Stakeholder meeting on non-tariff measures applied on Thai exports and imports

Based on the results of the ITC business survey on NTMs (2013 – 2014)

29 October 2014
Bangkok, Thailand
# Agenda

**WEDNESDAY 29 OCTOBER 2014, 08:30 – 16:30**  
ESCAP, UNCC CR4, BANGKOK, THAILAND

**NATIONAL WORKSHOP ON NON-TARIFF MEASURES**

<table>
<thead>
<tr>
<th>Time</th>
<th>Session</th>
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<tbody>
<tr>
<td>08:30</td>
<td>Arrival and registration</td>
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<tr>
<td>09:00</td>
<td>Welcome and opening remarks</td>
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<td>Ministry of Commerce, ITC, ESCAP</td>
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<tr>
<td>09:15</td>
<td><strong>SESSION I: BACKGROUND AND OVERALL RESULTS</strong></td>
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<td>The ITC programme on non-tariff measures and its implementation in Thailand</td>
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<td>09:45</td>
<td>General results of the survey: Trade barriers affecting Thai exporters and importers</td>
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<td>10:30</td>
<td>Coffee break</td>
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<tr>
<td>10:45</td>
<td><strong>SESSION II: SPS AND TBT MEASURES AND RELATED CONFORMITY ASSESSMENT</strong></td>
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<td>12:00</td>
<td>Lunch</td>
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<td>13:30</td>
<td><strong>SESSION III: CUSTOMS CLEARANCE AND BORDER CONTROLS</strong></td>
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<td>14:45</td>
<td>Coffee break</td>
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<td>15:00</td>
<td><strong>SESSION IV: RULES OF ORIGIN AND OTHER TRADE-RELATED MEASURES</strong></td>
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<tr>
<td>16:15</td>
<td>CONCLUSION AND RECOMMENDATIONS</td>
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The ITC Programme on NTMs
Motivation, projects and methodology
The ITC programme on non-tariff measures

Main Objective:
Reduce trade cost by eliminating trade obstacles linked to NTMs.

Key pillars:

‘Official’ NTM data
- Collection, classification and dissemination of NTMs (in collaboration with UNCTAD, World Bank and African Development Bank)
- Integration of data into ITC’s Market Access Map: www.macmap.org
- Data for more than 60 countries available

NTM surveys
- Comprehensive company surveys on NTMs in more than 25 countries
- Understanding the non-tariff obstacles to trade businesses are facing when exporting or importing
- Leading to tailored initiatives to address the identified NTM-related trade obstacles

Lead donor: DFID, UK
The NTM programme 2014 and beyond

Increase country coverage
- 10+ surveys to be conducted in 2015-2016
- Upcoming surveys: Benin, Ecuador, Jordan, Kyrgyzstan, Mali

Ensure impact through follow-up
- Tailored initiatives to address identified trade obstacles (e.g. in Jamaica, Paraguay, Senegal, Sri Lanka, etc.)
- In collaboration with other ITC divisions and sections (e.g. Division of Country Programmes, Export Quality Management…) & international organisations (e.g. WTO STDF)

Develop new initiatives
- Trade obstacles alert mechanism (piloted in Côte d’Ivoire and Mauritius)
- NTM data collection tool and mechanism
- Trade in services project
- Analyzing the buyers’ perspectives on sourcing from developing countries
- Survey database and studies (e.g. on regional integration, women-owned firms etc.)
What are non-tariff measures (NTMs)?

- **Official policy measures on export and import, other than ordinary customs tariffs**, that can potentially have an economic effect on international trade in goods, changing quantities traded, prices or both

- **Mandatory requirements, rules or regulations** legally set by the government of the exporting, importing or transit country (in contrast to private standards which are not legally set)

- **Can affect both export and import**: import vs. export-related measures

- Include technical measures and standards, as well as regulations on customs procedures, para-tariff measures, financial measures, prohibition, etc.
Why do we need the business perspective?: NTMs and other trade obstacles

**NTMs**
Regulations on trade and products, other than tariffs, which may negatively affect the international trade of goods.

**Excessively strict NTMs**
E.g.: pesticides levels set by the EU on imported tomatoes are hard to comply with for Moroccan exporting companies.

**Procedural obstacles (POs)**
E.g.: the analysis required by the EU to test the level of pesticides of imported tomatoes from Morocco is delayed because the laboratory in charge of the analysis in Morocco is overstrained.

**Business environment**: obstacles that are not related to NTMs but hinder international trade. E.g.: lack of port infrastructure.

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Trade obstacles
ITC business surveys on NTMs

- **Business perspective in focus:** Exporters (and importers) have to deal with NTMs and other obstacles on a day-to-day basis – they know best which challenges they face and to which extent they are affected.

- **Direct empirical research through company level surveys:** Surveying directly the business sector in Thailand enables to assess the impact of non-tariff obstacles on products and sectors.

- **In-depth analysis of survey results as diagnostic of the current situation of companies** with regards to NTMs. Results shall help to assess needs and define action plans to overcome obstacles to trade.

- In close collaboration with national and international partners.

- In the framework of ITC’s programme on NTMs.
NTM survey – Methodology

- **Global Methodology**, adjusted to Thailand’s specific requirements
- Confidential
- Focus on exporting and importing companies
- **Representativeness**: covers all export sectors excluding services, minerals and arms. Import sectors also covered.
1. **Phone screens** with all exporting and/or importing companies in the sample
   - **Basic information**: address, main export product, status (exporter, importer or two-way trader), etc.
   - **Structure of the firm**: no. of employees, share of female employees, etc.
   - **NTB experience**: whether any of their products faced restrictive and burdensome regulations or related obstacles to trade during the last 12 months

→ 6-8 minutes

2. **Face-to-face interviews** with companies that report difficulties with NTMs to understand the details of the problems
   - Additional characteristics of the firms such as share of exports in total sales and foreign ownership
   - Exporting and importing activities of the company with all trade products (HS6-level) and partner countries recorded
   - Relevant government-imposed regulations, affected products (6-digit level of the HS), partner countries and the countries applying the regulation (partner, transit or home country), the institution(s) involved, the reasons making the regulation burdensome

→ 50-70 minutes per interview, in-depth discussion
Definitions: NTM case

Export Cases

If measures are applied by partner country

Each case is counted for a unique Company-Product-Measure-Partner level

Example: If both the USA and UK require both Tea and Coffee to be tested before allowing entry

4 NTM Cases
The survey in Thailand is part of a worldwide programme.

As of 1 September 2014:
- **13,700** phone interviews
- **4,500** face-to-face interviews (plus 7 pilot countries)

Legend:
- **Pilot phase: NTM classification testing**
- **NTM survey ongoing / finalized**
- **Under discussion**
Facts on ITC’s NTM survey

• Things to keep in mind…

1. **Perception data**: respondents are asked to report burdensome regulations representing *an impediment* to their exports or imports. They may have different scales for judging what constitutes an impediment (cultural, political, social, economic and linguistic differences);

2. **Incomplete business registers**: As a result, it may be difficult to ensure random sampling within each sector, and a sufficient rate of participation in smaller sectors;

3. **‘Adverse selection’**: *Active* exporters are surveyed, i.e. the ones, which already made it successfully across the border; results hence do not necessarily capture the reasons which prevents many companies from internationalizing in the first place (nor the extent to which this might be the case);

4. **Limited knowledge**: exporters may not know the demand-side constraints behind the borders, e.g. ‘Buy domestic’ campaigns.
And after the surveys? Follow-up examples

**Morocco**: creation of an inter-ministerial steering committee to address the identified obstacles

**Côte d’Ivoire**: continued public-private interaction through the creation of an online trade obstacles alert

**Sri Lanka**: successful application to WTO STDF with a view to improve product quality and cost of exporting

**Mauritius**: elimination of the need for Tea Board clearance of Rooibos tea imports resulting in reduced time for importing

**Jamaica**: request to ITC for assistance in addressing capacity building needs of SMEs as well as customs officials to increase compliance with NTMs and reduce procedural obstacles

**Reduction of NTM-related trade barriers**
SESSION I: BACKGROUND AND OVERALL RESULTS

Survey Implementation in Thailand
Sampling, timeline and objective
NTM Survey Implementation: ITC Collaboration

Collaboration with business associations, chamber of commerce and other stakeholders

Survey Company – Rapid Asia Co. Ltd.
NTM Survey Implementation: Timeline

**July 2013**
- Training of interviewers by ITC staff.
- Rapid Asia Co., Ltd. contracted to implement the survey

**August 2013 – July 2014**
- Implementation of the survey
- 1,067 companies surveyed in phone screening
- 340 companies in detailed face-to-face interviews

**August 2014 – October 2014**
- Quality control of survey data
- Analysis of the data
- First draft of the country report

**Q1 2015**
- Publication of the report “Thailand: Company Perspectives. An ITC Series on NTMs”.
- Initiation of follow up activities

**29 October 2014 (Today)**
- Stakeholder meeting in Bangkok to discuss main findings and policy options
- Public sector inputs to the report
Thailand: NTM Sample Frame

340 companies interviewed face-to-face

1,067 Companies interviewed in phone

+10,000 Registered exporting or importing companies in the country
Surveyed companies, by type (1/3)

**Trade flow**
- Exporting: 68%
- Importing: 5%
- Exporting and Importing: 27%

**Company size**
- Micro: 14%
- Small: 30%
- Medium: 28%
- Large: 26%
- Unspecified: 2%

**Sector (exporters only)**
- Fresh food: 7%
- Processed food: 12%
- Wood products: 8%
- Textiles: 8%
- Chemicals: 12%
- Leather products: 8%
- Basic manufactures: 7%
- Non-electronic machinery: 7%
- IT, consumer electronics, transport equipments: 11%
- Miscellaneous manufacturing: 12%

**Trade flow**
- N = 1,067

**Company size**
- N = 1,067

**Sector (exporters only)**
- N = 1,016

Trade Impact for Good
Surveyed companies, by type (2/3)

- **Years of operation**
  - More than 20 years: 56%
  - 10 to 20 years: 27%
  - 5 and 10 years: 10%
  - 1 to 5 years: 7%

- **Ownership of business**
  - No foreign ownership: 83%
  - More than 50%: 6%
  - Up to 50%: 9%
  - Less than 10%: 13%

- **Revenue from exports as share of company income**
  - More than 70%: 40%
  - 40% to 70%: 26%
  - 10% - 40%: 26%
  - Less than 10%: 13%

Note: Information based on second stage face-to-face interviews
Surveyed companies, by type (3/3)

Gender Perspective

Share of female employees in the company
- More than 90%; 5%
- Less than 10%; 3%
- 10% - 30%; 7%
- 30% - 50%; 22%
- 50% - 70%; 31%
- 70% - 90%; 26%
- Unspecified; 6%

Ownership and management profile of the company
- Owned by a woman; 16%
- Owned and managed by a woman; 15%
- Managed by a woman; 9%
- Unspecified; 1%
- Owned and managed by a man; 59%

N = 1067
Surveyed companies: geographical coverage

Companies from the following cities and town were interviewed:

- Ayutthaya,
- Bangkok,
- Chachoengsao,
- Chiang Mai,
- Chonburi,
- Chumphon,
- Karnchanaburi,
- Krabi,
- Lampang,
- Lamphun,
- Nakhon Pathom,
- Nakhon Ratchasima,
- Nakhon Si Thammarat,
- Nonthaburi,
- Pathum Thani,
- Prachin Buri,
- Rayong,
- Samut Prakan,
- Samut Sakhon,
- Surat Thani,
- Trang,
- Yala,
- Sukhothai, and
- Uttaradit.
Survey Implementation: Challenges faced

• Some instances of difficulties in scheduling appointments with company representatives for the interview;
• Mistrust that interviewers were working for the government or competing firms;
• Some concerns from firms that they were too small for their views to be taken seriously;
• Complaints that questionnaires were long and that they should be mailed or completed faster, which was not possible. A guided discussion is necessary to ensure a detailed and complete information on the difficulties faced by the companies is captured;
Aggregate results

Trade barriers affecting Thai exporters and importers
Share of Thai companies facing difficulties with NTMs

- Affected exporters: 38% (N = 1016)
- Affected importers: 26% (N = 339)
Share of affected companies by country

Share of exporters facing burdensome NTMs

Source: ITC Business Survey (2009-2014)
Companies facing difficulties with NTMs

<table>
<thead>
<tr>
<th>Sector</th>
<th>Affected exporters</th>
<th>Affected importers</th>
</tr>
</thead>
<tbody>
<tr>
<td>TOTAL</td>
<td>38%</td>
<td>26%</td>
</tr>
<tr>
<td>AGRICULTURE</td>
<td>47%</td>
<td>25%</td>
</tr>
<tr>
<td>MANUFACTURING</td>
<td>36%</td>
<td>26%</td>
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</tbody>
</table>

ITC survey in Thailand covered 1016 exporting companies and 339 importing companies.
Aggregate results: NTMs faced by exporters

Overall, 38% of the surveyed exporters reported to have faced difficulties with NTMs.
Aggregate results: NTMs faced by exporters

96% of the reported burdensome NTM cases relate to partner country regulation. (Only 4% of the cases relate to Thai regulations)
NTMs faced by exporters

- Technical requirements: 15%
- Conformity assessment: 30%
- Pre-shipment inspection and other entry formalities: 4%
- Charges, taxes and other para-tariff measures: 2%
- Quantity control measures: 5%
- Finance Measures: 3%
- Price control measures: 1%
- Anti-competitive measures: 2%
- Rules of origin and related certificate of origin: 2%
- Export Related Measures (Thai regulation): 38%

n = 862
Technical requirements
Pre-shipment inspection and other entry formalities
Quantity control measures
Price control measures
Rules of origin and related certificate of origin

Conformity assessment
Charges, taxes and other para-tariff measures
Finance Measures
Anti-competitive measures
Export Related Measures (Thai regulation)
NTMs faced by exporters, by sector

Agro-food
- Technical requirements: 32%
- Conformity assessment: 9%
- Pre-shipment inspection and other entry formalities: 6%
- Charges, taxes and other para-tariff measures: 2%
- Quantity control measures: 2%
- Price control measures: 2%
- Rules of origin and related certificate of origin: 7%

N = 228

Manufacturing
- Conformity assessment: 30%
- Charges, taxes and other para-tariff measures: 4%
- Quantity control measures: 4%
- Finance Measures: 4%
- Anti-competitive measures: 2%
- Export Related Measures (Thai regulation): 1%

N = 635

N = 228

N = 635
Why NTMs are a burden to exporters

Total NTM cases = 862

Reason why exporters face difficulties with NTMs:
- Due to related procedural obstacles: 53%
- The measure is too strict or difficult to comply with: 16%
- Both: 31%

Where do the procedural obstacles occur:
- Partner (importing) country: 23%
- Transit country: 1%
- Thailand: 76%

Total PO cases = 1179
Procedural Obstacles faced by exporters in Thailand

Total PO cases occurring in Thailand = 897

- Large number of different documents
- Documentation is difficult to fill out
- Numerous administrative windows or organizations involved, redundant documents
- Information on selected regulation is not adequately published and disseminated
- Arbitrary behavior of officials
- Delay related to reported regulation
- High fees and charges for reported certificate or regulation
- Limited or inappropriate facilities
- Problems with international recognition
- Informal payment
- Other procedural obstacles
Do shipping agents help?

Who is in charge of the export process?

- Company itself: 52%
- Specialized forwarding or shipping company: 47%
- Other: 1%

Share of companies facing burdensome NTMs

- Company itself: 44%
- Specialized forwarding or shipping company: 34%
- Overall: 38%
Perception of Importers

Type of NTMs faced in Thailand

- Technical requirements: 35%
- Conformity assessment: 12%
- Pre-shipment inspection and other entry formalities: 13%
- Quantity control measures: 5%
- Price control measures: 23%

N = 40

POs experienced in Thai Agencies

- Arbitrary behavior of officials regarding classification and valuation of the reported product: 34%
- Delay related to reported regulation: 15%
- Documentation is difficult to fill out: 2%
- Informal payment: 2%
- Large number of different documents: 2%
- Limited/inappropriate facilities for testing: 2%
- Numerous administrative windows/organizations involved, redundant documents: 2%
- Other problems with international recognition: 4%
- Selected regulation changes frequently: 4%
- High fees and charges for reported certificate/regulation: 4%
- Other procedural obstacles, please specify: 4%

N = 47

ITC
# Perception on Business Environment in Thailand

## Companies who find the given business environment hindering their businesses

<table>
<thead>
<tr>
<th>Issue</th>
<th>Percentage</th>
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<tbody>
<tr>
<td>Time delays</td>
<td>66%</td>
</tr>
<tr>
<td>Inconsistent/ arbitrary behavior of officials</td>
<td>50%</td>
</tr>
<tr>
<td>Lack of access to information, no enquiry point</td>
<td>42%</td>
</tr>
<tr>
<td>Complex clearance mechanism</td>
<td>40%</td>
</tr>
<tr>
<td>Lack of human resources in the agencies</td>
<td>40%</td>
</tr>
<tr>
<td>Lack of access to inputs for production</td>
<td>39%</td>
</tr>
<tr>
<td>Limited transportation system</td>
<td>29%</td>
</tr>
<tr>
<td>Lack of electronic/ computerized procedures</td>
<td>25%</td>
</tr>
<tr>
<td>Lack of accessible business oriented legal support</td>
<td>25%</td>
</tr>
<tr>
<td>Low security level for persons and goods</td>
<td>18%</td>
</tr>
<tr>
<td>Ineffective legal enforcement</td>
<td>16%</td>
</tr>
<tr>
<td>Limited or lack of access to trade finance services</td>
<td>16%</td>
</tr>
<tr>
<td>Lack of accredited testing laboratories</td>
<td>14%</td>
</tr>
<tr>
<td>Problems with electricity supply</td>
<td>13%</td>
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<tr>
<td>Road blocks and checkpoints</td>
<td>13%</td>
</tr>
<tr>
<td>Lack of storage facilities, including cooling</td>
<td>12%</td>
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<td>12%</td>
</tr>
</tbody>
</table>

## How the conditions have changed in the last 5 years

<table>
<thead>
<tr>
<th>Issue</th>
<th>Improved</th>
<th>Remained the same</th>
<th>Deteriorated</th>
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</thead>
<tbody>
<tr>
<td>Time delays</td>
<td>22%</td>
<td>65%</td>
<td>13%</td>
</tr>
<tr>
<td>Inconsistent/ arbitrary behavior of officials</td>
<td>15%</td>
<td>68%</td>
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<td>63%</td>
<td>7%</td>
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<td>15%</td>
<td>74%</td>
<td>11%</td>
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*ITC*
SESSION II: SPS / TBT MEASURES

SPS/TBT MEASURES AND RELATED CONFORMITY ASSESSMENT

Perception of exporters on quality requirements
Presentation Outline

• NTM and Quality Requirement
  ➢ Applied by Thailand’s Partner Countries
  ➢ Applied by Thai Authorities

• Company Perceptions on Quality Requirement
  ➢ Agricultural Exporters
  ➢ Manufacturing Exporters

• Policy Options and Recommendations
Thai Exporters indicated that they feel more obstacles from the NTMs applied by trading partner countries rather than those applied by Thailand. 2014 ITC NTM survey showed that more than 95% of these reported NTM cases (824 cases) concern regulations applied by partner countries, while only 5% (38 cases) relate to NTMs applied by Thailand.
NTM and Quality Requirements
--Applied by Thailand’s Partner Countries

• According to the ITC, **technical requirements** (related to product-specific properties) added with **conformity assessment** (measures that determine whether a product or process complies with a technical regulation) are the major burdensome NTMs hindering the exports growth from Thai companies to partner countries.

• Thai exporters face more problems solving their compliance with regulations (32%) than with the regulations themselves (15%).

NTM and Quality Requirements --Applied by Thailand’s Partner Countries

• SMEs are proportionally more vulnerable to conformity assessment than large companies. This may because of the capacity limits by the company size.

A large portion of NTMs are applied by Thailand’s big regional partner countries including ASEAN (20.5%), EU28 (23.4%), the U.S. (6.7%), Japan (9.5%) and China (6.5%), which may due to the frequent trade flows to these markets.
NTM and Quality Requirements
--Applied by Thai Authorities

• ITC survey showed **only few cases of burdensome regulations were made by Thai authorities**, and over a half of them were actually on account for other reasons such as red tapes hampering the Thai exports.

Company Perceptions on Quality Requirement
-- Agricultural Exporters

Agricultural exporters faced the most difficulties with technical measures applied by partner countries. They faced more problems with technical requirement compared to conformity assessment.

- Technical requirement is especially burdensome for fish, crustaceans, mollusks and other aquatic invertebrates and cereal preparations and preparations of flour or starch or fruits or vegetables.

- Compared to large agricultural exporters, small and medium agricultural exporters suffered the most from conformity assessment.

- Less affected by the technical measures in China, Japan and ASEAN probably due to the signed Free Trade Agreement, but more affected by EU28 mainly because of the strict EU regulations on food safety and related conformity assessments.
Company Perceptions on Quality Requirement
-- Agricultural Exporters (Cases Studies)

Strict EU regulations on food safety and conformity assessment:
- Processed seafood exporters find it difficult to meet the tolerance limit of chemical substances and they need to provide HACCP certificate attesting the safety and quality standards of the company.

Specific requirements on packaging and fumigation requirements:
- Rice and fresh food exporters are required to fumigate and pack their products in plastic sacks if exporting to Australia and New Zealand.

Insufficient information of quality and safety requirements of some certain countries:
- Processed food exporters emphasized that they are struggling to find relevant information in South Africa, Nepal, South Korea, Papua New Guinea, Bangladesh, and Nigeria.

High standard of costly specified testing and technical inspections:
- Fresh food exporters find some countries (such as EU and the U.S) only accept its own testing and inspections which cost both money and time.
Different from agricultural exporters, manufacturing exporters faced more problems with conformity assessment rather than technical requirements.

- Technical requirement is burdensome for furniture and parts; whereas **conformity assessment** is more troublesome for perfumery, cosmetic, or toilet preparations, soap, cleansing, and polishing preparations, and foot wares.

- Compared to large agricultural exporters, **small and medium manufacturing exporters** suffered the most from conformity assessment.

- More affected by **ASEAN** and **EU28**.
Company Perceptions on Quality Requirement
-- Manufacturing Exporters (Cases Studies)

**Inspection on the production process on labor standards:**
- Exports of hi-ball or tumbler, stem glass, pitcher, bowl, and vase to the U.S. need to be provided with the proof of production process on labor standard

**Mandatory requirements of providing bio-degradable certificates by assigned bodies:**
- Exports of furniture to Europe are forced to provide bio-degradable certificates- the Belgian EN 13432 and the American ASTM

**Testing for dangerous chemicals residues:**
- Exports of leather to the U.S. are required to testing products for dangerous chemicals residues and these testing should be done in the labs of the U.K or the U.S.

**Lack of information on conformity assessment:**
Exports of furniture to Canada require the certificate of Technical Standard and Safety Authority (TSSA), but how to obtain the information is at loss
Policy Options and Recommendations

- **Better and More Frequent Communication**
  - Thai government and private sectors are encouraged to communicate more to fill in the gap between public expectation and the government’s capacity to deliver.

- **Online information-sharing and Online licensing Registration**
  - It is suggested that both the Thai government and other countries can use more online information and online licensing registration to cut down services time and broaden services to a wider range of companies.

- **More complied with the technical requirements**
  - Private sectors need to prepare more and comply with the important technical requirements before they decide to export to the targeted countries.
SESSION III: CUSTOMS CLEARANCE AND BORDER CONTROLS

CUSTOMS CLEARANCE AND BORDER CONTROLS
Perception of exporters on customs clearance and border control in Thailand and partner countries
Presentation Outline

• Customs Clearance and Border Controls
  ➢ Exporter Perspectives
  ➢ Importer Perspectives

• Perceptions of Thai Exporters
  ➢ Agricultural Exporters
  ➢ Manufacturing Exporters

• Policy Options and Recommendations
Custom Clearance and Border Controls
-- Exporter Perspectives

• Custom clearance and border controls are regarded the major Procedural Obstacles (POs) confronting the Thai exporters.

• The PO cases happened more in Thailand (897 cases) than in partner countries (282 cases) [Thai exporters reported 1,179 PO cases during the 2014 ITC NTM Survey].
Custom Clearance and Border Controls -- Exporter Perspectives

• Delay related to reported regulation (342 cases), unusually high fees and charges for reported certificate/regulation (281 cases), and large number of different documents (217 cases) were the most frequent POs experienced in Thailand and partner countries:

1. In Partner Countries, the most frequent POs is the “unusually high fees and charges” (35%, 99 cases);

2. In Thailand, the most frequent Pos is the delay related to reported regulation (29%, 261 cases).
2014 ITC NTM also indicated that among 85 importer interviewees in Thailand (83 are exporting and importing companies), 48 PO cases were recorded (47 cases in Thailand and one in partner country).

Different from the feedback of exporters, arbitrary behavior of officials regarding classification and valuation of the reported product is the largest obstacles (34%, 16 cases), followed by delay related to reported regulation (22%, 10 cases).

** Suggest for reforms in customs procedure with respect to transparency and standardization of procedure **
Perceptions of Thai Exporters
--Agricultural Exporters

• For agricultural exports, according to the 2014 ITC NTM survey, 312 POs cases were reported, more cases caused by Thai authorities (195 cases) than happened in partner and/or transit countries (117 cases):

Examples: Agricultural exports to countries in the Middle East and North Africa through the customs, all documents have to be attested and cleared by the embassy of respective countries, leading to high costs and delays.

Malaysian authorities does not allow the import of Thai rice or rice flour in the part of the country that shares a border of with Thailand.
### Perceptions of Thai Exporters

#### Agricultural Exporters

Most common obstacles for Thailand and partner and transit countries:

- High fees and charges for reported certificate/regulation
- Delay related to reported regulation
- Large number of different documents

SMEs suffer most.

### Table: POs and inefficient business environment

<table>
<thead>
<tr>
<th>Obstacle</th>
<th>Thailand (and agencies involved, if specified)</th>
<th>Partner or transit countries</th>
<th>Subtotal</th>
</tr>
</thead>
<tbody>
<tr>
<td>A1. Large number of different documents</td>
<td>FDA - Thailand (10), Ministry of Commerce (4), UAE Embassy (4), Department of Fisheries (1), Department of Foreign Trade (2), Department of Internal Trade (1), Mancoolinstitute of Nutrition (1), Private Lab (2), Thai Chamber of Commerce And Board of Trade (4), Thai Customs (1), Thai Industrial Standards Institute (10)</td>
<td>Canada (1), Switzerland (1), United States of America (3),</td>
<td>45</td>
</tr>
<tr>
<td>D1. Delay related to reported regulation</td>
<td>Ministry of Commerce (6), UAE Embassy (4), Central Lab - Chiang Mai (2), Department of Agriculture (7), Department of Fisheries (2), Department of Foreign Trade (5), Department of Science Service (1), FDA - Thailand (3), Fumigation Company (2), Ministry of Commerce (1), Ministry of Foreign Affairs (1), Ministry of Public Health (4), Others (1), Private Lab (2), Thai Chamber of Commerce And Board of Trade (4), Thai Customs (5)</td>
<td>Australia (1), Austria (3), Canada (2), China (1), France (3), Germany (2), Indonesia (2), Italy (2), Japan (1), Malaysia (1), Philippines (1), Romania (1), Russian Federation (1), Turkey (1), Egypt (2), United Kingdom (1), United States of America (1),</td>
<td>77</td>
</tr>
<tr>
<td>E1. Unusually high fees and charges for reported certificate/regulation</td>
<td>FDA - Thailand (10), Central Lab - Chiang Mai (2), Department of Agriculture (2), Department of Science Service (1), FDA - Thailand (5), Fumigation Company (2), Indonesian Customs (1), Malaysian Hotel Food Agency (1), Ministry of Public Health (1), Others (2), Thai Customs (1), Thai Industrial Standards Institute (10), US FDA (1)</td>
<td>Australia (1), Austria (3), Canada (4), China (2), France (5), Germany (3), Hong Kong, China (2), Indonesia (1), Iran (Islamic Republic of), (4), Iraq (1), Italy (1), Japan (1), Jordan (1), Libyan Arab Jamahiriya (2), Malaysia (1), Philippines (1), Russian Federation (1), Switzerland (1), Syrian Arab Republic (1), United Arab Emirates (3), Egypt (2), United Kingdom (3), United States of America (3),</td>
<td>68</td>
</tr>
</tbody>
</table>

Perceptions of Thai Exporters

--Manufacturing Exporters

- POs occurred more in manufacturing exports rather than agricultural exports.

- According to the 2014 ITC NTM survey, 867 POs cases were reported, more cases caused by Thai authorities (702 cases) than happened in partner and/or transit countries (165 cases):
Perceptions of Thai Exporters

--Manufacturing Exporters

<table>
<thead>
<tr>
<th>Obstacle Description</th>
<th>Number of Exporters</th>
</tr>
</thead>
<tbody>
<tr>
<td>Most common obstacles for Thailand and partner and transit countries</td>
<td>172</td>
</tr>
<tr>
<td>High fees and charges for reported certificate/regulation</td>
<td>29</td>
</tr>
<tr>
<td>Numerous administrative windows/organizations involved</td>
<td>60</td>
</tr>
<tr>
<td>Delay related to reported regulation</td>
<td>52</td>
</tr>
<tr>
<td>Large number of different documents</td>
<td>213</td>
</tr>
</tbody>
</table>

SMEs suffer most.

Policy Options and Recommendations

1. Suggested reform on the customs system for efficiency improvement

- Simplifying and harmonizing customs procedures;
- Encouraging the use of technologies and e-commerce as productivity tools in keeping with developments of the new economy;
- Enhancing cross-border co-operation in the movement of goods and services.
Policy Options and Recommendations

2. Fully use single window initiatives, FTAs and other trade agreement

- Thailand should fully implement her National Single Window and ASEAN Single Window initiatives;
- Thailand’s growing involvement in FTAs with other countries help eliminate the procedural barriers. Private sectors, under the guidance of Thai government and other organization should learn how to better utilize the FTAs for business expansion.
SESSION IV: RULES OF ORIGIN AND OTHER TRADE-RELATED MEASURES

RULES OF ORIGIN AND OTHER TRADE-RELATED MEASURES

Company experiences with rules of origin and other trade-related measures
Presentation Outline

• RoOs and other Trade Related Measures
  ➢ Exporter Perspectives
  ➢ Importer Perspectives
  ➢ RoOs and Thailand’s FTAs

• Companies’ Experience
  ➢ Agricultural Companies
  ➢ Manufacturing Companies

• Policy Options and Recommendations
RoOs and other Trade Related Measures - Exporter Perspectives

• Complaints regarding **rules of origin and other trade related measures in partner countries** (such as taxes, charges, quantity controls and finance measures) account for over a half of problems reported by Thai exporter interviewees.

Providing origin turns out to be a challenge for Thai exporters due to complexity of rules, high compliance costs, and delays involved in getting the relevant documents.

RoOs and other Trade Related Measures
-Exporter Perspectives

• Complaints about other burdensome trade related measures setting back the Thai exports caused by Thai authorities take up over a half of the reported cases.

• These measures include export inspections (24%), licensing or permit to export (16%), other export related measures (16%), and export registration (13%).
RoOs and other Trade Related Measures
-Importer Perspectives

• Thai importers face with the challenges of rules of origin and related certification of origin (14 cases, 35%) and other burdensome NTMs include pre-shipment inspection and other entry formalities (9 cases, 23%).

RoOs and Thailand’s FTAs

• **Importance of RoOs to Thai trade along with rising number of FTAs**
  -- To benefit from these preferential tariffs in various FTAs which Thailand involved, Thai exporters must certify that their product was made in Thailand or that adequate value addition has taken place.

• **Thai exporters and importers indicated multiple RoOs in Thailand’s FTAs added business costs (time, money and labor)**
  -- More complexity in product manufacturing and processing, more difficult for the companies to address multiple RoOs.
  -- The **deeper market penetration** a company has, the much easier it can take advantage of FTAs and prove origin of goods.
Companies’ Experience
-- Agricultural Exporter Companies

• Rules of origins, along with other trade-related measures which happened in partner countries affected more Thai exporters compared to those caused by Thai authorities.

<table>
<thead>
<tr>
<th>In Partner Countries</th>
<th>By Thai Authorities</th>
</tr>
</thead>
<tbody>
<tr>
<td>NTM (Chapter)</td>
<td>Number of reported NTM cases</td>
</tr>
<tr>
<td></td>
<td>PA1. Export inspection</td>
</tr>
<tr>
<td>C. Pre-shipment inspection and other entry formalities</td>
<td>1</td>
</tr>
<tr>
<td>D. Charges, taxes and other para-tariff measures</td>
<td>7</td>
</tr>
<tr>
<td>E. Quantity control measures</td>
<td>10</td>
</tr>
<tr>
<td>G. Price control measures</td>
<td>4</td>
</tr>
<tr>
<td>O. Rules of origin and related certificate of origin</td>
<td>1</td>
</tr>
</tbody>
</table>

Companies’ Experience
-- Agricultural Importer Companies

• Safeguard/anti-dumping duties and rules of origin and related certificate of origin are most common with 3 and 2 cases respectively to burden the Thai agricultural importers.
Companies’ Experience
-- Agricultural Companies

• Apply to the process of obtaining the relevant certificate of origin from the Department of Foreign Trade at the Ministry of Commerce.

• Most common complaints include time required by the Ministry to process the request, the complexity of the process, and the different HS code of the product specified in the certificate of origin.

**Case Study:** An exporter of processed food to Korea complained that given the HS code for Thailand is not updated, it does not match Korean HS code and thus the company should negotiate with partner company to send original copy of purchase order.
Companies’ Experience -- Agricultural Companies

• Apply mostly to rice, vegetables, and feeding stuff for animals.

• Ministry of Commerce in Thailand specifies that these control vegetables must go through inspections and obtain a health certificate before exporting.

Case Study: An exporter of fresh food to the Netherlands indicated that the Thai Ministry of Agriculture and Cooperatives announced 13 controlled vegetable list (high risk of photochemical/phytotoxins) for exports to the Netherlands.
Companies’ Experience -- Agricultural Companies

- Apply mostly to rice, fruit and nuts, tea and maté, and edible products and preparations.
- Some countries have quantitative limitations on imports due to the demand of protecting domestic industries.

**Cases Studies:** Indonesia allegedly imposes a quota of 1 container (down from previously 3 containers) for imports of onions and durians.

A rice exporter complained that the Thai Department of Internal Trade requires that rice exporters must obtain export license. The requirement to get the license is very strict and includes a large number of documents submission.
Companies’ Experience
-- Manufacturing Exporter Companies

• Manufacturing sectors, in particular, face the bigger number of burdensome NTMs in rules of origin and certificate of origin (52%, 317 cases) caused by partner countries than by Thai authorities (more issues on export inspection and certification, export licenses and quantitative restrictions as well as taxes and charges).

In Partner Countries

<table>
<thead>
<tr>
<th>NTM (Chapter)</th>
<th>Measure too strict or difficult</th>
<th>Due to related procedural obstacles</th>
<th>Both</th>
</tr>
</thead>
<tbody>
<tr>
<td>C. Pre-shipment inspection and other entry formalities</td>
<td>5</td>
<td>7</td>
<td>2</td>
</tr>
<tr>
<td>D. Charges, taxes and other para-tariff measures</td>
<td>1</td>
<td>10</td>
<td>13</td>
</tr>
<tr>
<td>E. Quantity control measures</td>
<td>5</td>
<td></td>
<td></td>
</tr>
<tr>
<td>F. Finance Measures</td>
<td>1</td>
<td>10</td>
<td>3</td>
</tr>
<tr>
<td>G. Price control measures</td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>H. Anti-competitive measures</td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>O. Rules of origin and related certificate of origin</td>
<td>28</td>
<td>184</td>
<td>95</td>
</tr>
</tbody>
</table>

By Thai Authorities

<table>
<thead>
<tr>
<th>NTM (Chapter)</th>
<th>Measure too strict or difficult</th>
<th>Due to related procedural obstacles</th>
<th>Both</th>
</tr>
</thead>
<tbody>
<tr>
<td>PA1. Export inspection</td>
<td>5</td>
<td></td>
<td>3</td>
</tr>
<tr>
<td>PA2. Certification required by the exporting country</td>
<td>1</td>
<td></td>
<td>1</td>
</tr>
<tr>
<td>PA9. Other export technical measures</td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>PB1. Export prohibitions</td>
<td></td>
<td></td>
<td>1</td>
</tr>
<tr>
<td>PB3. Licensing or permit to export</td>
<td>4</td>
<td></td>
<td>1</td>
</tr>
<tr>
<td>PB4. Export registration</td>
<td></td>
<td></td>
<td>2</td>
</tr>
<tr>
<td>PC0. Export taxes and charges</td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>PE0. Measures on re-export</td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>PZ0. Other export related measures</td>
<td></td>
<td></td>
<td>1</td>
</tr>
</tbody>
</table>
Companies’ Experience  
-- Manufacturing Importer Companies

- Rules of origin and related certificate of origin and pre-shipment inspections are most common with 12 cases (40%) and 9 cases (33%) respectively to burden the Thai manufacturing imports.

<table>
<thead>
<tr>
<th>NTM (Chapter)</th>
<th>Measure too strict or difficult</th>
<th>Due to related procedural obstacles</th>
<th>Both</th>
</tr>
</thead>
<tbody>
<tr>
<td>A. Technical requirements</td>
<td>2</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>B. Conformity assessment</td>
<td></td>
<td>3</td>
<td>1</td>
</tr>
<tr>
<td>C. Pre-shipment inspection and other entry formalities</td>
<td>1</td>
<td>6</td>
<td>2</td>
</tr>
<tr>
<td>E. Quantity control measures</td>
<td>1</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>G. Price control measures</td>
<td>2</td>
<td></td>
<td></td>
</tr>
<tr>
<td>O. Rules of origin and related certificate of origin</td>
<td>1</td>
<td>9</td>
<td>2</td>
</tr>
<tr>
<td><strong>Grand Total</strong></td>
<td><strong>5</strong></td>
<td><strong>21</strong></td>
<td><strong>6</strong></td>
</tr>
</tbody>
</table>

Companies’ Experience
-- Manufacturing Companies

• **Particular for exporters** of perfumery, cosmetic, or toilet preparations trunks, suitcases, vanity cases, executive cases, car parts and articles of plastics.

• Almost all of these cases relate to the **process of obtaining the relevant certificate of origin** from the Department of Foreign Trade at the Ministry of Commerce.

• Another highlight is the **HS code of the product specified in the certificate of origin and related forms**.

**Cases Studies:** An exporter of wood products to United Arab Emirates, for example, complained about the requirement of UAE to declare the origin of all wooden parts used in the product.

An exporter of textiles to Japan complained about the different HS codes between Thailand and Japan which in turn caused difficulty in the documentation process.
Companies’ Experience
-- Manufacturing Companies

Lengthy Process

• Long time processing by the authorities to check the import quota or process the relevant documents.

Case Study: An importer of textiles from China complained about the lengthy process (6-month) it took for the Ministry of Agriculture to check the quota the company can import silks from China.

Price Control Measures

• Some countries use price control policies to protect their domestic industries and drive up their competitiveness.

Case Study: An importer of hot rolled iron/steel, for example, complained about the anti-dumping/safeguard duties applied to steel products from China, South Korea, Vietnam, and Taiwan, which increases production price for the company.
Policy Options and Recommendations

More online systems are encouraged to be applied that can deal with the wider requests for certificates of origin.

More trainings to the relevant stakeholders in both public sectors and private sectors to better acknowledge the use of multiple RoOs within Thailand’s FTAs.

The government is suggested to accelerate the harmonization of HS code with partner countries to help fasten the process of certification of origin issuance.
SESSION V

CONCLUSION & RECOMMENDATION