

# The key to preferential market access

Exporter experiences with rules of  
origin and related certificates



# Three Pillars of the ITC Programme on NTMs

## Pillar 1

### NTM Official Data Collection

- Codifying and classification of national trade-related regulations
- Data dissemination through Market Access Map ([www.macmap.org](http://www.macmap.org))

## Pillar 2

### Business Survey

- Large-scale surveys of businesses on their experiences with government regulations when exporting or importing
- [www.ntmsurvey.org](http://www.ntmsurvey.org)

## Pillar 3

### Follow Up Actions

- Design and implementation of actions to address companies' difficulties with NTMs
- E.g.: Trade Obstacles Alert (TOA) mechanism

# ITC's Programme on Non-tariff Measures

## Pillar 1

### NTM Data Collection

- **Transparency pillar:** making regulations publicly available
- Searchable by HS code, country, NTM
- Dissemination through Market Access Map  
[www.macmap.org](http://www.macmap.org)

## Pillar 2

### Business Surveys

- **Giving SMEs a voice:** identifying trade obstacles
- Surveys of exporters and importers on their experiences with government regulations  
[www.ntmsurvey.org](http://www.ntmsurvey.org)

## Pillar 3

### Follow Up Actions

- **Overcoming trade obstacles:** designing technical assistance to overcome trade obstacles
- E.g.: Trade Obstacles Alert mechanism  
[www.tradeobstacles.org](http://www.tradeobstacles.org)

# ITC's NTM Surveys in numbers

More than **23,000**  
phone interviews



..with companies  
employing more than  
**2 million** people

Over **6,100** face-to-  
face interviews



Representative for exporters  
and importers in over **35**  
developing **countries**  
**+ 28** EU countries



More than **21,000**  
reported trade obstacles...

...concerning trade with  
**185** partner countries



NTM Survey finalized



Ongoing / planned

→ A MILLION DATA POINTS  
TO EXPLOIT FOR HIGHER  
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# Type of data: Face-to-face interviews

Face-to-face data gathering company-level information (only those facing trade obstacles) on:

All affected trade flows



Burdensome regulations

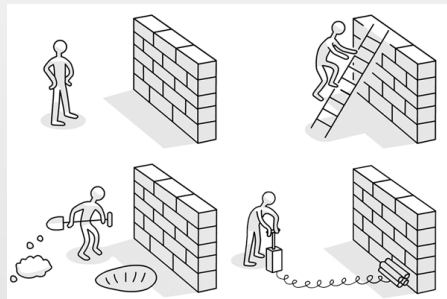
(description, official name, category of NTM, implementing body, applying country)



All traded products and partner countries



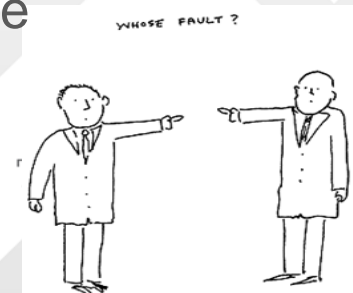
Recommendations to overcome the obstacles



Related obstacles (description, category of obstacles, implementing agency, location)



Where the problem occurs



# Who is affected? Who applies the burdensome NTMs?

ITC's NTM Survey results: [www.ntmsurvey.org](http://www.ntmsurvey.org)

## The share of companies affected by burdensome NTMs varies across sectors and trade direction

- Exporters of agricultural products report more problems than those in manufacturing
- Exporters are more affected than importers

## Small firms report more frequently problems related to burdensome NTMs

- 57% of firms with 1-4 employees face burdensome NTMs compared to about 43% of firms with more than 250 employees

## Trade-hampering measures lie much closer to home than one might expect

- About 25% of obstacles reported by exporters concern measures applied by the home country on exports
- Another 20% (agriculture) to 30% (manufacturing) are NTMs applied by regional trading partners (members of regional trade agreements)

**→ Despite existing agreements, regional market access is disproportionately difficult, especially for manufactured products**

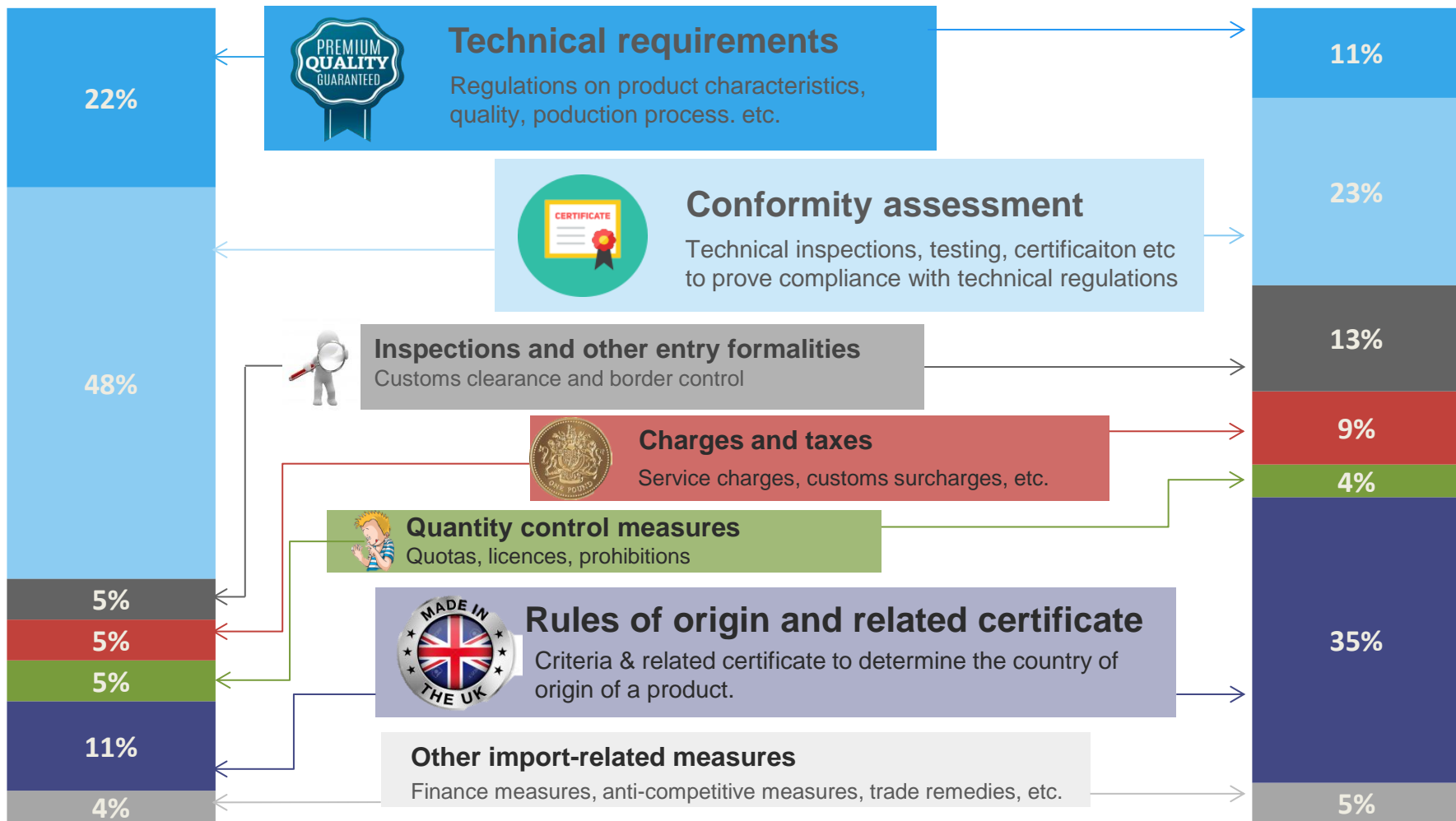


Source: ITC (2015); *The Invisible Barriers to Trade – How Businesses Experience Non-Tariff Measures*; [www.intracen.org/publications/ntm](http://www.intracen.org/publications/ntm)

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# The challenge?

SPS & TBT measures for agriculture, rules of origin for manufacturing



**Agriculture**



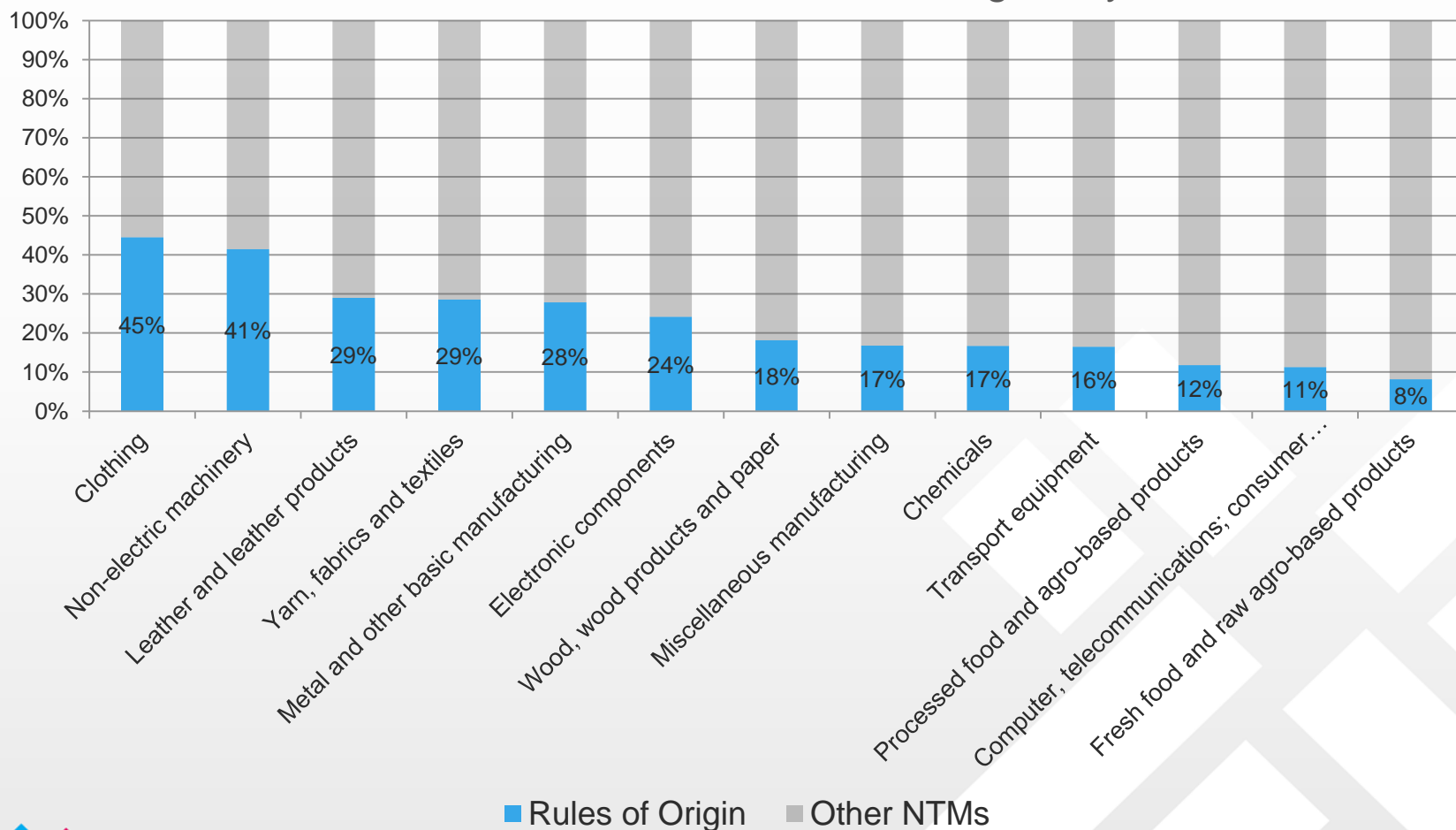
**Manufacturing**



Source: ITC (2015), *The Invisible Barriers to Trade – How Businesses Experience Non-Tariff Measures*; [www.intracen.org/publications/ntm](http://www.intracen.org/publications/ntm)

# Clothing and textiles exports appear to be particularly affected by issues related to rules of origin

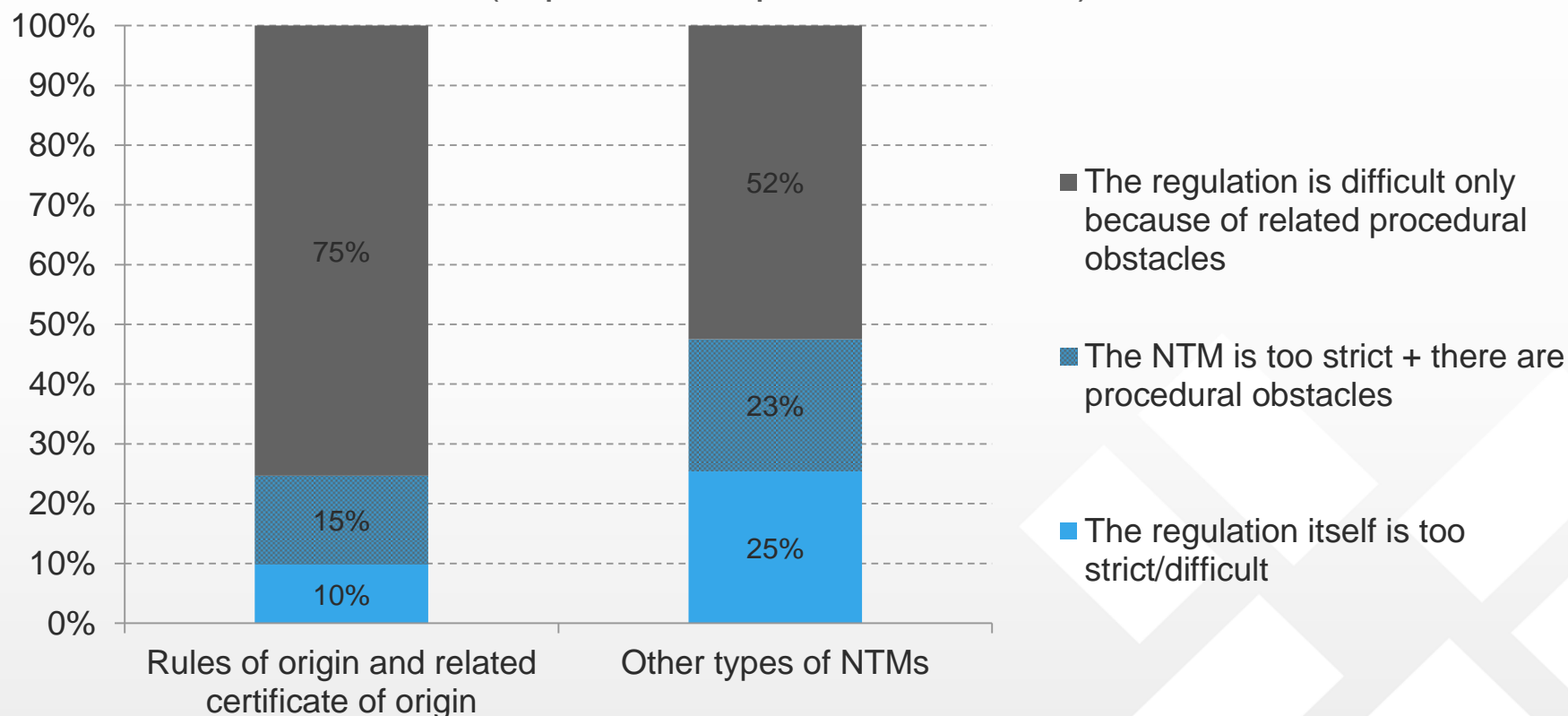
Share of NTM cases related to Rules of Origin\*, by sector





# Is it the rules themselves that exporters find difficult?

Share of NTM cases\*, by type of difficulty  
(exports to all partner countries)



# The majority of difficulties linked to the certificate of origin are encountered at home (in the exporting country)

Share of procedural obstacles\*, by location

## Rules of Origin



*In the home country*



*In the partner country*

## Other types of NTMs



*In the home country*



*In the partner country*

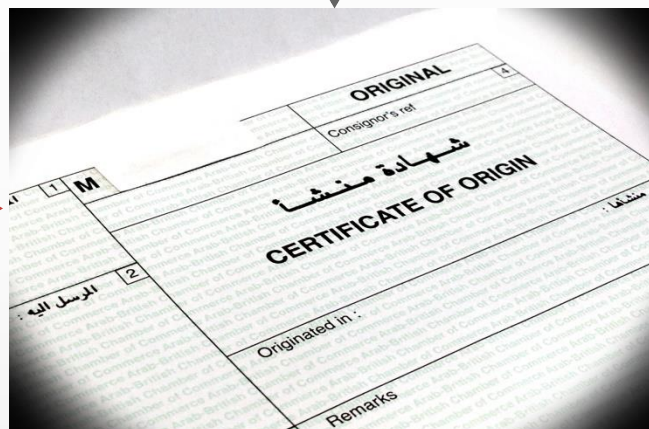
# What types of procedural obstacles are reported?



High cost  
29%



Admin  
burden  
12%



Delays  
41%



Arbitrary  
behaviour  
of  
officials  
4%



Other  
14%



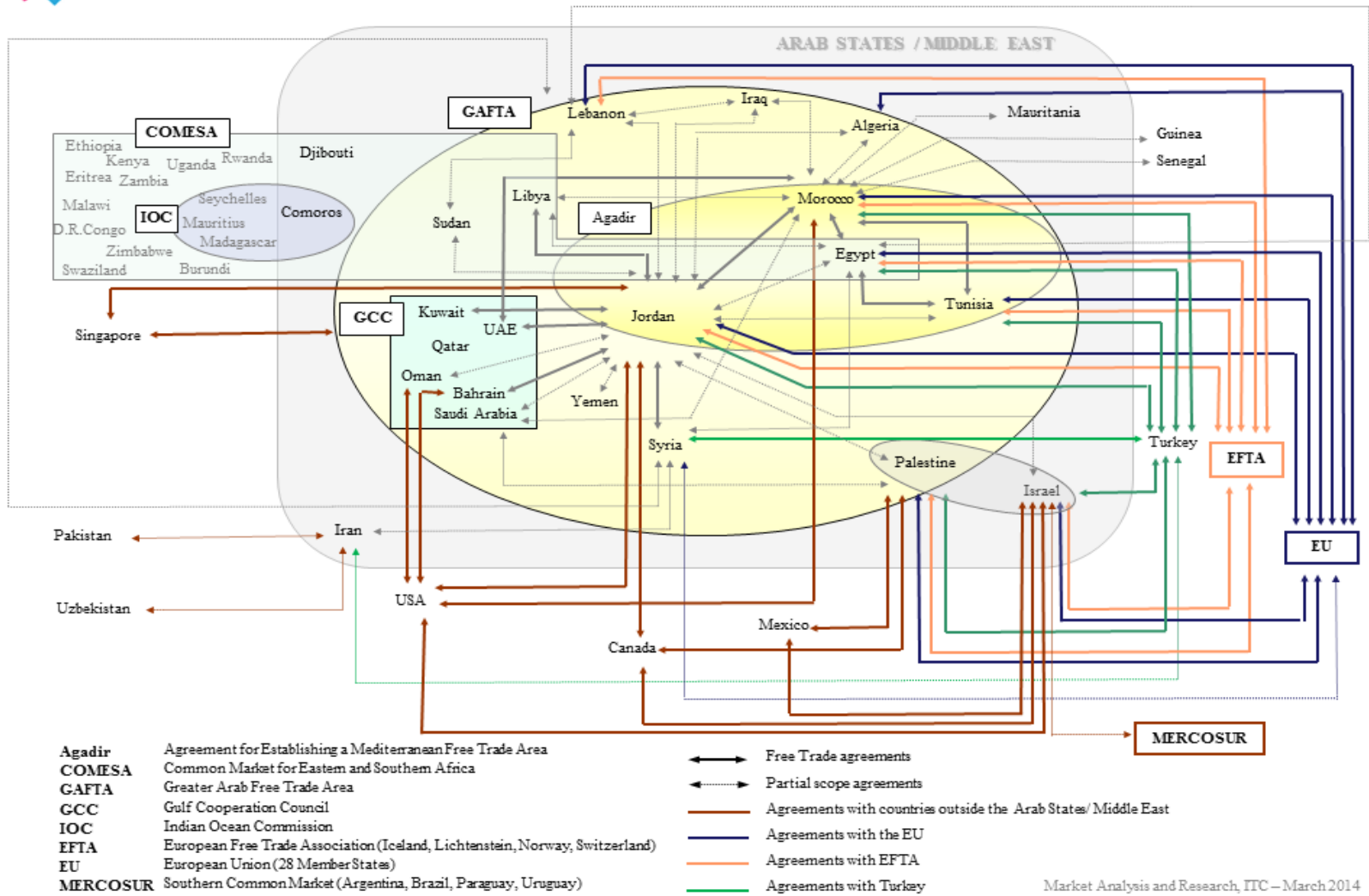
**So.... do preferential rules of origin constitute a *significant* barrier to utilize preferences, particularly in the regional context?**

Statistical evidence from ITC's business surveys on non-tariff measures in Arab States

# Example Arab States: overlapping trade agreements



## Trade agreements in the Arab States/Middle East

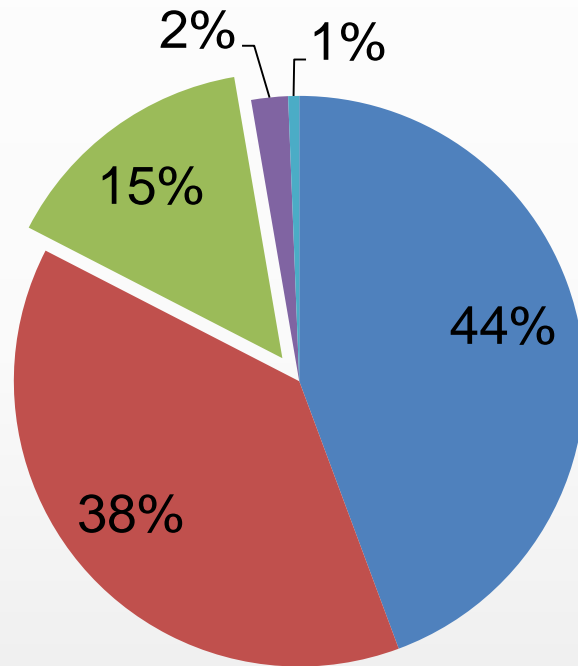


# So what do exporters in the region say?



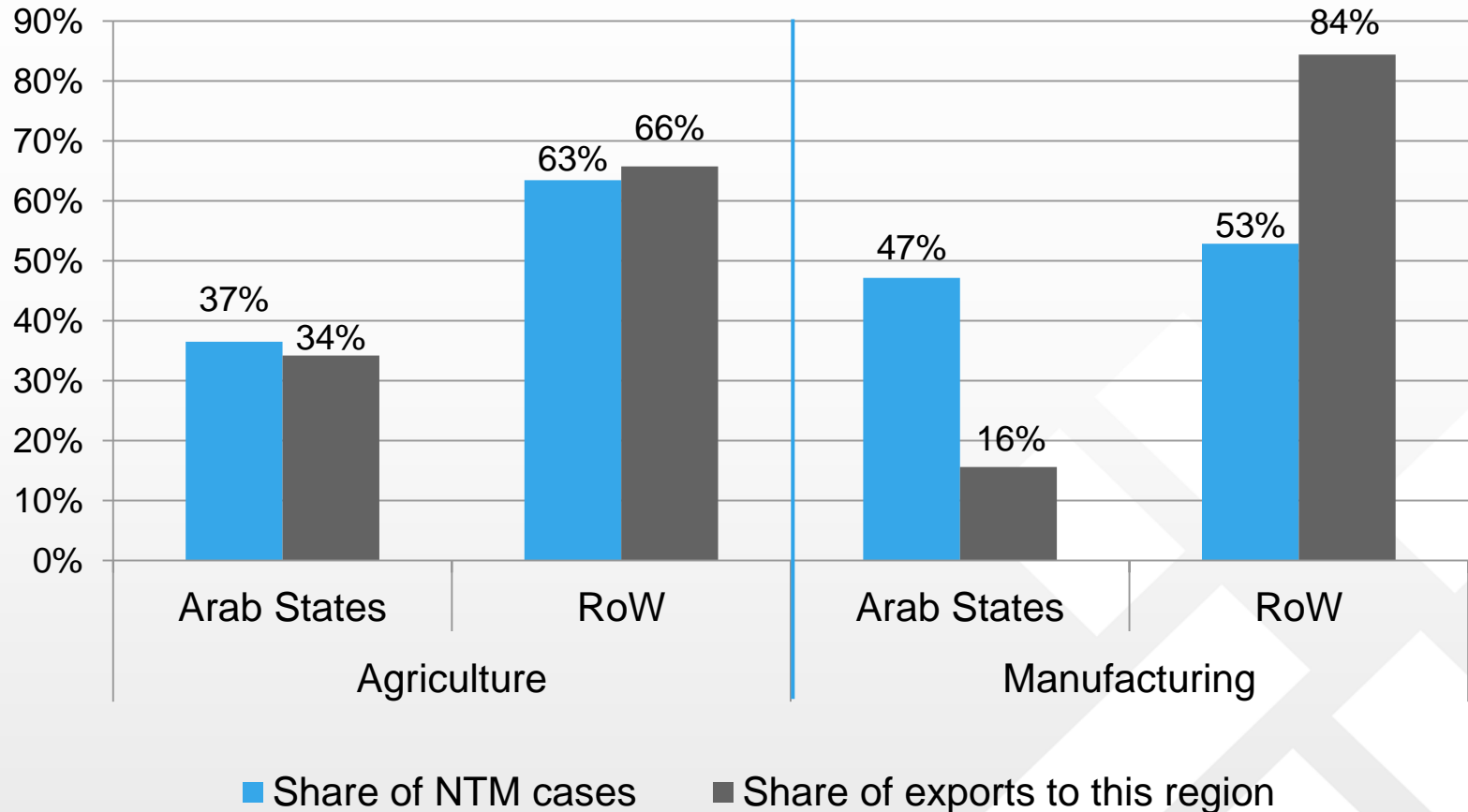
15% of exports is within the region (excl. oil & minerals)

### Arab States export markets



- Developing countries
- OECD countries
- Arab States
- Least developed countries
- Rest of the world

# What are the most affected export sectors and destinations for Arab States?



**ITC**

ITC calculations based on Survey findings for Egypt, Morocco, Palestine and Tunisia.

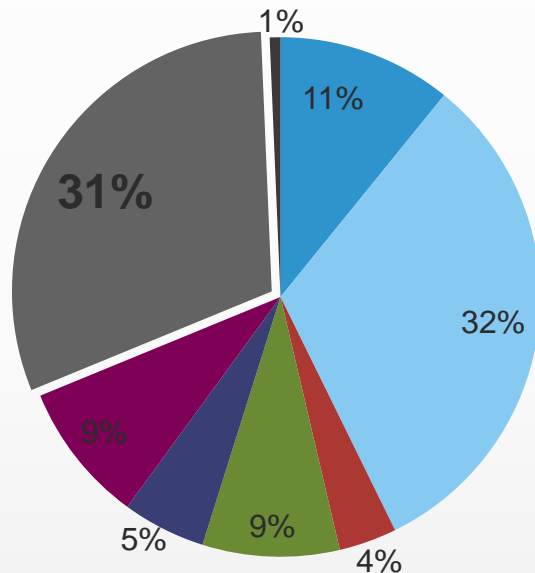
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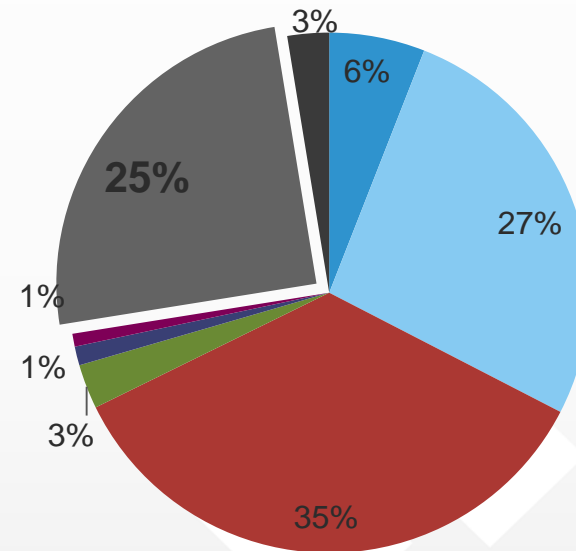
## Example manufacturing: RoO among the top 3 challenges (1/2)

Types of burdensome NTMs reported by firms in Arab States for exports to

...Arab States



...RoW



■ Technical requirements

■ Pre-shipment inspection and other entry formalities

■ Quantity control measures

■ Rules of origin and related certificate of origin

■ Conformity assessment

■ Charges, taxes and other para-tariff measures

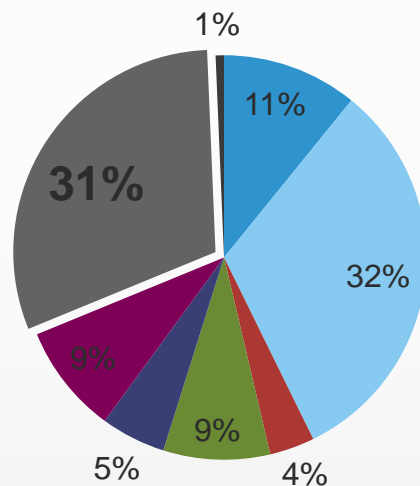
■ Finance Measures

■ Other import-related measures

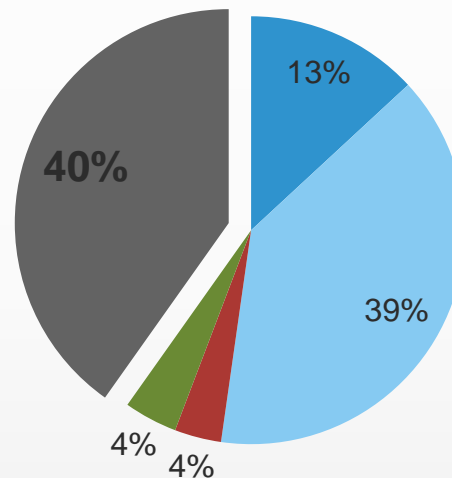
## Example manufacturing: RoO among the top 3 challenges (2/2)

Types of burdensome NTMs reported by firms in Arab States for exports to

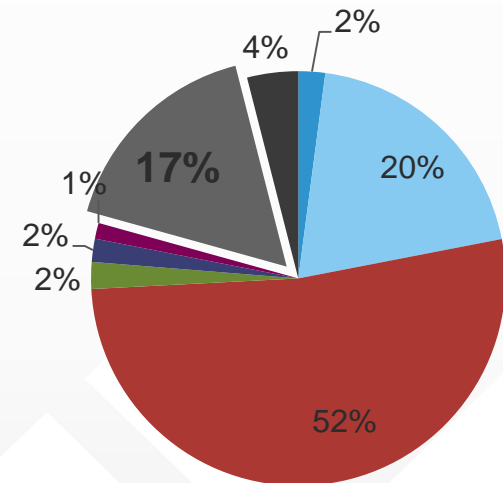
...Arab States



...EU



...RoW



- Technical requirements
- Pre-shipment inspection and other entry formalities
- Quantity control measures
- Rules of origin and related certificate of origin
- Conformity assessment
- Charges, taxes and other para-tariff measures
- Finance Measures
- Other import-related measures



# So what's the problem?



# Main challenges reported about Rules of Origin

## Exporter testimonies

*Up to two weeks only for issuance*

- Inefficiencies in issuing the certificate of origin

*10 different documents, every time!*

*3-4 additional days just because I have to come to the capital*

- Language issues
- *De jure* versus *de facto* preferential treatment

*2 to 3 weeks to prepare the documents to be submitted, 5 days to receive the certificate*

*There are some technical wordings, letters and numbers that cannot be translated. The customs officials do not understand this point and usually reject the certificate.*

*The partner country doesn't apply both existing agreements although the product satisfies the rules of origin.*

## Removing trade obstacles among Arab States can lead to substantially increased trade and job creation

Increased total exports from Arab states by 10% and more than double intra Arab trade by 2025.

**More than 2 million new jobs created** in the LAS' export sectors by 2025 (growth highest in Somalia/Sudan and Oman). Main beneficiary sectors are food, metals and machinery and electronics sectors:

2 million new jobs represents an **increase of 10% of the workforce** in exporting sectors...

...and covers **5-10 % of the new jobs needed** to absorb the increase of the workforce (as estimated by World Bank and FEMISE)

# ...so where do we go from here?

Our vision for the way ahead



## Mapping rules of origin and trade agreement information

Processing legal texts to extract the rules of origin by HS code (at NTLC level) for inclusion in ITC's Market Access Map ([www.macmap.org](http://www.macmap.org)) → Allowing for comparison of rules across countries and agreements for greater transparency; Continued monitoring through business surveys

## Better dissemination

Developing rules of origin calculators for SMEs; establish linkages to WTO notifications and establish an alert system (following the example of ePing [[www.epingalert.org](http://www.epingalert.org)] for SPS and TBT notifications)

## Adding information on procedures

Procedural obstacles related to obtaining the certificate of origin appear to be a stronger trade impediment than the rules of origin themselves → need to collect / disseminate information on administrative procedures and related cost

# NTM Classification

- Logic linked to WTO agreement
- Correspondence with the EU Helpdesk taxonomy

Import measures

Technical measures

Non-technical measures

A. SANITARY AND PHYTOSANITARY MEASURES

B. TECHNICAL BARRIERS TO TRADE

C. PRE-SHIPMENT INSPECTION AND OTHER FORMALITIES

D. CONTINGENT TRADE-PROTECTIVE MEASURES

E. NON-AUTOMATIC LICENSING, QUOTAS, PROHIBITIONS AND QUANTITY-CONTROL MEASURES OTHER THAN FOR SPS OR TBT REASONS

F. PRICE-CONTROL MEASURES, INCLUDING ADDITIONAL TAXES AND CHARGES

G. FINANCE MEASURES

H. MEASURES AFFECTING COMPETITION

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

Export measures

# Next revision of the NTM classification

Based on the 2016 review process

## The international classification on NTMs

- Is maintained by a group of eight international organisations (“multi-agency support team”, MAST), including ITC, UNCTAD, WTO, FAO, OECD and others
- Is a “living document” and periodically under review to adjust and refine

## 2016 review process

- Included major work on the ROO chapter, led by ITC, to allow for further precision and distinction between different types of rules
- A new proposal for the ROO chapter was discussed and validated by representatives of the MAST group in October 2016

## 2017 and beyond

- The new revision of the NTM classification will be available in 2017
- ITC will take the lead on the collection and processing of information related to ROO



# Proposed new ROO chapter structure

## O1 Preferential ROO

O11 - Origin criterion (*disaggregation by type of cumulation*)

O111 - Wholly Obtained

O112 - Substantial Transformation (ST): Ad-valorem percentage criterion as **value addition**

O113 - ST: Ad valorem percentage criterion **as value of materials**

O114 - ST: Change in tariff classification **without exception**

O115 - ST: Change in tariff classification **with exception**

O116 - ST: Technical requirement (i.e. specific working or processing)

O117 - Alternative requirements (“or”)

O118 - Cumulative requirements (“and”)

O119 - Other

O12 – Proof of origin

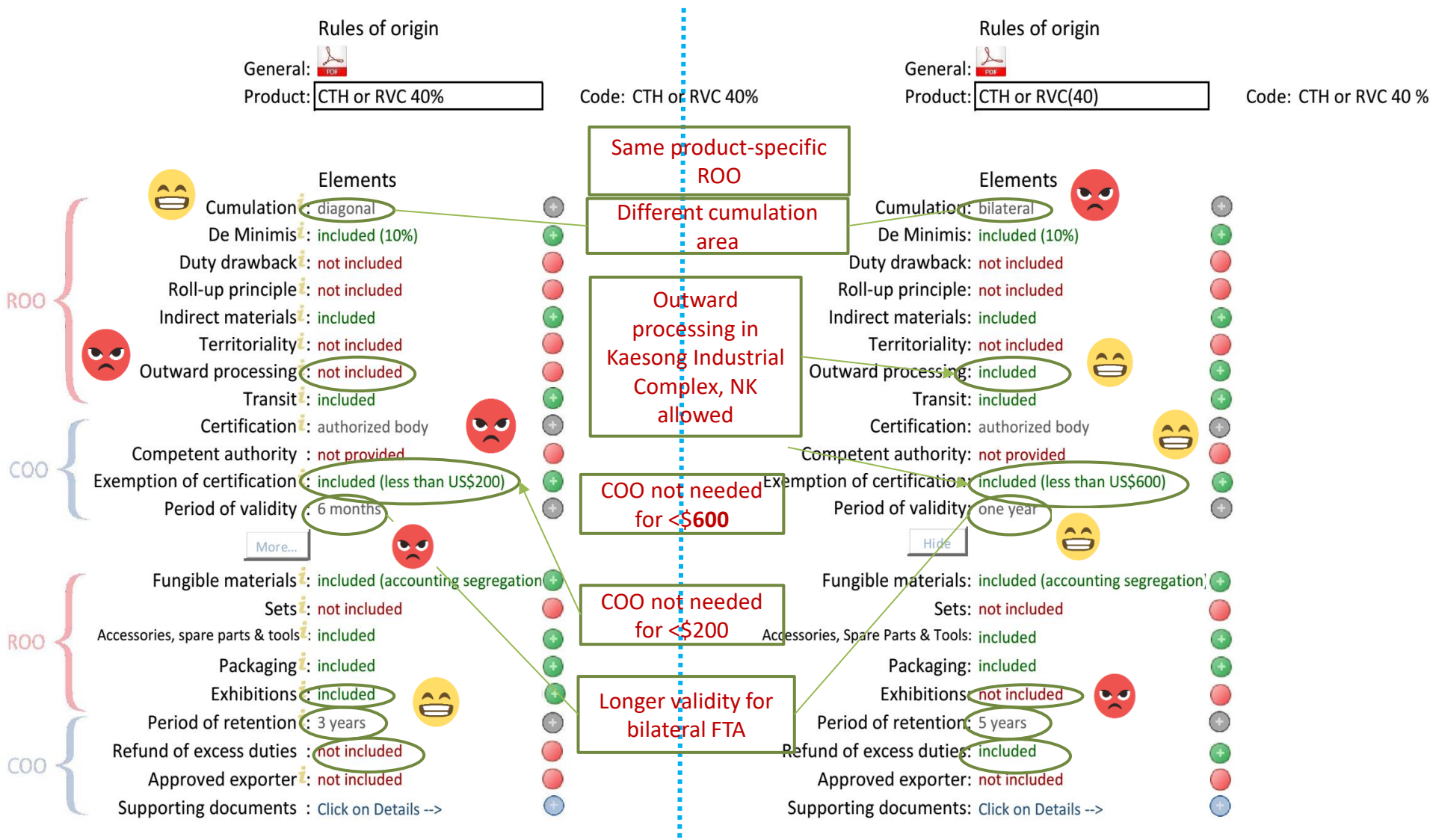
O13 – Proof of direct shipment

## O2 Non-preferential ROO



# Additional source of complication: Same trade flow, same ROO – different provisions

Ex.: CECA, ASEAN-Korea agreement vs. FTA, Vietnam-Korea agreement



# Key messages from NTM Surveys



## Transparency is key

There may be good reasons to have complicated rules or different rules under different agreements; it is however key to stay aware of the different provisions that are already in place – this applies to businesses but also to customs officials and negotiators

## Make trade agreements work

*Having* policies, laws and agreements is one thing – *effectively implementing* them another; there is a need to better monitor what is happening on the ground

## Reduce the cost of preferential access

Simplify procedures related to origin certification (e.g. e-certification; self-certification schemes)

# ITC Survey results online: [www.ntmsurvey.org](http://www.ntmsurvey.org)

**ITC** | NTM Business Surveys  
Giving Small and Medium-sized Enterprises a Voice

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## Navigating Non-Tariff Measures:

An ITC-European Commission study, based on 8100 company interviews in all 28 European Union (EU) countries providing insights on non-tariff measures.

[Read more](#)

### Analyse survey data

Identify what are the major types of regulatory and procedural obstacles to trade that companies face, why they are perceived as burdensome and where do these difficulties occur.

[Learn More](#)

### Compare Countries

Compare the perceptions of different types of companies (sizes and sectors) from various countries on the regulatory and procedural obstacles to trade they face.

[Learn More](#)

### Learn about NTMs

Take an online course to learn more about NTMs and its impact on companies, ITC's programme on NTMs, and results of the NTM business surveys in 23 countries.

[Learn More](#)

# ITC publication series on NTMs



## Navigating non-tariff measures –

Insights From A Business Survey in the European Union (Dec 2016)

## Making Regional Integration Work –

Company perspectives on Non-Tariff Measures in Arab States (2015)

## The Invisible Barriers to Trade –

How Businesses Experience Non-Tariff Measures (2015)

## Country reports

Burkina Faso (French, 2011)

Benin (French, 2017)

Cambodia (English, 2014)

Côte d'Ivoire (French, 2014)

Egypt (English, 2016)

Guinea (French, 2015)

Indonesia (English, 2016)

Jamaica (English, 2013)

Kazakhstan (English, Russian, 2014)

Kenya (English, 2014)

Madagascar (French, 2013)

Malawi (English, 2013)

Mali (French, forthcoming)

Mauritius (English, 2014)

Morocco (French, 2012)

Paraguay (Spanish, 2013)

Peru (English, Spanish 2012)

Philippines (English, 2017)

Rwanda (English, 2014)

Senegal (French, 2014)

Sri Lanka (English, 2011)

State of Palestine (English, 2015)

Thailand (English, 2016)

Trinidad and Tobago (English, 2013)

Tunisia (French, 2014)

Uruguay (Spanish, 2013)



## THE INVISIBLE BARRIERS TO TRADE HOW BUSINESSES EXPERIENCE NON-TARIFF MEASURES



Available from: [www.ntmsurvey.org/publication](http://www.ntmsurvey.org/publication)



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# Thank you for your attention

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