

Foreword [ERIA]

It has been very interesting to observe the dynamics of globalisation over the past decade. Only a few years ago, we believed that further globalisation was inevitable as tariffs lost their relevance due to progressive trade liberalisation and the strong interdependence of global value chains. As such, non-tariff measures (NTMs) – which were widely seen as replacing tariffs – became one of our areas of research, and resulted in our first joint publication with the United Nations Conference on Trade and Development (UNCTAD): ‘Non-Tariff Measures in ASEAN’.

But in the last few years trade protectionism has been gaining ground and globalisation has seen a backlash due to the rise of protectionism in some major developed countries, as exemplified by Brexit and United States President Trump’s America First Policy. The United States has resorted to tariffs again as protectionist measures, igniting a trade war with China. The United States has also resorted to the use of tariffs against other major trading partners with whom it has a trade deficit, resulting in retaliation that will not benefit either party, or the world economy.

These dynamics affect the economies of Southeast Asia in different ways and to varying degrees. Net exporting countries that have a free trade agreement with both the United States and China may gain from the trade diversion, whereas other economies whose gross domestic product depend on trade volumes from both parties have started to suffer. Nevertheless, we believe that strengthening regional integration can make ASEAN more resilient to any shocks from outside the region. While tariffs have been reduced, the increasing of number of NTMs is often blamed for a lack of integration.

As part of our continuing commitment and efforts on NTM issues in the region, ERIA conducted the second phase of its ‘NTMs in ASEAN Project’ to analyse the dynamics of NTMs in ASEAN. The project has been led by Lili Yan Ing (ERIA) and Ralf Peters (UNCTAD), and has greatly benefited from the invaluable advice of Prof. Olivier Cadot (CEPR). The first phase of the project aims to code the NTMs of each ASEAN Member States to provide greater transparency. In the second phase, the studies utilise the ‘NTMs in ASEAN Database’ developed during the first phase of the project, and it is hoped the research results will encourage academics and policymakers to carry out analytical exercises using the NTM Database provided by ERIA and UNCTAD. The ‘NTMs in ASEAN Database’ is publicly available on the ERIA and UNCTAD TRAINS websites.

Even amidst global uncertainty, we at ERIA will keep working to strengthen regional integration. This is impossible to achieve without the genuine support of ASEAN Member States and the ASEAN Secretariat, which have worked together with us on various initiatives. We are currently working closely with ASEAN Trade Facilitation–Joint Consultative Committee (ATF–JCC) on a viable approach to design policies that address current NTM issues in region, including possible harmonisation and Mutual Recognition Agreements. ERIA, in coordination

with UNCTAD, will also provide capacity building for ASEAN Member States for the collection, classification, and analysis of NTMs, as we expect to hand over the NTM database to government officials of ASEAN Member States for regular updating to ensure transparency. We hope that our NTM Database will become a part of each ASEAN Member States' National Trade Repository and the ASEAN Trade Repository.

As one of the region's leading international organization and research institutes, ERIA will continue its efforts to serve the region by helping to deepen economic integration, narrow development gaps, and advance sustainable economic development.

A handwritten signature in black ink, reading "H. Nishimura". The signature is fluid and cursive, with a large initial "H" and a stylized "Nishimura".

Professor Hidetoshi Nishimura
President of ERIA

Foreword [UNCTAD]

Regional integration can play a fundamental role in contributing to economic prosperity and sustainable development. In this regard, the Association of Southeast Asian Nations (ASEAN) is one of the most successful regional integration efforts globally, creating the foundation for a prosperous and peaceful community of Southeast Asian Nations, by promoting regional stability and trade, and collaboration in economic, social, cultural, technical, scientific and administrative areas. The establishment of a single market and production base characterized by free flow of goods and services is among the top priorities of the ASEAN regional integration agenda.

In the last few decades, tariffs have been dramatically reduced and widely eliminated. However, effective market integration also requires non-tariff measures (NTMs) to be addressed. This includes the elimination of outright non-tariff barriers, such as quotas and non-automatic licenses, as well as regulatory cooperation on measures that have primarily non-trade objectives, such as protecting the health of humans, animals and plants, and the environment.

The Economic Research Institute for ASEAN and East Asia (ERIA), the United Nations Conference on Trade and Development (UNCTAD) and all ASEAN governments are collaborating to enhance transparency and understanding of NTMs to better cope with their complexity. Together, we have been the first to systematically map all official non-tariff measures in ASEAN, including non-tariff barriers and behind-the-border regulations such as Sanitary and Phytosanitary measures, and Technical Barriers to Trade. The information is freely available through an online database, which is used by a wide array of stakeholders: private sector exporters and importers to identify the regulations with which they must comply; policy makers and negotiators to streamline and negotiate NTMs; and researchers and government officials to assess the impact of NTMs on trade and sustainable development.

This joint initiative complements a broader global effort to enhance transparency in trade related regulations. The UNCTAD Programme on Non-Tariff Measures has worked with international and regional partners to develop an International Classification of NTMs; a standardized approach to collect NTMs data and coordinate a global effort to collect official NTMs data. The effort has been very successful: the availability of and access to data on NTMs has improved significantly in recent years and now covers more than 90 percent of world trade. Cooperation with regional partners such as ERIA is critical for high quality data, adaptation to regional necessities and sustainable support by regional and national agencies.

Drawing from the database and additional sources, ERIA and UNCTAD have prepared this volume on Regional Integration and Non-Tariff Measures in ASEAN. It aims to support policy makers to advance the national and regional agendas on NTMs for better standards of living across the ASEAN population. Innovative methods based on the newly collected data assess and quantify the impact of NTMs in ASEAN and the potential benefits from streamlining and regulatory convergence. Sound analysis is complemented by case studies and guidelines on streamlining NTMs at the national level and on regulatory cooperation at the ASEAN level. It

examines NTMs from economic, legal and institutional perspectives in the context of the regional integration process in Southeast Asia. From this extensive analysis, clear policy recommendations are identified for ASEAN policy makers.

I hope that the report will assist ASEAN Member States in advancing regional integration and boosting competitiveness that supports their sustainable economic, social and environmental development, as well as global inclusion.



Pamela Coke Hamilton
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