



TRADE IMPACT  
FOR GOOD

# High-level regional roundtable on Non-Tariff Measures

Facilitating trade integration in ECOWAS

14-15 June 2016, Abidjan

# Experiences of exporters and importers with NTMs

Regional insights from the ITC business  
surveys on non-tariff measures

Ursula Hermelink, NTM programme manager, ITC  
14 June 2016, Abidjan

# 1. Trade integration within ECOWAS

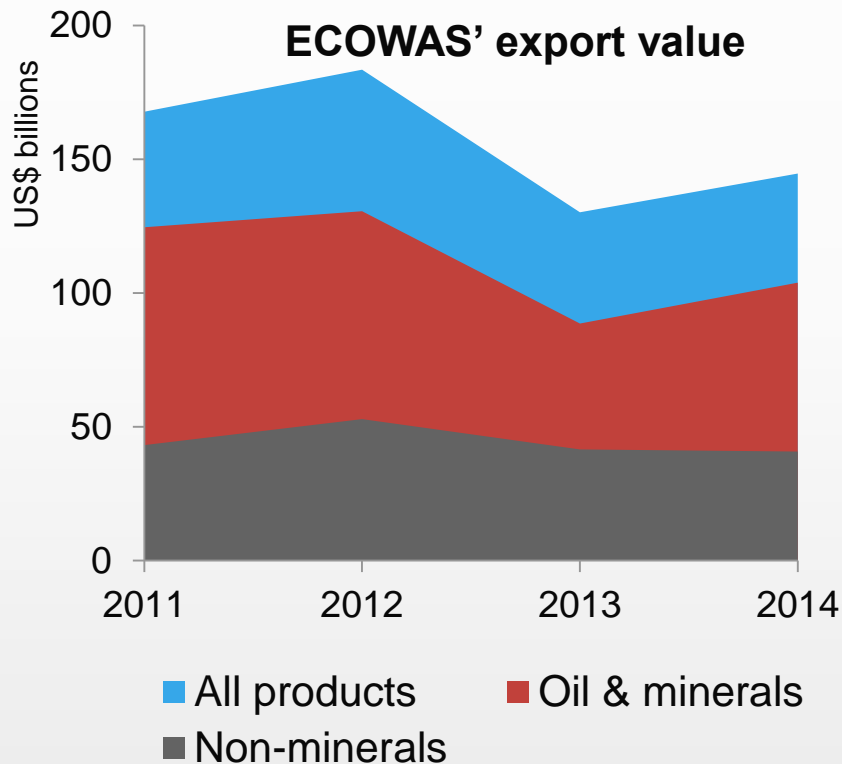
2. ITC's work on NTMs in the sub-region

3. Overview of NTM Survey results in ECOWAS

4. Key NTM-related issues in ECOWAS

- Key issue 1: Quality and conformity requirements
- Key issue 2: Trade rules and regional agreements
- Key issue 3: Customs clearance and border control

# ECOWAS' trade share in the world market is driven by exports of oil & minerals



## ECOWAS' trade share by sector (2014)

All products	<b>0.8%</b>
Oil & minerals	<b>2.9%</b>
Non-minerals	<b>0.3%</b>

# Intra-ECOWAS trade is low...

15%

**EXPORT**

Share of total ECOWAS exports to fellow member countries

5%

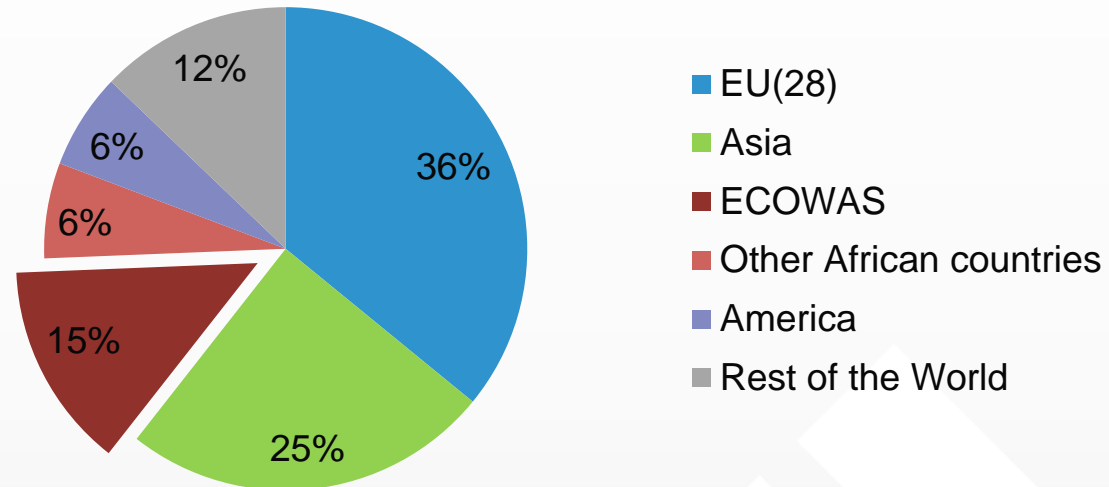
**IMPORT**

Share of total ECOWAS import from fellow member countries

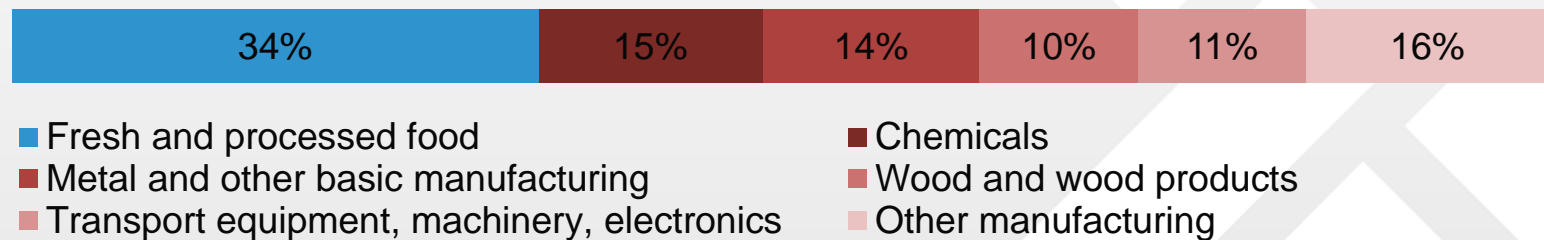
*Source: ITC, Trade Map (2015)*

# Most non-oil, non-mineral exports go to Europe and Asia

## ECOWAS export markets (2014)



## Type of products traded in ECOWAS (2014)



# Understanding NTMs and related trade cost allows addressing issues of SME competitiveness

How and in what extent do technical measures affect intraregional trade?

Which trade obstacles prevent companies from exporting higher volumes to the region?

How can procedural changes play a role in unleashing the potential of the intraregional trade of manufacturing products?

What needs to be done at the national level, what at the regional level?

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- 2. ITC's work on NTMs in the sub-region**
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# ITC's Programme on Non-tariff Measures

## Pillar 1

### NTM Data Collection

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

## Pillar 2

### Business Surveys

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

## Pillar 3

### Follow Up Actions

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

# ITC's NTM Surveys

## Objectives

- Document experiences of exporters and importers, particularly small and medium-sized enterprises (SMEs) with NTMs
- Highlight what turns NTMs into regulatory and/or procedural trade obstacles for companies, even if not intended as trade barriers
- Channel the voice and concerns of SMEs to decision-makers
- Highlight the potential to reduce trade cost implied by NTMs without compromising legitimate objectives of measures
- Enable evidence-based policies

## Basic principles

- **Representative:** NTM surveys are representative by export sector and cover all sectors that cumulatively account for 90% of national export value (excluding minerals and arms)
- **Comprehensive:** The distribution of companies by size is taken into account
- **Systematic:** Different geographic regions are covered

# Survey Methodology: Scope

## Goods

- Covers companies involved in international trade in goods.
- Products from all sectors included except minerals and arms.
- Sectors with more than a 2% share in total exports are included
- Cumulatively, sectors covered account for at least 90% of country's total export value

## Services

- The survey does not cover yet companies involved in cross-border trade in services such as tourism, banking, finance, telecommunication and BPO.
- A survey on trade in services requires a different methodology, which will be developed in 2016

## NTM Survey covers the following sectors:

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

# Two-step interview process

## Step 1 Phone Screens (PS)

- 300 – 1,100 samples per country
- 6-8 min per interview
- Identify products exported by the company and partner countries
- Identify if the company face problems with burdensome regulations



## Step 2 Face-to-Face interviews (FTF)

- Companies facing problems with NTMs as identified in PS interviewed
- 120-600 face-to-face interviews per country
- 40-60 min per interview
- All details of the problem faced by the company recorded



# Type of data: Telephone interviews

1. Phone screen data gathering company level information (representative sample by sector) on:

Main  
exported/imported  
product (HS6)



Destination/origin  
markets (at region level)



Number of  
employees



Whether or not  
an obstacle is  
faced

Gender information  
(firm management / ownership  
/ employment)



# Type of data: Face-to-face interviews

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

All affected trade flows



Burdensome regulations

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



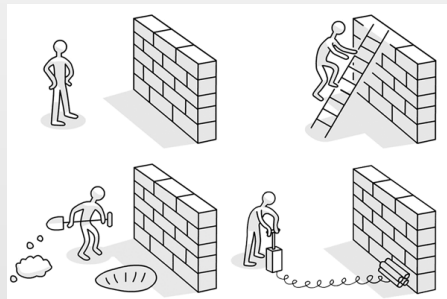
All traded products and partner countries



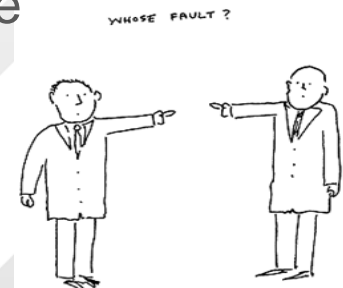
Related obstacles  
(description, category of obstacles, implementing agency, location)



Recommendations to overcome the obstacles






Where the problem occurs



# ITC's NTM Surveys in numbers

 **22,500**  
Phone Interviews

**6,400**   
Face-to-face interviews

 Complete  
 Ongoing  
 Planned



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

Representative for traders  
from over **35**  
developing  
countries

+ **28** EU countries

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

→ A MILLION DATA POINTS  
TO EXPLOIT FOR BETTER  
TRADE-RELATED TECHNICAL  
ASSISTANCE

As of 08 June 2016

## ITC's NTM Surveys in the ECOWAS sub-region

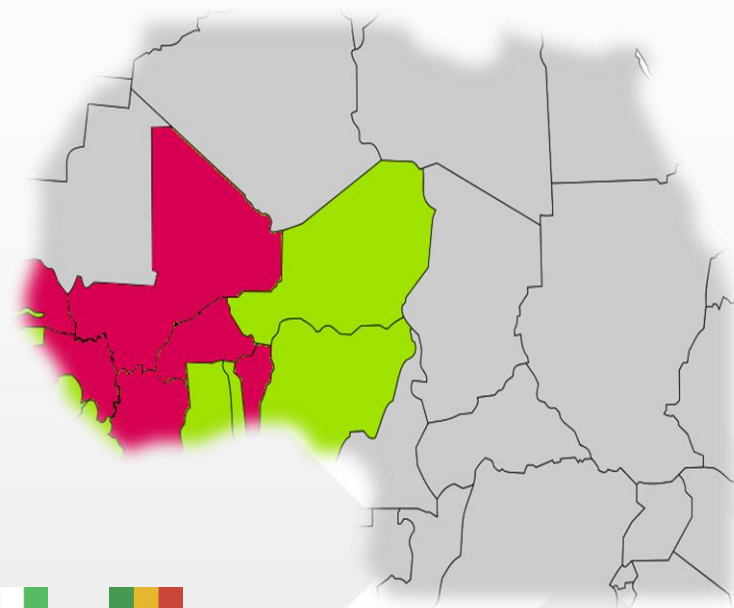
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Companies interviewed...



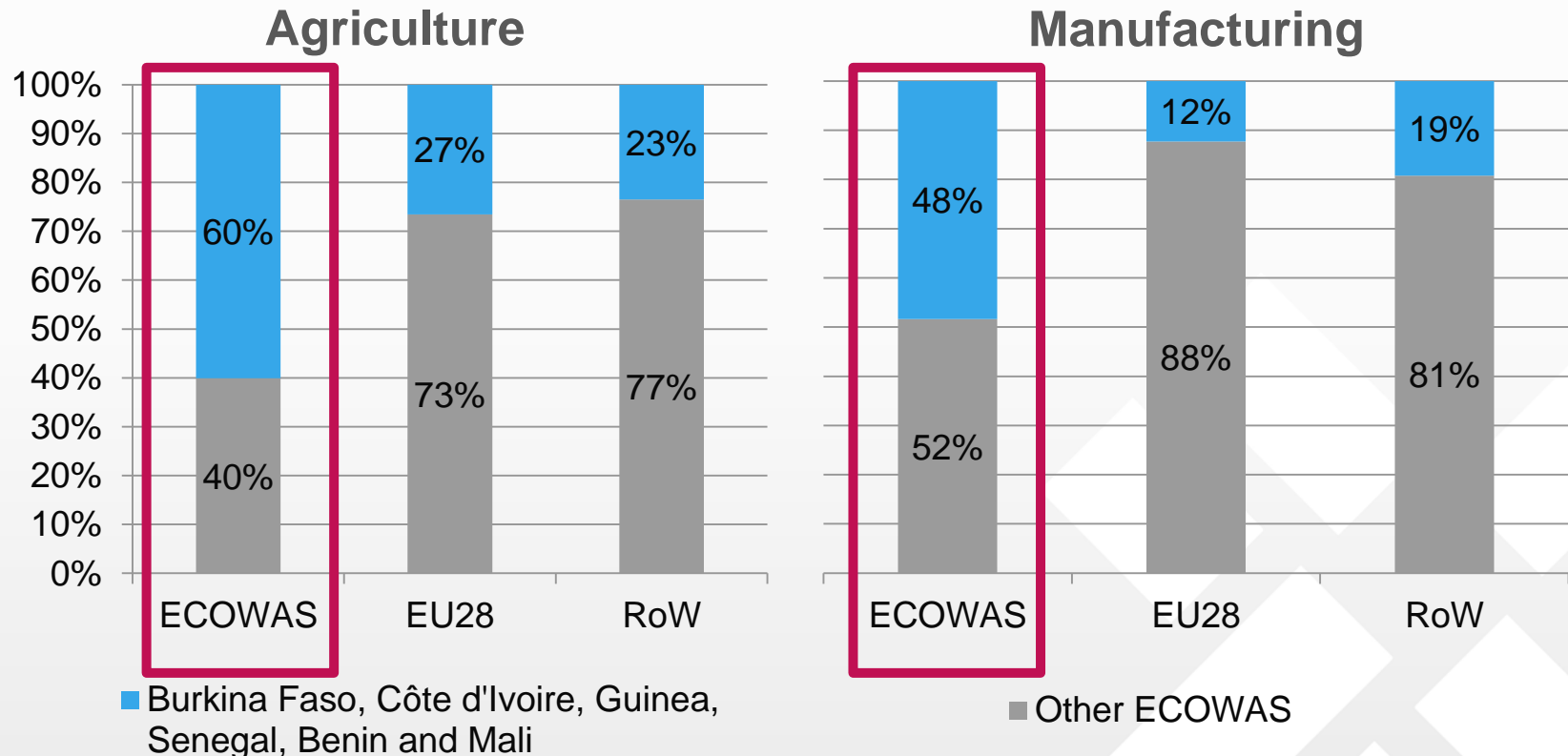
ECOWAS  
countries  
covered



[www.ntmsurvey.org/ecowas2016](http://www.ntmsurvey.org/ecowas2016)



# Share of surveyed countries' exports within ECOWAS' total exports



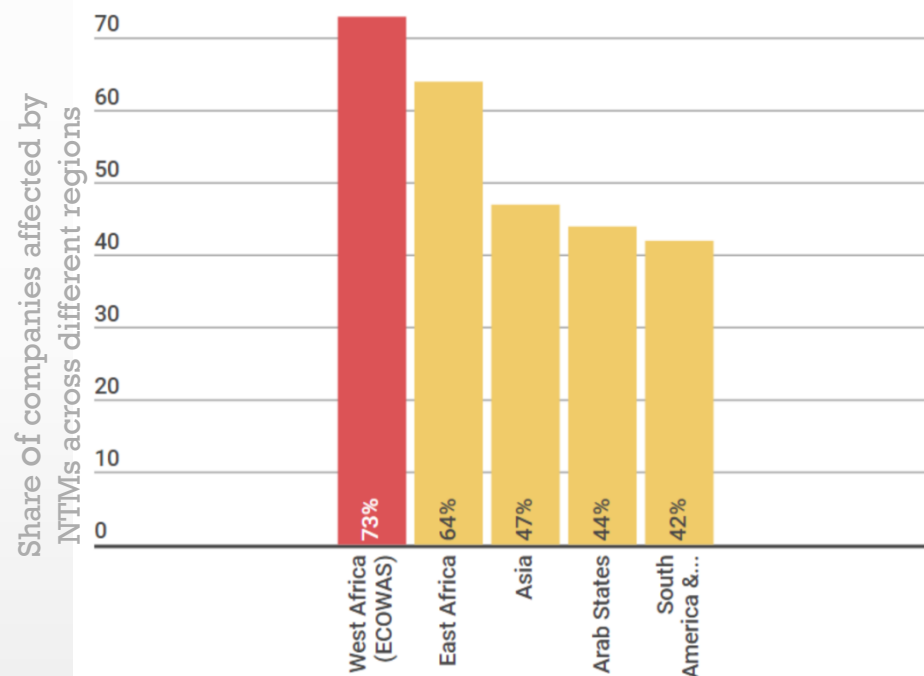
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# Share of companies in ECOWAS that face regulatory and procedural trade obstacles is very high...



...of exporters and importers in West-African ECOWAS countries\* facing difficulties with NTMs

\*Based on ITC NTM surveys in Benin, Burkina Faso, Côte d'Ivoire, Guinea, Mali and Senegal



[www.ntmsurvey.org/ecowas2016](http://www.ntmsurvey.org/ecowas2016)

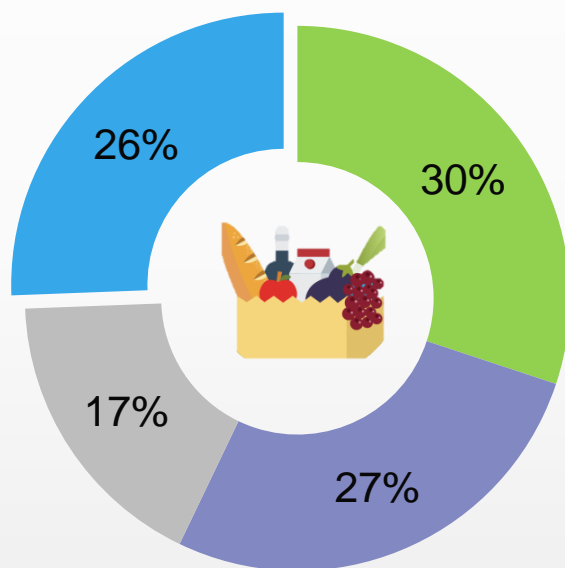
# The trade-hampering measures lie much closer to home than one might expect

Distribution of reported NTM cases, by country applying the measure

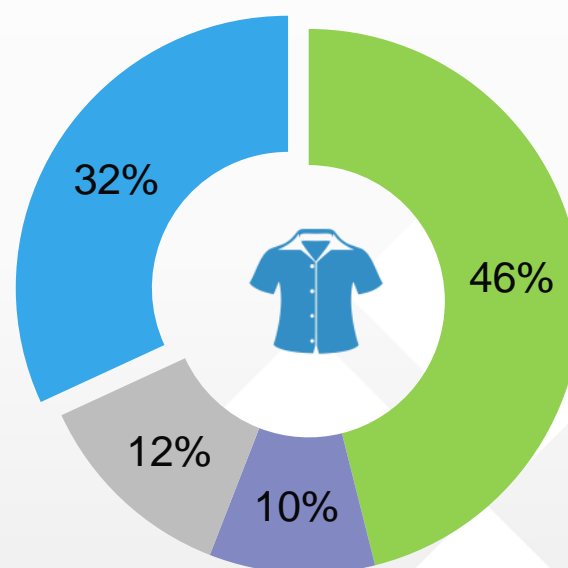


Home  
(exporting)  
country

## Agriculture



## Manufacturing



ECOWAS

■ ECOWAS ■ Home ■ EU28 ■ RoW



EU 28



Rest of the World



**Source:** ITC calculations based on Survey findings for Benin, Burkina Faso, Côte d'Ivoire, Guinea, Mali and Senegal. Only burdensome NTMs reported by exporters are considered.

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# Despite existing agreements, regional market access is disproportionately difficult

Companies face a larger proportion of difficult NTMs originating from ECOWAS countries relative to their export share to these countries

Share of total export to and cases of burdensome NTMs applied by:



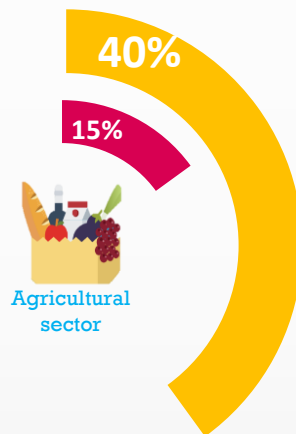
ECOWAS member countries



Share of total exports to the region



Share of burdensome NTMs originating from the region



Agricultural sector



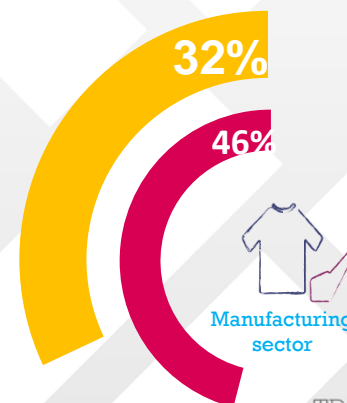
Manufacturing sector



Rest of the world



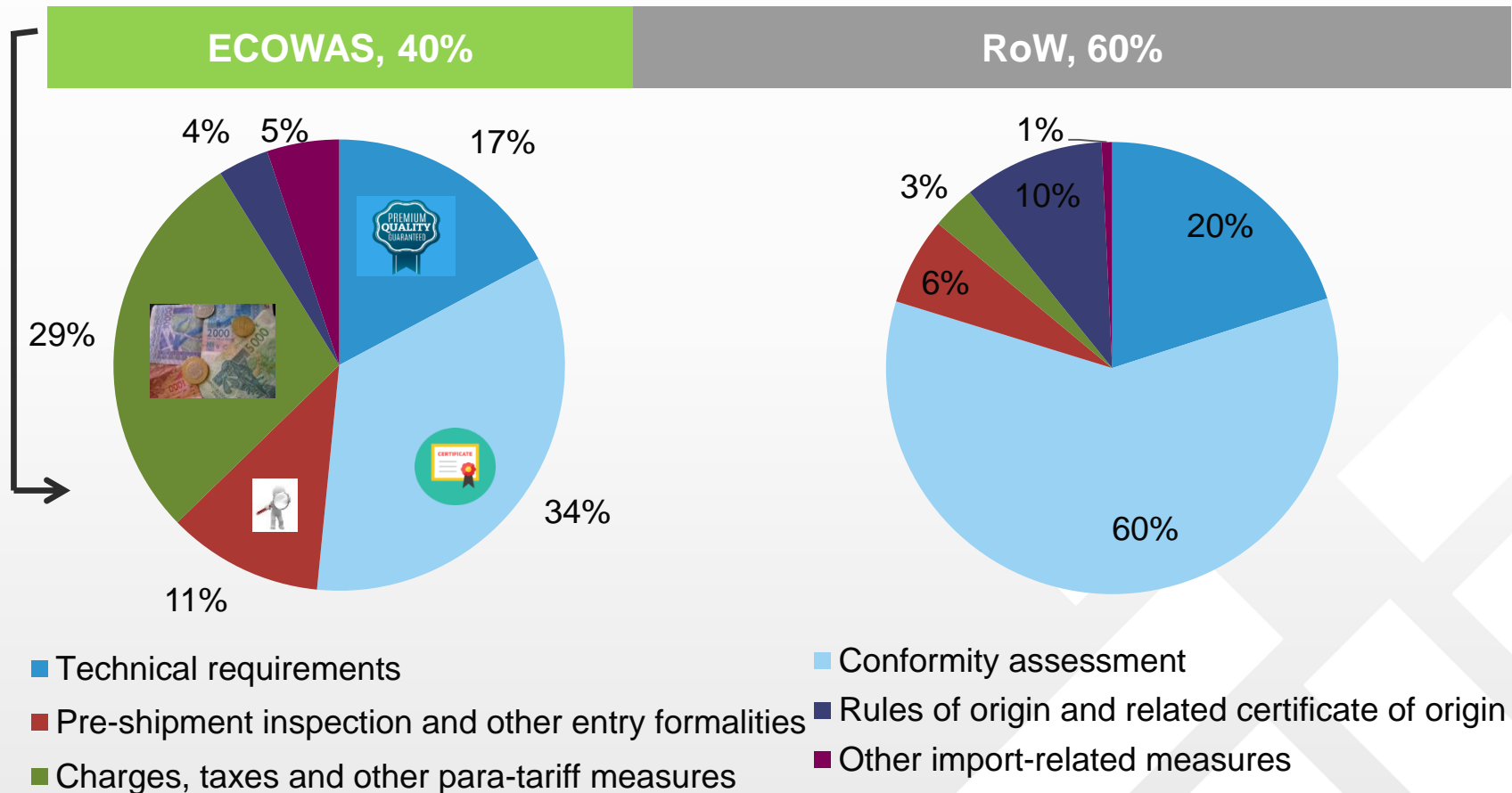
Agricultural sector



Manufacturing sector

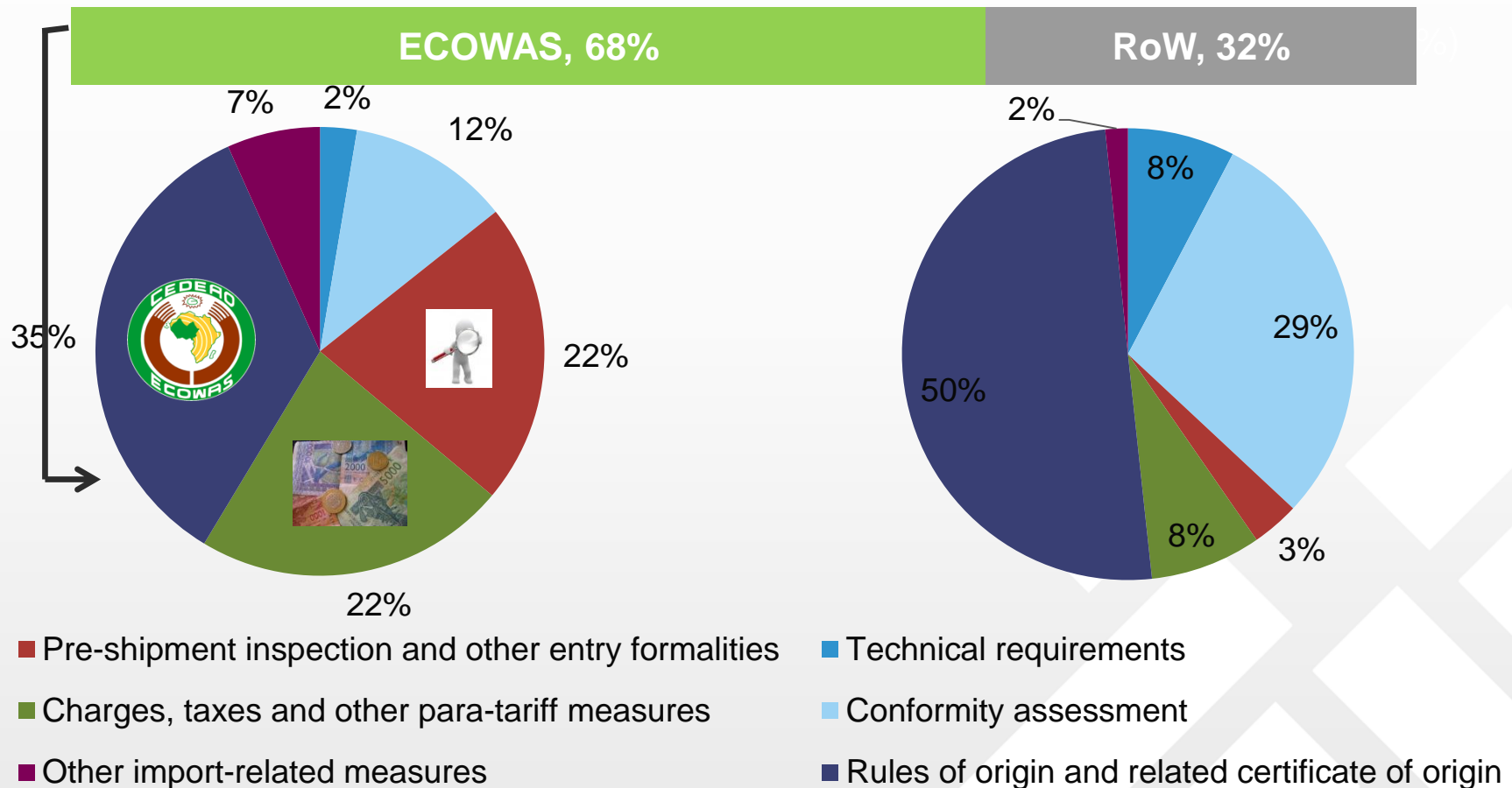
# What types of NTMs affect agricultural exports?

Share of burdensome NTMs applied by partner countries



# What types of NTMs affect manufacturing exports?

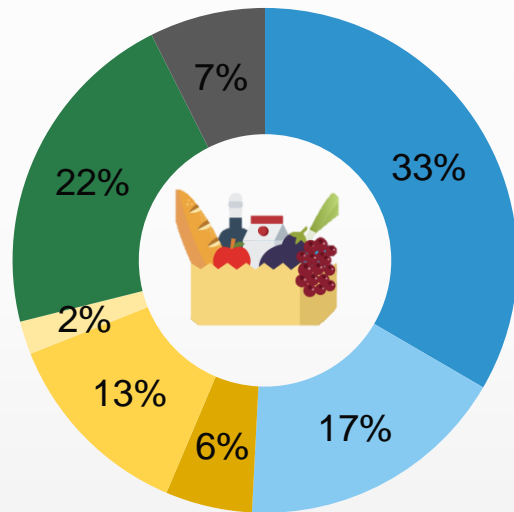
Share of burdensome NTMs applied by partner countries



ITC calculations based on Survey findings for Burkina Faso, Côte d'Ivoire, Guinea, Senegal, Benin and Mali.

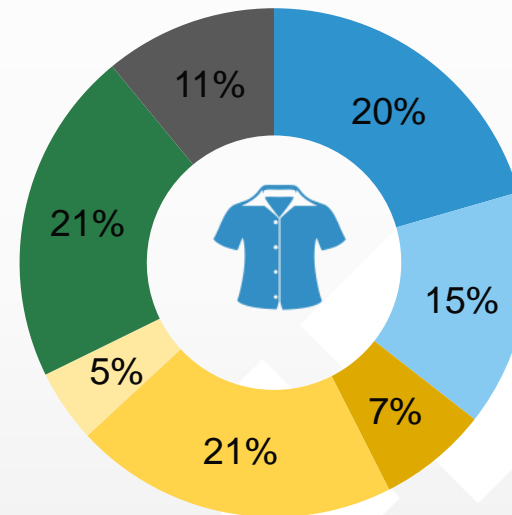
# Which home country NTMs affect exports?

## Agriculture



- Export inspection
- Export certification
- Export prohibitions
- Licensing or permit to export

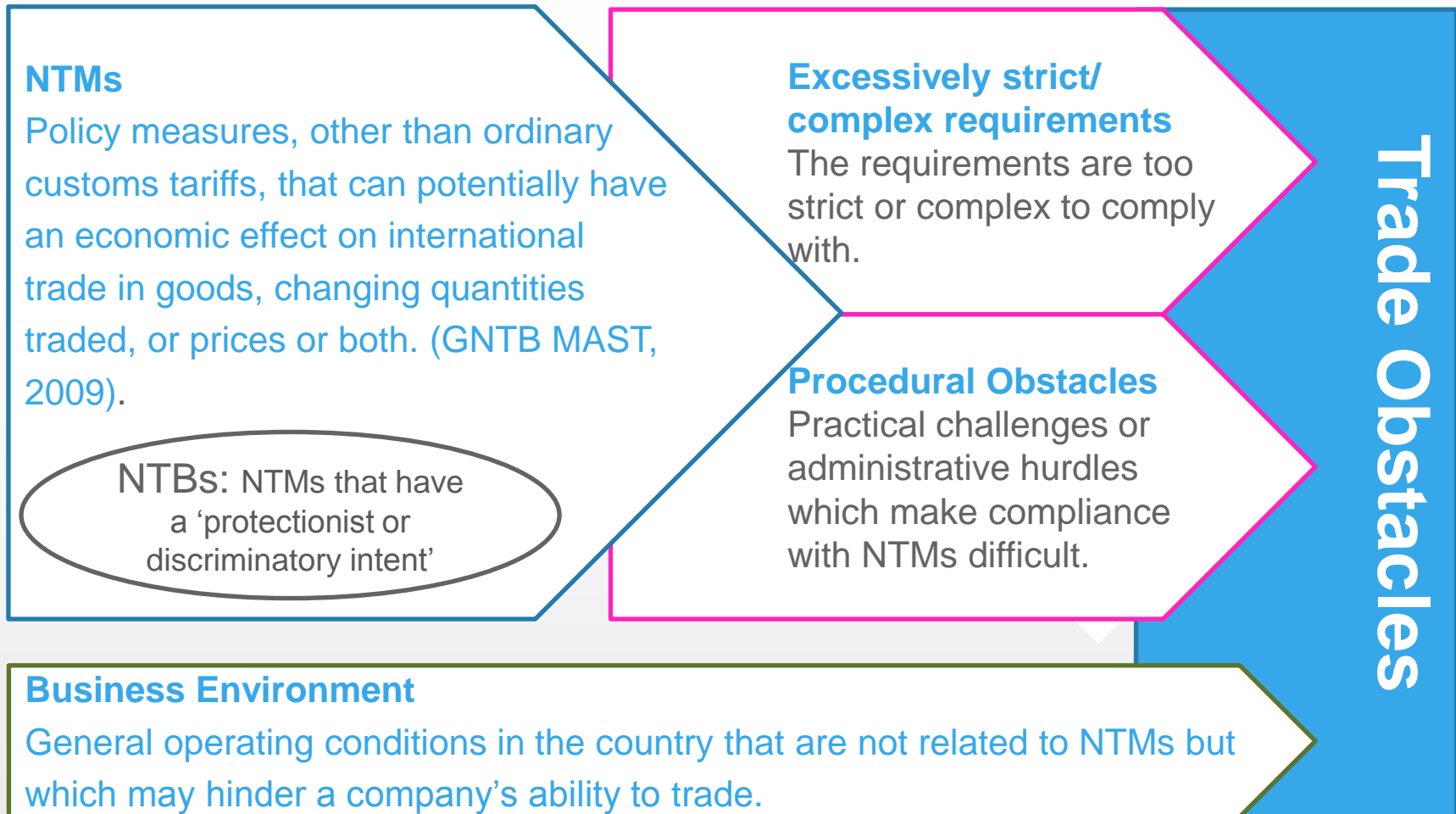
## Manufacturing



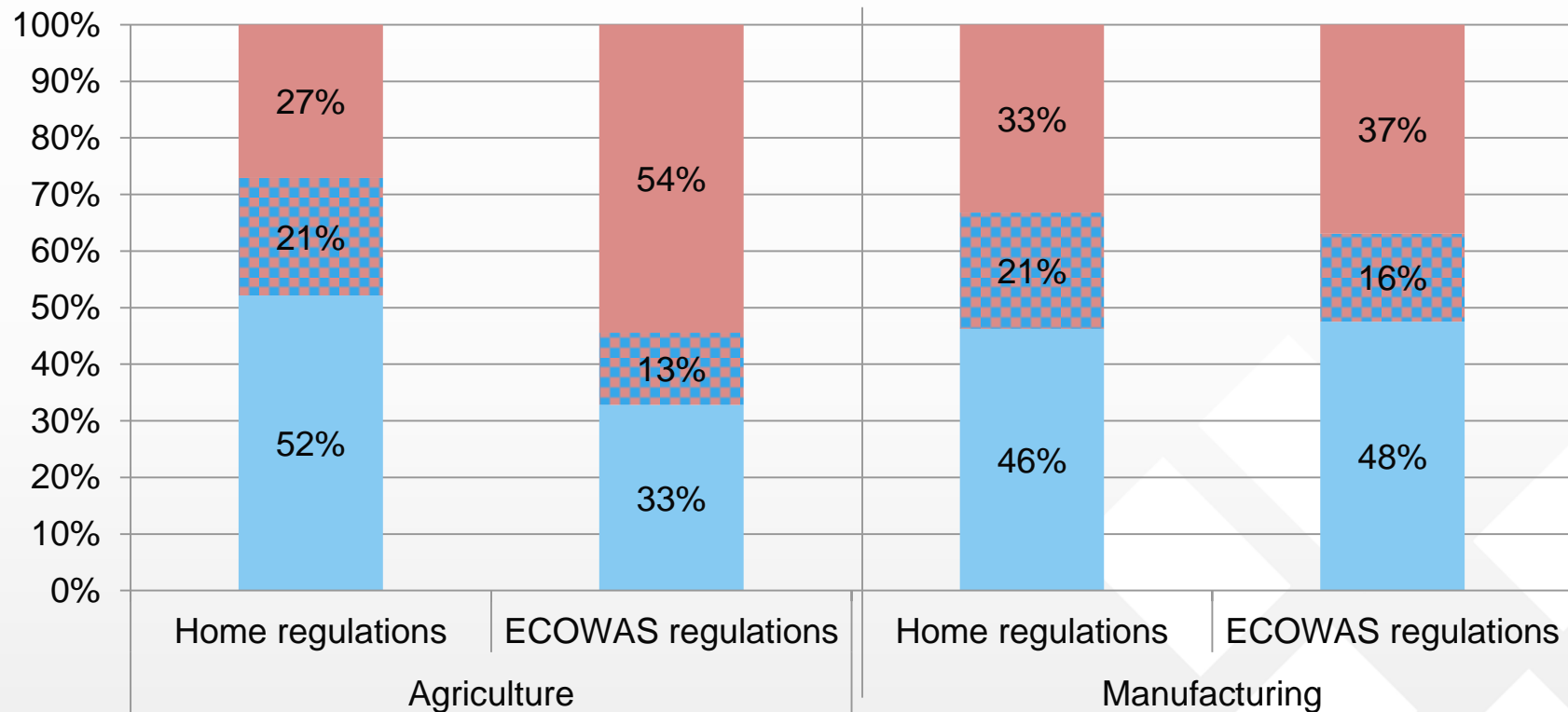
- Export registration
- Export taxes and charges
- Other export related measures



# NTM & Trade obstacles Definitions

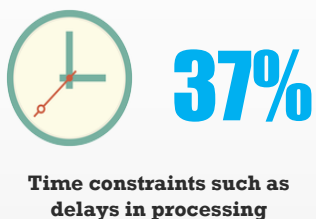
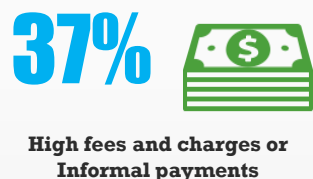
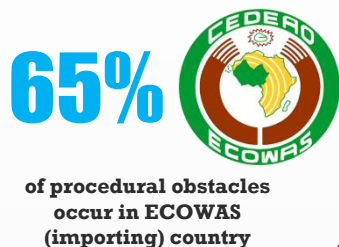
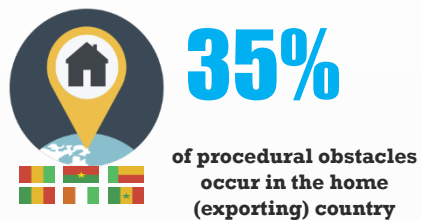


# Regulatory obstacles hamper intraregional trade in agriculture, procedural obstacles trade in manufacturing

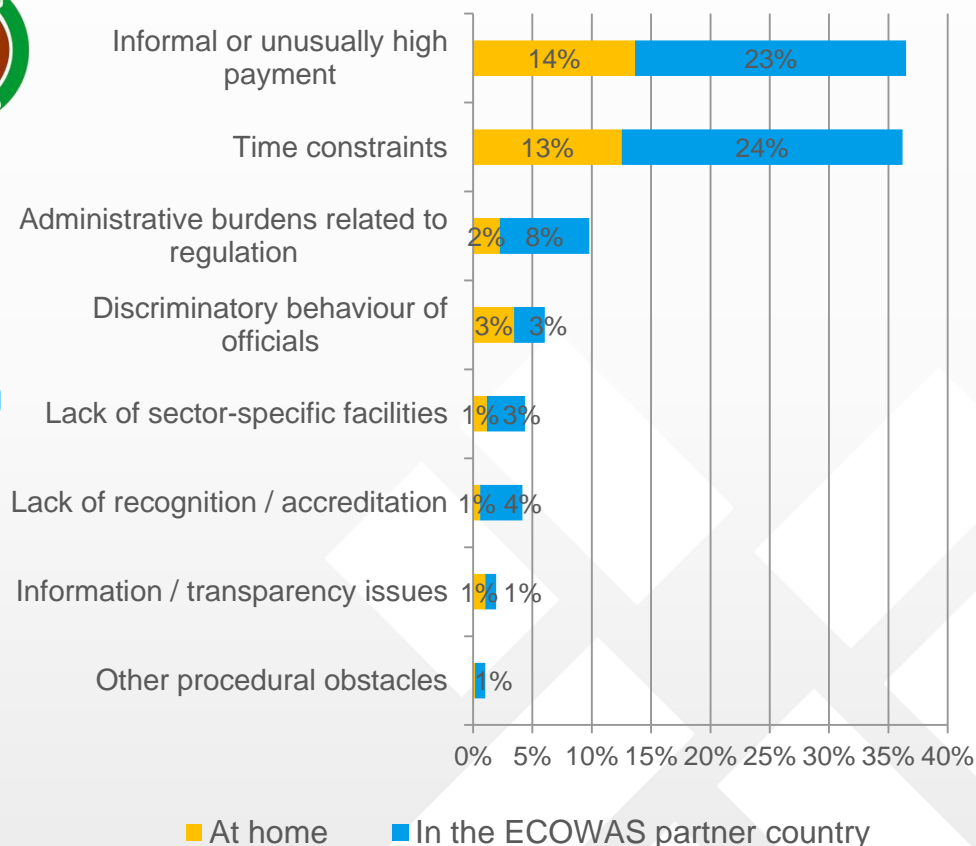


■ Regulatory obstacles ■ Combination of regulatory and procedural obstacles ■ Procedural obstacles

# Main procedural obstacles to intraregional trade: fees, delays and red tape



Types of POs that make complying with NTMs difficult



[www.ntmsurvey.org/ecowas2016](http://www.ntmsurvey.org/ecowas2016)



Source: ITC calculations based on Survey findings for Benin, Burkina Faso, Côte d'Ivoire, Guinea, Mali and Senegal. Only burdensome NTMs reported by exporters are considered.

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# What are the key intra-regional NTM-related obstacles?

## 1. Quality and conformity requirements

→ Technical requirements on product quality, certification, testing, packaging, etc.

## 2. Trade rules and regional agreements

→ Rules of origin, prohibitions, export authorizations, taxes

## 3. Customs formalities

→ Non-technical inspections, customs clearance and other formalities, border control, customs surcharges, etc.

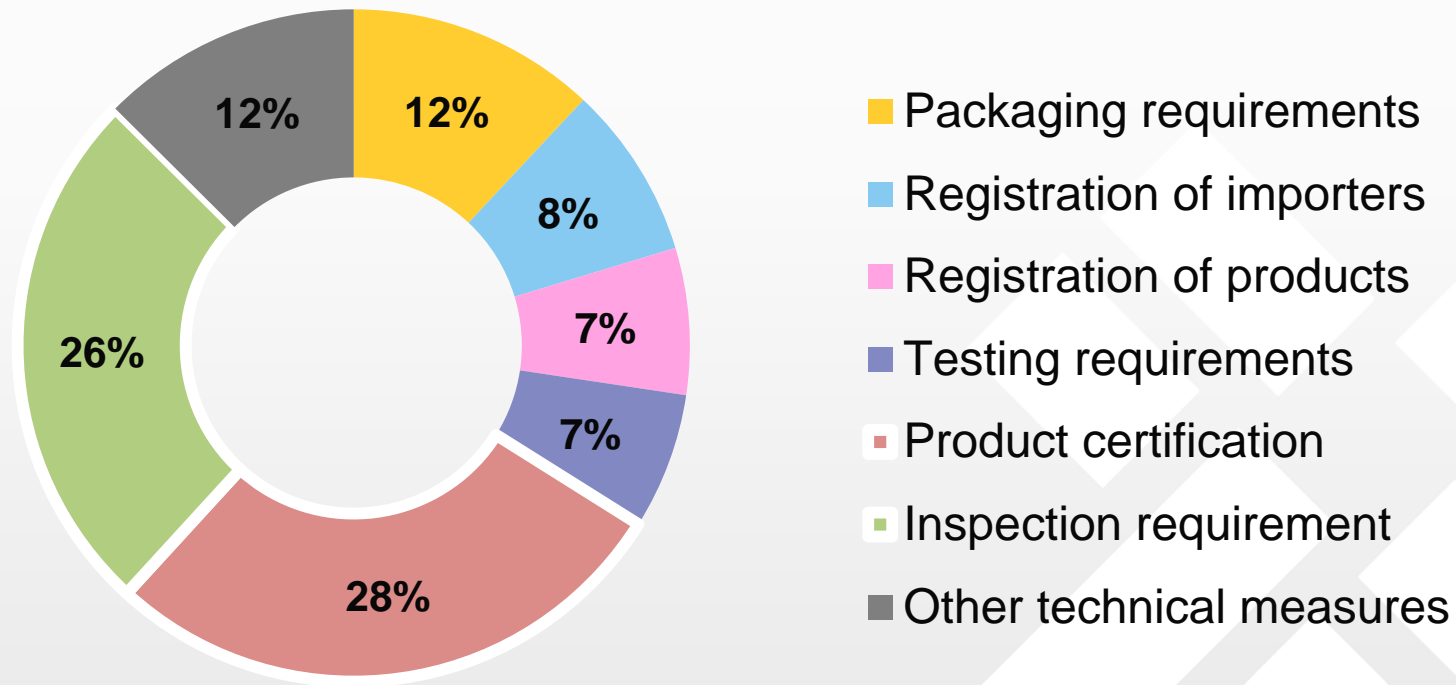
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# Key issue 1: Technical measures

Product quality and conformity  
assessment

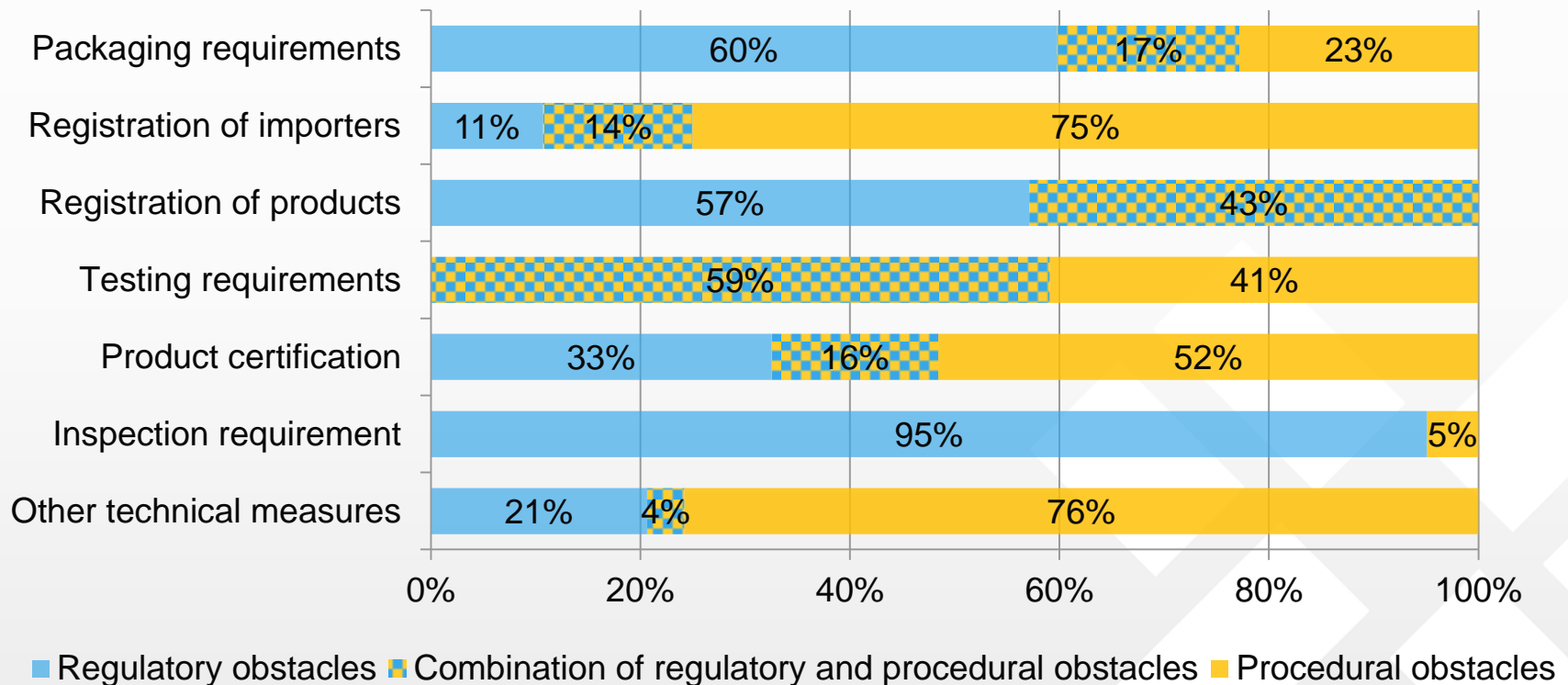
# Technical measures applied by ECOWAS countries

Product certification and technical inspection requirements stand out as particularly challenging for exporters



# Regulations versus procedures

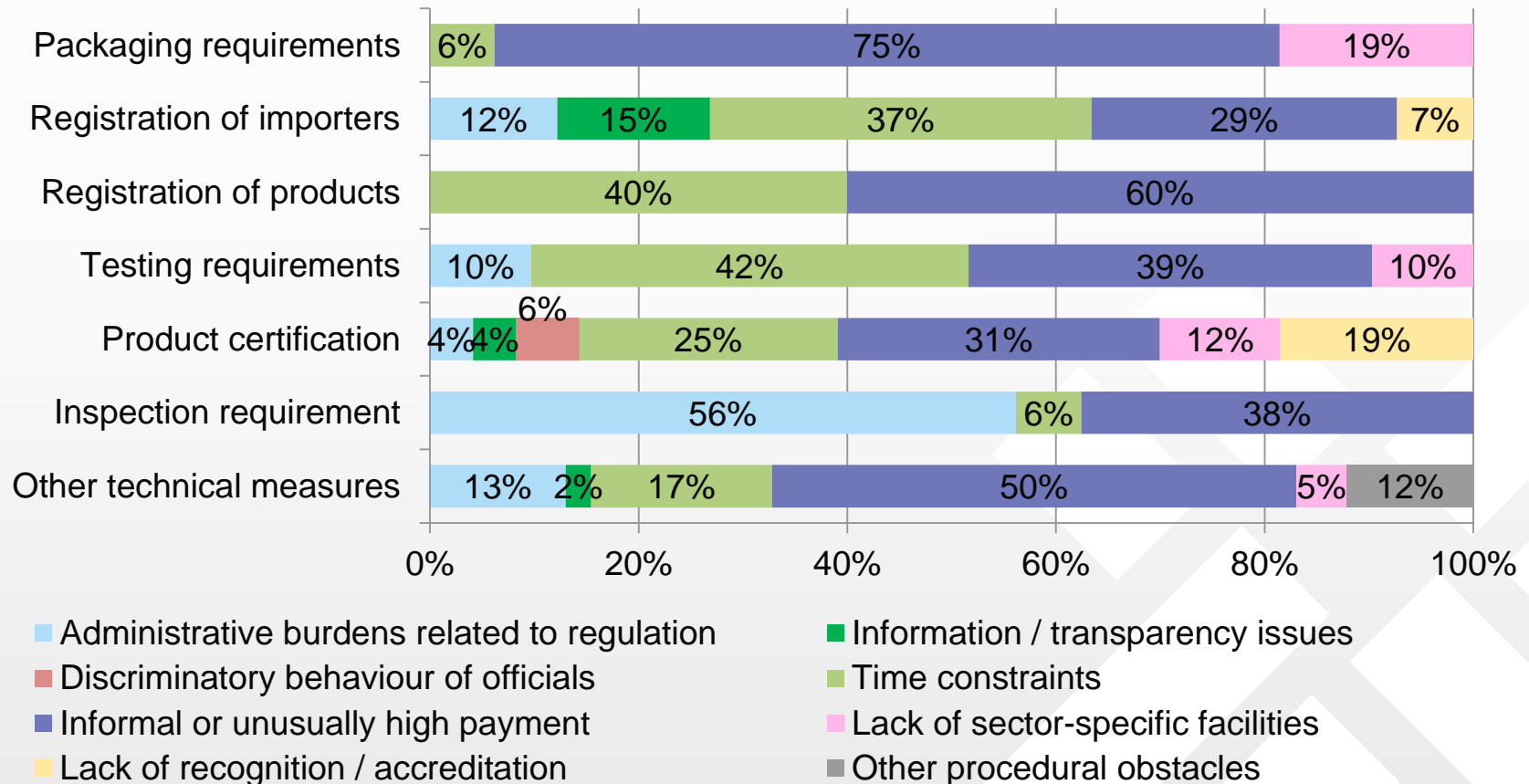
Strict inspections, packaging and product registration requirements versus procedural issues with testing, certification and importer registration





# Types of procedural obstacles

High cost for packaging and product registration, delays for testing, red tape for importer registration



# Agencies most mentioned in relation to technical NTMs

- Agencies in charge of testing, control and certification (home and abroad)
- Customs authorities (home and abroad)
- Ministry in charge of international trade
- Ministry of Health
- Ministry of Agriculture

# Main challenges reported

- 1 • Insufficient private sector capacity to comply with technical regulations
- 2 • Lack of cooperation between agencies / mutual recognition of SPS certificates
- 3 • High cost of certification and product registration
- 4 • Inadequate testing and certification facilities
- 5 • Lack of transparency of standards and conformity assessment procedures

1

- Private sector capacity to comply with technical regulations

- Specific technical regulations such as product quality, production and hygienic requirements are perceived as challenging because of their strictness
- Lack of understanding of technical requirements and procedures to comply with
  - Which regulation for which product? Who can certify the product?
  - Which documents to provide? How much does it cost?
- Lack of capacity to align with specific requirements such as products' barcode label, labelling and packaging

## 2

- Cooperation between agencies and mutual recognition of SPS certificates

- SPS certificates are not mutually recognized
- As a result: duplication of certification which involves delays and additional costs
- Companies have difficulties to understand if non-recognition is due to an ineffective harmonization of SPS regulations or other reasons

*“The sanitary certificate provided by our authorities is not recognized and accepted by the partner country’s customs. We are obliged to request a new certificate delivered by the veterinary department of the importing country. The process usually takes 5 days.”*

3

- Cost of certification and product registration

- Lack of clarity on the prescribed fees: is the amount to pay based on the service rendered or the type/value of the product?
- Unpredictable costs for companies due to frequently changing regulations
- In most cases, costs include informal payments due to systematic rejection and non-recognition of official documents by the authorities in the importing country (and in some cases, by the exporting country)

*“I have to request a certificate delivered by our authorities which proves that the bovines I export comply with sanitary requirements. The cost of this certificate becomes very expensive. Nowadays I pay 6,000 FCFA while the cost was only 2,000 FCFA some months ago.”*

4

- Testing and certification facilities and procedures

- Lengthy procedures
- Excessive paperwork and numerous administrative windows
- Inaccessible or absent infrastructure

*“The certifying agencies are not properly disseminated in the country. We have to go to another city to test our product. We provided sample for testing 3 years ago and we are still waiting for the results.”*

*“The partner country requires that the toxicity of our products should be determined through specific laboratory tests. The testing process takes 1 - 4 months in our country.”*

5

- Transparency of standards and conformity assessment procedures

- Inadequately published or frequently changing regulations on standards, certification and testing procedures
  - exporters may only get aware of certain requirements once they reach the border
- Policy for product quality is not properly applied / disseminated through official campaign
- Lack of the possibility to verify (or contest) doubtful procedures and practices

*“In the Ministry of Trade, we cannot find any information on the certificate required by the NAFDAC on our products, not even the list of documents we should provide. Our ministry should be able to provide such information! “*

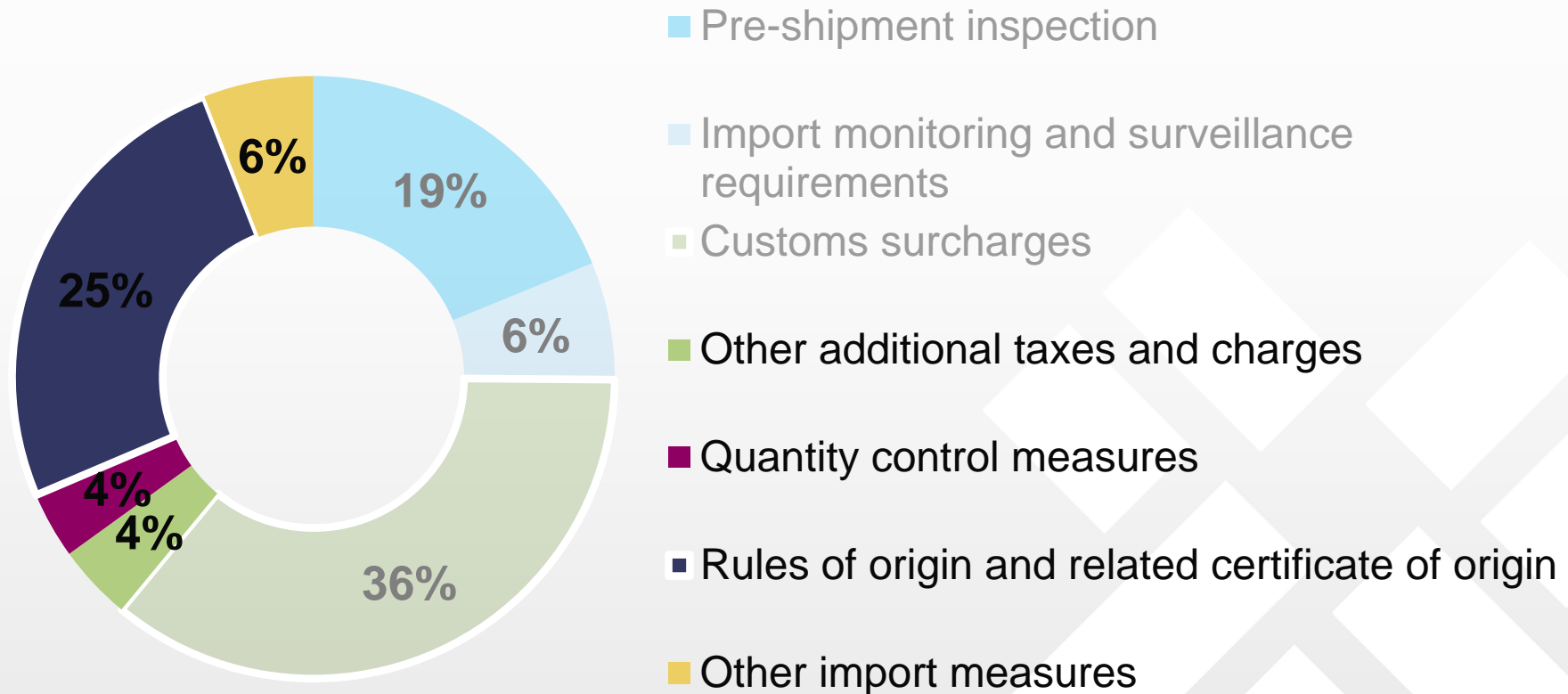


# Key issue 2: NTMs and regional integration

Rules of origin, trade information, implementation of existing trade agreements and home country measures

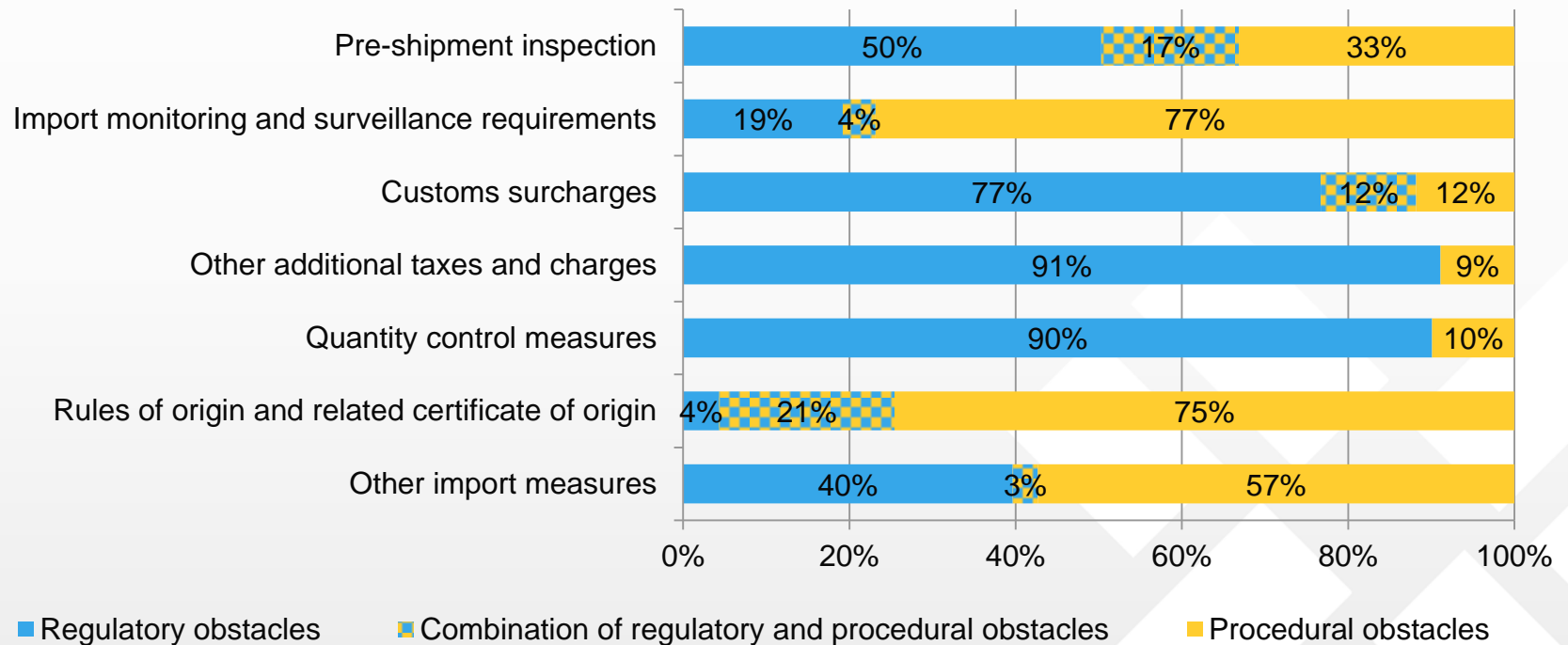
# Non-technical measures applied by ECOWAS countries

Customs surcharges and rules of origin stand out as particularly challenging for exporters



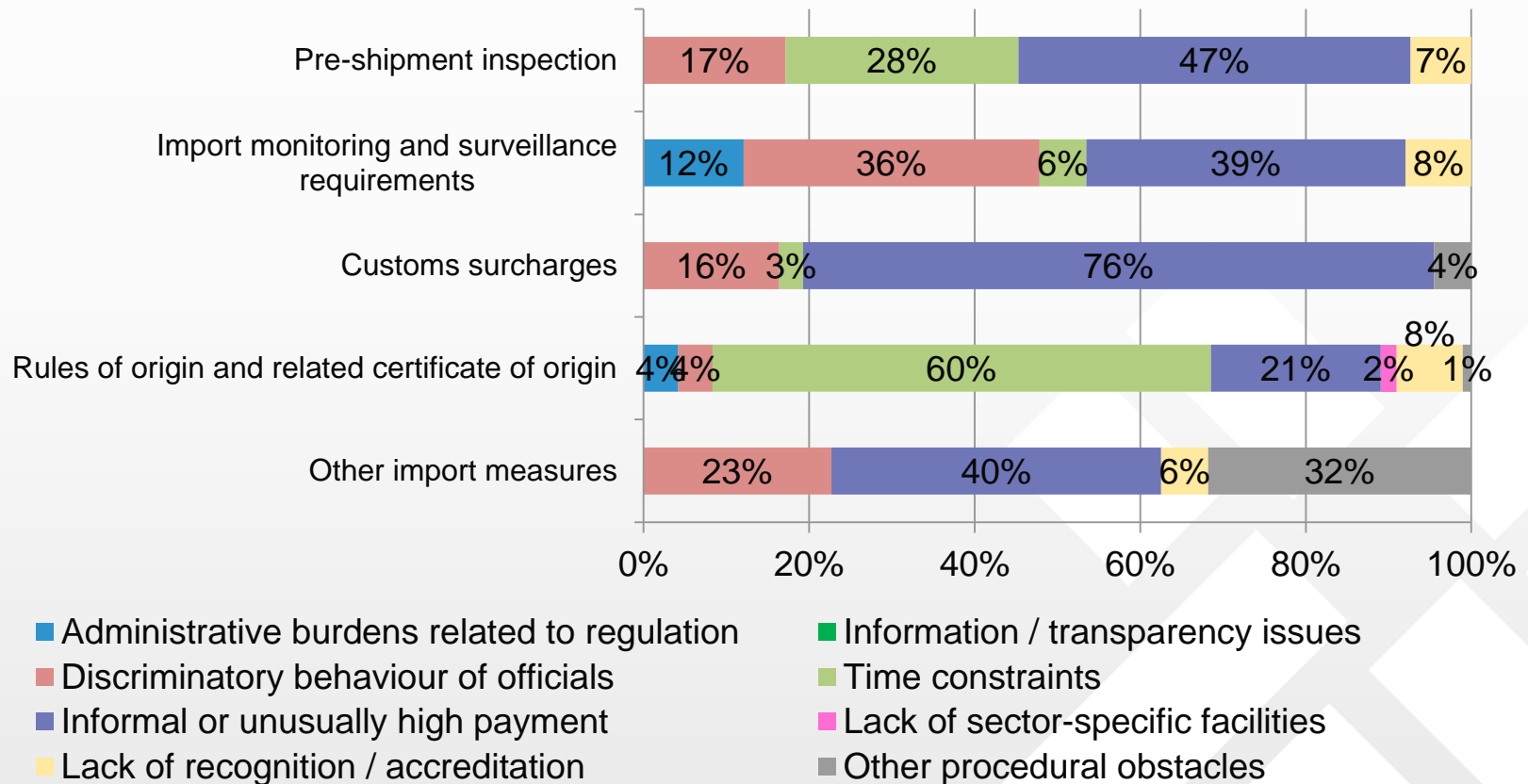
# Regulations versus procedures

The problem? Regulatory obstacles for charges and taxes, procedural obstacles for rules of origin



# Types of procedural obstacles

Delays for certificates of origin, high cost for inspections



# Agencies most mentioned in relation to non-technical NTMs

- Customs authority (especially in the destination country)
- Ministry in charge of international trade
- Ministry of Agriculture

# Obstacles related to rules of origin and other trade-related measures

# Main challenges reported

1

- Inefficient and lengthy delivery of certificate of origin

2

- Import/export prohibitions

3

- Export authorizations

4

- High taxes

5

- Lack of transparency of trade regulations and related procedures

6

- Insufficient coordination between the different agencies involved in the export/import process

7

- Importers: letters of credit, exchange rate issues

1

- Inefficient and lengthy delivery of certificate of origin

- Rules of origin are particularly complex for manufacturing products
- Two consecutive approvals: at national and regional levels
- As a result: time consuming and fastidious process...
- ...for the short validity of the certificate (6 months)

*“Requirements and procedures to be fulfilled for a certificate of origin are too numerous and too long. We are blocked by these formalities in the Ministry of Trade”*

*“The process to get a certificate of origin usually takes 1 month!”*



1

- Inefficient and lengthy delivery of certificate of origin (continued)

- Non-recognition of the certificate of origin in the partner country → can be costly
- As a result: *De jure* versus *de facto* preferential treatment

*“Sesame seeds are among the products that are not subject to tax according to the ECOWAS Convention on regional trade. We have an ECOWAS card which should prevent us from paying such taxes when we export. However, the customs authority of the partner country requires us to pay taxes when we enter the country.”*

2

- Import/export prohibitions

*“Our partner country bans the import of food oil to protect national production.”*

- Prohibitions of imports (textile, food oil) for economic reasons are perceived as too strict

*“It is impossible to export textile to our ECOWAS partner country due to national regulations to protect local industry.”*

3

## • Export authorizations

- Lack of transparency of the regulations: export authorizations are required for which products? What is the amount of the fee to be paid?
- Unclear distinction between national export authorizations and regional permit for exports (as a result: redundant documents and procedures)
- Processes to get authorizations are time-consuming and costly

*“An export licence delivered by the Ministry of Agriculture is required for the shea butter we export. This document can cost up to 3 000 000 Franc, yet the official fee doesn’t exceed 2 500 000.»*

4

- High taxes

- Taxes for inspections and for other customs services
- Lack of transparency in regulations: what are the purpose of the taxes? How is the amount of the taxes calculated?
- Taxes are often arbitrarily determined (according to exporters) and paid without receipts

*“The customs authority requires a payment of 10 000 FCFA, and sometimes 25 000 FCFA for the inspection of my products. The reason is that exported sheeps should not stay a long time in the border and should be controlled in priority.»*

5

- Lack of transparency of trade regulations and related procedures

- Trade regulations are often well-defined but not properly enforced
- Lack of dissemination of trade regulations - the distinction between regional regulations and national regulations is blurred in practice
- Export procedures remain unclear: numerous windows involved at national and regional levels, numerous documents, frequently changing in responsibilities of agencies

6

- Insufficient coordination between the different agencies involved in the export/import process

- Export/import process involve numerous actors: Customs, Ministry of Trade, National Export Board, etc.
  - High risk of duplicated responsibilities between agencies at national and regional levels
- Official documents are not properly accepted and recognized by all agencies – duplication of official documents and procedures required
- Inadequate/inexistence of control mechanism of law enforcement between agencies

# Key issue 3: Customs clearance and border controls

Non-technical inspections and customs surcharges

## Before presenting survey results...:

- Customs clearance processes stand in relation with all types of NTMs
  - A countries' customs authority is probably its most important agency in trade facilitation
- Mandate to collect revenue and ensure that safety and quality of imported goods are in line with national standards needs to be reconciled with private sector needs for efficient processes
- The good news: NTM surveys highlight that business concerns are mainly with procedural issues that can be eliminated without compromising on the primary goals of customs authorities



# Main challenges reported

- 1 • Organizational structures and coordination
- 2 • Inadequate infrastructure and lack of high-performing facilities
- 3 • Frequently changing procedures and inadequate dissemination of information
- 4 • High fees and charges
- 5 • Importers: customs valuation
- 6 • In sum: too lengthy, bureaucratic and costly customs clearance

1

## • Organizational structure and coordination

- Lack of coordination between different control points
- Lack of recognition of official documents delivered by agencies in the exporting country or in partner countries by customs and control agents.
- Duplication of inspections at different points within the exporting country and between exporting, transit and destination countries
- Lack of clarity in duties and responsibilities of each control agency (e.g. customs, national security agency, water and forestry agents)

*“At the last customs point before entering the partner country, the officials ask to re-inspect the whole shipment knowing that it was previously inspected in another customs point. The process causes delays that could reach 2-3 days and may damage the goods as they need refrigeration.”*

2

- Infrastructure and facilities

- Outdated equipment (e.g. scanners) leading to limited processing capacities and delays in inspections
- Missing, ill-equipped and/or too expensive storage facilities
- Issues related to electronic submission of documents (lacking user friendliness and recognition, unreliability or inexistence)

*Products exported by air need an obligatory X-ray inspection ... The X-ray devices are very limited and outdated which usually delays the export clearance process - in addition to being a very expensive inspection.*

3

- Frequently changing procedures and inadequate dissemination of information

- Ill-informed exporters arriving unprepared at the customs authority
- Lack of transparency on regulations on customs inspection
- Frequently changing procedures
  - rent-seeking by officials and freight forwarders

4

- High fees and charges

- High customs surcharges charged to exporters
- Insufficient dissemination of regulations on customs surcharges in the region
- Rates frequently change leading to unpredictable trade costs

We suffer from customs surcharges. Partner countries' customs authorities discourage us with reforms that practically change at any time so we never know how exactly these charges are established. At our level we can't predict anything.

5

- Importers: customs valuation

- Frequent re-evaluation leading to higher payments
- Lack of dispute settlement mechanisms

The tax to be paid on the imported product is dependent on the value of the goods. In this valuation process, often, problem arise. The customs authorities appear to suspect companies that the goods value is underestimated

6

- In sum: too lengthy, bureaucratic and costly customs clearance

The clearance process is perceived as

- **Lengthy** because of 'unnecessary' delays
- **Bureaucratic and unorganized** because of multitude control points and lack of coordination between agencies
- **Costly** because of (a combination of) official and unofficial charges

And finally:

- **Unpredictable** because of all of the above

For more information:





# Thank you for your attention

For questions or comments please contact

[ntm@intracen.org](mailto:ntm@intracen.org)

More information also available at

[www.intracen.org/ntm](http://www.intracen.org/ntm)