

Indonesia's Non-Tariff Measures (NTMs) Database

Enhancing Industrial Competitiveness, Boosting Export Performance

Joint Launch Event by World Bank Jakarta and Indonesia's Coordinating Ministry of Economic Affairs (CMEA)

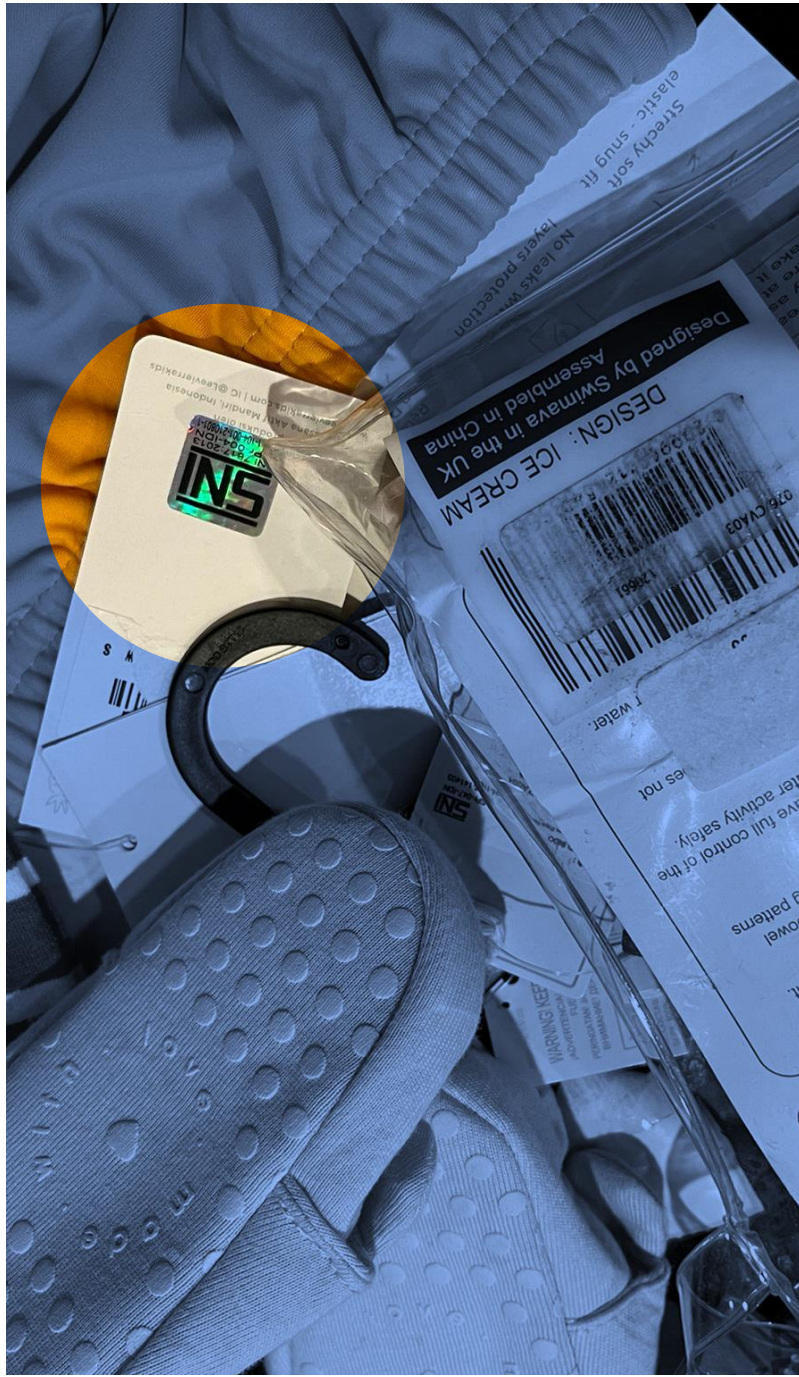
Graha Sawala Hall, CMEA

23 February 2023



THE WORLD BANK

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M&S
-FOOD-

DARK
CHOCOLATE
DIGESTIVES

HALF COATED IN SMOOTH
DARK CHOCOLATE

MARKS &
SPENCER
LONDON

MARKS & SPENCER
Bakery's Saliu Cookies
(Dark Chocolate Biscuits)
Marka F&M: 23500202035
Durability: 300 g
Net weight: 300 g
Best before: 12 04 2023
2221 9953



BEST BEFORE
12 04 2023
2221 9953

NTMs Aim to **Achieve** Public Policy Objectives

NTMs are typically used to ensure that traded products are in line with public policy objectives.



**Animal
Welfare**



Environment



**Cultural
Values**



Food Quality



**National
Security**



Public Health



Outline



The **why** of the data



How does this data improve on existing data on NTMs



Utilizing the data



What's **next?**



NTMs Impact People and Businesses Daily



VS

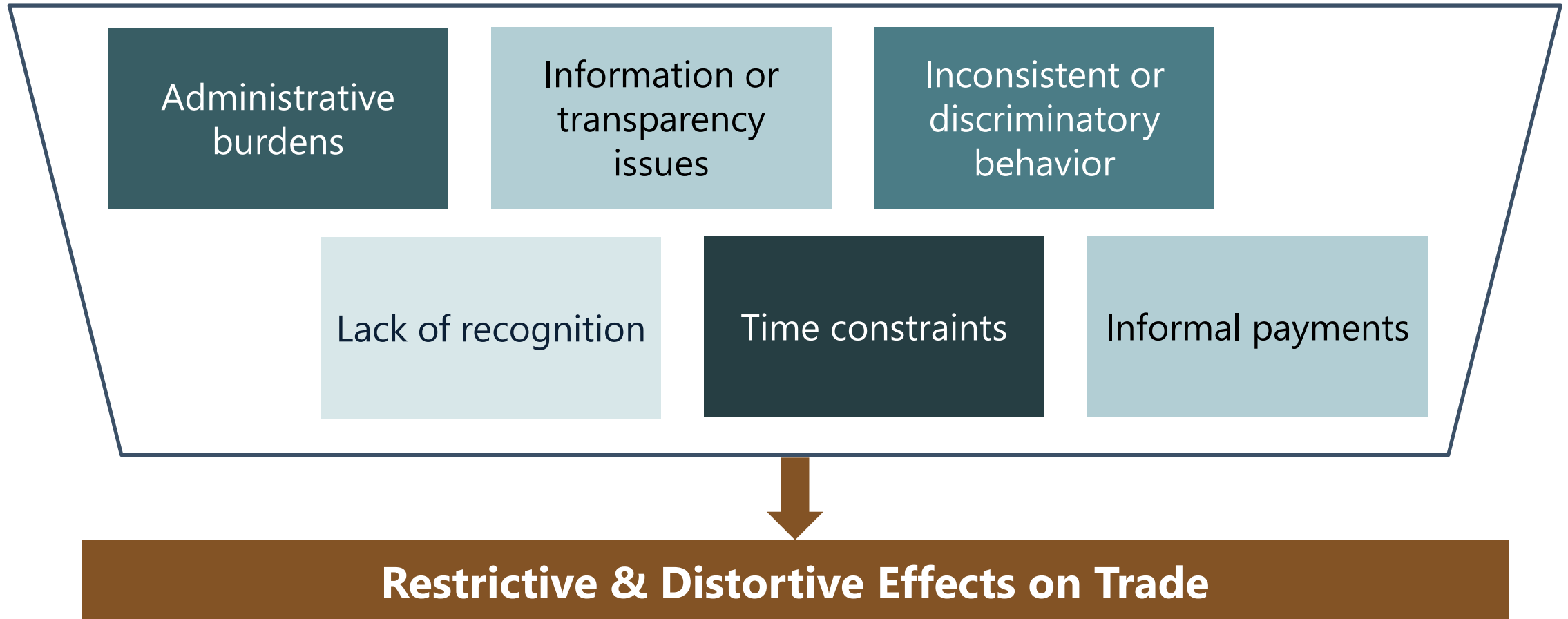


NTMs impact people and businesses daily.

While ensuring policy objectives NTMs can also distort trade and induce costs.

 Even when unintended, **NTMs can entail unnecessarily high costs** to companies and consumers

How can NTMs become costly?





Therefore, NTMs **they need to be carefully designed**, requiring comprehensive and up-to-date data

Transparent, Consultative and Timely NTMs

will result in predictable, coherent, and non-discriminatory applications.

Less Trade-Restrictive NTMs

are required to **meet a legitimate objective**. Where appropriate, NTMs should **focus on outcomes** rather than mandating prescriptive approaches.

Meeting International Standards

NTMs should follow relevant standards and **developed in accordance with the WTO TBT/SPS Agreements/Committee**.

No Discrimination against imported products

Periodically Reviewed to maintain NTM relevance

Enabling Monitoring and Assessment Tools

As a way to assess consistency with these principles.



This will better enhance the role of trade policy to boost export growth, Competitiveness and economic transformation in Indonesia



Comprehensive Data can **enable a systematic review of NTMs in Indonesia** and contribute to evidence-based policy and transparency in trade

This in turn will help **export and investment promotion**, international **competitiveness** of Indonesia and in turn contribute to **economic transformation and sustainable growth**

To facilitate this, **the World Bank and the government of Indonesia have created the first comprehensive time-series database of NTMs**

This is the first dataset that provides information on what specific NTMs are applied to each product every month since 2008.

Now Available on [World Bank Development Data Hub](#) (DDH), UNCTAD [TRAINS](#) and [WITS](#)



89

Individual NTMs

652

Total Regulations

168

Months

5194

*Products affected per month by
at least 1 NTM*

59%

Import value affected per month



How Does This Data **Improve** on Existing Data on NTMs?

The data builds on UNCTAD-ERIA data and enhances key aspects while maintaining UNCTAD Data Collection Guidelines

1

Time-varying, Higher Time Frequency and Tracking Specific Policies

2

Broader Source Base

3

Frequency of Updates

4

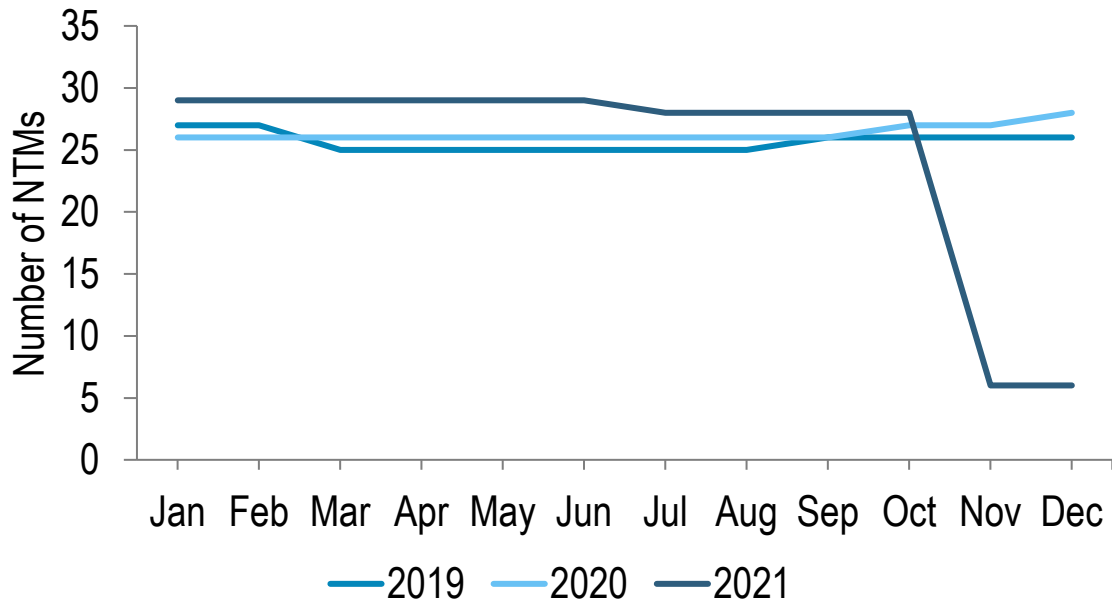
Customization to the Indonesian Context

1

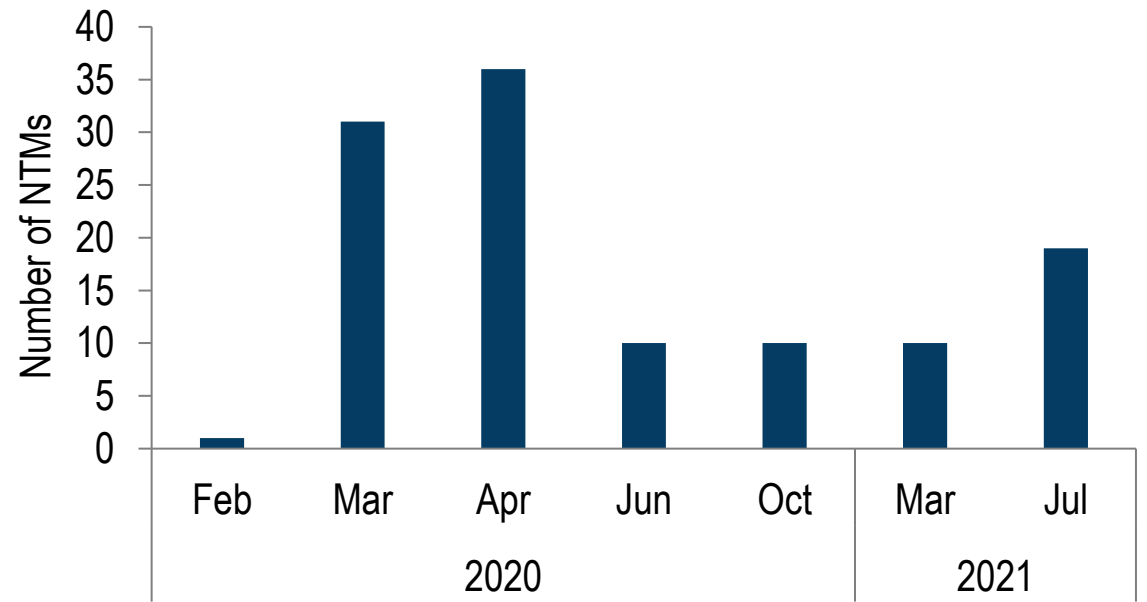
Time Varying Data, Higher-time Frequency, and Tracking of Specific Policies

The data is **constructed at the monthly level** which is appropriate to capture frequent policy changes. This is also appropriate when **tracking specific policies in real time** such as NTMs that were put in place in response to the COVID-19 pandemic.

Number of active regulations that include Pre-shipment Inspections (C1)



Number of COVID-19 related changes in NTMs



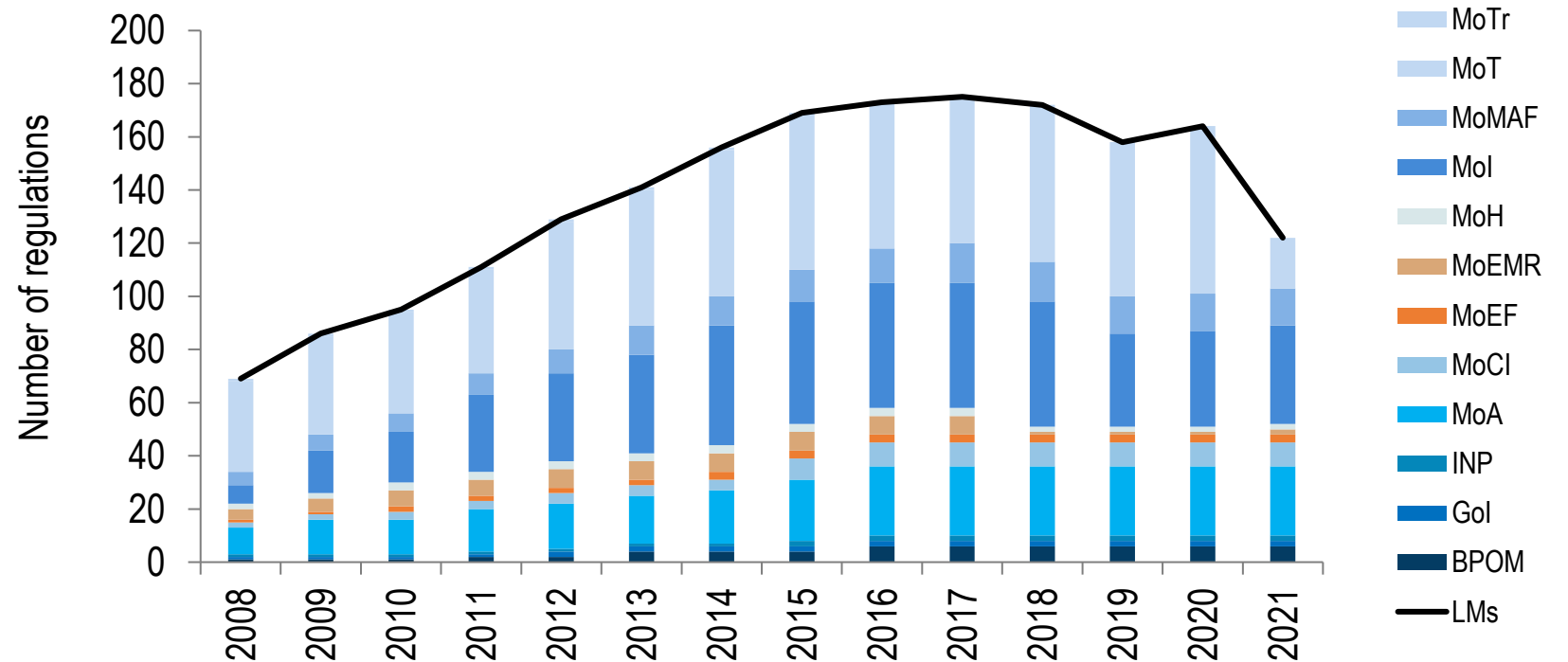
2 Using a Broader Source Base

1 Repositories of Line Ministries

2 **Hukumonline.com**
A subscription-based site managed by law experts which also provides historical regulation evolution.

3 **Peraturan.go.id**
A site managed by Ministry of Law and Human Rights to accommodate all enacted regulations in Indonesia.

Number of Active Regulations by Institution



Note: MoT = Ministry of Trade; MoMF = Ministry of Marine Affairs and Fisheries; MoTr = Ministry of Transport; MoI = Ministry of Industry; BPOM = National Agency of Drug and Food Control; MoIT = Ministry of Industry and Trade; MoH = Ministry of Health; MoEF= Ministry of Environment and Forestry; MoEMR = Ministry of Energy and Mineral Resources; Gol = Government of Indonesia; MoA = Ministry of Agriculture; INP = Indonesian National Police; MoCI = Ministry of Communication and Information Technology.

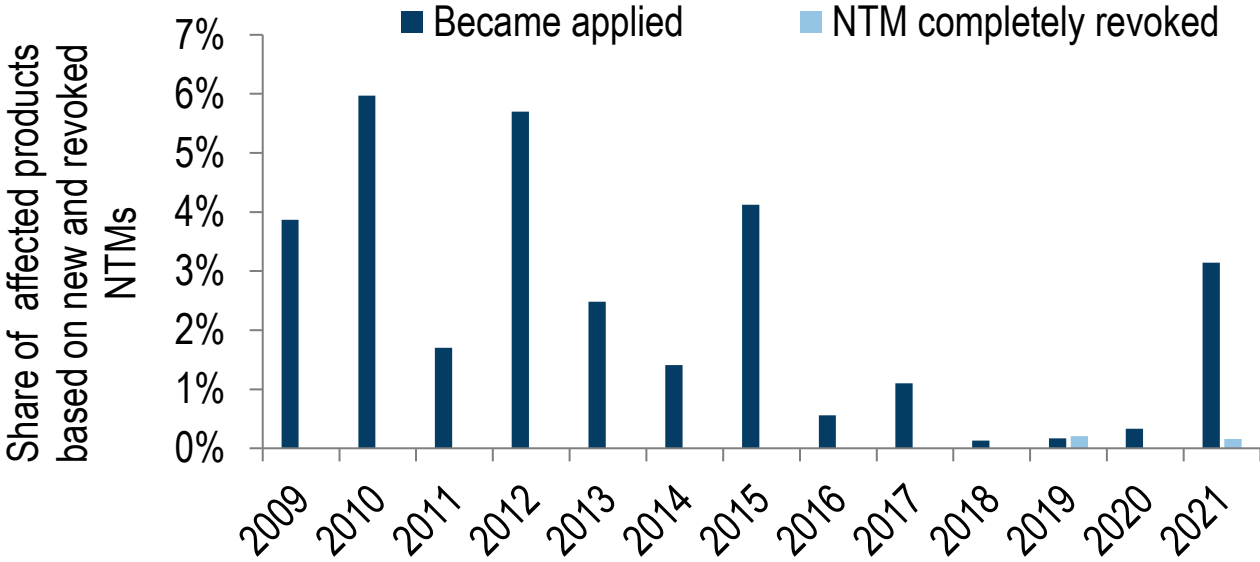
Source: World Bank Indonesia NTM dataset

3

More Regular Updates Ensuring Regulatory Changes are Timely Identified and Analyzed

The data is updated annually, ensuring that only active regulations remain and inactive regulations are timely identified.

Share of newly affected products and revoked of NTM



4

Customization to the Indonesian context

For the data to be relevant to the Indonesian context, *several customizations were made to some of the measures.*



HS 7102.10.00
Diamond unsorted

NTM: Export approval (EA)

NTM Code

P11

P11: export approval

Conditional Requirement



Issuance of EA Recommendation Letter **only if the exporter has a recommendation letter from a ministry or agency related to the mineral sector.**

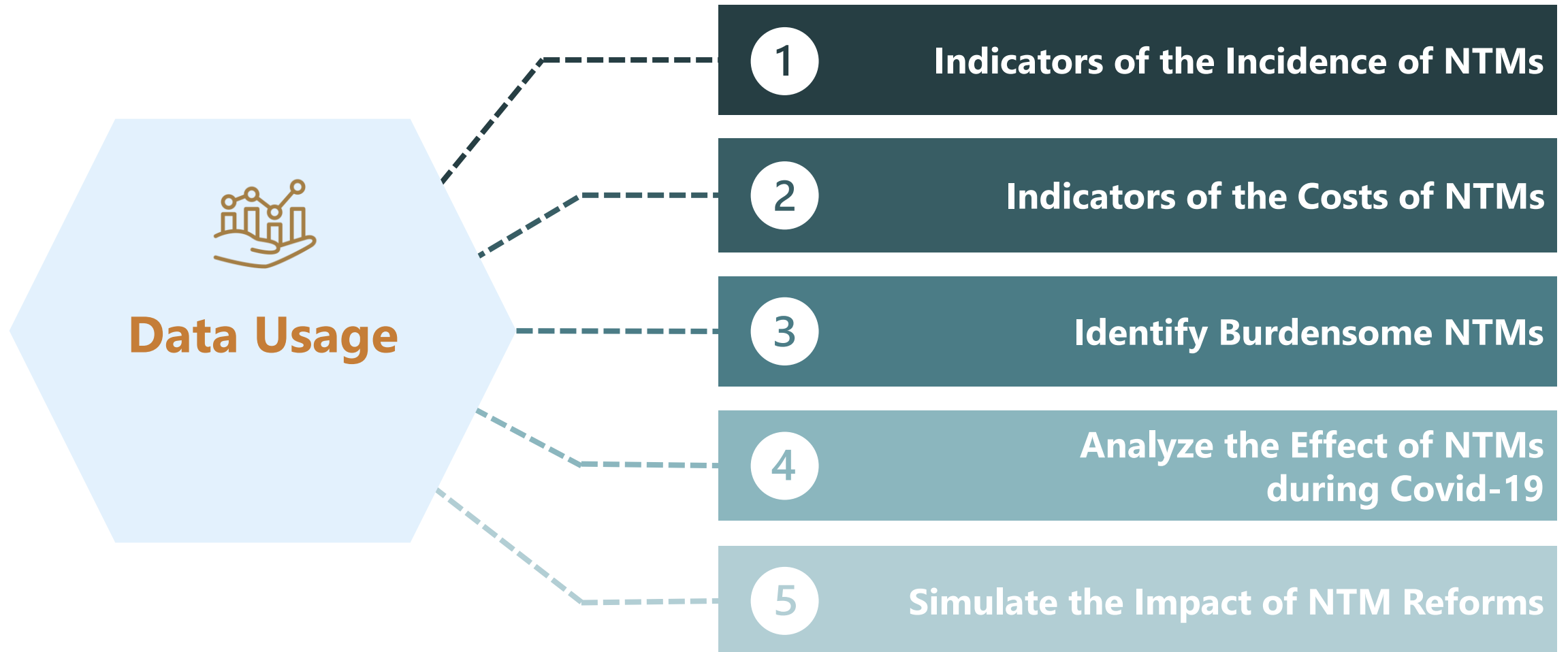
Customized NTM Code

P11R

P11R: Mandatory recommendation letter for getting export approval

Some of these customs NTMs are **identified based on a judgment of their necessity in the context of Indonesian trade** and may lead to a possibility for further analysis.

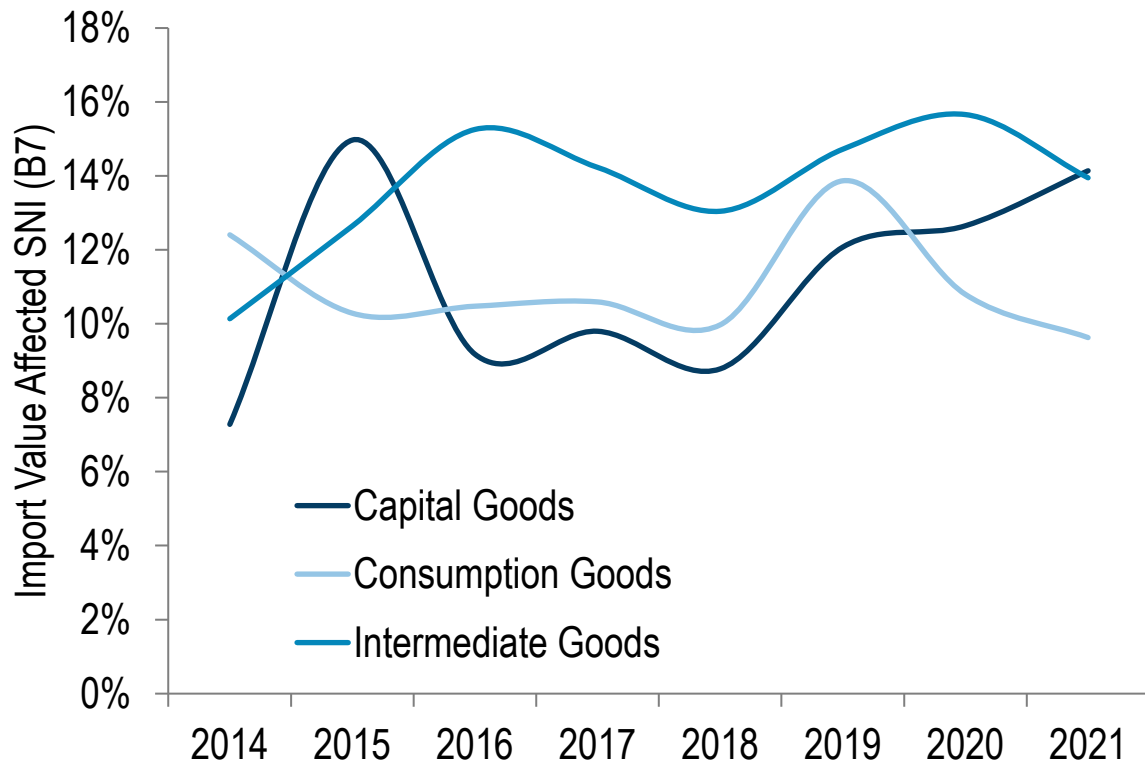
Utilizing the Data



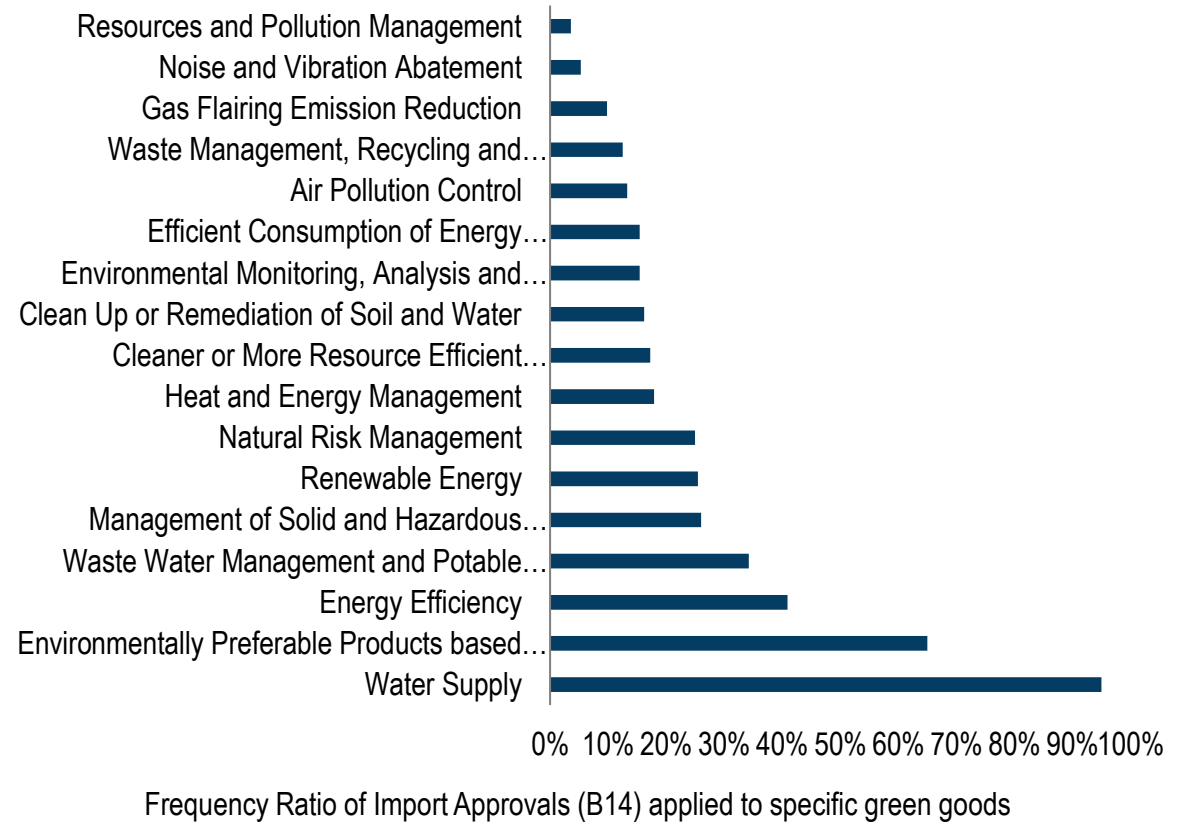
1

Indicators of the Incidence of NTMs

Share of affected trade by compliance with National Standards (SNI): Product End Use



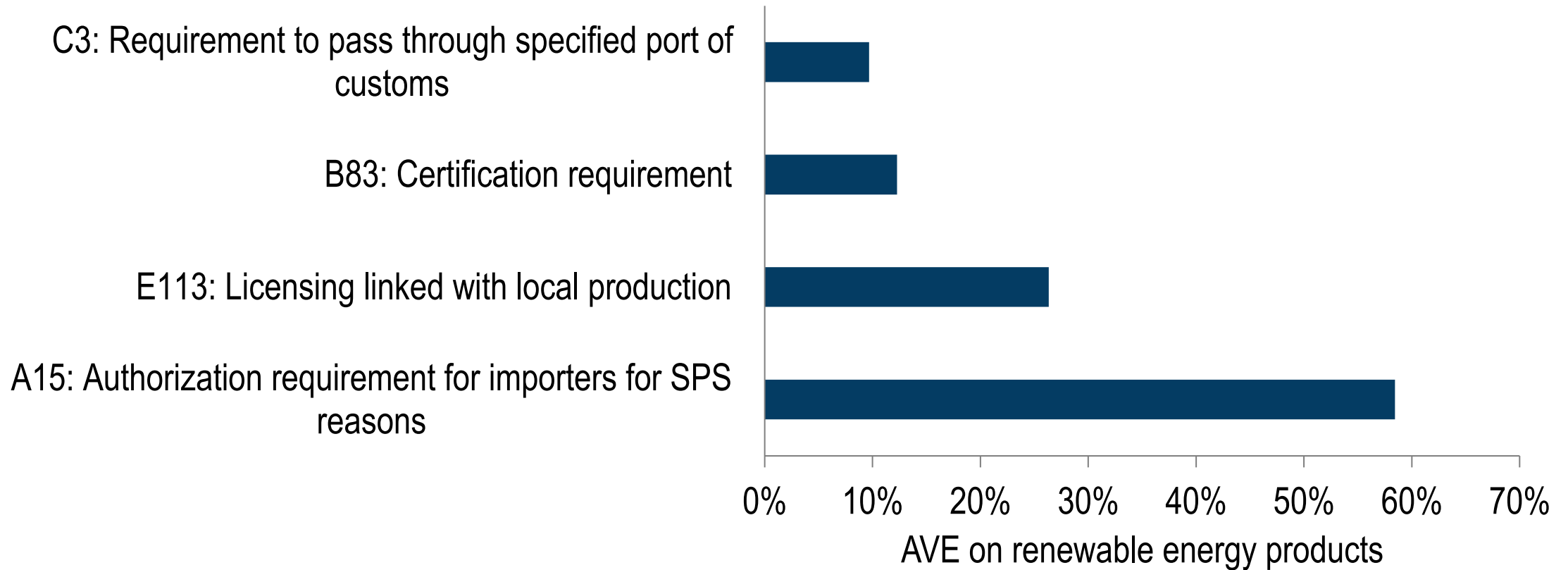
Share of affected products on specific types of Green Goods & technologies



2

Indicators of the Costs of NTMs

Tariff equivalents of specific NTMs on renewable energy



Note: Measured in percent tariff equivalent, 2021.
Source: World Bank staff estimation

3

Identifying Burdensome NTMs Effect of Import NTMs on Indonesia's Exporters

Out of the 89 in the data, World Bank identified **four measures to be among the most burdensome** for Indonesian firms.

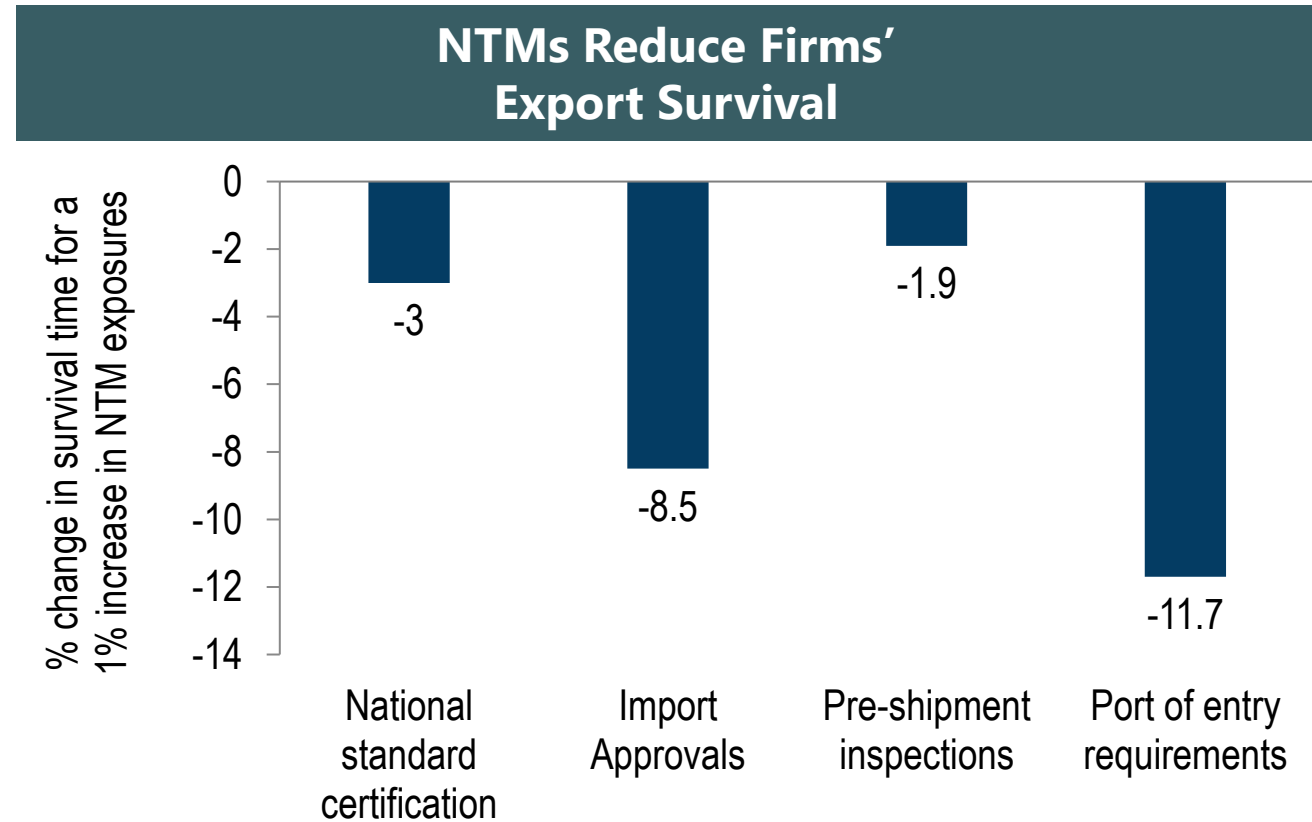
1 Pre-shipment inspections (PSI)

2 Restrictions on port of entry

3 Import approvals

4 Mandatory certification with SNI

Firms that face these NTMs have a **shorter life span in the export market**, as they become less competitive globally.



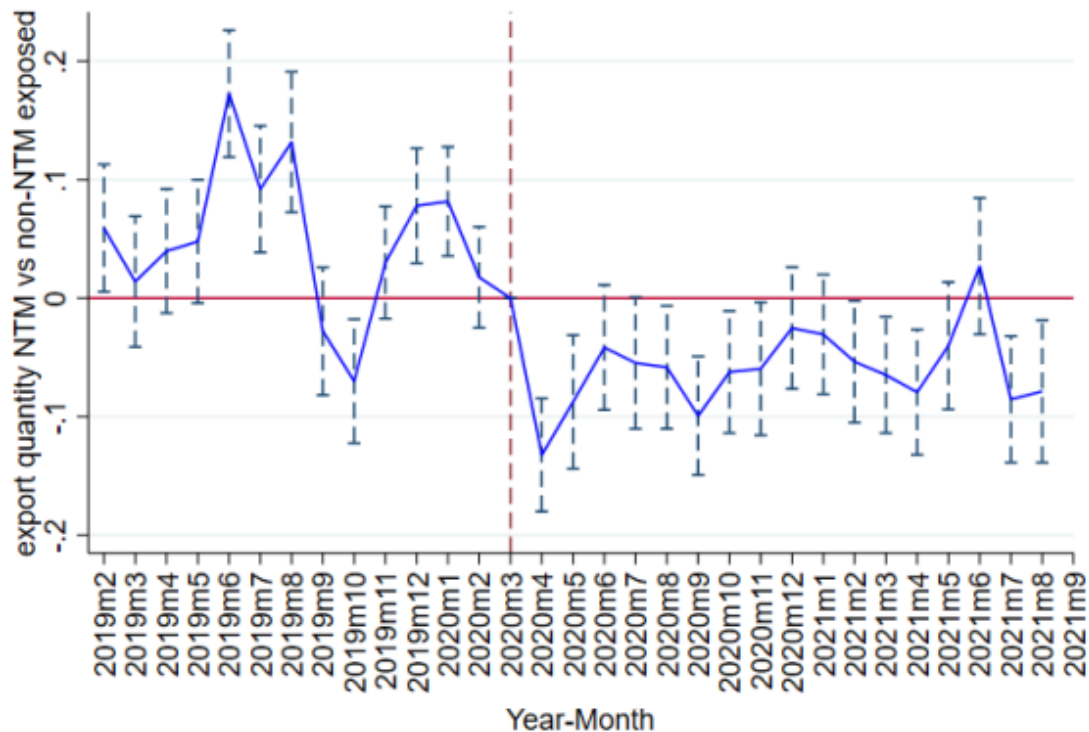
Note: World Bank staff estimates using all Indonesian exports, 2014-18 from DG Customs and Excise, MoF.
Source: Cali and Montfaucon 2021

4

Analyze the Effect of NTMs During Covid-19

The Impact of Covid-19 on GVC Firms Affected by NTMs

Monthly average export quantities of firms exposed to port of entry restrictions



Data Source: panjiva

*"Firms facing any type of NTMs on average have **lower survival rates** compared to firms who do not face any NTMs."*

However, among GVC firms, firms who faced certain types of NTMs (for e.g., port of entry restrictions) on average faced **reductions in export quantities and number of transactions**, consistent with the evidence of major port congestion during Covid-19.

Note: The graph reports results from the event study, where the dependent variable is the monthly average export quantities (a) and monthly average export transactions (b). NTM firms are firms that were exposed to C3 during Feb-Nov 2019. Non-NTM firms are otherwise.

Source: Ghose and Montfaucon (forthcoming), Panjiva

5

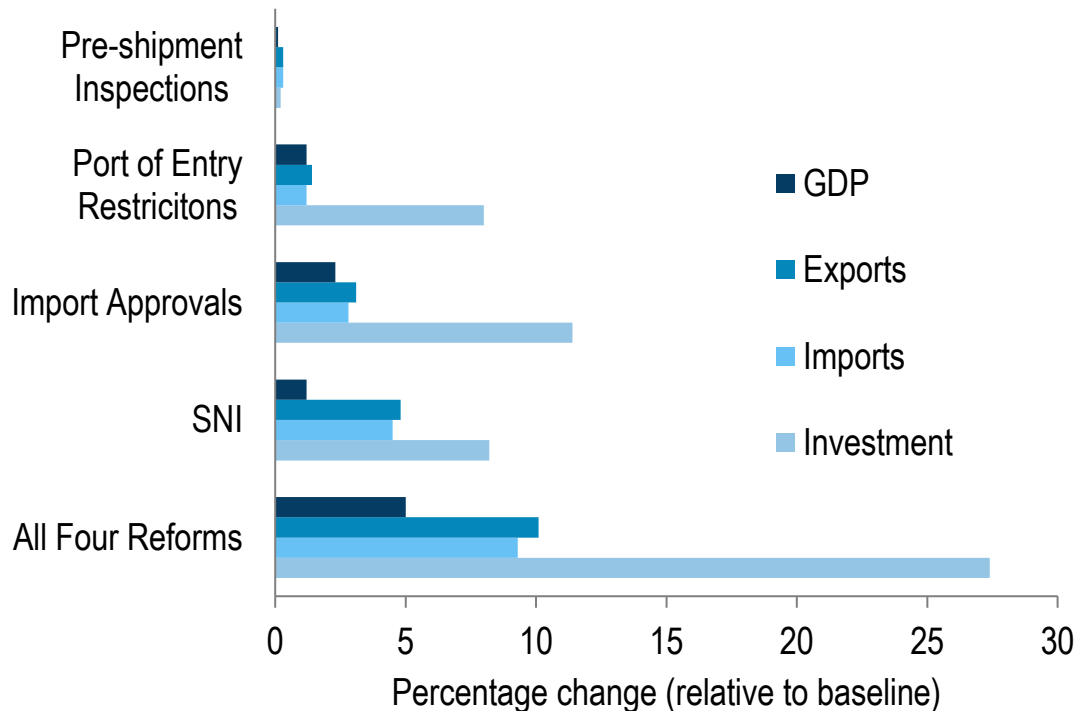
Simulate the Impact of NTM Reforms

Focusing on the same four NTMs discussed, reforms would boost GDP by 5 percent.

Analysis shows that eliminating problematic NTMs and streamlining inefficient NTMs greatly reduce food prices.

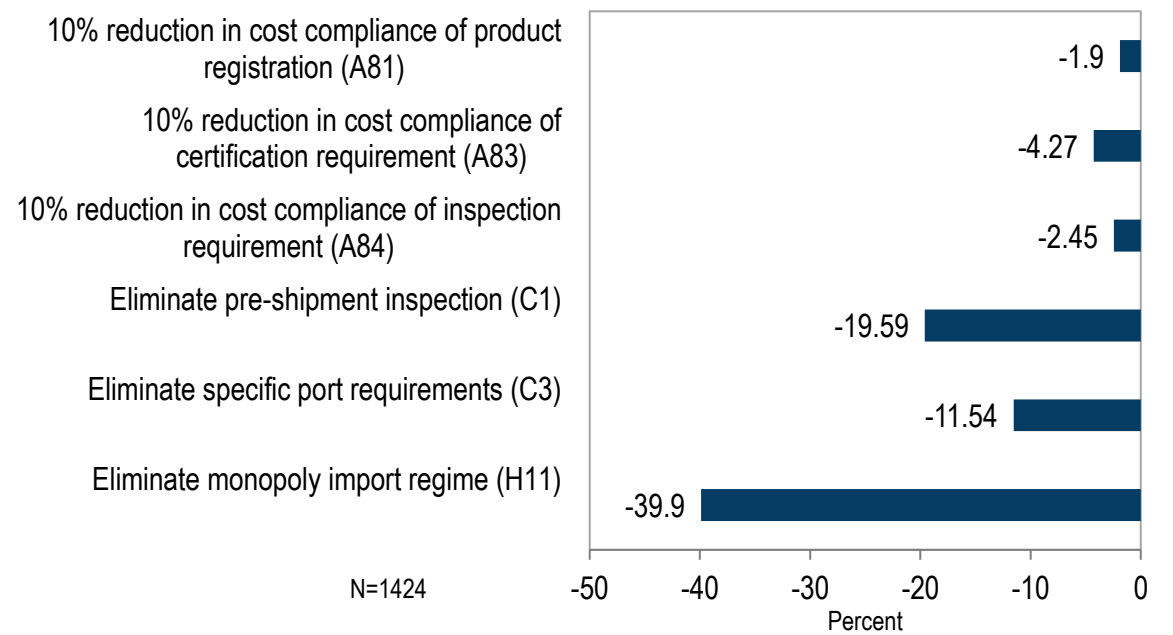
Impact of Four Trade Reforms on Indonesia's Economy

Impact of Eliminating or Streamlining Certain NTMs on Food Prices should this reference to the nutrition paper?



Note: Measured in percent change relative to baseline, 2008-2018
Source: Lakatos et al. (2021a)

Impact of eliminating or streaming certain NTMs on food prices



Note: Sample period 2008-2017.
Source: World Bank staff calculations from World Bank NTM Database



What's Next?



The NTM database for Indonesia offers the most comprehensive **extensive source information on NTMs** in Indonesia.



The data can help its users:

- **Understand** the current policy landscape,
- **Calculate** incidence and cost of NTMs
- **Monitor** trade policy
- **Assess** the implications of specific measures
- Contribute to transparency in trade.



This in turn will help **export and investment promotion**, international **competitiveness** of Indonesia and in turn contribute to **economic transformation and sustainable growth**



The data can **enable a systematic review of NTMs in Indonesia** and contribute to evidence-based policy



Other countries can follow Indonesia's example to increase their understanding of non-tariff measures.

Building a Dataset for Non-Tariff Measures and its Usage: The Case of Indonesia and Applicability for Other Countries



2023

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**Detailed information
on how the data was
put together can be
found in this Manual**

Terima Kasih!

Thank you!

For more information, visit

[The brief page in English](#)
[The brief page in Bahasa Indonesia](#)

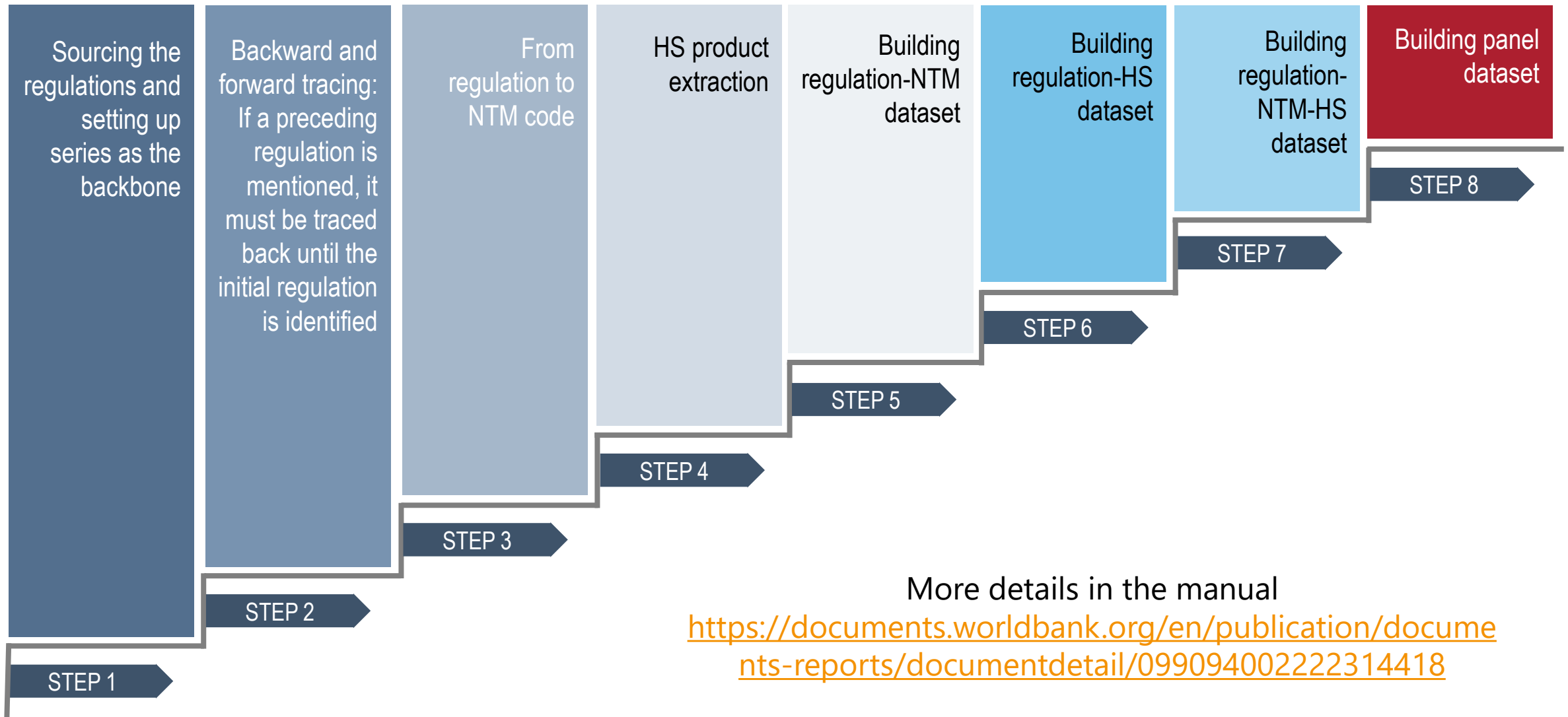
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APPENDIX

Steps to Building the Dataset



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