributes 25.7 percent. The Ministry of Industry imposes 14.5 percent of which the Thai Industrial Standard Institute comprise 11.5 percent. The Ministry of Commerce contributes nine percent of which 6.9 percent comes from the Department of Foreign Trade. This fact, however, should not obscure the imminent difficulty coordinating these sub-ministry units to streamline NTMs.

Table 11.3. Non-tariff Measures by Regulatory Institution

Number		Regulatory Institution	Number of NTMs	Total Number of NTMs (%)
1		Ministry of Public Health	697	42.6
	1.1	General	116	7.1
	1.2	Food and Drug Administration	574	35.1
	1.3	Bureau of Pathogens and Animal Toxins Act	7	0.4
2		Ministry of Agriculture and Cooperatives	476	29.1
	2.1	General	37	2.3
	2.2	Department of Agriculture	420	25.7
	2.3	Department of Fisheries	18	1.1
	2.4	Department of Livestock Development	1	0.1
3		Ministry of Industry	238	14.5
	3.1	General	2	0.1
	3.2	The Thai Industrial Standard Institute	189	11.5
	3.3	Department of Industrial Works	31	1.9
	3.4	The Office of the Cane and Sugar Board	12	0.7
	3.5	Department of Primary Industries and Mines	4	0.2
4		Ministry of Commerce	147	9.0
	4.1	General	3	0.2
	4.2	Department of Foreign Trade	113	6.9
	4.3	Office of the Central Commission on Prices of Goods and Services	26	1.6
	4.4	Department of Internal Trade	3	0.2
	4.5	Central Bureau of Weights and Measures	1	0.1
	4.6	Committee for Grain Trade Act	1	0.1
5		Ministry of Finance	15	0.9
	5.1	Excise Department	15	0.9
6		Ministry of Natural Resources and Environment	10	0.6
	6.1	General	4	0.2
	6.2	Department of National Parks, Wildlife, and Plant	6	0.4
7		Office of The National Broadcasting and Telecommunications Commission	7	0.4
8		Prime Minister's Office	3	0.2
	8.1	The Consumer Protection Board	3	0.2
9		Ministry of Defense	1	0.1
	9.1	Defense Industry Department	1	0.1
10		WTO-related committees	43	2.6
	10.1	General	37	2.3
	10.2	Committee on Antidumping Practices, Subsidies, and Countervailing Measures	3	0.2
	10.3	Committee on Safeguard Measures	3	0.2
		Total	1,637	100%

Notes: NTMs under the regulatory institution 'General' means are those issued by ministries but with no lower level units indicated as responsible such as departments and bureaus. They are issued usually by the secretariat of the relevant ministry. The 1,637 NTMs exceed what was previously reported (1,630) because seven of the measures reported here are regulated by both the Department of Agriculture and the Department of Industrial Works.

Source: Authors' calculation based on the newly constructed 2015 NTM database ASEAN-ERIA-UNCTAD raw data.

### 3. Incidence and depth of non-tariff measures

The incidence of NTMs is defined as a proportion of tariff lines in each product group (to be defined later) affected by at least one NTM. The depth of NTMs is defined as a proportion of tariff lines in each product group affected by three or more NTMs. Table 11.4 shows the division of products into groups according to their HS code at the 2-digit level.

**Table 11.4. Product Groups Classified by Harmonized System Code (2-digit Level)**

HS Code	Product Group
01-05	Animal and animal products
06-15	Vegetable products
16-24	Foodstuffs
25-27	Mineral products
28-38	Chemicals and allied industries
39-40	Plastics/rubbers
41-43	Raw hides, skins, leather, and furs
44-49	Wood and wood products
50-63	Textiles
64-67	Footwear/headgear
68-71	Stone/glass
72-83	Metals
84-85	Machinery/electrical
86-89	Transportation
90-99	Miscellaneous

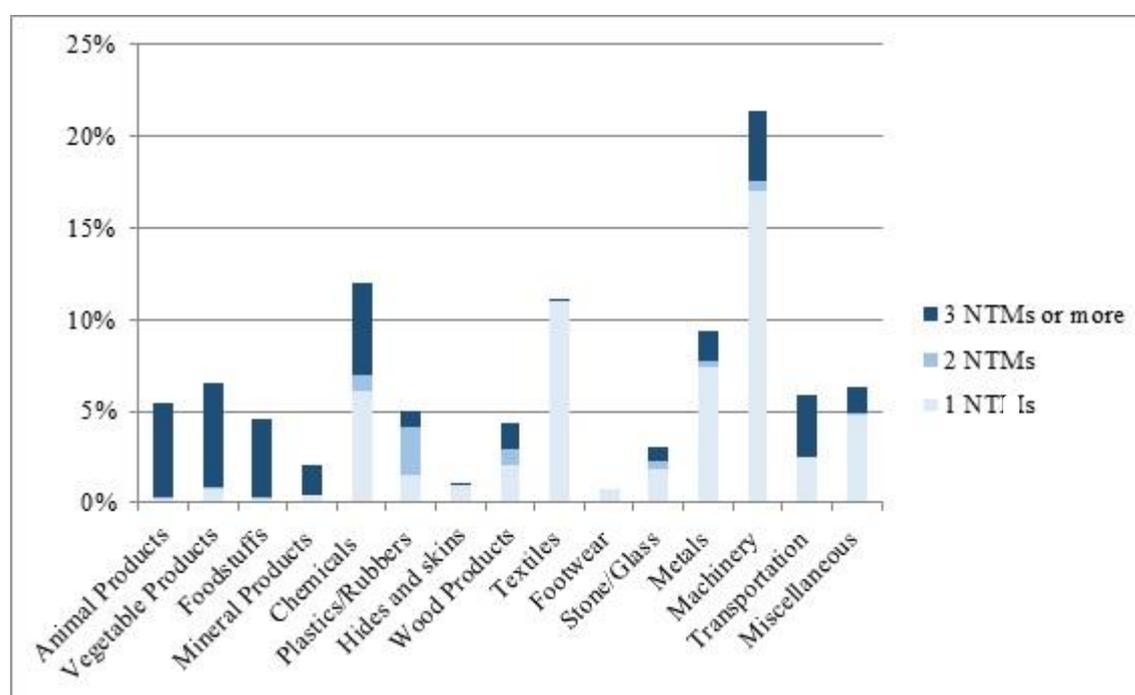
Source: Authors' calculation based on the newly constructed 2015 NTM database ASEAN-ERIA-UNCTAD raw data.

Figure 11.1 shows machinery products comprise 21.4 percent of tariff lines affected by one or more NTMs. Seventeen percent of these products has only one NTM. Textiles and metals products comprise 11.2 percent and 9.4 percent, respectively, with the majority of products for each group having one NTM. Chemical products comprise 12 percent with approximately equal share of products affected by one and three or more NTMs. Not surprisingly, animal products, vegetables products, and foodstuff have the majority of their products affected by three or more NTMs. The 'depth' of NTMs for these product groups is anticipated due to the complexity and details of SPS and TBT measures.

A major drawback of an analysis based on Figure 11.1 is that the percentage is computed as a percentage of total number of tariff lines (9,664 lines). A more interesting representation would use the number of tariff lines affected by one or more NTMs in each product group divided by the number of tariff lines in each product group (Figure 11.2).

All tariff lines in all product groups except vegetable products and foodstuffs are affected by at least one NTM. This is a striking result compared to previous literature on Thailand's NTMs. Cadot et al. (2015), using the ASEAN Secretariat 2009 database, found the highest incidence of NTMs in textiles where approximately 23 percent of tariff lines are affected by one or more NTMs (Figure 11.3). The major reason for this discrepancy is the different methods of NTM collection. The ASEAN Secretariat database is based on reports by government officials whereas this database is collected by first-hand analysis of actual regulations and done by independent researchers. The methodologies in classifying NTMs of the two databases may also differ.

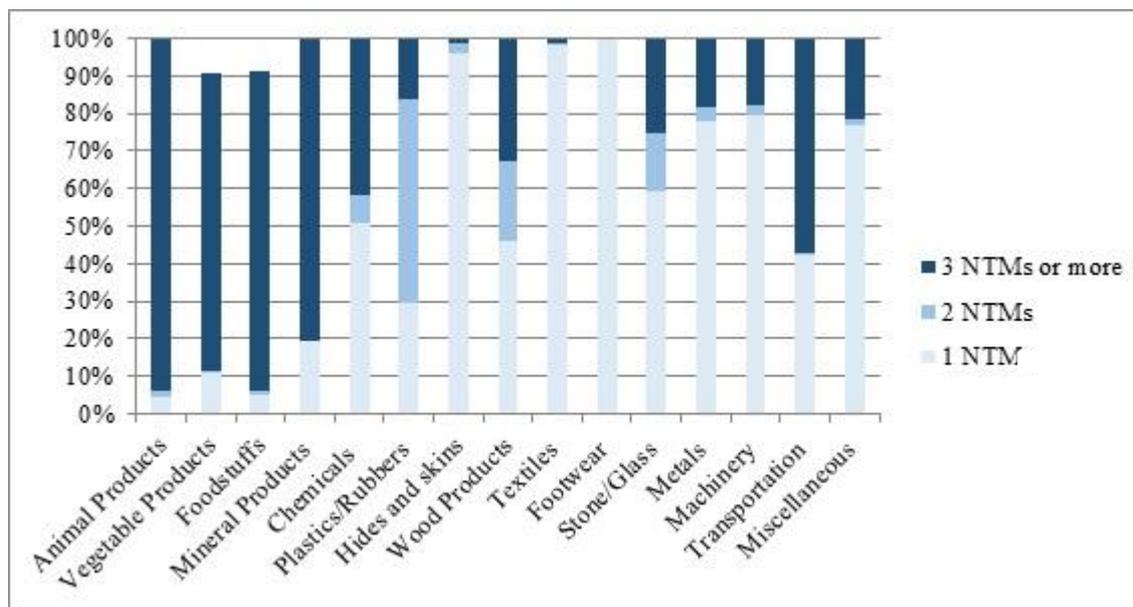
**Figure 11.1. Incidence and Depth of Non-tariff Measures (as Percentage of 9,664 Tariff Lines)**



Source: Authors' calculation based on the newly constructed 2015 NTM database ASEAN-ERIA-UNCTAD raw data.

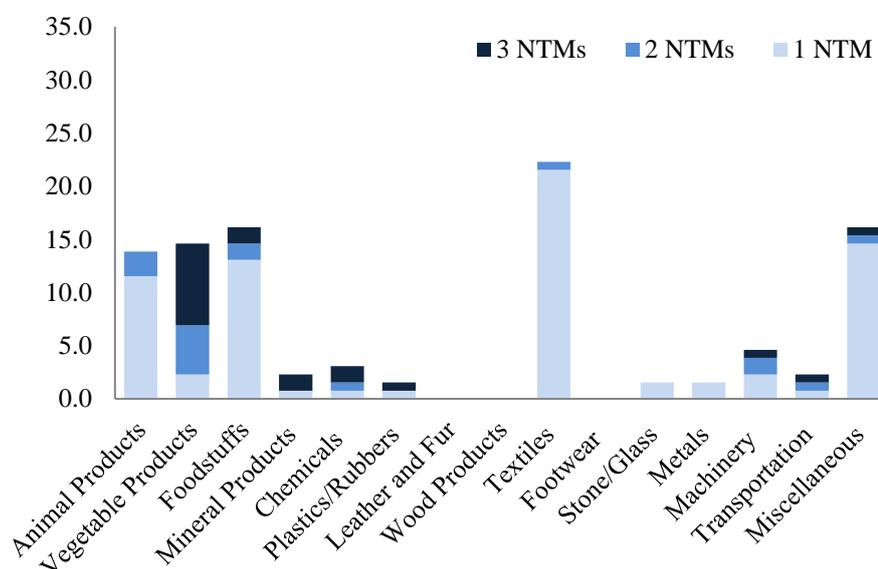
According to this new database, it can be concluded that Thailand has 100 percent incidence of NTMs in all product groups except vegetable products and foodstuffs with 90.8 percent and 91.3 percent, respectively. Figure 11.2 highlights the depth of NTMs for animal products, vegetable products, foodstuffs, and mineral products where the majority of tariff lines have three or more NTMs.

Figure 11.2. Incidence and Depth of Non-tariff Measures (as Percentage of the Number of Tariff Lines in Each Product Group)



Source: Authors' calculation based on the newly constructed 2015 NTM database ASEAN-ERIA-UNCTAD raw data.

Figure 11.3. Incidence and Depth of Non-tariff Measures: Percentage of Tariff Lines Affecting One or More Non-tariff Measure (Previous Study)

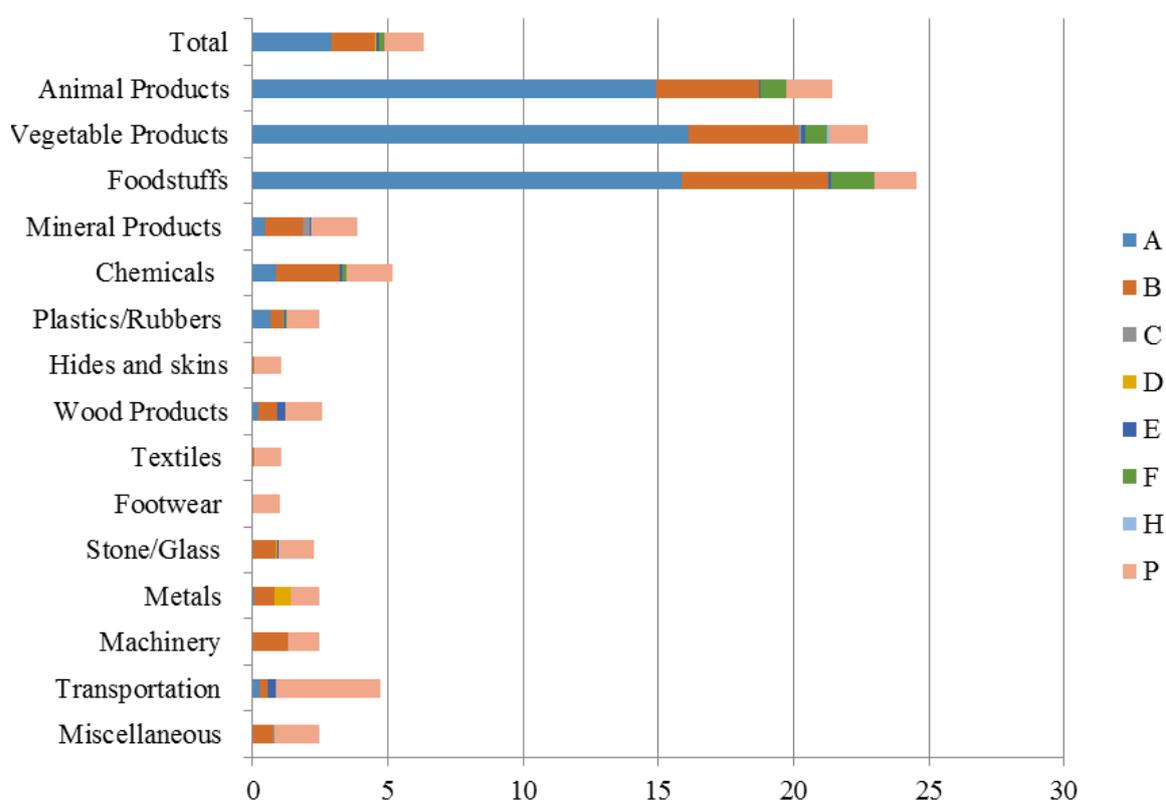


Source: Cadot et al. (2015).

#### 4. Intensity of non-tariff measures

The intensity of NTMs is defined as the average number of NTMs per tariff line for each product group. The average number of measures for each tariff line is further classified into average number of measures of A, B, C, D, E, F, H, and P types. The overall average number of NTMs per tariff line for Thailand is 6.4 (Figure 11.4). Animal products, vegetable products, and foodstuffs have the highest intensity of NTMs, where the average numbers of NTMs per tariff line is 21.4, 22.7, and 24.6, respectively. Most measures for these product groups fall under SPS and TBT categories. Mineral products, chemicals, and transportation products have, on average, from three to five measures per tariff line with B and P types having the most. Other product groups have less than three average NTMs per tariff line. Figure 11.4 presents a very different result from previous work on Thailand's NTMs. Intaravitak et al. (2013), also using the ASEAN Secretariat 2009 database, found the average number of NTMs to be less than one per tariff line for all product groups.

**Figure 11.4. Intensity of Non-tariff Measures: Average Number of Non-tariff Measures per Tariff Line for Each Product Group**



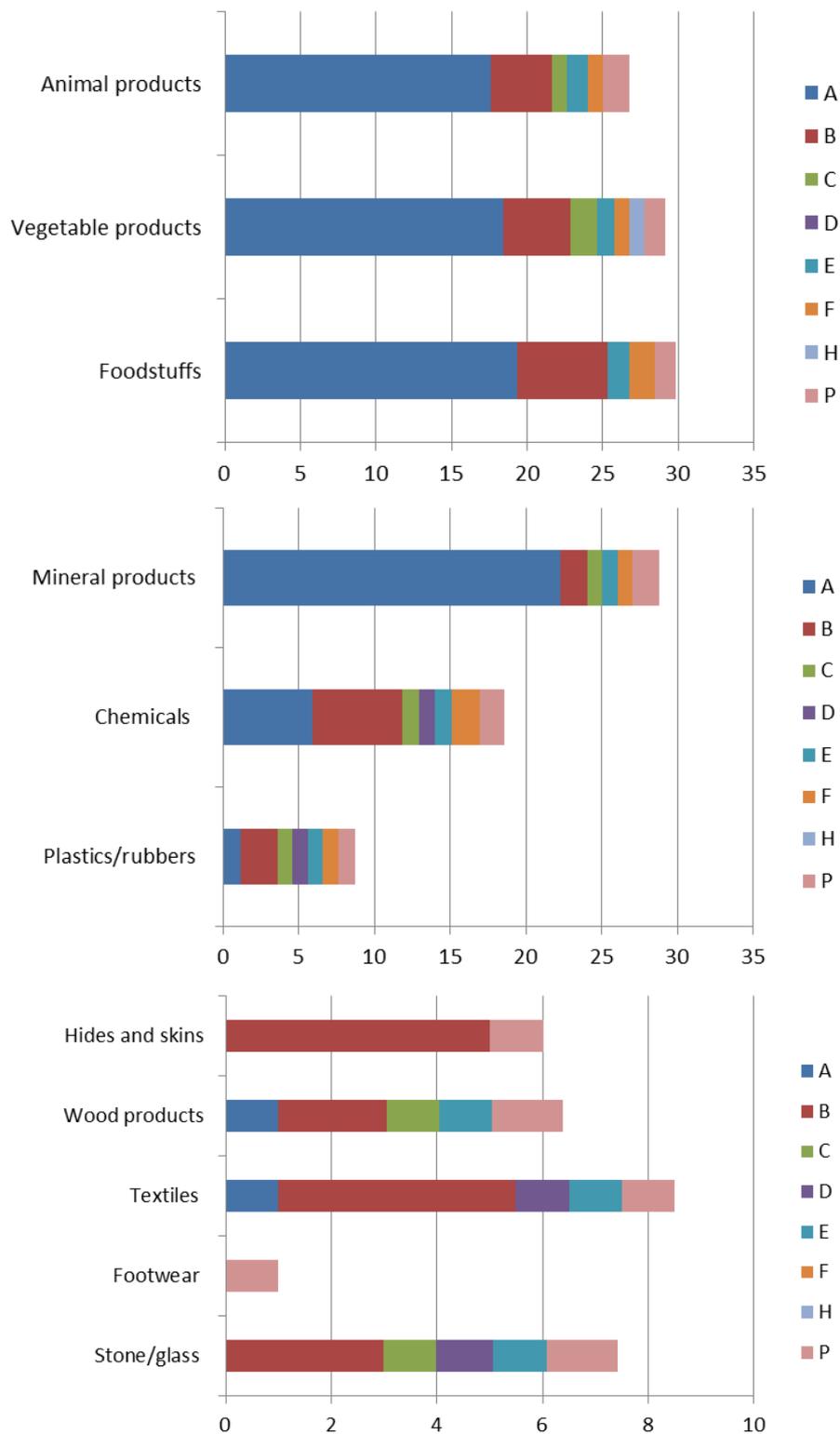
Source: Authors' calculation based on the newly constructed 2015 NTM database ASEAN-ERIA-UNCTAD raw data.

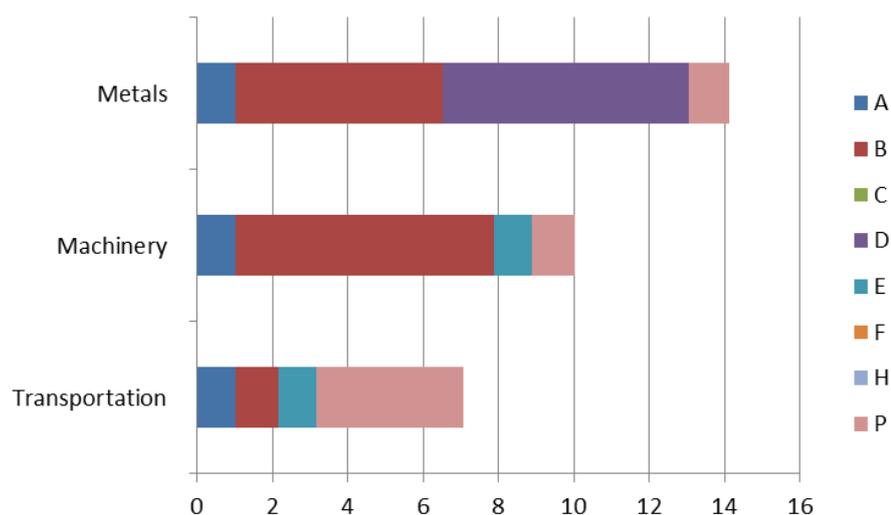
The analysis based on Figure 11.4 may underestimate the severity of NTMs. Each NTM type tends to be particularly associated with some types of products. For example, SPS measures in general are applicable to vegetable/animal products and foodstuffs. Many TBT measures concerning product performance/quality are particularly applicable to metal and machinery products. For this reason, the study has computed for each product group, an average number of measures of each NTM type among those tariff lines affected by that particular NTM type (Figure 11.5).

Within the animal products group, certain tariff lines are affected by type A NTMs. The average number of type A NTMs imposed on these products is 17.6. Using the same logic within animal products group, certain tariff lines are affected by type B NTMs. The average number of type B NTMs imposed on these products is 4.1.

Using this method to compute the intensity (or severity) of NTMs is more precise than that used in Figure 11.4. As an example, according to Figure 11.4, mineral products have, on average, 3.9 NTMs per tariff line with insignificant proportion of type A NTMs. Figure 11.5, on the other hand, suggests that for tariff lines in mineral products group affected by type A NTMs, the average number of type A measures is 22.3 per tariff line. For example, HS 25010010 (salt, including table salt and denatured salt; and pure sodium chloride) contains type A measures ranging from tolerance limit of contaminations to hygienic practice during production to packing, storage, and labelling requirements. Similarly, it is striking to note that the average number of type A NTMs faced by tariff lines affected by type A NTMs in animal products, vegetable products, and foodstuffs groups are 17.6, 18.5, and 19.3, respectively. For textile products, tariff lines affected by type B NTMs have 4.5 average measures, mostly to ensure that imported fibre waste is properly reported and managed. Metal products facing type B measures (product quality or performance requirements) have to comply with 5.5 measures on average. Metal products facing type D measures have to comply with 6.5 measures on average. Most are AD measures. Similarly, machinery products facing type B measures (product quality or performance requirements) have to comply with 6.9 measures on average.

Figure 11.5. Intensity of Non-tariff Measures: Average Number of Measures of each NTM Type Among Tariff Lines Affected by that Particular NTM Type





Source: Authors' calculation based on the newly constructed 2015 NTM database ASEAN-ERIA-UNCTAD raw data.

## 5. Policy recommendations on streamlining non-tariff measures

The focus of this chapter is a descriptive analysis of Thailand's NTM database and not so much on designing policies to streamline NTMs. This section briefly discusses ideas about how to address NTM issues learned during NTM data collection, generally concurring with the methods proposed by the World Bank toolkit on streamlining NTMs (Cadot et al., 2012). This approach, however, should be modified to suit local context in each country. In particular, this study proposes the following steps to streamline NTMs:

- **NTM collection.** Establish a one-stop NTM service centre where importers and exporters can report and be notified of NTMs in a timely manner.
- **Review of NTMs.** The cost-benefit of an NTM should be carefully analysed. Equally important is understanding who benefits and who bears the cost. Sometimes, NTMs represent economic rents for some third parties, causing unnecessary inefficiency.
- **Streamlining NTMs.** The following are proposed:
  - Establish a strong independent oversight body.
  - Focus on regional mutual recognition agreements as an intermediate, short-to-medium term solution.
  - Encourage adoption of international standards in place of national and/or regional standards.

## 6. Conclusion

This study constructed a relatively comprehensive Thailand database of NTMs by analysing official regulations using UNCTAD methodology and have classified 1,630 NTMs from 425 regulations. These NTMs affect 9,558 products at 8-digit national tariff lines, which is 98.90 percent of all tariff lines (9,664 lines at 8-digit level). Of these NTMs, 83 percent are SPS and TBT

measures that affect 55 percent of tariff lines. The study found limited use of price control measures (F type) although it affects a relatively large number of tariff lines. Type E measures, especially those with a clear objective of protecting domestic industry such as E113 (licensing linked with local production), are barely used. This study also found limited use of the H11 (state-trading enterprise, for importing) measure. P measures (export-related measures) affect almost all tariff lines but, depending on products, the measures range from simple inspection to registration to licensing/permit and to export prohibition. NTM-related regulatory institutions are diverse as they are from different ministries. However, NTMs tend to ‘group together’ in some of these sub-ministry agencies. The database indicates that Thailand has 100 percent incidence of NTMs in all product groups except vegetable products with a 90.8 percent incidence and foodstuffs with a 91.3 percent incidence. Animal products, vegetable products, foodstuffs, and mineral products feature more ‘depth’ of NTMs since the majority of tariff lines in these product groups face three or more NTMs. For each product group, this study devised a new method to proxy the intensity (or severity) of NTMs by computing an average number of measures of each NTM type among tariff lines affected by a particular NTM type. The study found significant NTM severity for some NTM types in some products. For example, for those tariff lines in the mineral products group affected by type A NTM, the average number of type A measures is 22.3 per tariff line. Similarly, the average number of type A NTMs faced by tariff lines affected by type A NTMs in animal products is 17.6; vegetable products 18.5, and foodstuffs 19.3.

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