

Market Analysis using the



Cairo, Egypt 24-26 October 2022

Before we start...

1. Introducing ITC
2. Meet the trainers and each other
3. Agenda and objectives of the workshop



The UN body for design of policy recommendations to achieve economic and social development through trade and investment.



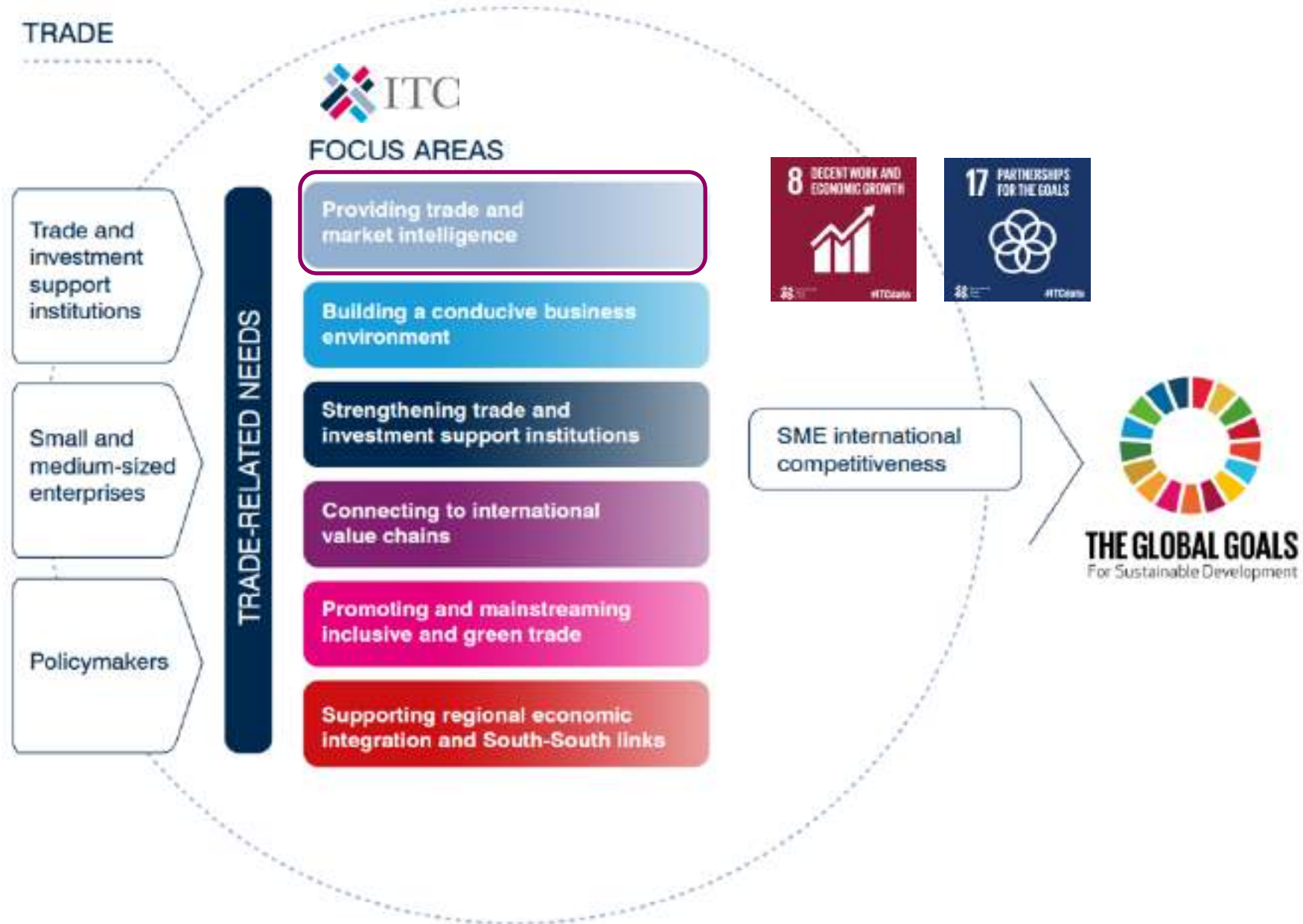
WTO OMC
The forum to negotiate multilateral trade rules, monitor their implementation and handle trade disputes



Our mission

To foster inclusive and sustainable growth and development through trade and international business development.

ITC's 6 focus areas and goals towards SDGs



Pop quiz!

Go to www.menti.com and use the code 5857 7528

 Mentimeter

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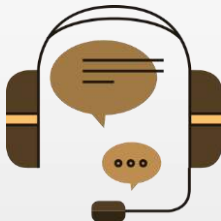
Objectives of the training



Identify, compare, and analyze trade opportunities in the African region. You receive an introduction to analyzing and comparing export markets using the new African Trade Observatory (ATO) Business Intelligence Dashboard and other complementary tools.



Use detailed market information to select attractive markets and interpret diverse types of market information.



Bring together a wealth of diverse information to create your market analysis and market entry strategy for a specific product into a target market.

Agenda

1. Emerging opportunities for businesses
2. The African Trade Observatory
3. Key concepts on trade

DAY 1

1. A quick glimpse of Egyptian Trade
2. The Market Analysis Process
3. The ATO Compare and Explore Modules

DAY 2

1. Other resources: ITC Market Analysis Tools suite
2. Final Case study
3. Wrap up session

DAY 3

Agenda – Day 1

1. Emerging opportunities for businesses
2. The African Trade Observatory
3. Key concepts on trade

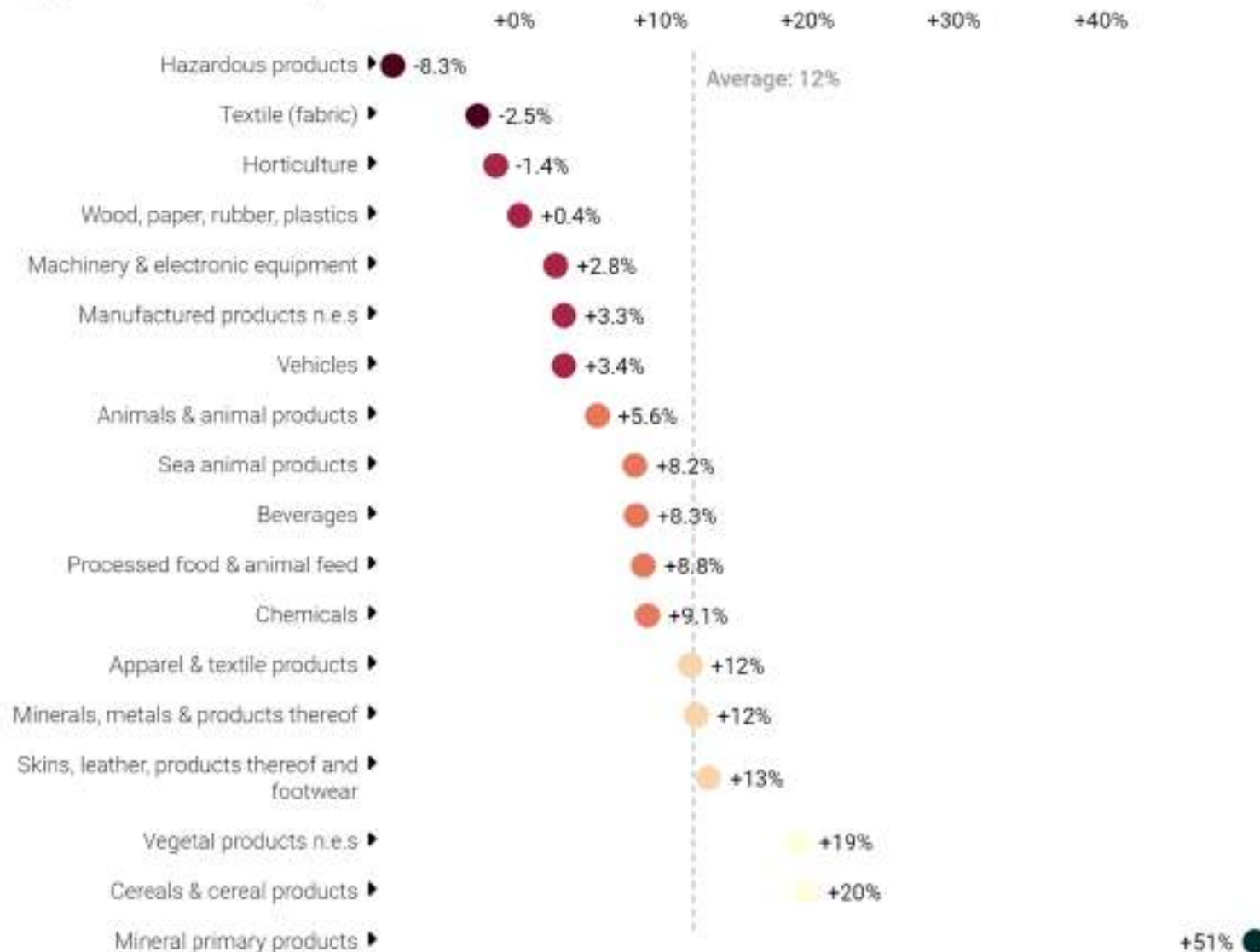
Agenda – Day 1

1. Emerging opportunities for businesses
2. The African Trade Observatory
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Global trade is
bouncing back!

Year-on-Year Change in Exports by Sector: July 2022

☐ Display sectors not elsewhere specified

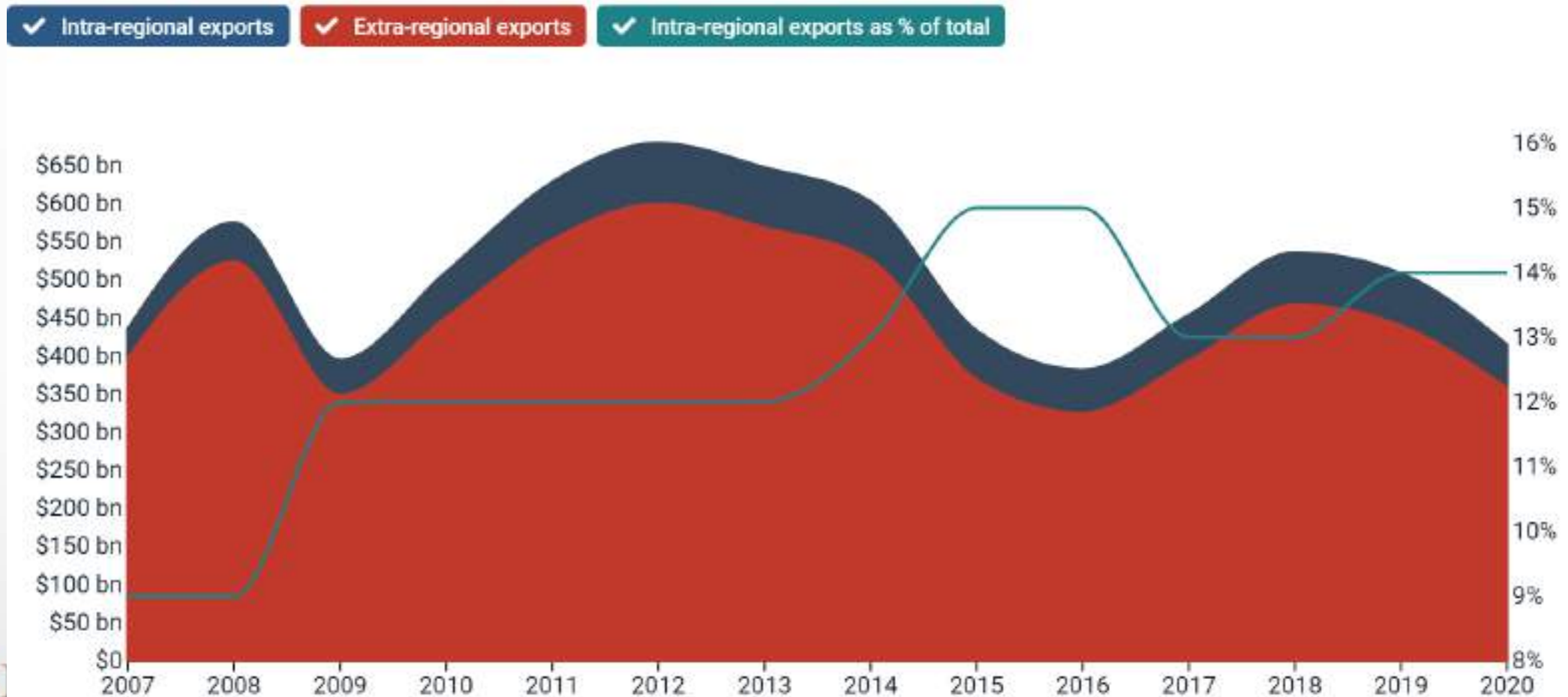


Source: [ITC Trade Map](#), [Trade Data Monitor](#), and national sources (2022)

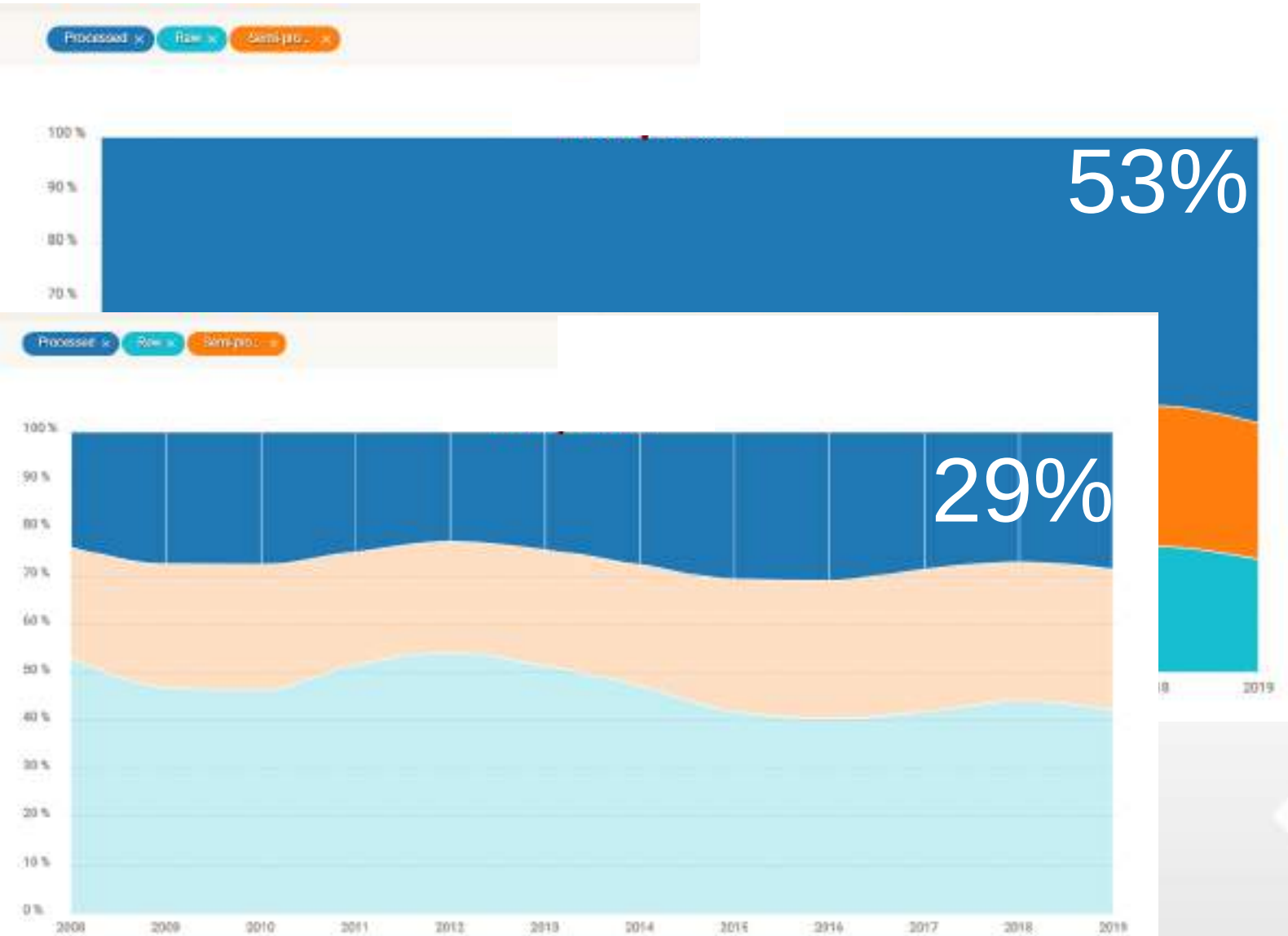
While intra-African trade is relatively low compared with other regions

Regional Integration by Region : Africa

Source: ITC Trade Briefs

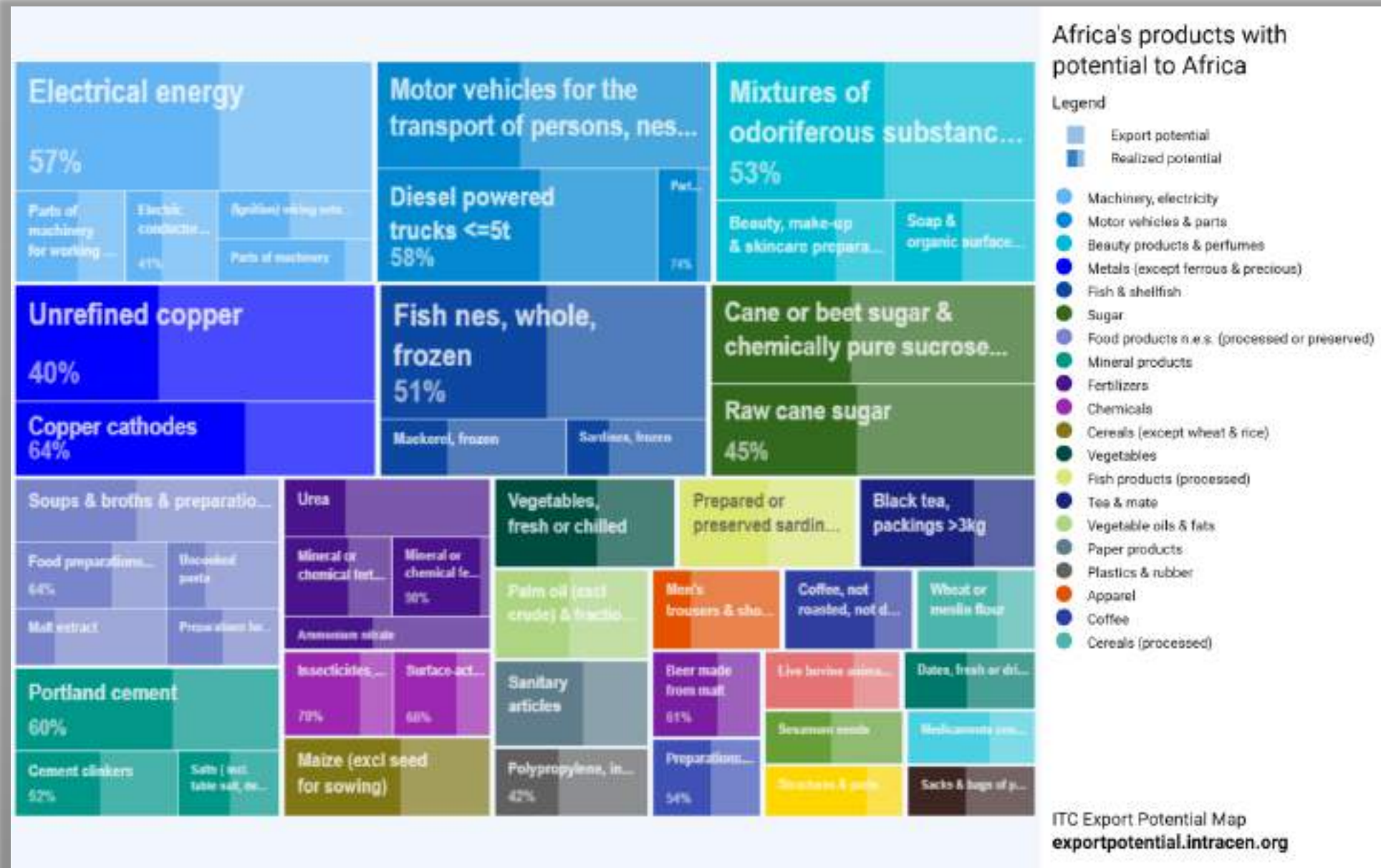


It provides some promising opportunities...



Trade in Africa tends to be more processed. The share of **processed** products in intra-African trade is **53%** compared to **29%** in exports to the rest of the world.

ITC estimates over \$20 billion dollars of room for intra-African export growth by 2026



Trade within Africa brings new and different opportunities and become easier under the AfCFTA

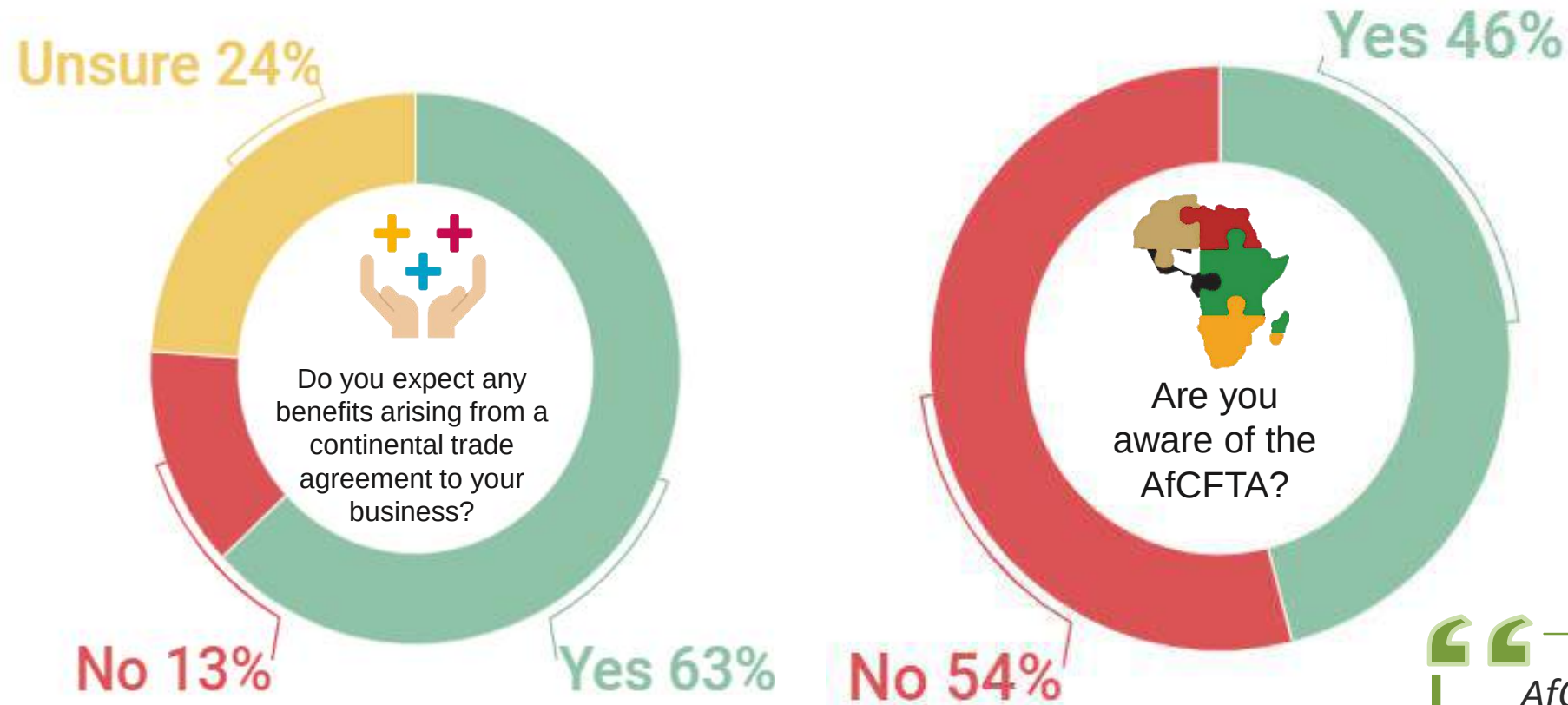


→ World's largest free trade area (54 countries) and a market over one billion people

→ Strong political will
(Many of the 54 countries already ratified)

→ Ambitious timeline (conclusion of negotiations on rules of origin and Phase II negotiations have begun)

There is optimism about the impact of the AfCFTA – yet more than half of the firms surveyed in Africa are unaware of the AfCFTA.



“ AfCFTA? First time I hear about it

What prevents African businesses from fully exploiting market opportunities?



We need information on the available offer in African countries. There should be more African suppliers participating in our national trade fairs, but also those in Europe.

Access to Information.

The evidence from the ground suggests:
Suppliers and producers on the continent often do not know each other...



Sourcing inputs from Africa? For us, this is the future. Yet to date, we have no knowledge about fabrics supplied by African countries.



I don't know any African company which supplies the inputs that we would need.

How can Egyptian businesses adapt and take advantage of emerging opportunities?



Stay informed
about new
opportunities

Diversify
market risks

What kind of
information do
businesses
need?



Agenda – Day 1

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3. Key concepts on trade

ATO Pop quiz!



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The African Trade Observatory (ATO)

A single entry-point for trade intelligence in Africa



AU Heads of State and Governments agreed to establish continental free trade area

Main functions:

- 1) **Collect trade and trade-related information** from Member States and other sources
- 2) **Analyse** this information, focusing on emerging issues such as regional value chains and e-commerce.
- 3) **Monitor and evaluate** the implementation process and impact of the AfCFTA and the BIAT.
- 4) Provide relevant trade-related information to the **private sector**.
- 5) **Establish a database** for African trade and market access that is used to publish and disseminate information on intra-African trade.

```

graph TD
    AU[AU Summit] --> HLM[High level African Trade ministers  
Chairs of EDCs  
Heads of State]
    HLM --> CTM[Conference of Trade Ministers]
    CTM --> CTF[CFTA Negotiations Forum]
    CTM --> MEM[Monitoring and Enforcement Mechanism]
    CTM --> AF[AF Coordination DTC, EDC, Secretariat]
    AF --> ATF[African Trade Forum]
    AF --> ABC[African Business Council]
    AF --> TO[Trade Observatory]
    TO --> MEM
    TO --> CTM
    TO --> AF
    TO --> AU
    TO --> HLM
    TO --> CTJ[African Court Of Justice  
(CT, Arbitration Tribunal)]
    
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21 March 2018

7 July 2019



African Union



AfCFTA Pop quiz!



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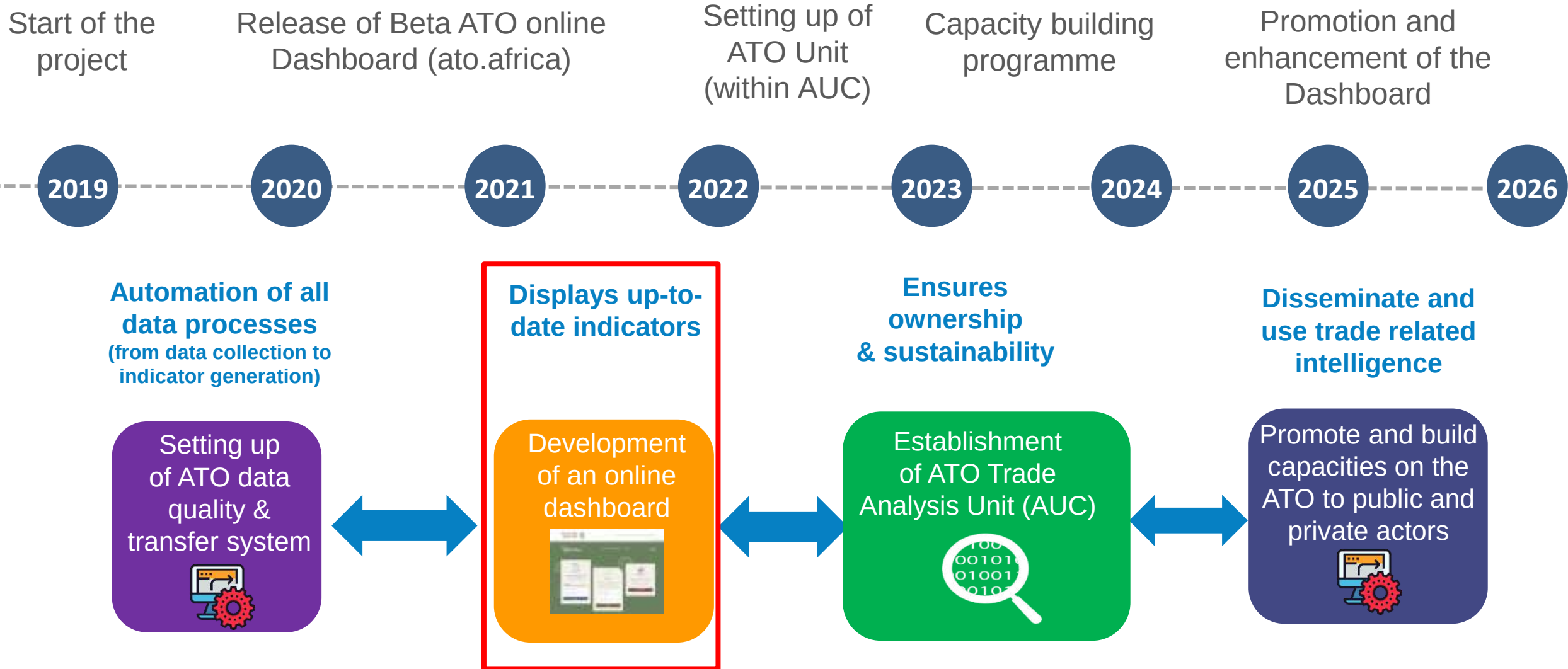
Africadept@tas.gov.au

How many countries have joined this initiative?



32 AU Member States: Botswana; Burundi; Cabo Verde; Cameroon; Comoros; Congo, Den Rep; Cote de Ivoire; **Egypt**; Ethiopia; (The) Gambia; Ghana; Guinea; Kenya; Liberia; Libya; Madagascar; Malawi; Mauritania; Mozambique; Namibia; Niger; Nigeria; Senegal; Seychelles; Sierra Leone; South Sudan; Tanzania; Togo; Tunisia; Uganda; Zambia; Zimbabwe.

Project at a glance

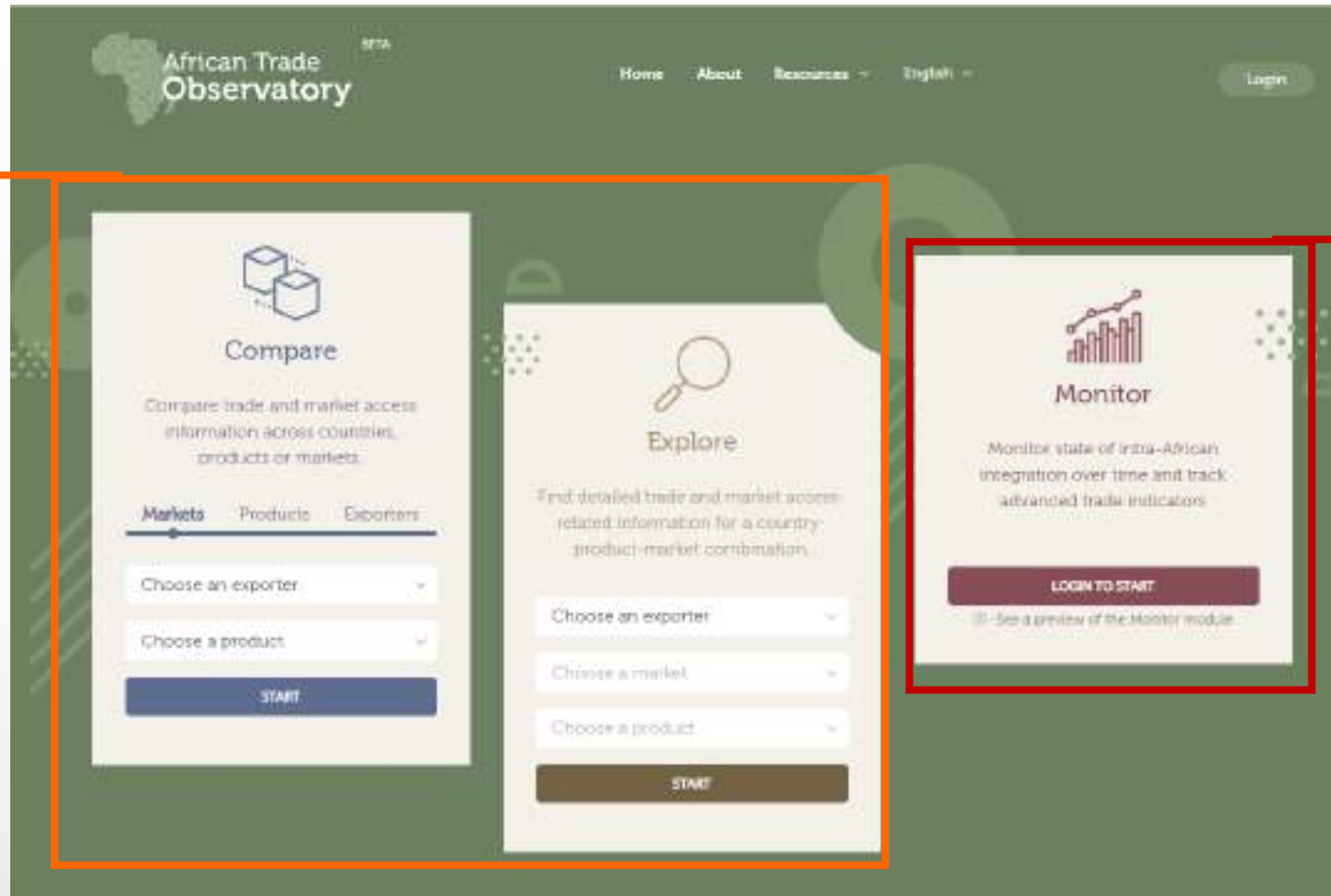


Online ATO dashboard for both businesses and policymakers

Publicly Available

→ Released
Dec 2020

→ Enable better
business
decision-making



Restricted Access

→ Released
Jul 2021

→ Support policy
development



ato.africa

What makes this
business
intelligence
dashboard
unique?



Compare

BY
Market

Product@

Exporter

FROM
Egypt

PRODUCT
330210 - Mixtures of ...

>

Show results by

Untapped potential

Actual trade

Show top 5 countries

☐



Customize indicators

Markets with untapped potential for 33.02.10 (Mixtures of odoriferous substances and mixtures (including alcoholic solutions) with a basis of one or more of these substances, of a kind used as raw materials in industry; other preparations based on odoriferous substances, of a kind used for the manufacture of beverages : Of a kind used in the food or drink industries)

LIBYA
\$26 mn

KENYA
\$25 mn

NIGERIA
\$12 mn

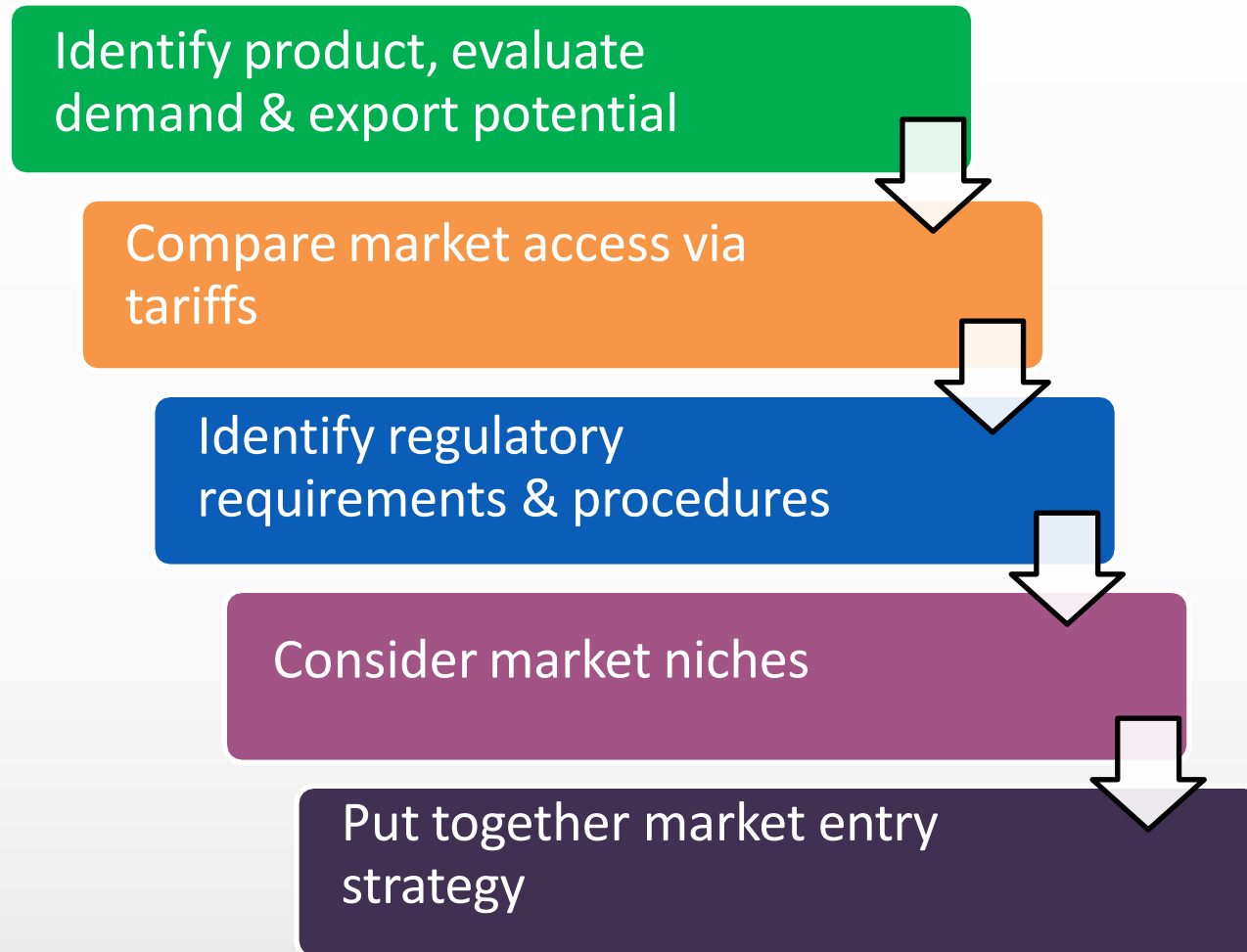
UGANDA
\$11 mn

ETH...
\$5...

Countries		Trade			Market Access			More details on Explore Module
		Actual trade in \$ mn	Market imports in \$ mn	Ease of trade	Regulatory requirements	MFN tariff	Effectively applied tariff	
Libya	×	2.41	135.77		12	5%	0%	
Kenya	×	0.73	90.32		3	10%	0%	
Nigeria	×	0.17	184.71		3	5%	5%	
Uganda	×	0.02	22.36		3	10%	0%	
Ethiopia	×	5.28	36.13		11	15%	13.5%	

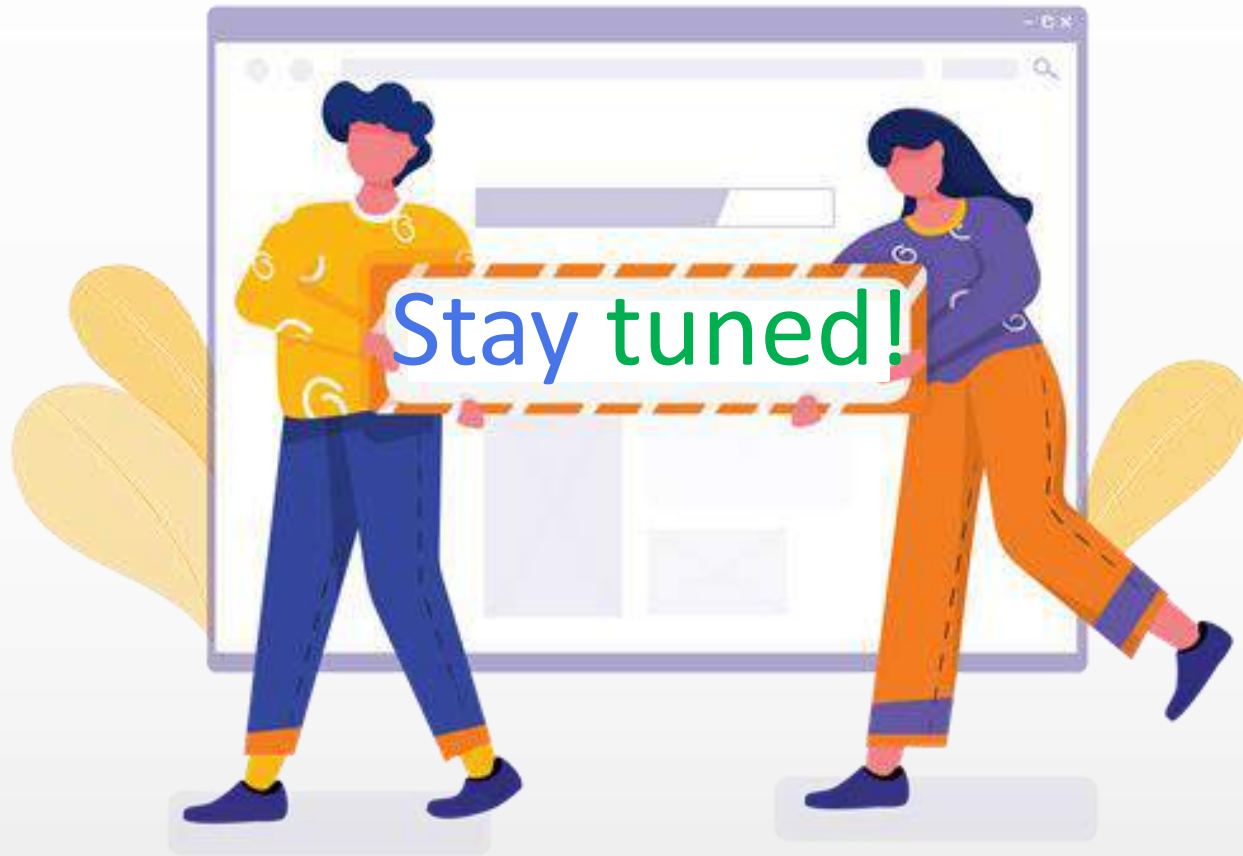
How we can use ATO information?

Related concepts:



- o Harmonized system nomenclature
- o Trade data
- o Export potential
- o Tariffs
- o Rules of origin
- o Non-tariff measures
- o Taxes
- o Voluntary standards

What is coming in the next months?



Expand data coverage:

- ☐ trade in services
- ☐ TOAM
- ☐ rules of origin
- ☐ taxes and other fees

Agenda – Day 1

1. Emerging opportunities for businesses
2. The African Trade Observatory
3. Key concepts on trade

Key concepts on trade

1. HS codes and Product Search

2. Trade data

3. Tariffs

4. Non-tariff measures

5. Voluntary standards

6. Taxes

7. Rules of origin

8. Export Potential

1806.10



Chapter



Heading



Subheading

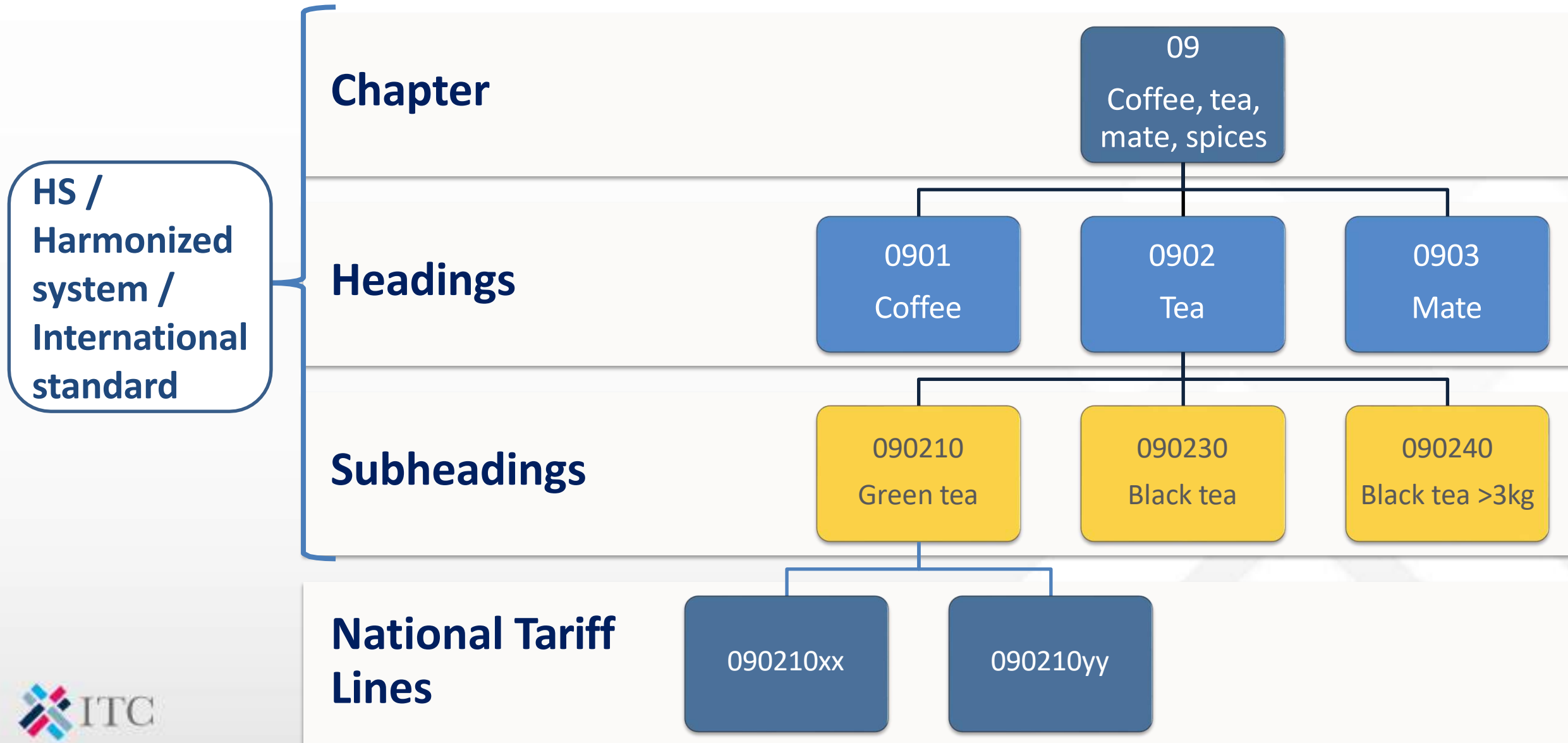


How is it that every customs office across the world will describe this product in the exact same way?

HS 090230 - Black tea



The Harmonized System- the Language of Trade



HS
(International
standard)

09

Coffee, tea, mate and spices

09.02

Tea

09.02.10

Green tea (not fermented) in packages not exceeding 3 kg

NTL
(~~NON~~
standard)

China

09.02.10.10

Flavoured green tea in packings=3kg

09.02.10.90

Unflavoured green tea in packings=3kg

Japan

09.02.10.00

Green tea (not fermented) in packages not exceeding 3 kg

US

09.02.10.15

Green tea (not fermented), certified organic, in immediate packings of a content not exceeding 3kg, not flavored

09.02.10.50

Green tea (not fermented), in immediate packings of a content not exceeding 3kg, other than certified organic, not flavored

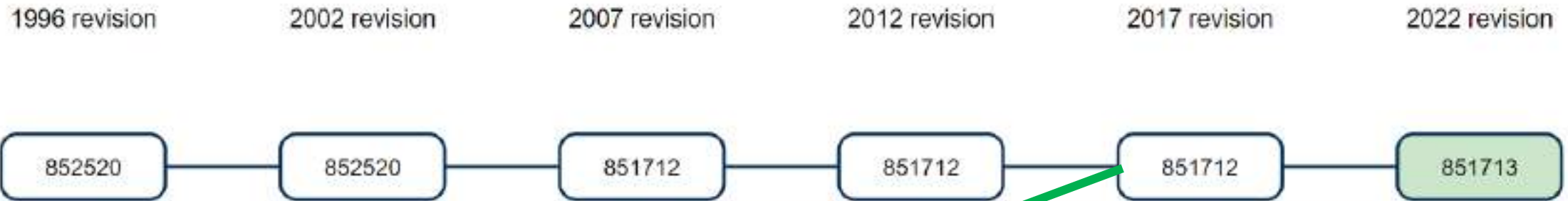
ATO HS code

**Imagine that you
have a potential
product in mind, for
which you need the
correct HS code...**



HS Revision history module

– Example smartphones



Product details

Product code: 851712

Revision: 2017

Label: Telephones for cellular networks "mobile telephones" or for other wireless networks

Product details

Product code: 851713

Revision: 2022

Label: Smartphones for wireless networks

Beware of the HS classification limitations!

HS Chapter 99 -> Commodities
NES (not elsewhere specified).

- The product can not be identified under other HS codes
- The country wants to protect part of its trade information
- The reported data is incomplete and the difference with the total is allocated to the HS code 999999

Several HS revisions can make
analysis complicated
(changing codes over time)



Remember...

**You need to
understand your
product
characteristics
very well**



Keyboard instrument



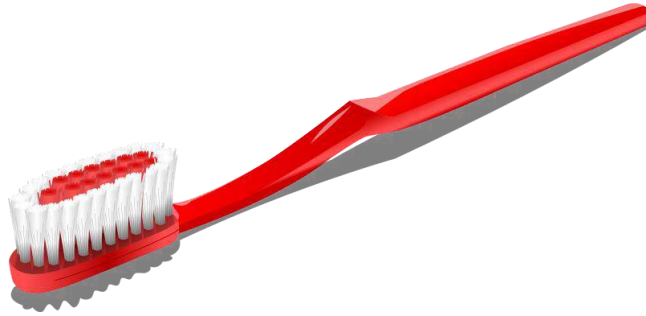
- 92 Musical instruments; parts and accessories of such articles
- 92.07 Musical instruments, the sound of which is produced, or **must be amplified, electrically** (for example, organs, guitars, accordions)
- 92.07.10 Musical instruments, the sound of which is produced, or must be amplified, electrically (for example, organs, guitars, accordions) : Keyboard instruments, other than accordions

Keyboard toy



- 95 Toys, games and sports requisites; parts and accessories thereof
- 95.03 Tricycles, scooters, pedal cars and similar wheeled toys; dolls' carriages; dolls; other toys; reduced size ('scale') models and similar recreational models, working or not; puzzles of all kinds
- 95.03.00 Of plastic

Toothbrush



- 96 Miscellaneous manufactured articles
- 96.03 Brooms, brushes (including brushes constituting parts of machines, appliances or vehicles), hand operated mechanical floor sweepers, **not motorised**, mops and feather dusters; prepared knots and tufts for broom or brush making; paint pads and rollers; squeegees (other than roller squeegees)
- 96.03.10 Brooms and brushes, consisting of twigs or other vegetable materials bound together, with or without handles

Toothbrush with electric motor



- 85 Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television image and sound recorders and reproducers, and parts and accessories of such articles
- 85.09 Electromechanical domestic appliances, with self contained electric motor, other than vacuum cleaners of heading 8508
- 85.09.80 Other appliances

ATO HS finder/ search for an HS code

**What if we want
to know the HS
code for teff?**



Let's go live!

ato.africa/en/resources/product-search



Key concepts on trade

1. HS codes and Product Search

2. Trade data

3. Tariffs

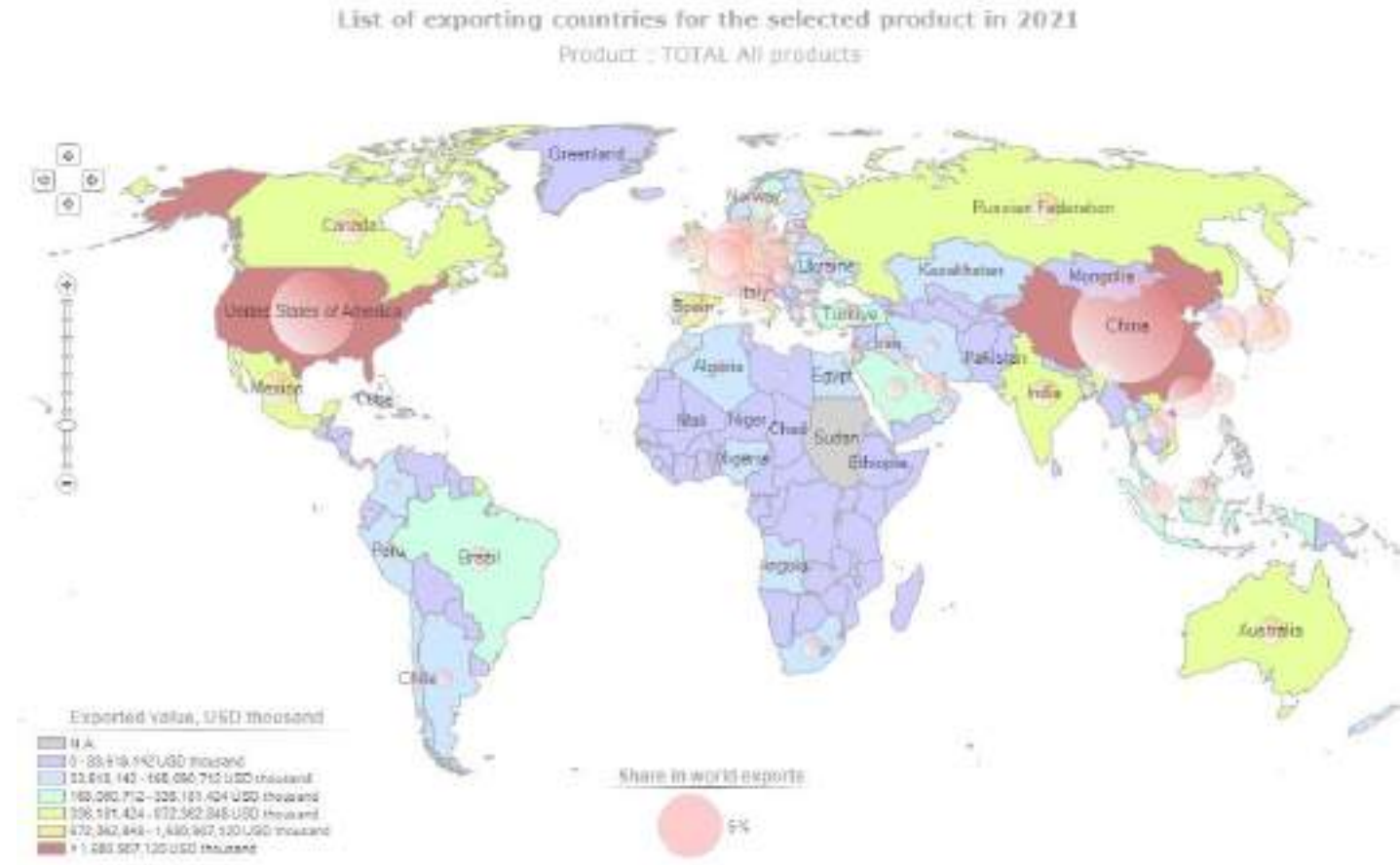
4. Rules of origin

5. Non-tariff measures

6. Voluntary standards

7. Taxes

8. Export Potential



What do we mean by trade data?

Trade data, or import and export statistics, consist of **statistical data about international trade, typically organized by time, partner, and commodity** (using HS codes)

Data types

Direct data

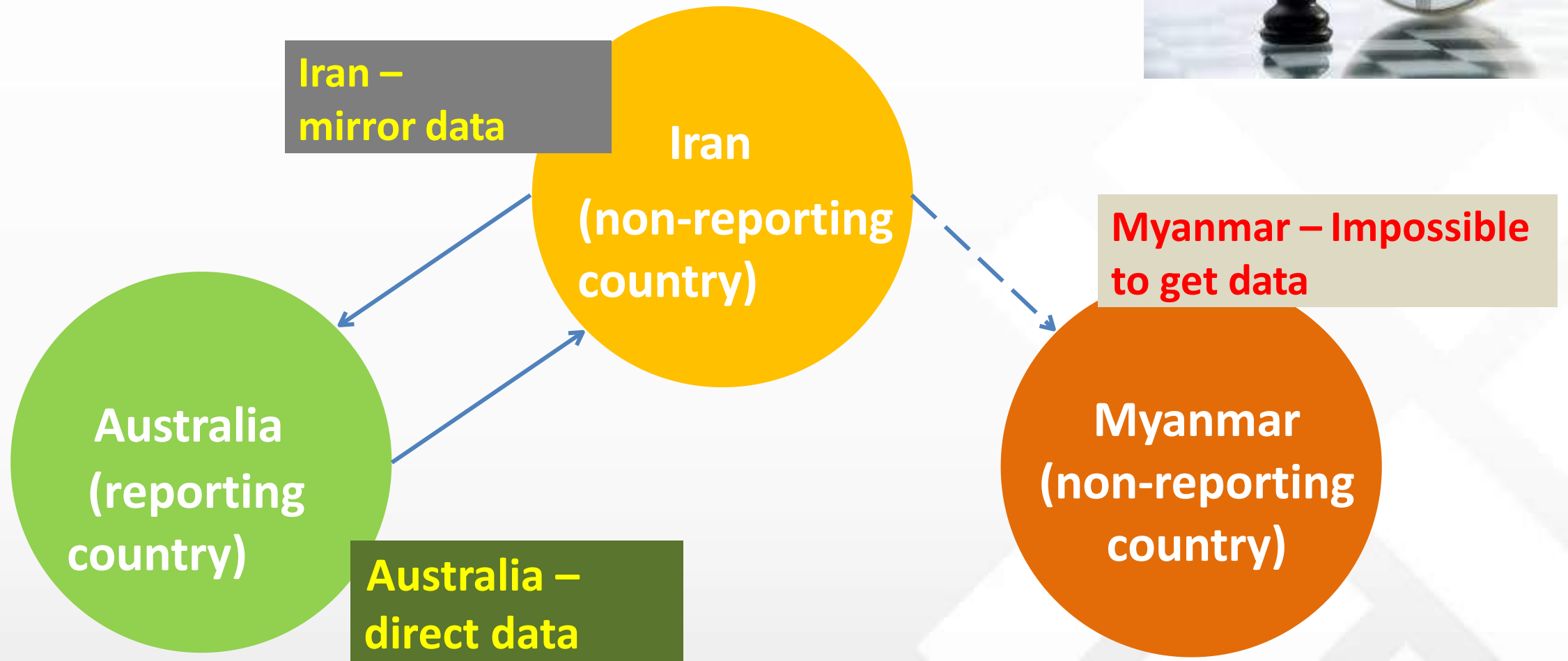
Submitted by national authorities to ITC or UN Comtrade

Mirror data

Reconstructed data on the basis of data reported by partner countries



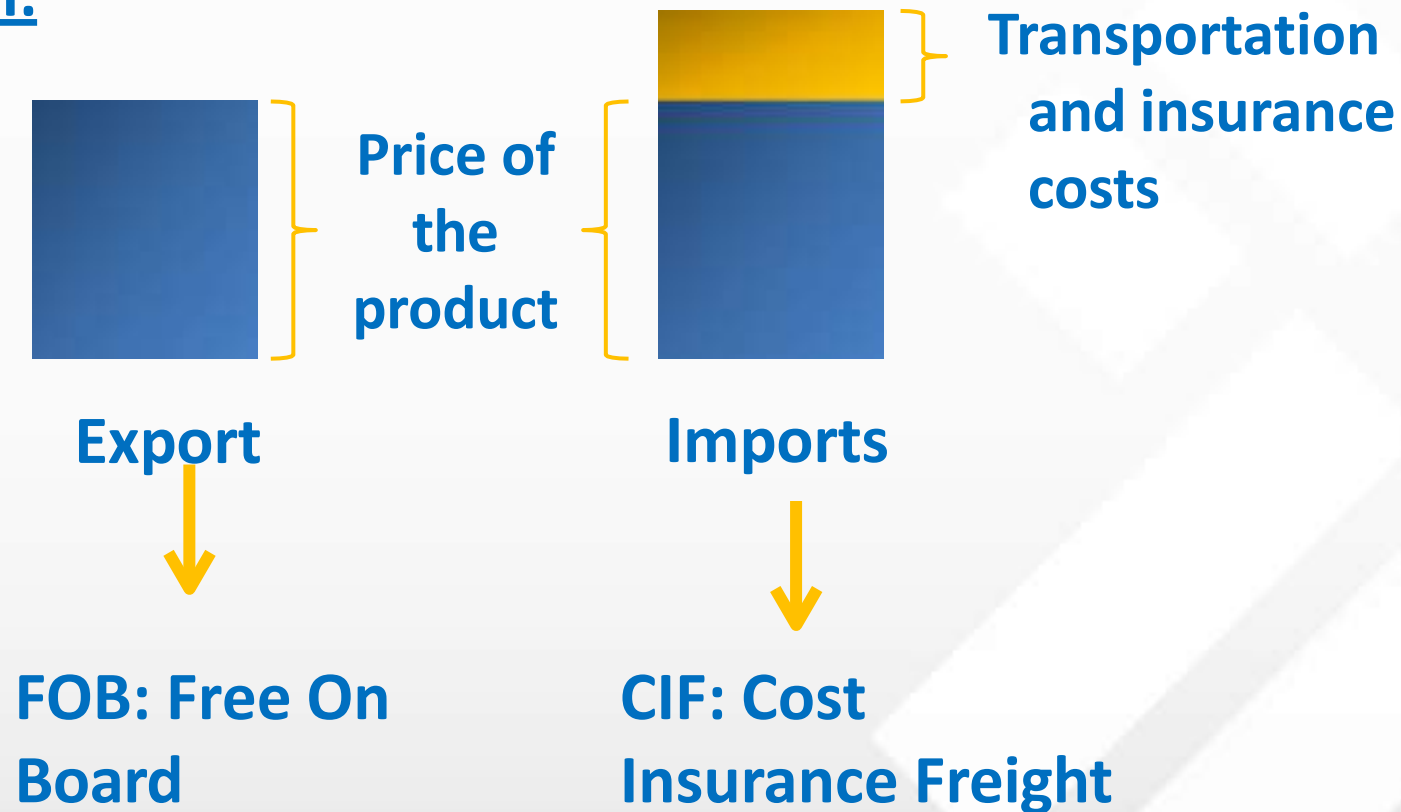
Mirror statistics



Mirror data – Be aware



United Nations recommendation:



INCOTERMS

FACTORY FIRST CARRIER ALONGSIDE SHIP ON BOARD ON ARRIVAL ALONGSIDE SHIP DESTINATION PLACE BUYERS WAREHOUSE



EXW	EX WORKS	!	AGREED PLACE						
FCA	FREE CARRIER	!	AGREED PLACE	!					
FAS	FREE ALONGSIDE SHIP	!	PORT OF SHIPMENT						
FOB	FREE ON BOARD	!	PORT OF SHIPMENT						
CFR	COST AND FREIGHT	!			PORT OF DESTINATION				
CIF	COST, INSURANCE AND FREIGHT	!			PORT OF DESTINATION				
CTP						COST PAID TO		PORT OF DESTINATION	
CIP		!				CARRIER AND INSURANCE PAID TO		PORT OF DESTINATION	
DAT		!				DELIVERY AT TERMINAL	!	PLACE OF DESTINATION	
DAP						DELIVERY AT PLACE	!		PLACE OF DESTINATION
DDP						DELIVERY DUTY PAID	!		DESTINATION

SELLER BUYER ! RISK TRANSFER

Mirror data – example



Limitations of international trade statistics

- The export value refers to the total or contract value, not the local value-added
- Similar products may be categorized differently
- Exchange rate fluctuations are not always recorded
- Only some countries include re-imports and re-exports data
- Trade data are not complete: smuggling, non-reporting, mistakes, *mirror data needed.*
- Trade values < USD500 are rounded to 0
- No real-time data – updates from time to time.



Trade data Pop quiz!

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 Mentimeter

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Or use QR code

What are “market access conditions”?



Market access for goods refers to the conditions, **customs tariffs** and **non-tariff measures**, applied by countries to goods imported into their markets.

1 Customs Tariffs

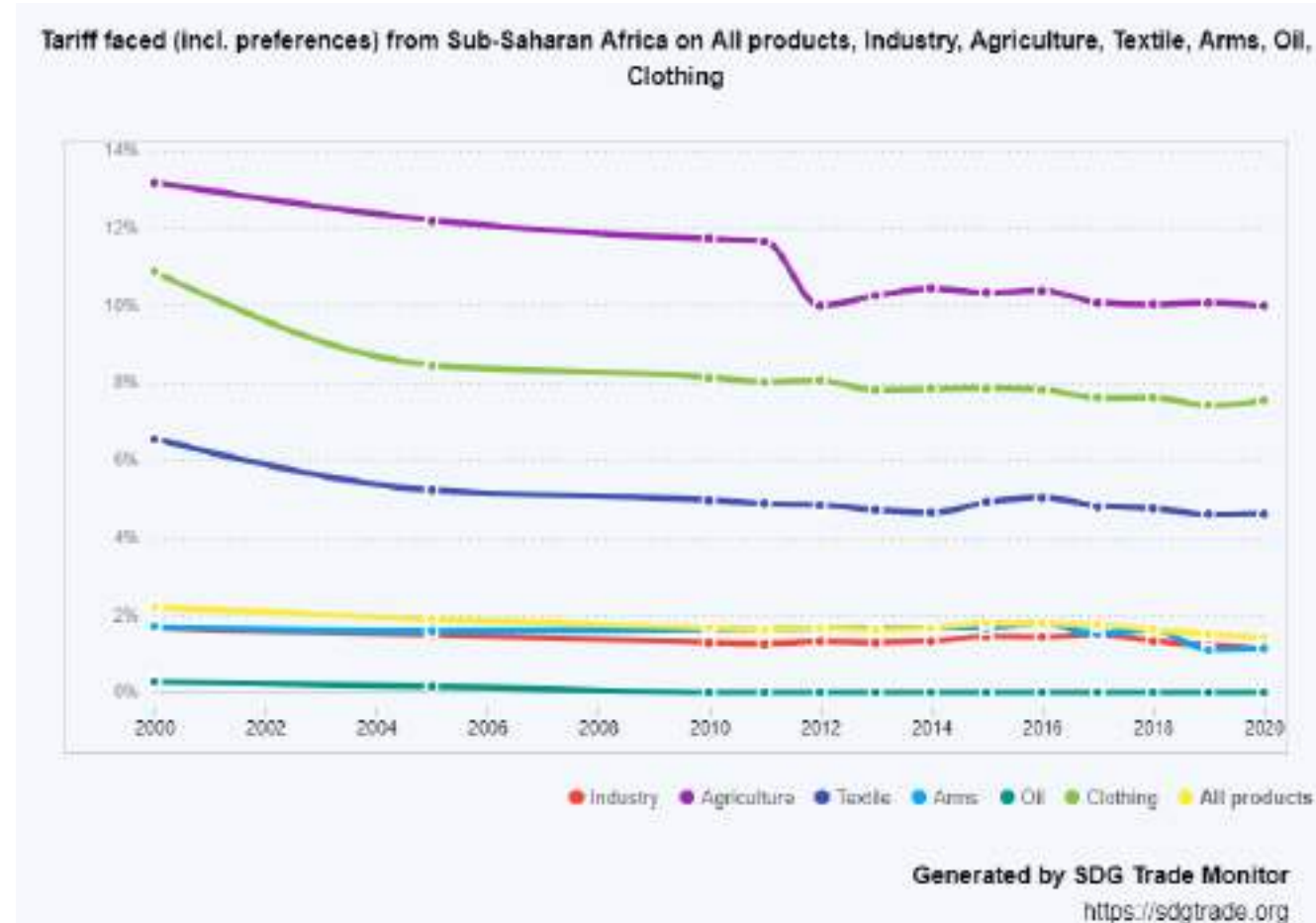
- They are a form of tax or duty levied by governments on the importation or exportation of goods
- They are generally levied on imported goods

2 Non-tariff Measures (NTMs)

- Mandatory requirements, rules or regulations other than ordinary customs tariffs legally set by the government of the exporting, importing or transit country
- They can potentially have an effect on international trade in goods, changing quantities traded, or prices or both.

Key concepts on trade

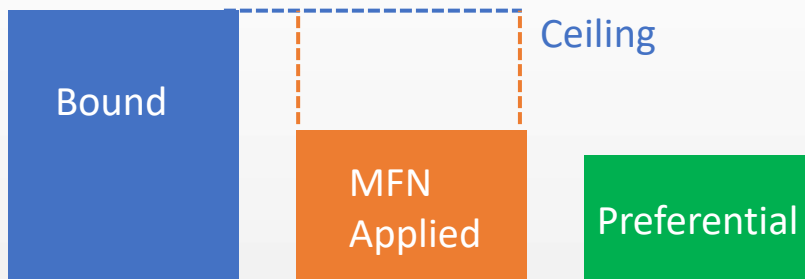
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Types of custom tariffs

Bound Tariffs

- Specific commitments made by individual WTO member governments
- It is the maximum MFN tariff level for a given commodity line



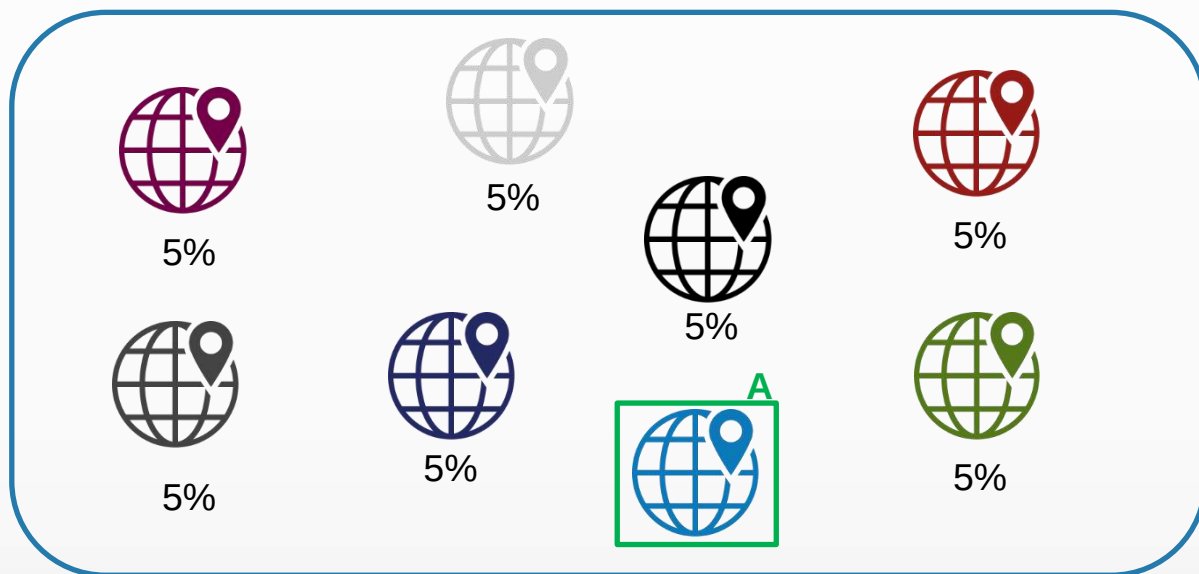
Applied Tariffs

- They are the actually applied tariffs by a country on goods imported into their markets.
- **Most-Favored Nation tariffs** (MFN) are the highest (most restrictive) that WTO members charge one another.
- The non-MFN tariff is levied on imports from a country that is not granted most favored nation (MFN) status.
- **Preferential tariffs** are lower than the MFN and levied on imports from a country that is being given preferential treatment.

Most Favoured Nation (MFN) principle

If a WTO member grants to a country an advantage, it has to give that same advantage to ALL the WTO members, without discrimination.

WTO



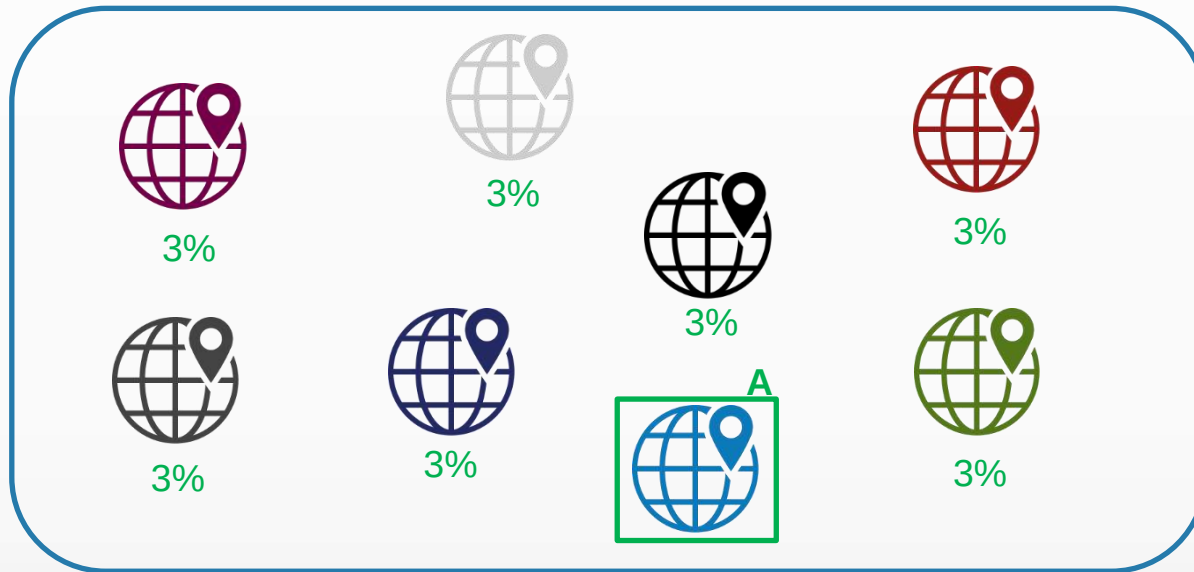
A is importing bananas from all WTO members and apply 5% of tariffs to all



Most Favoured Nation (MFN) principle

If a WTO member grants to a country an advantage, it has to give that same advantage to ALL the WTO members, without discrimination.

WTO



If A gives a better tariff of 3% to another WTO member



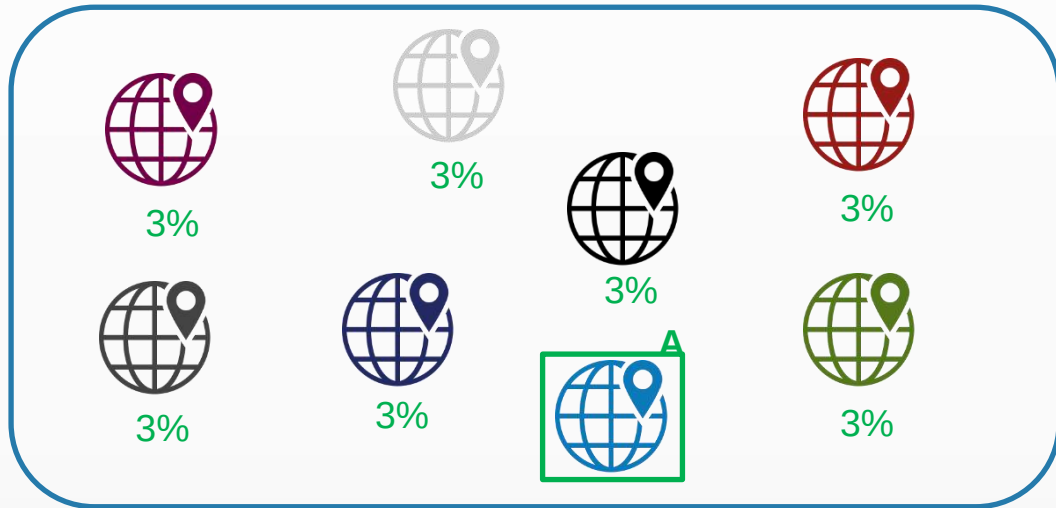
A should apply the same tariff to ALL WTO member countries

3 % is a MFN tariff

Most Favoured Nation (MFN) principle

If a WTO member grants to a country an advantage, it has to give that same advantage to ALL the WTO member, without discrimination.

WTO



If A gives a better tariff of 3% to another WTO member



3 % is a MFN tariff

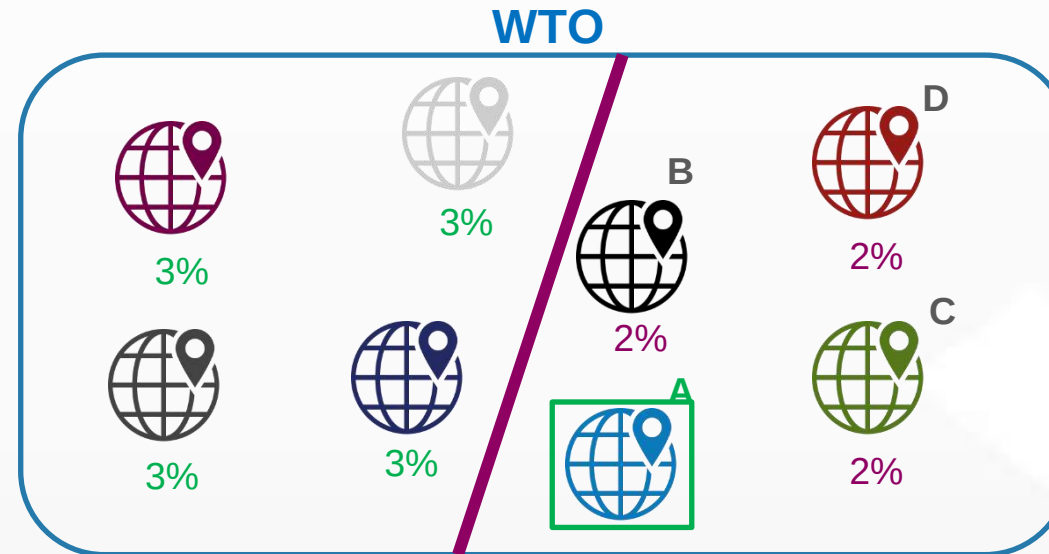
A is not obliged to grant the same advantage to a non-WTO member

5% is a Non-MFN tariff

MFN VS Preferential tariff

Exception to the MFN principle:

3 % is a MFN tariff

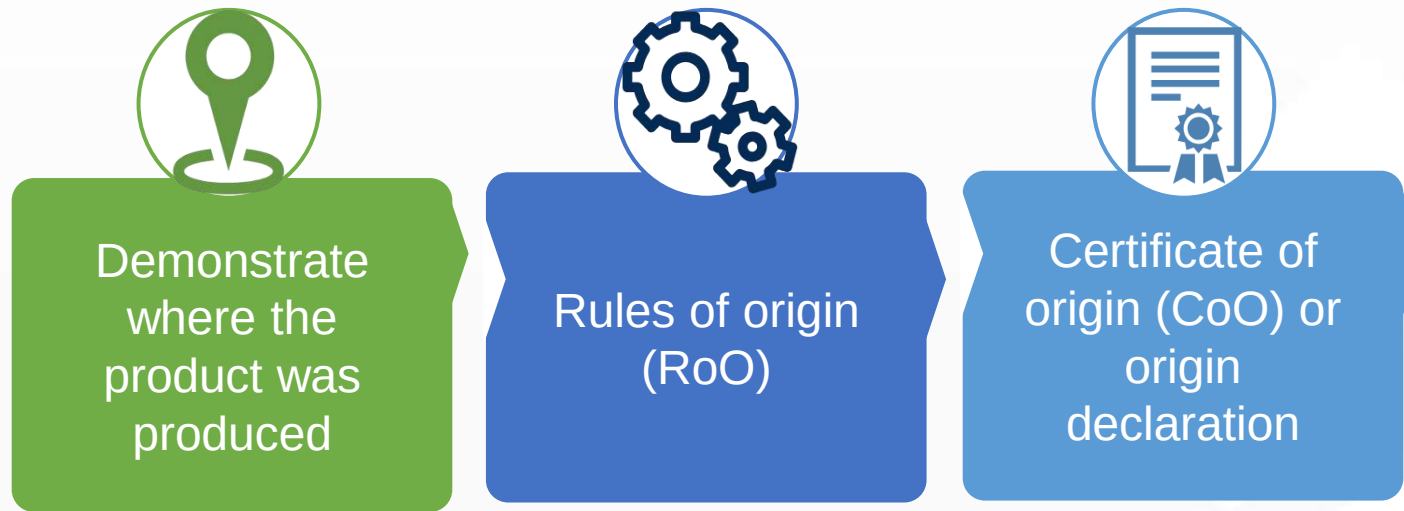


2 % is a Preferential tariff

A establishes a trade agreement with B, C and D. In the framework of this agreement, A, B, C and D benefit from the same tariff of 2%, while maintaining the tariff of 3% to other WTO-member.

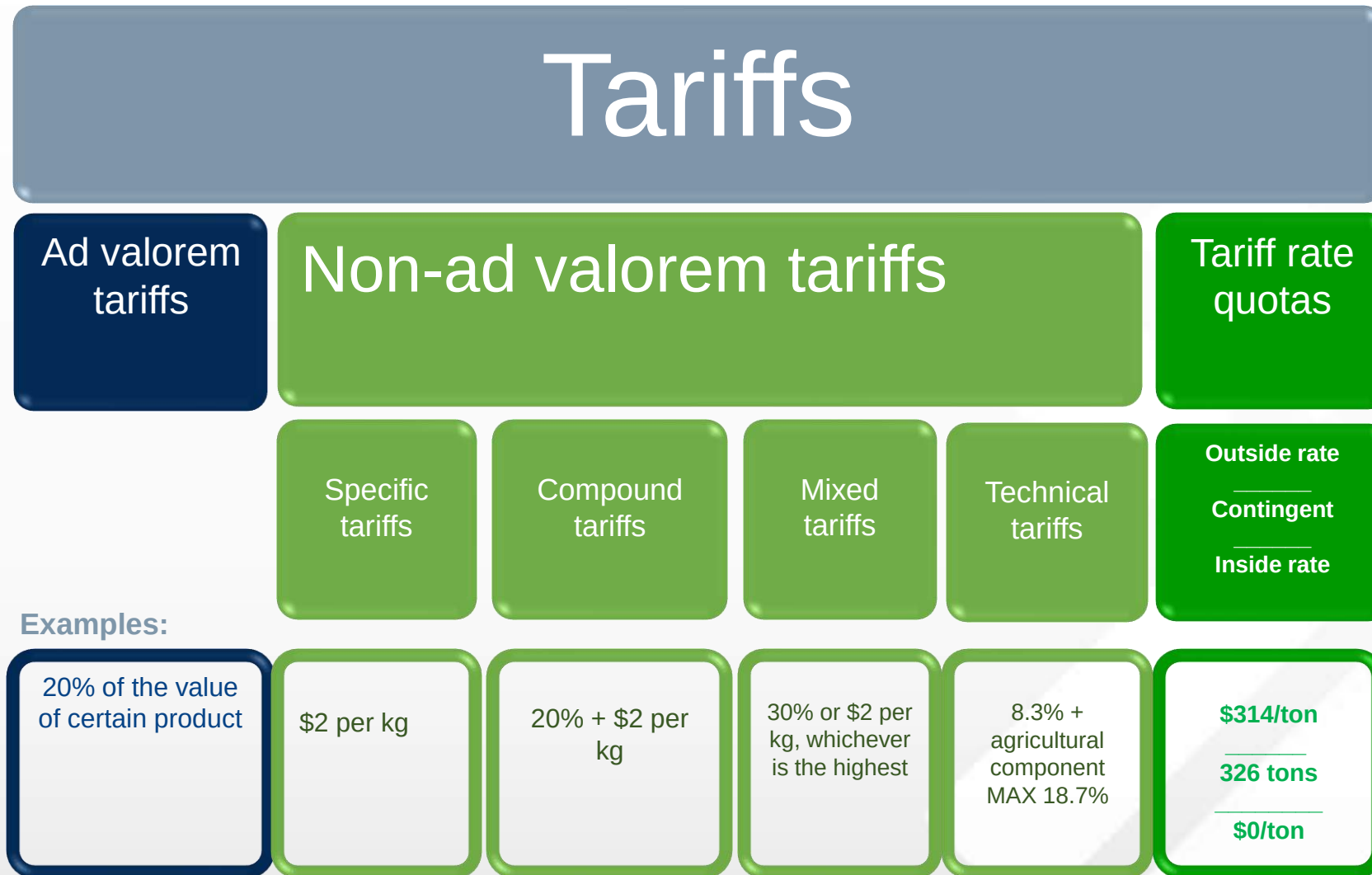
Preferential tariffs

In order to take advantage of a preferential tariff, exporting firms must



Agreement information	Rules of origin	Certificate of origin
NAME EPA, EAC-EU (Interim Agreement)	Chapter On Rules Of Origin	Certificate Of Origin
IN FORCE 2008-01-01	Full Text Of Agreement	
TYPE Free trade agreement	Product-Specific Rules Of Origin	
SCOPE Plurilateral/Group-Group		
MEMBER STATES Burundi, European Union, Kenya, Rwanda, Tanzania, United Republic of, Uganda		

Forms of custom tariffs



Non-ad valorem tariffs

Before Border

After Border

Switzerland imports maize seeds (1005.10.00) from Egypt

Tariff = CHF 43 100 kg gross

Specific tariffs

CHF 10 / kg



CHF 0.43/ kg

CHF 10 / kg

CHF 10.43 / kg



Malaysia imports watermelon (0807.11.000) from Egypt

MFN Tariff = 5 % + RM 0.6614/kg

Compound tariffs

Price w/o tariff = 10 RM
(package of 10 kg)



Tariff = $5\% \times 10 \text{ RM} + 0.6614 \text{ RM/kg} \times 10 \text{ kg}$
 $= 7.114 \text{ RM}$

Price with tariff = 17.114 EUR
(package of 10 kg)



Non-ad valorem tariffs

Before Border

After Border

India imports rayon fabric (5408.22.11) from Egypt

MFN Tariff = 25% or Rs.27 per sq. metre, whichever is higher

Mixed
tariffs

RS 40/ sq. metre



Option 1

25% × 40 sq metre
= 10 RS/ sq metre

Option 2

27 RS/ sq metre

Final price
27+ 40 =
67 RS/ sq metre



Technical
tariffs

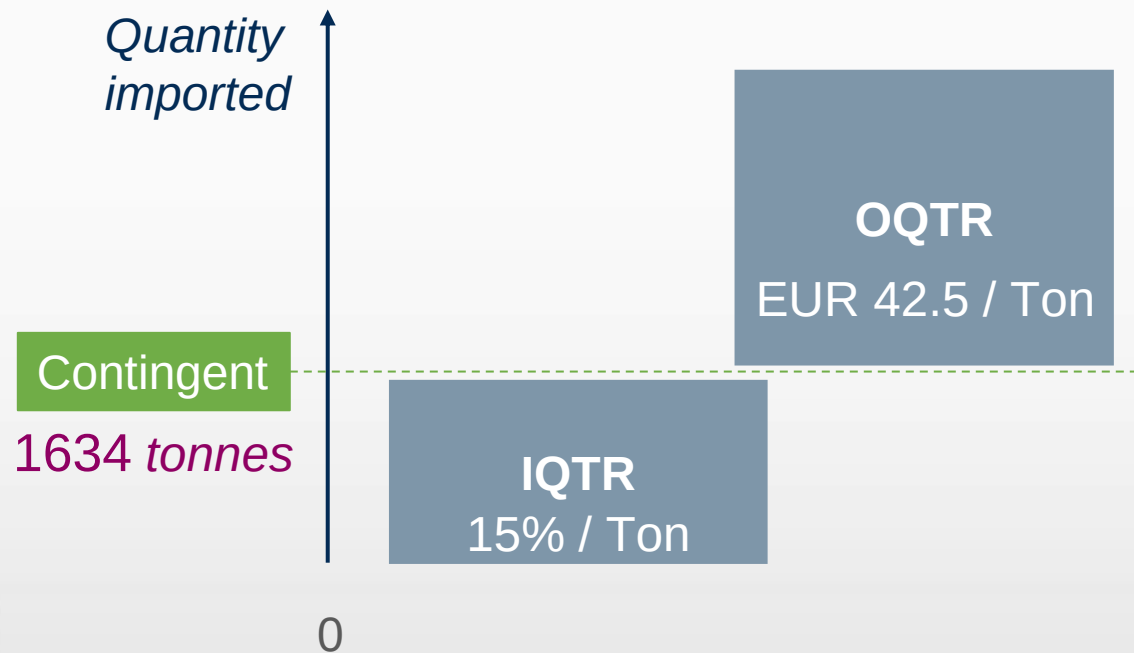
Importing country	NTLC	Product Description	Customs duty as reported
Russian Federation	8703.32.90.93	Motor cars and other motor vehicles principally designed for the transport of persons (other than those of heading 8702), including station wagons and racing cars: Other vehicles, with compression-ignite	2.2 euro per cm ³ of engine volume



Tariff rate quotas (TRQ)

- The first level of tariff (at a low or zero rate of duty), **inside-quota tariff rate** (IQTR), applies up to a specified quantity of import (**contingent**).
- A higher customs tariff, **outside-quota tariff** (OQTR), is levied on the imported goods outside of the contingent .

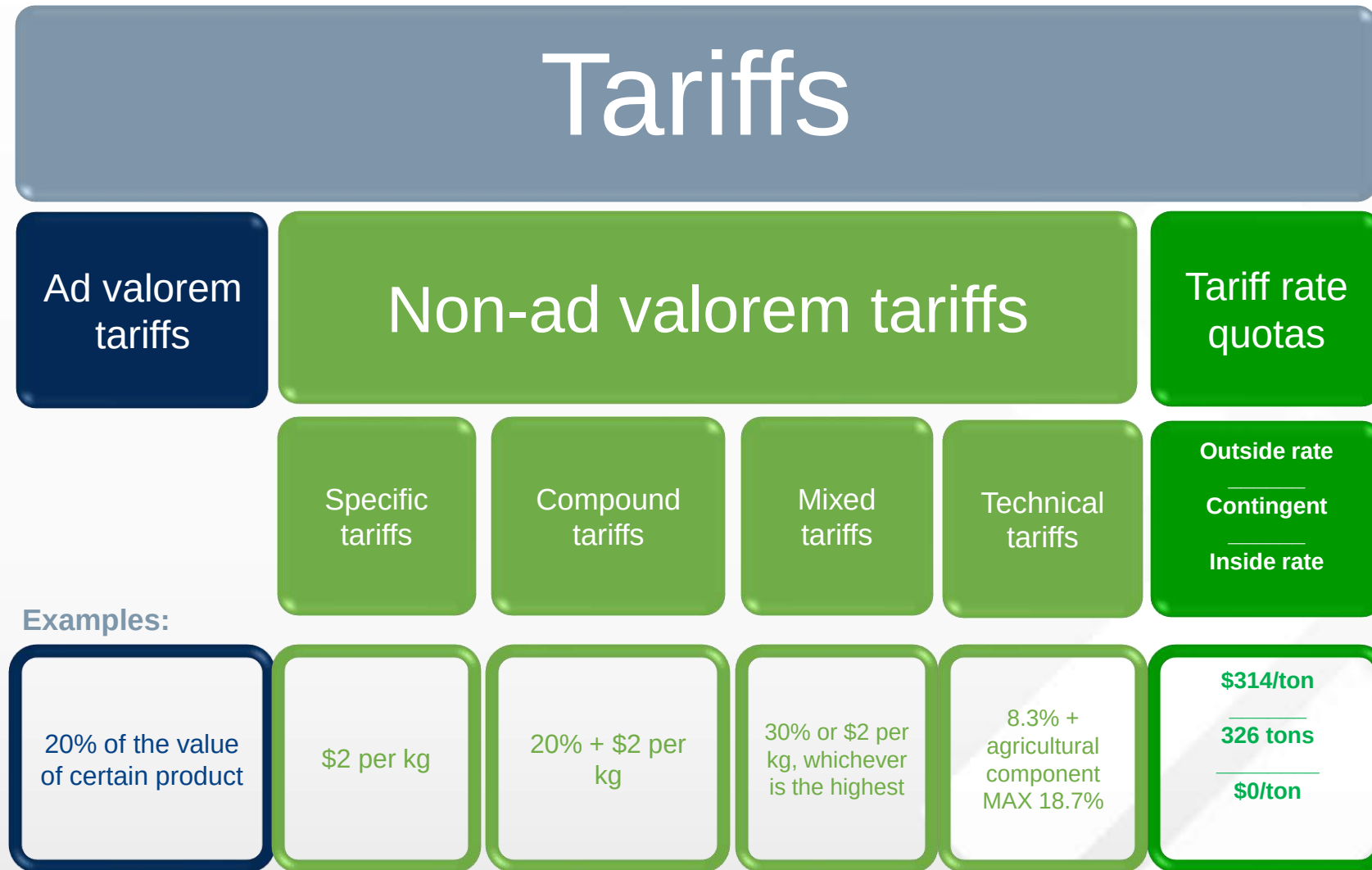
Example: Italy applies TRQ on imports of (1006201100) Round grain husked [brown] rice, originating from Egypt



WTO Tariff Rate Quota

- ⚙️ Inside-quota Tariff ① : 15%
- ⚠️ TRQ Quantity limit ① : 1634 Tonnes
- 🛒 Product coverage ① : 1006201100; 1006201300; 1006201500;
- 🌐 Country coverage ① : All countries
- 🕒 Administration method ① : Licenses on demand

Forms of custom tariffs



Ad Valorem Equivalent (AVE)

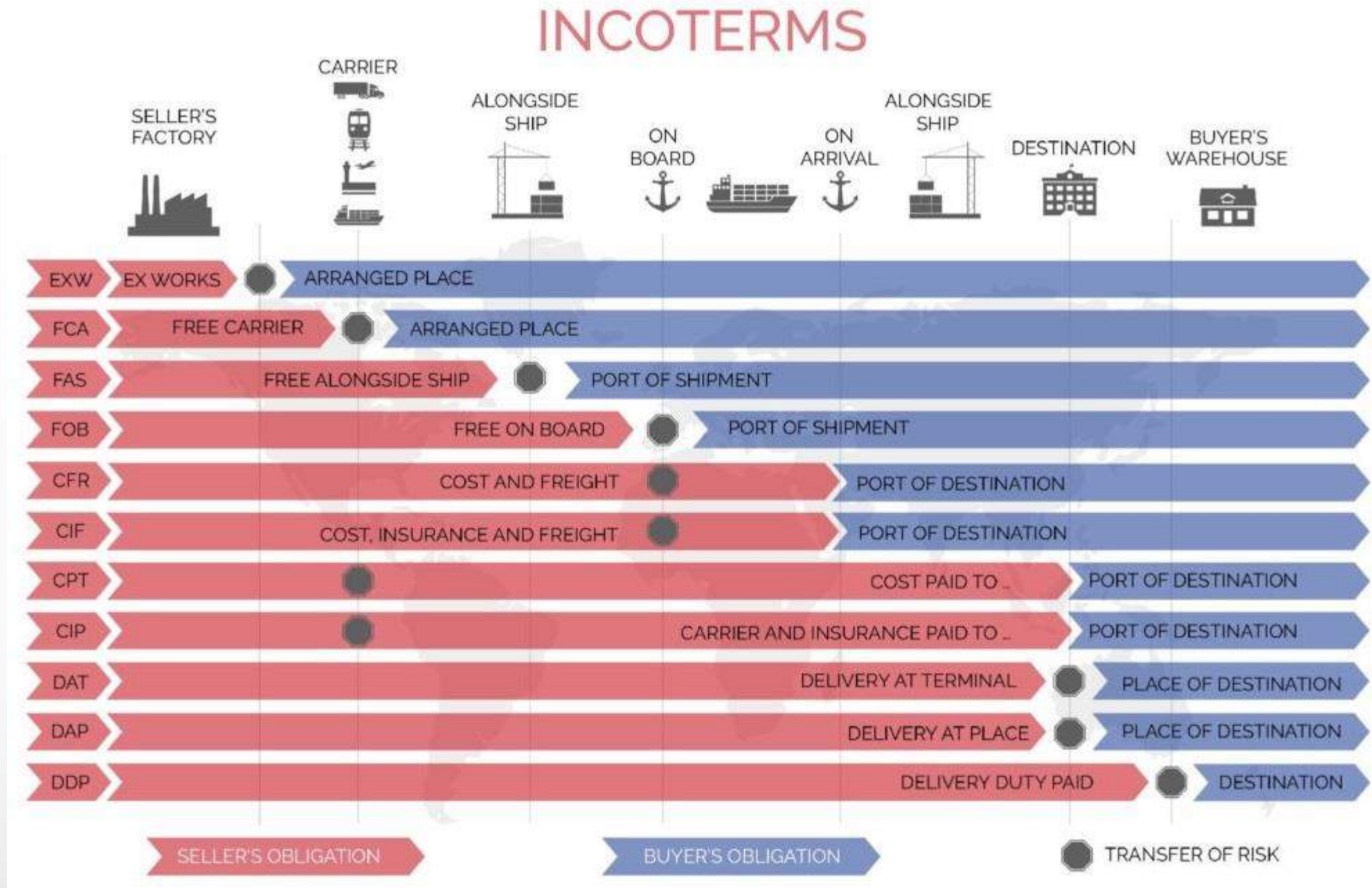
An AVE is an estimate of a non-ad valorem tariff in the form of a percentage.

Basic formula:

$$AVE(\%) = \frac{\textit{Specific tariff}}{\textit{Unit value}} * 100$$

$\frac{\textit{Value Imported}}{\textit{Quantity Imported}}$

Who
pays
customs
tariffs?



Tariffs Pop quiz!

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Key concepts on trade

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4. Rules of origin
5. Non-tariff measures
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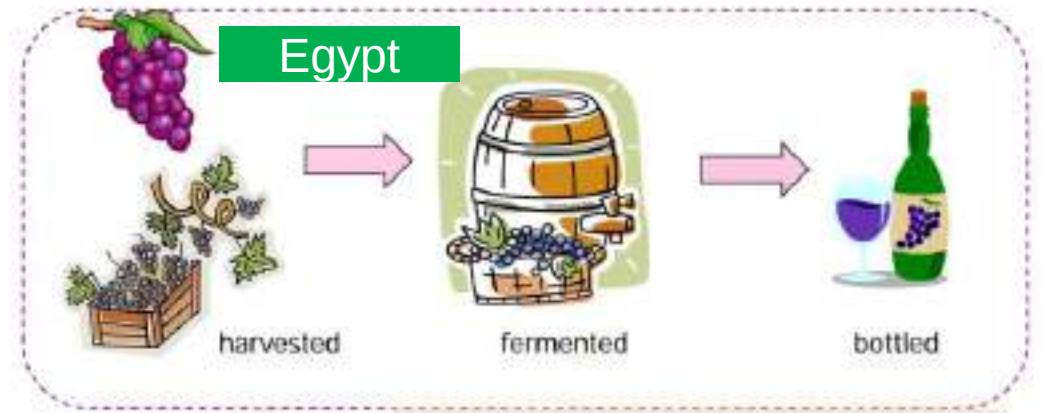
I think the wine is originating good of Egypt in 1 and 3 because fermentation decides the taste of wine.

But the quality of grape also decides the taste of wine, so I doubt in 3 the wine is originating good of Egypt

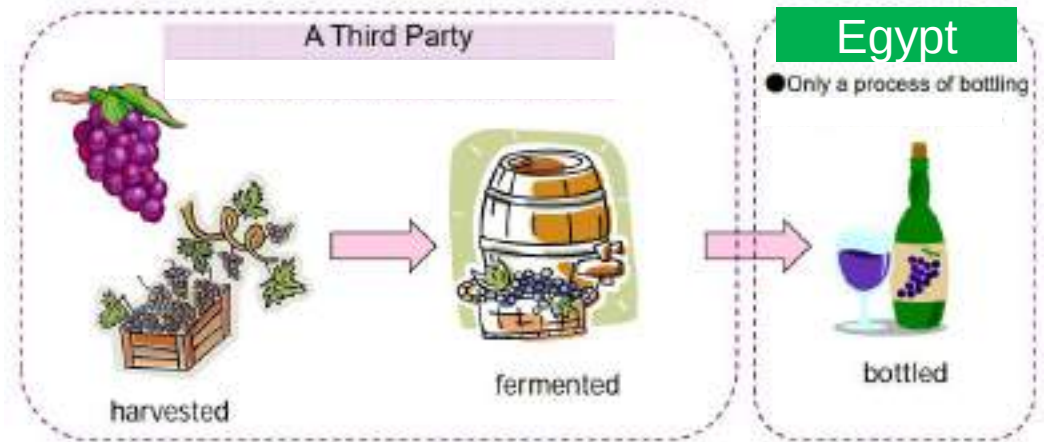
What do you think?...



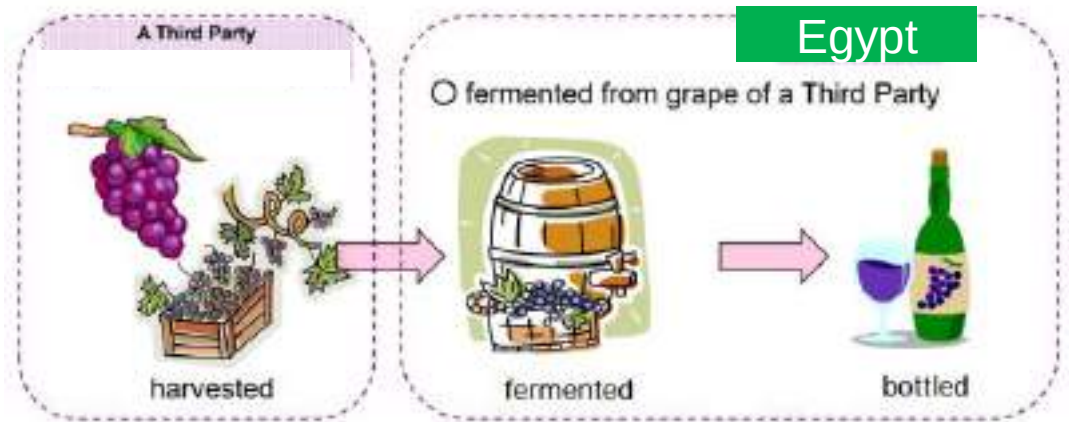
1



2



3



Rules of origin

- It establishes the goods' eligibility for preferential treatment under a Free Trade Agreement (FTA)
- Determine the **economic “nationality”** of the good.
- They list **conditions that need to be fulfilled** for the good to be considered originating in a given country.

There are two types of rules of origin:

Preferential rules of origin.



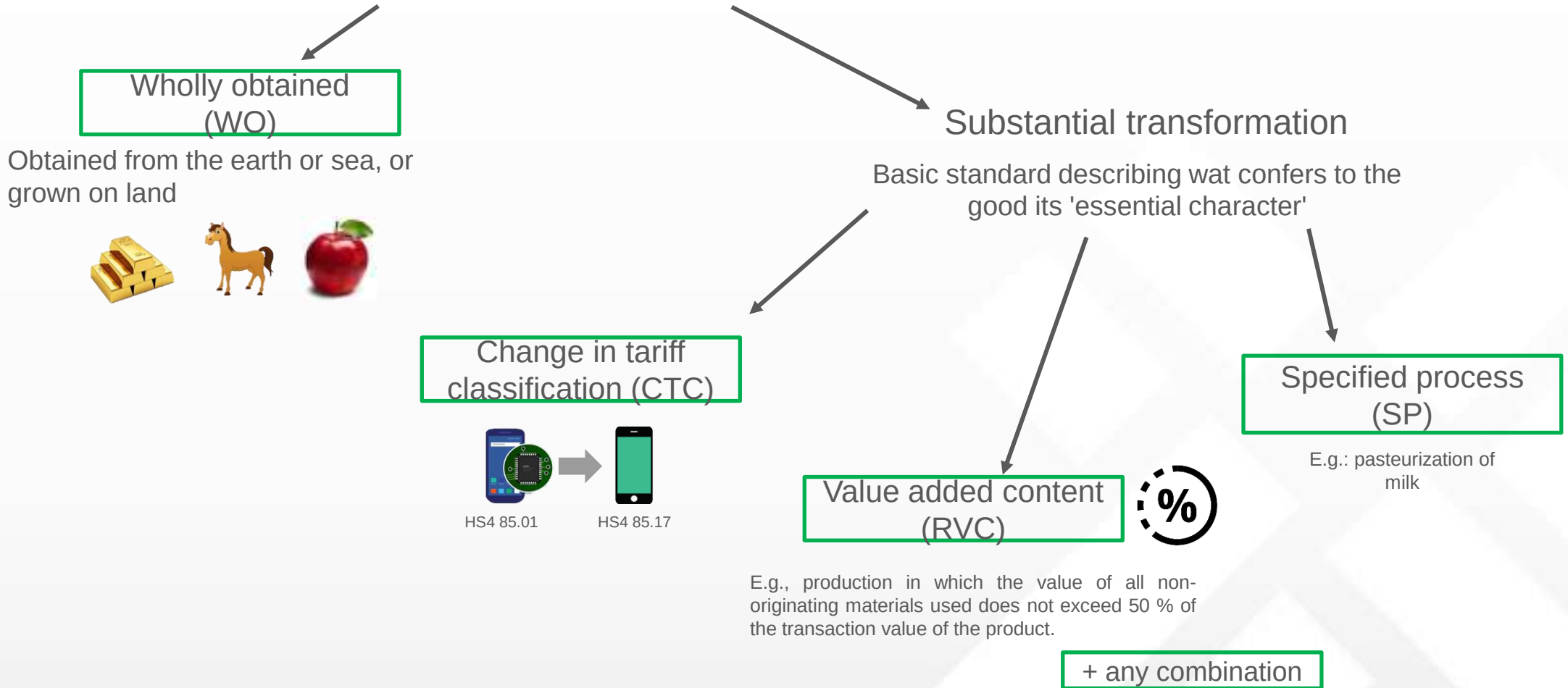
Trade agreements: determining eligibility for preferences.

Non-preferential rules of origin.



- For statistical purposes
- Trade policy measures: e.g., anti-dumping / TRQ
- For Government procurement
- For application of “Made in”-labelling in some countries

Rules of origin – basic principles



Rules of origin – 14 types



Occurrence	Rule	Definition
6%	WO	Good is entirely (i.e. wholly) obtained or manufactured in one country without using any non-originating materials.
5%	NC	The non-originating inputs are not required to be classified in a different HS code than the final good to confer originating status.
7%	CC	The originating status is conferred to a good that is classified in a different HS chapter than the non-originating inputs.
43%	CTH	The originating status is conferred to a good that is classified in a different HS heading than the non-originating inputs.
6%	CTSH	The originating status is conferred to a good that is classified in a different HS subheading than the non-originating inputs.
0%	CTI	The originating status is conferred to a good that is classified in a different HS tariff item than the non-originating inputs.
10%	ALW	The originating status is allowed to be conferred from non-originating inputs of specific HS codes.
10%	ECT	The originating status cannot be conferred to a good if the non-originating inputs are from HS codes listed under exception.
13%	SP	A good originates in the country where a defined technical requirement, i.e. a specific working or processing, has taken place.
61%	RVC	A good obtains originating status if a defined regional value content percentage has been reached.
0.1%	RQC	A good obtains originating status if a defined regional quantity content percentage has been reached.
3%	RVP	A good obtains originating status if a defined regional value content percentage on a part or parts has been reached.
0%	RQP	A good obtains originating status if a defined regional quantity content percentage on a part or parts has been reached.
2%	Other	Origin criteria other than related to wholly obtained, CTC, value (quantity) content, or specified process.

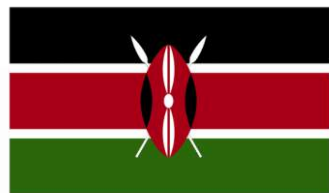
Note: "Occurrence" means % of presence of the rule among all 500,000 FTA x HS6 combinations (as of Oct 12, 2018)

Remember...

Each trade agreement has its own sets of rules of origin!



Let's look at an example



252329



Preferential
Tariff: 0%

EAC

Wholly obtained
(WO)

Manufacture in which all the minerals of this chapter used are wholly produced

COMESA

Wholly obtained
(WO)

Change in tariff
classification (CTC)

Value added
content (RVC)

1 Goods shall be accepted as originating from a Member State if they are consigned directly from a Member State to a consignee in another Member State and: (a) They have been **wholly produced** as provided for in Rule 3 of this Protocol; or (b) They have been produced in the Member States wholly or partially from materials imported from outside the Member States or of undetermined origin by a process of production, which effects a substantial transformation of those materials such that: i. **The c.i.f. value of those materials does not exceed 60 percent of the total cost of the materials used** in the production of the goods; or ii. **The value added resulting from the process of production accounts for at least 25 percent of the ex-factory cost of the goods;** or **Manufacture from materials classified in a heading other than that of the product**

Key concepts on trade

1. HS codes and Product Search
2. Trade data
3. Tariffs
4. Rules of origin
5. Non-tariff measures
6. Voluntary standards
7. Taxes
8. Export Potential



The background of the slide features a stylized illustration of global trade and transport. At the top left, a white airplane flies over a light blue globe. To the right, a city skyline with various grey buildings is visible. Below the city, a blue road with white dashed lines curves across the frame. Two red trucks with blue containers are driving on this road. In the foreground, a large cargo ship with a black hull and a red stripe is sailing on blue water, carrying a stack of colorful (yellow, red, blue) shipping containers. At the bottom of the slide, there is a grid of 18 circular icons in green and orange, representing various goods and services: a sofa, a fish, a test tube, a diamond, a carrot and apple, a rolled-up document, two bottles, gears, a graduation cap, a robotic arm, a car, and a high-heeled shoe.

What are Non-Tariff Measures (NTMs)?

NTMs are policy measures other than ordinary customs tariffs, which can potentially have an economic effect on international trade in goods, changing quantities traded or prices or both.

Non-tariff measures Pop quiz!

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Non-tariff measures – classification

Import-
related
measures

Export-
related
measures

A. Sanitary and phytosanitary measures	}	Technical measures
B. Technical barriers to trade		
C. Pre-shipment inspection and other formalities		
D. Contingent trade protective measures	}	Non-technical measures
E. Non-automatic licensing, quotas, prohibitions and quantity control measures other than for SPS or TBT		
F. Price control measures including additional taxes and charges		
G. Finance measures		
H. Measures affecting competition		
I. Trade-related investment measures		
J. Distribution restrictions		
K. Restriction on post-sales services		
L. Subsidies (excluding export subsidies under P7)		
M. Government procurement restrictions		
N. Intellectual property		
O. Rules of origin		
P. Export related measures		



A. Sanitary and Phytosanitary (SPS) measures

Technical measures aiming to **protect**:

- ❖ **Human or animal life** from risks arising from additives, contaminants, toxins or disease-causing organisms in foods, beverages or feedstuffs;
- ❖ **Animal and plant life** and health from pests, diseases, diseases-carrying organisms.
- ❖ **Human life and health** from risks arising from diseases carried by animals, plants or products thereof, or from the entry, establishment or spread of pests;

Example of SPS measures

Tolerance limit of residues of chemical substance in powdered infant formula



Regulations

1. Short title and commencement.—(1) These regulations may be called the Food Safety and Standards (Contaminants, toxins and Residues) Amendment Regulations, 2016.

(2) They shall come into force on the date of their publication in the Official Gazette.

2. In the Food Safety and Standards (Contaminants, toxins and Residues) Regulations, 2011, after regulation 2.3 relating to ‘Residues’ and the Table thereunder, the following regulation and table shall be inserted,—

“2.4 Other Contaminants

2.4.1: The contaminant mentioned in column 2 on the foods mentioned in column 3, shall not exceed the Maximum Level prescribed in column 4 of the Table given below:

Sl.No.	Name of the contaminants	Food	Maximum level (mg/kg)
(1)	(2)	(3)	(4)
1.	Melamine	Powdered infant formula	1.0
		Liquid infant formula	0.15
		Other foods	2.5 .”

B. Technical Barriers to Trade (TBT)

Technical regulations adopted for **other purposes*** would be treated as technical regulations and would therefore be a TBT measure.

*than protecting human or animal life from diseases, risk of contamination etc (SPS measures).

e.g. measures **for national security requirements, for safety, to prevent from deceptive practices, for quality purposes or to protect the environment.**

Example of TBT measures

Product quality requirements
on oranges imported to France
(Country applying the
regulation = France).



(iii) Oranges

Colouring must be typical of the variety. Fruits with light green colour are allowed, provided it does not exceed one fifth of the total surface of the fruit. Fruits must show the following minimum juice content:

— Blood oranges:	30 %
— Navels group:	33 %
— Other varieties:	35 %

However, oranges produced in areas with high air temperatures and high relative humidity conditions during the developing period can be of a green colour exceeding one fifth of the total surface area, provided they satisfy the following minimum juice content:

III. PROVISIONS CONCERNING SIZING

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

A. Minimum size

Fruits of less than the following minimum sizes are excluded:

Lemons:	45 mm
Mandarins, excluding clementines:	45 mm
Clementines:	35 mm
Oranges:	53 mm

C. Pre-shipment inspections and other customs formalities

Include:

- Customs' compulsory quality, quantity and price control of goods prior to shipment from the exporting country.
- Direct consignment requirements
- Requirement to pass through specified port of customs
- Some import licences

Why do governments impose NTMs?

- NTMs can be introduced for **legitimate reasons**, for example protection of human, animal and plant health.
- But can also be misused as an **instrument of protection**.

Importing Country

- Health and safety of consumers
- Environmental factors
- Infant industry protection
- Achieve political goals

Exporting Country

- Ensure adequate supply for the domestic market
- Maintain quality
- Ensure best value for their exports

- NTMs are **not necessarily** a trade barrier.
- They play an important role in **enabling trade**.

Trade remedies



Trade policy measures that allow governments to take **remedial action** against imports which cause **material injury** to a domestic industry.

Actions taken against dumping (selling at an unfairly low price).

Anti-dumping measures

Subsidies and special “countervailing” duties to offset the subsidies.

Countervailing measures

Emergency measures to limit imports temporarily, designed to “safeguard” domestic industries

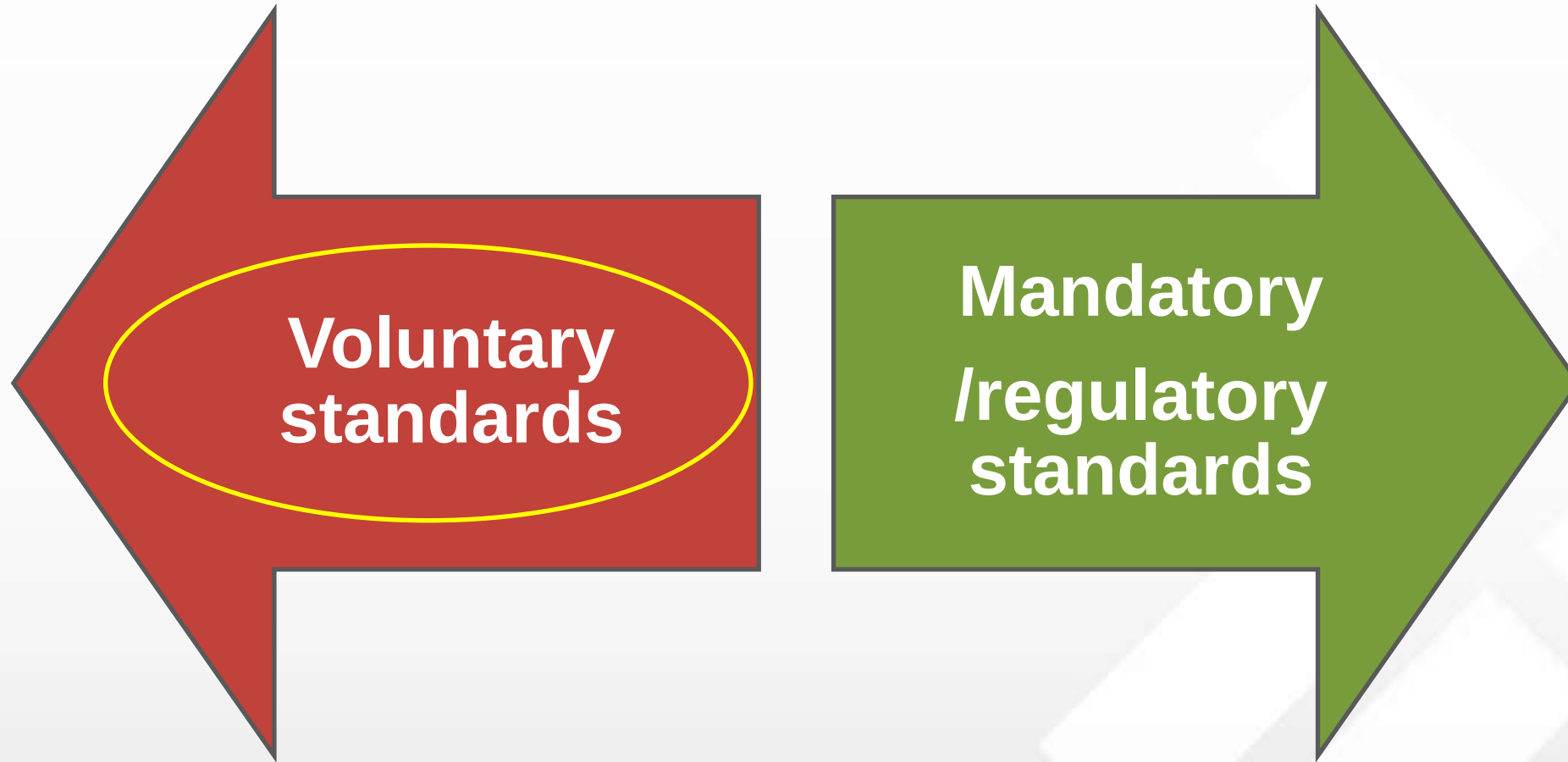
Safeguard measures

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Let's talk about Standards



What are the characteristics that you consider when purchasing a piece of cloth?



- ☐ Organic fabric
- ☐ Producers received fair wages
- ☐ Female and male workers were treated equally



- ☐ Size
- ☐ Color
- ☐ Style
- ☐ Shape

Voluntary standards



They are used to communicate complex information between buyers and sellers.
Communicate through seals and labels



Ensure that a **product in question** is **produced, processed and transported in accordance with certain sustainability metric** such as environmental impacts, basic human rights, labor standards, and gender equality

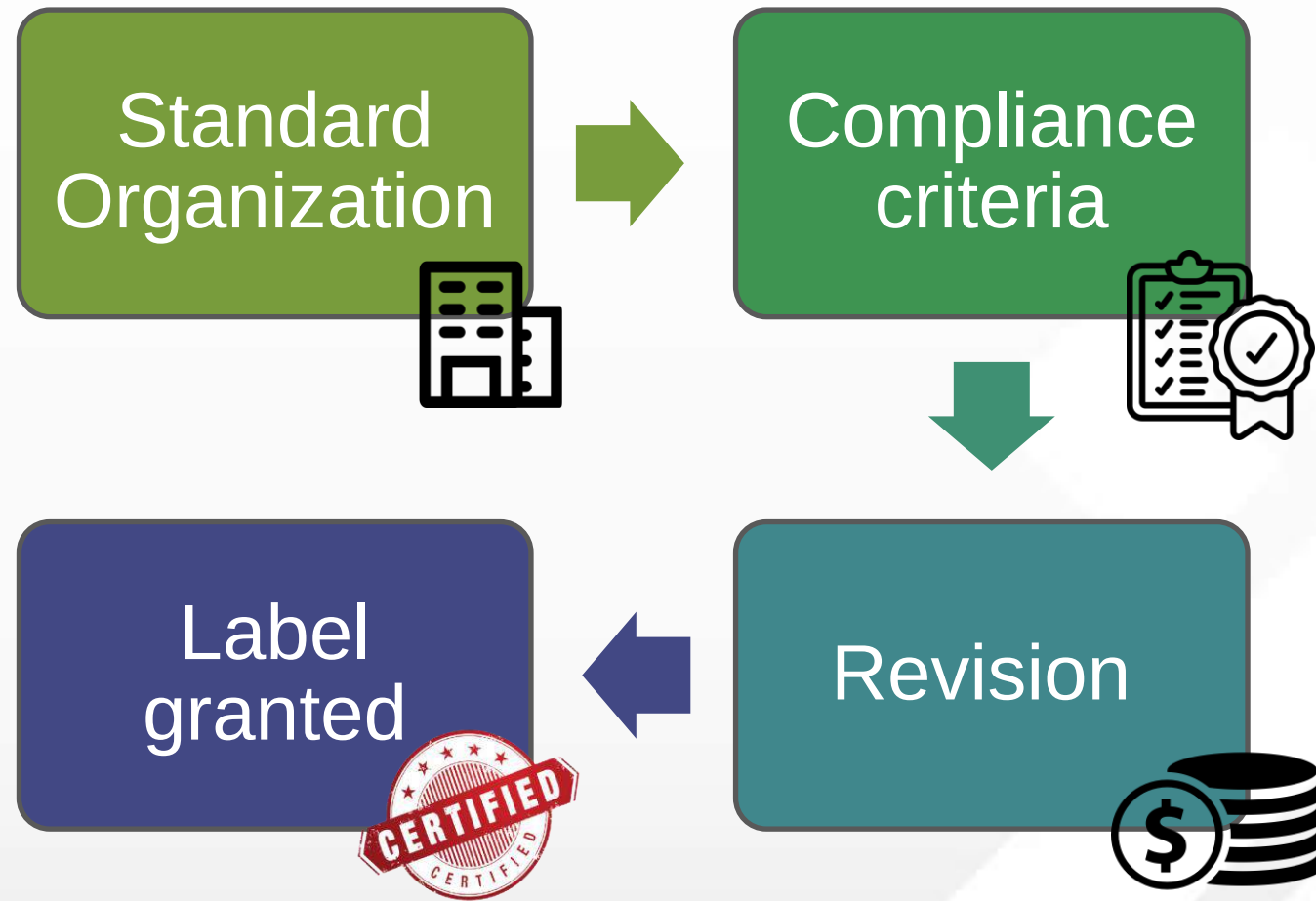


Enhance market access in niche segments by further differentiating products

+400



How do they work?



Voluntary standards Pop quiz!

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Taxes

Taxes

mandatory contributions paid by corporations and individuals to a government.

This can be national, regional and even local

Tariffs

- ☐ tax that is imposed by a country on services and goods imported from a different country
- ☐ I relates to the HS classification, in which imported goods are classified under

Types of taxes

	01	EXPORT TAXES	Export tax
	02	IMPORT TAXES	1. Customs tariffs 2. Other import duties: Customs surcharges, trade remedies
	03	INTERNAL TAXES	1. Taxes on general consumption : Value added tax (VAT), Retail sales tax, Other general taxes 2. Taxes on specific goods: Excise duties
	04	FEES AND CHARGES	1. Customs inspection, processing and service fee 2. Tax on transport facilities 3. Storage fee 4. Statistical tax 5. Stamp tax/Import license tax

Example of duties and charges levied at customs

IMPORT TAXES

FEES AND CHARGES

INTERNAL TAXES

Tax		Percentage
Example using a CIF value of 100,000		
1	Import duty (Customs Tariff)	15%
2	Trade remedy (e.g. AD, CVD)	10%
3	Other charges affecting import	
	Import surcharge	2%
	Registration fees	2%
	Stamp duty	1%
	Customs processing fee	3%
4	Internal taxes	
	Excise duty	10%
	VAT	20%
	Simple sum of tax rates	63%

Remember...

The tax base
varies



Example with tax base complexity

IMPORT TAXES

FEES AND CHARGES

INTERNAL TAXES

Tax		Percentage	Sample	Taxable value basis
Example using a CIF value of 100,000			100,000	
1	Import duty (Customs Tariff)	15%	15,000	CIF
2	Trade remedy (e.g. AD, CVD)	10%	10,000	CIF
3	Other charges affecting import		-	
	Import surcharge	2%	2,000	CIF
	Registration fees	2%	2,000	CIF
	Stamp tax	1%	1,000	CIF
	Customs processing fee	3%	3,000	CIF
	Sub-total 1 (import clearance)	33%	33,000	Pre-internal tax
4	Internal taxes			
	Excise duty	10%	13,300	CIF + <u>Pre-internal</u> tax
	VAT	20%	29,260	CIF + <u>Pre-internal</u> tax + Excise
	Sub-total 2 (domestic sale)	30%	42,560	Internal tax
	Total taxes	75.6%	75,560	Post-internal tax

What questions do you have?



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Which factors should we consider when estimate trade potential across markets in the coming years?

Demand?

The strength of the trade relationship?

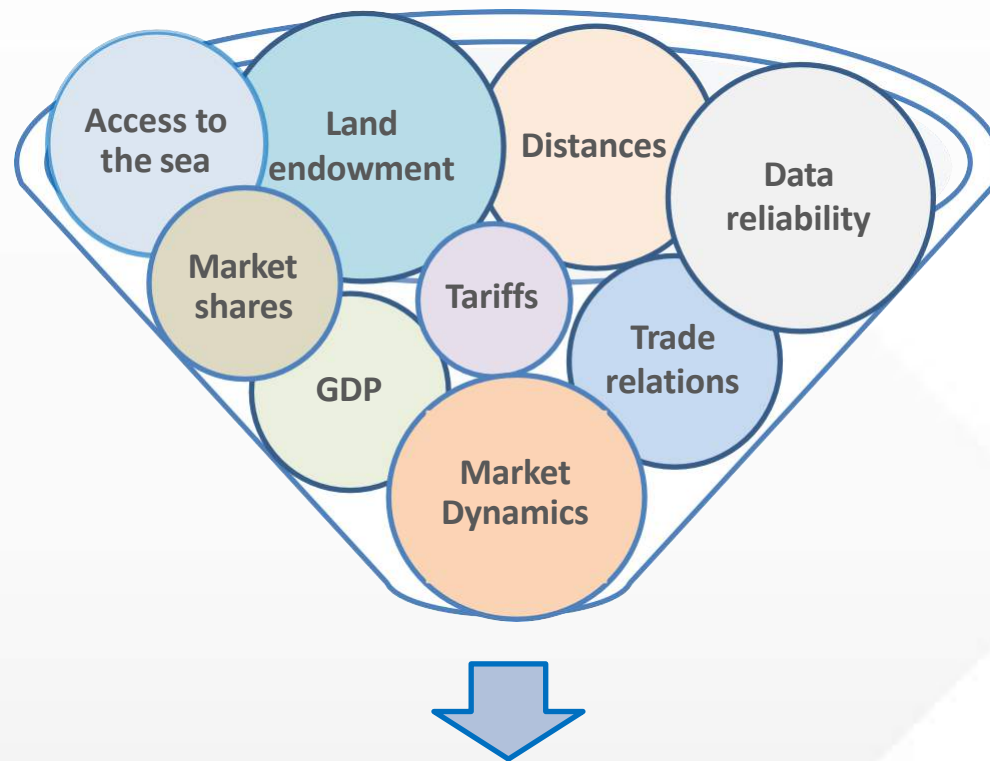


**Growth/
economic
performance in
the market?**

**Applied tariffs
and preferential
margins?**

Distance?

Export potential assessments: Making sense of trade-related information



Unique ranking of most promising **suppliers, sectors** and **markets** for more targeted trade support interventions

EPI: Export potential indicator in a nutshell

Within the next five years...

$$EPI_{ijk} = \text{Supply}_{ik} \times \text{Demand}_{jk} \times \text{Ease}_{ij}$$

What is measured?

How much can the exporter produce?

How much will the importer demand?

How easy is for the exporter and importer to trade with each other?

How is measured?

Market share

GDP growth

Global tariff conditions

Imports

GDP and population growth

Demand elasticities

Market's tariff conditions

Distance

Relative trade

Dimensions

i Exporter

j Importer

k Product

Example: Egypt's export potential for refined sugar in Kenya

$$EPI_{ijk} = \text{Supply}_{ik} \times \text{Ease}_{ij} \times \text{Demand}_{jk}$$

→ Egypt hold an export potential of **\$13 million** for refined sugar in the Kenyan market

170199 Cane or beet sugar & chemically pure sucrose

Export potential	\$38 mn
Actual exports	\$13 mn
Untapped potential remaining ?	\$25 mn

... how much can be exported?

..how much of the product is exported currently?

... how much can exports grow?

EPI and unrealized potential

$$\text{Unrealized potential} = \begin{cases} EPI - \text{current exports} & \text{if } EPI > \text{exports} \\ 0 & \text{if } EPI \leq \text{exports} \end{cases}$$

Drivers of unrealized potential

Unrealized export potential may be due to:

- Expected supply and demand growth
- Difficulties to comply with non-tariff measures
- Misalignment of supply with price/quality preferences
- Difficulties to find buyers in the target market
- Seasonality
- Suboptimal allocation of exports across potential target markets due to lack of market intelligence

