Market Access

Concepts and information tools

Mohamed Tarek Issa, International Trade Centre
SITA Webinar Series
1 October 2020

www.macmap.org  www.epingalert.org
Accessing the Indian market with my coffee from Viet Nam

How much do I have to pay to the Indian Customs Authority to enter the Indian market?

Do I need to do any product testing?

Are there any import restrictions? Or any other regulation that I have to be aware of?

Is there any document that I have to provide when crossing the border?
Market access for goods refers to the conditions, customs tariffs and non-tariff measures, applied by countries to goods imported (or exported) into their markets.
Market Access: overview

Export related regulations
Licences, …

Import related regulations
Certificates, inspection requirements, …

Tariffs
Today’s agenda

What we will do / cover

The theory: Some key concepts
- Tariffs
- Non-tariff measures
- SPS, TBT and Rules of Origin

Live demo of tools
- Market Access Map
- ePing

Time for questions

What we will not (be able to) cover
- Cover all aspects of market access in depth
- Show all features of all tools
- Rules of Origin Facilitator tool → webinar on 13 October
What are customs tariffs?

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

Customs tariffs are levied at the time of importation.

Customs tariffs are generally paid by the importer of record.
# Format of customs tariffs

## Tariffs

<table>
<thead>
<tr>
<th>Ad valorem tariffs</th>
<th>Non-ad valorem tariffs</th>
<th>Tariff rate quotas</th>
</tr>
</thead>
<tbody>
<tr>
<td>Specific tariffs</td>
<td>Compound tariffs</td>
<td>Outside rate</td>
</tr>
<tr>
<td>$3 per kg</td>
<td>20% + $3 per kg</td>
<td>Contingent</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Inside rate</td>
</tr>
</tbody>
</table>

### Examples:

- **Specific tariffs:** 20% of the value of certain product: $3 per kg.
- **Compound tariffs:** 20% + $3 per kg.
- **Mixed tariffs:** 20% or $3 per kg, whichever is the highest.
- **Technical tariffs:** 9% tariff if fat content is above 30%.
- **Tariff rate quotas:**
  - $315/ton
  - 300 tons
  - $0/ton
Glossary

- **An ad valorem tariff**: a customs duty levied on the basis of the value. Ad valorem tariffs are expressed as a percentage of the value of goods cleared through customs.

- **Non ad valorem tariff**: a tariff that is not expressed as a percentage of the value of the good. It can be:
  - **Specific tariff**: charged as fixed amount per quantity unit.
  - **Compound tariff**: comprises an ad valorem duty to which is added or subtracted a specific duty.
  - **Mixed tariff**: rate of duty based on a choice between an ad valorem duty and a specific duty, subject to an upper and/or a lower limit.
  - **Technical tariff**: determined by specific technical factors of the product such as content or size.

- **Tariff rate quota**: a combination of an import tariff and an import quota in which imports below a specified quantity enter at a low (or zero) tariff and imports above that quantity enter at a higher tariff.
Just checking…

… if I need to add more theory on tariffs …

→ Please answer the 5 poll questions!
Glossary

**Bound tariff:** a commitment made by a WTO members not to increase a rate of duty beyond an agreed level.

**Applied tariff:** applied in practice by a customs administration. They are the rates published by national customs authorities.

**Most favored nations (MFN) tariff:** applied by WTO members to goods imported from any other WTO member countries.

**Preferential tariff:** lower than the MFN, as a result to a preferential trading arrangement (e.g. Mercosur) or under unilateral tariff preferences (e.g. GSP).
An example of Bound and Applied Tariffs

- **Bound**: 50.00% in Country A
- **Non-MFN**: 100.00% in Country A
- **MFN**: 10.00% in Country B
- **Preferential Margin**: 5.00% in Country C

**Binding overhang**
### Format of customs tariffs

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<td></td>
<td>Mixed tariffs</td>
<td>Inside rate</td>
</tr>
<tr>
<td></td>
<td>Technical tariffs</td>
<td></td>
</tr>
</tbody>
</table>

#### Examples:

- **Specific tariffs:** 20% of the value of certain product
  - Value: $3 per kg

- **Compound tariffs:** 20% + $3 per kg
  - Value: 20% or $3 per kg, whatever is the highest

- **Mixed tariffs:** 20% or $3 per kg, whatever is the highest
  - Value: 9% tariff if fat content is above 30%

- **Technical tariffs:**
  - Value: $3 per kg

- **Tariff rate quotas:**
  - Outside rate: $315/ton
  - Contingent: 300 tons
  - Inside rate: $0/ton
Ad valorem equivalents (AVEs)

Non-ad valorem tariff presented as a % of the value of goods cleared through customs.

- Allows for **comparison** of tariffs across different countries and products
- Allows **calculation** of average tariffs for a product group, e.g. agricultural products
Before continuing....

Any questions?
Where to find information on tariffs?
Let’s go live

Market Access Map

www.macmap.org
Market access is not only about tariffs…

From an exporter’s point of view: Tariffs are “the last thing to worry about”

Some prerequisites:

- Find a buyer (importer) interested in your product
- Comply with mandatory requirements of importing countries
  Sometimes comply also with private standards required by the buyer
- Get the export licence and other documentation required by your own country

➔ It is important to look at NTMs

ITC

TRADE IMPACT FOR GOOD
Just checking…

… how much you already know…

→ Please answer the
5 poll questions!
NTMs and other trade related obstacles

**NTMs**
Regulations on trade and products, other than tariffs, which may negatively affect the international trade of goods.

**NTBs**
NTMs that have a ‘protectionist or discriminatory intent’

**Excessively strict/complex requirements**
The requirements are too strict or complex to comply with.

**Procedural Obstacles**
Practical challenges or administrative hurdles which make compliance to NTMs difficult.

**Standards:** Developed by international standards organizations such as Codex Alimentarius, which is a collection of standards and guidelines relating to food safety – public standards. There are also private (voluntarily) standards that NGOs come up with.
### NTM Classification

- Logic linked to WTO agreements
- Correspondence with the EU Helpdesk taxonomy

#### Classification of non-tariff measures by chapter

<table>
<thead>
<tr>
<th>Technical measures</th>
<th>Imports</th>
<th>Non-technical measures</th>
<th>Exports</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>Sanitary and phytosanitary measures</td>
<td></td>
<td></td>
</tr>
<tr>
<td>B</td>
<td>Technical barriers to trade</td>
<td></td>
<td></td>
</tr>
<tr>
<td>C</td>
<td>Pre-shipment inspection and other formalities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>D</td>
<td>Contingent trade-protective measures</td>
<td></td>
<td></td>
</tr>
<tr>
<td>E</td>
<td>Non-automatic import licensing, quotas, prohibitions, quantity-control measures and other restrictions not including sanitary and phytosanitary measures or measures relating to technical barriers to trade</td>
<td></td>
<td></td>
</tr>
<tr>
<td>F</td>
<td>Price-control measures, including additional taxes and charges</td>
<td></td>
<td></td>
</tr>
<tr>
<td>G</td>
<td>Finance measures</td>
<td></td>
<td></td>
</tr>
<tr>
<td>H</td>
<td>Measures affecting competition</td>
<td></td>
<td></td>
</tr>
<tr>
<td>I</td>
<td>Trade-related investment measures</td>
<td></td>
<td></td>
</tr>
<tr>
<td>J</td>
<td>Distribution restrictions</td>
<td></td>
<td></td>
</tr>
<tr>
<td>K</td>
<td>Restrictions on post-sales services</td>
<td></td>
<td></td>
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<tr>
<td>L</td>
<td>Subsidies and other forms of support</td>
<td></td>
<td></td>
</tr>
<tr>
<td>M</td>
<td>Government procurement restrictions</td>
<td></td>
<td></td>
</tr>
<tr>
<td>N</td>
<td>Intellectual property</td>
<td></td>
<td></td>
</tr>
<tr>
<td>O</td>
<td>Rules of origin</td>
<td></td>
<td></td>
</tr>
<tr>
<td>P</td>
<td>Export-related measures</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
How do exporters and importers experience non-tariff measures?
How do we know?

**ITC’s business surveys**

... document the experiences of firms that are involved in international trade and identify the key regulatory and procedural trade obstacles.

NTMs imposed by destination (importing) countries

NTMs imposed by home (exporting) countries

Hurdles with national procedures

NTM series of more than 40 publications & survey results available at [www.ntmsurvey.org](http://www.ntmsurvey.org)
Exporters of agricultural products report more problems than those in manufacturing

<table>
<thead>
<tr>
<th>Sector</th>
<th>Share of Exporters (in %)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fresh food and raw agro-based products</td>
<td>62</td>
</tr>
<tr>
<td>Processed food and agro-based products</td>
<td>55</td>
</tr>
<tr>
<td>Wood, wood products and paper</td>
<td>44</td>
</tr>
<tr>
<td>Yarn, fabrics and textiles</td>
<td>40</td>
</tr>
<tr>
<td>Chemicals</td>
<td>37</td>
</tr>
<tr>
<td>Leather and leather products</td>
<td>36</td>
</tr>
<tr>
<td>Metal and basic manufacturing</td>
<td>38</td>
</tr>
<tr>
<td>Non-electric machinery</td>
<td>49</td>
</tr>
<tr>
<td>Computer, telecommunications, consumer electronics</td>
<td>15</td>
</tr>
<tr>
<td>Electronic components</td>
<td>29</td>
</tr>
<tr>
<td>Transport equipment</td>
<td>44</td>
</tr>
<tr>
<td>Clothing</td>
<td>39</td>
</tr>
<tr>
<td>Miscellaneous manufacturing</td>
<td>39</td>
</tr>
</tbody>
</table>

Source: ITC (2015); The Invisible Barriers to Trade – How Businesses Experience Non-Tariff Measures; [www.intracen.org/publications/ntm](http://www.intracen.org/publications/ntm)
The trade-hampering measures lie much closer to home than one might expect

Distribution of reported NTM cases, by country applying the measure

Source: ITC business surveys on NTMs; www.ntmsurvey.org
The challenge?
SPS & TBT measures for agriculture, rules of origin for manufacturing

- Technical requirements: Regulations on product characteristics, quality, production process, etc., 11%
- Conformity assessment: Technical inspections, testing, certification etc to prove compliance with technical regulations, 23%
- Inspections and other entry formalities: Customs clearance and border control, 13%
- Charges and taxes: Service charges, customs surcharges, etc., 9%
- Quantity control measures: Quotas, licences, prohibitions, 4%
- Rules of origin and related certificate: Criteria & related certificate to determine the country of origin of a product, 35%
- Other import-related measures: Finance measures, anti-competitive measures, trade remedies, etc., 5%

And what about the exporting country?

Types of challenging NTMs that are applied by the exporting country

- Export inspections
- Export taxes and charges
- Export prohibitions
- Export certifications

Source: ITC business surveys on NTMs; www.ntmsurvey.org
Most regulations pose a problem because of procedural obstacles

Share of NTM cases, by type of difficulty

- **Regulatory hurdle**: NTMs are too strict or difficult to comply with
- **Both**: NTMs and POs both cause a hurdle
- **Procedural obstacles** is the main concern

Source: ITC (2015); The Invisible Barriers to Trade – How Businesses Experience Non-Tariff Measures; [www.intracen.org/publications/ntm](http://www.intracen.org/publications/ntm)
What types of **home country** procedural obstacles are reported?

- **High cost**: 24%
- **Delays**: 42%
- **Admin burden**: 15%
- **Lack of facilities**: 7%
- **Other**: 12%

Source: ITC (2015); The Invisible Barriers to Trade – How Businesses Experience Non-Tariff Measures; [www.intracen.org/publications/ntm](http://www.intracen.org/publications/ntm)
ITC surveys found same results in East Africa

Exports of all good export sector covered*

Share of exporters’ difficulties with foreign vs domestic regulations

69% Foreign regulations

31% Domestic regulations

*ITC NTM Business Surveys covered all export sectors – except minerals & arms. Survey results are representative by export sector. The surveys did not cover services exports.
ITC surveys found same results in East Africa

Main import-related challenges

- Technical requirements: 20%
- Conformity assessment: 15%
- Rules of origin: 15%
- Other measures: 50%

Share of NTM cases, by type of difficulty

- Regulatory hurdle: NTMs are too strict or difficult to comply with
- Both: NTMs and POs both cause a hurdle
- Procedural obstacles is the main concern

You can check out these reports at www.ntmsurvey.org
Main challenges reported:
Example export licence
Export licence
What matters to exporters?

Key messages from ITC’s interviews with nearly 30,000 businesses

Clarity
Many regulations and related procedures which leads to confusion

Consistency
At times, the practice on the ground differs from what is written in laws

Procedural efficiency
Rules imply procedures and procedures have time and cost implications.
Before continuing…. 

Any questions?
Where to find information on non-tariff measures?

- Market Access Map: www.macmap.org
- Sanitary and Phyto-Sanitary measures (SPS) and Technical Barriers to Trade (TBT) notification alert system: www.epingalert.org

Let's first go back to Market Access Map...
Key concept: SPS and TBT measures
Technical (SPS/ TBT) versus non-technical NTMs

○ What is a technical regulation?
  • Refer to product-specific properties.
  • It also include conformity assessment procedures.
    → It includes measures that are applied to ensure food safety and to protect human, animal and plant health “Sanitary and Phytosanitary Measures – SPS”
    → as well as other measures for national security reasons or consumer safety reasons “Technical Barriers to Trade – TBT”

○ Non-technical measures:
  • do not refer to product specific properties but to trade requirements
  • shipping requirements, customs formalities, trade rules, taxation policies, etc.
Some examples of SPS measures

- Residue limits in seafood
- Aflatoxin limits in nuts
- Requirement for rabies vaccination
- Prohibition of chicken imports due to avian influenza
- Fumigation requirement to prevent the spread of fruit flies
- Restriction of seeds to avoid entry of weeds
What is conformity assessment?

‘Any procedure used, directly or indirectly, to determine that relevant requirements in technical regulations or standards are fulfilled’.

Annex 1 WTO/TBT Agreement
Components of Conformity Assessment

- Testing
- Inspection
- Supplier’s Declaration of Conformity (SDoC)
- Product certification
- System certification
Before continuing…

Any questions?
So back to our information tools….

Where do I find all this information for products and markets of my interest?

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Rules of Origin Facilitator
Find and compare rules of origin, related provisions and certification requirements
www.findrulesoforigin.org
What is ePing?

Alert system for SPS and TBT notifications

Enables the private (and public) sector to keep track of SPS / TBT notifications of interest

1. Published by export markets
2. And also by products

Let's go live:

www.epingalert.org
Key concept: Rules of Origin

or: About the “nationality” of fish caught in international waters
Rules of Origin

What they are
The “economic nationality” of goods in international trade (“customs origin”)

What they do

• They define one (and only one) origin to each product;
• They make FTAs possible

What they will never do

Accept something as “made in the world”
Rules of Origin – Why?

**Preferential ROOs**
- Trade agreements: determining eligibility for preferences

**Non-preferential ROOs**
- Trade statistics
- Trade policy measures: e.g. anti-dumping / tariff rate quotas
- Etc.

Each trade agreement has its own sets of rules of origin!
Origin criteria: basic principles

**Wholly obtained goods**

Products considered obtained entirely in the territory of one (or more, depending on the agreement) FTA party without the addition of any non-originating materials.

**Substantial / sufficient transformation of goods**

- **Change of tariff heading:**
  
  HS4 08.05 → HS4 20.09

- **Value addition:**
  
  E.g. production in which the value of all non-originating materials used does not exceed 50% of the transaction value of the product.

- **Technical requirements:**
  
  E.g. pasteurization of milk.
So what do you think determines the origin of a fish caught in international waters?
So what about me?

Example EU-Algeria agreement

Article 6
Wholly obtained products

1. The following shall be considered as wholly obtained in the Community or Algeria:

(f) products of sea fishing and other products taken from the sea outside the territorial waters of the Community or Algeria by their vessels;

(g) products made aboard their factory ships exclusively from products referred to in subparagraph (f);
2. The terms ‘their vessels’ and ‘their factory ships’ in paragraph 1(f) and (g) shall apply only to vessels and factory ships:

(a) which are registered or recorded in a Community Member State or in Algeria;

(b) which sail under the flag of a Community Member State or of Algeria;

(c) which are owned to an extent of at least 50% by nationals of a Community Member State or of Algeria, or by a company with its head office in one of these States, of which the manager or managers, Chairman of the Board of Directors or the Supervisory Board, and the majority of the members of such boards are nationals of a Community Member State or of Algeria and of which, in addition, in the case of partnerships or limited companies, at least half the capital belongs to those States or to public bodies or nationals of the said States;

and

(e) of which at least 75% of the crew are nationals of Community Member States or of Algeria.
So what’s the problem?

PROVE IT
Main challenges reported: Rules of Origin

The cost of preferential market access

1. Cost of obtaining the certificate of origin

2. *De jure* versus *de facto* preferential treatment

3. Strict origin requirements / mutually exclusive requirements between agreements

→ Sometimes it is more costly to prove product origin than to pay MFN

Source: ITC business surveys on NTMs in 30 countries, 2010-2016, [www.ntmsurvey.org](http://www.ntmsurvey.org)
Inefficiencies in issuing the certificate of origin

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

Source: ITC business surveys on NTMs in 66 countries, 2010-2016, www.ntmsurvey.org
Language issues

De jure versus de facto preferential treatment

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

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

Source: ITC business surveys on NTMs in 66 countries, 2010-2016, www.ntmsurvey.org
The majority of difficulties linked to the certificate of origin are encountered at home (in the exporting country).

Share of procedural obstacles*, by location

- **Rules of Origin**
  - In the home country: 94%
  - In the partner country: 6%

- **Other types of NTMs**
  - In the home country: 59%
  - In the partner country: 41%

*Note: Only cases reported by exporters

Source: ITC business surveys on NTMs in 30 developing countries, 2010-2016 [www.ntmsurvey.org](http://www.ntmsurvey.org)
So back to our information tools…

Where do I find all this information for products and markets of my interest?

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Before continuing…

Any questions?
Starting point for further research?

- Information is scattered across different national, regional and international sources.
- Availability depends on the destination country.
- It is necessary to take the time and to do desk research in order to get an overview and understanding of the relevant NTMs.

- Business associations, Chamber of Commerce, etc., might have additional information.
- Other exporters – however, as compliance with NTMs is such a challenge for exporters, they are often not willing to share their experiences with others.
A much referenced standard: Codex Alimentarius

“Food code” created 1963 by FAO and WHO to:

- Protect health of consumers
- Ensure fair trade practices in food trade
- Promote coordination of food standards work undertaken by international governmental and non-governmental organizations

Source: www.codexalimentarius.org
EU Trade Helpdesk

Everything you need to know about accessing the EU market

I want to export to the EU

I want to export from:  
-  

To an EU Member State:  
-  

Product code:  

Find my product code

View rates and requirements

Your guide to the EU market's import rules and taxes

Source: http://trade.ec.europa.eu/tradehelp
What requirements should your product comply with to be allowed on European markets?

Quality management and food safety are core themes on the European market for honey and sweeteners. This includes contamination and adulteration. In the growing niche markets for organic and fair trade products, you must also go through the respective certification schemes.

Contents of this page
1. What legal and non-legal requirements must your product comply with?
2. What additional requirements do buyers of honey and sweeteners often have?
3. What are the requirements for niche markets?
4. What are the honey-specific requirements for niche markets?
5. What are the sweetener-specific requirements for niche markets
The RASFF portal was put in place to enable EU food and feed control authorities to exchange information about measures taken responding to serious risks detected in relation to food or feed.

- Helps EU Member States act rapidly and in a coordinated manner in response to a health threats caused by food or feed.

- RASFF has an interactive searchable online database. Here you can see the most recent RASFF notifications as well as search for information on any notification issued in the past.

Link: http://ec.europa.eu/food/food/rapidalert/index_en.htm
Maximum Residue Levels (MRL)

- MRLs are the maximum legal concentration levels for pesticides and veterinary drug residues in or on food or feed
- Based on good agricultural practices and to ensure the lowest possible consumer exposure.

Finding MRL regulations:

- The US Foreign Agricultural Service (FAS) has an MRL database for all plants & animals, all pesticides & veterinary drugs and covering all countries: http://www.mrldatabase.com/

- The EU has a database for pesticides regulations in the EU: http://ec.europa.eu/dgs/health_food-safety/index_en.htm
## Other selected data sources on NTMs

<table>
<thead>
<tr>
<th>Source</th>
<th>Description</th>
<th>Source</th>
</tr>
</thead>
<tbody>
<tr>
<td>FAOlex</td>
<td>Global database on countries regulations on food safety &amp; animal &amp; plant health</td>
<td><a href="http://faolex.fao.org/">http://faolex.fao.org/</a></td>
</tr>
<tr>
<td>Japan External Trade Organisation (JETRO)</td>
<td>Numerous documents devoted to Japan's standards and regulations concerning import procedures, quarantine periods, technical requirements</td>
<td><a href="http://www.jetro.go.jp/en/reports/regulations">http://www.jetro.go.jp/en/reports/regulations</a></td>
</tr>
<tr>
<td>Regulations.gov (USA)</td>
<td>Find and comment on proposed regulations and related documents published by the U.S. Federal government</td>
<td><a href="http://www.regulations.gov">http://www.regulations.gov</a></td>
</tr>
<tr>
<td>BICON (Australia)</td>
<td>Australia’s Biosecurity Import Conditions database for more than 20,000 plants, animals, minerals and biological products. It helps you to determine what import conditions exist and if an import permit is required.</td>
<td><a href="https://bicon.agriculture.gov.au/BiconWeb4.0">https://bicon.agriculture.gov.au/BiconWeb4.0</a></td>
</tr>
<tr>
<td>WTO I-TIP</td>
<td>The Integrated Trade Intelligence Portal provides information compiled by the WTO on trade policy measures. I-TIP covers both tariff and non-tariff measures, government procurement, regional trade agreements and the WTO accession commitments.</td>
<td><a href="https://i-tip.wto.org">https://i-tip.wto.org</a></td>
</tr>
</tbody>
</table>
Harmonized System Product Classification

Chapter

Headings

Subheadings

National Tariff Lines

Country specific
<table>
<thead>
<tr>
<th>HS (International standard)</th>
<th>09</th>
<th>Coffee, tea, mate and spices</th>
</tr>
</thead>
<tbody>
<tr>
<td>09.02</td>
<td>Tea</td>
<td></td>
</tr>
<tr>
<td>09.02.10</td>
<td>Green tea (not fermented) in packages not exceeding 3 kg</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>China</th>
<th>09.02.10.10</th>
<th>Flavoured green tea in packings=3kg</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>09.02.10.90</td>
<td>Unflavoured green tea in packings=3kg</td>
</tr>
</tbody>
</table>

| Japan                      | 09.02.10.00 | Green tea (not fermented) in packages not exceeding 3 kg |

<table>
<thead>
<tr>
<th>US</th>
<th>09.02.10.15</th>
<th>Green tea (not fermented), certified organic, in immediate packings of a content not exceeding 3kg, not flavored</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>09.02.10.50</td>
<td>Green tea (not fermented), in immediate packings of a content not exceeding 3kg, other than certified organic, not flavored</td>
</tr>
</tbody>
</table>
Ad valorem tariffs

US tariff of 20% on imported cotton women’s blouses (610610)

Jordan
- Price without tariff: 8 USD
- Tariff paid: 1.6 USD
- Price including tariff: 9.6 USD

Viet Nam
- Price without tariff: 6 USD
- Tariff paid: 1.2 USD
- Price including tariff: 7.2 USD

Tariff paid = Price * Rate
Non ad valorem (incl. specific tariffs)

Levied on the basis of volume or weight. E.g. $2 per kg
Users of specific tariffs include (per cent of number of MFN tariff lines):

- Switzerland: 80.8% of tariff line products
- Russia: 14.6% of tariff line products
- EU: 11.1% of tariff line products
- USA: 8.5% of tariff line products
- Thailand: 7.5% of tariff line products
- South Africa: 3.8% of tariff line products
Switzerland imports beef (02013019) from Argentina, tariff: $24 / kg

**Before Border**

- Low quality beef: $3 / kg
- Prime quality beef: $12 / kg

**After Border**

- Low quality beef: $3 / kg
- Prime quality beef: $24 / kg

The prime beef is now only **1.3 times** the price of the low-quality beef

The prime beef is **4 times** the price of the low-quality beef
Compound tariffs

Roasted coffee substitutes (NTL 2101301900) imported from Sri Lanka into Germany

Preferential tariff for GSP countries

1.6% + €12.7 /100 kg

Tariff calculation:

10 + (10 × 1.6%) + (10 × 12.7/100)

Price w/o tariff = €10

Price w/ tariff = €11.43
Mixed tariffs

E.g. Japanese tariff on shoes: **Max. of 30% or US$36/pair**

**Branded shoes**

US$ 1,000 / pair

The maximum of
30% *Ad Valorem*
or
US$ 36/pair (US$36)
Specific tariff

→ US$300 Tariff

→ US$36 Tariff

**Unbranded shoes**

US$ 30 / pair

Tariff: the maximum of
30% *Ad Valorem*
or
US$ 36/pair (US$36)

→ US$9 Tariff

→ US$36 Tariff
Tariff rate quotas (TRQs)

A two-tiered tariff

Lower in-quota tariff (**Inside quota tariff rate**) is applied to the first Q units of imports (Contingent)

Higher over-quota tariff (**Outside quota tariff rate**) is applied to all subsequent imports

The United States applies TRQ to imports of (52010018) **Cotton** originating from Australia

- **OQTR**: 314.00 $/Ton
- **Contingent**: 326 metric tons
- **IQTR**: 0.0 $/Ton

**Note**: The tariff quotas contained in Market Access Map are applied tariff quotas. Market Access Map does not have bound tariff quota information.
Ad valorem equivalents (AVEs): calculation

- AVEs express specific tariffs in percentages
- AVE depends on the unit value, i.e. value of 1 unit of the product

\[
\text{AVE} (\%) = \frac{\text{Specific tariff (\$)}}{\text{Unit value (\$)*}} \times 100
\]

Value imported
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Quantity imported

(need to use same measurement unit)
Tariffs in the WTO

Applied tariffs

- Applied in practice by countries to products they import
- Published and administered by national customs authorities
- Often considerably lower than the bound rate (among WTO members)
- Include: MFN and General tariffs and also tariff preferences applied to certain trading partners…

Bound tariffs

- Commitments made only by WTO members
- Upper threshold to which a WTO member is allowed to raise its tariff on an item
- Once a duty is bound, the applied rate cannot be raised above the bound rate without compensation
- Bound tariffs are not related to a specific partner (commitment toward WTO members)
Most Favoured Nation (MFN) treatment ...

Every time a WTO member improves the benefits that it gives to one trading partner (whether or not in the WTO), it has to give the same "best" treatment to all other WTO members, so that they remain equal. (GATT Article I)

... but with some exceptions

For developing countries, in respect of specific conditions. (Decision of 25 June 1971 & Decision of 28 November 1979)

For countries that are seeking regional integration are allowed to reduce their tariffs below the MFN rate. (GATT Article XXIV)