

JAMAICA: COMPANY PERSPECTIVES

AN ITC SERIES ON
NON-TARIFF MEASURES



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Country report, part of a series of publications assessing the impact of Non-Tariff Measures (NTMs) on the business sector, based on a large-scale survey conducted in Jamaica with companies directly reporting burdensome NTMs and the reasons why they consider them to be trade barriers; analyses survey findings and compares them to other sources on NTMs to identify regulatory, procedural and infrastructural obstacles in Jamaica and its partner countries; covers fresh and processed agro-based products including coffee, alcoholic beverages and other vegetables and manufacturing sectors; outlines policy options discussed at stakeholder meeting; includes NTM classification, and bibliographical references (pp.79-80).

Descriptors: Jamaica, Non-Tariff Measures, Trade Policy, SMEs.

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English

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Note

Unless otherwise specified, all references to dollars (\$) are to the United States dollars, and all references to tons are to metric tons.

The following abbreviations are used:

ADSC	Anti-Dumping and Subsidies Commission
ASEAN	Association of Southeast Asian Nations
ASTM	American Society for Testing and Materials
ASYCUDA	Automated SYstem for CUstoms DAta
BSJ	Bureau of Standards Jamaica
BSO	Business support organization
CARIBCAB	Caribbean-Canada Preferential Trading Agreement
CARICOM	Caribbean Community
CARIFORUM	Caribbean Community plus Dominican Republic
CET	Common external tariff
CITES	Convention on International Trade in Endangered Species of Wild Fauna and Flora
COTED	Council for Trade and Economic Development
CROSQ	CARICOM Regional Organisation for Standards and Quality
EC/BIPs	Export centres/Business information points
EIEA	Export Industry Encouragement Act
EU	European Union
FAO	Food and Agriculture Organization
FCORs	French Caribbean Outermost Regions
FDA	Food and Drug Administration
FTA	Free Trade Agreement
GDP	Gross domestic product
HACCP	Hazard Analysis Critical Control Points
IADB	Inter-American Development Bank
ICT	Information and communications technology
IMF	International Monetary Fund
IPPC	International Plant Protection Convention
ISO	International Organization for Standardization
ITC	International Trade Centre
JAMPRO	Jamaica Promotions Corporation
JEA	Jamaica Exporters' Association
JTI	Jamaica Trade and Invest
MAST	Multi-Agency Support Team
MERCOSUR	Southern Common Market
MFAFT	Ministry of Foreign Affairs and Foreign Trade
MFN	Most favoured nation
MIIC	Ministry of Industry Investment & Commerce
MRAs	Mutual Recognition Agreements
MSMEs	Micro, small and medium-sized enterprises
NAFTA	North American Free Trade Agreement
NEPA	National Environment and Planning Agency

NES	National export strategy
NIST	National Institute of Standards and Technology
NRCA	National Resources Conservation Authority
NTB	Non-tariff barrier
NTMs	Non-tariff measures
OECD	Organisation for Economic Co-operation and Development
OIE	World Organisation for Animal Health
PIOJ	Planning Institute of Jamaica
POs	Procedural obstacles
PSDP	Private Sector Development Programme
SAARC	South Asian Association for Regional Cooperation
SMEs	Small and medium-sized enterprises
SPS	Sanitary and phytosanitary
TBE	Trade-related business environment
TBT	Technical barriers to trade
UNCTAD	United Nations Conference on Trade and Development
WHO	World Health Organization
WTO	World Trade Organization

Executive summary

Introduction of non-tariff measures

Across the world, trade tariffs are at an historical low and some would even argue that never before has trade been freer. But while there has been a dramatic increase in trade liberalization over the past few decades, there has been a rise in non-tariff measures (NTMs). To some extent these are offsetting the benefits that one normally would associate with freer trade.

For example, increased health and environmental awareness among consumers has led to growing demand for better information on products – both on imported and domestically produced goods. As a result, many countries have implemented measures that seek to regulate and guard against the trading of harmful products. While such measures are not necessarily put in place as a protectionist measure, many countries argue that that is in fact the effect of such NTMs.

Such regulations vary from country to country and are becoming increasingly difficult for producers and exporters to deal with administratively and financially. The World Trade Organization (WTO), the main international body regulating global trade, seeks to ensure that regulations, standards, testing and certification procedures do not create unnecessary obstacles, but research shows that such obstacles continue to be a major concern.

The International Trade Centre (ITC), a joint agency of the WTO and the United Nations, is actively working towards alleviating problems associated with NTMs. Among its main efforts are large-scale surveys of companies, particularly in developing and emerging economies, in which information is collected from exporters and importers on the types of NTMs they face. These surveys also look at the reasons why NTMs are burdensome. NTMs include a vast range of measures affecting the export and import of goods that can potentially have an economic effect on international trade by changing quantities traded, or prices or both. ITC's surveys on NTMs are comprehensive and also examine related procedural obstacles (POs) and inefficiencies of the trade-related business environment (TBE).

Country context of Jamaica

As a WTO member, Jamaica has made repeated attempts at capitalizing on the expected economic and social benefits from increased trade liberalization. Still, Jamaica has yet to achieve the desired social and economic development it seeks and its economy continues to be vulnerable. Jamaica continues to suffer from large trade deficit, it has a high debt-to-GDP (gross domestic product) ratio, and unemployment continues to grow.

As many other developing countries, Jamaica is a net importer of food and products used in its domestic industries. While the Government has actively pursued tight economic policies to address large-scale fiscal and balance of payments gaps, much more is needed to bring the country onto the right economic path. As a member of the Caribbean Community (CARICOM), Jamaica is signatory to a number of trade agreements, giving its exporters increased access to many neighbouring markets. In addition to the social and economic challenges facing Jamaican companies, problems associated with NTMs – both at home and in partner countries – continue to prevent them from fulfilling their export potential.

NTM survey implementation

In partnership with Jamaica's Ministry of Foreign Affairs and Foreign Trade, this ITC survey on NTMs was carried out between August 2011 and February 2012. With a view to also increase local capacities and skills, the survey was implemented by a Jamaica-based consultancy company, A-Z Information Jamaica Limited. Before the launch of the survey, the company's officers were trained by ITC experts on both NTMs and the NTM survey methodology.

A list of 680 exporting companies and 3,785 importing companies was prepared by ITC, covering firms across Jamaica's 14 parishes. In addition to the list provided by ITC, companies were also randomly selected from the local business directory as well as the membership lists of Jamaica's main business support organizations.

A total of 608 companies participated in complete telephone interviews. Of these 25% were exporting only, 25% were both exporting and importing and 50% were importing only. As a requirement of the survey, all interviewed companies were asked if they faced any burdensome regulation that affected their export or import processes.

Some 210 companies (i.e. approximately 35% of interviewed companies) indicated that they faced burdensome NTMs and were subsequently asked to participate in a follow up face-to-face interview. Detailed face-to-face interviews were then conducted with 122 firms across various industries including the food, fisheries, forestry and wood, and metal and other basic manufacturing sectors. The survey also covered other manufacturing industries such as chemicals, textiles and clothing, plastic and producers of rubber-based products. Companies within the arms and mining sector were excluded. The face-to-face interviews included a series of questions, each aimed at categorizing companies by years in operation and annual turnover. Product-partner trade flows (that is, the trade of companies' trade with other countries) were then recorded for each exported or imported product, while identified NTMs and POs were examined on a case-by-case basis.

Aggregate results and cross-cutting issues

Overall, 41% of exporting companies and 25% of importing companies interviewed faced burdensome NTMs. To a large extent, NTMs reported by Jamaican enterprises varied from sector to sector.

Among exporters, the highest incidence of burdensome NTMs (57%) was reported in the metal and other basic manufacturing sector. Companies attributed this to heavy regulation placed on the scrap metal sector by the Jamaica government in July 2011 intended to minimize illegal activities committed by some exporters when sourcing goods for export. Companies within Jamaica's agricultural sector also reported a high incidence of NTMs (49%), while exporters of miscellaneous manufactures (28%), chemicals (24%) and other sectors (15%) indicated that they were less affected by NTMs.

Among importers, the companies in the agricultural sector faced the highest incidence of NTMs (processed food and agro-based products 40% and fresh food and raw agro-based products 35%). Sectors facing the least numbers of NTMs included miscellaneous manufacturing (17%) and 'other sectors' (15%).

Detailed face-to-face interviews revealed that the greatest proportion of NTMs affecting exports in partner countries were technical regulations (35%). These commonly define the product characteristics, technical specifications of a product or the production process and post-production treatment. Companies are also burdened by conformity assessments (23%). These are import-related measures determining whether a product or a process complies with a technical requirement specified. For importers, the most frequently observed NTM was burdensome charges, taxes and other para-tariff measures applied by domestic authorities. These represented 46% of total NTMs reported.

In absolute terms, most NTM cases were reported to be applied by the United States of America, Jamaica's main trading partner. This finding is not unexpected as the majority of the companies that participated in face-to-face interviews exported to this destination. Other main markets accounting for large numbers of NTMs included Canada and the United Kingdom. More significant was the fact that Jamaica's neighbouring states and CARICOM partners – especially Barbados and Antigua and Barbuda – accounted for a high number of NTMs.

But Jamaican firms encountered a range of NTMs at home when dealing with several national government agencies. The most frequent NTM encountered was export inspections. Export inspections were mainly problematic because of the large number of POs that include delays, associated costs and the arbitrary behaviour of officials regarding inspections. These POs were also reported frequently by importers, especially in during their dealings with Jamaica Customs.

Face-to-face interviews with representatives from the main trade facilitating organizations revealed that while NTMs are a problem for businesses of all sizes, still, relatively new small and medium-sized enterprises (SMEs) are often more affected because they lack the information, human and financial resources, as well as the experience needed to know how to meet certain requirements.

NTM surveys carried by ITC out in 11 countries suggest that, of all the challenging NTMs reported by exporting companies, around 75% are applied by the partner countries and 25% are applied by the home country. Comparatively, in Jamaica, about 30% of NTMs are reported to be applied by the home country, while 70% are reported to be applied by partner countries.

Agricultural products (fresh food, raw agro-based products and processed food)

Overall, the survey results showed that firms exporting agricultural goods were more affected by NTMs than those exporting manufactured goods.

The bulk of NTMs plaguing agricultural goods were often technical requirements for the protection of human and environmental health and safety imposed by partner countries. For example, the United States regulations require that a company has to be registered with the Food and Drug Administration (FDA) before it can export to the United States market. Once registered, companies exporting fresh produce are also obliged to observe the restriction or prohibition on the use of certain substances in the production of these goods. In addition to technical requirements, conformity assessments were a common problem for agricultural exporters, especially on processed foods.

Not only were technical requirements a problem in partner countries, but many companies complained of problems related to technical standards applied in Jamaica as well. Domestic technical requirements were often compounded by POs such as delays, unusually high fees and charges for reported certificate or regulation and a lack of sector-specific facilities.

Imports of agricultural goods, like exports, faced mainly technical and conformity assessment regulations. Quantitative control measures (including non-automatic licenses, quotas and prohibitions) were frequently encountered, especially by importers of sugar, molasses and honey. Other POs often encountered included delays, discriminatory behaviour of officials and administrative burdens such as a large number of different official documents.

Manufacturing products

In absolute terms, exporters of manufactured goods faced many NTMs in Jamaica's traditional markets (Canada, United Kingdom and the United States). But the most burdensome NTMs applied by partner countries on Jamaica's exporters of manufactured goods were reported in neighbouring CARICOM member states.

Within CARICOM, the highest frequency of NTM cases was reported in Barbados. NTMs were dominated by pre-shipment inspections and other entry formalities, rules of origin and related certificates, but also charges, taxes and other para-tariff measures. Exporters of manufactured goods that faced a significant number of NTMs included firms from the chemicals, clothing and wood manufacturing sectors. NTMs were often associated with POs such as delays, unusually high fees and charges and the arbitrary behaviour of officials.

Jamaica's trade-related business environment

In addition to data collected on NTMs, companies participating in the face-to-face interviews were given the option to participate in a business environment survey in which they could indicate general problems they encountered when doing business in their domestic and partner country markets. The most common problem encountered domestically by companies was time delays. This finding is consistent with face-to-face survey findings on POs, which found that 'delays' was the most frequent complaint. Along with delays, complaints about a lack of well-trained human resources in agencies or organizations and inconsistency in the behaviour of officials across agencies were also common. Other problems encountered in the domestic business environment included a lack of access to inputs for production, limited or lack of access to trade finance, limited or extremely expensive airline transportation and problems with electricity supply

In partner countries, the most common TBE problems reported included time delays, complex clearance mechanisms, lack of access to information or no enquiry points, and problems with conditions imposed by partner companies.

Conclusion

ITC's survey on NTMs facing Jamaican companies found that the most prolific obstacle applied by partner countries affecting the exports of Jamaican agricultural products was related to technical requirements. These measures can sometimes be justified as necessary to preserve the health of citizens and guarantee consumer protection. Still, they are seen as protectionist and burdensome to producers and exporters, thereby affecting trade.

Efforts to address such requirements should take a unified approach, bringing together public and private stakeholders. It should also be possible to address certain issues at the multilateral level through consultations with the WTO Technical Barriers to Trade Committee. Concerns could also be addressed through incorporating TBT and other NTM-related provisions into future regional trade agreements within the context of CARICOM or bilaterally between Jamaica and its partners.

Stronger support should also be given to business-support organizations. These should be provided with necessary training and resources, allowing them to deliver better services to importers and exporters. It is also clear that increased sharing of information, sector-specific training workshops offered by business-support organization could assist in alleviating some of the burdens created by NTMs. Several exporters expressed a need for a one-stop export shop that would house a dispensing officer for all required export permits, certificates and licenses as well as inspectors from required agencies. There is also a clear need for the training of export officers on how to deliver required documents on a timely basis without compromising standards.

Importing firms faced similar problems to those experienced by exporters. As a net merchandise importer, Jamaica imports a large amount of goods used in the production of exports. The most frequently reported NTMs among importing companies were charges, taxes and other para-tariff measures. For importers, these are of great concern as they have the same effect as taxes have on exports. Where possible, the Jamaican Government should take the necessary steps to avoid excessive or burdensome trade impediments. Instead the Government should seek to reduce or even remove costs associated with importing products used for manufacturing.

A key component of ITC's project on NTMs faced by Jamaican companies was a one-day stakeholder meeting organized in collaboration with the Ministry of Foreign Affairs and Foreign Trade. This meeting took place on 6 March 2013. It brought together more than 100 participants from both the public and private sectors, including representatives from Jamaica's main business support organizations that participated in the presentation and validation of the survey results. The meeting was central to getting the public sector's perspective on the impact of NTMs on exports and imports and for looking at options for policy recommendations.

During the meeting several steps and recommendations for domestic action were identified. It was deemed necessary that if Jamaica wants to boost its competitiveness and establish itself on the main stage of international trade, the Government needs to address the obstacles to trade associated with NTMs. It is also clear that domestic efforts need to be complemented with continued – and deeper – engagement with Jamaica's trading partners, such as the Member States of CARICOM and the United States.

This ITC survey, which assesses the most significant non-tariff measures faced by Jamaican companies, provides a foundation that the Government of Jamaica can use as a basis for action to tackle obstacles to trade. By doing so, the Government could take giant leaps towards improving the trade environment for Jamaica's exporting and importing companies.

Introduction to non-tariff measures

The growing role of non-tariff measures in trade

Trade liberalization efforts, both at the multilateral level through the General Agreement on Tariffs and Trade (GATT) and regionally (through organizations such as MERCOSUR, ASEAN, SAARC, the EU, NAFTA, and CARICOM), have a long history of being used as an important tool for development based on the benefits that a country could gain as a more active participant in international trade. During the 1980s and 1990s, the removal of quotas and the lowering of tariffs signalled a broad series of countries' economic reforms. Consequently, a large number of multilateral, regional and bilateral trade negotiations, as well as non-reciprocal concessions have led to a remarkable reduction in average global tariff protection. With this unprecedented favourable market access, international trade has soared to previously unseen levels.

Since the establishment of the World Trade Organization (WTO) in January of 1995, liberalization efforts have gathered momentum. An active role has been taken by developing countries within the WTO in pursuit of regional agreements and expanded multilateral trade.¹ Most recently, the world has also witnessed a proliferation of bilateral preferential trade agreements. With growing liberalization however, countries have resorted to the application of safeguarding policies through the implementation of rules and regulations governing international trade, primarily in the form of non-tariff measures (NTMs). The increasing uses of these types of rules and regulations generally have costly consequences and have raised national and international trade-related issues. As a result, many countries have attempted to tackle such issues in regional and bilateral trade agreements. Nonetheless, NTMs are rapidly gaining importance and are often considered by practitioners to have already surpassed tariffs in their overall trade-impeding effect. Whether applied domestically or by partner countries, NTMs significantly affect market access and often prevent firms from attaining the opportunities created by globalization.

NTMs encompass a wide range of specific measures which often have public policy objectives and the overall effects of which cannot be easily measured. They comprise a myriad of different 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, or prices or both.² In other words, they are mandatory requirements, rules or regulations legally set by the government (in contrast to private standards which are not legally set). Examples of NTMs include: technical barriers to trade (TBT), sanitary and phytosanitary (SPS) measures, certification or testing requirements, quotas, import or export licenses, additional taxes and surcharges, financial measures, rules of origin, and many others.

Unlike tariffs, NTMs are not mere numbers, but rather complex legal texts with rules and regulations governing trade which are specific to the applying country. For exporters and importers, NTMs are of tremendous concern as they must be dealt with on a daily basis and often include complex requirements. Moreover, exporters and importers, particularly in developing and least developed countries often experience burdensome administrative obstacles and have to cope with poor trade-related infrastructure in their home countries. This, in addition to a lack of well-established, effective export and import support, reduces firms' international competitiveness.

Non-tariff measures, their classification and other obstacles to trade

As outlined above, NTMs can be broadly defined as 'policy measures, other than ordinary customs tariffs, that can potentially have an economic effect on international trade in goods, changing quantities traded, or prices or both'. Notably, an NTM is a neutral concept and does not imply a direction of impact. It should be distinguished from the frequently used term non-tariff barrier (NTB), which implies a negative impact on trade. The Multi-Agency Support Team (MAST) and the Group of Eminent Persons on Non-Tariff Barriers (GNTB) propose that NTBs be a subset of NTMs that have a 'protectionist or discriminatory intent'.³ Given that trade policies may be imposed for legitimate reasons, such as the protection of human, animal and plant health, this report will not make any priori judgement about intentions and, thus, generally employ the

¹ UNESCAP 'Regional Cooperation in Trade' (2009).

² MAST (2009).

³ *Ibid.*

term NTM. By design of the ITC survey, the only NTMs captured are those that cause major difficulties for trading companies. NTMs analysed in this report therefore refer to 'burdensome NTMs'.

The diverse and growing nature of NTMs across countries necessitates the establishment of a unique classification system. The ITC survey is based upon an international classification developed by the MAST, incorporating some minor adaptations to the ITC business survey approach. While the actual classification and data collection go into further detail, the following broad distinctions should be made at this point for a better understanding of the report:

- NTMs applied by the importing country are divided into technical measures (comprising TBT and SPS) and non-technical measures.
 - Technical measures refer to product-specific requirements such as tolerance limits of certain substances, or labelling standards. They contain two major categories: the technical requirement (TBT or SPS) itself and conformity assessment, like certification or testing procedures to demonstrate compliance with the underlying requirement.
 - Non-technical measures mostly comprise the following categories: charges, taxes and other para-tariff measures in addition to ordinary customs duties; quantity control measures like non-automatic licences or quotas; pre-shipment inspections and other formalities like automatic licenses; rules of origin; finance measures like terms of payment or exchange rate regulations; price control measures.
- Apart from the aforementioned import-related measures, measures applied by the exporting country form a separate category.

To go a step beyond government-imposed NTMs and to provide a richer picture of the problems that companies face, the survey also looks at POs and the trade-related business environment (TBE). POs refer to practical challenges directly related to the implementation of NTMs. For instance, problems caused by a lack of adequate testing facilities to comply with technical measures or excessive documentation in the administration of licenses are considered POs. POs are always linked to a specific NTM regulation and show why this regulation is difficult for firms. Problems not related to any NTM regulations, e.g. delays and costs due to poor infrastructure or inconsistent behaviour of officials at customs or ports are referred to as inefficient TBE in this report.

A need for understanding the company perspective on non-tariff measures and procedural obstacles

Different methods of evaluating NTM protection have been pursued in the past. NTM coverage and incidence ratios were amongst the earliest and most simplistic approaches used. For example, Laird and Yeats (1990) found a dramatic surge of NTM incidence in developed countries between 1966 and 1986, a 36% increase for food products and an 82% increase for textiles. Such studies also relied on extensive databases that mapped NTMs per product with the applying country. The largest database with respect to official government-reported NTMs used to be the Trade Analysis and Information System published by the United Nations Conference on Trade and Development (UNCTAD), however data sets have been incomplete and updates irregular. In a major multi-agency effort, ITC, UNCTAD and the World Bank are currently collecting data for a new, global NTM database with a particular focus on TBT and SPS. However, irrespective of how complete such an NTM incidence database may be, it will tell little about the actual impact of NTMs on the business sector. Neither do such databases provide information about related POs.

The two major approaches to estimating the impact of NTMs include quantification techniques and direct assessment. Several academic studies have quantitatively estimated the impact of NTMs on either trade quantities or prices. Such studies have either focused on very specific measures and individual countries or have statistically estimated the average impact from large samples of countries and NTMs. Excellent surveys are provided by Deardorff and Stern (1998), Ferrantino (2006) and Kee, Nicita and Olarreaga (2009) at the World Bank who designed a sophisticated approach to measure the severity of the effect of

NTMs through cross-country econometrics.⁴ Such academic articles provide a very interesting and important insight into quantitative impacts of NTMs. However, these studies are often either too specific or too general to deliver a clear and useful picture of NTM protection to the two essential groups of stakeholders: the business sector and national policymakers. Furthermore, quantitative estimations of the effects of NTMs rarely allow for separation of the impact of the NTM regulation per se from related POs or inefficiencies of the TBE.

This report on burdensome NTMs focuses specifically on Jamaica. It presents the results (through an alternative approach to direct assessment) of a large-scale company survey on NTMs, POs and TBE implemented in Jamaica conducted between August 2011 and February 2012. By utilizing a comprehensive qualitative impact analysis and directly addressing key stakeholders, the survey fills the gaps left by the previously mentioned methods. Specific challenges and obstacles are faced by exporting and importing businesses on a daily basis. As a result, a business perspective on such challenges is critical, not only to provide information at the business level but also at the government level, as knowledge of such challenges can assist governments in helping to define better national strategies to overcome obstacles to trade and to foster national export development.

The Organisation for Economic Co-operation and Development (OECD) in the past has conducted international surveys on NTMs. Whilst Jamaica was not included in such surveys, it is important that the government recognize their results as problems with NTMs tend to follow a similar pattern across different countries. In such surveys technical measures followed by additional charges and general customs procedures are identified as the most burdensome trade restrictions, far surpassing quotas and other quantitative restrictions, which used to be amongst the main trade policy instruments used a few decades ago. In this survey commissioned by ITC, NTM-related concerns of the business sector are provided and ranked in order of importance. Past surveys covered only a limited set of partner countries and products, and the representation of developing countries in these surveys was generally low. A distinguishing feature of this ITC project on NTMs is that it evaluates all major export and import sectors as well as all trading partners (for Jamaica in this case), and is designed to gradually cover a large number of developing countries.

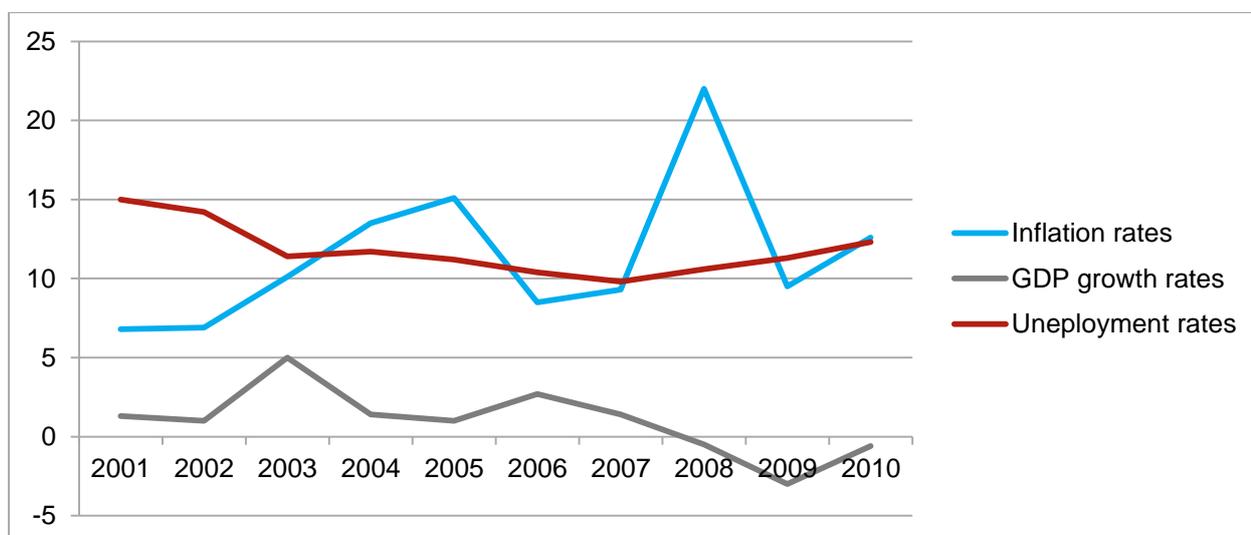
⁴ Streamlining Non-Tariff Measures, A toolkit for policy makers, Cadot Malouche and Saez, The World Bank 2012. P. 3.

Chapter 1: Trade and trade policy overview of Jamaica

1. General economic introduction and sector composition

Historically, Jamaica, the largest English-speaking Caribbean Island, has suffered from a series of long-term economic and social challenges. Despite achieving a relatively stable exchange rate and declining interest rates over the last four years, Jamaica is still struggling to return its economy to stability and growth following the global oil price shocks and adverse movements in the market for bauxite and alumina (the country’s main export products) in the 1970s and its financial crisis in the mid-to-late 1990s. Jamaica’s average annual GDP growth rate, as reported by the World Bank, between 2002 and 2010 was 0.9%. For that period, the highest annual GDP growth rate was experienced in 2003, where the country recorded GDP growth of 5% (see figure 1). However, with the onset of the global economic recession, subsequent years saw a progressive decline in the GDP growth rate. In 2009, Jamaica recorded a negative growth rate of 3% followed by -0.6% in 2010. The adverse economic situation is also reflected in the rising trend in the unemployment rate since 2007.

Figure 1: Key economic indicators 1: 2006–2010 (GDP growth, inflation, unemployment rates)

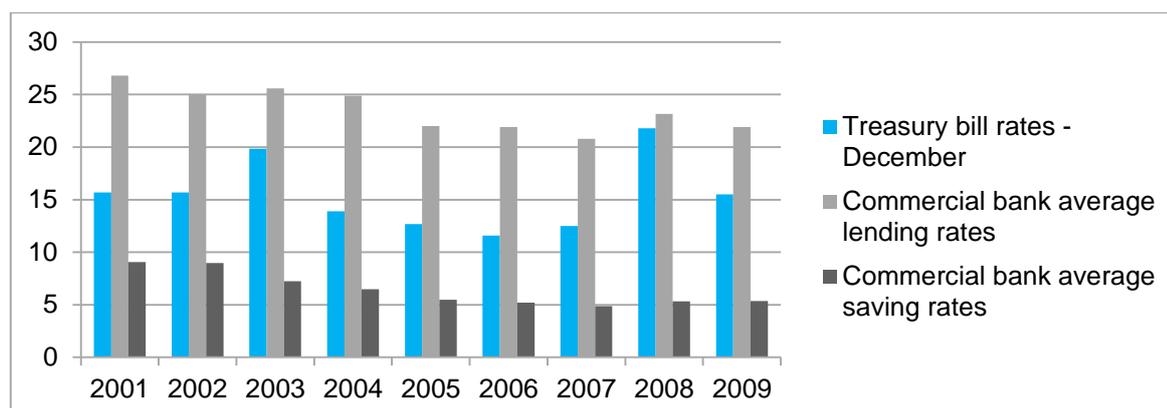


Sources: GDP Growth: World Bank national accounts data, and OECD National Accounts data files; Inflation Rates, Unemployment Rates: Bank of Jamaica.

Even before the onset of the recent global recession, Jamaica had been plagued with sluggish growth. The lack of fiscal and monetary discipline, especially during the 1990’s saw the collapse of the country’s manufacturing sector which at the time was one of the largest contributors to GDP. In the summer of 2009, Jamaica after many years sought external assistance from the International Monetary Fund (IMF), which approved a 27-month Stand-By Arrangement of US\$ 1.2 billion for the country in February 2010. Under the Stand-By Arrangement, the country has been forced to confront the global crisis by implementing tight fiscal and monetary policies in order to address large fiscal and balance of payments financing gaps and declining investor confidence.⁵

Since the IMF Stand-By Arrangement, Jamaica has experienced a decline in its Treasury Bill rates, which recorded a low of 7.2% at the end of 2009 (see figure 2). In addition to a decline in Treasury Bill rates, in 2010, commercial bank lending rates (though arguably still high) declined to 18.9% and saving rates declined to 2.4%. Inflation rates however, increased from 9.5% in 2008 to 12.6% in 2009.

⁵ <http://www.pixibot.com/341-jamaica/> - accessed on 24 June 2012.

Figure 2: Key economic indicators 2: treasury bills and commercial bank average lending and saving rate (2001–2009)


Source: Bank of Jamaica.

A combination of factors including more stringent credit terms in the first quarter, weak domestic and external demand, a decline in investment spending and lower consumption, led to a 3.1% decline in the Jamaican economy in 2009 and the negative trend continued into 2010 (see tables 1 and 2). Overall, the economy saw a much greater contraction in its goods sector than in its services in 2009 and 2010.⁶ This contraction in the economy was heavily *influenced* by the high level of uncertainty in the global economy and the effects of the global recession on Jamaica's major trading partners, notably, the United States of America and the European Union (EU).

Table 1: Gross domestic product by sector at constant (2007) prices (US\$), 2006–2010

Industry	2006	2007	2008	2009	2010	% GDP (2010)
Agriculture, forestry and fishing	662.7	579.1	476.8	490.3	509.5	6%
Mining and quarrying	496.2	458.1	391.4	174.4	174.2	2%
Manufacture	998.2	960.4	838.2	717	726.1	9%
Electricity and water supply	364.2	346.9	307.1	281.8	281.4	3%
Construction	909.6	903.9	733.1	623.6	644.2	8%
Wholesale and retail trade; repairs; installation of machinery	2 088.2	2 012.6	1 759.5	1 540.4	1 553.3	18%
Hotels and restaurants	534.8	510.7	457.8	419.4	452.4	5%
Transport, storage and communication	1 314	1 275.5	1 085.1	940.2	961.7	11%
Finance and insurance services	1 124.9	1 122.1	1 007.1	919.3	913.1	11%
Real estate, renting and business activities	1 150.2	1 130.4	1 006.3	892.5	922.4	11%
Producers of government services	1 412.8	1 361.6	1 196.6	1 069.4	1 117.4	13%
Other services	730	707.6	627.1	563	578.6	7%
<i>Less Financial Intermediation Services Indirectly Measured (FISIM)</i>	523.9	508	430.7	401	366.6	4%
Gross domestic product at 2007 constant prices	11 260.4	10 860.9	9 455.5	8 230.4	8 465.4	100%

Source: Statistical Institute of Jamaica.

⁶ The final column of figure 3 shows that the services sector accounts for a greater share of GDP than the goods sector.

When examined at the sector level, in 2009, Jamaica experienced the most significant decline in the growth of its mining and quarrying sector, which contracted by over 50% (see tables 1 and 2). This contraction was directly linked to a major decline in the international market for bauxite and alumina – which led to the closure of some of the island’s largest producing companies. The negative trend continued in 2010.

Another major sector which declined in 2009 and 2010 was manufacturing, which fell by 4.3% and 2.9% respectively (table 2) as a result of a decline in domestic and external demand.

The island’s hotel and restaurant sector was quite robust in 2009 and 2010 with growth of 2% and 3.4% respectively, despite a fall in international demand for travel due to the global economic downturn. Over the period, Jamaica’s agricultural industry (inclusive of fishing and forestry) also experienced positive growth of 14.5% in 2009 and a small decline of 0.4% in 2010 (table 2).

Table 2: Rate of growth of gross domestic product by industry at constant (2007) prices, 2006–2010

Industry	2006	2007	2008	2009	2010
Agriculture, forestry and fishing	20	-8.1	-6.2	14.5	-0.4
Mining and quarrying	0.7	-2.9	-2.7	-50.4	-4.3
Manufacture	-1.9	1.2	-0.5	-4.8	-2.9
Electricity and water supply	3.2	0.6	0.9	2.2	-4.3
Construction	-3.7	4.5	-7.6	-5.3	-1
Wholesale and retail trade; repairs; installation of machinery	2.3	1.4	-0.4	-2.5	-3.4
Hotels and restaurants	10	0.4	2.1	2	3.4
Transport, storage and communication	4.2	2.1	-3.1	-3.5	-2
Finance and insurance services	2.6	4.9	2.3	1.6	-4.8
Real estate, renting and business activities	1.9	3.4	1.4	-1.2	-1.2
Producers of government services	0.4	1.3	0.1	-0.5	0.1
Other services	5.3	1.9	1	0	-1.5
Less financial intermediation services indirectly measured (FISIM)	-0.5	2	-3.4	3.7	-12.4
Gross domestic product at 2007 constant prices	2.9	1.4	-0.8	-3.1	-1.4

Source: Statistical Institute of Jamaica.

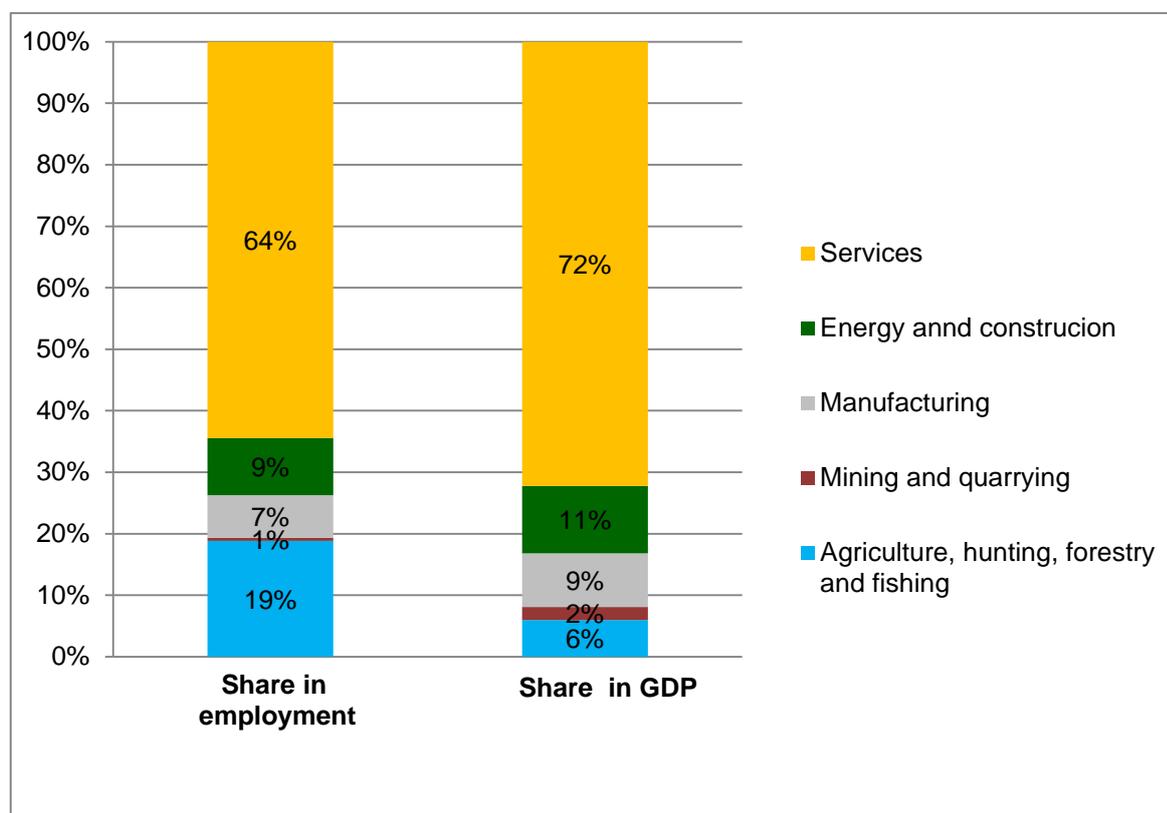
With the onset of the global economic recession and a decline in employment across world economies, Jamaica was not spared the blow. The island saw an increase in its unemployment rate to 11.4% in 2009, rising from 10.6% in the previous year (see figure 1).

Whilst tables 1 and 2 focus on the rate of growth and contribution of each sector to Jamaica’s GDP, figure 3 compares the contribution of different sectors to employment with their contribution to GDP. Of significance is the fact that, apart from ‘agriculture, forestry and fisheries’, all other broadly defined sectors appear to have a greater contribution to GDP than to employment. In 2010, whilst agriculture contributed 6% to GDP, 19% of the labour force was employed in that sector.

This partially explains why wages in Jamaica’s agricultural sector are relatively low compared to other sectors. Overall, the greatest contributor to employment was the services sector which employed 64% of the total labour force in 2010. The services sector also represented the greatest share (72%) of GDP in

2010. The export of services is outside of the scope of the current survey due to large methodological differences required to capture NTMs in goods as compared to NTMs in services.

Figure 3: Sector contributions to employment, GDP, 2010



Source: Statistical Institute of Jamaica.

In addition to a tightening of expenditure, Jamaica is also expected to achieve a reformation of its tax system, which is expected to create an environment of equity, growth and competitiveness in future years. With its new government (formed in January 2012) promising to set the country on the right path through the promotion of human-capital investment, structural reform and an implementation a growth inducement strategy, Jamaica hopes to stimulate its economy in the upcoming years to achieve sustainable growth and development.

2. Trade patterns

This section gives an overview of the patterns of Jamaica’s exports and imports as well as the most important sectors and partner countries involved in international trade with Jamaica. While each sector is discussed in detail in Chapter 3, this section explains the general structure of Jamaica’s trade relations and puts them into a broader context. Although the mining and quarrying sector has been responsible for the bulk of Jamaica’s exports in the past years, this sector has not been considered in the survey because international markets tend to be dominated by large multinational buyers and are less responsive to governmental trade policy which is the subject of this survey. Similarly, trade in arms and petroleum is excluded from the figures provided in this section.

2.1. Exports

In 2010, Jamaica’s exports totalled US\$ 1.3 billion, a 12% decline compared to US\$ 1.5 billion recorded in 2005 (table 3). A notable contributor to exports in 2010 was the minerals sector, (exports of which are not considered for this survey), which earned US\$ 834 million and accounted for 63% of total exports.

Table 3: Development and composition of Jamaica's exports 2005–2010, value in US\$ '000

Sector	2005	2006	2007	2008	2009	2010
Agro-based products, wood and paper	266 074	336 583	346 585	358 811	344 766	325 274
Total textiles and clothing	9 463	5 042	2 994	2 990	2 554	3 220
Chemicals, plastics and rubber-based products	57 715	75 125	93 607	209 441	203 063	76 983
Metal and other basic manufacturing	4 416	9 521	6 935	5 882	22 530	12 661
Other manufacturing	27 969	36 934	58 519	50 645	58 955	55 248
Minerals*	1 148 693	1525 463	1 713 328	1 807 200	678 074	834 570
Petroleum, arms*	2	3	1 852	3 632	5 935	19 513
Total exports	1 514 332	1 988 671	2 223 820	2 438 601	1 315 877	1 327 469

Source: ITC calculations based on Trade Map data, 2010.

*Minerals, petroleum and arms are excluded from the analysis in this survey.

Excluding exports of minerals, the two leading goods-exporting sectors for Jamaica were '*agro-based products, wood and paper*'; and '*chemicals plastic and rubber-based products*', which earned US\$ 325 million (25% of total exports) and US\$ 77 million (6% of total exports) respectively in 2010 (see table 3). Both sectors had fluctuations in the level of exports over the period and experienced downward trends since 2008. Exports of '*other manufacturing*'⁷ products represented 4% of total exports for 2010 with a value of US\$ 55 million. The sector contributing the least to exports was '*textile and clothing*' which accounted for less than 1% of total exports.

Overall, Jamaica's export base is very concentrated and consists of a relatively narrow range of products exported to relatively few destinations. Exports are dominated by agricultural goods, primarily fruits and vegetables and roots and tubers. Principal destinations in 2010 were the United States of America (49.6%), Canada (12.3%) and the United Kingdom (6.3%). This lack of diversification in export products and markets has made Jamaica very vulnerable to external shocks or crises, especially those affecting the main destination markets. Other popular export destinations included neighbouring CARICOM states such as Trinidad and Tobago, Barbados, Antigua and Barbuda, and St. Lucia. Exports to CARICOM in 2010 totalled US\$ 65.4 million (4.9% of total exports).

2.2. Imports

There was a reduction in import in all sectors after 2008 reflecting the impact of the global recession. In 2009 Jamaica's import bill fell drastically to US\$ 5 billion but rebounded slightly to US\$ 5.2 billion in 2010, which represented a 3% increase (table 4). Excluding imports of minerals, petroleum and arms which together accounted for 32% of Jamaica's import bill (but are not considered for analysis in this survey), imports of '*other manufacturing*' products, accounted for the highest share of total imports, amounting to US\$ 1.5 billion or 23% of total imports in 2010. Following closely was imports of '*agro-based products, wood and paper*' which represented 22% of total imports. Another significant importing sector was '*chemicals, plastics and rubber-based products*' which totalled US\$ 741 million (14% of total imports). Sectors accounting for the lowest shares of total imports were: '*metal and other basic manufacturing items*' and '*textile and clothing*' representing 7% and 2% respectively in 2010 (table 4).

⁷ Other manufacturing includes: non-electric machinery; electronic components; leather; transport equipment; computers, telecommunications and consumer electronics (IT and consumer electronics hereafter); and miscellaneous manufacturing.

Table 4: Development and composition of Jamaica's imports 2005–2010, value in US\$ '000

Sector	2005	2006	2007	2008	2009	2010
Agro-based products, wood and paper	959 785	977 031	1 108 835	1 308 961	1 122 487	1 139 074
Total textiles and clothing	124 339	125 149	127 326	135 226	107 075	112 598
Chemicals, plastics and rubber-based products	620 261	619 776	912 488	1 028 430	778 199	741 824
Metal and other basic manufacturing	385 419	435 808	468 542	581 421	322 215	340 978
Other manufacturing	1 322 803	1 558 512	1 627 794	1 839 662	1 200 670	1 191 838
Minerals	1 394 759	1 239 491	2 283 924	3 440 799	1 404 209	1 591 783
Excluded	76 900	85 025	218 141	130 411	128 934	106 715
Total imports	4 884 266	5 040 792	6 747 050	8 464 910	5 063 789	5 224 810

Source: ITC calculations based on Trade Map data, 2010.

The principal source of Jamaican imports in 2010 was the United States accounting for 35.9% of imports. This was followed by imports from the Bolivarian Republic of Venezuela which accounted for 14%, CARICOM partner Trinidad and Tobago which supplied 13.8%, and Australia which supplied 0.4%.

Table 5: Jamaica's trade balance 2005-2010, value in US\$ '000

Year	2005	2006	2007	2008	2009	2010
Total exports	1 514 332	1 988 671	2 223 820	2 438 601	1 315 877	1 327 469
Total imports	4 884 266	5 040 792	6 747 050	8 464 910	5 063 789	5 224 810
Trade balance	-3 369 934	-3 052 121	-4 523 230	-6 026 309	-3 747 912	-3 897 341

Source: ITC calculations based on Trade Map data, 2010.

Jamaica experienced a balance of trade deficit throughout the 2005 to 2010 period, which is consistent with its history as an import dependent economy. Notably imports totalled a whopping US\$ 8.4 million in 2008, while exports totalled only US\$ 2.4 million. Whilst the impact of the global recession was greater on imports than on exports and resulted in a reduction of the trade deficit in 2009 (see table 5), the deficit started to rise again in 2010. With average annual imports being four (4) times the value of exports, Jamaica's need to develop exports is crucial to containing its trade deficit and thereby reducing the demand for foreign exchange. As a result of its wide balance of trade deficit, Jamaica has had to confront a number of economic challenges over the years. The challenges have included an oversaturation of its domestic market with cheap foreign imports, extreme vulnerability to exchange rate movements⁸ (in particular the exchange rate for US\$ currency given that the United States of America is its main source of imports), and a decline in a number of domestic industries where producers were unable to compete effectively with foreign goods. The ultimate aim of this survey is to identify barriers to trade with the aspiration of having them removed so that Jamaican exports can be increased and the trade deficit significantly reduced.

3. Trade policy

Jamaica is a member of the CARICOM Community (CARICOM), an organization of 15 Caribbean nations and dependencies. As a member state, the country's broad trade policy is set within a regional as well as a WTO framework. As a regional trading bloc, CARICOM has negotiated trade arrangements with the Bolivarian Republic of Venezuela, Colombia, Dominican Republic, the EU, Cuba and Costa Rica.

⁸ The Jamaican dollar depreciated by approximately 40% between 2005 and 2010 from an average of US\$ 1 = J\$ 62.50 in 2005 to US\$ 1 = J\$ 87.38 in 2010 (Source: Bank of Jamaica).

CARICOM has also initiated negotiations with Canada, and is exploring possible trade arrangements with MERCOSUR. *Jamaica's* development goals are also set within this framework and are guided by its National Development Plan (Vision 2030-Jamaica) and National Export Strategy (2009).

Throughout the last 10 years, Jamaica's trading relations and trade policy have seen a number of changes at the national, bilateral, regional and international level. With the last revision of its trade policy taking place in 2010, the Government has recently initiated steps towards updating the country's trade policy framework to strategically position the island to achieve stimulus and sustainability in its goods and services export, while simultaneously fostering the implementation of the Caribbean Single Market and Economy (CSME) and redefining its relations with trading partners. The current revision is being undertaken through a collaborative effort between the Ministry of Foreign Affairs and Foreign Trade, the Planning Institute of Jamaica (PIOJ) which has responsibility for development and assistance and the National Development Plan, the political directorate, and stakeholders including the private sector. The overall aim of the review is to ensure coherence/cohesion between all trade-related policies, plans, projects and programmes at the national and regional level.

Like many neighbouring states, Jamaica's economy is highly open with external trade (exports plus imports of goods and services) amounting to over 112% of GDP in 2008 (falling to 87% in 2009).⁹ Jamaica's export base is fairly limited. Its main exports include bauxite/alumina and some non-traditional exports. The country is dependent on imports of raw materials, such as capital goods and oil, which are essential to its production of goods for the export and domestic market. Its trade imbalance is only partially offset by a surplus in services exports – mainly tourism – and substantial inflows of remittances from Jamaicans abroad.¹⁰

In order to stimulate exports, the government of Jamaica imposes no taxes or quantitative restrictions on exports.¹¹ This has been coupled with a significant number of tax incentives all aimed at boosting exportation. Despite these attempts, growth in Jamaica's exports has been slow signifying that there may be long-standing structural problems in the economy which need to be addressed. These include: the high cost of electricity, which adversely affects the economy's competitiveness; the high debt ratio, which hinders the Government's ability to provide quality services and foster development; the high cost of capital; and relatively high security costs for business, related to negative social factors, among others.¹² However, though minimal, Jamaica has made some progress over the years, for example in the simplification of some of its regulations and procedures in an effort to facilitate a smoother export process and to create a more investment-friendly business environment.

To date, tariffs and other duties and charges remain Jamaica's main trade policy instruments.¹³ In the context of CARICOM's common external tariff (CET), Jamaica's average most favoured nation (MFN) tariff was 9.4% in 2010, up from 8.6% in 2004. Protection is higher for agricultural products than for industrial products and the tariff structure shows escalation.¹⁴ Jamaica has bound all its tariff lines at the WTO, thereby increasing the predictability of its trade regime, although the gap between applied and bound tariffs remains wide and applied rates are above their bound levels for a small number of products.¹⁵

Despite having relatively modern customs trade facilities, Jamaica continues to encounter revenue related problems such as false and under-invoicing. For exporters, challenges faced in meeting international quality standards pose one of the greatest threats, especially for agro-based exports to major destinations such as the United States, Canada and the United Kingdom. Jamaica has the relevant legislative and institutional framework for quality, standards, and other requirements but the timeliness and consistency of the service delivery is hampered by, *inter alia* high costs and variable quality of some basic services, such as product testing and certification, by the private sector; high costs of implementation of international standards; and the need for food exporters to contend with a range of testing and laboratory services that

⁹ WTO, Trade Policy Review, Report by Secretariat (2010), p. 1.

¹⁰ *Ibid.*

¹¹ *Ibid.*

¹² *Ibid.*

¹³ *Ibid.*

¹⁴ *Ibid.*

¹⁵ *Ibid.*

reside in multiple agencies.¹⁶ Jamaica currently has 348 domestic standards, which are based on international (primarily ISO and Codex Alimentarius) standards.¹⁷

3.1. Trade policy and practices by measure

As a signatory to CARICOM, Jamaica has made provisions for the free movement of commodities based on the intra-regional policy that prevents its government from imposing import duties on goods originating in other member states.¹⁸ Substantial progress has been made in recent years in removing all impediments to intra-CARICOM trade with the elimination of measures such as stamp duties and surcharges for products originating and trading within the integration grouping. To assist in the process of harmonizing with other CARICOM members states, Jamaica has also been adopting technical and non-technical regulations applied regionally to standardize its trade.

Other major trade agreements, to which Jamaica is signatory, also have included provisions geared towards increasing firms' abilities to meet international standards. For example, within the recently signed CARIFORUM-EC EPA, a commitment to cooperate in international standard-setting bodies, including facilitating participation of CARIFORUM countries representatives in the meetings of these bodies is included.

Since its last WTO Trade Policy Review in 2010, Jamaica has continued its gradual liberalization process, in particular by taking steps to facilitate trade. However, the island continues to apply its own set of non-tariff measures on both exports and imports in order to assist in the regulation of goods being exported and imported.

Non-tariff measures affecting imports

Jamaica applies no quantitative restrictions on imports. However, for certain products (examples: certain types of chemicals or agricultural items), non-automatic licenses are required from importers. The Jamaica Customs Department, part of the Ministry of Finance and the Public Service, is the country's main agency responsible for ensuring that non-tariff measures are adhered to by importers. Among the most frequent non-tariff policy measures faced by importers are the following:

- Customs Valuation Procedures: a problem which has persisted in Jamaica, mainly due to under-invoicing. At present, the authorities are seeking to improve the customs inspection and evidence-gathering procedures to combat the problem of undervaluation by importers, mainly through revision of relevant parts of the Customs Act.
- Rules of Origin: As a member of CARICOM, Jamaica is signatory to a number of bilateral preferential agreements. Goods from CARICOM member countries and other countries signatory to agreements are subject to preferential rules of origin.¹⁹
- Financial Measures: including stamp duties (all imports entering Jamaica are subject to a basic stamp duty of J\$ 5 on goods up to a CIF value of J\$ 5,500 (US\$ 62), and J\$ 100 (US\$ 1.1) above that level and other fees for specific services)
- Import prohibitions, restrictions, and licensing: These are issued mainly by the Trade Board Limited or the Ministry of Health and applied in particular to sensitive goods which may pose threats to human or environmental health and security or under international conventions.²⁰
- Contingency Measures: these include anti-dumping and subsidies applied by the Anti-dumping and Subsidies Commission (ADSC), Jamaica's trade remedy authority, which is an agency of the Ministry of Industry Investment & Commerce (MIIC).

¹⁶ *Ibid.*

¹⁷ *Ibid.*

¹⁸ *Ibid* (page 24).

¹⁹ *Ibid.*

²⁰ *Ibid.*

Non-tariff measures affecting exports

Among the most common non-tariff measures affecting Jamaica's exports are:

- Registration and Inspection Procedures: all exporters must be registered with the Jamaica Promotions Corporation (JAMPRO) and all exporters are also subject to random inspections procedures performed by Customs officials.
- Export prohibitions, restrictions, and licensing: certain goods listed in the Customs Act are generally prohibited (examples: arms, ammunition, spirits and wines). Exporters are also expected to obtain licensing for exports of certain goods (including sugar, live animals, bird eggs and crocodiles). This is enforced by the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES), administered by the National Resources Conservation Authority (NRCA) in Jamaica.
- Certificates of Origin: the issuing of these is done by the Jamaica Trade Board Ltd. for Jamaican products exported under various preferential trade agreements.
- Export Subsidies: Incentive schemes maintained by the government to encourage exports are covered under the following Acts: the Export Industry Encouragement Act (EIEA), Industrial Incentives (Factory Construction) Act; Foreign Sales Corporation Act; and the Jamaica Export Free Zones Act.²¹ The Ministry of Industry, Investment and Commerce, is responsible for the administration of the four programmes.
- Standards and other technical requirements: The principal legislation on standards and technical regulations comprises the Standards Act of 15 July 1969, the Weights and Measures Act of 31 May 1976, and the Processed Food Act of 15 October 1959.²²
- Sanitary and phytosanitary measures: The Jamaican SPS regime is regulated by (as amended): the Agricultural Products Act 1926; the Plants Quarantine Act of 1993, the Processed Food Act, 1959; Animal Diseases (Importation Act), 1943; the Aquaculture Inland Marine and By-Products Act, 1999,²³ Public Health Act, 1985; the Public Health (Meat Inspection) Regulation 1995; the Public Health (Butchers) Regulations, 1989; the Public Health (Nuisance) Regulation 1995; the Public Health (Food Handling) Regulations 1998; the Food and Drugs Act, 1975; the Meat, Meat Products and Meat By-products (Inspection and Export Act) of 1998; Food Storage and Prevention of Infestation Act 1953 and the Food Storage and Prevention of Infestation Regulations 1973; and the Citrus Plant Protection Regulation 1999.²⁴

3.2. Tariffs faced by agricultural and industrial commodities in Jamaica's principal export destinations

Regular tariffs form a critical tool of trade policy despite not being a subject of this survey. Whilst exports to many countries are eligible for tariff reductions, based on preferential agreements signed with other countries or groups, imports are often subjected to a non-discriminatory MFN tariff. A non-discriminatory MFN tariff is normally calculated as the difference between the MFN duty and the preferential margin²⁵ given to a group of countries or the country that trade is being conducted with (partner country).

²¹ *Ibid* (page 24).

²² For the text of these Acts, see BSJ online information. Viewed at: <http://www.bsj.org.jm> WTO Trade Policy 2010, p. 53.

²³ The Aquaculture, Inland Marine and By Products (inspection, licensing and export) Act 1999 regulates the production, processing, storage, and transportation of fisheries products, and sets requirements for their inspection and testing. WTO Trade Policy Review 2010, p. 53.

²⁴ The Citrus Plant Protection Regulation is administered by the Jamaica Citrus Protection Agency (JCPA) to prevent infection of crops with Citrus Tristeza virus. The regulation requires registration and certification of all nurseries that produce or sell citrus plants; and certification of all citrus trees produced and sold. WTO Trade Policy Review 2010, p. 53.

²⁵ The usual measure of the preference margin for a product *k* exported to country *j* by country *i* is computed as the difference between the third-country tariff imposed by country *j* on product *k* (i.e. the most favoured nation (MFN) tariff notified at the WTO) and the tariff applied on the export of product *k* by country *i*.

As outlined in section 2.1, Jamaica's principal export destinations in 2010 were the United States, the United Kingdom and Canada, where 49.6%, 12.3% and 6.3% of its total exports were sent respectively. Of the three principal export destinations, Jamaica's exports face the highest average applied tariff in Canada (2.78%) and the lowest in the United Kingdom (0.82%) (table 6).

Table 6: Average tariffs applied by the United States, Canada and the United Kingdom

	Average tariff applied by the country		
	Average tariff applied for all products	Average tariff applied for agricultural products	Average tariff applied for industrial products
United States	1.52%	5.16%	1.22%
United Kingdom	0.82%	5.12%	0.48%
Canada	2.78%	28.03%	1.06%

Source: ITC calculations based on market access map data.

For the United States, Jamaica's principal destination for exports, agricultural exports face an average applied tariff of 5.16% compared to its industrial products which face an average applied tariff of 1.22%. Similarly, in the United Kingdom, Jamaica's agricultural products face a higher average applied tariff of 5.12%, compared with 0.48% for industrial products. Of all three principal export destinations, Jamaica's agricultural products face the highest average applied tariff of 28.03% in Canada.

4. National trade and development strategies

In order for its products to achieve greater competitiveness internationally, Jamaica will have to make the necessary changes in its regulatory environment in order to ensure greater efficiency in the process of exporting and importing. With Vision 2030 and its National Export Strategy outlining the steps forward, the Government must ensure continued commitment towards economic stabilization while addressing the country's main structural reforms. In addition, a National Aid for Trade Strategy is being drafted by the Government with the support of the Inter-American Development Bank, which aims to articulate Jamaica's priorities and develop a mechanism to monitor and evaluate trade-related projects. Continual capacity building of agencies providing support for trade as well as the modernization of its customs administrative and operational functions are also necessary for the development of national trade. These, in addition to expansion and diversification of exports must continue to be the main focus if the country expects to make any significant gains in its export trade.

4.1. The strategic national plan for exports

In September 2009, Jamaica launched its national export strategy (NES). This strategy, spearheaded by the National Export Strategy Secretariat, incorporates both goods and services industries and is expected to transform Jamaica's export industry and improve the country's performance in leading export markets.

As a unified strategic initiative that seeks to maximize Jamaica's export sector's direct contribution to economic and social development, the NES is working towards the following goals: increasing the export sector's contribution to GDP from one-fifth to one-third by 2013; increasing the export sector's contribution to overall employment generation, thereby improving the livelihood of marginalised groups; and achieving greater diversification of the export sector.

The NES identifies eight priority sectors which include: agro processing, whose priority product groups targeted in the Strategy account for 6% of total goods export; aquaculture, which comprises 7% of non-traditional exports; education, included based on Jamaica's large number of well-established public and private institutions offering a wide range of courses and attractive location; entertainment, which contributes 3% to all employment; fashion, which is considered to be the strongest goods producing sector in Jamaica's creative industries; information and communications technology (ICT), wherein exports from the call centre industry alone is conservatively estimated to be between US\$ 300-400 annually; and mining which has been contributing at least 5.2% to Jamaica's GDP since 1985.

The NES also identifies several factors which act as impediments to the success of the above identified priority sectors. These range from domestic issues such as a lack of a clear agricultural policy and low growth in the domestic market to external factors such as new product development in competing countries and the potential loss of comparative advantage in Jamaican cultural products through increased quality and use by other countries of Jamaican symbols and arts. In terms of non-tariff measures, the NES document outlines that the inability to meet international quality standards is a significant challenge for exporters; in particular those in the agro-processing sector which tend to face stringent quality requirements.²⁶ The document acknowledges that Jamaica has the relevant legislative and institutional framework for quality, standards, and other requirements but that the timeliness and consistency of the service delivery needs improvement. At present Jamaica has a total of 348 domestic standards. These standards are based mainly on international standards, primarily International Organization for Standardization (ISO) and Codex Alimentarius standards, but also on those of two of its major trading partners the United States and the United Kingdom.

Overall, the NES represents an important policy document that seeks to prepare Jamaica's export sector on all fronts by providing a framework that will enable producers to meet global demand for highly differentiated culturally inspired Brand Jamaican products and services, especially existing and emerging non-traditional exports.²⁷

4.2. Trade facilitation and other export support measures

The Automated SYstem for CUstoms DAta (ASYCUDA) was developed by UNCTAD in 1981 for Computerized Customs Management and inspired the Jamaican government to create its own computerized solution for customs management.²⁸ The system eliminated the paper-based system previously utilized by Jamaica Customs and facilitates importation and exportation of goods and the collection of government revenue at the established points of entry. Under the Customs Modernisation and Reform Programme, the Customs Department has undergone an extensive process evaluation and re-engineering, at the procedural and management level.²⁹ Jamaica's chief legislation on customs valuation and procedures (The Customs Act (1955), was amended in 2001 to bring it into conformity with the provisions of the WTO Agreement on Customs Valuation.³⁰ It was recently revealed by the Commissioner of Customs, Major Richard Reese, that the Jamaica Customs Department is looking to implement a new international Information Technology (IT) system to automate custom processes and compile accurate trade statistics, the ASYCUDA World Information System, which is currently used in over 85 countries.³¹ The Jamaican Government currently has a team of experts in Trinidad and Tobago looking at the ASYCUDA World Information System there, in order to make informed decisions on whether the system is fully compatible with applications in Jamaica. Simultaneously, the Department is also examining other types of international IT systems, as not all ASYCUDA modules are usually used by countries which have previously implemented the system.

As a requirement of Jamaica's NES, the Jamaican government took another bold step towards trade facilitation through the opening of Jamaica Import/Export Inspection Centre (JI/EIC) in 2009. This facility, housing important units from institutions such as the Bureau of Standards, Ministry of Health and Ministry of Agriculture sub-divisions, is located at the country's principal port (Port Bustamante) and is designed to eliminate hassle and make processing of goods and documents an easy One Stop procedure. This facility has since reduced clearance times for importers. Other benefits realized from the opening of the facility include the standardization of inspection procedures to guarantee product wholesomeness, the cutback of inspections deemed unnecessary and ensuring that all requirements of the International Standards Organisation (ISO) are met while improving service delivery to exporters and importers.

²⁶ See JAMPRO (2009), p. 56.

²⁷ Jamaica's National Export Strategy, 2009.

²⁸ WTO Trade Policy Review, Report by Jamaica, p.14.

²⁹ *Ibid* (page 28).

³⁰ *Ibid*.

³¹ 'Customs Department to Implement International IT System' on Jamaica Information Service website, accessed at <http://www.jis.gov.jm/component/content/article/104-finance-public-service/32827-customs-department-to-implement-international-it-system?tmpl=component&page=> 19 March 2013.

Though progress has been made under the Customs Modernisation and Reform Programme, problems associated with under-invoicing, among other things, are still commonly encountered by the Customs Department.³² Thus, the need for continual training and technical assistance is critical.³³

A number of institutions (Business Support Organizations) in Jamaica are active in the process of export development, each with its own important role to play in support of the National Export Strategy. Institutions are categorized into two large groups: the Export Strategy Support Network comprising institutions which make, direct and/or implement policy initiatives and will perhaps be engaged at a policy level, to weave the eventual strategy into their operations; and the Service Delivery Network, which is engaged in a 'hands-on' manner as service providers to the community of exporters and potential exporters.³⁴

Among the Export Strategy Support Network is the Jamaica Exporters' Association (JEA), the principal organization responsible for providing support to exporters. Among its primary services to exporters are: the provision of workspace and meeting facilities, business development and back office support financing, advocacy support, marketing and trade information support. The JEA, through recommendations from Jamaica's Private Sector Development Programme (PSDP) has formed several Export centres/Business information points (EC/BIPs) offices strategically located across the island. The aim of these centres is to provide micro, small and medium-sized enterprises (MSMEs) access to a range of standardized and value added information and services that will empower entrepreneurs and firms to increase their profitability and performance.³⁵

In addition to trade facilitation, the Jamaican government grants a number of incentives/concessions to local manufacturers, such as: the removal of 2% customs user fee and waiver of the CARICOM CET on raw materials; waiver of duties on corrugated cartons; waiver of duties on packaging materials and sporting goods; General Consumption Tax deferral certificate on packaging and raw materials; and, customs user fee waiver.³⁶

³² *Ibid* (page 30).

³³ *Ibid*.

³⁴ Jamaica National Export Strategy, 2009, p.118.

³⁵ 'Export Centre and Business Information Point' on the Jamaica Exporters' Association website, accessed at http://www.exportjamaica.org/start/index.php?option=com_k2&view=item&layout=item&id=5&Itemid=61 on 25 June 2012.

³⁶ <http://www.jma.com.jm/index/incentives-available> (accessed on 25 June 2012).

Chapter 2: Non-tariff measure survey implementation and methodology in Jamaica

1. Survey implementation and sampling methodology

This chapter describes the implementation of the NTM survey in Jamaica and gives a concise description of the global NTM survey methodology utilized. It provides information on the country-specific survey implementation, the sampling methodology, basic characteristics of the sample used in the survey and an introduction to the approach used in the data collection and analysis. In addition to this, the appendices go into further detail: appendix II contains the global methodology, which is the same in all surveyed countries; appendix III addresses the NTM classification; appendix IV deals with POs and provides the taxonomy for arranging reported measures into an organized hierarchical system.

1.1. Timeline and principal counterparts

In partnership with the Ministry of Foreign Affairs and Foreign Trade (MFAFT) Jamaica, the ITC survey was undertaken between August 2011 and February 2012. With the aim of enhancing local capacity, the survey was implemented by a locally based consultancy company A-Z Information Jamaica Limited. Prior to the implementation of the survey, project managers and interviewers of the company were trained by ITC staff on NTMs and on how to conduct telephone and face-to-face interviews. Interviewers were also familiarized with NTM classification and data files through practical exercises.

1.2. Business registry, sample frame and sample selection strategy

Initially, a total of 680 exporting companies and 3,785 importing companies were compiled by ITC as the sampling frame from which companies would be selected for interviews by the trained representatives of A-Z Information Jamaica Limited. Company details such as firm size, main products, addresses, telephone numbers and contact person(s) were provided for exporting companies only. In addition, exporting companies' main sectors were provided based on ITC classification, which comprised 13 agricultural and manufacturing sectors. Companies exporting minerals, petroleum and arms were excluded from the survey based on ITC requirements.

The lists of importing and exporting companies spanned Jamaica's 14 parishes (Saint James, Kingston, Saint Elizabeth, Portland, Clarendon, Hanover, Manchester, Saint Andrew, Saint Ann, Saint Catherine, Saint Mary, Trelawny, Saint Thomas and Westmoreland). Companies interviewed were selected from all parishes for geographical representation. Of the 680 exporting companies, 57% were located in St. Andrew, 15% in St. Catherine and 7% in island's capital, Kingston.

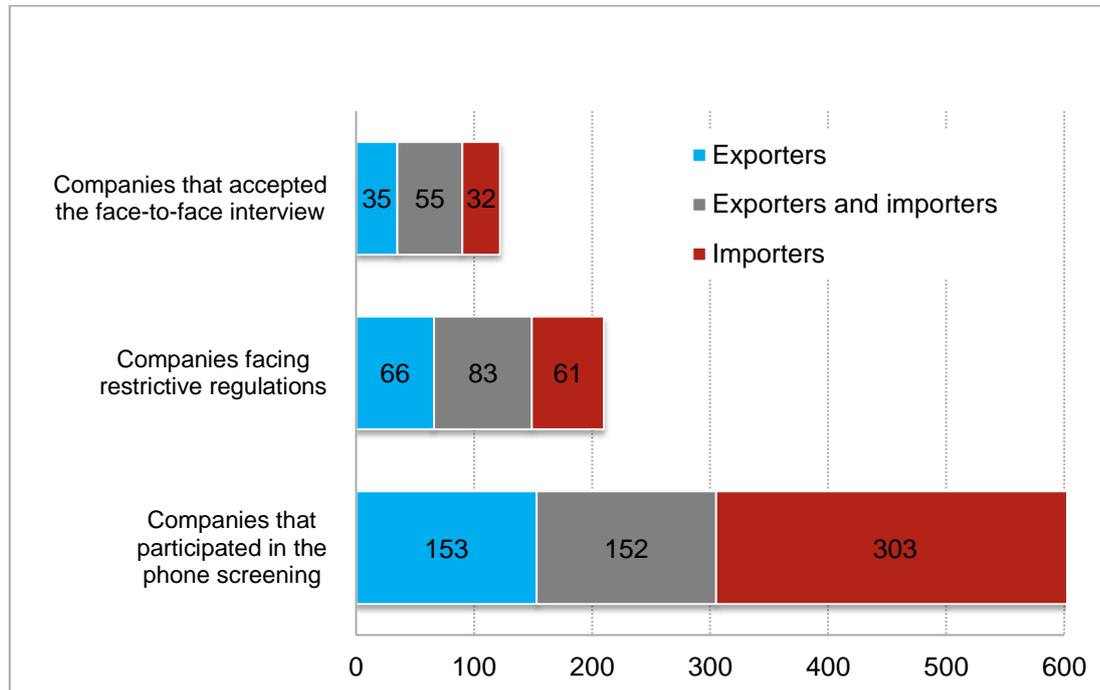
Initial telephone calls to companies randomly selected from both lists revealed that a number of companies provided were either no longer in operation or no longer exporting or importing, whilst some refused to take part in the survey. In order to increase the sampling frame, approximately 100 additional exporting and importing companies identified by local business support organizations (BSOs) directories and registers were selected by representatives of A-Z Information Jamaica Limited and added to the original listings provided by ITC.

1.3. Phone interviews and representativeness

Overall, approximately 2,745 companies were randomly contacted by telephone from compiled lists, 608 of which participated in a complete telephone interview. Of the companies which completed telephone interviews, 25% were exporting only, 25% were both exporting and importing and 50% were importing only. As a requirement of the survey, all interviewed companies were asked if they faced any burdensome regulation which affected their export or import processes. Some 210 companies (i.e. approximately 35% of interviewed companies) indicated that they faced burdensome NTMs and were subsequently asked to participate in a follow up face-to-face interview. Of this set, only 122 companies agreed to participate and were afterwards interviewed to capture information at a more detailed level (as shown in figure 4 below). Among the main reasons for some companies refusing to participate are: a general apathy among

exporters who felt they had answered the same questions before as well as a resistance to answer certain questions e.g. questions related to the number of employees and annual turnover, amongst others. Typical phone screen interviews lasted approximately 5-7 minutes.

Figure 4: Number of interviewed companies

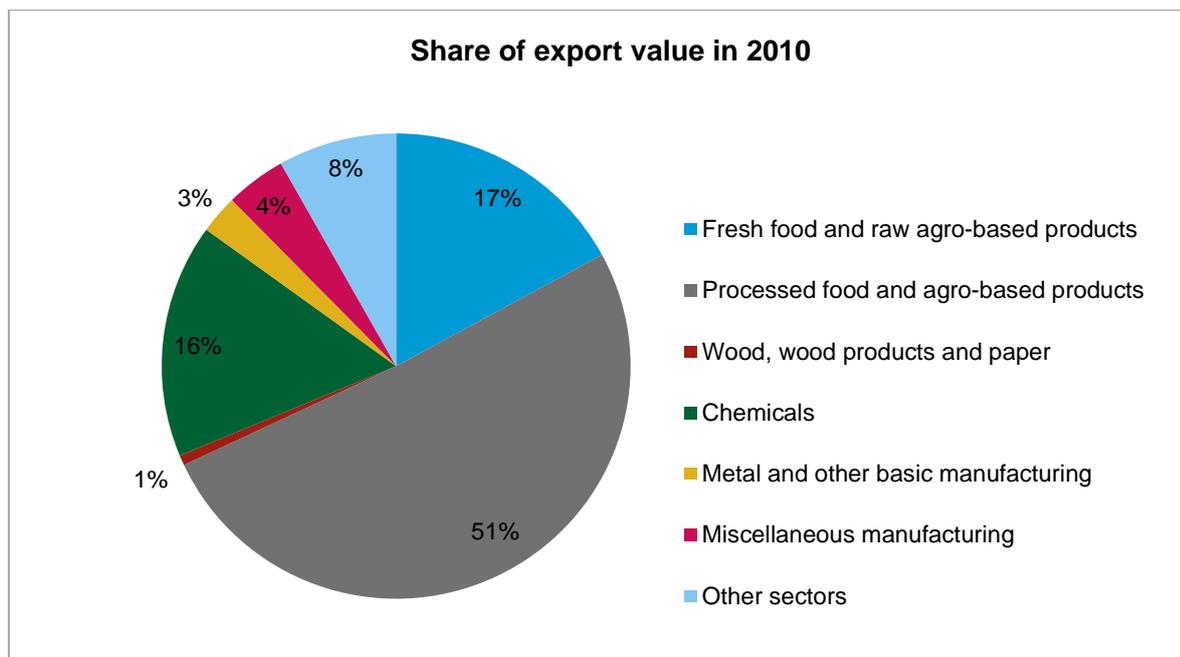
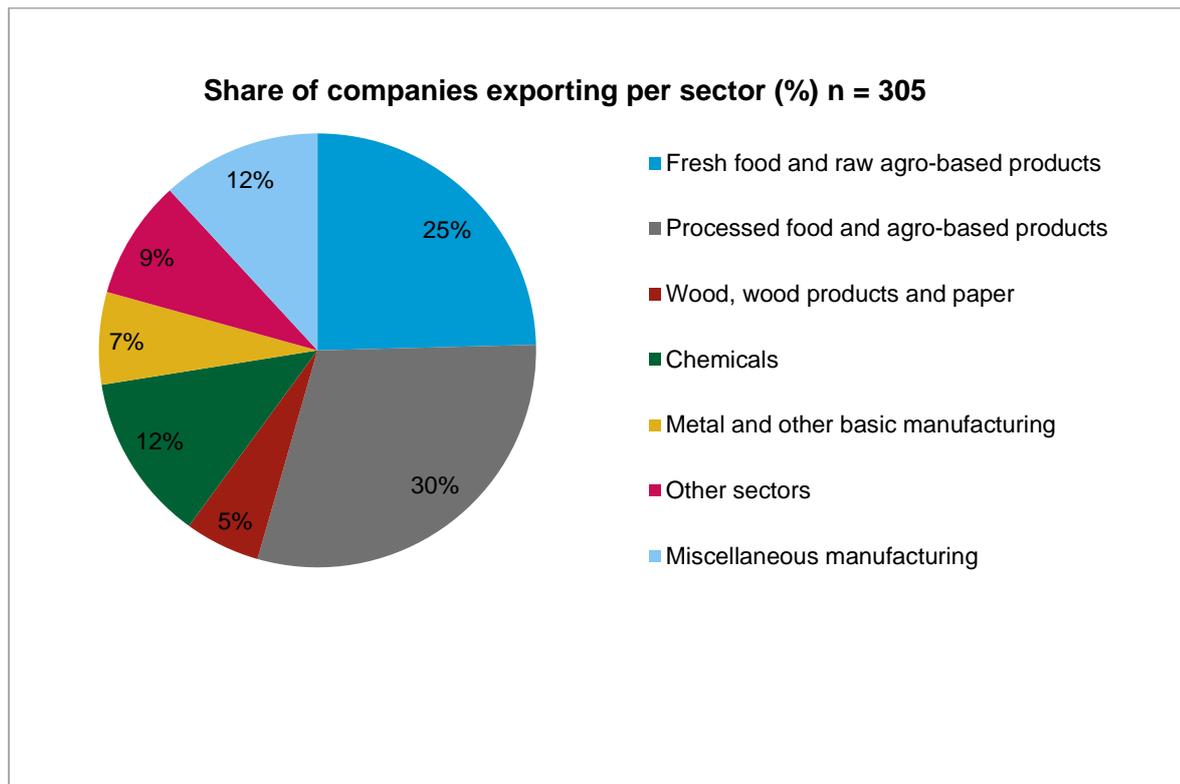


Source: ITC survey on NTMs.

At the sectoral level, the majority of exporting companies participating in telephone interviews were from the agricultural sector (55%), chemicals sector (12%), and miscellaneous manufacturing sector (12%) (see figure 5). This result is not surprising as it corresponds with the actual composition of Jamaica’s overall export sector, where combined these sectors accounted for the lion’s share (89%) of exports in 2010 [agriculture represented 68%, chemicals (16%) and miscellaneous manufacturing (4%)]. For the purpose of this survey, the definition of the agricultural sector is broad, and includes fresh food and raw agro-based products, processed food and agro-based products, and wood, wood products and paper.

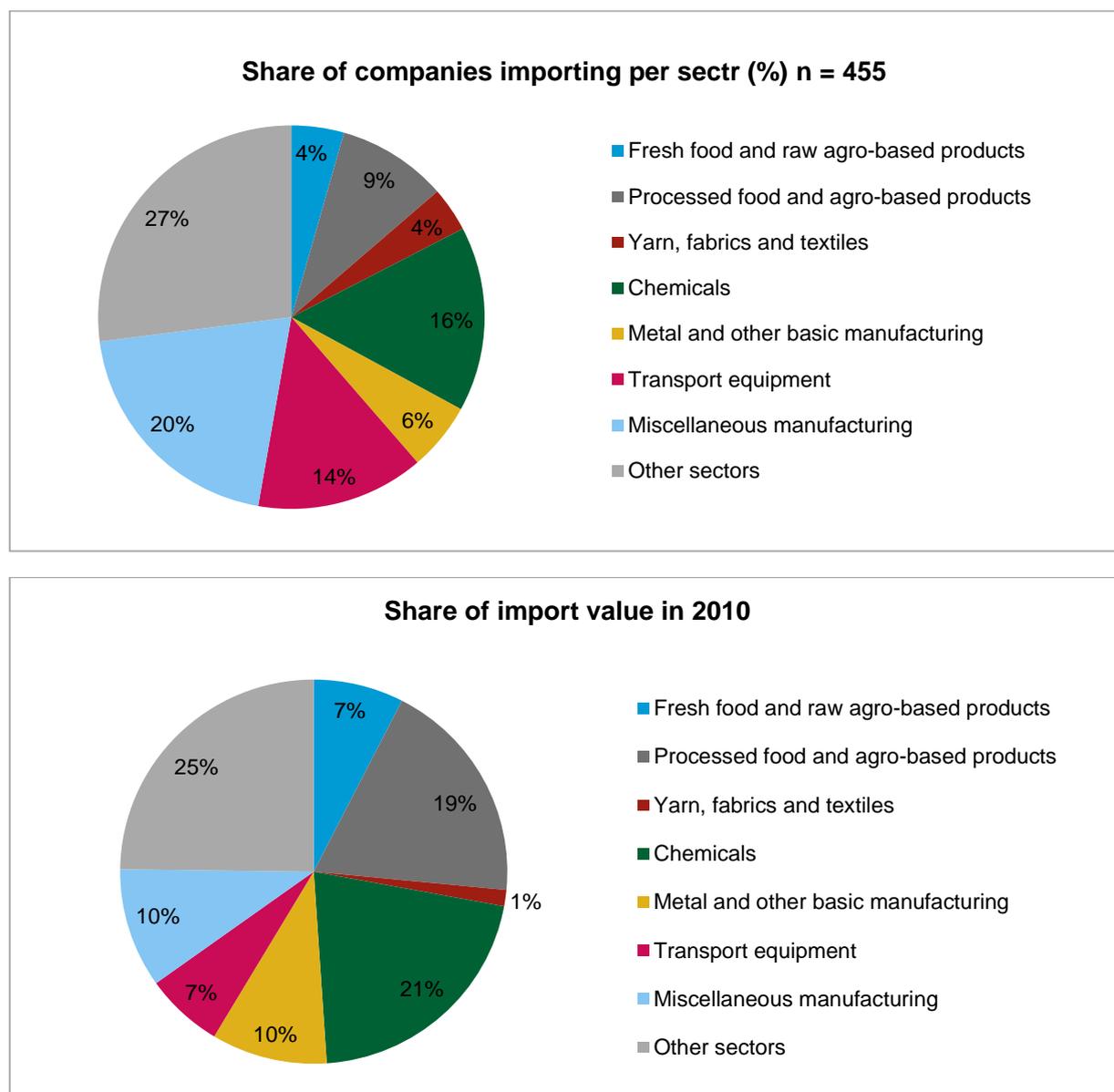
The bulk of phone screen interviews with importing companies were carried out with firms from ‘other sectors’ (27%) which include (electronic components, clothing, non-electronic machinery, leather and leather products, wood, wood products and paper, computer, telecommunications and consumer electronics). Combined, these sectors also represented the greatest portion of imports in 2010 (25%). These were followed by companies from the miscellaneous manufacturing sector and the transport equipment sector which accounted for 20% and 14% of participating companies respectively (figure 6).

Figure 5: Survey representativeness by export sector



Source: ITC survey on NTMs and Data from Trade Map 2010.

Figure 6: Survey representativeness by import sector



Source: ITC Survey on NTMs and Data from Trade Map 2010.

A requirement of the ITC NTM survey is that information be collected on the size of companies participating in the phone-screen interviews. Companies were therefore asked about the number of employees that they have that are permanent versus temporary. The criteria used are outlined in table 7.

Table 7: Company size definition

Company size category	Definition according to export (FOB) or import (CIF) value	Definition according to number of employees
Small	Less than US\$ 100 000	Less than 21 employees
Medium-sized	US\$ 100,000 – US\$ 1 000 000	21 to 100 employees
Large	More than US\$ 1 000 000	More than 100 employees

Source: ITC Survey on NTMs and Data from Trade Map 2010.

Overall, the data collected revealed that 67% of the participating companies were small and 21% were medium-sized companies. Large companies accounted for a mere 4% of companies interviewed. 8% of companies interviewed did not reveal their size. These results are indicative of the composition of Jamaica's business sector at large, where an estimated 85% of businesses are categorized as SMEs having 15 employees or less.

1.4. Face-to-face interviews

Burdensome NTMs were revealed by some 210 companies during the phone screen interviews. Of these companies, 122 were willing to meet face-to-face with representatives of A-Z Information Jamaica Limited to be further interviewed. In other words, only 58% of the identified affected companies agreed to participate in the face-to-face interviews.

These companies responded to questions capturing details of the NTMs which they had identified during the phone-screen interviews. Company characteristics recorded in the face-to-face interviews include the operational age of the company, its ownership structure and the share of exports in annual turnover. Most of the exporting companies were in operation for more than five years (83%), 16% between one and five years, and the remaining 1% less than a year. The majority of exporting companies were fully owned (85%) by Jamaicans.

2. Captured data and approach to evaluation

A very systematic and detailed approach was designed by ITC which A-Z Information Jamaica Limited used to conduct both telephone-screening and face-to-face interviews with participating companies. Firstly, general characteristics such as 'importing' or 'exporting', 'producing' or 'forwarding' companies were collected during the telephone-screening interview. Companies were then asked to identify their main exports and/or imports at the HS6 level. Information was then requested on the following: who is in charge of their export/import process; compliance with customs procedures and other export/import related regulations; burdensome regulations that are encountered; employee composition (permanent versus temporary); and ownership structure. Companies that identified that they indeed experienced burdensome regulations in the past or were currently experiencing burdensome regulations were met with subsequently if they agreed to participate in a face-to-face interview.

Face-to-face interviews included a series of questions, each aimed at categorizing companies by years in operation and annual turnover. Product-partner trade flows (that is, the companies' trade with each country) were then recorded for each export/import and identified NTMs and POs probed on a case by case basis. A case is defined as the most disaggregated analytic unit of the survey and each company participating in a face-to-face interview was required to report at least one case and, if relevant, POs and challenges associated to the TBE.

Cases are identified by individual NTMs (example, pre-shipment inspection). For example, should there be three products affected by the very same NTM applied by the same partner country and reported by one company, results would include three cases. If two different companies report the same problem, it would then count as two cases.

Information regarding POs (such as, lengthy delays in government agencies or lack of efficiency of the agency which certifies the conformity of a product) was also captured on a case by case basis. Details such as the country applying the NTM and the government institution in which a procedural obstacle was experienced were also recorded in each case.

Chapter 3: Survey results on companies' experiences with non-tariff measures

This chapter analyzes the findings of the non-tariff measure (NTM) survey conducted between August 2011 and February 2012. It begins with aggregate country-level results focusing on the affected sectors, major problems and their location. Subsequently, the challenges reported by exporting and importing companies are analyzed sector-by-sector, focusing on more specific findings.

1. Aggregate results and cross-cutting issues

1.1. Affected sectors

Overall, 305 exporting companies and 455 importing companies were interviewed during the survey. Of the 305 exporting companies, 41% were affected by NTMs or other trade-related problems (table 8). Of the 455 importing companies, only 25% reported such problems (table 9).

Table 8: Aggregate results of exporting companies interviewed by phone, by sector

Main export sector (as reported in phone screen interviews)	Total export value in 2010	Sector's share in total exports (%)	Number of companies interviewed by phone	Number of companies affected by NTMs or other obstacles	Share of affected companies (%)
	(US\$ '000) ^{a/}				
Fresh food and raw agro-based products	80,754	17	75	38	51
Processed food and agro-based products	241,214	51	91	43	47
Wood, wood products and paper	3,306	1	17	9	53
Chemicals	76,983	16	38	9	24
Metal and other basic manufacturing	12,661	3	21	12	57
Other sectors	38,719	8	27	4	15
Miscellaneous manufacturing	19,749	4	36	10	28
Total	473,386	100	305	125	41

Source: ITC Survey on NTMs.

The results of the survey reveal that Jamaican exporters are less frequently affected by trade impediments than exporters surveyed in Paraguay and Uruguay (60.0% and 56.4% respectively), and in Sri Lanka (69.7%). On the other hand, Jamaican exporting companies are still affected significantly more by trade impediments than exporters in Hong Kong where only 23.1% of exporting companies reported NTMs and other obstacles. It should be noted that part of the cross-country variation can also be driven by cultural differences.

Largely, NTMs reported by Jamaican enterprises varied from sector to sector. The highest incidence of burdensome NTMs (57%) was reported in the metal and other basic manufacturing sector (table 8). This may be partially attributable to the fact that the Jamaican government heavily regulates this sector in order to minimize illegal activities committed by some exporters when sourcing goods for export (in particular, scrap metal). Such was the significance of this problem that in July 2011, the Ministry of Industry, Investment and Commerce placed a ban on all exports of scrap metals from the sector, with the exception of those companies that were producing their own scrap metal.

Companies from Jamaica's agricultural sector also reported a high incidence of NTMs [49% faced restrictive regulations (table 8)] but this is typical for situations where there is direct usage of such types of goods by humans and the possible impact they may have on health and the environment. Agricultural goods are also often highly regulated because of the potential impact they may have on the environment.

At the same time, with major trading partners, such as North America and the EU, that have long established systems of food and drug administration as well as special guidelines on the growing and/or feeding of plant and animal products for human consumption, Jamaica’s agricultural exports will most likely be subject to high levels of scrutiny.

Table 8 also reflects that exports from the miscellaneous manufacturing sector (examples: paintings, printed books, gramophone records, articles of jewellery, straw baskets, etc.) and chemical sector were affected noticeably less by NTMs and other obstacles, recording incidences of 28% and 24% respectively. This lower incidence for miscellaneous manufacturing would be due to the nature of the products which carry minimal environmental and drugs related risks. As for chemical companies, they tend to be larger and more established entities that have been exporting the same products over an extended period of time and have smoothed out most of the obstacles. Exports from ‘other sectors’ (examples: car batteries, instruments and appliances used in medical surgical or veterinary sciences, parts of automatic data processing machines, etc.) reported the lowest incidence of NTMs, with an overall share of 15%. These exports, like chemicals, are typically carried out by larger and more established entities. However, battery exports were amongst those that faced regulations related to environmental concerns.

Table 9: Aggregate results of importing companies interviewed by phone, by sector

Sector	Import value in 2010	Share of imports (%)	Companies screened on the phone	Companies facing restrictive regulations when importing	Share of companies facing restrictive regulation (%)
	(US\$ '000)				
Fresh food and raw agro-based products	265 534	8	20	7	35
Processed food and agro-based products	669 707	19	42	17	40
Yarn, fabrics and textiles	48 208	1	17	5	29
Chemicals	741 824	21	71	20	28
Metal and other basic manufacturing	340 978	10	26	9	35
Transport equipment	230 749	7	64	19	30
Miscellaneous manufacturing	354 774	10	92	16	17
Other sectors	874 538	25	123	19	15
Total	3 526 312	100	455	112	25

Source: ITC Survey on NTMs.

On the importing side, companies in the agricultural sector overall faced the highest incidence of NTMs [processed food and agro-based products (40%) and fresh food and raw agro-based products (35%)]. Again, this is an expected result, as countries often place greater regulations on products which could potentially impact the health and safety of both their citizens and their environment. Companies in the metal and other basic manufacturing sector (examples: glass bottles, trophies, windows, doors and their frames of metal, etc.) also recorded a high incidence of NTMs (35%), commonly related to delays in clearance. A total of 30% of companies interviewed in the transport equipment sector faced burdensome NTMs. Within this sector, many companies complained of both lengthy and costly valuations conducted by Jamaica Customs, particularly on vehicles being imported from Japan and China. Sectors recording a moderate frequency of NTMs when importing included: yarn, fabric and textiles; and chemicals where the incidences of 29% and 28% were recorded, respectively. Examples of goods imported in the chemical sector are paints, organic chemical mixtures, fungicides, automotive lubricants, etc. The lowest incidence of NTMs experienced by sector when importing was reported by the ‘miscellaneous manufacturing’.

1.2. Non-tariff measures affecting exports and countries applying them

According to the International Trade Centre (2010):

‘NTMs may be defined as policy measures on exports and imports, other than ordinary customs tariffs, that can potentially have an economic effect on international trade in goods by changing quantities traded, or prices or both.’

NTMs can be classified as ‘export-related measures’ or ‘import-related measures’.

Export-related measures

- From the perspective of an exporter, ‘export-related measures’ are measures imposed by a company’s own country on the goods it is trying to export from its country.
- From the perspective on an importer, these are measures imposed by the country of origin on the goods being imported from a country.

Import-related measures

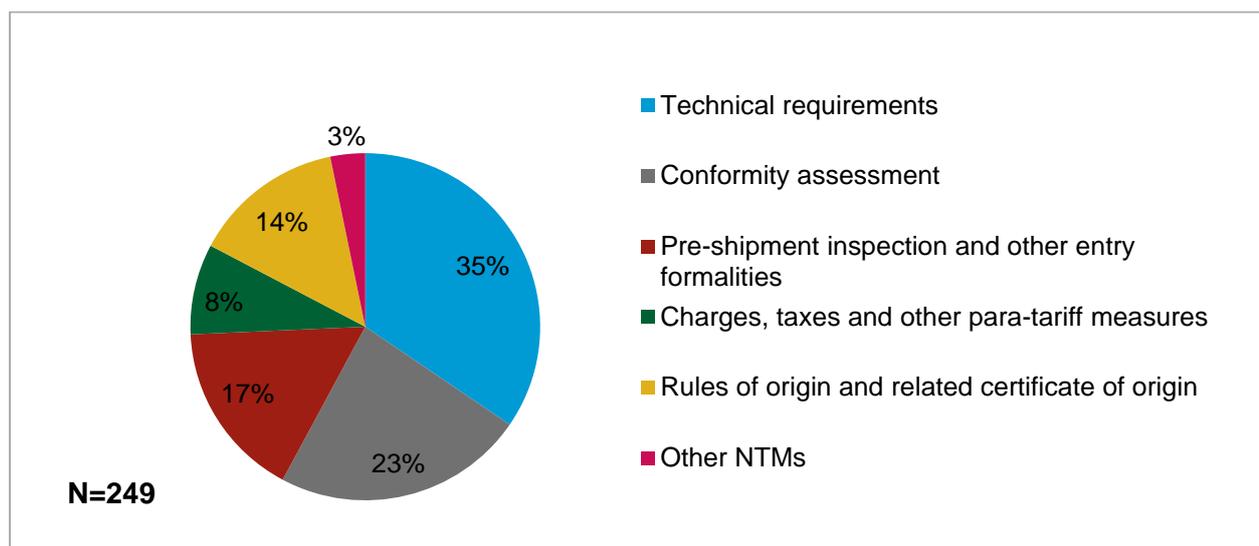
- From the perspectives of an exporter, are measures applied by the destination country on a company’s goods, whereas,
- From the perspectives of an importer, these are measures applied by a company’s own country on the goods it imports.

NTMs can be burdensome due to related POs. POs are problems related to the manner in which a regulation is applied or implemented, which can include inefficiencies, discrimination or delays (see appendices III and IV for a full list and classification). The survey distinguishes between POs and challenges related to the TBE. An inefficient TBE can cause similar problems as POs, but are not directly related to specific NTMs.

1.2.1. Non-tariff measures applied by partner countries

Companies participating in the face-to-face interviews reported a total of 249 cases of NTMs applied by partner countries (figure 7). Overall, technical requirements represented the greatest proportion of NTMs (35%) applied by partner countries. Following these were conformity assessments, which represented 23% of NTMs reported. There is some level of positive correlation between the incidence of technical requirements and the incidence of conformity assessments because they are both related to the standard/quality of the product. If the standard/quality of the product is questioned then this often has implications for both technical requirements and conformity assessment. For example, a technical requirement of the US FDA is that only certain approved chemicals should be used in the production of agricultural goods intended for the United States of America market. However, farmers sometimes experienced difficulties sourcing the approved chemicals and instead substituted other chemicals. In such cases they would often run into difficulties when their goods are tested by the FDA, which is a conformity assessment measure.

As reflected in figure 7, other NTMs reported as being applied by partner countries included pre-shipment inspections and other entry formalities (17%); rules of origin and related certificate of origin and charges (14%); and charges, taxes and other para-tariff measures (8%).

Figure 7: Most frequently observed categories of NTMs applied by partner countries (%)


Source: ITC survey on NTMs.

1.2.2. Partner countries reported to be applying non-tariff measures

The most frequently reported partner countries applying burdensome NTMs included the United States and CARICOM member states, in particular, Barbados. The United States is Jamaica's main destination for exports; therefore, this finding is not unexpected as the majority of the companies that participated in face-to-face interviews exported to this destination. Whilst it may be that the stratification of face-to-face interviews by company size and main sector instead of partner country makes the frequency of product-partner flows to main markets higher, it could also be that the United States does indeed have a high level of restrictiveness in its import policies. Overall, 53% of NTMs reported were applied by the United States Authorities (table 10).

Table 10: Share of burdensome NTMs per partner

Partner country	Jamaica export value in 2010 (in US\$ '000)	Share in total Jamaica export value (%)	Number of surveyed companies that export to this country	Number of surveyed companies that reported NTMs applied by this export destination	Share of affected companies among those exporting to this destination	Number of NTM cases applied by this country	Share in total reported NTM cases (%)
United States	191 974	40.6	53	31	58.5	132	53
United Kingdom	83 541	17.7	33	5	15.2	10	4
Canada	26 559	5.6	31	5	16.1	12	4.8
France	7 531	1.6	2	1	50	8	3.2
Rest of the world	88 689	19	63	7	11.1	8	3.2
CARIFORUM	72 399	15.9	100	21	21	79	31.7
• Barbados	8 685	1.8	18	5	27.8	25	10
• Antigua and Barbuda	4 906	1	15	6	40	22	8.8
• Saint Lucia	5 442	1.2	12	3	25	17	6.8
• Saint Kitts and Nevis	3 155	0.7	7	3	42.9	8	3.2
• Rest of CRIFORUM	52 904	11.2	48	4	8.3	7	2.8
Total	473 386	100				249	100

Source: ITC survey on NTMs 2012.

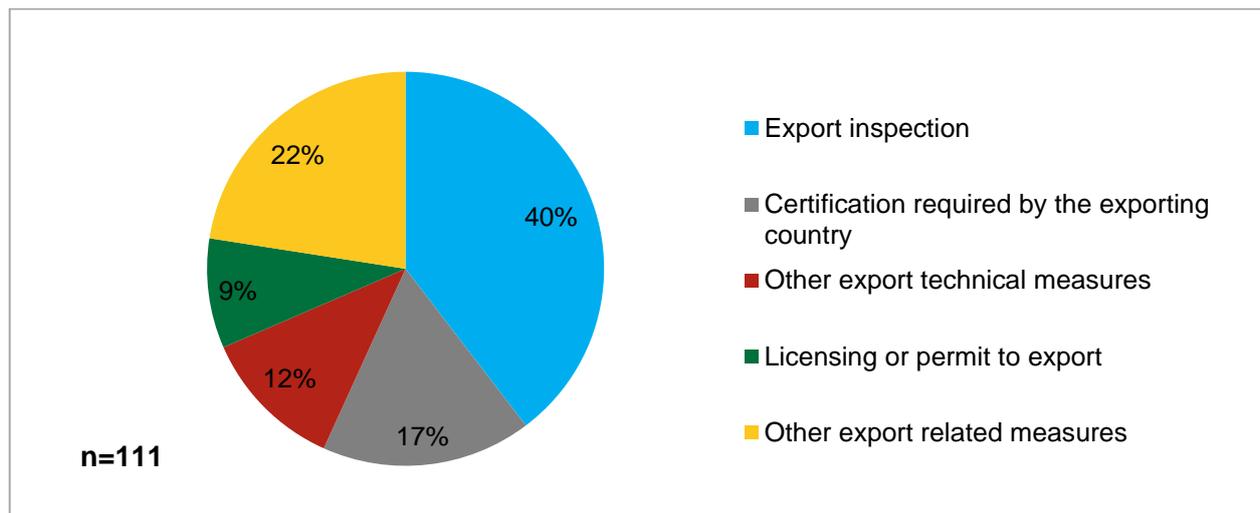
Regional trading partners (CARICOM member states) also accounted for a significant proportion (32%) of NTMs applied on Jamaican exports. Given the rules of trade that operate between the CARICOM member states (including goods which meet the CARICOM rules of origin being able to trade duty free throughout the region, and the removal of non-tariff barriers and/or harmonization of standards), this finding would have been surprising if most cases reported by companies exporting to member states were burdensome due to strict measures that were difficult to comply. However, careful examination of the data collected revealed that of the 79 reported cases reported as being applied by neighbouring CARICOM states, 74 were burdensome due to POs. Amongst CARICOM member states, Barbados accounted for the highest percentage of NTMs (10%) applied on Jamaican exports. This was followed by Antigua and Barbuda (9%) and Saint Lucia (7%).

NTMs applied by Canadian Authorities on Jamaican exports accounted for 5% of total exports, a relatively low percentage given that it is Jamaica’s second largest export destination market. Countries within the EU, the United Kingdom and France, accounted for 4% and 3% respectively of NTMs applied by partner countries.

1.2.3. Non-tariff measures applied by Jamaican authorities

A total of 111 cases of burdensome NTMs applied by Jamaican authorities (i.e. about 30% of the total number of NTMs) were reported by exporting companies. Among the NTMs reported were: export inspections, which accounted for 40% of total NTMs applied (the most common measure applied domestically); other export related measures, which accounted for 22% of total NTMs applied domestically; export certification, which accounted for 17%; and other technical export measures and licensing or permit to export which accounted for 12% and 9% respectively (figure 8). Whilst a much greater number of technical measures were applied by partner countries (87 cases or 35% of NTMs applied by partner countries were technical measures), it is difficult to compare the number of technical requirements applied by partner companies and domestic authorities. This is because it is unlikely that a country would want to impose numerous technical requirements on its own exporters given that they will face them again in the partner country.

Figure 8: Most frequent categories of non-tariff measures applied by Jamaican authorities (%)

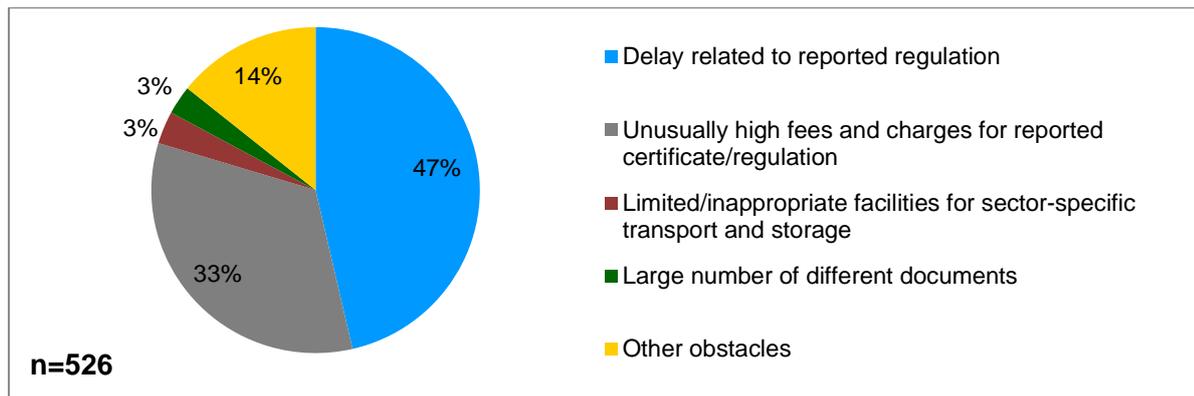


Source: ITC survey on NTMs.

1.2.4. Procedural obstacles affecting exports

Overall, the Jamaican exporting companies that were interviewed reported a total of 526 cases of POs encountered when exporting to partner countries (figure 9). This number of POs is significant when compared to Peru where there were 135 cases from 123 face-to-face interviews; however Sri Lanka had 813 POs from 177 face-to-face interviews.

Figure 9: Most frequent categories of procedural obstacles and inefficiencies in the trade-related business environment, in partner countries and domestically



Source: ITC survey on NTMs.

Some 244 cases of delays were reported, which represented 47% of total POs reported. This was followed by unusually high fees and charges for certificates/regulation which represented 33% of total POs encountered by participating exporting companies. ‘Other obstacles’ accounted for 14% of POs experienced by exporting companies. Limited/inappropriate facilities for sector-specific transport and storage, though only accounting for 3% of PO cases, may pose a serious problem to Jamaican exporters especially those in the agricultural industry. Large numbers of different documents were also reported at 3% (see figure 9).

1.3. Most common non-tariff measures and procedural obstacles affecting imports

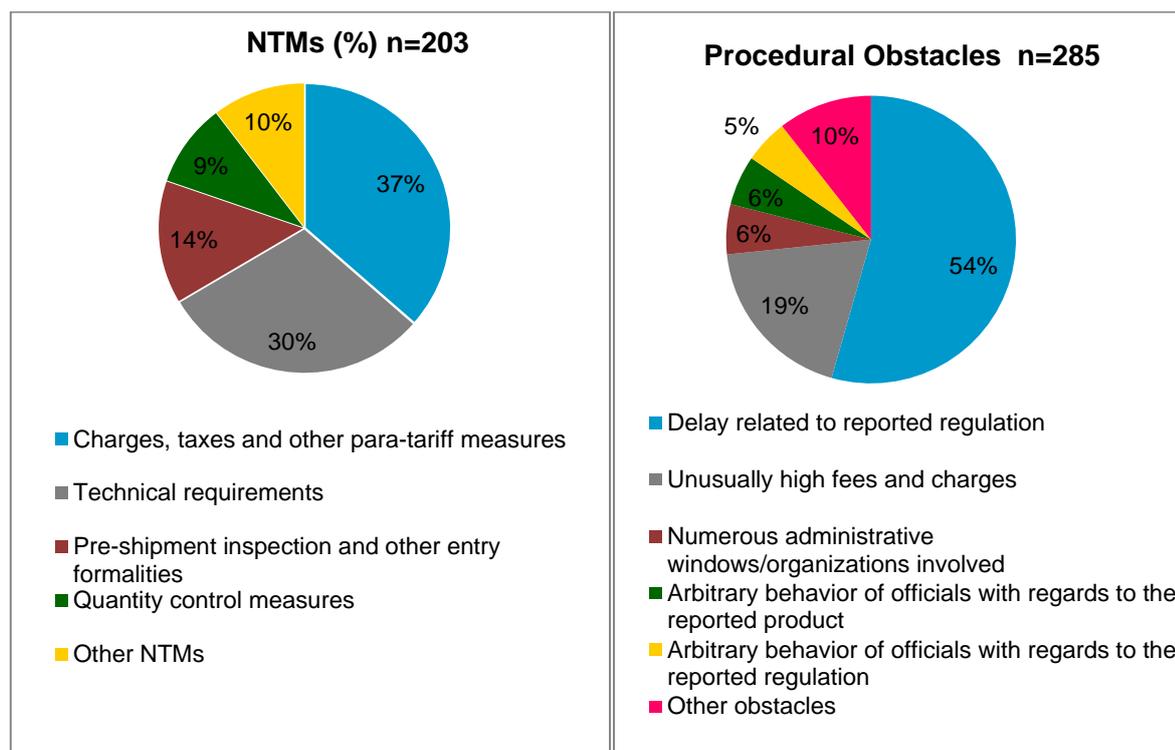
As reflected in figure 10, a total of 203 cases of NTMs applied by domestic authorities were reported by importing Jamaican companies. Of this total, 37% of cases reported were burdensome charges, taxes and other para-tariff measures applied by domestic authorities. This result is not unexpected as importing companies are likely to have a problem with any measure that increases the cost of their imports in a similar manner as regular customs tariffs. Following closely were technical requirements which represented 30% of the cases reported. Across countries, technical requirements are usually a major issue faced by importers, as they are product specific and can be tedious for a company importing more than one item. These requirements are legally binding and set by the country to which the product is being exported (in this case- Jamaica). Overall, the 203 cases of reported NTMs were accompanied by 308 POs (most commonly delays, and unusually high fees and charges), which indicates that whilst there may be some level of strictness in import measures applied by domestic authorities, a fundamental problem exists in domestic agencies facilitating the import process.

Some 14% of NTM cases being applied by domestic authorities on imported goods were burdensome pre-shipment inspections and other entry formalities. This measure involves the practice of checking, consigning, monitoring and controlling the shipment of goods, which are not related to technical requirements, before entry into Jamaica. The frequency of this measure is particularly high in countries like Jamaica which are located in zones noted for the trans-shipment of drugs (Jamaica is central between North and South America).³⁷

Amongst NTMs also identified were quantity control measures (9%) which restrict the quantity of imports of any particular good regardless of its origin may include non-automatic licenses, quotas, quantitative safeguard measures and prohibitions (see figure 10).

³⁷Jamaica: In the Drug Trade – Big and Getting Bigger’ on Council on Hemispheric Affairs’ website accessed at <http://www.coha.org/jamaica-in-the-drug-trade%E2%80%94big-and-getting-bigger/> on 16 August 2012.

Figure 10: Categories of non-tariff measures and procedural obstacles affecting imports



Source: ITC survey on NTMs.

With respect to POs encountered by importers from the Jamaican authorities, these ranged from a variety of obstacles such as lengthy delays, informal or unusually high payment requirements and/or the discriminatory behaviour of officials in agencies with which importing companies have to interface. Overall, the most frequently occurring procedural obstacle was delays related to a mandatory regulation, which accounted for 54% of total POs encountered (figure 10). Unusually high fees and charges were also reported by a number of importing companies and represented 19% of total POs encountered. The arbitrary behaviour of officials regarding a reported regulation or product was also among the most common POs faced by importing companies and represented 6% (jointly) of total POs. Numerous administrative windows also accounted for 6%.

1.4. Recurring challenges with procedural obstacles

1.4.1. Types of challenges

Both importing and exporting companies from Jamaica identified 'delays related to a particular regulation' to be the most frequent PO encountered (exporters 46% and importers 54%). Delays were experienced across a number of domestic institutions/authorities and partner countries and were often related to getting required certification of a product or inspection conducted by an agency. It is likely that the high frequency of such POs is related to the fact that among the most common NTMs reported by exporters and importers were export inspection, certification and pre-shipment inspection and other entry formalities (usually carried out by customs authorities and bureau of standards) which typically involve a number of different steps and/or procedures and agencies. As a result, the likelihood of a delay in at least one stage of inspection is relatively high.

Unusually high fees and charges for a reported certificate or regulation were also frequently identified by exporting and importing companies as obstacles encountered. Among POs reported by exporters and importers, this accounted for 19% and 33%, respectively.

1.4.2. Domestic and partner country authorities

Challenges due to POs are related to a particular regulation and can occur in agencies/institutions in a partner country or domestically. Overall, exporting and importing companies faced an average of 3 POs in domestic agencies. In partner countries, exporting companies also faced an average of 3 POs. In absolute numbers, 308 cases of POs encountered domestically were reported by importing companies, some 20 cases more than the 288 reported by exporting companies (table 11). In partner countries, a total of 271 cases were recorded. Overall, POs originating domestically accounted for approximately 69% of POs experienced by exporting and importing companies together. A full list of the domestic and partner country agencies in which POs were reported is provided in table 18 in appendix I.

Domestically, the Jamaican agency most frequently identified as causing difficulties was Jamaica Customs Department. During consultations with the Customs Department, its representatives explained that the Department is often blamed for carrying out procedures required by other Agencies. Amongst exporters, 32% of POs reported involved the Customs Department whilst it was involved in 54% of those reported by importers. This finding is not surprising as it is a compulsory requirement that official exporters and importers interface with customs before exporting or importing. As a result of this, the possibility of a high number of POs being reported at customs versus a sector-specific agency responsible for issuing an export certificate per se is somewhat expected (similar results are seen in the Peru and Sri Lanka survey).

‘...Whilst Jamaica Customs is required to carry out inspection of products being exported and imported (which may be unavoidably lengthy- depending on the amount and nature of the good being exported), the agency is often blamed for problems associated with inspections carried out by other agency officials (such as the Ministry of Agriculture, or Ministry of Health) which have their officers conducting inspections of goods at Jamaica Customs’ various location. Because many importers and exporters are not aware of this, they often pin the blame on Customs. Customs is also aware that many exporters do not fully understand the inspection procedures and therefore often complain about it.’

Jamaica Customs Department

For exporters, apart from Jamaica Customs Department, a significant number of POs were reported to have occurred in other domestic agencies. POs encountered at Jamaica Trade Board Ltd. (a regulatory agency of government, operating under the legal authority of the Trade Act and the auspices of the Ministry of Industry, Investment and Commerce)³⁸ represented 14% of all POs faced by exporters. Following closely was the Ministry of Agriculture wherein 34 cases or 12% of POs were encountered by exporters. POs encountered at airports³⁹ and the Bureau of Standards⁴⁰ represented 8% and 6% respectively of total POs reported by exporters. Of note is the fact that most cases of difficulties/obstacles encountered at the Bureau of Standards were reported by companies in the agricultural sector.

For importers, second to Jamaica Customs Department was the Ministry of Health wherein 54 cases or 18% of POs were encountered. As amongst exporters, the Ministry of Agriculture was identified as an agency where many POs are encountered. Some 31 cases (10%) were reported at this agency, only 3 cases less than reported by exporters (table 11). The Pharmaceutical Council of Jamaica and the Coconut industry Board were also frequently associated with POs; however this was typically the case for companies in the chemical sector or those importing sensitive items. The Bureau of Standards and the Ministry of Finance were also reported by importers as being amongst agencies where obstacles were experienced, recording 8 cases (3%) and 7 cases (2%) of POs respectively.

³⁸ ‘About the Organization’ on the Trade Board Limited website accessed at <http://www.tradeboard.gov.jm/tb/aboutus/about.html> on 28 July 2012.

³⁹ Jamaica currently has 2 major international airports through which exported and imported goods pass, the Norman Manley International Airport located in the island’s capital, Kingston and the Sangster’s International Airport located in Montego Bay, St. James.

⁴⁰ The Bureau of Standards is responsible for most export certification documents.

Table 11: Procedural obstacles reported to take place in agencies located in Jamaica

POs affecting exports			POs affecting imports		
Agency	Number of times the agency was reported in relation to PO	Share in total obstacles	Agency	Number of times the agency was reported in relation to PO	Share in total obstacles
		N=288			N=308
Customs	93	32%	Customs	165	54%
Jamaica Trade Board	40	14%	Ministry of Health	54	18%
Ministry of Agriculture	34	12%	Ministry of Agriculture	31	10%
Airport	22	8%	Pharmaceutical Council	12	4%
Bureau of Standards Jamaica	20	7%	Coconut Industry Board	8	3%
JAMPRO/Jamaica Trade and Invest	13	5%	Ministry of Finance	8	3%
FDA	12	4%	Bureau of Standards	7	2%
Ministry of Finance/ Inland Revenue Department	11	4%			
US FDA ⁴¹	6	2%			
Other agencies	37	13%	Other agencies	23	7%
Total	288	100%	Total	308	100%

Source: ITC survey on NTMs.

Amongst partner countries, the greatest incidence of POs reported (65.9%) occurred in the United States, which is expected given that it is Jamaica’s main destination for exports and main source of imports. Majority of the POs (65.9%) were encountered with the United States of America Food and Drug Agency (US FDA) and the United States customs (table 11). The Food and Drug Administration (FDA) is responsible for protecting the public health of the United States by assuring the safety, efficacy and security of human and veterinary drugs, biological products, medical devices, our nation’s food supply, cosmetics, and products that emit radiation.⁴² Based on the fact that Jamaica’s exports are dominated by agricultural products and the United States’ strict laws concerning such goods, all agricultural exporting companies have to interface with this agency in one way or another. Therefore, it is no surprise that a significant number of reported POs involve this agency.

Procedural obstacles encountered in CARICOM countries also represented a significant percentage of total POs reported. Some 19 cases (7.3%) of POs were reported to have taken place at Customs in St. Lucia, the highest amongst CARICOM countries. The majority of these difficulties were faced by companies exporting miscellaneous items such as crafts or clothing for resale in the tourism destination. Antigua and Barbuda and Barbados, also CARICOM member states, each accounted for 6% of POs reported (table 12). Only 6 cases (2%) were reported to have occurred in Grenada, which is also a member of CARICOM. No systematic differences were found in POs occurring in the United States of America and in CARICOM. Within both markets, delays related to a reported regulation were the dominant problems.

⁴¹ The survey design is such that it allows for some cases of POs associated with the US FDA to be captured as domestic POs. For example, POs associated with export registration, an NTM applied by the US FDA, may be captured as domestic POs because registration and payment for registration is usually completed online by exporters in Jamaica.

⁴² ‘What we do’ on the Federal Drug Administration’s website accessed at <http://www.fda.gov/AboutFDA/WhatWeDo/default.htm> - 26 November 2012.

Table 12: Procedural obstacles and inefficiencies in the trade-related business environment encountered in partner countries

Partner	Procedural obstacles when exporting	Share in total number of obstacles (%)
Antigua and Barbuda	18	6.9
Barbados	16	6.1
Brazil	1	0.4
Canada	14	5.4
Cayman Islands	1	0.4
Grenada	6	2.3
Netherlands	2	0.8
Saint Kitts and Nevis	2	0.8
Saint Lucia	19	7.3
Saint Vincent and the Grenadines	1	0.4
Trinidad and Tobago	1	0.4
United Kingdom	8	3.1
United States*	172	65.9
Total	261	100

Source: ITC survey on NTMs.

Five export cases occur in the United States as a transit country.

2. Agriculture

This section analyzes obstacles to trade in Jamaica's agricultural sector. The sector comprises fresh food and raw agro-based products (including fresh seafood, fresh agro-food), processed food and agro-based products (including processed fishery products, processed agro-food hereafter).

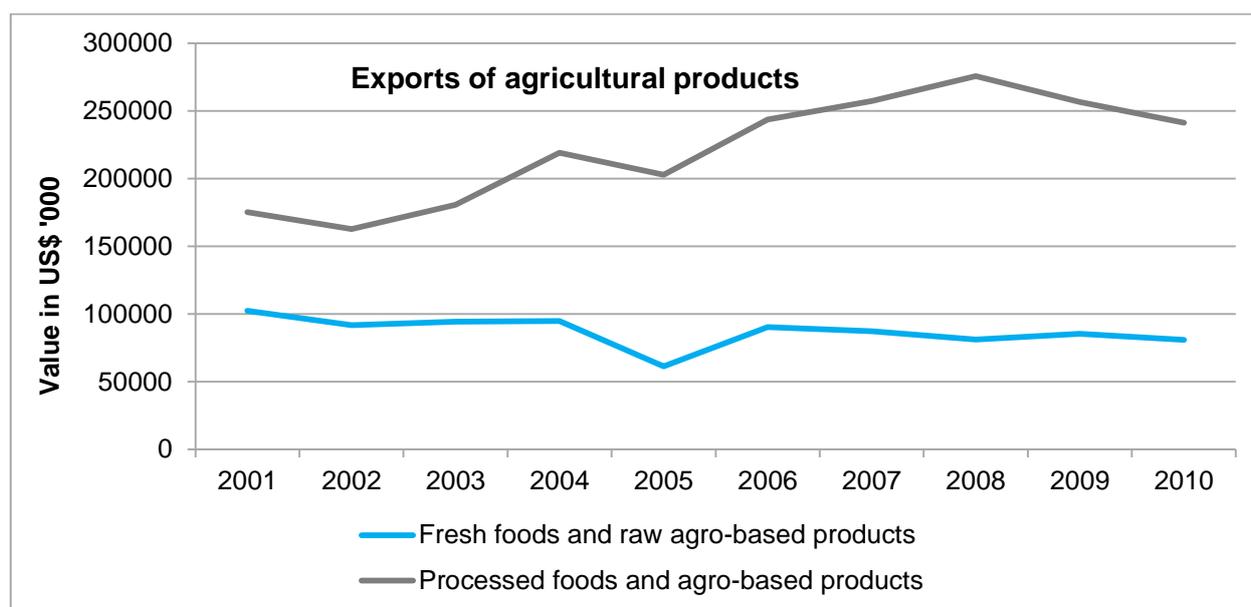
2.1. Importance of the sector

Jamaica's agricultural sector is an important contributor to GDP, foreign exchange earnings, employment, and rural life. It mainly comprises small and medium-sized farmers with 5 hectares or less, who account for 85.6% of total agricultural holdings.⁴³ In 2010, Jamaica's earnings from agricultural exports totalled US\$ 322 million, thereby accounting for approximately 68% of total exports for that year excluding exports of minerals and arms. Within agricultural exports, the category exports of 'processed food and agro-based products' represented 75% of that total, while exports of 'fresh foods and raw agro-based products' accounted for 25%. Employment in the agricultural sector in 2009 was about 225,000 persons, second only to the services sector which employed some 719,400 for that same year.⁴⁴

In terms of specific agricultural products, exports of alcoholic beverages represented the highest share of agricultural exports in 2010, accounting for 29% of total exports. Jamaica has had a long history of alcoholic exports with its main market being Canada – the country's third largest export destination. Two major Jamaican companies are responsible for the majority of the country's exports of alcoholic beverages – Desnoes and Geddes Limited and J. Wray and Nephew Limited, both located in Kingston, the island's capital.

⁴³ Economic and Social Survey of Jamaica, 2009.

⁴⁴ *Ibid.*

Figure 11: Composition and development of Jamaica’s agricultural export 2001–2010

Source: ITC calculations based on Trade Map and Market Access Map data.

Following exports of alcoholic beverages were exports of sugar molasses and honey, whose share of in the value of agricultural exports in 2010 was 14%. Sugar cane cultivation became an important activity after the British took control of the islands in the 1600’s and has remained so ever since. However, its importance to the economy overall has declined as the country’s economic base has been diversified over time.

2.2. Non-tariff measures applied by partner countries affecting exports

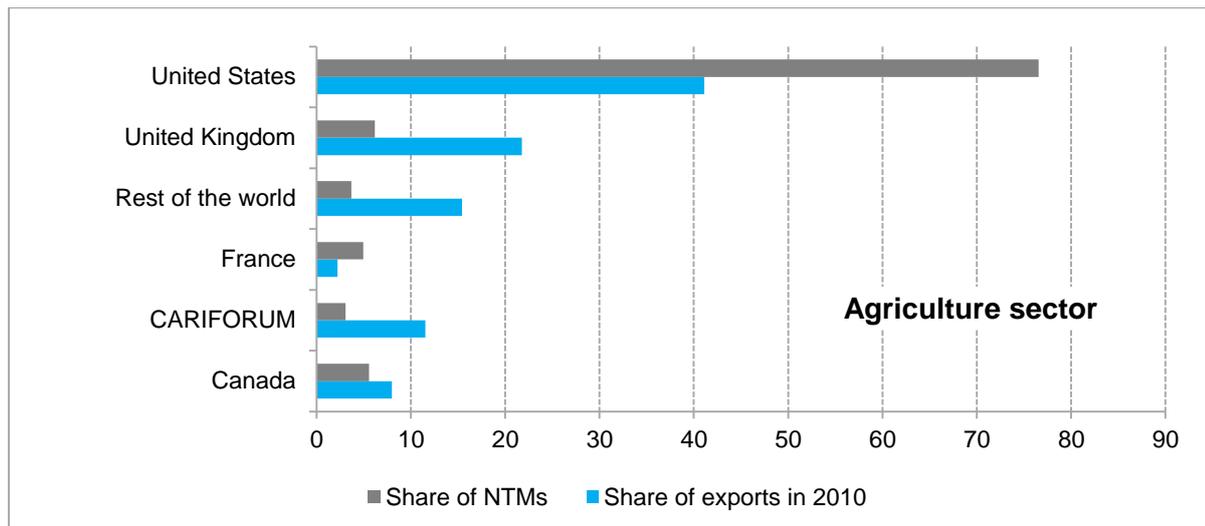
Overall, 163 cases of NTMs applied by partner countries were reported by companies exporting from Jamaica’s agricultural sector. Earlier sections revealed that the United States, Jamaica’s main destination for exports (accounting for 40.6% of Jamaican’s total exports in 2010) was the most challenging market for exporters of Jamaica’s agricultural goods. Of the total 163 reported cases, 76% or 124 NTMs were applied by the United States Authorities. It is expected that there will be more reports related to the exports to the United States simply on the basis of its size, but this country remains the most burdensome destination even when trade share is taken into account. The United States accounts for 76% of cases while its share in Jamaican agricultural exports is 50% (figure 12). At present, Jamaica does not have any bilateral or regional trading agreements with the United States therefore exports of agricultural goods are not afforded any special treatment.

Following the United States was the United Kingdom, which accounted for 10 cases (6%) of burdensome NTMs and Canada which accounted for 9 cases (5%). Both the United Kingdom and Canada are major destinations for Jamaica’s exports, receiving 6% and 12% respectively of Jamaica’s total exports in 2010. Jamaica (as a member state of CARICOM) is currently in the process of negotiating a bilateral agreement with Canada. Canada seems favourable compared to other destinations with lower share of NTMs compared to share of exports.

A notable number of cases of NTMs (5%) were also reported as being applied by France, despite this not being a major destination for Jamaica’s exports (France accounted for a mere 1% of Jamaica’s total exports in 2010). However, this is likely to be as a result of Jamaica’s trade with the French Caribbean Outermost Regions (FCORs) which include Martinique and Guadeloupe. These Territories are situated in the Caribbean relatively close to Jamaica and import a significant amount of seafood and agricultural products from Jamaica.⁴⁵ As a member of CARIFORUM (CARICOM plus Dominican Republic), Jamaica’s agricultural exports are able to enter the United Kingdom, France and its territories duty free.

⁴⁵ Source: Trade data from the Statistics Unit, CARICOM Secretariat.

Figure 12: Share of exports and burdensome NTMs applied by main markets to Jamaican agricultural products 2010

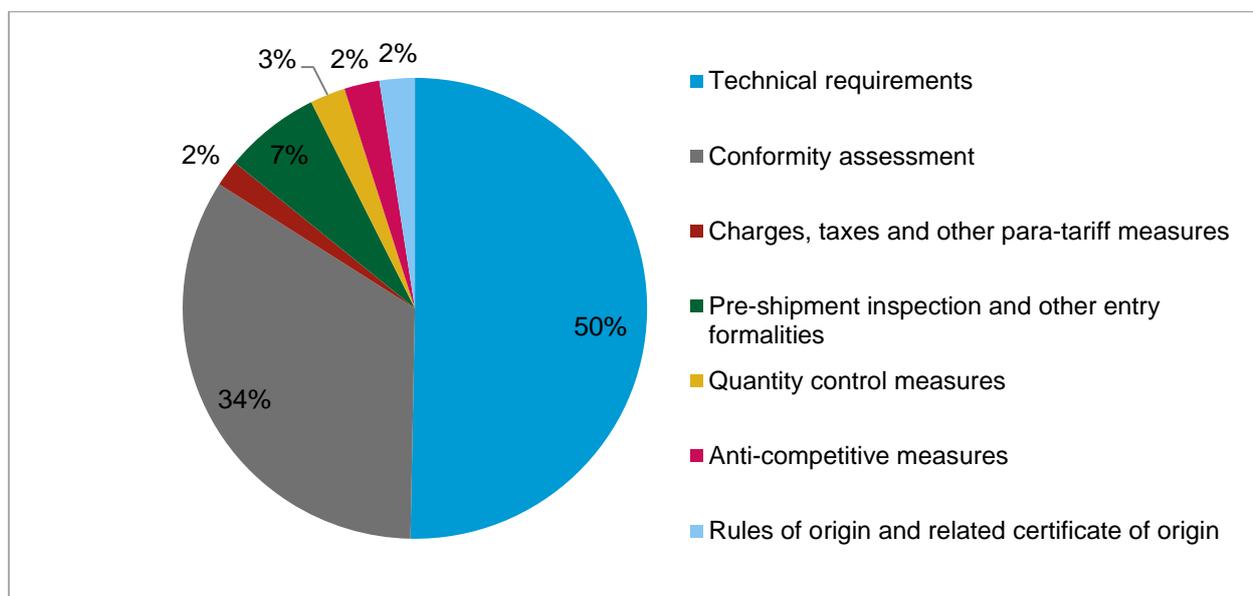


Source: ITC Trade Map and survey on NTMs.

Overall, 6% of Jamaica’s total exports in 2010 went to CARIFORUM, while 3% of NTMs reported in the survey were applied by CARIFORUM member states. This may be as a result of the fact that within the CARICOM Agreement provisions are made for goods to move freely between member states and member states are encouraged to have mutually recognized standards for goods.

The most common types of NTMs applied by partner countries included: technical requirements (50%), conformity assessments (34%) and pre-shipment inspection and other entry formalities (7%) (figure 13). Charges, taxes and other para-tariff measures, anti-competitive measures, rules of origin and related certificate of origin accounted for the lowest portions of burdensome NTMs reported to be applied by partner countries (2% each). No cases were reported with regard to finance measures, price control measures and other NTMs included in the scope of the survey (see NTM classification in appendix III).

Figure 13: NTMs applied by partner countries affecting agricultural goods



Source: ITC Survey on NTMs.

2.2.1. Technical regulations and related POs in partner countries

As outlined in the previous sections, amongst exports of all goods (both agricultural and manufacturing goods), most cases of NTMs were experienced when exporting to the United States (76%). In subsequent face-to-face interviews, it was further revealed that the majority of cases of NTMs reported as affecting agricultural goods exported to the United States fell under technical regulations, which were also encountered in seven other partner countries. In fact, technical requirements were the most common type of NTM reported overall (a total of 82 cases representing 50% of total NTMs faced by companies exporting agricultural goods to partner countries – figure 13). Following the United States, the highest number of cases of burdensome technical requirements was reported in Canada (7 instances or 9% of total cases) and the United Kingdom where 3 cases (4%) were reported. CARICOM counterparts Belize, as well as France appeared in 2 cases each. A single case of burdensome technical regulations was reported in each of the following countries: China, Panama, Brazil, and Trinidad and Tobago.

A low incidence of burdensome technical measures within CARICOM countries is somewhat expected given the establishment of the CARICOM Regional Organisation for Standards and Quality (CROSQ) in 2002 to avoid the duplication of technical work by national standards bodies across CARICOM countries. The development of CARICOM technical regulations is assigned to national standards bodies and then proposed to CROSQ, which subsequently reports to the CARICOM Council for Trade and Economic Development (COTED). COTED sets CROSQ's policies and gives final approval on establishment of regional standards and technical regulations.⁴⁶ There are currently 51 CARICOM standards, which relate primarily to food, labelling, consumer products, chemicals, and to a lesser extent to cut flowers and textiles; those related to the health and safety of persons have mainly been adopted by the Bureau of Standards Jamaica as technical regulations.⁴⁷ Technical regulations account for 33 of 51 regional standards mainly concerning agricultural goods and processed food.

Companies' experience with technical regulations imposed by importing countries does not depend on the company size – small and large companies report similar experiences. However, differences emerge depending on the type of agricultural products exported. More specifically, certain agricultural exports were subjected to more burdensome technical regulations than others. The highest number of cases (51% of burdensome technical regulations) was reported by companies exporting vegetables, roots, tubers and other edible vegetable products, fresh or preserved.

Exports of such products valued US\$ 26.4 million in 2010, and represented 8.2% of Jamaica's total exports for that year. Several types of technical regulations were reported by exporters of these goods. Among the most common were import authorizations and registration requirements, import prohibition or restrictions of products, fumigation requirements and tolerance limits for residues and restricted or prohibited use of substances in food or feed.

'... the United States provides a list of approved/prohibited chemicals to be used for fresh produce. The company is only able to get one of the items approved on the list to use on its yellow yams.'

Jamaican agricultural exporter

According to one company exporting roots and tubers to the United States, a list of approved/prohibited chemicals to be used for fresh produce is published by the United States of America authorities, some of which are not easily accessible. Such requirements pose serious concerns for Jamaican agricultural exporters, especially for small enterprises located in rural parishes where access to certain approved chemicals is limited. Fumigation requirements were also commonly reported by exporters of roots and tubers as these products were subjected to fumigation in main markets. Many exporters complained of over-fumigation requirements by the United States of America and Jamaica Customs authorities. In particular, the United States of America mandates that all roots and tubers be fumigated prior to clearance.

'... The United States requires that companies exporting agricultural produce (ground provisions) be registered with the FDA before they can export ground provisions to the United States. This registration is done online and is sometimes difficult because of the detail required, especially for a small company.'

Jamaican agricultural exporter

⁴⁶ WTO Trade Policy Review, 2010, p. 58.

⁴⁷ *Ibid.*

A number of exporters reported that the process of registration with the USFDA was burdensome because it has to be done online and is sometimes difficult because of the level of detail required and the cost especially for a small company. This requirement was reported to be very costly (US\$ 389/J\$ 35,788 per company) by a number of exporters and was found discouraging to small farmers who wished to export to the United States of America market.

Another agricultural export product sub-category that regularly faced burdensome technical requirements was 'spices', which are most commonly exported to the United States, Canada and the United Kingdom. Overall, 13% of NTMs were reported by exporters of spices, which represented 1.7% of Jamaica's agricultural exports in 2010 and earned US\$ 5.6 million.

'...The Company encountered lengthy verification procedures at both the United States and the United Kingdom Customs which sought to ensure that exports of yams were free of chemicals disapproved.'

Jamaican agricultural exporter

Other products which faced notable numbers of burdensome technical regulations included: fruit, preserved and fruit preparations (which represented 4.2% of exports in 2010) and fruits and nuts which each represented 5% of agricultural exports in 2010.

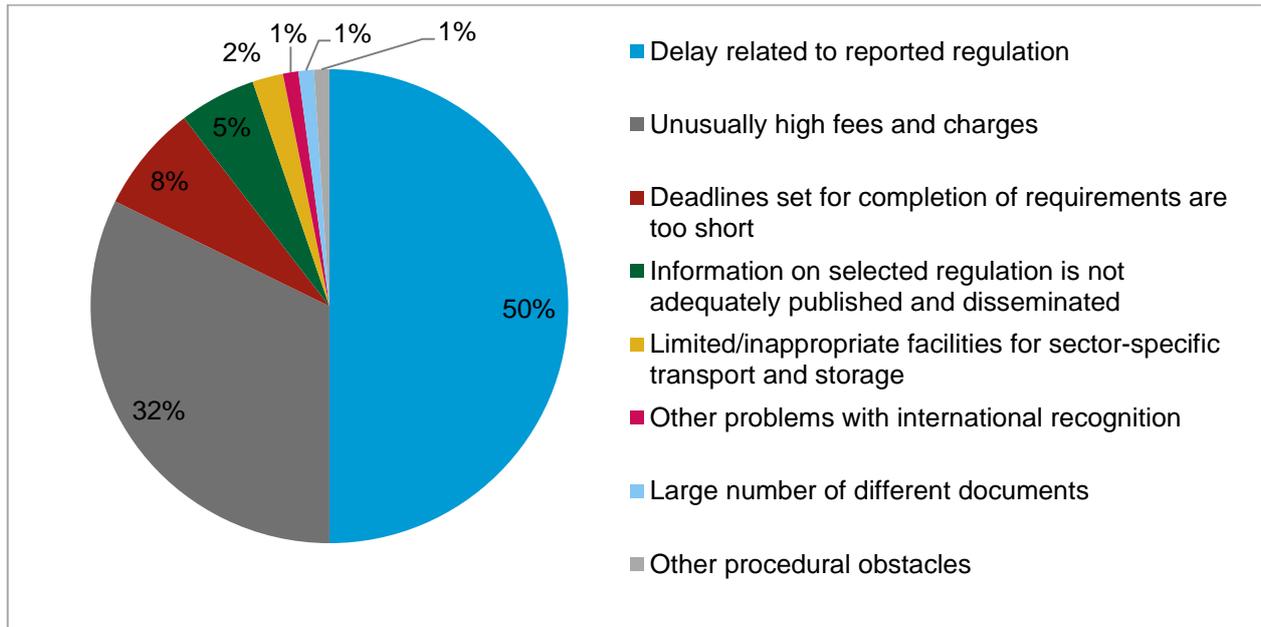
Exporters of alcoholic beverages, Jamaica's largest agricultural sector export products (earned US\$ 94 million and represented 29.3% of agricultural exports in 2010) and sugar, molasses and honey (earned US\$ 45.9 million and represented 14.3% of total agricultural exports in 2010) did not report a significant percentage (only 3% each) of burdensome technical requirements (figure 11). It may be however, that unlike exporters of vegetables and fruits where a large number of small companies and relatively new companies are exporting these types of products, exports of alcoholic beverages and sugar are carried out by a few large, well-established companies which have been operating for longer periods of time and are much more familiar with how to satisfy technical requirements imposed by destination markets.

In terms of technical requirements, all 82 cases of NTMs were reported to be burdensome due to POs. POs occur due to the manner in which NTMs are implemented. Part of the implementation of an NTM imposed by the destination markets (e.g. obtaining paperwork) can actually happen in Jamaica, so POs can occur on either side of the border. For example, if an NTM is imposed by the destination country, burdensome delays and administrative procedures can still be caused by domestic authorities. Technical measures applied by partner countries were reported to be burdensome for the following reasons:

Delays related to reported regulations: This PO was the most commonly encountered in partner (importing) countries and represented 50% of total POs (figure 16). In the United States of America, most cases were reported at the United States of America Customs through measures applied by the USFDA or regular customs agents. In particular, delays were most frequently reported for imports of agricultural goods – fruits, vegetables, roots and tubers for human consumption which were commonly examined for permissible maximum level (ML) of contaminants, insecticides and pesticides. These types of agricultural goods often pass through a great number of institutions and/or departments before approval due to their sensitive nature.

- Unusually high fees and charges for reported certificate/regulation: This was the second most commonly encountered PO in partner countries. Exporters reported 31 cases of high fees which represented 32% of total POs encountered in partner (importing) countries (figure 14). Many exporters complained that high fees exacerbate the challenges faced in the export process which is already costly from the early stages of production.
- Deadline set for completion of requirements are too short: This represented 8% of POs encountered in importing countries reported by agricultural exporters (figure 14). Similar to delays, this type of PO usually accompanies measures which affect exports of perishables such as fresh fruits and vegetables which are subject to tests for tolerance limits for residues and restricted or prohibited use of substances.
- Other POs accompanying technical requirements encountered in partner countries included: information on selected regulation not adequately published and disseminated; limited/inappropriate facilities for sector-specific transport and storage; and large number of different documents required which were sometimes difficult to complete.

Figure 14: POs making technical regulations burdensome

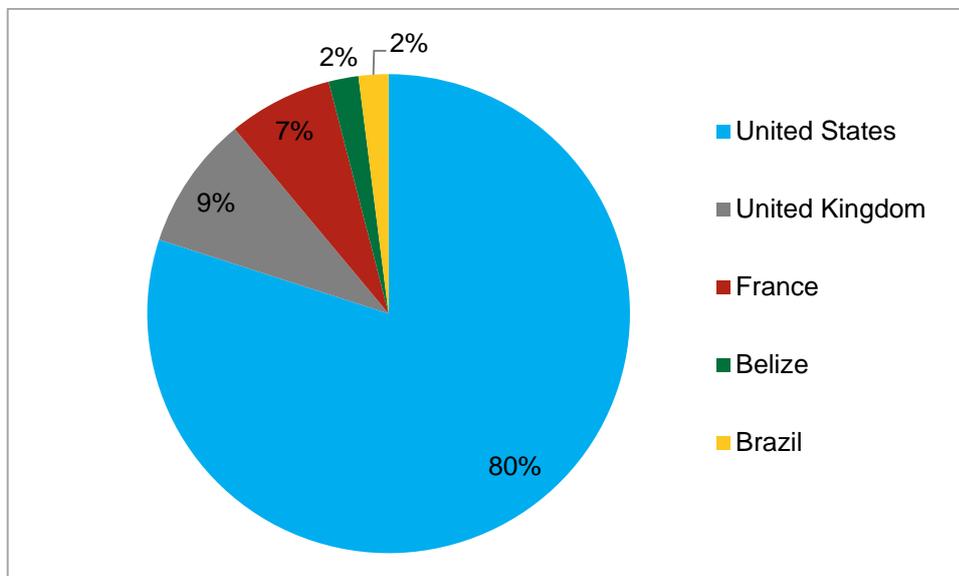


Source: ITC Survey on NTMs.

2.2.2. Conformity assessment and accompanying POs

Conformity assessment comprises obligatory procedures including certification, registration, testing or inspection as proof of the compliance of a product with underlying technical requirements. Amongst agricultural exporters, these types of NTMs were encountered with a number of products and were applied by authorities in five (5) partner countries: the United States (which applied 80% of total measures), the United Kingdom (9%), France (7%), Brazil (2%) and Belize (2%) (figure 15). Conformity assessments often have a negative impact on exporting companies due to the excessive costs and delays associated with demonstrating compliance, for example, the cost of obtaining certificates.

Figure 15: Countries reported to apply burdensome conformity assessments on agricultural products



Source: ITC Survey on NTMs.

The majority of conformity assessment cases were reported by exporters of vegetables and roots and tubers such as yams, dasheens, peppers, and callaloo (figure 15). These products, which accounted for a significant proportion of total exports in 2010, were often randomly tested in importing countries for Maximum Residues Limits (MRL) or performance level. Tests for MRLs were frequently encountered in the United States. For example, one company reported ‘USDA/FDA Regulations are that scotch bonnet peppers are tested for minimum residual levels for chemicals used.’ These products were also subjected to traceability requirements as several companies reported that they had to disclose information on the origin of materials of parts used in the final product. It was explained that this requirement was mainly for products that might pose damage or risk to the health and safety of the consumer; of animals, plants, and the environment. For example, several farmers were required to disclose information on the origin of types of fertilizers used on their fresh produce.

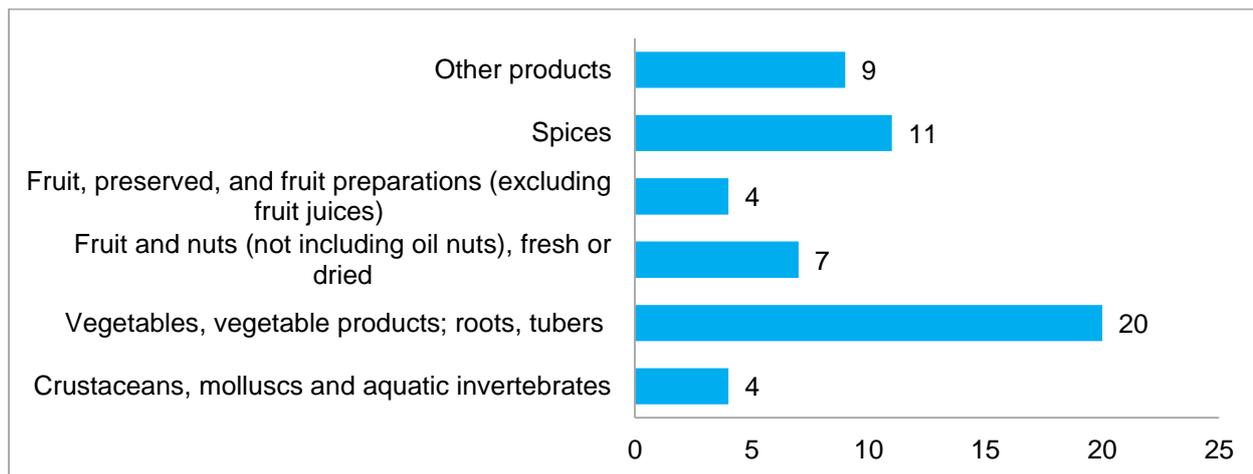
‘...USDA/FDA Regulations are that scotch bonnet peppers are tested for minimum residual levels for chemicals used.’

Jamaican agricultural exporter

A total of 11 cases of conformity assessments were reported by exporters of spices (figure 16). Spices were mainly exported to the United States and the United Kingdom. An exporter explained that ‘...on a fairly regular basis, an inspection of the company’s spices is done by USFDA at the United States of America Port’. This is done because there are certain chemicals which are prohibited in the preparation of the spices. Testing is done to ensure that these chemicals are not used. The process of testing is done either visually or a sample may be taken from the batch to be tested.

Notable cases of conformity assessments were also reported for exports of crustaceans, molluscs and aquatic invertebrates destined to the French Caribbean Outermost territories. Furthermore, cases of burdensome conformity assessment were also reported for fruits, alcoholic beverages and other edible products and preparations.

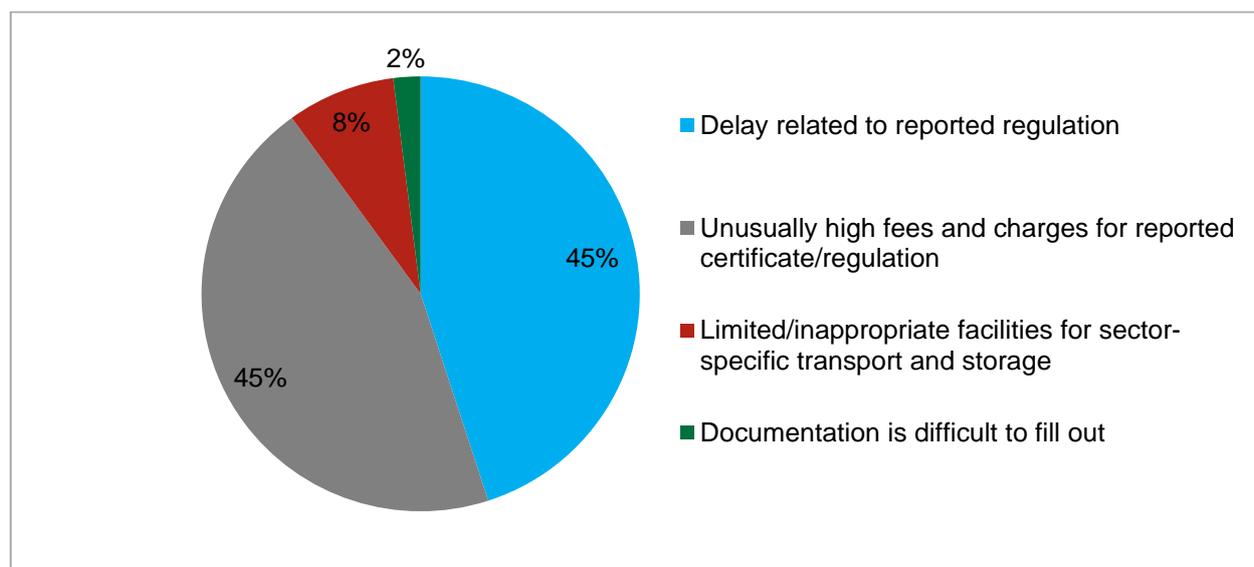
Figure 16: Exports of agricultural goods: NTMs applied by partner countries – number of conformity assessments cases



Source: ITC Survey on NTMs.

Amongst POs accompanying conformity assessments in partner countries, delays related to a given regulation and unusually high fees or charges were the most common. Combined, these accounted for 90% of POs reported (figure 17). Other POs encountered included limited/inappropriate facilities for sector-specific transport and storage, e.g. cold storage, refrigerated trucks (8%) and documentation that was difficult to fill out (2%).

Figure 17: Exports of agro-food products: POs accompanying conformity assessments



Source: ITC Survey on NTMs.

2.3. Non-tariff measures applied by Jamaica affecting exports

Survey results revealed that 111 (or 30%) of a total 366 NTMs reported by Jamaican exporters were encountered domestically. Of the NTMs encountered domestically, 73 or 65% were reported by exporters of agricultural products (table 13). Within the agricultural sector, NTMs ranged from inspections conducted by local authorities to export taxes and charges applied to certain products. Vegetable exports comprising 8% of the agricultural sector's total export value, was the product most affected by domestic NTMs.

Table 13: Export of agro-food products: burdensome NTMs applied by Jamaica

Product	Export value in 2010, \$000	Share in Agriculture export value (%)	Export inspection	Certification required by the exporting country	Other export technical measures	Licensing or permit to export	Export taxes and charges	Measures on re-export	Other export related measures	Total
Meat of bovine animals	28	0.01%				1				1
Crustaceans, molluscs and aquatic invertebrates	8 861	2.75%					1			1
Cheese and curd	5 262	1.63%						2		2
Sugars, molasses and honey	45 924	14.26%	2	2					1	5
Crude animal materials, n.e.s.	3	0.00%						1		1
Vegetables; roots, tubers and other vegetable products	26 479	8.22%	11	2	7	1			2	23
Fruit and nuts (excluding oil nuts)	10 701	3.32%		1	3				3	7
Coffee and coffee substitutes	22 256	6.91%	2	1					1	4
Spices	5 587	1.74%	4	1	2			1	1	9
Cereal preparations and preparations of flour or starch of fruits or vegetables	12 883	4.00%	2	1	1	1				5
Fruit, preserved, and fruit preparations (excluding fruit juices)	13 428	4.17%	2	3						5
Edible products and preparations, n.e.s.	26 892	8.35%		2						2
Non-alcoholic beverages, n.e.s.	9 096	2.83%	1							1
Alcoholic beverages	94 434	29.33%	2	1				1		4
Feeding stuff for animals (not including unmilled cereals)	4 701	1.46%		1						1
Essential oils, perfume and flavour materials	7 382	2.29%	2							2
Other products	28 051	8.71%								
Sub-total	321 968	100.00%	28	15	13	3	1	5	8	73

Source: ITC Survey on NTMs.

2.3.1. Export inspection and associated POs in Jamaica

Overall, amongst NTMs applied by domestic authorities, export inspections were the most common. Agricultural exporters reported 28 cases of export inspection conducted by local agencies (table 13). These inspections represented 38% of total NTMs applied locally and took place in a number of agencies; however, the majority was encountered at Jamaica Customs Department. Within Jamaica Customs regulations is the stipulation that all goods are subject to random inspection at the discretion of customs agents. Inspections are carried out for a number of reasons including the prevention of the export of illegal substances or prohibited products or for quality control purposes. The most commonly reported agricultural good that encountered inspection procedures were vegetables (11 cases reported) and spices (4 cases reported). These products are commonly inspected

‘... Jamaica Customs often requires a random inspection of the goods before they are shipped to ensure that what is being shipped is as stated on the exporting documents. This inspection is time consuming and delays the export process. Because of the nature of the good, during inspection the quality of the good may be compromised, possible contamination.’

Jamaican agricultural exporter

because of the potential danger they can cause if contaminated and then used for human consumption. Export inspections were reported to be carried out also by the Bureau of Standards, in particular, for processed foods. One company exporting syrup explained that before the product can be exported, the Bureau of Standards Jamaica (BSJ) must undertake an inspection (quality) of the batches prepared for export by randomly selecting bottles from a batch. The BSJ representative must visit the company's location to select the samples, which they then take back to the BSJ for tests, pending approval.

Overall, 25 of the total 28 cases of burdensome export inspections (approximately 89%) were due to POs associated with the inspection process (table 14). In particular, companies complained mainly of delays encountered while inspections were being carried out by customs officials and agents of the Bureau of Standards which compounded the export process. In addition to delays, companies also highlighted high fees, limited/inappropriate facilities and a large number of different documents which were encountered in the respective agencies.

Only 11% of reported NTMs were burdensome due to the strictness of regulations applied by domestic authorities. Such results reveal that the issue of burdensome export inspections can be eliminated if the process of inspection is carried out in a more efficient manner within agencies.

Table 14: Procedural obstacles associated with export inspections applied by domestic authorities

NTM	NTMs cases without PO	NTMs cases with POs	Procedural obstacle	Number of POs		Total
				Jamaica	Partner country	
Export inspection	3	25	Large number of different documents	1		1
			Delay related to reported regulation	25		25
			Unusually high fees and charges for reported certificate/regulation	2		2
			Limited/inappropriate facilities for sector-specific transport and storage	2		2
Total				30		30

Source: ITC survey on NTMs.

2.3.2. Certification required by Jamaica and POs associated

Another burdensome NTM applied by domestic authorities commonly reported was export certification, which represented 21% of NTMs applied domestically (table 13). Like export inspections, complaints about export certification were mainly due to POs (73%) associated with the certification of agricultural products. The most common reported PO was delays associated with the certification process. Delays made up 60% of the POs reported. Others included unusually high fees, the arbitrary behaviour of officials regarding certification and limited/inappropriate facilities for testing.

Certification requirements are mandated by the Bureau of Standards Jamaica, which by the Standards Act of 1969 was set up to promote and encourage standardization in relation to commodities, processes and practices. The Bureau of Standard's National Certification Mark Programme however qualifies exporters to benefit from the Processed Exemption Regulation of 2002, which means that the companies would not need to do batch by batch testing when exporting prescribed foods. Prescribed foods are foods for which there are published grades and standards.

'... After the inspection process of the samples is conducted by the Bureau of Standards, the company must then complete 2 forms to obtain an Export Certificate following approval. This Certificate must be presented to Jamaica Customs Department along with other export documents before the good can be shipped off to the destination market.'

Jamaican agricultural exporter

It is mandatory for all food processing establishments to be registered with the BSJ. Conditions for registration are outlined below:

- Compliance with the requirements of the Jamaican Standard Specification for Processed Food (General) JS 36: 1991 and/or the Processed Food Act, 1959;
- Process schedules for low acid canned foods (LACF) and acidified foods;
- Annual Retort Reports including heat distribution studies;
- Calibration and/or certification of measuring and weighing devices. Further, verification of thermometers and pressure gauges for LACF;
- Satisfactory product results, that is, product meets applicable food standards;
- Payment;
- Submission of relevant application forms.

The opinion of the Bureau of Standards was sought regarding complaints relating to testing and certification, which were the most frequently reported in the agency by exporters. The response received is paraphrased below:

This response of the Bureau of Standards has also been confirmed by the Ministry of Agriculture, which revealed in an article published in the Jamaica Observer (14 September 2012), that Jamaica in fact, only has 10 HACCP certified firms, only 2% of total exporters listed in the 2012 Active Exporters' Directory published by Jamaica Trade and Invest. Despite the passing of a new law by the United States of America under the Food Safety Modernization Act (FSMA) stating that any company wishing to export to the country has to be HACCP certified, approximately 95% of Jamaican exporters do not have HACCP plans. Under the Act, among other procedures, companies are required to have their food tested by an accredited laboratory; share their food safety plans with the FDA upon request; write and implement food safety protocols to mitigate potential hazards; and implement acceptable traceability and recall mechanisms.⁴⁸ Exporters have until year end (31 December 2012) to comply with this new law after which firms not certified will find their goods rejected by the United States of America Authorities. Infrastructure and financial constraints were reported as the biggest challenges for Jamaican fresh produce and processed food exporters as they seek to comply with the new rules passed by the United States of America Food and Drug Administration (FDA). However, the Chief Plant Quarantine Inspector at the Ministry of Agriculture explained that that the Ministry, along with the JEA and the Rural Agricultural Development Authority (RADA) is continuously working with exporters to get exporters certified.

'... The Bureau of Standards, as a statutory body established by The Standards Act, is required to carry out testing, certification and/or inspection of certain types of products before they are exported. While some tests can be carried out within 2-3 days or less, others for example, microbiological tests, can take up to two weeks for conclusive results to be obtained. The Bureau of Standards is aware that exporters often complain of problems with lengthy tests, despite that they cannot be avoided. Whilst the Bureau cannot deny that every now and then, officers may not respond to exporters in a timely manner, most complaints by exporters stem from the fact that some exporters do not understand the nature of the testing process. The Bureau of Standards however has a Hazard Analysis Critical Control Points (HACCP) Recognition Programme, which has been in place for over 10 years and is recognized by all partner countries. Exporters are constantly encouraged to implement Food Safety/HACCP Management Systems at their export facility, which once implemented and approved by the Bureau, bypasses the process of testing and certification done by the Bureau. Once exporters have implemented the Food Safety/HACCP Management System, they are placed on a list and given a waiver; the list is also distributed to Jamaica Customs Department allowing them to export without having to go through the Bureau of Standards. Many smaller exporters however have not reached a stage where they are able to implement this System, so they have to regularly interface with the Bureau for testing and certification before they can export. Currently, the cost of obtaining HACCP Recognition from the Bureau varies depending on the size of a company's factory, the products being exported and the location of the factory. Costs typically start at a minimum of about J\$ 250,000/US\$ 2,747.'

Official, Bureau of Standards Jamaica

⁴⁸ HACCP Recognition Programme on the website of the Bureau of Standard of Jamaica, <http://bsj.org.jm/Services/ProductCertification/HACCPRecognitionProgramme/tabid/120/Default.aspx> - accessed 28 August 2012.

2.4. NTMs and other obstacles affecting imports

Increased concerns about the country's high food import bill have dominated local headlines since the beginning of 2012. Delivering the keynote address at the opening of the 60th Denbigh Agricultural, Industrial and Food Show (August 2012), in the parish of Clarendon, Agriculture and Fisheries Minister, Honourable Roger Clarke outlined that the government's plan is to reduce the food import bill by 30% over the next 5 years (Jamaica's food import bill in 2011 was US\$ 1 billion). Mr Clarke hinted at a review of waivers granted for food imports, and the building of agro-parks⁴⁹ as two of the measures that would be explored.⁵⁰

All burdensome NTMs experienced by Jamaican importers of agricultural products were the result of legislation applied by Jamaica to regulate imports. Previous ITC survey results for various countries however, have typically shown very little NTMs applied by partner destinations on imports; therefore Jamaica is not an exception to the rule.

Overall, a total of 44 cases of NTMs were reported by importers (table 15). As in the case of exporters, technical requirements were the most commonly encountered measure affecting imports of agricultural products (technical requirements represented 43% of total NTMs affecting agricultural imports). Most commercial imports valued US\$ 3,000 and up to US\$ 5,000 can be easily cleared by a customs broker using customs entry form C78,⁵¹ perishable agricultural imports (in particular, meat, ground provisions and fruits and vegetables) even if they are valued less will require technical documents such as SPS certificates in addition entry form C79 before they can be cleared.⁵² Such measures were burdensome largely due to accompanying POs, dominated by delays (69% of total POs reported with this NTM) and the arbitrary behaviour of officials (23%) with regard to technical requirements. Below is the list of some agricultural products published on Jamaica Customs' website which require additional certificates:

- Meat - Obtain a certificate from the Ministry of Agriculture, contact number- 927-1731
- Ground provisions - Obtain a phytosanitary certificate from the Ministry of Agriculture, contact number- 927-1731
- Fruits and vegetables - Obtain a phytosanitary certificate from the Ministry of Agriculture, contact number- 927-1731

Quantitative control measures (e.g. non-automatic licenses, quotas, prohibitions) were also frequently encountered, especially by importers of sugar, molasses and honey. These represented 25% (11 cases) of NTMs affecting imports of agricultural products (table 15). All reported cases of burdensome quantitative control measures were due to POs. Like technical requirements, these measures were mainly burdensome as a result of delays associated with acquiring licenses and permits. For monitoring purposes, since January 2004, traders importing on behalf of manufacturers using refined sugar as an input, as well as the manufacturers themselves, are required to register with the Trade Board. Importers of milk powder are also required to register with the Trade Board. Jamaica Customs often conducts random physical inspections, documentary inspections as well as non-intrusive cargo inspection. Provisions are however made for importers who have no record customs violations to bypass inspection under the Selected Importation Inspection System (SIIS), introduced in 1991.⁵³

Conformity assessment was the next most common NTM, which was reported as affecting four (4) different types of products: milk and milk products, non-alcoholic beverages, crude vegetable materials n.e.s and

⁴⁹ An agro-park is an agricultural development area equipped with the requisite infrastructure and facilities to accommodate integrated agricultural production along the value chain.

⁵⁰ Ministers' Speech at the 2012 Denbigh Agricultural and Industrial Food Show on the website of the Ministry of Agriculture, http://www.moa.gov.jm/Speeches/2012/2012080004_Minister's_speech_%20at_the_Denbigh_Agricultural_and_Industrial_Food-Show.php accessed 30 August 2012.

⁵¹ 'Commercial Importing' on the website of Jamaica Customs at: http://www.jacustoms.gov.jm/home_template.php?page=C_imports&group_id=1 accessed 7 December 2012.

⁵² 'Protecting the Country' on the website of Jamaica Customs at http://www.jacustoms.gov.jm/home_template.php?page=protectingthecountry&group_id=1 accessed 7 December 2012.

⁵³ 'Measures Directly Affecting Imports' WTO Trade Policy Review 2010, p. 32.

fruit and vegetable juices. A total of six (6) cases of conformity assessments were reported. All cases of burdensome conformity assessment were due to POs – mainly delays (45% of total POs reported) and unusually high fees (36%).

Other NTMs affecting agricultural imports included charges, taxes and other para-tariff measures price control measures, anti-competitive measures, and trade related investment measures and subsidies, all of which were burdensome due to POs.

Table 15: Agricultural product imports: burdensome NTMs applied by Jamaican authorities

NTM	NTMs cases without PO	NTMs cases with POs	Procedural obstacle	Number of POs	Total
				Jamaica	
A. Technical requirements	1	18	Large number of different documents	1	1
			Numerous administrative windows	1	1
			Arbitrary behaviour of officials	6	6
			Delay related to reported regulation	18	18
B. Conformity assessment	0	6	Large number of different documents	1	1
			Arbitrary behaviour of officials	1	1
			Delay related to reported regulation	5	5
			Unusually high fees and charges for reported certificate/regulation	4	4
D. Charges, taxes and other para-tariff measures	0	1	Arbitrary behaviour of officials	1	1
E. Quantity control measures	0	11	Documentation is difficult to fill out	1	1
			Numerous administrative windows	2	2
			Delay related to reported regulation	11	11
			Unusually high fees and charges for reported certificate/regulation	1	1
G. Price control measures	0	3	Numerous administrative windows	3	3
			No due notice for changes in selected regulation and related procedures	3	3
H. Anti-competitive measures	0	1	Delay related to reported regulation	1	1
I. Trade related investment measures	0	1	Arbitrary behaviour of officials	1	1
			Delay related to reported regulation	1	1
L. Subsidies	0	2	Delay related to reported regulation	2	2
			Unusually high fees and charges for reported certificate/regulation	1	1
Total	1	43		65	65

Source: ITC Survey on NTMs.

2.5. Summary and policy options

In summary, Jamaica's exporters of agricultural products have encountered a significant number of burdensome NTMs in partner countries as well as domestically. The most restrictive measures were reported in traditional (main) markets, the United States and the United Kingdom, in particular for exports of fruits, vegetables, roots and tubers and spices.

A comparison of each market's share of exports with the number of reported NTM cases showed that the United States stands out as the most challenging export destination for agricultural products. Across export markets, the majority of reported cases of burdensome measures related to product specific technical regulations and conformity assessments. These measures are unavoidable for most agricultural products as they are put in place to meet public policy objectives, such as protection of human health. In order to effectively meet such requirements, Jamaica's agricultural exporters must make significant advances in their awareness of the intricacies of such regulations in order to build their ability to meet them. The problem of NTMs in main markets could also be approached at a higher level. Jamaica could use the survey results as a basis to initiate bilateral discussions with other governments on their policies on NTMs and collectively examine ways in which problems associated with certain measures in their markets can be reduced. For example, the Bureau of Standards Jamaica has signed mutual recognition agreements (MRAs) with the American National Standards Institute (ANSI), the American Society for Testing and Materials (ASTM), and the National Institute of Standards and Technology (NIST) of the United States Department of Commerce. Such agreements can be used as a basis for discussions. In addition, interests may also be addressed multilaterally within in the context of the WTO Technical Barriers to Trade Committee. Within CARICOM, strides have been made recently to address the issue of standards and NTMs. The signing of a Statement of Technical Cooperation on 27 April 2012 in Barbados between the region's two national accreditation bodies (NABs) – the Jamaica National Agency for Accreditation (JANAAC) and the Trinidad and Tobago Laboratory Accreditation Service (TTLABS) – signals the growth of the coordinating mechanisms within the region for accreditation and conformity assessment.⁵⁴

To the extent that technical and conformity procedures (such as testing) demanded by partner countries can be provided domestically (by Jamaican authorities), this must be done to lessen the dependence of exporters on overseas agencies for meeting such requirements. This would benefit exporters in that they would know that their products meet the requirements before incurring the time and cost of shipping them, as opposed to shipping products to partner countries where they are tested and risk certain products failing to meet a given standard. Jamaica's last trade policy review conducted by the WTO (2010) revealed that Jamaica in fact has the relevant legislative and institutional framework for quality, standards, and other requirements, but the timeliness and consistency of the service delivery is hampered by, inter alia: high costs and variable quality of some basic services. This conclusion was confirmed by the survey results. Jamaica currently has 348 domestic standards, which are based on international standards (primarily ISO and Codex Alimentarius).⁵⁵

Most NTMs affecting agricultural products were found to be burdensome due to the POs associated with them. While most POs affecting agricultural exports were encountered in partner countries, a significant proportion (44%) was encountered locally. This indicates a primary problem which ought to be addressed within domestic institutions set up to facilitate the export process. Exporters revealed that amongst the most frequently encountered POs were delays, unusually high fees, charges associated with a certificate/regulation, and numerous administrative windows/organizations involved in the export process.

Interestingly, a common recommendation amongst exporters was that a single window be developed that houses a representative/inspection officer from each of the relevant agencies who have all of the documents required by exporters. However it should be noted that, in 2009, the Jamaican government opened an Import/Export Inspection Centre at Port Bustamante in Newport West, Kingston, specifically designed to lessen the time taken to complete inspection processes for exports/imports. The Centre spans the operations of three (3) Ministries: Agriculture and Fisheries; Industry, Investment and Commerce and Health, as well as the Jamaica Customs Department. Overall, the Import/Export Inspection Centre was established to decrease the length of time taken to carry out inspections, eliminate existing gaps and overlaps in the inspection process and to minimize the need for importers/exporters to make several visits to Regulatory Agencies to carry out business.⁵⁶ However, the fact that burdensome inspections remain a common problem faced by agricultural exporters suggests that the government may need to revisit the effectiveness of this Centre. In order to help solve these issues, effective communication channels

⁵⁴'Strengthened Relations for Regional Quality' on the website of the Bureau of Standards Jamaica at: <http://bsj.org.jm/NewsPressReleases/tabid/105/Default.aspx> - accessed 26 August 2012.

⁵⁵ WTO Trade Policy Review - Report by Jamaica 2010, p. ix.

⁵⁶ *Ibid* (p. 29).

between exporters and government officials are a prerequisite for the streamlining of procedures involved in the export process.

Greater dialogue, coordination and cooperation between exporters and government officials in export agencies that form a part of the export process will contribute to an enhancement of Jamaica's export competitiveness (Jamaica ranked 107th in the 2011-2012 Global Competitiveness Index, well behind Peru and Sri Lanka which ranked 67th and 52nd respectively). A senior official at the JEA revealed that the most common complaint received from exporters (which was also found in the ITC survey), is the large number of agencies involved in the process and the overlap in terms of information required and collected by different agencies doing verification. It was noted that the JEA is taking steps to deal with this issue and is currently in the process of launching an export documentation centre, where exporters will be able to make shipping arrangements and access all documentation required for exporting in any sector. Key export/import support agencies should also examine options for annual process re-engineering or review, where unnecessary steps involved in the application processes for export and import documents, licenses, permits and certificates and inspection procedures can be eliminated to achieve greater efficiency. It is also important that simultaneously, export and import support agencies engage in public education awareness campaigns to educate exporters and importers of new processes, as well as ways in which they can bypass certain requirements or decrease clearance times (for example: agricultural exporters are currently able to apply to the Ministry of Agriculture for exemptions and from Customs User Fees; the use of Tier 1 Brokers in the clearance process also helps to reduce delays encountered at Jamaica Customs).

In light of the passing of the new regulation, the United States Food Safety Modernization Act (FSMA), which mandates companies exporting to the United States to obtain HACCP certification/recognition by 31 December 2012 to continue exporting to the United States market, much effort should be exerted collaboratively between governmental export facilitating agencies (in particular, the Bureau of Standards) and exporters themselves to attain HACCP certification/recognition. As a major complaint among exporters was the cost of obtaining certification/recognition, the Bureau of Standards and Business Support Organizations must take the necessary steps to reduce the cost of the process where possible.

Recognition on the part of the Jamaican government of the importance of imports as valuable inputs into the production of exports is also crucial, as this has implications for economic growth. The results of the survey revealed that like exports, the majority of the NTMs reported as burdensome by importing companies were technical measures. This issue may be addressed domestically through specialized educational workshops (example: workshops on NTMs) carried out on a quarterly basis by agencies involved in ensuring that technical requirements are met for goods being imported and a centralized information online, especially for information on the requirements imposed by Jamaican agencies. An administrative window may also be set up by the government for both exporters and importers to register complaints on NTMs experienced in domestic agencies which may also be addressed at these workshops. Agencies where excessive POs are encountered may look at reengineering certain processes to improve their delivery mechanism. Exporters and importers should also ensure that they document in detail issues/obstacles encountered in the export/import process and submit these to the Ministry of Foreign Affairs and Foreign Trade (MFAFT) which can address concerns with their partner country counterparts or the local embassies of partner countries. The Ministry may also opt to submit issues received to the WTO or the Caribbean Court of Justice where such issues cannot be resolved through diplomatic discussions with partner country authorities.

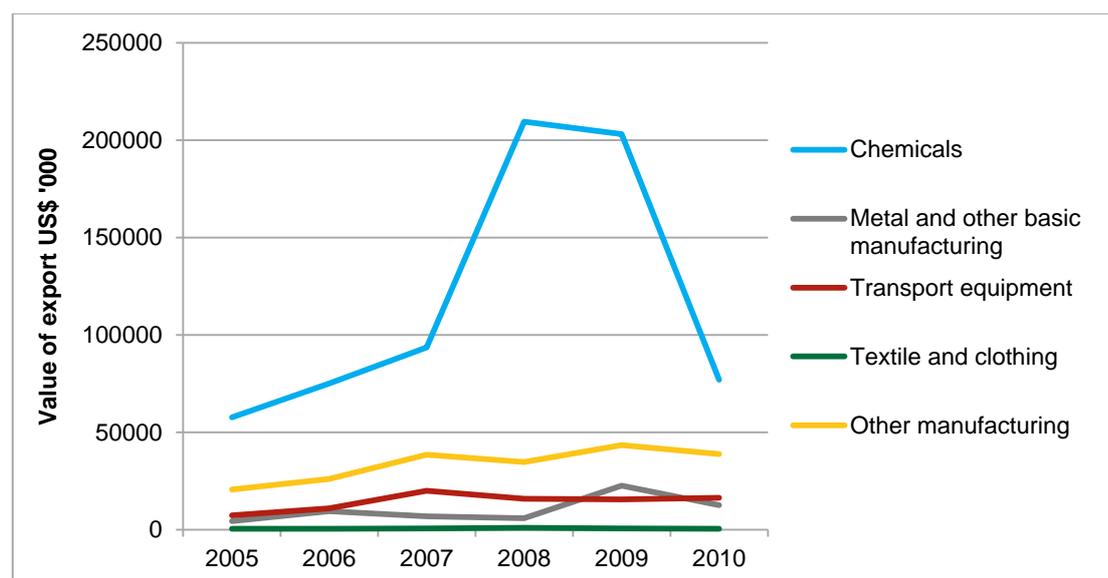
3. Manufacturing sector

This section of the report analyses segments of the manufacturing sector which were not previously analysed including goods falling under the following sub-sectors: chemicals; metal and other basic manufacturing; textiles and clothing; non-electric machinery; electronic components; leather; transport equipment; computers, telecommunications and consumer electronics, miscellaneous manufacturing and other manufacturing sectors. Tables providing a detailed overview of the NTMs and POs in this sector, reported in face-to-face interviews, are placed at the end of this section.

3.1. Importance of sector

Jamaica's manufacturing industry produces a diverse range of products. Amongst the most popular are chemicals, plastics, cosmetics, pharmaceuticals, nutraceuticals and apparel. For the goods-producing sector, the industry makes the largest contribution to GDP and is dominated by SMEs. In 2010, an estimated 77 700 people were employed in the manufacturing sector which was approximately the same as employment in the hotel and restaurant sector where 78 900 were employed but far less than the agricultural sector which employed 227 400. In 2009 manufacturing contributed 8.3% to GDP compared to agriculture (5.6%) and hotel and restaurant (5.8%). In 2010, exports of manufacturing goods totalled US\$ 148.1 million (figure 18). Within the manufacturing sector, chemicals make up the largest share of exports and accounted for 51% of total exports in 2010. This was followed by exports of miscellaneous manufactures which accounted for 13% of total manufactured exports and transport equipment which accounted for 11% of manufactured exports in 2010.

Figure 18: Exports of manufactured goods 2005–2010, US\$ '000



Source: ITC calculations based on Trade Map data, 2010.

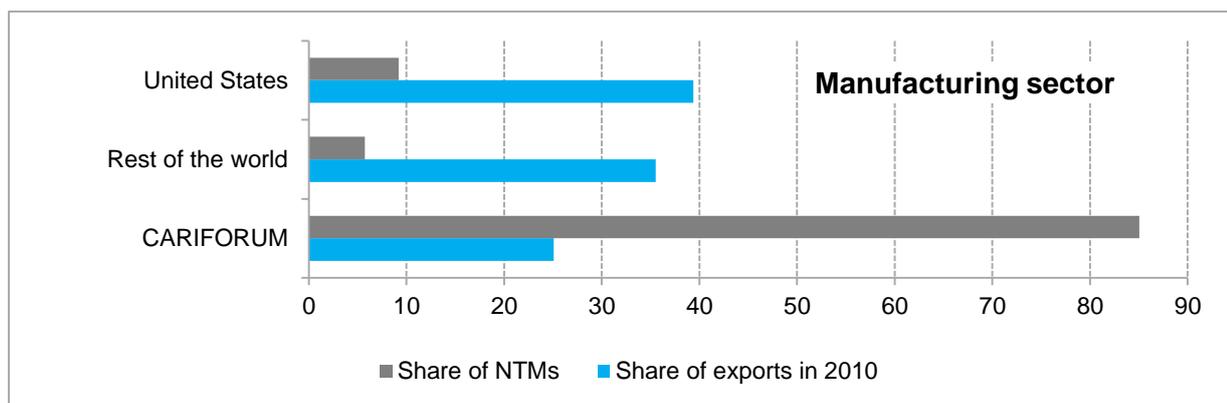
Manufacturing in Jamaica has however been challenged by the economic crisis of 2009 which resulted in a contraction of the local and export markets and cash flow problems for many companies operating in the industry. The industry also suffered widespread decline during the 1990s financial meltdown which saw the closure of hundreds of businesses within and outside of Jamaica's free zones. Currently, the Government of Jamaica has in place several measures to encourage new investments in the manufacturing sector, and over the years has been implementing mechanisms to improve the international competitiveness of local manufactured goods. This included attractive incentives to investors, the establishment of key industry support organizations such as the Jamaica Manufacturers Association (JMA), skills training, technology upgrading, and promotion of innovation through research and development. These initiatives and programmes impact the economy by supporting and creating opportunities for linkages with other sectors such as tourism and agriculture.

3.2. Non-tariff measures applied by partner countries and related procedural obstacles affecting exports

Overall, the number of NTM cases reported as affecting Jamaica's exports of manufactured goods to partner countries amounted to 98 (figure 19). This represented 38% of total NTMs applied by partner countries on exports of all goods (agricultural and manufactured). In absolute terms, the most burdensome NTMs applied by partner countries on Jamaica's exports of manufactured goods were reported in neighbouring CARICOM member states.

Within CARICOM, the highest frequency of NTM cases was recorded for exports to Barbados (30 reported cases). Overall, NTMs applied by authorities in Barbados accounted for 31% of total NTMs applied by partner countries (figure 19). The share of reported NTM cases in any particular market compared to that country’s export value share allows for a better understanding of the state of affairs. Whilst Jamaica’s exports to Barbados amounted to US\$ 8.6 million (less than 1% of total exports) for 2009, the share of NTMs incurred in this market is 31%, the largest of any export destination. Therefore, Barbados turns out to be the most challenging market of Jamaica’s exports of manufactured goods. Other CARICOM countries, Antigua and Barbuda, Saint Lucia, Saint Kitts and Nevis, and Grenada reveal high shares of NTMs relative to their share in total exports. A total of 21 cases (21% of NTMs) were reported as having been applied by the authorities in Antigua and Barbuda and 17 cases in Saint Lucia.

Figure 19: Share of exports and burdensome NTMs applied by main markets to Jamaica’s manufacturing sector



Source: ITC Survey on NTMs.

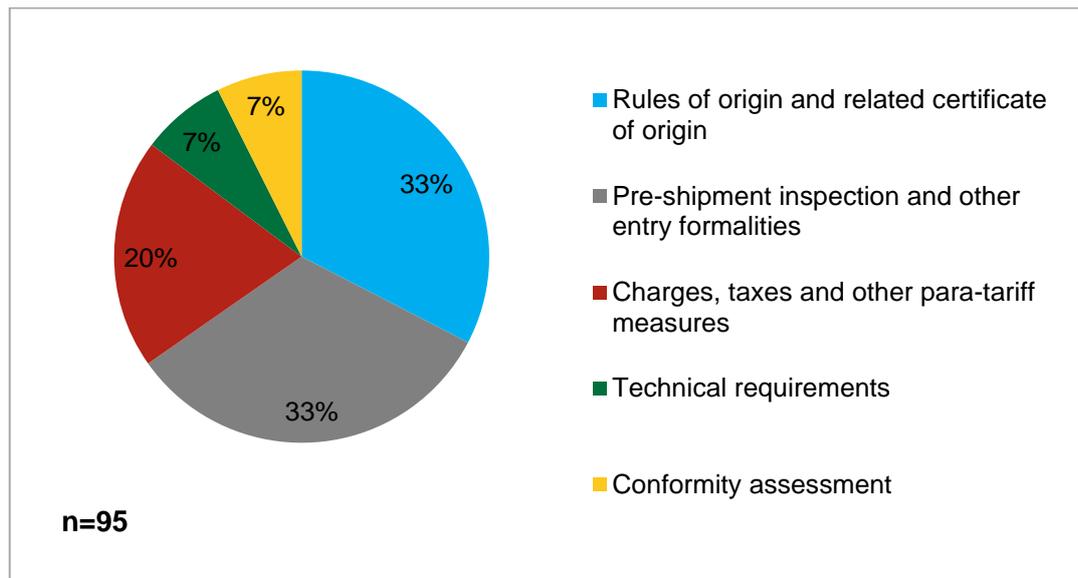
In contrast, the United States, a more developed market, had a much lower share of NTMs affecting manufactured exports – the share of NTMs attributable to The United States Of America was 14% (14 cases). In Canada, only 3 cases of NTMs were reported as affecting exports. Markets applying the least number of NTMs to manufactured exports included China and the Netherlands Antilles.

Several different types of burdensome NTMs affecting manufactured exports were recorded in partner countries. Among these, the two most frequently applied measures were pre-shipment inspection and other entry formalities and rules of origin and related certificate of origin, each accounting for 33% of NTMs encountered (figure 20). In comparison, whilst pre-shipment inspections were frequently encountered amongst agricultural exporters, rules of origin were not. This variation in findings can be attributed to the fact that most exporters of manufactured goods interviewed in the survey were exporting to CARICOM countries, where their goods are allowed to obtain preferential tariff concessions under the Treaty of Chaguaramas, once they are proven to be of Jamaican origin. Therefore, these companies would have sought certificates of origin to benefit from this provision. In contrast, most exporters of agricultural goods interviewed in the survey were not exporting to CARICOM countries, but rather to the United States market, where rules of origin provisions are not a requirement.

Following rules of origin and pre-shipment inspections were charges, taxes and other para-tariff measures which represented 20% of total NTMs applied in destination markets. In contrast to exports of agricultural goods, technical requirements and conformity assessment accounted for the lowest shares of NTMs (7 cases of technical requirements and 5 cases of conformity assessment were reported) affecting manufactures.

Manufactured chemical exports among surveyed companies generally included paints, medicaments, flavours and detergents. Exports of paints and medicaments were typically exported to other CARICOM countries. To the extent that they were exported to the United States of America, they were often subjected to pre-shipment inspection and other entry formalities (dangerous declaration and technical requirements (example: fumigation). Flavours and detergents were commonly exported to the United States market where they also were subjected to technical requirements and conformity assessment.

Figure 20: Types of NTMs applied by partner countries affecting manufactured goods



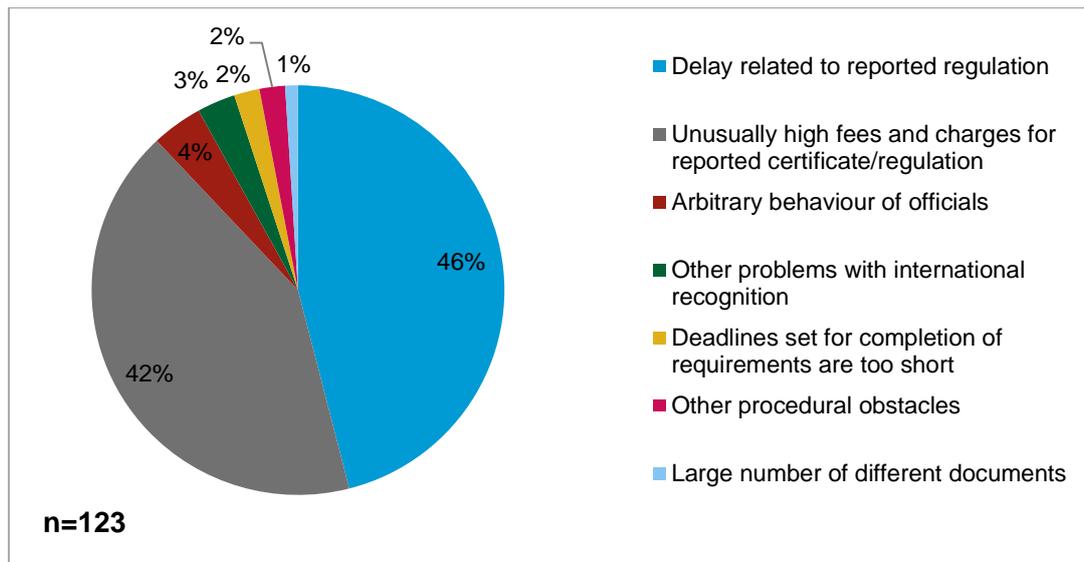
Source: ITC Survey on NTMs.

Exports of clothing and wood manufacturers were frequently exported to neighbouring CARICOM countries for retail in local tourist markets. Like chemicals exports, clothing and wood manufactures are subjected to rules of origin requirements and pre-shipment inspections.

As previously explained, POs are procedures related to NTMs that cause challenges for exporters and importers, either worsening the impact of an NTM or even being the essential source of the difficulty with the NTM. Amongst POs reported in relation to NTMs affecting exports of manufactured goods in partner countries, delays related to a reported regulation and unusually high fees and charges for a reported certificate/regulation were the most common. A total of 57 cases of delays were reported associated with NTMs applied by partner countries on exports of manufactured goods. Overall these represented 46% of total POs reported (figure 21).

A total of 52 cases of unusually high fees and charges were reported, representing an overall 42% of total POs affecting manufactured goods exports (figure 21). Other POs reported included: arbitrary behaviour of officials regarding classification and valuation of the reported product (4%) and other problems with international recognition, e.g. lack of recognition of national certificates (3%), short deadlines for the completion of requirements (2%), other procedural obstacles (2%) and large number of different documents (1%).

Figure 21: POs associated with NTMs applied by partner countries on exports of manufactured goods



Source: ITC Survey on NTMs.

3.2.1. Pre-shipment inspections and other entry formalities

As described earlier and reflected in figure 20, pre-shipment inspections were found to be one of the most frequently observed NTMs in partner countries that import manufactured goods from Jamaica, accounting for 32% of burdensome NTMs reported by exporters of manufacturing goods. Pre-shipment inspections refer to physical inspections of goods before shipment or at entry into the destination country (customs), which establishes the exact nature of the goods. The inspection assures that the goods are in accordance with the accompanying documents that specify their customs tariff code, quality, quantity and price. Pre-shipment inspections are often required for shipments above a certain value. Some countries require pre-shipment inspections for all imported products regardless of the value, for specific products. Inspections are typically carried out by specialized private inspection companies. Anti-drug or smuggling inspections are also included in this measure.

The highest number of cases of pre-shipment inspections was applied by the authorities of Barbados, in particular, on imports of articles of apparel and clothing accessories of other than textile fabrics; headgear of all materials, and wood manufactures, n.e.s. A total of five cases of pre-shipment inspections were recorded for each of these goods, which accounted for less than a 1% share of Jamaica’s export value for 2010 (see table 19 in appendix I). Many exporters complained of lengthy inspections carried out in order to verify that no illicit material is being shipped which sometimes resulted in damages to their products. Exporters further complained that compensation for damages at the hands of customs agents was non-existent.

‘When goods are exported to Barbados, the manager of the company finds that the clearance process is delayed due to the lengthy inspection process for contraband.’

Jamaican bamboo exporter

A total of eight cases of pre-shipment inspections applied by the Authorities of Antigua and Barbuda were reported by companies exporting manufactured goods. Among interviewed companies, exports to Antigua and Barbuda consisted mainly of souvenir items for the Antigua tourist market.

‘... When straw hats are exported to Antigua, upon arriving at the port, lengthy inspections are often carried out to check for drugs and to ensure that what is in the package is as described on the invoice. This results in delays in the clearance process.’

-Jamaican souvenir exporter

Manufacturing exporters reported six cases of NTMs applied by the United States authorities. Among manufactured items exported to the United States by participating companies were perfumes and toiletries. These items often encountered burdensome inspections at the United States Customs. For example, one company exporting bath soaps to the United States reported that on several occasions, shipments of soap were delayed by the USFDA while they inspected the shipment for contraband drugs. Delays sometimes lasted 3-4 weeks.

Other products which were reported to encounter burdensome pre-shipment inspections in partner countries included pottery, perfumery, trunks, suitcases and paper (see table 20 in appendix I).

Overall, 90% of reported pre-shipment inspections were perceived as burdensome due to POs encountered during the inspection process – this suggests that in general pre-shipment inspections were not in themselves burdensome but it was the delays in the process that were burdensome. It should be noted that cases of POs associated with pre-shipment inspections were reported, however they all occurred in partner countries (see table 19 in appendix I). The bulk of the POs were delays related to inspection procedures (28 cases) and the remaining 6 due to unusually high fees and charges encountered.

3.2.2. Rules of origin and related certificate of origin

Overall, 31 cases of difficulties associated with rules of origin and related certificate of origin were reported by exporters of manufactured goods (see table 20 in appendix I). As mentioned in section 3.2, this NTM mostly affected manufactured exports (clothing, miscellaneous manufactures and wood products) going to neighbouring CARICOM islands. Rules of origin set out the criteria which determine the country of origin of a product. They are applied by governments of importing countries and are needed to assess the eligibility of a product for preferential treatment within the framework of a bilateral or regional free trade agreement. Rules of origin are important in implementing such trade policy instruments as preferential market access, anti-dumping and countervailing duties, origin marking, and safeguard measures.⁵⁷ The related certificate of origin provides official proof of compliance with rules of origin. While the certificate of origin is demanded in the importing country (often checked at customs), it is usually issued in the exporting country (for example the Chamber of Commerce). In Jamaica, certificates of origin are issued by the Jamaica Trade Board.

As a member of CARICOM, Jamaica has preferential market access to other CARICOM member states and its manufactured goods are able to enter those markets duty free, providing that a certificate of origin (issued by Jamaica Trade Board) is presented.

Of the 31 cases of difficulties with rules and certificates of origin, 29 were applied by CARICOM member states. More specifically, a total of 11 cases referred to Barbados, while Saint Lucia, Antigua and Barbuda, and St. Kitts and Nevis each accounted for six cases.

‘... The Company exports a variety of products to CARICOM countries. Before products are exported, the Company must obtain a Certificate of Origin from the Trade Board Limited. This is a requirement of the importing countries to prove that the items are of Jamaican origin. The Company finds obtaining this certificate burdensome as the Trade Board is located all the way in Kingston and they have to travel from Montego Bay each time to obtain it. Travelling is costly.’

Jamaican exporter

⁵⁷ ITC Booklet on Non-tariff measures classification for surveys (2011).

Whilst technical requirements and pre-shipment inspections affecting export manufactures were reported to be difficult because of the delays, in case of the Certificates of Origin the most pressing concern for exporters seemed to be high fees and costs associated with obtaining the certificates in Jamaica (25 cases, table 19 in appendix I). An interview with a Trade Board Official in fact confirmed that exporters do in fact have to pay a fee to obtain certificates of origin. Such fees depend on the FOB (free on board) price on the product invoice and range from J\$ 25 to J\$ 1 000 (US\$ 0.30 – US\$ 11). A number of exporters from rural parishes also complained of transportation costs incurred in travelling to Kingston (where the Trade Board office is located). These costs varied depending on the distance travelled, for instance, exporters transporting goods from the parish of Saint James to Kingston are likely to incur costs of US\$ 100 or more by private taxi. The Trade Board also mentioned that exporters were sometimes delayed due to a limited number of inspection officers in the export department.

3.3. Non-tariff measures applied by Jamaica and related procedural obstacles affecting exports

Domestically, 38 cases of NTMs were reported as being applied to manufacturing exports by Jamaican authorities, the majority of which were cases of export inspections (see table 16). Export inspections were conducted for a wide variety of manufactures including perfumery and cosmetics, pigments, paints, varnishes and related materials, among others. All cases of export inspections were made burdensome because of associated POs, in particular delays and unusually high fees/charges. Inspections are usually done randomly by customs officials to prevent the export of prohibited or illegal items. Goods generally prohibited for export are listed in the Customs Act; the list is made up of arms, ammunition, and naval stores; and spirits and wines.⁵⁸ Overall 16 cases of export inspections (42% of NTM cases) were reported.

Other NTMs reported included requirements for licenses or permits to export (7 cases, all of which were burdensome due to POs), in particular for chemical products and electrical machinery; export prohibitions (5 cases reported by exporters in the scrap metal trade whose exports were banned by the Jamaican government in July 2011 to curb the increasing theft and destruction of property by persons seeking scrap); export registration (4 cases); and certification requirements (4 cases).

All exporters are required to be registered with the Jamaica Promotions Corporation (JAMPRO) which grants each exporter or business an export authorization letter. In order to register, companies are required to submit a copy of their Taxpayers Registration Number (TRN) and their Certificate of Incorporation or a copy of the Certificate of Business Name. Other documents required depend on the type of product being exported and may include: registration with the Food Division of the BSJ for processed food; an authorization letter from the Plant Quarantine Division of the Ministry of Agriculture for fresh produce; proof of certification of the factory from the Veterinary Services Division of the Ministry of Agriculture for aquaculture, inland and marine products and by-products, etc. Export licenses are also required for particular products (example, for the export of coconuts, a license is required from the Coconut Board) and sensitive products (example: shells) due to environmental concerns. This is a stipulation under the Trade Act. Licenses for exports of sugar are granted based on availability under the quota allocations.⁵⁹ All export licenses are granted at no charge.

⁵⁸ 'Export Prohibitions, Restrictions and Licensing' WTO Trade Policy Review 2010, p. 45.

⁵⁹ *Ibid* (p. 71).

Table 16: Export of manufactured products: burdensome NTMs applied by Jamaica

NTM	NTMs cases without PO	NTMs cases with POs	Procedural obstacle	Number of POs
				Jamaica
Export inspection	0	16	Large number of different documents	1
			Arbitrary behaviour of officials	1
			Delay related to reported regulation	10
			Unusually high fees and charges for reported certificate/regulation	12
Certification required by the exporting country	0	4	Delay related to reported regulation	4
			Unusually high fees and charges for reported certificate/regulation	3
			Limited/inappropriate facilities for testing	1
Export prohibitions	3	2	Information on selected regulation is not adequately published and disseminated	2
			Arbitrary behaviour of officials	2
Licensing or permit to export	0	7	Large number of different documents	1
			Documentation is difficult to fill out	1
			Delay related to reported regulation	7
			Unusually high fees and charges for reported certificate/regulation	1
Export registration	0	4	Delay related to reported regulation	4
			Unusually high fees and charges for reported certificate/regulation	4
Other export related measures	0	2	Unusually high fees and charges for reported certificate/regulation	2
Total	3	35		56

Source: ITC Survey on NTMs.

3.4. Non-tariff measures and other obstacles affecting imports

Jamaica is a net importer of manufactured goods. In 2010, imports of manufactured goods totalled US\$ 2.5 billion. Statistics extracted from ITC Trade Map revealed that in terms of share in manufacturing imports into Jamaica, products that accounted for significant shares included: alcohols, phenols, phenol-alcohols (8.3%); paper, paperboard and printed matter (7.8%); motor cars (4.1%); articles of plastic (3.4%); and telecommunications equipment (3.2%).

A fairly high incidence of NTMs affecting imports of manufacturing goods was reported domestically (159 cases). Among them, the most commonly encountered was charges, taxes and other para-tariff measures which made up 46% of reported cases. Most importing companies viewed this measure as burdensome due to POs associated (mainly delays, and unusually high fees), however 26% saw these measures as being too strict. This NTM was typically reported for imports of motor vehicles, parts for motor vehicles, perfumery, cosmetic or toilet preparations (excluding soaps), electrical equipment, machinery of different types, optical goods and other instruments.

Technical requirements also accounted for a significant proportion of NTMs encountered domestically with 42 cases reported by importers. Technical requirements were commonly related to the specificities of certain industries. For example, companies importing pharmaceutical products, medicaments, herbicides, and other chemical-based manufactures faced a number of NTMs associated with technical requirements. This is not surprising given the nature of chemical imports, which if not monitored properly on entry, can be misused to the harm of humans, animals, plants and property. Chemicals are usually imported mainly from

the United States, the United Kingdom and the Far East by local distributors into the country as raw materials, intermediaries and as finished products. Imports are mainly for the petrochemical, paint, bauxite mining and agricultural industries and for manufactures of industrial and domestic cleaning compounds. Presently, chemical exports are restricted to finished products such as cleaning/sanitation compounds and paint. Administrative measures for management of chemicals include inspection of facilities, monitoring of personnel and an import permit system. Monitoring and control of chemicals is done through a permit system operated by the Standard and Regulation Division in the Ministry of Health. The Jamaica Customs Department acts as an agent by facilitating the entry of the chemical products approved on the permit.⁶⁰ Importers typically found technical requirements burdensome because of POs such as delays, numerous administrative windows and unusually high fees/charges. In fact, 95% of reported cases were as a result of POs.

Pre-shipment inspections and other entry formalities was another NTM frequently applied by domestic authorities on imports of manufactures. This type of NTM affected imported manufactures of all types and accounted for 18% (28 cases) of total NTMs reported. Of the 28 cases, 26 were reported burdensome because of POs such as delays, unusually high fees/charges and the arbitrary behaviour of officials regarding inspections. Goods most affected included perfumery, cosmetic or toilet preparations (excluding soaps), electrical machinery and apparatus and telecommunications equipment.

Other reported NTMs applied by local authorities that posed challenges to importers of manufactured goods included: quantity control measures (8 reported cases), finance measures (3 reported cases), conformity assessments and subsidies (2 cases reported under each) and price control measures (only 1 case reported).

Table 17: NTMs and POs affecting manufactures imports applied by Jamaica

NTM	NTMs cases without PO	NTMs cases with POs	Procedural obstacle	Number of POs		Total
				Jamaica	Partner country	
Technical requirements	2	40	Large number of different documents	7		7
			Difficulties with translation of documents from or into other languages	1		1
			Numerous administrative windows/organizations involved, redundant documents	6		6
			Information on selected regulation is not adequately published and disseminated	2		2
			Arbitrary behaviour of officials	1		1
			Delay related to reported regulation	34	1	35
			Unusually high fees and charges for reported certificate/regulation	6		6
			Other procedural obstacles	1		1
Conformity assessment	1	1	Information on selected regulation is not adequately published and disseminated	1		1
			Arbitrary behaviour of officials with regards to the reported regulation	1		1
			Unusually high fees and charges for reported certificate/regulation	1		1

⁶⁰ 'National Profile for the Management of Chemicals in Jamaica' on the website of the United Nations Institute for Training and Research (UNITAR) at: www2.unitar.org/cwm/publications/cw/np/np_pdf/Jamaica_National_Profile.pdf accessed 25 September 2012.

NTM	NTMs cases without PO	NTMs cases with POs	Procedural obstacle	Number of POs		Total
				Jamaica	Partner country	
Pre-shipment inspection and other entry formalities	2	26	Information on selected regulation is not adequately published and disseminated	1		1
			Arbitrary behaviour of officials	5		5
			Delay related to reported regulation	21		21
			Unusually high fees and charges for reported certificate/regulation	8		8
			Other procedural obstacles, please specify	4		4
Charges, taxes and other para-tariff measures	19	54	Documentation is difficult to fill out	1		1
			Requirements and processes differ from information published	1		1
			Arbitrary behaviour of officials regarding classification and valuation of the reported product	14		14
			Delay related to reported regulation	49		49
			Unusually high fees and charges for reported certificate/regulation	31		31
			Informal payment	1		1
			Other procedural obstacles, please specify	1		1
Quantity control measures (e.g. non-automatic licences, quotas, prohibitions)	0	8	Large number of different documents	2		2
			Numerous administrative windows/organizations involved, redundant documents	3		3
			Delay related to reported regulation	8		8
			Unusually high fees and charges for reported certificate/regulation	1		1
Finance Measures	3	0				
Price control measures	0	1	Numerous administrative windows/organizations involved, redundant documents	1		1
			No due notice for changes in selected regulation and related procedures	1		1
Subsidies	0	2	Delay related to reported regulation	2		2
			Unusually high fees and charges for reported certificate/regulation	1		1
Total	27	132		217	1	218

Source: ITC Survey on NTMs.

3.5. Summary and policy options

The manufacturing sector provides employment for 7% of Jamaica's labour force. In terms of exports, manufactured goods accounted for 30% of the island's total exports in 2010, whereas the sector accounted for over 70% of total imports. The trade balance for manufactured goods is in serious deficit, which is typical of most small open developing countries that do not have the human, natural or financial resources to engage in manufacturing on a large enough scale. Thus, limitations exist in attaining economies of scale

which is crucial to enhancing competitiveness, particularly on a global scale where exports are competing with lower priced goods from larger developing and developed markets. Manufactured products of countries like Jamaica are also often dominated by 'light manufactures' that cannot command high market prices. In addition, such manufactures usually cannot be produced in large enough quantities and sold at high enough prices to offset the high dependence on heavy manufactures (such as motor vehicles, heavy equipment and pharmaceutical products) which have to be imported because they cannot be competitively produced in the domestic market. The inevitable result is a chronic balance of trade deficit in manufactured goods. This highlights the importance of trade facilitation, NTM streamlining and removal of trade barriers for existing exporters of manufactures, especially in the areas where such reforms can be easily undertaken domestically.

For exporters of manufactured goods, the most commonly reported challenges in partner countries were NTMs related to rules of origin and related certificates of origin, and pre-shipment inspections and other entry formalities – faced mainly in neighbouring CARICOM member states. For importers, the most commonly reported challenges included charges, taxes and other para-tariff measures, technical requirements and pre-shipment inspection and other entry formalities, encountered mainly at Jamaica Customs Department. The majority of cases of POs encountered locally and in partner countries were delays related to reported regulations and unusually high fees and charges. These delays ranged from hours to months awaiting approval to clear goods.

It is understood that in many cases technical measures applied to major categories of exports and imports of manufactures, such as chemicals, are perceived as necessary and justified to preserve national health and guarantee consumer protection. However, where possible, the Jamaican government ought to take steps to avoid excessive or burdensome trade impediments that affect exporting and importing companies. For example, international certificates may be recognized and used as substitutes for national certificates. This would avoid redundancies and high costs for importers of chemicals. Within CARICOM steps have been taken to lessen burdensome trade impediments; however, problems still exist, in particular with technical regulations applying to certain goods. Jamaica became signatory to an agreement for the provisional entry into force of the CARICOM agreement establishing CROSQ in February 2002.⁶¹ Its main functions are coordinating the harmonization of CARICOM standards, technical regulations, conformity assessment procedures, and metrology; coordinating CARICOM's positions and representing the region in international fora; monitoring implementation of standards in member states; mediating in intra-regional and third party disputes; and coordinating investigations with national standards bodies.⁶² The government therefore has the opportunity to address any technical regulations applied by CARICOM states which exporters find burdensome with CROSQ. Further, Jamaica should examine the possibility of incorporating TBT and SPS measures into future trade agreements bilaterally or within regional agreements. Consultations with the WTO on how to resolve or handle excessively burdensome measures must also be prioritized.

Jamaica also has the potential to improve the capacity of SMEs to meet measures applied by partner countries. This could be done through training workshops on NTMs affecting exports and imports in particular sectors and markets. In fact, it is recommended that a website which regularly posts information on new NTMs applied by countries be created. Such a website could also facilitate the exchange of information between exporters and importers and local business support organizations. The website would also assist in facilitating trade through fora or blogs where exporters and importers may post questions to their counterparts and seek advice on how to meet requirements. Participation in international fairs which have already helped to strengthen exporters' capacities and increase their client base must also be encouraged.

Improvements of procedures at Jamaica Customs Department (which has recently established online avenues for the submission of export/import documents and is currently doing background work for the implementation of ASYCUDA World Information System) ought to be carried out on a continuous basis and efforts should be made to strengthen the relationship between Customs Officials and the exporting and/or importing private sector community. Many importers complained of problems with licensing, inspections and certification imposed by Jamaican authorities. Whilst it is understood that these requirements are

⁶¹ WTO Trade Policy Review, 2010, p. 58.

⁶² WTO Trade Policy Review, 2010, p. 58.

important, the high frequency of POs encountered in their practical implementation is of great concern. Inspection and licenses/permits dispensing officers should be regularly trained and evaluated in order to ensure that best practice procedures are followed and the incidence of delays, redundancies and damages to goods as a result of inspections are reduced. The issue of fees associated with obtaining permits, licenses and certificates should also be addressed as this was a commonly observed PO, especially in the case of exporters applying for rules of origin certificates at the Trade Board. The Trade Board could re-examine its fee structure but more importantly examine the possibility of opening online and/or satellite offices in rural parishes to lessen transportation costs for exporters who must interface with the agency. It is also important that exporters and importers themselves make use of incentives given by the government to facilitate and encourage the production of manufactured goods. For example, Jamaica Manufacturing Association has published on its website a list of incentives given by the government for which manufactures can apply. These include: the removal of 2% Customs User Fee and waiver of CET on raw materials; waiver of duties on corrugated cartons, packaging materials and sporting goods; GCT Deferral Certificate on packaging and raw materials, etc.

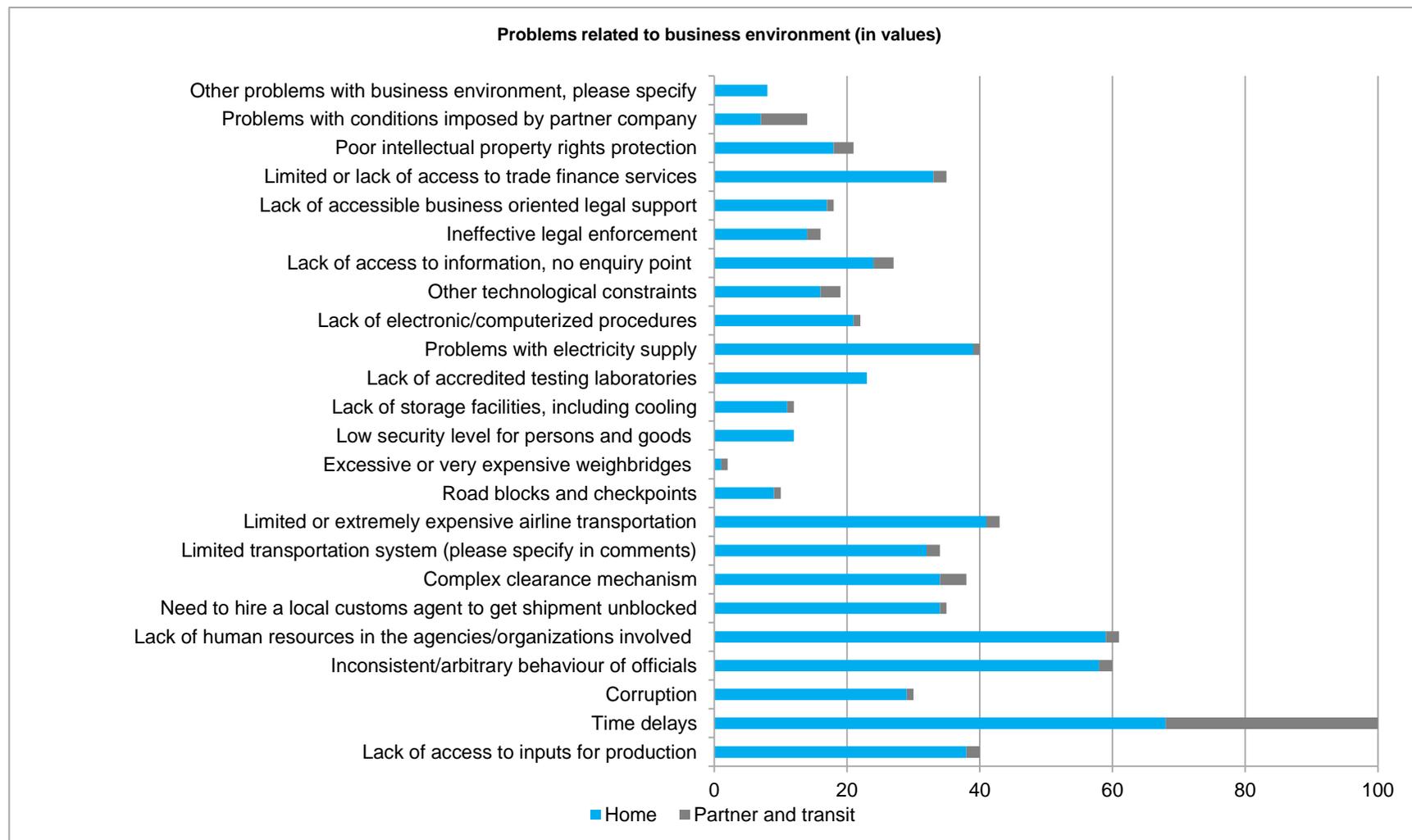
Trade-related business environment:

Further to the information on NTMs collected during the face-to-face interviews, companies were also presented with the option of indicating problems encountered in the TBE in their home country, in partner countries and in transit countries. Problems in the TBE span a wide range of areas and may be encountered in several places. The results were as follows:

Overall, more problems in the domestic TBE were identified by participating companies. Such a result is normally expected as importers and exporters are often more familiar with issues encountered in their own market than in the market of their consumers and/or suppliers. Among issues reported in the domestic economy by importers and exporters, problems with time delays in import/export agencies/organizations were the most commonly encountered (represented 11% of total problems reported domestically). A lack of well-trained human resources in agencies/organizations (9% of problems reported) and inconsistency in the behaviour of officials (also 9% of problems reported) were high among the list of problems indicated by importing and exporting companies. Other problems frequently affecting importers and exporters in the domestic TBE included: limited or expensive air transportation, problems with electricity supply and limited or lack of trade finance services.

In partner and transit countries, time delays also accounted for the bulk of problems in the TBE, and represented a much higher share (43%) of the problems. Other commonly reported problems included: problems with the conditions imposed by partner countries, complex clearance mechanisms, a lack of access to information and other technological constraints.

Figure 22: Problems encountered in the trade-related business environment in domestic and partner countries



Source: ITC Survey on NTMs.

Chapter 4 Conclusion

Trade liberalization within the last 30 years has possibly contributed to growth in the GDP of some developed and developing nations to the extent that it has resulted in increased international trade and the benefits that accrue from such trade.⁶³ Increased liberalization has been accompanied by a significant increase in the number of trade agreements signed between countries and/or regions. Such agreements have brought about extensive reductions in border tariffs initially implemented by governments for reasons including but not limited to import substitution, the protection of infant industries and domestic employment, consumer protection and national security. However, the relative importance of NTMs has seemingly increased as the average tariff rates have declined.

NTMs include a wide range of policy interventions other than border tariffs that affect trade in goods. They are often seen by countries as the best instruments to achieve public policy objectives, in particular technical sanitary and phytosanitary measures. Such measures, while having the potential to correct market failures arising from information asymmetries can become a major obstacle to trade. In fact, WTO SPS and TBT Agreements allow countries to adopt appropriate protection of human, plant and animal health. However, at the same time in order to minimize disputes and reduce compliance costs, countries are encouraged to base their domestic technical regulations or standards on those developed by international organizations, including the International Plant Protection Convention (IPPC) for plant health, the Joint FAO/WHO Codex Alimentarius Commission (Codex) for food safety, and the World Organisation for Animal Health (OIE) for animal health.

Due to the growing impact of NTMs on exporters and importers, several studies have been conducted in the past attempting to quantify their effects on international trade. A number of studies have revealed that in several countries, NTMs are often more restrictive to trade than are tariffs. Trade literature also finds that NTMs in agriculture appear to be more restrictive and widespread than those in the manufacturing sector.

The NTM survey in Jamaica revealed that NTMs and other trade impediments have a significant impact on exports and imports. As was found in previous studies, for Jamaica agricultural goods (both raw and processed) are more affected by burdensome NTMs when being traded, than manufactured goods. In particular, agricultural goods are affected mainly by technical regulations and conformity assessment procedures imposed by both domestic and partner country authorities. Meeting these requirements has proved costly to exporters of such goods, who have complained that associated costs cannot easily be passed on to consumers in a competitive global market. In addition, the production of agricultural goods often requires costly inputs such as certain types of pesticides or insecticides, which have to be imported, ultimately contributing to a higher final cost. These factors all have implications for the competitiveness of Jamaican companies. As a result, burdensome NTMs ought to be addressed, for example, in the following ways:

- The revision of stringent trade policy measures instituted domestically;
- Removal of POs to trade occurring in Jamaican agencies, streamlining and simplifying procedures;
- A collaborative effort with partner country authorities in addressing burdensome NTMs and POs;
- The training of exporters and importers on crucial ways to remain cost competitive while maintaining certain standards.

Technical requirements, conformity assessment and Pre-shipment Inspections and other entry formalities

Overall, technical regulations accounted for the greatest proportion of NTMs affecting Jamaican exports in partner countries. These product-specific, legally binding requirements were predominantly challenging in main markets like the United States of America and Canada. In these markets, products (especially fresh produce) were subjected to unavoidable scrutiny in the form of product restrictions, tolerance limits, authorization and registration requirements. Regulations were particularly challenging due to the manner in

⁶³ 'Global Trade Liberalization and the Developing Countries' of the website of the International Monetary Fund' at: <http://www.imf.org/external/np/exr/ib/2001/110801.htm> accessed 16 October 2012.

which they were applied or implemented. As a result, a large number of associated POs were reported, including delays, high fees and associated costs.

In addition to burdensome technical requirements, conformity assessments and pre-shipment inspections were commonly reported by exporters. As with technical requirements, these were generally encountered in main markets (the United States, Canada and the United Kingdom) where exporters felt there was a high level of restrictiveness in import policies. However, it should be noted that a significant proportion of pre-shipment inspections were also encountered for exports of manufactured products to regional markets (neighbouring CARICOM member states).

While steps have been taken by the Jamaican government to tackle NTMs and improve the competitiveness of Jamaican exports in international markets (for example, the signing of MRAs with the American National Standards (ANSI), ASTM, and NIST of the United States), many exporters felt that much more could be done domestically to help alleviate the problem of NTMs. Several companies participating in the survey identified the set-up of a one-stop shop housing all export documentation and inspection officers as well as improved domestic laboratory and testing facilities for particular products as ways that could help to reduce many POs associated with NTMs.

Export Inspections required by Jamaica authorities

The results of the survey revealed that amongst NTMs applied by the Jamaican authorities, export inspections were the most common burdensome measures. Export inspections affected companies in various agricultural and manufacturing sectors and were predominantly encountered at Jamaica Customs. Inspections were reported as being burdensome by exporters for a number of reasons including: lengthy delays associated with the inspection process and damages to goods at the hands of Customs inspection officials. However, it was later found (from an interview with a representative from Jamaica Customs Inspections Unit) that whilst it is stipulated under the Customs Act that Customs Officials are authorized to conduct random inspections of any product being exported, inspections are also carried out at Jamaica Customs by various other government agencies (such as Ministry of Health, Agriculture, etc.). As a result there is often a misunderstanding amongst exporters which leads to the Customs Department being blamed for problems associated with inspections carried out by other agencies. Problems with export inspections were also commonly reported at the Bureau of Standards, Jamaica's regulatory authority on product standards. While constant reviews are being undertaken by both Jamaica Customs Department and the Bureau of Standards in an effort to be more efficient in carrying out inspection processes, it was also found that the majority of the complaints regarding such procedures were reported by small companies/exporters that were relatively new to the exporting process. Research also revealed that Jamaican exporters have been slow in taking steps towards implementing a Food Safety/HACCP Management System which could easily bypass the inspection process.

Certification and special regimes applied to imports

Like exporters, importers reported a number of challenging NTMs which have a negative effect on their businesses. Importers of various types of products (chemicals, miscellaneous manufactures, etc.) frequently complained of problems with licensing, inspections and certification imposed by domestic authorities. Importers often complained about the high number of POs (burdensome charges, fees and other para-tariff measures and delays) encountered in the implementation of such domestic regulations. High charges/fees associated with obtaining permits and licenses as well as additional fees arising from valuations carried out by Customs were in particular problematic for companies that imported goods to use as inputs into the production of exports, as costs cannot easily be passed on to the consumers. Many exporters felt that licensing and permit dispensing officers across various agencies were not properly trained which often resulted in many inefficiencies. Whilst it was understood among importers that these requirements are important, the high frequency of POs encountered is of great concern. It was commonly suggested that inspection and licenses/permits dispensing officers be regularly trained and evaluated in order to ensure that correct procedures are followed, which should result in a reduction in the incidence of delays, redundant processes and damages to goods as a result of inspections.

Procedural obstacles

Procedural obstacles were challenging for both exporters and importers. Amongst exporters, delays were the most common, accounting for nearly 50% of total POs reported. Unusually high fees and charges for certificates/regulation were also commonly reported by exporters. Cases were mainly associated with registration procedures and obtaining required documentation to comply with technical regulations. Amongst importers, frequently reported obstacles also included: unusually high fees and charges for certificate/regulation, lengthy delays, and discriminatory behaviour of officials in agencies involved in the importing process. Most cases of POs encountered domestically were reported at Jamaica Customs, which is not surprising given that all exporters and importers have to interface with this Department. Interestingly, many companies felt that POs could easily be avoided with increased training of export/import officers throughout different agencies. Training on how to be efficient without compromising effectiveness would help reduce the occurrence of POs, while simultaneously improving the relationship between exporters/importers and facilitating agencies.

Public-private dialogue at stakeholder Workshop

One of the main objectives of the ITC Survey of NTMs Series was to work with key national stakeholders (Government, BSOs, private sector, exporters and importers) to identify through a collaborative effort solid policy options which may be implemented to lessen the problems facing exporters and importers. As a result, a one-day workshop took place on 6 March 2013 at the Knutsford Court Hotel in Kingston, Jamaica. The aim of the meeting was to present and obtain validation of the findings of the survey conducted in Jamaica as well as receive feedback from important public and private sector stakeholders on concrete policy options that could be explored. The workshop was well-attended with over 100 participants from the public and private sectors and civil society organisations. The opening remarks were given by Ms. Patricia Francis, former Executive Director of the International Trade Centre (ITC) and Senator the Honourable Arnold J. Nicholson, QC – Jamaica's Minister of Foreign Affairs and Foreign Trade. Key presentations were also given by Mr. Mondher Mimouni and Ms. Poonam Mohun of Market Analysis and Research at the International Trade Centre, and Dr. Noel Watson, CEO at A-Z Information Jamaica Limited which conducted the survey. For the complete list of speakers and discussants, please refer to appendix VI.

Levels of government intervention

A combined effort on the part of the various authorities, using the input of the private sector, is essential to solving the problems associated with burdensome NTMs and POs. While it is understood that certain strict measures are necessary to avoid the potentially harmful effects of sensitive goods, it is important that processes are reviewed and updated on a regular basis.

At the multilateral level, Jamaica may attempt to resolve issues within the context of the WTO Technical Barriers to Trade Committee. Being signatory to the Agreement on Technical Barriers to Trade which tries to ensure that regulations, standards, testing and certification procedures do not create unnecessary obstacles, Jamaica has the option of querying measures applied by markets which are burdensome to its exporters. Bilaterally, problems associated with NTMs such as technical regulations could be raised with partners like the United States of America where a large number of cases were reported.

Within CARICOM, strides must be made on a continuous basis to address the issue of standards and NTMs. Efforts to achieve greater coordination amongst regional mechanisms for accreditation and conformity assessment must be placed at the forefront of discussions on trade between member states. In addition, the implementation of regional trade facilitation measures supported by technical and economic cooperation should be a pre-requisite for future trade agreements signed between CARICOM and third countries. For example, CARICOM is currently engaged in negotiations with Canada towards signing a Bilateral Trade Agreement. Even though mutual recognition of technical measures as they relate to trade in agricultural and manufacturing goods is covered within the negotiations, CARICOM officials should ensure that high priority is given to this aspect of the agreement. The results of this survey may be used as a basis to highlight and address problem areas for Jamaican exporters in order to lessen the likelihood of burdensome NTMs being an obstacle to trade between the two parties.

At the BSO level, Jamaica must boost efforts to improving service delivery mechanisms within the most crucial support agencies (either through timely preparation of export/import documents, a revision and/or

reduction of fees charged for services or hiring additional staff in departments where there are shortages, or process re-engineering). This should be prioritized amongst issues to be addressed in order to deal with the problem of POs which were the primary cause of burdensome processes in domestic agencies according to exporters and importers. An improvement of the relationship between public trade facilitation entities and private exporters is also important to addressing the problem of NTMs and garnering the support of policymakers. Support organizations must prioritize offering sector-specific training, access to information and capacity building workshops to SMEs to help them meet measures applied by partner countries.

At the company level, exporting and importing companies must ensure that they are kept abreast of international standards and product requirements in export markets. Capacity building exercises among staff on a quarterly or bi-annual basis in addition to consistent communication with BSOs and trading partners are crucial. Every attempt must be made to improve competitiveness through the implementation of Food Safety/HACCP Management Systems which help to avoid many hassles associated with constant testing and certification, as well as reduce costs. Companies must ensure that they are aware of all regulations before exporting to a particular market while seeking markets where there is a lower incidence of NTMs or where regulations are not as strict.

The results of the survey have revealed the importance of NTMs applied by governments and faced by exporters and importers on a daily basis. Proper management and application of NTMs is therefore crucial to the smooth functioning of the country's trade-related environment. By virtue of this recognition, all players including the government of Jamaica, trade support organizations, export services providers, exporters, importers and their associations need to communicate effectively and join their efforts in communicating and monitoring NTMs perceived to be of a burdensome nature.

Appendix I Results of face-to-face interviews

Table A: Export of agro-food products: POs at domestic institutions and in partner or transit countries

Procedural obstacle	Number of PO cases that occurred in...				
	Jamaica and agencies involved		Partner country		Total
Large number of different documents	11	US FDA, ⁶⁴ Jamaica Customs	1	United States (1)	12
Documentation is difficult to fill out	5	US FDA, Jamaica customs, trade board Jamaica Limited	3	United States (3)	8
Numerous administrative windows/organizations involved, redundant documents	1	Jamaica border protection			1
Information on selected regulation is not adequately published and disseminated	2	EU Authority on labelling of food items	6	Netherlands(1), United Kingdom(1), United States (4)	8
Requirements and processes differ from information published	1	Ministry of Agriculture			1
Arbitrary behaviour of officials with regards to the reported regulation	7	Airport, Bureau of Standards			7
Delay related to reported regulation	78	Bureau of Standards, Ministry of Foreign Affairs; Panama Consulate, Coffee Industry Board, US FDA, Jamaica Border Protection, Customs, Jamaica Customs Ministry of Agriculture, Ministry of Foreign Affairs, Mona Institute of Applied Science, Trade Board Jamaica Limited, the United States Customs	84	Canada(5), Netherlands(1), Trinidad and Tobago(1), United Kingdom(4), United States (73)	162
Deadlines set for completion of requirements are too short			7	Canada(3), United States (4)	7
Unusually high fees and charges for reported certificate/regulation	36	Bureau of Standards, Coffee Industry Board, Courier Company, EU/EC, US FDA, Inland Revenue Department, JAMPRO/Jamaica Trade and Invest, Customs, Jamaica Customs/Brazilian Government, Ministry of Agriculture, Ministry of Finance	65	Brazil(1), Canada(3), Cayman Islands(1), Saint Vincent and the Grenadines(1), United Kingdom(3), United States (56)	101
Limited/inappropriate facilities for testing	3	Bureau of Standards, Mona Institute of Applied Science, Scientific Research Council Jamaica			3

⁶⁴ The survey design is such that it allows for some cases of POs associated with the US FDA to be captured as domestic POs. For example, POs associated with export registration, an NTM applied by the US FDA, may be captured as domestic POs because registration and payment for registration is usually completed online by exporters in Jamaica.

Procedural obstacle	Number of PO cases that occurred in...				
	Jamaica and agencies involved		Partner country		Total
Limited/inappropriate facilities for sector-specific transport and storage, e.g. cold storage, refrigerated trucks	11	Airport, US FDA, Customs	6	United States (6)	17
Other limited/inappropriate facilities, related to reported certificate/regulation	11	Airport, Coconut Industry Board, Ministry of Agriculture			11
Other problems with international recognition, e.g. lack of recognition of national certificates			1	United States (1)	1
Other procedural obstacles, please specify	7	Airport, Food Safety and Prevention of Infestation Division, Ministry of Finance	1	United States (1)	8
Total	173		174		347

Source: ITC Survey on NTMs.

Table B: Export of manufactured products: burdensome pre-shipment applied by partner countries and reasons making them burdensome

NTM	NTMs cases without PO	NTMs cases with POs	Procedural obstacle	Number of POs			Total
				Jamaica	Partner country	Transit country	
Technical requirements	0	7	Large number of different documents	1			1
			Arbitrary behaviour of officials with regards to the reported regulation		1		1
			Delay related to reported regulation	3	4		7
			Deadlines set for completion of requirements are too short		1		1
			Unusually high fees and charges for reported certificate/regulation		1		1
Conformity assessment	0	7	Arbitrary behaviour of officials with regards to the reported regulation		1		1
			Delay related to reported regulation	4	3		7
			Deadlines set for completion of requirements are too short		1		1
			Unusually high fees and charges for reported certificate/regulation		1		1
Pre-shipment inspection and other entry formalities	3	28	Delay related to reported regulation		27	1	28
			Unusually high fees and charges for reported certificate/regulation		5	1	6
Charges, taxes and other para-tariff measures	0	19	Arbitrary behaviour of officials with regards to the reported regulation			1	1
			Delay related to reported regulation		14	1	15
			Unusually high fees and charges for reported certificate/regulation		18	1	19

NTM	NTMs cases without PO	NTMs cases with POs	Procedural obstacle	Number of POs			Total
				Jamaica	Partner country	Transit country	
Rules of origin and related certificate of origin	0	31	Arbitrary behaviour of officials regarding classification and valuation of the reported product		2		2
			Unusually high fees and charges for reported certificate/regulation	25			25
			Other problems with international recognition, e.g. lack of recognition of national certificates		3		3
			Other procedural obstacles, please specify	3			3
Total	3	92		36	82	5	123

Source: ITC Survey on NTMs.

Table C: Exports of manufactured goods: burdensome NTMs applied by partner countries

Product	Export value in 2010, US\$ '000	Share in manufacturing export value (%)	Technical requirements	Conformity assessment	Pre-shipment inspection and other entry formalities	Charges, taxes and other para-tariff measures	Rules of origin and related certificate of origin	Total
Articles of apparel and clothing accessories of other than textile fabrics; headgear of all materials	56	0			5	4	4	13
Articles, n.e.s., of plastics	2 194	1.4				2		2
Manufactures of base metal, n.e.s.	803	0.5	1					1
Medicaments (including veterinary medicaments)	5 421	3.6	1	1				2
Mineral manufactures, n.e.s.	88	0.1	1		2		1	4
Miscellaneous manufactured articles, n.e.s.	307	0.2			4	3	9	16
Musical instruments and parts and accessories thereof;	630	0.4		1			1	2
Paper and paperboard	403	0.3	1		2		1	4
Perfumery, cosmetic or toilet preparations (excluding soaps)	3 818	2.5			3			3
Pigments, paints, varnishes and related materials	1 841	1.2	2	4				6
Pottery	63	0	1		2		1	4
Printed matter	1 244	0.8				1		1
Soap, cleansing and polishing preparations	1 440	1			1			1
Trunks, suitcases, vanity cases, other bags and travelling cases	148	0.1			3	3		6
Watches and clocks	1 611	1.1					1	1
Women's or girls' clothing	286	0.2			2	1	4	7
Wood manufactures, n.e.s.	1 375	0.9		1	5	4	5	15
Wood, simply worked, and railway sleepers of wood	-	-			2	1	4	7
Sub-Total	21 728	14.3	7	7	31	19	31	95

Source: ITC Survey on NTMs.

Appendix II Global methodology of the non-tariff measure surveys

Non-tariff measure surveys

From 2008 to 2010,⁶⁵ the International Trade Centre (ITC) completed large-scale company-level surveys on burdensome non-tariff measures and other barriers to trade (NTM surveys hereafter) in 10 developing and least-developed countries on all continents.⁶⁶ In 2011, the NTM surveys were launched in 10 countries, with more currently going in 2012. The main objective of the NTM survey is to capture how businesses perceive burdensome NTMs and other obstacles to trade at a most detailed level – by product and partner country.

All surveys are based on a global methodology consisting of a core part and a country-specific part. The core part of the NTM survey methodology, described in this appendix is identical in all survey countries, enabling cross-country analyses and comparison. The country-specific part allows flexibility in addressing the requirements and needs of each participating country. The country-specific aspects and the particularities of the survey implementation in Malawi are covered in chapter 2 of this report.

Scope and coverage of the non-tariff measure surveys

The objective of the NTM survey requires a representative sample allowing for the extrapolation of the survey result to the country level. To achieve this objective, the NTM survey covers at least 90% of the total export value of each participating country (excluding minerals and arms). The economy is divided into 13 sectors, and all sectors with more than a 2% share in total exports are included in the survey.

The NTM Survey sectors are defined as follows:

1. Fresh food and raw agro-based products
2. Processed food and agro-based products
3. Wood, wood products and paper
4. Yarn, fabrics and textiles
5. Chemicals
6. Leather
7. Metal and other basic manufacturing
8. Non-electric machinery
9. Computers, telecommunications; consumer electronics
10. Electronic components
11. Transport equipment
12. Clothing
13. Miscellaneous manufacturing

⁶⁵ The work started back in 2006, when the Secretary-General of UNCTAD (United Nations Conference on Trade and Development) established the Group of Eminent Persons on Non-Tariff Barriers (GNTB). The main purpose of GNTB is to discuss definition, classification, collection and quantification of non-tariff barriers – to identify data requirements, and consequently advance understanding of NTMs and their impact on trade. To carry out the technical work of the GNTB, a Multi-Agency Support Team (MAST) was also set up. Since then, the ITC is advancing the work on NTMs in three directions. First, ITC has contributed to the international classification of non-tariff measures (NTM classification) that was finalized in October 2009. Second, ITC undertakes NTM Surveys in developing countries using the NTM classification. Third, ITC, UNCTAD and the World Bank jointly collect and catalogue official regulations on NTMs applied by importing markets (developed and developing). This provides a complete picture of NTMs as official regulations serve as a baseline for the analysis, and the surveys identify the impact of the measures on enterprises, and consequently, on international trade.

⁶⁶ The first NTM surveys were carried out in cooperation with UNCTAD in 2008–2009 in Brazil, Chile, India, the Philippines, Thailand, Tunisia and Uganda. The pilot surveys provided a wealth of materials allowing to significantly improve both the NTM classification and the NTM survey methodology.

Companies trading arms and minerals are excluded. The export of minerals is generally not subject to trade barriers due to a high demand, and the specificities of trade undertaken by large multinational companies. The export of arms is out of the scope of ITC activities.

The NTM surveys are undertaken among companies exporting and importing goods. Companies trading services are excluded, as a survey on NTMs in services would require a different approach and methodology. Yet, the NTM Survey includes companies specialized in the export-import process and services, such as agents, brokers, forwarding companies (referred to as 'trading agents' for brevity). These companies can be viewed as service companies, as they provide trade logistics services. The answers provided by trading agents are in most cases analysed separately from the answers of the companies that export their own products.

The NTM surveys cover legally registered companies of all sizes and types of ownership. Depending on country size and geography, one to four geographic regions with high concentrations of economic activities (high number of firms) are included in the sample.

Two-step approach

The representatives of the surveyed companies, generally export/import specialists or senior-level managers, are asked to report trade-related problems experienced by their companies in the preceding year and representing a serious impediment for their operations. To identify companies that experience burdensome NTMs, the survey process consists of phone screens with all companies in the sample (step 1) and face-to-face interviews undertaken only with the companies that reported difficulties with NTMs during the phone screens (step 2).

Step 1: Phone screens

The first step includes short phone screen interviews. Phone screens consist of questions identifying the main sector of activity of the companies and the direction of trade (export or import). The respondents are then asked whether their companies have experienced burdensome NTMs. If a company does not report any issues with NTMs, the phone screen is terminated. Companies that report difficulties with NTMs are invited to participate in an in-depth face-to-face interview, and the time and place for this interview is scheduled before terminating phone screen.

Step 2: Face-to-face interviews

The second-step interviews are required to obtain all the details of burdensome NTMs and other obstacles at the product and partner country level. These interviews are conducted face-to-face due to the complexity of the issues related to NTMs. Face-to-face interactions with experienced interviewers helps to ensure that respondents correctly understand the purpose and the coverage of the survey, and accurately classify their responses in accordance with predefined categories.

The questionnaire used to structure face-to-face interviews consists of three main parts. The first part covers the characteristics of the companies: number of employees, turnover and share of exports in total sales, whether the company exports their own products or represents a trading agent providing export services to domestic producers.

The second part is dedicated to exporting and importing activities of the company, with all trade products and partner countries recorded. During this process, the interviewer also identifies all products affected by burdensome regulations and countries applying these regulations.

During the third part of the interview, each problem is recorded in detail. A trained interviewer helps respondents identify the relevant government-imposed regulations, affected products (6-digit level of the Harmonized System), the partner country exporting or importing these products, and the country applying the regulation (it can be partner, transit or home country).

Each burdensome measure (regulation) is classified according to the NTM classification, an international taxonomy of NTMs, consisting of over 200 specific measures grouped into 16 categories (see appendix III). The NTM classification is the core of the survey, making it possible to apply a uniform and systematic approach to recording and analysing burdensome NTMs in countries with very idiosyncratic trade policies and approaches to NTMs.

The face-to-face questionnaire captures not only the type of burdensome NTMs, but also the nature of the problem (so called POs explaining why measures represent an impediment), the place where each obstacle takes place, and the agencies involved, if any. For example an importing country can require the fumigation of containers (NTM applied by the partner country), but fumigation facilities are expensive in the exporting country, resulting in a significant increase in export costs for the company (POs located in the home country). The companies can also report generic problems not related to any regulation, but affecting their export or import, such as corruption and lack of export infrastructure. These issues are referred to as problems related to business environment (see appendix IV).

Local survey company

Both phone screens and face-to-face interviews are carried out by a local partner selected through a competitive bidding procedure. The partner is most often a company specializing in surveys. Generally, the NTM surveys are undertaken in local languages. The phone screens are recorded either by a Computer Assisted Telephone Interview system, computer spreadsheets, or on paper. The face-to-face interviews are initially captured using paper-based interviewer-led questionnaires that are then digitalized by the partner company using a spreadsheet-based system developed by ITC.

Open-ended discussions

During the surveys of companies and preparation of the report, open-ended discussions are held with national experts and stakeholders, for example trade support institutions and sector/export associations. These discussions provide further insights, quality check and validation of the survey results. The participants review the main findings of the NTM survey and help to explain the reasons for the prevalence of the certain issues and their possible solutions.

The open-ended discussions are carried out by the survey company, a partner in another local organization or university, or by graduate students participating in the special fellowship organized in cooperation with Columbia University (United States).

Confidentiality

The NTM survey is confidential. Confidentiality of the data is paramount to ensure the greatest degree of participation, integrity and confidence in the quality of the data. The paper-based and electronically captured data is transmitted to ITC at the end of the survey.

Sampling technique

The selection of companies for the phone screen interviews of the NTM survey is based on the stratified random sampling. In a stratified random sample, all population units are first clustered into homogeneous groups ('strata'), according to some predefined characteristics, chosen to be related to the major variables being studied. In the case of the NTM surveys, companies are stratified by sector, as the type and incidence of NTMs are often product-specific. Then simple random samples are selected within each sector.

The NTM surveys aim to be representative at the country level. A sufficiently large number of enterprises should be interviewed within each export sector to ensure that the share of enterprises experiencing burdensome NTMs is estimated correctly and can be extrapolated to the entire sector. To achieve this

objective, a sample size for the phone screens with exporting companies is determined *independently for each export sector*.⁶⁷

For importing companies, the sample size is defined at the country level. The sample size for importing companies can be smaller than the sample size for exporters, mainly for two reasons. First, the interviewed exporting companies are often import intermediaries and provide reports on their experiences with NTMs as both exporters and importers. Second, problems experienced by importing companies are generally linked to domestic regulations required by their home country. Even with a small sample size for importing companies, the effort is made to obtain a representative sample by import sectors and the size of the companies.

Exporting companies have difficulties with both domestic regulations and regulations applied by partner countries that import their products. Although the sample size is not stratified by company export destinations, a large sample size permits a good selection of reports related to various export markets (regulations applied by partner countries). By design, large trading partners are mentioned more often during the survey, simply because it is more likely that the randomly selected company would be exporting to one of the major importing countries.

The sample size for face-to-face interviews depends on the results of the phone screen interviews.

Average sample size

Based on the results of the NTM surveys in 10 countries, the number of successfully completed phone screens can range from 150 to 1,000, with subsequent 150 to 300 face-to-face interviews with exporting and importing companies. The number of phone screens is mainly driven by the size and the structure of the economy, availability and quality of the business register and the response rate. The sample size for the face-to-face interviews depends on the number of affected companies and their willingness to participate in the face-to-face interviews.

Survey data analysis

The analysis of the survey data consists of constructing frequency and coverage statistics along several dimensions, including product and sector, NTMs and their main NTM categories (e.g. technical measures, quantity control measures), and various characteristics of the surveyed companies (e.g. size and degree of foreign ownership).

The frequency and coverage statistics are based on 'cases'. A case is the most disaggregated data unit of the survey. By construction, each company participating in a face-to-face interview reports at least one case of burdensome NTMs, and, if relevant, related POs and problems with the business environment.

⁶⁷ The sample size depends on the number of exporting companies per sector and on the assumptions regarding the share of exporting companies that are affected by NTMs in the actual population of this sector. The calculation of a sample size will be based on the equation below (developed by Cochran, 1963) to yield a representative sample for proportions in large populations (based on the assumption of normal distribution).

$$n_o = \frac{t^2 * p(1 - p)}{d^2}$$

Where

n_o : Sample size for large populations

t: t-value for selected margin of error (d). In the case of the NTM survey 95% confidence interval is accepted, so t-value is 1.96.

p: The estimated proportion of an attribute that is present in the population. In the case of the NTM survey, it is a proportion of companies that experience burdensome NTMs. As this proportion is not known prior to the survey, the most conservative estimate leading to a large sample size is employed, that is p=0.5.

d: Acceptable margin of error for the proportion being estimated. In other words, a margin of error that the researcher is willing to accept. In the case of NTM survey d=0.1.

Source: Cochran, W.G. 1963. *Sampling Techniques*, 2nd Ed., New York: John Wiley and Sons, Inc.

Each case of each company consists of one NTM (a government-mandated regulation, for example SPS certificate), one product affected by this NTM, and partner country applying the reported NTM. For example, if there are three products affected by the very same NTM applied by the same partner country and reported by one company, the results would include 3 cases. If two different companies report the same problem, it would be counted as two cases.

The scenario where several partner countries apply the same type of measure is recorded as several cases. The details of each case (e.g. the name of the government regulations and its strictness) can vary as regulations mandated by different countries are likely to differ. However, if the home country of the interviewed companies applies an NTM to a product exported by a company to several countries, the scenario will be recorded as a single NTM case. Furthermore, when an interviewed company both exports and imports, and reports cases related to both activities, it is included in the analysis two times: once for the analysis of exports and once for the analysis of imports. The distinction is summarized in the table below.

Dimensions of an NTM case

Country applying the measure Dimensions	Home country (where survey is conducted)	Partner countries (where goods are exported to or imported from) and transit countries
Reporting company	X	X
Affected product (HS 6-digit code or national tariff line)	X	X
Applied NTM (measure-level code from the NTM classification)	X	X
Trade flow (export or import)	X	X
Partner country applying the measure		X

Cases of POs and problems with the business environment are counted in the same way as NTM cases. The statistics are provided separately from NTMs, even though in certain instances they are closely related. (For example, delays can be caused by the pre-shipment inspection requirements). As many of the POs and problems with the business environment are not product-specific, the statistics are constructed along two dimensions: type of obstacles and country where they occur, as well as agencies involved.

Enhancing local capacities

The NTM surveys enhance national capacities by transmitting skills and knowledge to a local partner company. ITC does not implement the surveys, but guides and supports a local survey company and experts in doing this.

Before the start of the NTM survey, the local partner company, including project managers and interviewers are fully trained on the different aspects of the NTMs, the international NTM classification, and the ITC NTM survey methodology. ITC representatives stay in the country for the launch of the survey and initial interviews, and remain in contact with the local partner during the entire duration of the survey, usually around six months, to ensure a high quality of survey implementation. ITC experts closely follow the work of the partner company, providing a regular feedback on the quality of the captured data (including classification of NTMs) and the general development of the survey, helping the local partner to overcome any possible problems.

Furthermore, ITC helps to construct a business register (list of exporting and importing companies with contact details) which remains at the disposal of the survey company and national stakeholders. The business register is a critical part of any company-level survey, but unfortunately it is often unavailable, even in the advanced developing countries. ITC puts much time, effort and resources into constructing a national business register of exporting and importing companies. The initial information is obtained with the help of national authorities and other stakeholders (e.g. sectoral associations). In cases where it is not available from government sources or a sectoral association, ITC purchases information from third companies, and in certain cases digitalizes it from paper sources. The information from various sources is then processed and merged into a comprehensive list of exporting and importing companies.

So, upon completion of the NTM survey, the local partner company is fully capable of independently implementing a follow-up survey or other company-level surveys, as it is equipped with the business register and trained on the survey, trade and NTM-related issues.

Caveats

The utmost effort is made to ensure the representativeness and the high quality of the survey results, yet several caveats must be kept in mind.

First, the NTM surveys generate perception data, as the respondents are asked to report burdensome regulations representing a serious impediment to their exports or imports. The respondents may have different scales for judging what constitutes an impediment. The differences may further intensify when the results of the surveys are compared across countries, stemming from cultural, political, social, economic and linguistic differences. Furthermore, some inconsistency may be possible among interviewers (e.g. related to matching reported measures against the codes of the NTM classification) due to the complex and idiosyncratic nature of NTMs.

Second, in many countries a systematic business register covering all sectors is not available or not complete. As a result, it may be difficult to ensure random sampling within each sector, and a sufficient rate of participation in smaller sectors. Whenever this is the case, the survey limitations are explicitly provided in the corresponding report.

Finally, certain NTM issues are not likely to be known by the exporting and importing companies. For example, exporters may not know the demand-side constraints behind the borders, e.g. 'Buy domestic' campaigns. Furthermore, the scope of the survey is limited to legally operating companies, and does not include unrecorded trade, e.g. shuttle traders.

After the non-tariff measure survey

The findings of each NTM survey are presented and discussed at a dissemination workshop. The workshop brings together government officials, experts, companies, donors, non-governmental organizations (NGOs) and academics. It fosters a dialogue on NTM issues and helps identify possible solutions to the problems experienced by exporting and importing companies.

The NTM survey results serve as a diagnostic tool for identifying and solving predominant problems. This can be realized at the national or international level. The survey findings can also serve as a basis for designing projects to address the problems identified and for

Appendix III Non-tariff measure classification

Importing countries are very idiosyncratic in the ways they apply non-tariff measures. This called for an international taxonomy of NTMs, which was prepared by a group of technical experts from eight international organizations, including the Food and Agriculture Organization, the International Monetary Fund, the International Trade Centre, the Organisation for Economic Co-operation and Development, the United Nations Conference on Trade and Development (UNCTAD), the United Nations Industrial Development Organization, the World Bank and the World Trade Organization. It was finalized in November 2009 and is used to collect, classify, analyse and disseminate information on NTMs received from official sources, e.g. government regulations. For the purpose of the large-scale company surveys on NTMs, ITC uses a simplified version of this international classification.

The NTM classification for surveys differentiates measures according to 16 chapters (denoted by alphabetical letters, see figure on page 73), each comprising sub-chapters (denoted by two letters) and the individual measures (denoted by two letters and a number). The following sketches the content of each of the 16 chapters.

Chapter A, on technical regulations, refers to product-related requirements. They are legally binding and set by the importing country. They define the product characteristics, technical specifications of a product or the production process and post-production treatment and comprise the applicable administrative provisions, with which compliance is mandatory. Technical requirements include sanitary and phytosanitary measures, which are generally implemented to protect human, animal and plant life and health.

Chapter B, on conformity assessment, refers to measures determining whether a product or a process complies with the technical requirements specified under chapter A. Conformity assessments include control, inspection and approval procedures – such as testing, inspection, certification and traceability – which confirm and control that a product fulfils the technical requirements and mandatory standards imposed by the importing country, for example to safeguard the health and safety of consumers.

Chapter C, on pre-shipment inspection and other formalities, refers to the practice of checking, consigning, monitoring and controlling the shipment of goods before or at entry into the destination country.

Chapter D, on charges, taxes and other para-tariff measures, refers to measures other than tariffs that increase the cost of imports in a similar manner, i.e. by a fixed percentage or by a fixed amount. They are also known as para-tariff measures. Customs surcharges and general sales taxes are examples.

Chapter E, on licences, quotas, prohibitions and other quantity control measures, includes measures that restrain the quantity of goods that can be imported, regardless of whether they come from different sources or from one specific supplier. These measures can take the form of restrictive licensing, fixing of a predetermined quota, or through prohibitions.

Chapter F, on finance measures, refers to measures that are intended to regulate the access to and cost of foreign exchange for imports and define the terms of payment. They may increase import costs in the same manner as tariff measures.

Chapter G, on price control measures, includes measures implemented to control the prices of imported articles in order to: support the domestic price of certain products when the import price of these goods is lower; establish the domestic price of certain products because of price fluctuation in domestic markets, or price instability in a foreign market; and counteract the damage resulting from the occurrence of 'unfair' foreign trade practices.

Chapter H, on anti-competitive measures, refers to measures that are intended to grant exclusive or special preferences or privileges to one or more limited groups of economic operators.

Chapter I, on trade-related investment measures, refers to measures that restrict investment by requesting local content, or requesting that investment be related to export to balance imports.

The structure of the NTM classification

A to O. Import related measures

Measures imposed by the country importing the goods. From the perspective of an exporter, these are the measures applied by the destination country of your product. From the perspective of an importer, these are the measures applied by your own country on the goods that you import.

Technical measures	A. Technical requirements	
	B. Conformity assessment	
Non-technical measures	C. Pre-shipment inspection and other entry formalities	
	D. Charges, taxes and other para-tariff measures	
	E. Quantity control measures (e.g. licences, quotas, prohibitions)	
	F. Finance measures	
	G. Price control measures	
	H. Anti-competitive measures	L. Subsidies
	I. Trade-related investment measures	M. Government procurement restrictions
	J. Distribution restrictions	N. Intellectual property
	K. Restriction on post-sales services	O. Rules of origin and related certificate of origin

P. Export related measures

Measures imposed by the country exporting the goods. From the perspective of an exporter, these are the measures imposed by your own country on the goods you export from your country. From the perspective of an importer, these measures are imposed by the country of origin on the goods you import from this country.

Chapter J, on distribution restrictions, refers to restrictive measures related to the internal distribution of imported products.

Chapter K, on restrictions on post-sales services, refers to measures restricting the provision of post-sales services in the importing country by producers of exported goods.

Chapter L, on subsidies, includes measures related to financial contributions by a government or government body to a production structure, be it a particular industry or company, such as direct or potential transfer of funds (e.g. grants, loans, equity infusions), payments to a funding mechanism and income or price support.

Chapter M, on government procurement restrictions, refers to measures controlling the purchase of goods by government agencies, generally by preferring national providers.

Chapter N, on intellectual property, refers to measures related to intellectual property rights in trade. Intellectual property legislation covers patents, trademarks, industrial designs, lay-out designs of integrated circuits, copyright, geographical indications and trade secrets.

Chapter O, on rules of origin, covers laws, regulations and administrative determinations of general application applied by the governments of importing countries to determine the country of origin of goods.

Chapter P, on export-related measures, encompasses all measures that countries apply to their exports. It includes export taxes, export quotas or export prohibitions, among others.

Appendix IV List of procedural obstacles

POs are related to the regulation and explain why the regulation is burdensome.

A	Administrative burdens related to regulations	A1. Large number of different documents A2. Documentation is difficult to fill out A3. Difficulties with translation of documents from or into other languages A4. Numerous administrative windows/organizations involved, redundant documents
B	Information/transparency issues	B1. Information on selected regulation is not adequately published and disseminated B2. No due notice for changes in selected regulation and related procedures B3. Selected regulation changes frequently B4. Requirements and processes differ from information published
C	Discriminating behaviour of officials	C1. Arbitrary behaviour of officials regarding classification and valuation of the reported product C2. Arbitrary behaviour of officials with regards to the reported regulation
D	Time constraints	D1. Delay related to reported regulation D2. Deadlines set for completion of requirements are too short
E	Informal or unusually high payment	E1. Unusually high fees and charges for reported certificate/regulation E2. Informal payment, e.g. bribes for reported certificate/regulation
F	Lack of sector-specific facilities	F1. Limited/inappropriate facilities for testing F2. Limited/inappropriate facilities for sector-specific transport and storage, e.g. cold storage, refrigerated trucks F3. Other limited/inappropriate facilities, related to reported certificate/regulation
G	Lack of recognition/accreditations	G1. Facilities lacking international accreditation/recognition G2. Other problems with international recognition, e.g. lack of recognition of national certificates
H	Other	H1. Other procedural obstacles, please specify

Important: Where further information can be given e.g. number of days of delay, number of documents to be submitted, type of facilities required, please ensure these are specified.

Appendix V Experts and stakeholders interviewed

In addition to NTM survey interviews with companies, interviews with representatives of the following associations and institutions were undertaken:

- Jamaica Trade Board Ltd.
- Jamaica Customs Agency (JCA)
- Jamaica Exporters' Association (JEA)
- Jamaica Promotions Corporation (JAMPRO)

Appendix VI Agenda of stakeholder meeting

WEDNESDAY 6 MARCH 2013, 8.30 a.m. – 4.00 p.m.

KNUTSFORD COURT HOTEL, KINGSTON, JAMAICA

STAKEHOLDER MEETING ON NON-TARIFF MEASURES (NTMS) IN JAMAICA

8.30 Registration

9.00 Opening remarks

Ms. Patricia Francis, former Executive Director, ITC

Senator the Honourable Arnold J. Nicholson, QC – Minister of Foreign Affairs and Foreign Trade

9.30 ITC project on non-tariff measures (NTMs) overview

Mr. Mondher Mimouni, Chief, Market Analysis and Research, ITC

9.45 Implementation of a large-scale company survey on NTMs in Jamaica

Dr. Noel Watson, A-Z Information Jamaica Limited

10.00 Floor discussions

10.15 Coffee break

10.30 Main trade barriers affecting exports in Jamaica and main recommendations

Mr. Mondher Mimouni, Chief, Market Analysis and Research, ITC

Ms. Poonam Mohun, Market Analysis and Research, ITC

Ms. Jean Smith, General Manager, JEA

Dr. Dana Morris-Dixon, Acting President, JAMPRO

11.30 Floor discussions

12.15 Lunch

13.30 Main trade barriers affecting Imports in Jamaica and main recommendations

Dr. Noel Watson, A-Z Information Jamaica Limited

Mr. Karl Hyatt, International Trade Specialist, Ministry of Agriculture and Fisheries

Ms. Marion Daley, Assistant Commissioner, Jamaica Customs

14.15 Floor discussions

14.45 Overcoming challenges related to NTMs in Jamaica and final recommendations

Ms. Patricia Francis, former Executive Director, ITC

Mr. Andrew Collins, President, JEA

Dr. Noel Watson, A-Z Information Jamaica Limited

15.15 Open discussion

15:45 Wrap up and concluding remarks

Ms. Patricia Francis, former Executive Director, ITC

Ms. Marcia Thomas, Under Secretary, Foreign Trade, Ministry of Foreign Affairs and Foreign Trade

16.00 Refreshments

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