ITC survey on Non-Tariff Measures in The Hashemite Kingdom of Jordan

Understanding the non-tariff obstacles to trade that exporters and importers experience when trading their goods

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In close collaboration with national and international partners
Outline

1. Introduction to ITC
2. Introduction to non-tariff measures (NTMs)
3. The ITC programme on NTMs
4. The survey implementation in Jordan
5. Results from surveys in other countries
1. What is ITC?

**Mission**

ITC’s overarching goal is to assist developing countries achieve sustainable development through exports. It is the only international organization focused solely on trade development for developing and transition economies, towards achieving « Trade Impact for Good ». 

ITC enables small business export success in developing countries by providing trade development solutions to the private sector, trade support institutions and policy makers.
ITC Strategic Objectives

- Make **enterprises** more competitive
- Strengthen **trade support institutions**
- Facilitate dialogue between **policymakers** and private sector
ITC’s six focus areas and goals

NTM programme
To identify and understand obstacles to trade and facilitate evidence-based policy and regulatory improvements in client countries.
1. Introduction to ITC

2. Introduction to non-tariff measures (NTMs)

3. The ITC project on NTMs

4. The survey implementation in Jordan

5. Results from surveys in other countries
What are non-tariff measures (NTMs)?

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

• **Mandatory requirements, rules or regulations** legally set by the government of the exporting, importing or transit country (in contrast to private standards)

• **Can affect both export and import**

• Include technical measures and standards, as well as regulations on customs procedures, para-tariff measures, financial measures, prohibition, etc.
Example: France – Product characteristics requirements on oranges

Oranges with light green colour are allowed, provided the colour does not exceed one fifth of the total surface of the fruit.

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Blood oranges</td>
<td>30 %</td>
</tr>
<tr>
<td>Navels group</td>
<td>33 %</td>
</tr>
<tr>
<td>Other varieties</td>
<td>35 %</td>
</tr>
</tbody>
</table>

III. PROVISIONS CONCERNING SIZING

Size is determined by the maximum diameter of the equatorial section of the fruit.

A. Minimum size

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
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</thead>
<tbody>
<tr>
<td>Lemons</td>
<td>45 mm</td>
</tr>
<tr>
<td>Mandarins, excluding clementines</td>
<td>45 mm</td>
</tr>
<tr>
<td>Clementines</td>
<td>35 mm</td>
</tr>
<tr>
<td>Oranges</td>
<td>53 mm</td>
</tr>
</tbody>
</table>
The NTM Survey classification

تصنيف التدابير الغير جمركية للدراسات

من إلى A مرتبة بالاستناد

التدابير المتوقعة من قبل البلد المصدر للقطع. من وجهة نظر المصدر، هي التدابير المتعلقة بالبلد الذي يستورد منتجات. من وجهة نظر المستورد، هي التدابير المتعلقة بالبلد التي تريد استيرادها.

المتطلبات الفنية

- تقييم المطابقة

- فحص ما قبل الشحن وإجراءات الدخول الأخرى

- المعالجات التجارية (مخاطر الإيران وتدابير التعويضية والضمانات)

- تدابير التحكم الكمي (البرامج الغير تلقائية الحصص المحترط)

- الرسوم والضرائب وتدابير مراقبة الأسعار

- التدابير التمويلية

- قيود على المشتريات الحكومية

- حقوق الملكية الفكرية

- قواعد وشهادات المستهلك

- التدابير المتعلقة بالتصدير

- التدابير المتوقعة من قبل البلد المصدر للقطع. من وجهة نظر المصدر، هي التدابير التي تفرضها بلد المصدر على السلع المصدرة من بلدان. من وجهة نظر المستورد، هي التدابير المتوقعة من قبل بلد المنتج على السلع التي تستخدم من هذا البلد.

- قائمة المعوقات الإيرانية

- تعرض هذه القائمة أنواع المشاكل المتعلقة بالتدابير الغير جمركية التي يمكن أن تواجه المصدرين والمستوردين.
1. Introduction to ITC
2. Introduction to non-tariff measures (NTMs)
3. **The ITC programme on NTMs**
4. The survey implementation in Jordan
5. Results from surveys in other countries
The ITC Programme on NTMs

**OBJECTIVE: INCREASE TRANSPARENCY ABOUT NTMs**

1. …by collecting, classifying and disseminating relevant information on NTMs

   ➔ Joint effort of ITC, UNCTAD and World Bank: data is available in the ITC online analysis tool Market Access Map, at [www.macmap.org](http://www.macmap.org). Free of cost for users in developing countries!

2. …by understanding the non-tariff obstacles to trade the business sector is facing when exporting or importing:

   **ITC’s company-level survey on NTMs**

   ➔ In close collaboration with local partners
   ➔ Leading to **tailored initiatives to address the identified NTM-related trade obstacles**
ITC NTM surveys capture different types of obstacles to trade

**NTM**

Official policy measures on export and import, other than customs tariffs that can potentially have an effect on international trade of goods

**NTM too strict**

Ex: “Difficult to comply with the national standard of Singapore for this product”

Reported by an Indonesian coconut oil exporter

**Procedural Obstacles (PO)**

Ex: “Fumigation procedure takes several days.”

Reported by an Indonesian coffee exporter

**Trade Business Environment**: obstacles not linked to NTMs but which hinder international trade of goods, e.g. Lack of road infrastructure.
ITC business surveys on NTMs

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

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

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

- **In close collaboration with national and international partners**

- **In the framework of ITC’s programme on NTMs**
As of 31st of March 2015
16,000 phone interviews
4,600 face-to-face interviews
(plus 7 pilot countries)
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Selected questions we are able to answer

Who is affected and how much?
Sectors, products, types of companies (women/men-owned, size, region), trade flows with which partner countries, type of trade flow (export/import), etc.

Why are NTMs perceived as burdensome?
Strict regulations, procedural obstacles, both

Which NTMs are perceived as burdensome?
Technical regulations, conformity assessment, rules of origin, inspections, etc.

What procedural obstacles do exporters/importers encounter?
Delays, high fees and charges, large number of documents, limited testing facilities, problems with recognition of certificates, etc.

Where does the problem occur?
At home, in the partner country, institution(s) involved, …
Objectives of the survey

The NTM survey

...studies the private sector perspective on NTM-related trade obstacles with a view to identify feasible options to overcome these.

...is per definition “biased” as it concentrates on the company perspective. In the analysis of survey results, the views of additional stakeholders will however be sought and taken into account. The survey report will not be finalized and published before this stakeholder consultation has taken place through additional interviews and a final stakeholder meeting.

...aims at identifying concrete actions that enable the country to reach greater efficiency in the export process and reduced trade cost.

The NTM survey is NOT

...a collection of or platform for complaints.

...intended to single out specific institutions to blame for inefficiencies.
**NTM survey in Jordan— the process (tentative dates)**

|-------------------------------------|---------------------|----------------------------------|----------------------------------------|

**In collaboration with the national authorities including the Mission of Jordan, the Trade Policy Division, etc.**

- Survey design adjustment to country specific needs
- Sample size calculation*
- Face-to-face training of interviewers
- First stakeholder meeting to inform about survey objectives and encourage participation

**In collaboration with Ipsos Jordan**

- 650 phone-screen interviews with exporters and importers
- 200 face-to-face interviews with exporters and importers
- Data digitalization
- Data quality control*

**In collaboration with local expert(s) (economist, trade specialists)**

- Preparation of analytical tables (by products and sectors, partner countries, types of NTMs and procedural obstacles)*
- Additional research and complementing discussions and interviews with business associations and institutions involved in export / import process
- Drafting of country report

**In collaboration and coordination with the government, TSIs and other local stakeholders (customs, certification bodies, etc.)**

- Discussion and validation of survey results and formulation of policy options through a second stakeholder meeting
- Compilation of a matrix of action and definition of follow-up activities with a view to remove identified trade obstacles
- Finalization of country report

*Activities implemented by ITC
ITC survey on NTMs – Methodology

• **Global Methodology**, adjusted to specific requirements of Jordan

• **Confidential**

• **Focus on exporting and importing companies**; if required, further actors taken into consideration

• **Representative by sector**: covers all export sectors **excluding services, minerals and arms**.

• Several geographic regions included.
The 2 steps of the survey process

1. **Phone screens** with all exporting and/or importing companies in the sample
   - **Basic information:** address, main export product, status (exporter, importer or two-way trader), etc.
   - **Structure of the firm:** no. of employees, share of female employees, etc.
   - **NTB experience:** whether any of their products faced restrictive and burdensome regulations and related obstacles to trade during the last 12 months
   → 6-8 minutes, 650 interviews planned for Jordan

2. **Face-to-face interviews** with companies that report difficulties with NTMs to understand the details of the problems
   - **Additional characteristics of the firms** such as share of exports in total sales and foreign ownership
   - **Exporting and importing activities of the company** with all trade products (HS6-level) and partner countries recorded
   - ** Relevant government-imposed regulations,** affected products (6-digit level of the HS), partner countries and the countries applying the regulation (partner, transit or home country), the institution(s) involved, the reasons making the regulation burdensome
   → 50-70 minutes per interview; in-depth discussion; depending on the results of the phone screening up to 200 interviews planned
NTM survey implementation in Jordan

- In collaboration with our local partner, responsible for the implementation of interviews
- **Ipsos Jordan** selected through ITC (UN) procurement process
- Training of interviewers and testing interviews

- During the phone screening, Ipsos will randomly contact exporting and importing companies from the business register.
NTM survey Jordan: Sample

7,162
Registered exporting and importing companies in Jordan

650
Companies to be interviewed by phone

200*
Companies to be interviewed face-to-face

*estimated number; actual number depends on results of phone screening and company willingness to participate in face-to-face interviews
### Sectoral coverage of the survey

<table>
<thead>
<tr>
<th>Sector</th>
<th>Exports 2014 (000 USD)</th>
<th>Share of exports 2014</th>
<th>Companies in the register</th>
<th>Sample definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fresh and processed food</td>
<td>1,656,000</td>
<td>21%</td>
<td>1,451</td>
<td>130</td>
</tr>
<tr>
<td>Fabrics, clothing and leather</td>
<td>1,422,000</td>
<td>18%</td>
<td>901</td>
<td>87</td>
</tr>
<tr>
<td>Chemicals</td>
<td>2,669,000</td>
<td>34%</td>
<td>1,067</td>
<td>88</td>
</tr>
<tr>
<td>Computer, telecom, electronic components</td>
<td>398,000</td>
<td>5%</td>
<td>856</td>
<td>86</td>
</tr>
<tr>
<td>Transport equipment</td>
<td>194,000</td>
<td>2%</td>
<td>884</td>
<td>87</td>
</tr>
<tr>
<td>Metal and other basic manufacturing</td>
<td>470,000</td>
<td>6%</td>
<td>1,149</td>
<td>89</td>
</tr>
<tr>
<td>Miscellaneous manufacturing</td>
<td>972,000</td>
<td>12%</td>
<td>854</td>
<td>86</td>
</tr>
<tr>
<td>Total</td>
<td>7,781,000</td>
<td>100%</td>
<td>7,162</td>
<td>652</td>
</tr>
</tbody>
</table>
How you can support us: Spread the word!

- The methodology hinges upon enterprises being willing to participate in interviews.

Your potential role:
Inform exporting companies that they may be contacted during the next weeks and months and encourage their participation in the survey.
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Who is affected?

- Fresh food and raw agro-based products: 62%
- Processed food and agro-based products: 55%
- Wood, wood products and paper: 44%
- Yarn, fabrics and textiles: 40%
- Chemicals: 37%
- Leather and leather products: 36%
- Metal and other basic manufacturing: 38%
- Non-electric machinery: 49%
- Computer, telecommunications; consumer…: 15%
- Electronic components: 29%
- Transport equipment: 44%
- Clothing: 39%
- Miscellaneous manufacturing: 39%

Weighted cross-country average based on 23 countries
Why are NTMs perceived as burdensome?

Weighted cross-country average based on 23 countries
Which NTMs are perceived as burdensome when exporting?

- A. Technical requirements: 27%
- B. Conformity assessment: 26%
- C. Pre-shipment inspection and other entry formalities: 16%
- D. Charges, taxes and other para-tariff measures: 13%
- E. Quantity control measures: 6%
- F. Finance Measures: 5%
- O. Rules of origin and related certificate of origin: 3%
- P. Export related measures: 2%

Weighted cross-country average based on 23 countries
Does the trade direction matter?

Example Cambodia: Types of burdensome NTMs reported

...by exporters

- Technical requirements: 2.4%
- Conformity assessment: 0.2%
- Inspections and other entry formalities: 16.9%
- Rules of origin: 78.0%

...by importers

- Technical requirements: 9.3%
- Conformity assessment: 3.0%
- Inspections and other entry formalities: 12.3%
- Rules of origin: 16.3%
- Charges, taxes and other para-tariff measures: 4.0%
- Quantity-control measures: 52.8%
- Price-control measures: Other

Source: ITC survey on NTMs in Cambodia, 2012.
Does the sector matter?

**Agriculture**
- 22% for Technical requirements
- 11% for Conformity assessment
- 5% for Pre-shipment inspection and other entry formalities
- 5% for Quantity control measures
- 2% for Charges, taxes and price control measures
- 2% for Finance Measures
- 3% for Rules of origin and related certificate of origin
- 23% for Other

**Manufacturing**
- 35% for Technical requirements
- 11% for Conformity assessment
- 9% for Pre-shipment inspection and other entry formalities
- 4% for Quantity control measures
- 2% for Charges, taxes and price control measures
- 13% for Finance Measures
- 3% for Rules of origin and related certificate of origin
- 2% for Other

Weighted cross-country average based on 23 countries
Does the partner country matter?

Burdensome NTMs applied by partner countries: developing versus developed

Weighted cross-country average based on 23 countries
Do trade agreements help?

Example Arab States:

Burdensome NTMs reported, by partner

<table>
<thead>
<tr>
<th>Region</th>
<th>Agriculture</th>
<th>Manufacturing</th>
</tr>
</thead>
<tbody>
<tr>
<td>Arab States</td>
<td>37%</td>
<td>47%</td>
</tr>
<tr>
<td>RoW</td>
<td>34%</td>
<td>16%</td>
</tr>
<tr>
<td>Arab States</td>
<td>63%</td>
<td>53%</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>66%</td>
<td>84%</td>
</tr>
</tbody>
</table>

Share of NTM cases: Blue
Share of exports to this region: Gray

ITC calculations based on Survey findings for Egypt, Morocco, State of Palestine and Tunisia.
Where does the problem occur?

Large share of home-based problems

- Example: inefficiencies in issuing the certificate of origin
  - 2 to 3 months to prepare the dossier. It’s a waste of time. In addition, it’s repetitive.
  - 10 different documents, every time!
  - 2 weeks to prepare the documents to be submitted, 5 days to receive the certificate

- Between one week and 10 days only for issuance

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

- 3-4 days
Example Palestine: Trade facilitation starts at home

...but so is getting to the border in the first place.

Crossing the border is complicated...
What can be done?

Selected examples:

- Many companies unable to comply with SPS/TBT measures
  - harmonization of domestic technical regulations with international standards
  - Improvement of information about the norms and regulations in force

- Exporters are unable to prove compliance with NTMs at reasonable cost
  - Accreditation of national laboratories
  - Mutual recognition agreements
  - Improvement of inspection and certification procedures; capacity-building of officials; more transparency /better communication of procedures

- Problems related to customs valuation
  - Better training to officials to avoid wrong classification /valuation of products

→ Scope for action at the national level
**Follow-up: examples**

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

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

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

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

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

*Reduction of NTM-related trade barriers*
The United Republic of Tanzania: Company Perspectives – An ITC series on non-tariff measures

Some 70% of Tanzanian businesses say they face burdensome non-tariff measures (NTMs), mostly related to food and agro-based products,

Download PDF

Tunisia: Company perspectives – An ITC series on non-tariff measures

A survey of 600 exporters and importers in Tunisia shows that 80% face difficulties with non-tariff measures, which generate extra costs for...
Look forward…

…to the forthcoming ITC book (2015):

Facilitating Trade in Arab States
Insights from the ITC business surveys on non-tariff measures
For more information:

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Thank you!

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