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the role of trade facilitation in **ADDRESSING NON-TARIFF MEASURES**

Administrative delays represent the largest hurdle exporters face, followed by high fees and charges and administrative procedures.

Cumbersome administrative procedures, rather than just strict standards and regulations, pose a major burden for exporters in developing countries, according to a survey of more than 10,000 businesses by the International Trade Centre (ITC). Furthermore, many of the obstacles occur in exporters' home countries and could be addressed through trade facilitation measures.

ITC's programme on non-tariff measures (NTMs) aims to increase transparency and assist countries in better understanding the obstacles to trade faced by the business community. In close collaboration with national and regional stakeholders, ITC has conducted surveys in 23 countries,¹ examining trade barriers related to NTMs that companies face in their day to day operations. Procedural obstacles and NTMs tend to hit small and medium-sized enterprises (SMEs) particularly hard as they often lack the appropriate resources to deal with these obstacles.

The results point to a perhaps surprising conclusion. Policymakers can address a large part of the burdensome NTMs, even partner-imposed NTMs, and facilitate trade for enterprises in their own country.

More than three quarters of the reported cases relate to procedural obstacles to trade (figure 1). These include complex procedures and inadequate facilities linked to certification, sudden changes in regulations, as well as delays with permits and at customs. Such obstacles occur mostly in the home country, even when the underlying regulations are imposed by partner countries. For example, an enter-

prise that manages to comply with a regulation often faces additional delays or costs due to administrative inefficiencies in documenting its compliance. An important aspect of trade facilitation in developing countries thus becomes addressing such procedural obstacles by, for instance, simplifying paperwork, ensuring information on rules and procedures is well understood by exporters, and increasing access to accredited testing laboratories.

Types of obstacles

Administrative delays represent the largest hurdle exporters face, followed by high fees and charges and administrative procedures (see figure 2).

'It is a very repetitive and heavy process to get the certificate of origin,' reported one Tunisian exporter, adding that the Chamber of Commerce requires a complete dossier, including technical notes and other details, for each shipment, even though the shipment may contain the same produce and be headed for the same destination as prior shipments – leading to unnecessary delays.

In another country, exporters must apply for a letter of consent from the Ministry of Agriculture, which reviews each application. Next the exporter must then apply for an export license from the Ministry of Trade. While technical staff generate the license quickly, domestic legislation requires the Minister of Trade to personally approve each license. In cases where the Minister is absent or pressed for time, export licenses are, as a result, not issued. In addition, because cases of forgery of

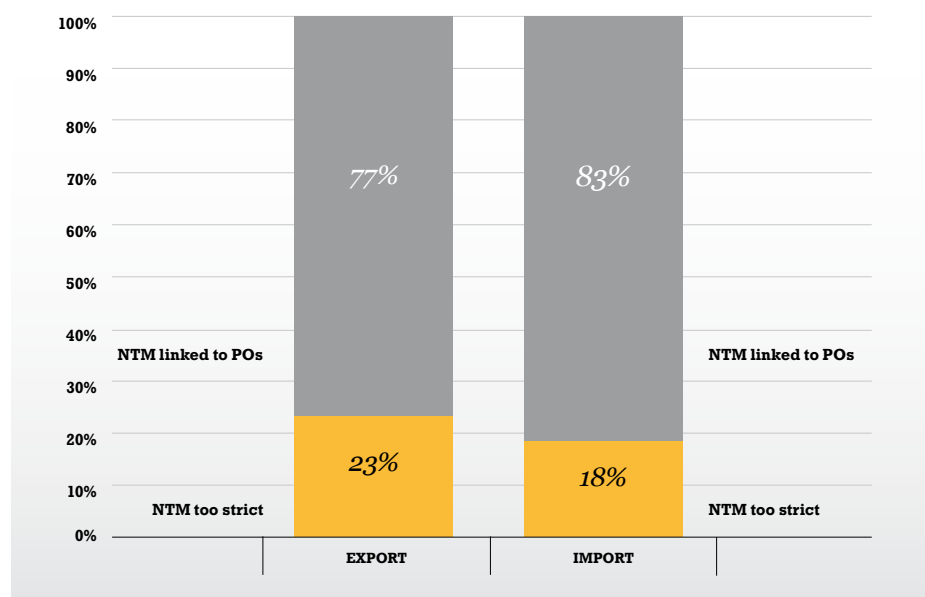
the paper-based licenses have been reported, the country's Revenue Authority now verifies licenses with the Ministry of Trade once a consignment reaches the border, adding several more days to the export process. These procedures represent an important burden for exporters, leading to unpredictable delays of up to two months. In the current competitive environment, this can lead to the loss of contracts and business opportunities.

Informal payments and the arbitrary and unpredictable behaviour of national officials, which includes changes in the valuation or classification of goods, represents another 13% of export-related obstacles, ranging from 3% in Jamaica to nearly 35% in Guinea.

Inadequate domestic facilities can result in cumbersome procedures, representing on average 10% of export-related obstacles. In Burkina Faso, Cambodia, the State of Palestine and Rwanda, among others, the lack of accredited laboratories or insufficient laboratory equipment can lead to substantive delays and, at times, additional costs when goods must be sent abroad for testing against quality standards. The textile sector in Tunisia suffers from a lack of reliable inspection facilities, while the produce sector in Senegal suffers from insufficient cooling facilities at its neighbours' borders, meaning that produce often cannot be stored safely during the clearing process. ⓘ

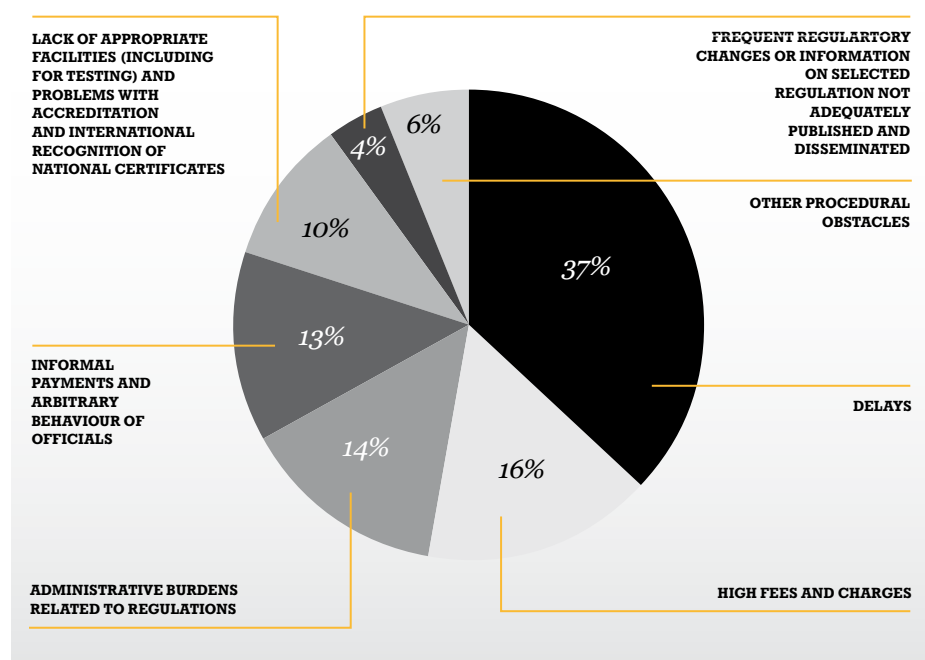
*The ITC business surveys on NTMs are implemented upon government request.
For more information see www.intracen.org/ntm.
To involve your country, please contact ntm@intracen.org.*

FIGURE 1: SHARE OF BURDENSOME NTMs THAT ARE LINKED TO PROCEDURAL OBSTACLES (POs)



Source: ITC calculations. Data from ITC business surveys on NTMs in 20 countries (2010-2013).

FIGURE 2: TYPES OF PROCEDURAL OBSTACLES ENTERPRISES FACE WHEN EXPORTING



Source: ITC calculations. Data from ITC business surveys on NTMs in 20 countries (2010-2013).