



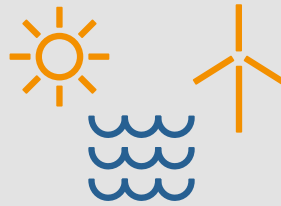
TACKLING NON-TARIFF MEASURES

THE FACTS



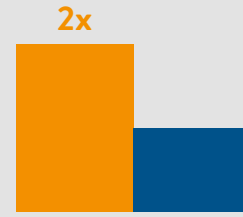
80 – 90%

UNCTAD estimates that 80% to 90% of all trade is affected by non-tariff measures.



\$1 trillion

The global trade in environmental goods is worth \$1 trillion per year.



NTMs tariffs

WTO estimates that non-tariff measures have twice the impact of tariffs on global trade.

12 NON-TARIFF MEASURES AFFECTING INVESTMENT IN ENERGY

1 LOCAL CONTENT REQUIREMENTS

Demanding that businesses use local products and services hampers investment in R&D and limits transfers of low-carbon technology.

2 CUSTOMS PROCEDURES

These can be arbitrary and slow. Pre-shipment inspections (PSIs), for example, are a major inefficiency in the trade in energy and environmental goods.

3 CONFORMITY ASSESSMENT AND TECHNICAL REGULATIONS

Technical issues inhibit trade when they discriminate against certain countries, or operate in favour of larger corporations.

4 GOVERNMENT PROCUREMENT

Governments can restrict competition in bidding processes – for example, by favouring domestic suppliers, or imposing unequal compliance requirements.

5 TAX LAWS

Tax systems can distort trade by discriminating against foreign imports, or foreign investment in the energy sector. They can impose burdensome administrative and reporting obligations.

6 SUBSIDIES

Subsidies need to be carefully designed, so that resources are wisely allocated, and inefficient, unsustainable forms of energy are not encouraged.

7 INVESTMENT RESTRICTIONS

These can protect local industry and ownership, but they can also risk isolating a market from international expertise and cutting-edge technology. Foreign direct investment can also be reduced.

8 ADMINISTRATIVE LICENSING

If the process of obtaining permits for the energy sector becomes costly, time-consuming and opaque, it can deter investment.

9 PROCESS AND PRODUCTION METHODS

Attempts to control the trade in energy goods – for example, by discriminating between similar products on the basis of how they were produced or recovered – can have a negative impact on energy security.

10 INTELLECTUAL PROPERTY (IP) PROTECTION

R&D is a less attractive proposition in places where IP controls are weak. Counterfeiting, infringement and piracy need to be controlled to encourage innovation.

11 LEGAL SYSTEMS

Where legal systems are overly complex or opaque, trade, investment and finance are directly affected. Contracts and credit recovery, for example, need to be readily enforceable.

12 EXPORT CONTROLS

Prohibitions and limitations on exports reduce the availability of goods, meaning artificially inflated prices for energy-related products.

RECOMMENDATIONS

- For countries to address their energy trilemma and kick-start a low-carbon economy, they must understand and tackle non-tariff measures.
- If non-tariff measures are removed, investment flows and finance for energy-related goods will improve, particularly for low-carbon technologies.