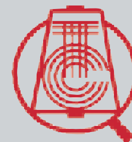
Demystifying Tariffs & Non-Tariff Barriers (NTBs)



Textiles Committee
Ministry of Textiles, Govt. of India
Mumbai

© Textiles Committee, February 2012

This is an official document prepared by the Textiles Committee. All rights reserved. Unless otherwise specified, no part of this publication may be reproduced or utilised in any form or by means, electronic or mechanical, including photocopying and microfilm, without permission in writing from the Textiles Committee at the address given below:

The Secretary,
Textiles Committee,
Ministry of Textiles, Government of India,
P. Balu Road, Prabhadevi
Mumbai – 400 025
India

Telephone: 91+ 22 + 66527507/515/16
Telefax: 91+ 22 + 66527509/653
Email: secy@giasbm01.vsnl.net.in, tcdmr@bom7.vsnl.net.in, tc.unctad@gmail.com
Website: www.textilescommittee.gov.in, www.tc.unctad.org

Demystifying
Tariffs and Non-Tariff Barriers (NTBs)

Textiles Committee
Ministry of Textiles, Govt. of India
Mumbai

Preface

Since the inception of General Agreement on Tariffs & Trade (GATT) and thereafter the WTO, the member countries have been intensively debating on two major issues pertaining to the Non-agricultural Market Access (NAMA) negotiations. One is eliminating or reducing tariffs on non-agricultural products to a desirable level so as to facilitate free and fair international trade. The second is the recent debate on rationalization of the Non-Tariff Barriers (NTBs) raised by countries as an alterative method to restrict market access instead of tariffs. As regards to tariff reduction principles under Doha Development Round (DDA), the member countries have agreed to adopt the SWISS formula for tariff reduction during the Hong Kong Ministerial conference in 2006. However, the difference still persists on the co-efficient to be adopted for tariff cut among the Developed, Developing and Least Developed countries (LDCs). Though the NAMA negotiations are inching closer to broader consensus on tariffs, off late the issues on NTBs are emerging prominently as a tool for trade protectionism.

It is pertinent to mention that in the process of negotiation on NAMA, a plethora of technical terminologies have been used by the negotiators. The terminologies like special and differential (S&D) treatment, tariff escalation and tariff peak, Technical Barrier to Trade (TBTs), Sanitary and Phyto-sanitary (SPS), etc and its importance need to be elaborated precisely before the stakeholders for their better understanding.

This monograph attempts to explain the concepts and modalities on tariff and NTBs negotiations under NAMA in a user friendly simple language for better understanding of the stakeholders. The paper has also tried to cover the issues relating to tariff, NTBs besides the Regional Trade Agreements (RTA) & Free Trade Agreements (FTA), etc. I hope the monograph will be useful to the readers and help in understanding these critical issues.

I appreciate the sincere efforts put in by Shri T.K.Rout, Market Research Officer and others members of the WTO Cell in Textiles Committee in bringing out this Monograph in a user friendly format. However, readers are welcome to give their views or suggestions for further improvement.

Place: Mumbai
Date: 27-08-2012

(Dr P Nayak)
Director - Market Research

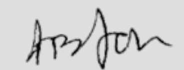
Foreword

The Textiles Committee, a statutory organisation under the Ministry of Textiles, Govt. of India has been working for the development of the textiles and clothing (T & C) sector of the country since, 1963. As a part of the endeavor, the organisation has undertaken research on the issues relating to globalization and World Trade Organisations (WTO) so as to assess its implication on Indian textile and clothing sector on one land and provide valuable feedbacks to the policy makers, trade and industry for mitigating the adverse effect of it on the other hand.

During past few years, the Textiles Committee has been spearheading research on issues like Intellectual Property Rights (IPR), Geographical Indication (GI), Multilateral, Free Trade and Regional Trade Agreements, Tariffs and Non-Tariff Barriers, NAMA negotiations under the WTO framework and Agreement on Textiles and Clothing etc. The researches have been undertaken keeping the textile and clothing sector in mind. This new initiatives has made a significant value addition to the research base on the country in capacity building of trade & industry on different issues and mitigating the adverse effects of it.

I am happy to note that the Market Research Wing has came out with a new monograph on “Demystifying the Tariffs and Non Tariff Barriers (NTBs)” for explaining the stakeholders the different facets of NAMA negotiations in a user friendly format. The series has elaborately explained about the different concepts and modalities adopted by the negotiators in the process of negotiation.

I am privileged to place my appreciation on record for efforts put in by Dr. P Nayak, Director (Market Research), Shri T.K.Rout, Market Research Officer and the team working in the WTO cell of Textiles Committee for successfully bringing out the booklet.



Place: Mumbai
Date: 27-08-2012

(A B Joshi)
Textile Commissioner &
Vice-Chairman, Textiles Committee

Contents

Tariffs 5

Non-Tariff Barriers 25

Annexure 37

TARIFFS

Tariff is a customs duty or tax levied on imports of merchandise goods. A tariff can be an ad valorem tariff (percentage of value) or a specific tariff (e.g. $100 per ton). Less often, a compound tariff made up of both of these elements applies. Tariffs are mostly levied on imports, but there are cases of tariffs on exports. Tariffs raise revenue for the government and increase the price of imported products, thus giving domestically produced products a price advantage. On the other hand, tariffs can be defined as import duties or taxes levied by the government of the country on the goods imported from rest of the world. The countries used to import tariffs to protect their domestic industry from easy import of goods and services from rest of the world so that the domestic industries could be able to enjoy price competitiveness with respect to the imported goods. Tariffs are basically levied to increase the price of the imported products and also to discourage the domestic consumers to go for imported goods instead of domestically produced goods.

It was believed that the industrial development of these countries could not be achieved without eliminating/ minimising these tariff barriers. Hence the 45 founding member countries of GATT unanimously decided to collectively work for minimising the tariff barriers for facilitating free flow of goods among the countries.

Tariffs have been used as an instrument for restricting free flow of goods across the countries. During the 18th century, the present developed countries like USA, EU, used high tariffs to restrict free flow of goods to their domestic market in the context of protecting domestic industries. The same principle was applied by most of the countries of the world during the 19th and 20th century. The countries levied tariffs from 10% to 1000% from different specified products depending on the position of the domestic industry. But the tariffs scenario changed with the establishment of General Agreement of Trade and Tariffs (GATT) and its intervention to liberalise high Tariff regime.

The General Agreement of Trade and Tariffs (GATT) preached Free International Trade for the sustainable development of the world through free trade. During the early days of GATT Negotiation, it was believed that the trade barriers are hampering the economic development of the world. The developing and least developing countries were worse sufferer of these barriers. It was believed that the industrial development of these countries could not be accelerated without eliminating the tariff barriers. Hence 45 founding member countries of GATT unanimously decided to collectively work for minimising the tariff barriers for facilitating free flow of goods among the countries. As per the mandate of the GATT's, several rounds of negotiations took place between 1948 to 1995 for reducing the tariff rates across the globe. World Trade Organisation (WTO) as the successor to GATT has also been working on different modalities for tariff reductions both in agriculture and industrial products. The negotiation on Non-Agricultural Market Access (NAMA) under the framework of WTO is discussing the different facets of the tariff reduction in the DOHA Development Rounds.

However on its journey from 18th century to 21st century, the policy mechanisms of different countries have made the concept barrier became more complicated. Different countries have used different elements of barriers on different names so as to pursue their own interest. As a result, remembering and understanding the different kinds and aspects of barriers used by countries is a cumbersome process. This paper has tries to analyse various aspects of barriers in a more lucid way for better understanding of the stakeholders.

The tariffs can be of four kinds

Advalorem Tariff	Specific Duties	Alternative Duties	Compound Duties

AD VALOREM TARIFF

A tariff calculated as a percentage of the value of goods cleared through customs. For example, 15 percent ad valorem tariff means 15 percent of the value of the entered merchandise. An ad valorem equivalent (AVE) tariff is a tariff presented as a percentage of the value of goods cleared through customs. It is the equivalent of a corresponding specific tariff measure based on unit quantities such as weight, number or volume. There are several methodologies for calculating AVEs. The method chosen depends on the intended application of the data. Most important to the process of calculating an AVE is the way the Unit Value of the product is calculated. The Unit Value is the value of each unit quantity imported of a product. It's based on the total value of imports of that product. In calculating it, one may use bilateral trade flows, world imports or a country's imports of that product from a reference group of countries. In addition to being sensitive to the choice of methodology, the ad valorem equivalent will also vary when the price of a product varies.

For example, 15 percent ad valorem tariff means 15 percent of the value of the entered merchandise. An ad valorem equivalent (AVE) tariff is a tariff presented as a percentage of the value of goods cleared through customs.

The Market Access Map database of WTO has calculated ad valorem tariff equivalents for every specific duty. The database indicates that 81 countries apply specific tariffs. AVEs are calculated by dividing the specific tariff per unit by the value of the product per unit. In Market Access Map, unit values and AVE's are calculated on a bilateral basis (where possible). This is in order to show the equivalent level of protection actually applied by one country to another when a "specific" tariff is applied. This is important, because the value of a product can vary considerably depending on the supplying country. That is, even if two exporting countries face an identical specific tariff on the same product exported to the same market, the country exporting the less expensive product will face a higher equivalent level of protection.

SPECIFIC DUTIES

The specific duties or taxes are imposed by countries in terms of local currency as per the unit of goods imported. The duties are imposed on the basis of weight, number, length, volume or any other unit of measurement. The trend on specific duty indicates that it is levied on food stuffs and raw materials by different countries. An example of a specific tariff would be a rate of two dollars per pair of shoes regardless of their value.

ALTERNATIVE DUTIES

When both ad valorem duties and specific duties are prescribed or levied on a product depending on the requirements of the country, it is called Alternative Duties. For example, when a country imposes 20% per kilo of import of a particular goods in addition to the Advalorem duty, it became alternative duty.

COMPOUND DUTIES

Sometimes the countries impose duties both on manufacture goods and on raw materials. It means, first the raw materials are subjected to import duties followed by final products. In this case, the duty is called compound as both raw materials and final products are subject to levies. These kinds of duties are basically imposed or levied to protect the domestic raw material industry.

Besides the above cited duties, the tariff structure of the world are of various shapes. It can be elaborated as follows:

APPLIED TARIFFS:

The current tariff rates being charged on the import of products. Applied tariffs may be below or equal to bound tariffs, but may not exceed them. For instance, the applied tariff in Pakistan for coffee was 20%, while the bound tariff rate was 100%. Considered to be the tariff rates applied by a customs administration on imported goods. They are the rates published by national customs authorities for duty administration purposes. These rates are often considerably lower than the bound rate arrived at as a result of trade negotiations or the rate listed in the national tariff schedules. They can also be lower than the MFN rate. Applied tariff rates also include the preferences that a country may apply to certain trading partners as a result of a bilateral or regional trade agreement.

Considered to be the tariff rates applied by a customs administration on imported goods. They are the rates published by national customs authorities for duty administration purposes.

ADDITIONAL CHARGES

Additional charges are those levied on imported goods in addition to customs duties and surcharges. Examples include the tax on foreign exchange transactions, stamp tax, import license fee, consular invoice fee, statistical tax, tax on transport facilities and charges for sensitive product categories. Article VIII of the General Agreement on Tariffs and Trade states that all fees and charges other than customs duties and internal taxes "be limited in amount to the approximate cost of services rendered and shall not represent an indirect protection to domestic products or a taxation of imports or exports for fiscal purposes". For example, recently the WTO found that the USA's tax treatment of foreign sales corporations constitutes a prohibited export subsidy under the WTO agreement. As a result, the EU imposes additional duties on imports of certain products originating in the USA

AVERAGE TARIFF

The simple average of all applied ad valorem tariffs (tariffs based on the value of the import) applicable to the bilateral imports of countries is called average tariff. This rate is calculated by adding up all the tariff rates and dividing this by the number of import categories. The applied average tariff is calculated by dividing the total applied tariffs with the number of tariff lines. For instance, if a country's tariff rate under the non-agricultural import category for three products is 10%, 25% and 33% respectively, then the average applied tariff rate for that country, under the non-agricultural import category, would be 22.67%.

WEIGHTED AVERAGE TARIFFS

A measure that weighs each tariff by the share of total imports in that import category. Thus, if a country has most of its imports in a category with very low tariffs, but has many import categories with high tariffs but virtually no imports, then the trade-weighted average tariff would indicate a low level of protection. The standard way of calculating this tariff rate is to divide total tariff revenue by the total value of imports. Since many countries regularly report this data, this is a common way to report average tariffs.

COMMON EXTERNAL TARIFF

A tariff rate that is applied uniformly by a common market or customs union to imports from countries outside the union. The European Common market, for example, is a free internal trade area with a common external tariff applied to products imported from non-member countries. A common external tariff is not necessarily a feature of "free trade areas" and is seldom a feature of free trade agreements.

European Union

A hypothetical example would be one where a compact disc incurs a specific tariff of one dollar plus an ad valorem tariff set at 10%.

COMPOUND TARIFF

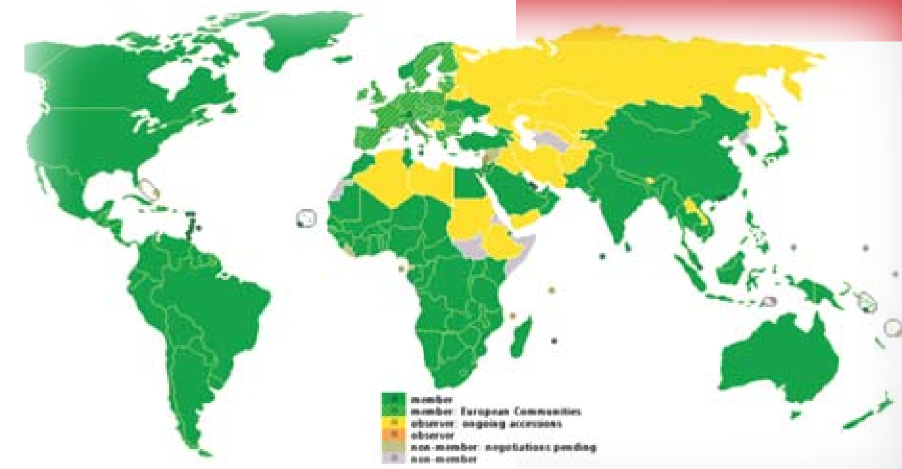
A rate of duty on a product, which consists of two components. The first may be an ad valorem rate; expressed as a percentage of the value of the product. The second component may be a specific rate; expressed as a monetary value per article regardless of the value of the product. A hypothetical example would be one where a compact disc incurs a specific tariff of one dollar plus an ad valorem tariff set at 10%. It is also called mixed tariff.

BOUND TARIFFS

As agreed by the member countries, when countries agree to open their markets to goods and services, they “bind” their commitments. For goods, these bindings amount to ceilings on customs tariff rates. Sometimes countries tax imports at rates that are lower than the bound rates. This rate is legally binding under the WTO and applies on a Most Favoured Nation (MFN) basis. If a WTO member raises a tariff above the bound rate, affected countries have the right to retaliate against an equivalent value of the offending country’s exports, or receive compensation, usually in the form of reduced tariffs on other products they export to the “offending” country. India has bound 72% of its tariff lines, with all agricultural products bound and some 68% of tariff lines bound with respect to industrial goods. India bound products such as textiles and clothing, which were previously unbound. . If a WTO member raises a tariff to a higher level than its bound rate; the major beneficiaries of the earlier binding have a right to receive compensation; usually in the form of reduced tariffs on other products they export to the country.

Hence bound tariffs are the legal obligations not to raise tariffs on particular products above the specified rate agreed in WTO negotiations and incorporate in a country's schedule of concessions. Bindings are enforceable through the WTO. Their purpose is to provide greater commercial certainty through a ceiling on tariffs, which cannot be breached without an offer of compensation to affected trading partners. These ceilings are often higher than the MNF rates as well as the applied rates. In their schedules of tariff bindings, most WTO members specify their commitments in ad valorem terms, as a simple percentage of the value of the imported product. However, some countries specify some or all bound tariffs in specific or other non-ad valorem terms. Specific tariffs define the tariff as a monetary amount per unit of the import e.g. $3 per kg. Countries can also have a bound tariff that is a combination of ad valorem and non-ad valorem rates, such as 14 percent plus $3 per kg.

Legal obligations not to raise tariffs on particular products above the specified rate agreed in WTO negotiations and incorporate in a country’s schedule of concessions. Bindings are enforceable through the WTO.



WTO Map

INDUSTRIAL TARIFFS

The import taxes applied to manufactured products such as textiles and clothing, leather, wood pulp and transport equipment etc. They have the effect of raising the price for consumers and hence discouraging them from buying imported goods.

CUSTOMS SURCHARGE

It is a para-tariff measure levied by the importing countries for some specified purpose. The developing and least developed countries are sometimes imposing different charges in addition to the tariffs for some specified developmental issues. For example, the government of India is imposing education surcharge for implementing the univerilisation of the education in the country.

INSIDE-QUOTA TARIFF RATE (IQTR)

The tariff rate applicable to a product imported within the limits of a tariff quota.

There are three types of internal taxes: sales tax, which is an ad valorem tax based on the gross receipt of sales of goods; turnover tax, which is a tax imposed at more than one level of production and distribution and is based on grow receipts, resulting in a cumulation of taxes; value added tax, which is a modified turnover tax based on the net value added instead of on the gross receipts, avoiding the cumulation of taxes and not affecting the price structure and the allocation of resources.

INTERNAL TAXES AND CHARGES LEVIED ON IMPORTS

Article III of the General Agreement on Tariff and Trade (GATT) permits the application of internal taxes and charges on imports so long as they are treated in the same way as domestic production. The general sales tax levied on imports is the equivalent of those internal taxes that are applied to all or most products. There are three types of internal taxes: sales tax, which is an ad valorem tax based on the gross receipt of sales of goods; turnover tax, which is a tax imposed at more than one level of production and distribution and is based on grow receipts, resulting in a cumulation of taxes; value added tax, which is a modified turnover tax based on the net value added instead of on the gross receipts, avoiding the cumulation of taxes and not affecting the price structure and the allocation of resources. The excise tax levied on imports is the equivalent of the excise tax on domestic products, which is an internal tax imposed on selected products, usually of a luxurious or non-essential nature, such as alcoholic beverages and tobacco. This tax is levied separate from, and in addition to, the general sales taxes. Sumptuary taxes, luxury taxes, commodity or consumption taxes all have the same nature as the excise tax. In some countries the consumption tax is similar to a sales tax, being applicable to all products, while in other countries, generally applied taxes are sometimes called excise taxes. Charges for sensitive product categories include emission charges, product taxes and administrative charges. These latter charges are meant to recover the costs of administrative control systems. These various charges normally have an internal equivalent.

MFN TARIFF

Article 1 of the General Agreement on Tariffs and Trade (GATT) lays down the principle of Most Favoured Nation treatment (MFN). The MFN clause states that a member of the GATT must treat all other members equally. The WTO is the successor of the GATT and the WTO's rules derive from the outcome of the 1986-94 Uruguay Round negotiations which included a major revision of the original General Agreement on Tariffs and Trade (GATT). So the application of the MFN principle is required of WTO members. Every time a member improves the benefits that it gives to one trading partner, it has to give the same "best" treatment to all other members, so that they remain equal. Countries are to grant equal treatment - not more favourable or discriminatory - to goods and services from all WTO members. The MFN principle applies to all tariffs --whether or not they have been subject to negotiations between members --as well as to all policy measures affecting imports or exports.

A Most Favoured Nation (MFN) tariff is the tariff applied by WTO members to goods from other WTO members. In the case of WTO non members, the application of these rates may be a requirement of a bilateral trade agreement.

MULTI-COLUMN TARIFF

A tariff schedule that discriminates between the various trading partners. Tariff rates in the first column might be reserved for countries not receiving Most-Favoured-Nation treatment (MFN) and the second column for countries accorded MFN. The third and additional columns would contain the rates applicable to various preferential trade arrangements, such as free-trade area partners or those given to developing countries under the Generalized System of Preferences (GSP).

NOMINAL TARIFF RATE

The tariff rate appearing in a country's tariff schedule for a given product. It may differ from the applied tariff rate.

NUISANCE TARIFF

A tariff that is too low to protect an import market but that introduces transaction costs.

TARIFF BANDS

Tiers of tariff under certain slabs. Examples of two bands: tariffs between 0% and 10% and tariffs between 11% and 25%. Tariffs are put into bands to decide the percentage of tariff reduction. For example, there can be an agreement for no tariff cuts in the 0-10% band, a 25% cut for tariffs in the 11-50% band, and a 50% cut for tariffs in bands above this. India pursued a policy of tariff reduction and rationalisation of the tariff structure notably by reducing the number of tariff bands. By 2004-5, there were two bands - 10% for raw materials and intermediate goods, and 20% for final products.

PROHIBITIVE TARIFF

Tariff at a level that discourages the import of a product in any quantity. For instance, in 1995, average tariffs in OECD countries stood at 214% for wheat and 154% for barley. Similarly, Senegal levies prohibitive tariffs on imported cycles to protect a small domestic manufacturer that sells only 2,000 bikes annually.

OUTSIDE QUOTA TARIFF RATE (OQTR)

The tariff rate applicable to products imported in excess of a tariff quota. This rate is meant to discourage imports above the quota limit. It is usually much higher than the one applied to imports within the quota.

SINGLE-COLUMN TARIFF

A tariff schedule under which all trading partners are treated in the same way. The schedule does not allow preferences, and it permits importers to seek the best possible suppliers. A single-column tariff represents the ideal state of the multilateral trading system.

TARIFF ESCALATION

If a country wants to protect its processing or manufacturing industry, it can set low tariffs on imported materials used by the industry (cutting industry costs) and set higher tariffs on finished products to protect goods produced by the industry. When importing countries escalate their tariffs in this way, they make it more difficult for countries producing raw materials to process and manufacture value-added products for export. Tariff escalation exists in both developed and developing countries. A country may choose to impose no tariff on the import of raw materials, but increase tariffs on semi-processed and final goods. For instance, the tariff average in developed countries for rubber increases from 0.0% for raw rubber to 3.3% for semi-processed products to 5.1% for finished products.

TARIFF PEAK

A tariff that is high relative to other tariffs. For industrialised nations, usually tariffs of 15% or more are considered to be tariff peaks for manufactured products. Tariff peaks are often on sensitive products. There is also a "national" definition for tariff peaks, which is defined as thrice the average tariff imposed by the country. Most of the developed countries are using tariff peak for import of textile and clothing products.

TARIFF RATE QUOTAS (TRPS):

A combination of an import tariff and an import quota whereby imports below a specified quantity enter at a low (or zero) tariff, and imports above that quantity enter at a higher tariff. India has granted tariff rate quota for textile & clothing products imported from Sri Lanka under a bi-lateral agreement.

TARIFF LINE

A single item in a country's tariff schedule.

TARIFF MEASURES

Tariff measures include: statutory customs duties; MFN duties; bound tariffs; tariff quota duties or rates; seasonal duties: temporary reduced duties; temporary increased duties; and preferential duties under trade agreements.

NATIONAL TARIFF LINE

It is applied to merchandise goods by individual countries that are longer than the HS six digit level. Countries are free to introduce national distinctions for tariffs and many other purposes. The national tariff line codes are based on the HS system but are longer than six digits. For example, the six digit HS code 010120 refers to Asses, mules and hinnies, live, where as the US National Tariff line code 010120.10 refers to live purebred breeding asses, 010120.20 refers to live asses other than purebred breeding asses and 010120.30 refers to mules and hinnies imported for immediate slaughter.

TARIFF REVENUE

The revenue generated for the government from tariffs.

ACCELERATED TARIFF ELIMINATION

When import duties are reduced faster than was originally agreed upon or projected. For instance, under NAFTA, tariffs on goods traded between the US and Canada were phased out earlier than was initially planned.

DECREED CUSTOMS VALUATION

Customs duties and other charges on selected imports can be levied on the basis of a decreed value of goods (the so-called "valeur mecuriale" in French). This practice is presented as a means to avoid fraud or to protect domestic industry.

EFFECTIVE LEVEL OF PROTECTION

The level of protection of the value added of an industry. The concept is that the "effective" protection on a good is the sum of the protection for the component parts of the final manufactured unit. The implication is that the nominal tariff rate of the finished good understates the protection for the value added in the production process. This relates to the concept of tariff escalation.

Market Access Map manages this endogeneity bias by weighting the imports of a country by those of a reference group to which the country belongs. This is in order to get a fair idea of what the trade pattern of a particular country could be without the endogeneity bias.

ENDOGENEITY BIAS

In theory, tariffs should be aggregated on the basis of imports occurring under a hypothetical situation of free trade. As this structure is unknown, an endogeneity bias appears when one aggregates different tariffs to measure the global level of protection of a sector or an economy. In aggregating tariffs, using the national imports as weights, causes an endogeneity bias since these imports depend on the tariff. That is, a high tariff generates limited imports and therefore the tariff's contribution to the overall protection level of the country is reduced. A low tariff produces the reverse effect. So, using national imports as weights leads to an under-valuation of the protection level of a country. Market Access Map of WTO manages this endogeneity bias by weighting the imports of a country by those of a reference group to which the country belongs. This is in order to get a fair idea of what the trade pattern of a particular country could be without the endogeneity bias. The 8 reference groups used in Market Access Map are defined on the basis of a hierarchical clustering analysis based on GDP per capita (in terms of purchasing power parity - PPP), exports per capita and imports per capita.

PARA-TARIFF MEASURES

Other measures that increase the cost of imports in a manner similar to tariff measures, i.e. by a fixed percentage of value or by a fixed amount per quantity unit, are known as para-tariff measures. There are four types: customs surcharges; additional taxes and charges (tax on foreign exchange transactions, stamp tax, import license fee, consular invoice fee, statistical tax, tax on transport facilities, taxes and charges for sensitive product categories, additional charges nes); internal taxes and charges levied on imports (general sales taxes, excise taxes, taxes and charges for sensitive product categories, internal taxes and charges levied on imports nes); and decreed customs valuation

FINANCE MEASURES

Measures that regulate the access to and cost of foreign exchange for imports and define the terms of payment. They may increase the import cost in a fashion similar to tariff measures.

SCHEDULE OF CONCESSIONS

A list of bound tariff rates negotiated under WTO by the member countries. It sets out the terms, conditions and qualifications under which goods may be imported. No additional duties or charges may be imposed at the border other than internal taxes also levied on similar domestic products, anti-dumping measures or countervailing duties or a fee-for-service charge.

TARIFF CUTS

Percentage reduction in tariffs. Different formulae propose different tariff cuts. For instance under a fixed percentage formula, the tariffs for all products are cut by a single rate, irrespective of the starting tariff is high or low. Under this formula all tariffs can be cut by 25% in equal steps over five years. On the other hand, the Swiss formula proposes steeper cuts for higher tariffs. This means that a tariff of, say, 150% will face a higher cut than a tariff of 80%.

TARIFF SCHEDULE

The document setting out the tariff rates a country applies to imports and, sometimes, to exports. See also "applied tariff rates", "bound tariff rates", "multi-column tariff", "schedule of concessions" and "single column tariff".

TARIFF CLASSIFICATIONS

National tariffs are organised in the form of tables that consist of "tariff classification numbers" assigned to goods, and a corresponding tariff rate. The way in which an item is classified for tariff purposes will have an important and palpable effect on the duties charged. When classifications are applied in an arbitrary fashion, they can, in effect, nullify rate reductions. The GATT contains no rules regarding tariff classifications. In the past, countries had their own individual systems. However, as trade expanded, countries began to recognise the need for more uniform classifications, which resulted in the drafting, in 1988, of the Harmonised Commodity Description and Coding System, or the HS system. Today, most countries use a harmonised system of six-digit tariff numbers.

TARIFF VALUATION

When countries assign arbitrary values for tariff purposes, they render tariff rates meaningless. GATT Article VII and the Agreement on Implementation of Article VII (Custom Valuation Agreement) define international rules for valuation.

TARIFF WALL

A term used for an tariff that is sufficiently high that it makes importing difficult or even prevents it.

TARIFF WAR

When one nation increases tariffs on goods imported from or exported to another country and that country then retaliates by also raising tariffs.

TARIFF WEDGE

Under conditions of tariff escalation, a tariff wedge is the difference between the tariff of the more processed product and the tariff on the less processed products that are transformed into the more processed product.

TARIFFICATION

on version of NTBs (Non-Tariff Barriers) to tariffs at the level of their tariff equivalent. In the Uruguay Round, agricultural NTBs were tarrified and bound, to replace unwieldy NTBs with tariffs that could then become the subject of negotiation.

NAMA negotiation under Doha development round and Tariff

One of the main agenda of the Doha Round of trade negotiations is liberalisation of trade in industrial products or, in the terminology of the WTO - Non-Agricultural Market Access (NAMA). With Doha round being agreed upon as a development round, NAMA is important for the developing countries as it is likely to receive greater market access to the markets of developed countries. The framework adopted for modalities for negotiations for NAMA, as in Annex B of the so-called July framework, stipulates reduction of industrial tariffs in both developed and developing countries according to an agreed formula. Several proposals including linear and non-linear formulas were discussed for adoption. Almost all the formulae so far proposed would entail deep cuts in bound and/or applied industrial tariffs of countries. Various countries put forth different formula for tariff reduction in the process of negotiation. Some of the formulas stipulated for the purpose are given below.

The framework adopted for modalities for negotiations for NAMA, as contained in Annex B of the so-called July framework (WTO 2004b), stipulates reduction of industrial tariffs in both developed and developing countries according to an agreed formula.

SWISS FORMULA

A formula for tariff cuts was proposed by Switzerland during the Tokyo Round. It was intended to reduce higher tariffs by a greater proportion than lower tariffs. The formula is:

$$t_1 = \frac{c * t_o}{c + t_o}$$

t_o = initial rate, t_1 = final rate

c = coefficient that determines the level of ambition.

The Swiss formula when applied is able to change the relative market access conditions of the countries, unlike the linear formula, where relative positions remain unchanged. It is commonly used for the elimination of tariff peaks. The above non-linear Swiss formula harmonised the tariffs by cutting higher tariffs by a higher percentage, where the level of ambition is determined by a co-efficient c. The level of ambition in the Swiss approach stipulates the level of tariff cut envisaged and also higher is the co-efficient, the lower is the tariff cut and vis-a-versa, and provides for reduction of high tariffs, tariff peaks and tariff escalation. The coefficient C is a cap i.e. no new tariff will be higher than maximum tariff which is equal to the co-efficient. The formula is applicable on applied tariff lines only with a mark up of prices over applied rates for the developing countries.

ABI FORMULA

A formula proposed in the context of the current Doha Development Agenda multilateral trade negotiations was proposed by Argentina, Brazil and India. The formula is a harmonising non-linear formula, similar to the Swiss simple formula, in that it reduces higher tariffs by more than it reduces lower tariffs. In this sense it is able to address issues such as tariff peaks, high tariffs and tariff escalation. However the ABI formula has a key difference to the Swiss simple formula: it contains another coefficient, which can affect the extent of the tariff reduction. In general, the higher this coefficient, the less the tariff cut. One proposal is that the coefficient be based on a country's average level of bound tariffs. In this aspect it enables countries to be treated differently: countries with a high average bound tariff are able to cut their tariffs by less than countries with a low average bound tariff, other things being equal.

EC TARIFF REDUCTION APPROACH

Modified Swiss formula proposed at NAMA negotiations, in March 2005, by the European Commission (EC). The EC formula is T1 = (X*T0)/(T0+X) where T1 is the final tariff, X is the given coefficient and T0 is the initial tariff. The EC approach implies flexibility: while there would be an overall tariff reduction, each country would be free to determine the level of tariffs on individual products, subject to the overall reduction.

BLENDED FORMULA

Tariff reduction formula proposed by the EC and the US. It encompasses, on a self-declaratory basis, a proportion of tariff lines subject to the Uruguay Round tariff reduction formula; a proportion of tariff lines subject to the Swiss formula, and a proportion of tariff lines to be made duty-free. This formula is not supported by developing countries like India and other members of the G20. By this formula, tariff reductions are much higher for developing countries.

GIRARD FORMULA

Tariff reduction formula that takes into account the interests of developing countries by incorporating each country's average tariff. The equation for the formula is T1 = B*T2*T0/B*T2+T0, where T1 is the final bound rate, T2 is the average of the base rates, T0 is the base rate and B is the coefficient. The higher the value of B, the less the rate of tariff reduction. For example, in the case of India, the bound tariff rate for fish and fish products is 100.7%. If the tariff reduction for this category takes place with a lower value of B, say 0.5, then the tariff rate after reduction will be 14.6%. If the value of B is changed to 1, the tariff rate after reduction would be 25.5%.

LINEAR TARIFF CUT FORMULA

Reducing tariffs by an equal percentage across the entire class of products. Linear tariff cuts can be contrasted with tariff harmonisation, which brings different countries' measures in line with each other by requiring relatively large cuts in higher tariffs and smaller cuts in lower tariffs. Developing countries argue that their reduction commitments must be based on a linear formula, as tariff protection is their only means of safeguarding their developmental needs and protecting themselves against international price shocks.

The linear tariff cut formula isT1 = T0-(C*T0), where T1 = final rate, T0 = initial rate and C = reduction coefficient.

Linear tariff cuts can be contrasted with tariff harmonisation, which brings different countries' measures in line with each other by requiring relatively large cuts in higher tariffs and smaller cuts in lower tariffs.

MODIFIED SWISS FORMULA

A modifications in the Swiss formula, as proposed by the Cairns Group of agriculture commodity exporting countries. The reduction coefficient proposed for developed countries under this formula is 25 (that is, C = 25). For developing countries the formula proposes that tariffs between 0% and 50% should be reduced by using the Swiss formula with a coefficient of 50. For tariffs between 50% and 250%, it proposes a linear cut of 50%, and for tariffs above 250% it proposes an across-the-board reduction to a maximum of 125%.

NORWAY TARIFF REDUCTION APPROACH

This is a non-linear tariff cutting formula, proposed by Norway with two coefficients that include a simple and transparent system of credits. The formula is T1 = (A*T0)/A+C), where T1 is the new bound tariff after the formula cut, T0 is the old bound tariff, A is the coefficient indicating the level of ambition. 'A' will have different values for developed and developing countries. 'C' is the credit that the country gets for binding 100% tariff lines and participating in the sectoral approach to tariff

PAKISTAN TARIFF REDUCTION PROPOSAL

Simple Swiss formula for tariff reduction proposed by Pakistan, with two coefficients. Based on existing bound average tariff rates, the coefficient for developed countries would be six and that for developing countries 30. This would have the effect of harmonising tariffs in both bands while retaining the difference in average tariff levels between the groups. According to Pakistan, its proposal would reduce developing countries' average bound rates of 35% and applied rates of 25% to around 15%, while developed countries' average bound and applied rates would be cut roughly by 4%.

SECTORAL APPROACH

Tariff reduction approach, also called the sector-by-sector approach, whereby tariff rates on all products of export interest to developing countries and LDCs are eliminated and bound. The sectoral approach essentially means cutting or eliminating tariffs on certain sectors independent of the tariff cutting formula that is followed for other sectors. India has not made any submission on the issue of sectoral liberalisation. India 's argument is that the sectoral approach should be voluntary in nature and should be taken up only after the issue of a tariff reduction formula is settled.

TIERED FORMULA (BANDED FORMULA)

Tariff reduction formula that classifies tariffs into various bands for subsequent reduction from bound rates, the higher tariffs being cut more than the lower ones. The actual modalities -- number of bands, threshold for defining bands, and type of tariff reductions within each band -- remain subject to negotiation. The role of a tariff cap with distinct treatment for sensitive products also remains subject to negotiation.

TRUNCATED SWISS FORMULA

This formula combines the Linear Formula and the Simple Swiss Formula. It consists of applying the linear formula up to a certain rate (chosen by the user), and the latter beyond this rate.

US TARIFF REDUCTION APPROACH

Modified Swiss formula proposed by the US with dual coefficients: one coefficient for developed countries and another for developing countries. The US proposal also states that the two coefficients must be "within sight of each other," which means that the coefficient for developed countries should not be significantly greater than the coefficient for developing countries.

URUGUAY ROUND FORMULA

Tariff reduction formula designed to allow varied levels of tariff protection across products but nonetheless subjecting all tariff lines to a minimum degree of cuts in a linear fashion. Developed countries had to impose an average cut of 36%, with a minimum 15% cut. The corresponding figures for developing countries were 24% and 10% respectively. Developing countries contended that the Uruguay Round approach allowed developed countries to focus the largest reductions on the lowest tariffs, while allowing them to maintain high tariffs on lines that were of interest to developing country exports.

ADMINISTRATIVE PRICE FIXING

By administrative price fixing, the authorities of the importing country take into account the domestic prices of the producer or consumer; establish floor and ceiling price limits; or revert to determined international market values. Various terms are used, depending on the country or sector, to denominate the different administrative price fixing methods, such as official prices, minimum import prices or basic import prices.

VARIABLE CHARGES

Variable charges bring the market prices of imported agricultural and food products close to those of corresponding domestic products, in advance, for a given period of time, and for a pre-established price. These prices are known as reference prices, threshold prices or trigger prices. Primary commodities may be charged per total weight, while charges on processed foodstuffs can be levied in proportion to the primary product contents in the final product.

VOLUNTARY EXPORT PRICE RESTRAINT

A restraint arrangement in which the exporter undertakes, accepted by the authorities in the importing country, to keep the price of his goods above a certain level, for a certain period of time. They are usually organised on an industry-to-industry basis.

ZERO-FOR-ZERO APPROACH

Tariff reduction approach, which implies that in identified sectors all

countries should bring down their tariff rates to zero. This implies losing policy flexibility. For instance, in the fish and fish products category, India and Pakistan have 87% and 90% of tariff lines unbound. When such a high proportion of tariff lines is unbound in a sensitive sector, it would not be prudent for these countries to support the zero-for-zero approach.

FLEXIBILITY

Another area of controversy is with respect to the paragraph 8 and of the framework agreement, which allows developing countries two options as Flexibilities (i) Applying less than formula cuts upto 10 percent of the tariff lines and (ii) Keeping as unbound or not applying formula cuts upto 5 percent of tariff lines.

In this context a link between flexibilities and coefficients can adversely affect the developing countries. Hence India should negotiate to mark flexibility a stand alone for the overall benefit of the economy.

As expected the Hong Kong text has not clarified the aspects of flexibilities for developing members subject to formulas. A view was expressed that the flexibilities currently provided for are equivalent to 4 – 5 additional points to the coefficient in formula and there was a need to take this aspect into account in the developing countries coefficients. In response, argument has been made by many developing countries that the flexibilities should not be linked to the co efficient. In this context a link between flexibilities and coefficients can adversely affect the developing countries. Hence India should negotiate to mark flexibility a stand alone for the overall benefit of the economy.

SPECIAL & DIFFERENTIAL TREATMENT

Special and differential (S&D) treatment is considered the backbone of the DDA with the members committing to make it precise, effective and operational. However, even after six years, no significant progress has been made on majority of these issues. As per the HK Ministerial Declaration, ministers agreed to expeditiously complete the review of all the outstanding Agreement specific proposals and report to the General Council, with clear recommendations for a decision, by December 2006. The only five S & D proposals that have been agreed by the Ministerial related to those proposed by LDCs, the most important of which is the provision for duty free quota free market access. Even on this issue, developed countries tried to create a division among the developing countries and LDCs on the one hand and within the LDCs on the other. In the end, the developed countries agreed to provide such facilities to LDCs only on 97 percent of their tariff lines. Remaining 3 percent of tariff lines leave enough room for the developed countries to protect their sensitive products such as textiles & clothing, rice, banana and sugar. Other issues such as investment measures, coherence, and waivers, which too have been agreed at HK, would probably help LDCs to some extent.

Non-Tariff Barriers (NTBs)

While market access would improve by reduced import duties, it may be thwarted due to the application of Non-Tariff Measures. Any restriction imposed on the free flow of trade is a trade barrier. Trade barriers can either be tariff barriers, that is levy of ordinary customs duties within the binding commitments undertaken by the concerned country in accordance with Article II of GATT on non tariff barriers that is any trade barriers other than the tariff barriers. Non-tariff barriers can take various forms. Some of these measures include import quotas, licensing, exchange and other financial controls, prohibitions, discriminatory bilateral agreements, variable levies, advance deposit requirements, antidumping duties, subsidies and other aids, government procurement policies, government industrial policy and regional development measures, competition policies, immigration policies, customs procedures and administrative practices, technical barriers to trade, and sanitary and phytosanitary measures.

Even if many organsiations in the world have tried to classify the NTBs, the first comprehensive classification was made by UNCTAD and ITC in 2008. The classification was further revised by UNCTAD in 2009. The classification consists of chapters from A to P and eace chapter has four levels of disaggregation. The classifications are

Chapter	Description
A	Sanitary And Phytosanitary Measures
B	Technical Barriers To Trade
C	Pre-Shipment Inspection And Other Formalities
D	Price Control Measures
E	Quantity Control Measures such as Licences, Quotas, Prohibitions
F	Charges, Taxes And Other Para-Tariff Measures
G	Finance Measures
H	Anti-Competitive Measures
I	Trade-Related Investment Measures
J	Distribution Restrictions
K	Restriction on post-sales services
L	Subsidies
M	Government Procurement Restrictions
N	Intellectual Property
O	Rules Of Origin
P	Export Related Measures

Among the above classifications, the barriers relating to Sanitary & Phytosanitary (SPS) is mostly not related to the textiles & clothing sector.

SANITARY AND PHYTOSANITARY MEASURES

Standards countries have in place to ensure food safety and animal and plant health. Governments may require that imports also conform to these standards. The World Trade Organization states that in addition to Article 20 of the GATT, “there two specific WTO agreements dealing with food safety and animal and plant health and safety, and with product standards. These are: The Sanitary and Phytosanitary Measures Agreement or SPS and The Technical Barriers to Trade Agreement or TBT. The SPS allows countries to set their own standards. But it also says regulations must be based on science. Member countries are encouraged to use international standards, guidelines and recommendations where they exist. The agreement still allows countries to use different standards and different methods of inspecting products. If an exporting country can demonstrate that the measures it applies to its exports achieve the same level of health protection as in the importing country, then the importing country is expected to accept the exporting country’s standards and methods. The TBT tries to ensure that regulations, standards, testing and certification procedures do not create unnecessary obstacles to trade. Manufacturers and exporters need to know what the latest standards are in their prospective markets. To help ensure that this information is made available conveniently, all WTO member governments are required to establish national enquiry points.”

For more information on the SPS or TBT see the World Trade Organization at www.wto.org

If an exporting country can demonstrate that the measures it applies to its exports achieve the same level of health protection as in the importing country, then the importing country is expected to accept the exporting country’s standards and methods

TECHNICAL BARRIERS TO TRADE

The World Trade Organization states “The Technical Barriers to Trade Agreement (TBT) is an agreement amongst WTO members that tries to ensure that regulations, standards, testing and certification procedures do not create unnecessary obstacles. The agreement recognizes countries’ rights to adopt the standards they consider appropriate — for example, for human, animal or plant life or health, for the protection of the environment or to meet other consumer interests. Moreover, members are not prevented from taking measures necessary to ensure their standards are met. In order to prevent too much diversity, the agreement encourages countries to use international standards where these

are appropriate, but it does not require them to change their levels of protection as a result. Manufacturers and exporters need to know what the latest standards are in their prospective markets. To help ensure that this information is made available conveniently, all WTO member governments are required to establish national enquiry points. See also "sanitary and phytosanitary measures".

PRE-SHIPMENT INSPECTION & OTHER FORMALITIES:

Compulsory quality, quantity and price control of goods prior to shipment from the exporting country, effected by an inspecting agency mandated by the authorities of the importing country. Price control is intended to avoid under-invoicing and over-invoicing, so that customs duties are not evaded or foreign exchange is not being drained.

PRICE CONTROL MEASURES

Measures intended to control the prices of i mported articles for the following reasons: to sustain domestic prices when the import price is lower; to establish the domestic price because of price fluctuation in the domestic or foreign market; and to counteract the damage caused by unfair practices of foreign trade. Most of these measures affect the cost of imports in a variable amount calculated on the basis of the existing difference between two prices of the same product. The measures initially adopted can be administrative fixing of prices and voluntary restriction of the minimum price level of exports or investigation of prices, to subsequently arrive at one of the following adjustment mechanisms: suspension of import licenses; application of variable charges, antidumping measures or countervailing duties.

QUANTITY CONTROL MEASURES SUCH AS LICENSES, QUOTAS & PROHIBITIONS

Measures intended to restrain the quantity of imports of any particular good, from all sources or from specified sources of supply, either through restrictive licensing, fixing of a predetermined quota or through prohibitions.

ANTI-DUMPING & COUNTERVAILING MEASURES

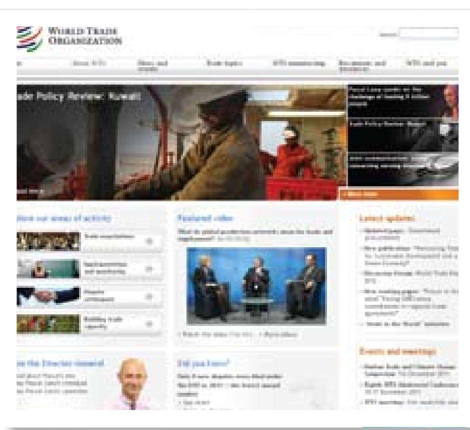
Anti-dumping and countervailing measures are permitted to be taken under the WTO Agreements in specified situations to protect the domestic industry from serious injury arising from dumped or subsidised imports. Article VI of the GATT 1994 permits the imposition of anti-dumping duties against dumped goods; equal to the difference between their export price and their value (considered as normal); if dumping is proved to cause injury to producers of competing products in the importing country. The way these measures are used may, however, have a great impact on the exports from the targeted countries. If used as protectionist measures, they may act as some of the most effective non-tariff barriers. The number of anti-dumping investigations in the recent past has increased manifolds. Not every investigation results in the finding of dumping and/or injury to the domestic industry. But the period for which the investigations are on, and this period may be upto 18 months; the exports from the country investigated suffer severely. Anti dumping and countervailing duties being product specific and source specific, the importers will prefer switching over to other sources of supply. In some cases the authorities apply innovative methods to prolong the investigation. A recent practice adopted by the European Commission is a case in example. The European Commission has terminated anti-dumping investigation following withdrawal of the complaint in two cases namely unbleached cotton fabrics from India and others (20th February 1996) and bed-linen from India and others (9th July, 1996), after nearly two years without concluding the investigation, and started fresh investigations immediately after the termination of the two investigations on 21st February, 1996 and 16th September 1996 respectively. It may be a matter of debate whether the European Commission was within their rights to do so but the impact of these decisions is grave on exports of these items from the concerned countries. Another aspect concerns the quantum of duty levied. The WTO Agreements on Anti-dumping and countervailing duties permit the importing countries to impose full margin of dumping and subsidisation as anti-dumping duty or countervailing duties but recommends levy of lesser amount as duty if such lesser amount is adequate to remove

The way these measures are used may, however, have a great impact on the exports from the targeted countries. If used as protectionist measures, they may act as some of the most effective non-tariff barriers. The number of anti-dumping investigations in the recent past has increased manifolds.

the injury to the domestic industry. In other words, the Agreements recommend that the amount of duty imposed should be such it is adequate to remove the injury to the domestic industry as any amount in excess of that would only provide an undue protection to the domestic industry.

SUBSIDIES AND COUNTERVAILING MEASURES

The WTO Agreements allow importing countries to respond in certain circumstances to export or domestic subsidies used by other countries, through the use of countervailing duties. The WTO Agreement on Subsidies and Countervailing Measures provides definitions of subsidies (e.g. prohibited and actionable) and what action can be taken in response to them. A country can complain to the WTO that another country has a prohibited subsidy (e.g. an export subsidy or a subsidy that requires the use of domestic and not imported goods) and seek the elimination of the subsidy Alternatively a country can complain to the WTO that another country's subsidies are causing material injury to its domestic producers. If the case is proven, the complaining country may apply a countervailing duty to the imports from the offending country to offset the injury. Normally the countervailing duty is imposed for a period no longer than five years. Countervailing duties, like anti-dumping duties break with the GATT principles of tariff bindings and MFN, however both agreements require that the importing country prove that the domestic industry is hurt before a duty may be imposed. The key lies in the fact that anti-investigations consider the activities of private companies whereas countervailing duty investigations examine the activities of the governments who provide the subsidies



RULES OF ORIGIN

"Rules of origin" are the criteria used to define where a product was made. They are an essential part of trade rules because a number of policies discriminate between exporting countries: quotas, preferential tariffs, anti-dumping actions, countervailing duty (charged to counter export subsidies), and more. Rules of origin are also used to compile trade statistics, and for "made in ..." labels that are attached to products. This is complicated by globalization and the way a product can be processed in several countries before it is ready for the market. The Rules of Origin

Agreement requires WTO members to ensure that their rules of origin are transparent; that they do not have restricting, distorting or disruptive effects on international trade; that they are administered in a consistent, uniform, impartial and reasonable manner; and that they are based on a positive standard (in other words, they should state what does confer origin rather than what does not). For the longer term, the agreement aims for common ("harmonized") rules of origin among all WTO members, except in some kinds of preferential trade — for example, countries setting up a free trade area are allowed to use different rules of origin for products traded under their free trade agreement. For more information on the Rules of Origin Agreement for WTO members see www.wto.org

But developed countries like the European Union, US and Japan have been heavily subsidising their agricultural sector through schemes like export refunds, production support system and other intervention measures.

EXPORT SUBSIDIES & DOMESTIC SUPPORT

Both export subsidies and domestic support have a great bearing on the trade of other countries. While export subsidies tend to displace exports from other countries into the third country markets, the domestic support acts as a direct barrier against access to the domestic market. Generally the developing countries hardly find resources to grant subsidies or domestic support. But developed countries like the European Union, US and Japan have been heavily subsidising their agricultural sector through schemes like export refunds, production support system and other intervention measures.

Under the Common Agricultural Policy, the EU subsidises European farmer's up to $4bn every year, which end up mostly into the pockets of rich landlords who really do not need it. In 1992, Ray MacSharry, EU's agriculture commissioner calculated that 80% of the subsidies went to the richest 20% of farmers. For example, Queen Elizabeth receives annually $352,000 for her Sandringham estate, and her daughter Anne receives $128,000 annually for her Gatcombe Park farm. Even Arab princes owning estates in UK are receiving these doles. Saudi Prince Khalid Abdullah al Saud claimed $192,000 for his country estate in Kent. (Asian Wall Street Journal, 11 December 1996). The US Government provides farm subsidies of over $20 bn. to its farmers. Some 23% of this subsidy is provided to cotton farmers. In other words, a subsidy of $4.6 bn. is provided on a production of 23.9 mn. bales which amounts to a subsidy of $192 on each bale of cotton produced.

Prima-facie Standards, Testing, Labeling and Certification requirements are insisted upon for ensuring quality of goods seeking an access to some of the markets, but many countries use them as protectionist measures. The impact of these requirements is felt more by the purpose and the way in which these are used to regulate trade.

PURCHASE OF LOCAL GOODS

An import license granted under the condition of the purchase of a share of locally produced goods which are similar to the imported goods.

STANDARDS, TESTING, LABELING & CERTIFICATION REQUIREMENTS

Prima-facie Standards, Testing, Labeling and Certification requirements are insisted upon for ensuring quality of goods seeking an access to some of the markets, but many countries use them as protectionist measures. The impact of these requirements is felt more by the purpose and the way in which these are used to regulate trade. Two of the covered agreements under the WTO namely the Agreement on the application of Sanitary & Phytosanitary Measures (SPM) and the agreement on Technical Barriers to Trade (TBT), specifically deal with the trade related measures necessary to protect human, animal or plant life or health, to protect environment and to ensure quality of goods. The SPM Agreement gives a right to take sanitary and phytosanitary measures necessary for the protection of human, animal or plant life or health, provided (i) such measures are not inconsistent with the provisions of the Agreement, (ii) They are applied only to the extent necessary, (iii) They are based on scientific principles and are not maintained without sufficient scientific evidence, (iv) They do not arbitrarily or unjustifiably discriminate between Members where identical or similar conditions prevail including between their own territory and that of other Members, and (5) they are not applied in a manner which would constitute a restriction on international trade.

In regard to the determination of appropriate level of sanitary or phytosanitary protection, the agreement requires the objective of minimising negative trade effects to be taken into account. Further, it permits introduction or maintenance of sanitary and phytosanitary measures resulting in higher level of sanitary and phytosanitary protection that would be achieved by measures based on the relevant international standards, guidelines or recommendations only if there is a scientific justification. However, where no such international standards, guidelines or recommendations exist or the content of a proposed sanitary or phytosanitary regulation is not substantially the same as the content of an international standard, guideline or recommendation and if the regulation is likely to have a significant effect on trade of other Members a notice needs to be published at an early stage and a notification is required to be made of the products to be covered with an indication of the objective and rationale of the proposed regulation.

The TBT Agreement also contains similar provisions with regard to preparation, adoption and application of technical regulations for human, animal or plant safety, protection of environment and to ensure quality of goods. Both these agreements also envisage special and differential treatment to the developing country members taking into account their special needs. However, the trade of developing country Members has often faced more restrictive treatment in the developed countries that have often raised barriers against developing countries on one pretext or the other. Some of the non-tariff barriers falling in this category are ban on import of goods (textiles and leather) treated with azo-dyes and pentachlorophenol, ban on use of all hormones, natural and synthetic in livestock production for export of meat and meat products, stipulation regarding pesticides and chemicals residues in tea, rice and wheat etc., and requirement of on-board cold treatment for fruits and vegetables exports.

GENERALIZED SYSTEM OF PREFERENCES (GSP)

First proposed at UNCTAD 11 in 1968 and in force since 1971, the GSP gives developing countries a margin of preference in the tariff rates their goods face in the markets of developed countries and in this way increases their competitiveness. To meet its GSP commitment, each developed country determined its own system of preferences, specifying the goods, the margins of preference, and in some cases, the value or volume of goods that would benefit from preferential treatment. Twenty-seven developed countries have GSP programs. The tariff reductions since 1971 as a result of multilateral trade negotiations and unilateral actions, as well as changes in productivity, have reduced the importance of the GSP to many developing country exporters, but it remains important in the trade policies of many developing countries.

PROTECTION

The extent to which domestic producers and their products are shielded from the competition of the international market. Their incidence or cost of protection can be measured or estimated with a high degree of accuracy. Tariffs are the starting point in the case of goods, but the matter becomes more complicated where tariffs are accompanied by non-tariff measures, or if protection consists entirely of non-tariff measures, or government regulation in the case of services.

The TBT Agreement also contains similar provisions with regard to preparation, adoption and application of technical regulations for human, animal or plant safety, protection of environment and to ensure quality of goods. Both these agreements also envisage special and differential treatment to the developing country members taking into account their special needs.

TESTING, INSPECTION AND QUARANTINE REQUIREMENTS

Compulsory testing of product samples by a designated laboratory in the importing country, inspection of goods by health authorities prior to release from customs or a quarantine requirement in respect of live animals and plants.

PREFERENTIAL TRADE & FREE TRADE AGREEMENT AND NAMA

During 90s, free trade agreements and autonomous preferential arrangements have increasingly come into force in the international trade. Under these agreements the member countries provide special tariff reductions or duty-free treatments to imported products agreed upon. These special treatments provide T&C exporter countries with a significant competitive advantage. The empirical evidence of textile & clothing imports from countries benefiting from the USA's free trade agreements and preferential access shows that the schemes accounted for 30 percent of all imports in 2004; compared with only 14 percent in 1990. The countries like Mexico and some African countries have increased their export of T&C following the signing of NAFTA and AGOA by many times taking the advantage of preferential agreements. Mexico's share of US textile & clothing imports soared almost six fold between 1990 & 2000 from 2.4 percent to 13.5 percent before declining to 9.4 percent in 2004. Similarly, the share of countries benefiting from the African Growth and Opportunity Act (AGOA) rose more than threefold from 0.7 percent in 1990 to 2.27 percent in 2004.

Mexico's share of US textile & clothing imports soared almost six fold between 1990 & 2000 from 2.4 percent to 13.5 percent before declining to 9.4 percent in 2004.

By contract, the country that does not enjoy preferential trade arrangement with US has suffered during the period. Indonesia's share has increased only 0.7 percentage points, from 2.5% to 3.2% between 1990 and 2004 and India's share increased from 2.8% to 4% only during that period due to lack of preferential trade agreement. Even the share of imports under preferential deals in international trade on 2004 ranged from 96 percent from Mexico to 37 percent for Nicaragua.

DUMPING

Dumping occurs when goods are exported at a price less than their normal value or production cost.

PROHIBITIONS

A non-tariff measure used to control imports. Prohibitions typically apply to products such as: arms, ammunitions and military equipment (unless imported by the armed forces); drugs (except where imported by health authorities or for scientific purposes); pornographic materials; and certain plants or animals (including endangered species, under international conventions).

MARKING REQUIREMENTS

Measures defining the information for transport and customs that the packaging of goods should carry e.g. country of origin, weight, special symbols for dangerous substances, etc.

SAFEGUARD MEASURES

A WTO member may take a "safeguard" action (i.e., restrict imports of a product temporarily) to protect a specific domestic industry from an increase in imports of any product which is causing, or which is threatening to cause, serious injury to the industry. Safeguard measures were always available under the GATT (Article XIX). However, they were infrequently used, and some governments preferred to protect their industries through "grey area" measures ("voluntary" export restraint arrangements on products such as cars, steel and semiconductors). The WTO Safeguards Agreement prohibited "grey area" measures and set time limits ("sunset clause") on all safeguard actions. When imposed, a safeguard measure should be applied only to the extent necessary to prevent or remedy serious injury and to help the industry concerned to adjust. Where quantitative restrictions (quotas) are imposed, they normally should not reduce the quantities of imports below the annual average for the last three representative years for which statistics are available, unless clear justification is given that a different level is necessary to prevent or remedy serious injury. In principle, safeguard measures cannot be targeted at imports from a particular country. However, the agreement does describe how quotas can be allocated among supplying countries, including in the exceptional circumstance where imports from certain countries have increased disproportionately quickly. A safeguard measure should not last more than four years, although this can be extended up to eight years. Measures imposed for more than a year must be progressively liberalized. When a country restricts imports in order to safeguard its domestic producers, the exporting country (or exporting countries) can seek compensation through consultations. If no agreement is reached the exporting country can retaliate by taking equivalent action — for instance, it can raise tariffs on exports from the country that is enforcing the safeguard measure. For more information see "safeguards" in the WTO web site www.wto.org

PRIOR AUTHORIZATION FOR SENSITIVE PRODUCT CATEGORIES:

See also “quantity control measures”. Prior authorization subject to registered inscription, provision of information or other admission procedures required as a condition for undertaking imports of goods subject to health and safety regulations, provisions of international treaties on environmental and wildlife protection, etc.

IMPORT POLICY BARRIERS

One of the most commonly known non-tariff barriers is the prohibition or restrictions on imports maintained through the import licensing requirements. Article XI of the GATT Agreement requires members not to impose any prohibitions or restrictions other than duties, taxes or other charges, whether made effective through quotas, import or export licenses or other measures. Any form of import licensing (other than an automatic license) is, therefore, to be considered as an import restriction. Certain restrictions on imports, however, can be imposed in accordance with various provisions of the GATT. Article XX of the GATT Agreement provides for certain general exceptions on grounds of protection of (i) Public morals, (ii) Human, animal or plant life or health, and (iii) National treasures of artistic, historic or archaeological value etc.

These are however subject to the requirement that such measures are not applied in a manner which would constitute a means of arbitrary or unjustifiable discrimination between countries where the same conditions prevail, or a disguised restriction on international trade. Similarly Article XXI of the GATT Agreement provides for certain security exceptions. All the countries are maintaining import restrictions on some items on grounds of safety and security, and perhaps these cannot be considered as non-tariff barriers looking to the purpose for which the restrictions are imposed. Article XVIII (B) of the GATT allows import restrictions to be maintained on grounds of ‘Balance of Payment’ (BOP) problems. Besides import licensing, import charges other than the customs tariffs and quantitative restrictions are the other forms in which import restrictions can be imposed through import policy. MFA quotas are one such example. Some of the textiles and clothing products are also facing these barriers.

Classification of Non-Tariff Measures (NTMs)

Code	Title	Description	Examples
B000 Technical Barriers to Trade: Measures referring to technical specification of products or production processes and conformity assessment systems thereof: they exclude SPS measures, but a TBT measure may be applied on food products, if the measure is not for food safety			
B100	Prohibitions or restrictions of products or substances because of TBT reasons (e.g. environment, security)		
B110	Prohibition for TBT reasons	Import prohibition for non-economic, non-SPS reasons such as national security reasons, environment protection etc:	Import prohibitions of hazardous substances including explosives, certain toxic substances covered by the Basel Convention such as aerosol sprays containing CFCs, a range of HCFCs and BFCs, halons, methyl chloroform and carbon tetrachloride
B140	Authorization requirement for TBT reasons	Requirement that importer should receive authorization, permit or approval from a relevant government agency of the destination country, for noneconomic, non-SPS reasons:	Import authorization for drugs, waste and scrap, fire arms, etc.
B150	Registration requirement for importers for TBT reasons	Requirement that importers should be registered in order to import certain products: To register, importers need to comply with certain requirements, documentation and registration fees. It also includes the registration of establishments producing certain products	Importers of “sensitive product” such as medicines, drugs, explosives, firearms, alcohol, cigarettes, game machines, etc. may be required to be registered in the importing country

B190	Prohibitions or restrictions of products or substances because of TBT reasons, n.e.s		
B200	Tolerance limits for residues and restricted use of substances		
B210	Tolerance limits for residues of or contamination by certain substances	A measure that establishes a maximum level or "tolerance limit" of substances, which are used during their production process but are not their intended ingredients:	salt level in cement
B220	Restricted use of certain substances	Restriction on the use of certain substances as components or material to prevent the risks arising from their use:	For food containers made of polyvinyl chloride plastic, vinyl chloride monomer must not exceed 1 mg per kg; restricted use of solvents in paints; the maximum level of lead allowed in consumer paints
B300	Labelling, Marking and Packaging requirements		
B310	Labelling requirements	Measures regulating the kind, colour and size of printing on packages and labels and defining the information that should be provided to the consumer: Labelling is any written, electronic, or graphic communication on the packaging or on a separate but associated label, or on the product itself. It may include requirements on the official language to be used as well as technical information on the product, such as voltage, components, instruction on use, safety and security advises, etc.	Refrigerators need to carry a label indicating its size, weight as well as electricity consumption level

B320	Marking requirements	Measures defining the information for transport and customs that the transport/ distribution packaging of goods should carry:	Handling or storage conditions according to type of product, typically sings as "FRAGILE" or "THIS SIDE UP" etc.
B330	Packaging requirements	Measures regulating the mode in which goods must be or cannot be packed, and defining the packaging materials to be used:	Requirement to use palletized containers or special packages for the protection of sensitive or fragile products
B400	Production or Post-Production requirements		
B410	TBT regulations on production processes	Requirement on production processes not classified under SPS above: It also excludes those specific measures under B200: Tolerance limits for residues and restricted use of substances (or its sub-categories):	establishment of a minimum labour standard in producing certain products; use of environmentally-friendly equipment
B420	TBT regulations on transport and storage	Requirements on certain conditions under which products should be stored and/or transported:	Requirement that medicines should be stored below a certain Temperature
B490	Production or Post-Production requirements n.e.s.		
B500	Regulation on genetically modified organisms-GMO (for reasons other than food safety) and other foreign species	Restriction on imports of products produced using genetically modified organisms: These regulations may include labelling requirement, authorization or outright prohibition.	Restriction on GMO products to protect bio-diversity; Requirement that GMO products need to be labelled for concerns that they may be less nutritious
B600	Product identity requirement	Conditions to be satisfied in order to identify a product with a certain denomination (including biological or organic labels):	Minimum percentage of cocoa content in "chocolate"
B700	Product quality or performance requirement	Conditions to be satisfied in terms of performance (e.g. durability, hardness) or quality (e.g. content of defined ingredients)	Door must resist certain minimum high temperature

B800	Conformity assessment related to TBT	Requirement for verification that a given TBT requirement has been met: it could be achieved by one or combined forms of inspection and approval procedure, including procedures for sampling, testing and inspection, evaluation, verification and assurance of conformity, accreditation and approval etc.:	
B810	Product registration requirement	Product registration requirement in the importing country	Only the registered batteries & accumulators may be imported
B820	Testing requirement	A requirement for products to be tested against a given regulation, such as performance level: It includes sampling requirement.	A testing on a sample of motor vehicle imports is required against the required safety compliance and its equipment, etc.
B830	Certification requirement	Certification of conformity with a given regulation required by importing country but may be issued in exporting/importing country	Certificate of conformity for electric products
B840	Inspection requirement	Requirement for product inspection in the importing country: may be performed by public or private entities. It is similar to testing, but it does not include a laboratory testing.	Requirement to inspect textile and clothing imports for size and materials used before entry is allowed.
B850	Traceability information requirements	Disclosure requirement of information that allows following a product through the stages of production, processing and distribution:	
B851	Origin of materials and parts	Disclosure of information on the origin of materials and parts used in the final product:	Manufactures of automobiles must keep the record of the origin of the original set of tiers for each individual vehicle.

B852	Processing history	Disclosure of information on all stages of production: may include their locations, processing methods and/ or equipment and materials used	For wool apparel product, disclosure of information on the origin of the sheep, location of the textile factory as well as the identity of the final apparel producer may be required
B853	Distribution and location of products after delivery	Disclosure of information on when and how the goods have been distributed from the time of their delivery to distributors until they reach the final consumer	For some precision products such as personal computers, a complete record of distribution and location of the product after delivery may be required in order to trace the cause of default products
B859	Traceability requirements, n.e.s.		
B890	Conformity assessment related to TBT n.e.s.		
B900	TBT Measures n.e.s.		
C000	**PRE-SHIPMENT INSPECTION AND OTHER FORMALITIES**		
C100	Pre-shipment inspection (applied by the importing country)	A physical inspection of goods before they are shipped in the country of export, 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	A pre-shipment inspection of textile imports by a third party for verification of colours and types of materials
C200	Direct consignment requirement	Requirement that goods must be shipped directly from the country of origin, without stopping at a third country	Goods imported under a preferential scheme such as GSP must be shipped directly from the country of origin in order to satisfy the scheme's rules of origin condition. (i.e. to guarantee that the products have not been manipulated, substituted or further processed in any third country of transit)

C300	Requirement to pass through specified port of customs	Obligation for imports to pass through a designated entry point and/or customs office for inspection, testing, quarantine, etc:	DVD players need to be cleared at a designated customs office for inspection.
C400	Import monitoring and surveillance requirements and other automatic licensing Measures	Monitoring of import value and volume of specified products: it may be applied with the purpose of signalling concern over import surges	automatic import licence on textile and apparel imports
C900	Other formalities, n.e.s.		
D000 PRICE CONTROL MEASURES: 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 are 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.			
D100	Administrative pricing	Fixing of import prices by the authorities of the importing country by taking into account the domestic prices of the producer or consumer: it could take the form of establishing floor and ceiling price limits; or reverting to determined international market values. There may be different price fixing methods, such as minimum import prices or prices set according to a reference.	
D110	Minimum import prices	Pre-established import price below which imports cannot take place	Minimum import price of rice
D120	Reference prices and other price controls	Pre-established import price which authorities of the importing country use as reference to verify the price of imports	Reference prices for agricultural products based on "farm-gate price", which is the net value of the product when it leaves the farm, after marketing costs have been subtracted.
D190	Administrative pricing n.e.s.		

D200	Voluntary export price restraints (VEPRs)	An arrangement in which the exporter agrees to keep the price of his goods above a certain level: A VEPR process is initiated by the importing country and is thus considered as an import measure.	Export price of video cassette tape is set at higher in order to avoid antidumping action by major importing countries.
D300	Variable charges	Taxes or levies aimed at bringing the market prices of imported agricultural and food products in line with the prices of corresponding domestic products: Primary commodities may be charged per total weight, while charges on processed foodstuffs can be levied in proportion to the primary product contents in the final product. These charges include:	
D310	Variable levies	A tax or levy whose rate varies inversely with the price of imports: It is applied mainly to primary products. It may be called flexible import fee.	a tariff rate on beef such as "$100 per kg – price per kg of beef on the invoice"
D320	Variable components	A tax or levy whose rate includes a fixed component and a variable component: The charges are applied to processed products where the variable part is applied on the primary products or ingredients included the final product. It is called compensatory element.	a tariff rate on sugar confectionary such as "25% plus 25$ per kg of contained sugar – price per kg of sugar"
D390	Variable charges n.e.s		

D400	Antidumping measures	A counter measure taken against a dumping action of an exporter: It is considered that dumping takes place when a product is introduced into the commerce of an importing country at less than its normal value, i.e. if the export price of the product exported is less than the comparable price, in the ordinary course of trade, for the like product when destined for consumption in the exporting country.	
D410	Antidumping investigations	An investigation initiated either following a complaint by local producers of similar goods or self-initiated by importing country authorities when they have cause tobelieve that dumping may be materially injurious to national competing producers or third parties' exporters. Provisional duties may be applied during the investigation.	An antidumping investigation was initiated by the European Union against exports of "steel wire rod".
D420	Antidumping duties	Duties levied on certain goods originating from specific trading partner(s) to offset the dumping margin. Duty rates are generally enterprise-specific.	An antidumping duty of between 8.5 to 36.2% has been imposed on imports of "biodiesel products".
D430	Price undertakings	Undertakings to increase the export price offered by exporters to avoid the imposition of antidumping duties: Under WTO rules, prices can be negotiated for this purpose, but only after the dumping has been proved.	An antidumping case involving "Grain Oriented Flat-Rolled Products of Silicon-Electrical Steel" ended in the manufacture accepting to raise the price.

D500	Countervailing measures	Measures intended to offset any direct or indirect subsidy granted by authorities in the exporting country: These may take the form of countervailing duties or undertakings by the exporting firms or by authorities of the subsidizing country.	
D510	Countervailing investigations	An investigations initiated either following a complaint by local producers of similar goods or self-initiated by the importing country authority to determine whether the imported goods are subsidized and cause material injury.	A countervailing investigation was initiated by Canada against export of "oil country tubular goods".
D520	Countervailing duties	Duties levied on certain goods to offset the amount of subsidization granted by the exporter on the production or trade of these goods, when the subsidy is assumed to hurt domestic industry.	A countervailing duty of 44.71% has been imposed on imports of "dynamic random access memory (DRAM) semiconductors".
D530	Price undertakings	Undertakings to increase the export price offered by exporters to avoid the imposition of countervailing duties: Under WTO rules, prices can be negotiated for this purpose, but only after the injurious effect of the subsidy has been proved.	A countervailing case involving "Palm oil and margarine for puff pastry" ended in the undertaking to fully eliminate the subsidy.

D600	Safeguard duties	Emergency and/or temporary duties imposed as a safeguard action: A country may take a "safeguard" action (i.e., restrict imports of a product temporarily) to protect a specific domestic industry from an increase in imports of any product which is causing, or which is threatening to cause, serious injury to the domestic industry that produces like or directly competitive products.	A safeguard duty of between 15 and 23% has been imposed on imports of "Gamma Ferric Oxide".
D700	Seasonal duties	Duties applicable at certain times of the year, usually in connection with agricultural products:	Imports of "Fresh perry pears, in bulk" from 1 August to 31 December may enter free of duty, while in other months, positive duties (seasonal duty) are applied.
D900	Price control measures n.e.s.		
E000 LICENCES, QUOTAS, PROHIBITIONS AND OTHER QUANTITY CONTROL MEASURES: Quantity control measures are aimed at restraining the quantity of goods that can be imported, regardless of whether they come from different sources or one specific supplier. These measures can take the form of restrictive licensing, fixing of a predetermined quota, or through prohibitions.			
E100	Non-automatic licence	An import licence which is not granted automatically: the licence may either be issued on a discretionary basis or may require specific criteria to be met before it is granted.	
E110	Licence with no specific ex-ante criteria	Licence issued at the discretion of the issuing authority: it may also be referred to as a discretionary licence.	Imports of automobiles are subject to discretionary licence.

E120	Licence for specified use	Licence granted only for imports of products to be used for pre-specified purpose: normally granted for use in operations generating anticipated benefit in important domains of the economy.	Licence to import steel is granted only if it is used for the construction of a bridge.
E130	Licence linked with local production	Licence granted only for imports of products with linkage to local production:	Licence to import coal is granted only if it is used for the production of electricity.
E140	Licence combined with or replaced by special import authorization	A special import authorization required, in addition to or instead of, a licence issued by the main licensing body (usually the Ministry of Trade): this authorization or a requirement for an inscription in a register is required by a specialized authority which is coordinating the sector of the domestic economy related to the concerned products.	A special import authorization from the Ministry of Agriculture is required to import rice.
E150	Licence for non-economic reasons		
E151	Licence for religious, moral or cultural reasons	Control of imports by licence for religious, moral or cultural reasons:	Imports of alcoholic beverages are permitted only by hotels and restaurants.
E152	Licence for political reasons	Control of imports by licence for political reasons:	Imports of all products from a given country is subject to import license.
E159	Licence for non-economic reasons n.e.s.		
E190	Non-automatic licensing n.e.s.		
E200	Quotas	Restriction of importation of specified products through the setting of a maximum quantity or value authorized for import:	

E210	Global quotas	Quotas established on the basis of the total quantity or value of imports of specific products:	
E211	Unallocated quotas	Global quotas which can be filled on a first-come, first-served basis by different suppliers:	Imports of wheat is subject to a maximum limit of 10 million tons per year from any country.
E212	Quotas allocated to exporting countries	Global quotas which are pre-allocated among exporters:	Imports of wheat is subject to a maximum limit of 10 million tons per year allocated to exporting countries according to the average export performance of the past three years.
E220	Bilateral quotas	Quotas reserved for a specific exporting country:	Maximum of 1 million tons of wheat may be imported from Country A.
E230	Seasonal quotas	Quotas established for a given period of the year, usually set for certain agricultural goods when domestic harvest is in abundance.	Quota for import of strawberries is established for imports from March to June each year.
E240	Quotas linked with purchase of local goods	Quotas defined as a percentage of the value of goods purchased locally (i.e. in the importing country) by the exporter.	Imports of refined oil in volume are limited to the volume of crude petroleum purchased locally.
E250	Quotas for non-economic reasons		
E251	Quotas for religious, moral or cultural reasons	Control of imports by quotas for religious, moral or cultural reasons	Imports of alcoholic beverages are permitted only by hotels and/or restaurants up to a certain quantitative limits
E252	Quota for political reasons	Control of imports by quotas for political reasons	Imports of seaweeds from Country A (having no diplomatic relation) is limited to the equivalent of $100,000 per year, a value considered to be minimum amount necessary for local producers to sustain subsistence.
E259	Quotas for non-economic reasons n.e.s.		

E260	Tariff Rate Quotas	A system of multiple tariff rates applicable to a same product: the lower rates apply up to a certain value or volume of imports, and the higher rates are charged on imports which exceed this amount.	Rice may be imported free of duty up to the first 100,000 tons, after which it is subject to a tariff rate of $1.5 per kg.
E270	Quotas linked with domestic production	Compulsory linkage of imports (of materials or parts) with local production	Import of coal is limited to the amount used in the previous year in the production of electricity.
E290	Quotas n.e.s.		
E300	Prohibitions		
E310	Total prohibition (not for SPS or TBT reasons)	Prohibition without any additional condition or qualification:	Import of "motor vehicle with cylinder under 1500cc" is not allowed to encourage domestic production.
E320	Suspension of issuance of licences	Formal announcement/ declaration that import licence will not be issued: such situation may arise in cases related to short-term balance-of-payments difficulties, or for other reasons.	
	Issuance of licence to import "motor vehicle with cylinder under 1500cc" is suspended until further notice.		
E330	Seasonal prohibition	Prohibition of imports during a given period of the year: this is usually applied to certain agricultural products while the domestic harvest is in abundance.	Import of strawberries is not allowed from March to June each year.
E340	Temporary prohibition	Prohibition set for a given fixed period of time: it is usually for urgent matters not covered under the safeguard measures of E400 below.	Import of certain fish is prohibited with immediate effect until the end of the current season.

E350	Prohibition of products infringing patents or intellectual property rights	Prohibition of copies or imitations of patented or trademarked products:	Import of imitation brand handbags is prohibited.
E360	Prohibition for non-economic reasons		
E361	Prohibition for religious, moral or cultural reasons	Prohibition of imports for religious, moral or cultural reasons	Imports of books and magazines displaying pornographic pictures are prohibited
E362	Prohibition for political reasons (Embargo)	Prohibition of imports from a country or group of countries, applied for political reasons:	Imports of all goods from Country A are prohibited in retaliation to that country's testing of nuclear bombs.
E369	Prohibition for non-economic reasons n.e.s.		
E390	Prohibitions n.e.s.		
E400	Quantitative safeguard measures	Quantitative restrictions (Licensing, quota, prohibition) adopted when the government of the importing country wishes to prevent or remedy serious injuries resulting from a sudden increase of imports, or to facilitate adjustment	Quantitative safeguard measures (quotas) were implemented against the sudden surge of imports of certain mushrooms and vegetables.
E500	Export restraint arrangement	An arrangement by which an exporter agrees to limit exports in order to avoid imposition of restrictions by the importing country, such as quotas, raised tariffs or any other import controls. The arrangement may be concluded at either government or industry level.	

E510	Voluntary export restraint arrangements (VERs)	Arrangements made by government or industry of an exporting country to "voluntarily" limit exports in order to avoid imposition of mandatory restrictions by the importing country. Typically, VERs are a result of requests made by the importing country to provide a measure of protection for its domestic businesses that produce substitute goods.	
E511	Quota agreement	A VER agreement that establishes export quotas:	A bilateral quota on export of "motor vehicles" from Country A to Country B was established to avoid sanction by the latter.
E512	Consultation agreement	A VER agreement that provides for consultation with a view to introducing restrictions (quotas) under certain circumstances:	An agreement was reached to restrict export of cotton from Country C to Country D in case the volume of export exceeds $2 million tons in the previous month.
E513	Administrative co-operation agreement	A VER agreement that provides for administrative cooperation with a view to avoiding disruptions in bilateral trade:	An agreement was reached between Country E and Country F to cooperate to prevent sudden surge of exports.
E590	Export restraint arrangements n.e.s.		
E900	Quantity control measures n.e.s.		
F000 CHARGES, TAXES AND OTHER PARA-TARIFF MEASURES: Measures, other than tariffs measures, that increase the cost of imports in a similar manner, i.e. by fixed percentage or by a fixed amount: they are also known as para-tariff measures.			
F100	Customs Surcharges	An ad hoc tax imposed in addition to customs tariff to raise fiscal revenues or to protect domestic industries:	Customs surcharge, surtax or additional duty

F200	Service charges	Fees charged against inspections, quarantines or other services provided by the customs authorities: They include:	
F210	Custom inspection, processing and servicing fees		
F220	Merchandise handling or storing fees		
F290	Service charges, n.e.s.		
F300	Additional taxes and charges	Additional charges, which are levied on imported goods in addition to customs duties and surcharges and which have no internal equivalents: They include:	
F310	Tax on foreign exchange transactions		
F320	Stamp tax		
F330	Import licence fee		
F340	Consular invoice fee		
F350	Statistical tax		
F360	Tax on transport facilities		
F390	Additional charges n.e.s.		
F400	Internal taxes and charges levied on imports	Taxes levied on imports that have domestic equivalents:	
F410	General sales taxes	A tax on sales of products which are generally applied to all or most products:	Sales tax, turnover tax (or multiple sales tax), value added tax
F420	Excise taxes	A tax imposed on selected types of commodities, usually of a luxurious or non-essential nature: This tax is levied separately from, and in addition to, the general sales taxes	Excise tax, tax on alcoholic consumption, cigarette tax

F430	Taxes and charges for sensitive product categories	Charges that include emission charges, (sensitive) product taxes and administrative charges: these latter charges are meant to recover the costs of administrative control systems.	CO2 emission charge on motor vehicles,
F490	Internal taxes and charges levied on imports n.e.s.		
F500	Decreed Customs Valuations	Value of goods determined by a decree for the purpose of imposition of customs duties and other charges: this practice is presented as a means to avoid fraud or to protect domestic industry. The decreed value de facto transforms an ad-valorem duty into a specific duty.	the so-called "valeur mercuriale" in Francophone countries
F900	Para-tariff measures n.e.s		
F500	Decreed Customs Valuations	Value of goods determined by a decree for the purpose of imposition of customs duties and other charges: this practice is presented as a means to avoid fraud or to protect domestic industry. The decreed value de facto transforms an ad-valorem duty into a specific duty.	the so-called "valeur mercuriale" in Francophone countries
F900	Para-tariff measures n.e.s		
G000 FINANCE MEASURES: Financial measures 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.			
G100	Advance payment requirement	Advance payment requirements related to the value of the import transaction and/or related import taxes: these payments are made at the time an application is lodged, or when an import licence is issued. They can consist of	

G110	Advance import deposit	A requirement that the importer should deposit a percentage of the value of the import transaction before receiving the goods: no interest is paid on the deposits.	Payment of 50% of the transaction value is required three months before the expected arrival of the goods to the port of entry.
G120	Cash margin requirement	A requirement to deposit total amount of transaction value in a foreign currency, or a specified part of it, in a commercial bank, before opening of LC	Deposit of 100% of the transaction value is required at the designated commercial bank.
G130	Advance payment of customs duties	A requirement to pay all or part of the customs duties in advance: no interest is paid on these advance payments.	Payment of 100% of the estimated customs duty is required three months before the expected arrival of the goods to the port of entry.
G140	Refundable deposits for sensitive product categories	A requirement to pay a certain deposit which is refunded when the used product or its container is returned to a collection system:	$100 deposit is required for each refrigerator, which will be refunded when brought in for recycling after use.
G190	Advance payment requirements n.e.s.		
G200	Multiple exchange rates	Varying exchange rates for imports, depending on the product category: usually, the official rate is reserved for essential commodities while the other goods must be paid at commercial rates or occasionally by buying foreign exchange through auctions.	Only the payment for infant food and staple food imports may be made at the official exchange rate.
G300	Regulation on official foreign exchange allocation		
G310	Prohibition of foreign exchange allocation	No official foreign exchange allocations available to pay for imports:	Foreign exchange is not allocated for imports of luxury products such as motor vehicles, TV sets, jewelleries, etc.,

G320	Bank authorization	A requirement to obtain a special import authorization from the central bank:	For imports of motor vehicles, a central bank permit is required in addition to the import licence.
G330	Licence linked with non-official foreign exchange	Licence granted only if non-official foreign exchange is used for the import payment.	
G331	External foreign exchange	Licence granted only for imports related to technical assistance projects and other sources of external foreign exchange:	Imports of construction materials are allowed only if payments may be made through the foreign direct investment fund.
G332	Importers' own foreign exchange	Licence granted if the importer has his own foreign exchange held in an overseas bank:	Imports of textile materials are authorized only if the importer could pay directly to exporter with his own foreign exchange obtained through his export activity abroad.
G339	Licence linked with non-official foreign exchange, n.e.s.		
G390	Regulation on official foreign exchange allocation, n.e.s.		
G400	Regulations concerning terms of payment for imports	Regulations related to conditions of payment of imports and the obtaining and use of credit (foreign or domestic) to finance imports.	No more than 50% of the transaction value can be paid in advance of the arrival of goods to the port of entry.
G900	Finance measures n.e.s.		
H000 ANTI-COMPETITIVE MEASURES: Measures to grant exclusive or special preferences or privileges to one or more limited group of economic operators			
H100	Restrictive import channel	A requirement that all imports, or imports of selected commodities, have to be channelled through specific enterprises or agencies, sometimes state-owned or state controlled.	

H110	State trading administration, for importing	A requirement that all imports, or imports of selected commodities, have to be channelled through a specific state-owned or state-controlled enterprise:	Imports of salt and tobacco are reserved for the respective state trading companies.
H120	Sole importing agency	A requirement that all imports, or imports of selected commodities, have to be channelled through a specific state-designated importing agency:	Crude petroleum can only be imported by the government designated trading company.
H130	Importation reserved for selected importers	A requirement that imports of certain goods can be made by specific categories of importers such as manufacturers, service industry, governmental departments, etc.:	Imports of steel products are reserved for company members of the national steel producer association.
H190	Single channel for imports, n.e.s.		
H200	Compulsory national service		
H210	Compulsory national insurance	A requirement that imports must be insured by a national insurance company:	
H220	Compulsory national transport	A requirement that imports must be carried by a national shipping company:	
H290	Compulsory national service, n.e.s.		
H900	Anti-competitive measures, n.e.s.		
I000 TRADE-RELATED INVESTMENT MEASURES			
I100	Local content measures	Requirement to use certain minimum levels of locally made component, restricting the level of imported components.	Imports of clothing is allowed only if more than 50% of the materials used are originating from the importing country.

I200	Trade balancing measures	Measures limiting the purchase or use of imported products by an enterprise to an amount related to the volume or value of local products that it exports:	A company may import materials and other products only up to 80% of its export earning of the previous year
I900	Trade-related investment measures, n.e.s		
Categories J to O below (marked with "*") are included in the Classification to collect information from private sectors through survey and web-portals. Examples provided are therefore type of "complaints" that may be expected to fall under the respective categories and sub-categories.			
J000	DISTRIBUTION RESTRICTIONS*	Distribution of goods inside the importing country may be restricted. It may be controlled through additional license or certification requirement.	
J100	Geographical restriction	Restriction to limit the sales of goods to certain areas within the importing country:	Imported beverages may only be sold in cities having facility to recycle the containers.
J200	Restriction on resellers	Restriction to limit the sales of imported products by designated retailers:	Exporters of motor vehicles need to set up their own retail points as existing car dealers in the destination belong exclusively to car producers in that country.
K000	RESTRICTION ON POST-SALES SERVICES*	Measures restricting producers of exported goods to provide post-sales service in the importing country.	After-sales servicing on exported TV sets must be provided by local service company of the importing country.
L000	SUBSIDIES (excluding export subsidies under P700)*	Financial contribution by a government or government body to a production structure, being 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.	Price of imported wheat is much lower than local wheat because of subsidy given in the exporting country

M000	GOVERNMENT PROCUREMENT RESTRICTIONS*	Measures controlling the purchase of goods by government agencies, generally by preferring national providers:	Government office has a traditional supplier of its office equipment requirement, in spite of higher prices than similar foreign suppliers.
N000	INTELLECTUAL PROPERTY*	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.	Clothing with unauthorized use of trademark is sold at much lower price than the authentic products
O000	RULES OF ORIGIN*	Rules of origin cover laws, regulations and administrative determinations of general application applied by government of importing countries to determine the country of origin of goods. Rules of origin are important in implementing such trade policy instruments as antidumping and countervailing duties, origin marking, and safeguard measures.	Machinery products produced in a country is difficult to fulfill the rules of origin to qualify for the reduced tariff rate of the importing country, as the parts and materials originate in different countries.
P000 EXPORT RELATED MEASURES: Export-related measures are measures applied by the government of the exporting country on exported goods.			
P100	Export license, quota, prohibition and other quantitative restriction	Restrictions to the quantity of goods exported to a specific country or countries by the government of the exporting country for reasons such as: shortage of goods in the domestic market; regulating domestic prices; avoiding antidumping measures; or for political reasons	

P110	Export Prohibition	Prohibition of exports of certain products:	Export of corn is prohibited because of shortage in domestic Consumption
P120	Export quotas	Quotas that limit value or volume of exports:	Export quota of beef is established to guarantee adequate supply in the domestic market
P130	Licensing or permit requirements to export	A requirement to obtain licence or permit by the government of the exporting country to export products:	Export of diamond ores are subject to licensing by the Ministry
P140	Export Registration requirements	A requirement to register products before being exported (for monitoring purposes)	Pharmaceutical products need to be registered before being exported
P190	Export quantitative restrictions, n.e.s.		
P200	State trading administration	All or parts of exports of selected commodities have to be channelled through specific enterprises identified by governments.	Export of some products of strategic importance, such as precious metals might be limited only to certain enterprises authorized by the government.
P300	Export price control measures	Measures implemented to control the prices of exported products:	Different prices for exports are applied from the same product sold in domestic market (Dual pricing schemes) domestic market (Dual pricing schemes)
P400	Measures on Re-Export	Measures applied by the government of the exporting country on exported goods which have originally been imported from abroad:	Re-export of wines and spirits back to producing county is prohibited: the practice is common in cross-border trade to avoid imposition of domestic excise tax in the producing country.
P500	Export taxes and charges	Taxes collected on exported goods by the government of the exporting country: they can be set either on a specific or an ad valorem basis.	Export duty on crude petroleum is levied for revenue purpose

P600	Export technical measures	Export regulations referring to technical specification of products and conformity assessment systems thereof:	
P610	Inspection requirement	Control over the quality or other characteristics of products for export:	Exports of processed food products must be inspected for sanitary conditions.
P620	Certification required by the exporting country	Requirement by the exporting country to obtain sanitary, phytosanitary or other certification before the goods are exported	Export of live animals must carry individual health certificate
P690	Export technical measures, n.e.s.		
P700	Export subsidies	Financial contribution by a government or government body to export structure, being 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.	Exports of beef, dairy product, fruit and vegetables are subsidized
P900	Export related measures, n.e.s.		

Annexure

BILATERAL TRADE AGREEMENT

An agreement between two countries setting out the conditions under which trade between them will be conducted. If both parties are already WTO members enjoying the attendant non-discrimination; market access and other benefits; the main additional reason for a bilateral agreement may be a programme of bilateral trade facilitation and trade promotion activities. If one party is not a member of the WTO; the agreement will normally provide for most favored nation treatment and national treatment; protection of intellectual property rights; consultation and dispute settlement; and other principles and mechanisms necessary for ensuring smooth trade flows and the speedy resolution of problems.

MULTILATERAL TRADE AGREEMENTS

Intergovernmental agreements aimed at expanding and liberalising international trade under non-discriminatory, predictable and transparent conditions set out in an array of rights and obligations. The motivation for taking on these obligations is that all members will increase their welfare by adhering to a common standard of conduct in the management of their trade relations. Typically, such agreements have numerous members representing small, medium-sized and large trading nations. Before the GATT entered into force in 1948, trade agreements were mostly bilateral, or they were preferential. In the WTO, the term "Multilateral Trade Agreement" refers to the arrangements and associated legal instruments contained in Annexes 1, 2 and 3 to the Marrakech Agreement Establishing the World Trade Organization (WTO). Multilateral trading system is a the non-discriminatory arrangement for international trade which came into existence with the GATT in 1947 and which is now represented by the WTO system.

The motivation for taking on these obligations is that all members will increase their welfare by adhering to a common standard of conduct in the management of their trade relations.

PREFERENTIAL TRADE ARRANGEMENT

Trade arrangements under which a party agrees, either unilaterally or as a result of negotiations, to accord one or more other parties preferential treatment in trade in goods or services. The scope for establishing such arrangements is subject to reasonably precise WTO rules, though

developing countries have more flexibility. They may give each other preference in the form of reduced tariffs, their complete elimination or, in the case of services, partial liberalization. Developed countries must establish either a free trade area, a customs union or, in the case of services, an economic integration agreement. That is, they must remove substantially all barriers to trade among those receiving preferences. If for example, they wanted to give each other a preference in some product lines only, they would have to offer the same access conditions to all of their trading partners under the rule of most favoured nation treatment.

FREE TRADE AREA

A group of two or more countries or economies, customs territories in technical language, that have eliminated tariff and all or most non-tariff measures affecting trade among themselves. Participating countries usually continue to apply their existing tariffs on external goods. Free trade areas are called reciprocal when all partners eliminate their tariffs and other barriers towards each other. There are cases where developing countries are exempt from making equivalent reductions, as is the case with SPARTECA and the ACP-EU Partnership Agreement, even though they get free access to developed-country markets. These are called non-reciprocal free trade areas.

REGIONAL TRADE AGREEMENT (RTA)

A free trade agreement, customs union or common market consisting of two or more countries. In the case of developed countries, duties and other restrictive measures of commerce have to be eliminated on substantially all the trade between the parties. More than 200 regional trade arrangements have been notified to the GATT under Article XXIV between 1947 and 2003.

ACP

African, Caribbean and Pacific Group containing 79 member states (Cuba is the 79 member). ACP has had an important trade and aid relationship with the European Union since 1975, first through the various Lomé Agreements. The Lomé IV Convention expired on 29 February 2000 and a new partnership agreement was signed in Cotonou, Benin, on 23 June 2000. It entered into force on 1 April 2003. Under the Cotonou Agreement, new trade agreements compatible with the WTO rules will be negotiated (negotiations for the new regional economic partnership agreement began in October 2003 with the Economic and Monetary Committee of Central Africa and the Economic Community of West African States). Trade between the ACP and EU will be liberalised, and will end the system of non-reciprocal trade preferences. The transition period for liberalisation will extend up until 2008 at the latest. The ACP member states are: Angola; Antigua and Barbuda; Bahamas; Barbados; Belize; Benin; Botswana; Burkina Faso; Burundi; Cape Verde; Cameroon; Central African Republic; Chad; Comoros; Congo; Congo, Democratic Republic of the; Cook Islands; Côte d'Ivoire; (Cuba); Djibouti; Dominica; Dominican Republic; East Timor; Equatorial Guinea; Eritrea; Ethiopia; Fiji; Gabon; Gambia; Ghana; Grenada; Guinea; Guinea-Bissau; Guyana; Haiti; Jamaica; Kenya; Kiribati; Lesotho; Liberia; Madagascar; Malawi; Mali; Marshall Islands; Mauritania; Mauritius; Micronesia, Federated States of; Mozambique; Namibia; Nauru; Niger; Nigeria; Niue; Palau; Papua New Guinea; Rwanda; Saint Kitts and Nevis; Samoa; Sao Tome and Principe; Senegal; Seychelles; Sierra Leone; Solomon Islands; Somalia; Saint Lucia; Saint Vincent and the Grenadines; (South Africa - not fully); Sudan; Suriname; Swaziland; Tanzania; Togo; Tonga; Trinidad and Tobago; Tuvalu; Uganda; Vanuatu; Zambia; and Zimbabwe. See web site for list www.acpsec.org

AFTA

ASEAN Free Trade Area comprising: Brunei Darussalam; Cambodia; Indonesia; Lao PDR; Malaysia; Myanmar; Philippines; Singapore; Thailand; and Viet Nam.

ALADI

The ALADI (Asociacion Latinoamericana de integracion) is the largest Latin-American group of integration. It has twelve member countries: Argentina, Bolivia, Brazil, Chile, Colombia, Cuba, Ecuador, Mexico, Paraguay, Peru, Uruguay and Venezuela. The 1980 Montevideo Treaty (TM80) is the global legal framework that constitutes and rules the ALADI and was signed on August 12th 1980. It establishes the following general principles: pluralism, convergence, flexibility, differential treatment and multiplicity. The ALADI promotes the creation of an area of economic preferences in the region, aiming at a Latin-American common market. See www.aladi.org

AGOA

African Growth and Opportunity Act. AGOA passed as part of The Trade and Development Act of 2000 provides beneficiary countries in Sub-Saharan Africa with liberal access to the U.S. market for a list of products. 37 countries have been designated as AGOA eligible. They are Angola; Benin; Botswana; Cameroon; Cape Verde; Chad; Republic of Congo; Côte d'Ivoire; Democratic Republic of the Congo; Djibouti; Ethiopia; Gabon; Gambia; Ghana; Guinea; Guinea-Bissau; Kenya; Lesotho; Madagascar; Malawi; Mali; Mauritania; Mauritius; Mozambique; Namibia; Niger; Nigeria; Rwanda; Sao Tome and Principe; Senegal; Seychelles; Sierra Leone; South Africa; Swaziland; Tanzania; Uganda and Zambia. See www.agoa.gov

AMAD

Agricultural Market Access Database is a collaborative effort of Agriculture and Agri Food Canada; EU Commission - Agriculture Directorate-General; Food and Agriculture Organisation of the United Nations; Organisation for Economic Co-operation and Development; The World Bank; United Nations Conference on Trade and Development and the United States Department of Agriculture - Economic Research Service. See www.amad.org

ANDEAN PACT

An arrangement between Bolivia; Colombia; Ecuador; Peru; and Venezuela for the coordination of economic policies; including the formation of a free trade zone in the Andean region. See www.comunidadandina.org

BALTIC FREE TRADE AREA

A regional trade agreement between Estonia, Latvia and Lithuania.

BANGKOK AGREEMENT

A regional trade agreement between Bangladesh, China, India, Republic of Korea, Lao PDR and Sri Lanka.

APEC

Asia-Pacific Economic Cooperation, www.apec.org. APEC is the premier forum for facilitating economic growth; cooperation; trade and investment in the Asia-Pacific region. It has 21 members and works to reduce tariffs and other trade barriers across the Asia-Pacific region. The members of APEC are Australia; Brunei Darussalam; Canada; Chile; China; Taiwan Province of China; Hong Kong (China); Indonesia; Japan; Republic of Korea; Malaysia; Mexico; New Zealand; Papua New Guinea; Peru; Philippines; Russia; Singapore; Thailand; Viet Nam and the United States of America.

ASEAN

Association of Southeast Asian Nations. A regional trade agreement comprising: Brunei Darussalam; Cambodia; Indonesia; Lao PDR; Malaysia; Myanmar; Philippines; Singapore; Thailand; and Viet Nam. See www.aseansec.org

CACM

Central American Common Market. A preferential trade arrangement between Guatemala; El Salvador; Honduras; Nicaragua and Costa Rica.

CAEMC / CEMAC

Central African Economic and Monetary Community (Communauté économique et monétaire de l'Afrique Centrale). A regional trade agreement comprising: Cameroon; Central African Republic; Chad; Congo; Equatorial; Guinea and Gabon. http://www.izf.net/izf/FicheIdentite/CEMAC.htm (in French only).

CAIRNS GROUP

A group of agricultural exporting nations; comprising Australia; Argentina; Bolivia; Brazil; Canada; Chile; Colombia; Costa Rica; Guatemala; Indonesia; Malaysia; New Zealand; Paraguay; Philippines; South Africa; Thailand; and Uruguay - established to develop a common negotiating position for the Uruguay round. It aims to achieve fair trade in agricultural exports. See www.cairnsgroup.org

CAN

Andean Community. Comprise Bolivia, Colombia, Ecuador, Peru and Venezuela. See "Andean Pact". See www.comunidadandina.org

CARICOM

Consists of all the members of Caribbean Common Market (CCM) except the Bahamas. See www.caricom.org

CBI

The Caribbean Basin Initiative (CBI) provides for tariff exemptions or reductions for most products from 24 participating countries in Central America and the Caribbean region. The CBI trade preferences are not subject to annual reviews. Countries can lose their CBI benefits under certain conditions. This program was enacted by the United States as the Caribbean Basin Economic Recovery Act. This Act became effective on January 1, 1984. For more information see www.itds.treas.gov/cbi.html

CCM (CARIBBEAN COMMON MARKET)

Founded in 1973 as the replacement for the Caribbean Free Trade Association (CARIFTA). It currently is a customs union with a common external tariff. It consists of Antigua and Barbuda; the Bahamas; Barbados; Belize; Dominica; Grenada; Guyana; Jamaica; Montserrat; St Christopher and Nevis; St Lucia; St Vincent and the Grenadines; Suriname; and Trinidad and Tobago. The British Virgin Islands and the Turks and Caicos Islands have associate membership. See www.caricom.org

CER

CER is the Closer Economic Relations Agreement between Australia and New Zealand.

CIS

Commonwealth of Independent States. Formed in late 1991 with many of the Republics that had made up the Soviet Union. Its members are: Armenia, Azerbaijan, Belarus, Georgia, Kazakhstan, Kyrgyzstan, the Republic of Moldova, Russia, Tajikistan, Turkmenistan, Ukraine and Uzbekistan. In 1993 its members agreed on the creation of an economic union allowing the free movement of goods, services, labours and capital. www.cis.minsk.by.

CEFTA

Central European Free Trade Agreement. An omnibus term for a complex structure of plurilateral and bilateral agreements linking the Bulgaria, Czech Republic, Hungary, Poland, Romania, Slovakia and Slovenia. The Czech Republic and Slovakia also form a customs union.

COMESA

Common Market for Eastern & Southern Africa. Consists of countries in Eastern and Southern Africa including: Angola; Burundi; Comoros; Democratic Republic of Congo; Djibouti; Egypt; Eritrea; Ethiopia; Kenya; Madagascar; Malawi; Mauritius; Namibia; Rwanda; Seychelles; Sudan; Swaziland; Uganda; Zambia; and Zimbabwe. In trade liberation and customs cooperation members undertake; amongst other undertakings; to: establish a customs union; abolish all non-tariff barriers to trade among themselves; establish a common external tariff; and cooperate in customs procedures. South Africa and Botswana have been invited to join COMESA. Lesotho and Mozambique have withdrawn their membership of COMESA. See www.comesa.int

COTONOU AGREEMENT

Also called the ACP-EC partnership agreement. A partnership agreement between the members of the African; Caribbean and Pacific group of states of the one part; and the European Community and its members states; of the other part; signed in Cotonou; Benin on 23 June 2000. The agreement covers many aspects including trade cooperation. Its trade aspects will be renegotiated after eight years to make them fully compatible with WTO obligations. During this time (called the preparatory period) the European Community will give non-reciprocal preferential access free of duty and charges to products from ACP states. Special provisions apply to some agricultural products; especially sugar. See also "ACP".

During this time (called the preparatory period) the European Community will give non-reciprocal preferential access free of duty and charges to products from ACP states. Special provisions apply to some agricultural products; especially sugar.

CUSTOMS UNION

An area consisting of two or more individual economies or customs territories, which remove all tariffs and sometimes-broader trade impediments between them. The members making up the area then apply a common external tariff.

EAC (EAST AFRICAN COOPERATION)

A mechanism within the Common Market for Eastern and Southern Africa (COMESA). A regional trade agreement between: Kenya; Tanzania; and Uganda.

EAEC (EURASIAN ECONOMIC COMMUNITY)

A regional trade agreement between: Belarus; Kazakhstan; Kyrgyzstan; Russia; and Tajikistan.

EC: EUROPEAN COMMUNITIES

The 25 European Communities are: Austria; Belgium; Czech Republic; Cyprus; Denmark; Estonia; Finland; France; Germany; Greece; Hungary; Ireland; Italy; Latvia; Lithuania; Luxembourg; Malta; the Netherlands; Poland; Portugal; Slovakia; Slovenia; Spain; Sweden; and the United Kingdom. See also "EU".

ECO (ECONOMIC COOPERATION ORGANIZATION)

Established in 1985 to promote the economic development of its members. It comprises Afghanistan; Azerbaijan; Iran; Kazakhstan; Kyrgyzstan; Pakistan; Tajikistan; Turkey; Turkmenistan and Uzbekistan. Trade and customs; transport and communications and money and finance form major parts of its work programme.

ECOWAS

The Economic Community Of West African States (ECOWAS) is a regional group of fifteen countries; founded in 1975. Its mission is to promote economic integration in all fields of economic activity; particularly industry; transport; telecommunications; energy; agriculture; natural resources; commerce; monetary and financial matters; social and cultural issues. Members include: Benin; Burkina Faso; Cape Verde; Côte d'Ivoire; Gambia; Ghana; Guinea; Guinea Bissau; Liberia; Mali; Niger; Nigeria; Senegal; Sierra Leone; and Togo. See www.ecowas.int

EUROPEAN UNION (EU)

Created by the treaty of Maastricht signed in 2002. The European Union consists of three parts: (i) the European Community, (ii) a common foreign and security policy, and (iii) cooperation in the fields of justice and home affairs. Only the European Community has a legal personality and can sign international agreements. The 25 members of the EU are: Austria; Belgium; Czech Republic; Cyprus; Denmark; Estonia; Finland; France; Germany; Greece; Hungary; Ireland; Italy; Latvia; Lithuania; Luxembourg; Malta; the Netherlands; Poland; Portugal; Slovakia; Slovenia; Spain; Sweden; and the United Kingdom. Member states have eliminated tariffs among themselves and established a common external tariff against non-members.

EEA

European Economic Area comprises the 25 member states of the European Union and three of the four members of EFTA (Iceland, Liechtenstein and Norway) in a single market.

EFTA (EUROPEAN FREE TRADE ASSOCIATION)

Comprises Iceland, Liechtenstein, Norway and Switzerland.

GCC

Gulf Cooperation Council or formal name Cooperation Council of the Arab States of the Gulf. Established in 1981. It consists of: Bahrain; Kuwait; Oman; Qatar; Saudi Arabia; and the United Arab Emirates. These members have established a free trade area covering industrial and agricultural products; but not petroleum products. A customs union was established in 2003.

EVERYTHING BUT ARMS (EBA)

A European Union initiative for duty-free and quota-free access to all products except arms originating in least developed countries. It took effect on 5 March 2001 for all products except sugar, rice and bananas. These will receive free access in stages by 2009.

GLOBAL QUOTAS

Quotas of imports of specific products set as a total quantity or value. The quotas can be either unallocated, i.e. goods may be imported from all origins; or allocated by individual exporting countries. The global quotas may either be distributed among individual importers on a first-come, first-served basis or be allocated in advance to determined importers, often in proportion to their former performance.

G-77

A loosely organized group of developing countries, originally numbering 77, which was formed at the first meeting of UNCTAD in 1964. It now has over 130 members. Existing members use broad economic and

Its aim is to promote the development of economic cooperation among developing countries through the exchange of tariff preferences and the reduction of non-tariff barriers.

political criteria to decide whether a country should be admitted to membership. As the largest Third World coalition in the United Nations, the G-77 provides the means for the developing world to articulate and promote its collective economic interests and enhance its joint negotiating capacity on all major international economic issues in the United Nations system, and promote economic and technical cooperation among developing countries. Members are: Afghanistan; Algeria; Angola; Antigua and Barbuda; Argentina; Bahamas; Bahrain; Bangladesh; Barbados; Belize; Benin; Bhutan; Bolivia; Bosnia and Herzegovina; Botswana; Brazil; Brunei Darussalam; Burkina Faso; Burundi; Cambodia; Cameroon; Cape Verde; Central African Republic; Chad; Chile; China; Colombia; Comoros; Congo, Democratic Republic of; Costa Rica; Côte d'Ivoire; Cuba; Cyprus; Korea, Democratic People's Republic of; Djibouti; Dominica; Dominican Republic; Ecuador; Egypt; El Salvador; Equatorial Guinea; Eritrea; Ethiopia; Fiji; Gabon; The Gambia, Ghana, Grenada, Guatemala, Guinea, Guinea-Bissau, Guyana, Haiti, Honduras, India, Indonesia, Iran - Islamic Republic of; Iraq; Jamaica; Jordan; Kenya; Kuwait; Lao People's Democratic Republic; Lebanon; Liberia; Libyan Arab Jamahiriya; Madagascar; Malawi; Maldives; Mali; Malta; Marshall Islands; Mauritania; Mauritius; Micronesia (Federated States of); Mongolia; Morocco; Mozambique; Myanmar; Namibia; Nepal; Nicaragua; Niger; Nigeria; Oman; Pakistan; Palau; Palestine; Panama; Papua New Guinea; Paraguay; Peru; Philippines; Qatar; Romania; Rwanda; Saint Kitts and Nevis; Saint Lucia; Saint Vincent and the Grenadines; Samoa; Sao Tome and Principe; Saudi Arabia; Senegal; Seychelles; Sierra Leone; Singapore; Solomon Islands; Somalia; South Africa; Sri Lanka; Sudan; Suriname; Swaziland; Syrian Arab Republic; Tanzania, United Republic of; Thailand; Timor-Leste; Togo; Tonga; Trinidad and Tobago; Tunisia; Turkmenistan; Uganda; United Arab Emirates; Uruguay; Vanuatu; Venezuela; Viet Nam; Yemen; Zambia; and Zimbabwe.

GSTP

Global System of Trade Preferences among Developing Countries. It came into force in 1989 as an objective of the Group of 77 within the UNCTAD ECDC (Economic Cooperation among Developing Countries) programme. Its aim is to promote the development of economic cooperation among

developing countries through the exchange of tariff preferences and the reduction of non-tariff barriers. Least Developed Countries do not offer reciprocal concessions. The GSTP includes: Algeria; Argentina; Bangladesh; Benin; Bolivia; Brazil; Cameroon; Chile; Colombia; Cuba; Ecuador; Egypt; Ghana; Guinea; Guyana; India; Indonesia; Iran, Islamic Republic of; Iraq; Korea, Democratic People's Republic of; Korea, Republic of; Libya; Malaysia; Mexico; Morocco; Mozambique; Myanmar; Nicaragua; Nigeria; Pakistan; Peru; Philippines; Romania; Singapore; Sri Lanka; Sudan; Tanzania, United Republic of; Thailand; Trinidad and Tobago; Tunisia; Venezuela; Viet Nam; Yugoslavia; and Zimbabwe.

LAIA / ALADI

Latin American Integration Association or Asociación Latinoamericana de Integration. Formed in 1980 by Argentina, Bolivia, Brazil, Chile, Colombia, Cuba, Ecuador, Mexico, Paraguay, Peru, Uruguay and Venezuela following the collapse of LAFTA (Latin American Free Trade Association). The objective of ALADI, as set out in the treaty of Montevideo, is to pursue the gradual and progressive establishment of a Latin American common market. Mercosur is seen as a step towards achieving this objective

MERCOSUR

Mercado Común del Sur (South American Common Market). A customs union covering trade in goods except sugar and automobiles. Members

NAFTA

North American Free Trade Agreement. Established in 1994, its members are Canada, Mexico and the United States of America. NAFTA's objectives include the elimination of barriers to trade in goods and services and the phasing out of tariffs over 10 years. See www.nafta-sec-alena.org

OECD (ORGANISATION FOR ECONOMIC CO-OPERATION AND DEVELOPMENT)

Established in 1961 as the successor to the Organisation for European Economic Cooperation (OEEC). Its members account for more than 70% of global output. The OECD has 30 member countries consisting of: Australia; Austria; Belgium; Canada; Czech Republic; Denmark; European Communities; Finland; France; Germany; Greece; Hungary; Iceland; Ireland; Italy; Japan; Korea; Luxembourg; Mexico; the Netherlands; New Zealand; Norway; Poland; Portugal; Slovak Republic; Spain; Sweden; Switzerland; Turkey; United Kingdom; and the United States of America. See www.oecd.org

are Argentina, Brazil, Paraguay, and Uruguay. Chile and Bolivia signed association agreements with the Mercosur countries in 1996 and 1997 respectively. MERCOSUR objectives include the free transit of all goods, services and the factors of production, and the lifting of non-tariff restrictions.

MSG

Melanesian Spearhead Group Trade Agreement. A preferential trade arrangement concluded in 1999. Members include Fiji, Papua New Guinea,

OCT (Overseas Countries and Territories)

They include: Greenland; New Caledonia; French Polynesia; French Southern and Antarctic Territories; Wallis and Futuna Islands; Mayotte; Saint Pierre and Miquelon; Aruba; Netherlands Antilles; Anguilla; Cayman Islands; Falkland Islands; South Georgia and the South Sandwich Islands; Montserrat; Pitcairn Islands; Saint Helena; Ascension Island; Tristan da Cunha; Turks and Caicos Islands; British Antarctic Territory; British Indian Ocean Territory; and British Virgin Islands.

PACIFIC ISLANDS FORUM

The Pacific Island Forum represents Heads of Government of all the independent and self-governing Pacific Island countries, Australia and New Zealand. Since 1971 it has provided member nations with the opportunity to express their joint political views and to cooperate in areas of political and economic concern. The 16 member countries of the Pacific Island Forum are: Australia; Cook Islands; Federated States of Micronesia; Fiji; Kiribati; Nauru; New Zealand; Niue; Palau; Papua New Guinea; Republic of the Marshall Islands; Samoa; Solomon Islands; Tonga; Tuvalu; and Vanuatu. See www.forumsec.org.fj

PTN (PROTOCOL RELATING TO TRADE NEGOTIATIONS AMONG DEVELOPING COUNTRIES)

A preferential arrangement involving Bangladesh, Brazil, Chile, Egypt, Israel, Mexico, Pakistan, Paraguay, Peru, Philippines, Republic of Korea, Romania, Tunisia, Turkey, Uruguay and Yugoslavia.

SACU

Southern African Customs Union. It consists of Botswana, Lesotho, Namibia, South Africa and Swaziland. It covers the free flow of goods between the partners. A common external tariff is applied against non-members.

SADC (SOUTHERN AFRICAN DEVELOPMENT COMMUNITY)

An association of 14 southern African states (Angola, Botswana , Democratic Republic of Congo, Lesotho, Malawi, Mauritius, Mozambique, Namibia, Seychelles, South Africa, Swaziland, Tanzania, Zambia and Zimbabwe. They signed a protocol in 1996 to establish a free-trade area by 2008.

SAPTA

(South Asian Preferential Trade Arrangement made between the members of the South Asian Association for Regional Cooperation (SAARC): SAPTA consists of Bangladesh, Bhutan, India, Maldives, Nepal, Pakistan and Sri Lanka. SAARC was launched in 1993, as a first step towards a regional free trade area with a programme of tariff reductions on specified goods and commodities. The target date for regional free trade is 2005.

SCM (SOUTHERN COMMON MARKET)

Also called MERCOSUR Comprises Argentina, Brazil, Paraguay and Uruguay.

SPARTECA

South Pacific Regional Trade and Economic Cooperation Agreement. This Agreement, which entered into force on 1 January 1981, gives countries located in the South Pacific preferential non-reciprocal access to Australia and New Zealand. Access for sugar to the Australian market is excluded. Members include Australia, New Zealand, Cook Islands, Fiji, Kiribati, Marshall Islands, Micronesia, Nauru, Niue, Papua New Guinea, Solomon Islands, Tonga, Tuvalu, Vanuatu and Western Samoa. See http://www.forumsec.org.fj/docs/SPARTECA/foreword.htm

WAEMU / UEMOA

West African Economic and Monetary Union (Union économique et monétaire ouest-africaine). Established in 1994 with the aim of achieving full economic integration with a common external tariff, a common trade policy and harmonized economic policies. Its members are Benin, Burkina Faso, Côte d'Ivoire, Guinea Bissau, Mali, Niger, Senegal and Togo. See www.uemoa.int

TRIPARTITE AGREEMENT

A preferential arrangement between Egypt, India and Yugoslavia.
as voluntary export restraint arrangements (VERs), orderly marketing arrangements, etc.

Published by
Textiles Committee, Ministry of Textiles, Government of India
P. Balu Marg, Prabhadevi Chowk, Prabhadevi, Mumbai 400 025.
T.: 022+66527515/66527516
E: secy@giasbm01.vsnl.net.in / tcdmr@bom7.vsnl.net.in / tc.unctad@gmail.com
W: www.textilescommittee.gov.in / www.tcunctad.org