(Lack of) Clarity, Consistency and Predictability
How exporters and importers experience rules of origin

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Information session on proofs of origin and certificates of origin
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What matters to exporters?
Key messages from ITC’s interviews with nearly 30,000 businesses

1. **Clarity** of what is being applied when
   → Important for businesses and customs officials alike
2. **Consistency** of what is being applied when
   → Theory versus practice
3. **Procedural efficiency**
   → Predictability of cost and time
Rules of Origin: a different perspective

From an (small) exporter’s point of view:

• Tariffs as “the last worry”
  A tax paid (or not) once you managed to reach the other country

• Some prerequisites:
  • You found a buyer (importer) / someone interested in your product
  • You comply with mandatory requirements of the importing country (e.g. product quality requirements)
  • At times: you comply with private standards required by the buyer (e.g. GlobalG.A.P. certification)
  • You managed to get the export license and other documentation required by your own country

✓ If pre-requisites are fulfilled: preferential access (tariffs) = more competitive
So…. how big of a challenge are rules of origin and related certifications for exporters?
Source: ITC’s Business Surveys on NTMs

28,000
Phone Interviews

8,150
Face-to-face interviews

Nearly 30,000 reported trade obstacles...

From over developing countries 35
+ 28 EU countries

...concerning trade with partner countries 185
Rules of origin are among the NTM types that are perceived as most burdensome, especially in manufacturing.

Share of NTM cases related to Rules of Origin*

*Note: Only cases reported by exporters
Source: ITC business surveys on NTMs in 38 developing countries, 2010-2018
www.ntmsurvey.org
Textiles and Clothing are among the most affected products
Share of NTM cases related to Rules of Origin*, by sector

*Note: Only cases reported by exporters
Source: ITC business surveys on NTMs in 38 developing countries, 2010-2018
www.ntmsurvey.org
Procedural obstacles are perceived as a key impediment by exporters.

Share of NTM cases*, by type of difficulty

- **Rules of origin and related certificate of origin**:
  - The regulation is difficult only because of related procedural obstacles: 77%
  - The NTM is too strict + there are procedural obstacles: 14%
  - The regulation itself is too strict/difficult: 9%

- **Other types of NTMs**:
  - The regulation is difficult only because of related procedural obstacles: 58%
  - The NTM is too strict + there are procedural obstacles: 19%
  - The regulation itself is too strict/difficult: 23%

*Note: Only cases reported by exporters

Source: ITC business surveys on NTMs in 38 developing countries, 2010-2018

[www.ntmsurvey.org](http://www.ntmsurvey.org)
What types of procedural obstacles are reported?

- High cost: 29%
- Delays: 41%
- Admin burden: 12%
- Arbitrary behaviour of officials: 4%
- Other: 14%

• Getting the certificate of origin

- 2 to 3 months to prepare the dossier. It’s a waste of time. In addition, it’s repetitive.
- Up to two weeks only for issuance
- Inefficiencies in issuing the certificate of origin
- 3-4 additional days just because I have to come to the capital
- 10 different documents, every time!
- 2 weeks to prepare the documents to be submitted, 5 days to receive the certificate

Exporter testimonies (continued)

- Language issues
- De jure versus de facto preferential treatment

The partner country doesn't apply both existing agreements although the product satisfies the rules of origin. The situation forces us to pay tariffs [...] and for some products it becomes non-profitable to export.

When exporting to any Arab country and issuing GAFTA certificate of origin, the certificate must be written 100% in Arabic. There are some technical wordings, letters and numbers that cannot be translated. The customs officials do not understand this point and usually reject the certificate.

Problems related to rules of origin affect regional integration
Distribution of reported RoO cases*, by export destination

*Note: Only cases reported by exporters from 66 countries
Source: ITC business surveys on NTMs, 2010-2018
www.ntmsurvey.org
The majority of difficulties linked to the certificate of origin are encountered at home (in the exporting country)

Share of procedural obstacles*, by location

**Rules of Origin**
- In the home country: 90%
- In the partner country: 10%

**Other types of NTMs**
- In the home country: 72%
- In the partner country: 28%

*Note: Only cases reported by exporters
Source: ITC business surveys on NTMs in 38 developing countries, 2010-2018
www.ntmsurvey.org
What matters to exporters?
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1. **Clarity** of what is being applied when

   Multitude of preferential and non-preferential rules, types of certifications and related procedures leads to confusion not only of businesses but also of customs officials

   → Transparency; policymakers’ awareness of practical implications of rules

2. **Consistency** of what is being applied when

   (Preferential) rules versus (non-preferential) practice: At times, the practice on the ground differs from what is written in laws / has been negotiated. Unpredictability comes with significant cost for businesses.

   → Training of customs officials; transparency; appeal procedures

3. **Procedural efficiency**

   Rules imply procedures and procedures have time and cost implications. In the case of RoO: if a preference can be gained, it may be worth it (but at times is not…). In cases of non-preferential rules, this is just a cost with (in most cases) no gains

   → Review procedures; Think (again) about non-preferential rules
ITC efforts to increase transparency of Rules of Origin

Information on Rules of Origin collected with Trade Agreement texts for ITC’s global public goods: www.macmap.org

List of Trade Agreements

Rules of Origin
Our publications

ITC publication series on NTMs

**Making Regional Integration Work** –
Company perspectives on Non-Tariff Measures in Arab States (2015)

**The Invisible Barriers to Trade** –

Country reports

- Burkina Faso (French, 2011)
- Cambodia (English, 2014)
- Côte d’Ivoire (French, 2014)
- Egypt (English, 2016)
- Guinea (French, 2015)
- Indonesia (forthcoming 2016)
- Jamaica (English, 2013)
- Kazakhstan (English, Russian, 2014)
- Kenya (English, 2014)
- Madagascar (French, 2013)
- Malawi (English, 2013)
- Mauritius (English, 2014)
- Morocco (French, 2012)
- Paraguay (Spanish, 2013)
- Peru (English, 2012; Spanish, 2013)
- Rwanda (English, 2014)
- Senegal (French, 2014)
- Sri Lanka (English, 2011)
- State of Palestine (English, 2015)
- Trinidad and Tobago (English, 2013)
- Tunisia (French, 2014)
- Uruguay (Spanish, 2013)

Available from: [www.ntmsurvey.org/publication](http://www.ntmsurvey.org/publication)
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