



International  
Trade  
Centre

GTEX/MENATEX

# Non-Tariff Measures in the Textile and Clothing Sector

COMPANY PERSPECTIVES FROM  
THE AGADIR MEMBER STATES



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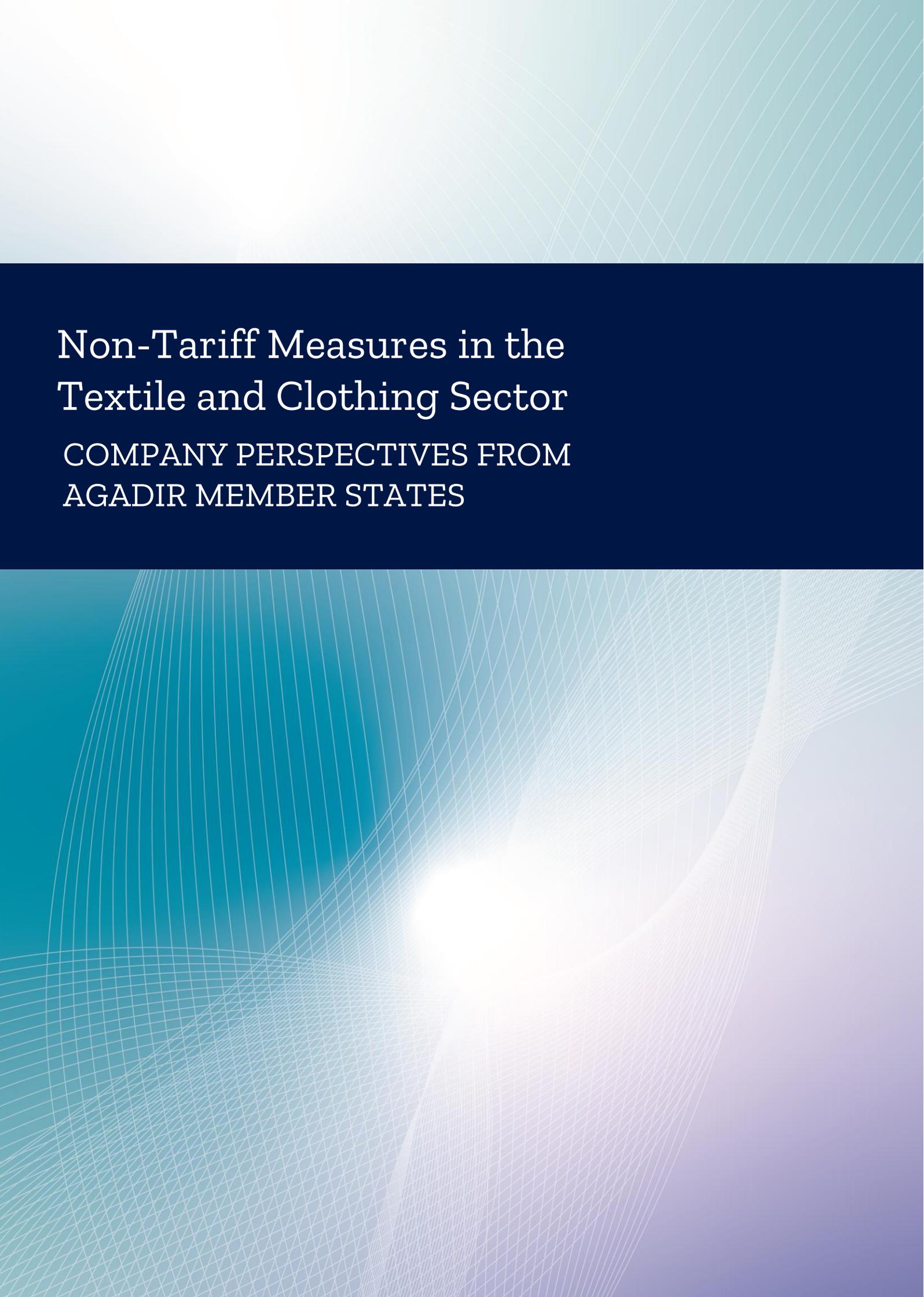


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Textile and Clothing Sector  
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# ABOUT THE PAPER

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For more information on NTM surveys, see: [www.ntmsurvey.org](http://www.ntmsurvey.org)

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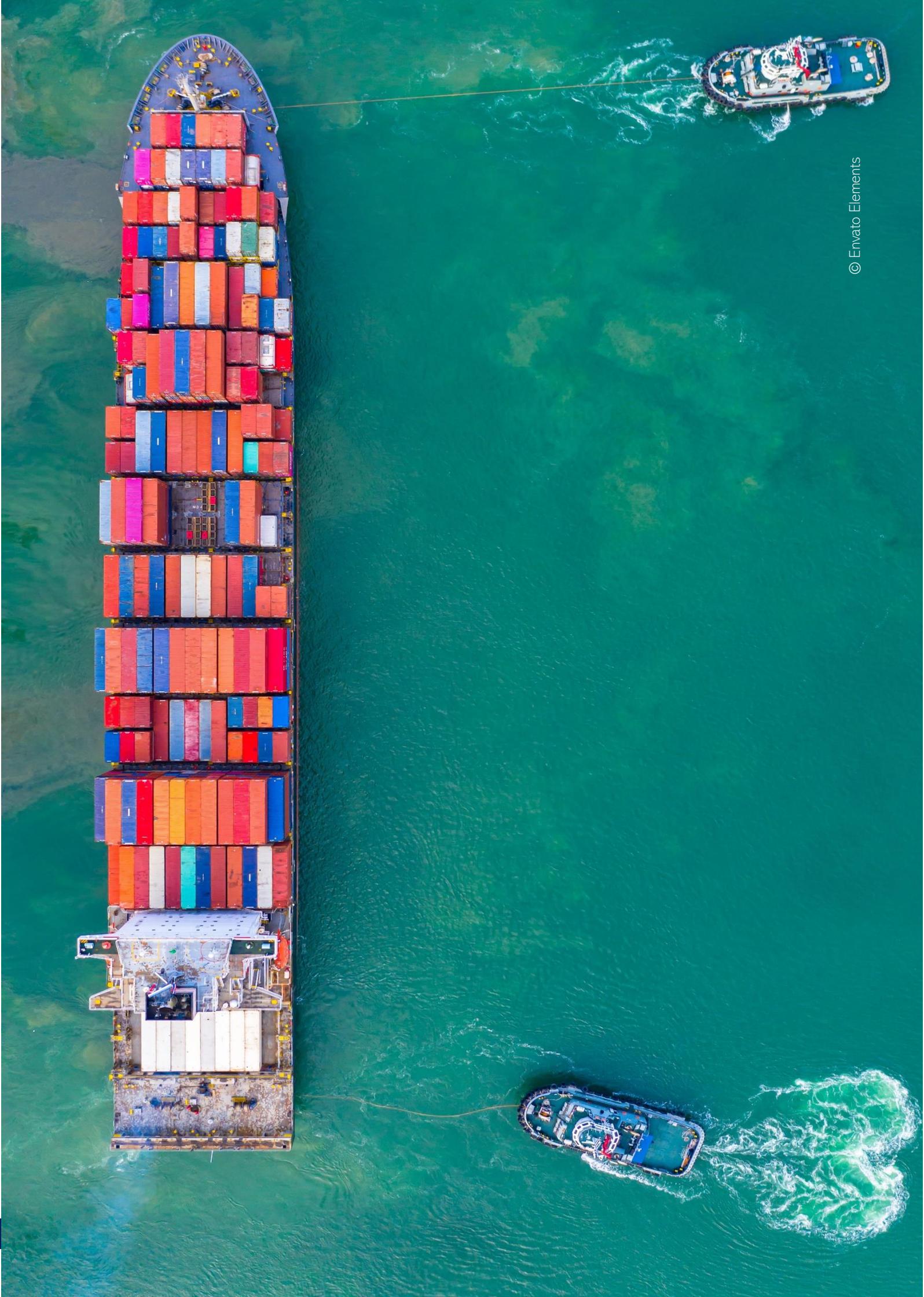
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# Acronyms

ACI	Advance cargo information
APII	Agency for the Promotion of Industry and Innovation
BAE	Customs clearance certificate (bon à enlever)
DDM	Declaration in detail of the merchandise
EU	European Union
GSP	Generalized System of Preferences
ITC	International Trade Centre
NTM	Non-tariff measure
PO	Procedural obstacle
SPS	Sanitary and phytosanitary measures
T&C	Textiles and clothing
TBT	Technical barriers to trade
UNCTAD	United Nations Conference on Trade and Development
VAT	Value-added tax
WTO	World Trade Organization



CHAPTER 1

REGIONAL OVERVIEW  
OF EXPORT POTENTIAL  
AND TRADE  
AGREEMENTS

# CHAPTER 1

## REGIONAL OVERVIEW OF EXPORT POTENTIAL AND TRADE AGREEMENTS

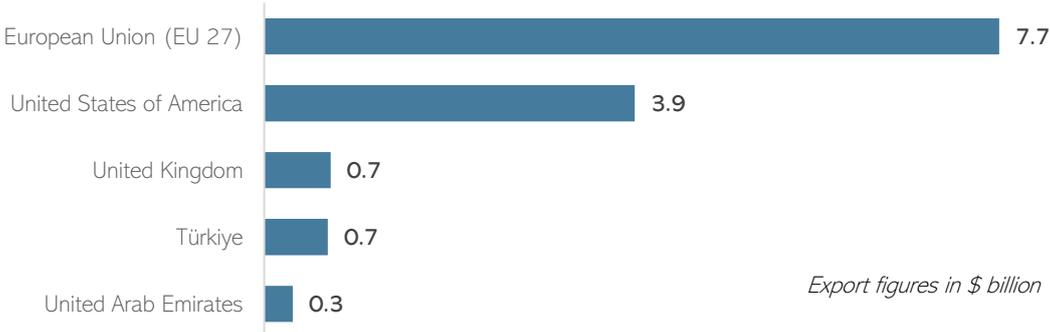
### Agadir Agreement: An opportunity to facilitate the integration of the textile and clothing value chain among Arab states

The Agadir trade agreement, in force since 2007, aims to facilitate integration among Arab states. It strengthens the trade links between Arab States and the European Union (EU) with provisions on rules of origin included in the agreement based on those applied by the European Union. In addition, the Protocol on Trade in Textile Products signed in 2008 seeks to foster trade in industrial fabric and drive better integration of the textile and clothing (T&C) value chain in the region.

Member countries of the Agadir Agreement play an important role in the T&C value chains, both at the regional level and globally. For instance, Egypt (1st) and Morocco (8th) are among the world's top 10 exporters of men's or boys' suits.

However, Agadir countries have yet to fully exploit the opportunities offered by the agreement, which allows them to benefit from complementarities and thus reduce their trade costs and reliance on Asian inputs. For example, fabric and cotton exports from Egypt could benefit Moroccan and Tunisian clothing makers, who usually import these raw materials from Asia. Trade flows tend to go towards non-member countries despite major complementarities among member countries.

**Figure 1** Main destinations of textile and clothing exports of Agadir member states



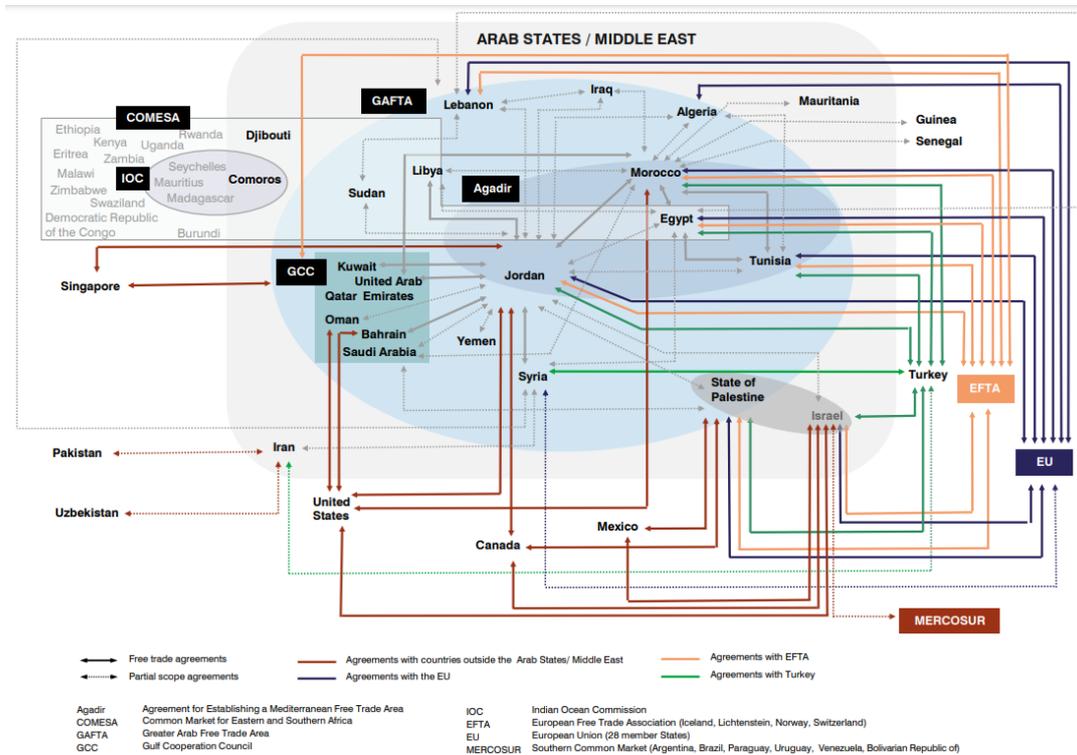
**Note:** The value of exports is based on total exports of all member countries of the Agadir Agreement.

**Source:** ITC's Trade Map (2023)

While the Agadir countries benefit from preferences related to the agreement, companies export mainly to markets outside the agreement, such as the United States or the European Union. The Agadir countries make a little use of their mutual 0% preferential tariff on textiles and clothing. Instead, inputs including fabrics and yarn in cotton are imported from China, Türkiye, or Italy.

Box 1

Trade agreements involving Arab states



**Note:** To the best of the International Trade Centre's (ITC's) knowledge, this figure reflects the situation as of October 2015. Included are implemented agreements concerning trade in goods only. The number and list of products for which preferences are granted varies from country/territory to country/territory. Only agreements with reciprocal preferences are shown. The countries depicted here may be granted preferential tariffs resulting from trade regimes such as the Generalized System of Preferences (GSP), that is, from countries providing non-reciprocal preferential tariffs to developing and least developed countries.

**Source:** ITC (2015), based on Market Access Map ([www.macmap.org](http://www.macmap.org))

## Textile and clothing sector overview in Agadir countries

All but a few countries have signed preferential trade agreements in their regions. Intraregional trade has not, however, surged everywhere. Obstacles remain that go far beyond conventional tariff measures, keeping markets fragmented. This trend ignores the potential for regional trade, spelling lost opportunities for governments and firms, and missed employment opportunities for individuals.

Identifying major bottlenecks to greater regional integration is a crucial first step towards making regional preferential trade agreements work. This publication examines regional integration among Agadir countries in one of their key sectors: textile and clothing. It aims to inform the ongoing discussion on the potential for stronger regional integration. It draws on insights from comprehensive surveys of exporters' and importers' perspectives on non-tariff measures (NTMs), carried out in Egypt, Jordan, Morocco and Tunisia under the ITC NTM programme, to identify trade obstacles in the region.

### Tariff preferences have not translated into regional integration

Even though tariffs have been largely eliminated since the mid-1990s because of bilateral agreements, regional integration has not caught up. As a result, trade among Agadir member countries remains low compared with other regions.

Box 2

Top apparel and textile products exported by Agadir member states

Apparel

Agadir member states	
 	<p><b>HS: 62.06.40</b> Women's or girls' blouses, shirts and shirt-blouses of man-made fibres (excluding knitted)</p> <p><b>HS: 62.04.19</b> Women's or girls' suits of textile materials (excluding of wool, fine animal hair, cotton)</p> <p><b>HS: 61.09.10</b> T-shirts, singlets and other vests of cotton, knitted or crocheted</p>
 	
Egypt	
	<b>HS: 61.09.10</b> T-shirts, singlets and other vests of cotton, knitted or crocheted
	<b>HS: 62.03.42</b> Men's or boys' trousers, bib and brace overalls, breeches and shorts, of cotton
	<b>HS: 96.19.00</b> Sanitary towels (pads) and tampons, napkins and napkin liners for babies, and similar articles
Jordan	
	<b>HS: 61.14.20</b> Special garments for professional, sporting or other purposes, n.e.s., of cotton, knitted
	<b>HS: 61.14.90</b> Special garments for professional, sporting or other purposes, n.e.s., of textile materials, ...
	<b>HS: 62.11.43</b> Women's or girls' tracksuits and other garments, n.e.s. of man-made fibres (excluding knitted)
Morocco	
	<b>HS: 62.06.40</b> Women's or girls' blouses, shirts and shirt-blouses of man-made fibres (excluding knitted)
	<b>HS: 62.04.19</b> Women's or girls' suits of textile materials (excluding of wool, fine animal hair, cotton)
	<b>HS: 61.09.10</b> T-shirts, singlets and other vests of cotton, knitted or crocheted
Tunisia	
	<b>HS: 62.03.42</b> Men's or boys' trousers, bib and brace overalls, breeches and shorts, of cotton
	<b>HS: 62.11.39</b> Men's or boys' tracksuits and other garments, n.e.s. of textile materials (excluding of cotton ...)
	<b>HS: 61.09.10</b> T-shirts, singlets and other vests of cotton, knitted or crocheted

Yarn, fabrics and textiles

Agadir member states	
 	<p><b>HS: 63.07.90</b> Made-up articles of textile materials, incl. dress patterns, n.e.s.</p> <p><b>HS: 52.09.42</b> Denim, containing &gt;= 85% cotton by weight and weighing &gt; 200 g/m<sup>2</sup></p> <p><b>HS: 57.02.10</b> Kelem, Schumacks, Karamanie and similar hand-woven rugs, whether or not made up</p>
 	
Egypt	
	<b>HS: 57.01.90</b> Carpets and other textile floor coverings, of textile materials, knotted, whether or not made
	<b>HS: 57.05.00</b> Carpets and other textile floor coverings, whether or not made up (excluding knotted, woven)
	<b>HS: 52.09.42</b> Denim, containing >= 85% cotton by weight and weighing > 200 g/m <sup>2</sup>
Jordan	
	<b>HS: 57.05.00</b> Carpets and other textile floor coverings, whether or not made up (excluding knotted, woven)
	<b>HS: 61.14.90</b> Fabrics, knitted or crocheted, of a width of > 30 cm (excluding of man-made fibres, cotton)
	<b>HS: 56.03.12</b> Nonwovens, whether or not impregnated, coated, covered or laminated, n.e.s., of man-made filaments)
Morocco	
	<b>HS: 63.07.90</b> Made-up articles of textile materials, incl. dress patterns, n.e.s.
	<b>HS: 52.09.42</b> Denim, containing >= 85% cotton by weight and weighing > 200 g/m <sup>2</sup>
	<b>HS: 57.02.10</b> Kelem, Schumacks, Karamanie and similar hand-woven rugs, whether or not made up
Tunisia	
	<b>HS: 63.07.90</b> Made-up articles of textile materials, incl. dress patterns, n.e.s.
	<b>HS: 53.06.10</b> Single flax yarn
	<b>HS: 52.09.42</b> Denim, containing >= 85% cotton by weight and weighing > 200 g/m <sup>2</sup>

**Note:** The mapping of products is based on a selection of goods mostly exported or produced by companies from Agadir countries.  
**Source:** Based on ITC's Trade Map (2023)

## Trade flow inclined more towards non-member countries despite significant complementarities among Agadir states

While the Agadir countries benefit from preferences related to the agreement, companies export mainly to markets outside the agreement, such as the United States or the European Union. Agadir states make little use of their 0% preferential tariff between them on T&C products. Instead, inputs including fabrics and yarn in cotton are imported from China, Türkiye or Italy.

### Non-tariff measures – preventing trade among Agadir states?

In the global context of more open markets and lower tariffs, trade obstacles resulting from NTMs have grown in importance. Exporters seeking access to foreign markets and companies importing products must comply with a wide range of requirements, including technical regulations, product standards and customs procedures. NTMs vary across products, sectors and countries and can change quickly. Most of these regulations do not have protectionist objectives, but seek to protect public health, the environment or social or labour conditions. However, compliance is sometimes difficult for firms, particularly small and medium-sized enterprises.

## Export potential of Agadir countries in the textile and clothing sector

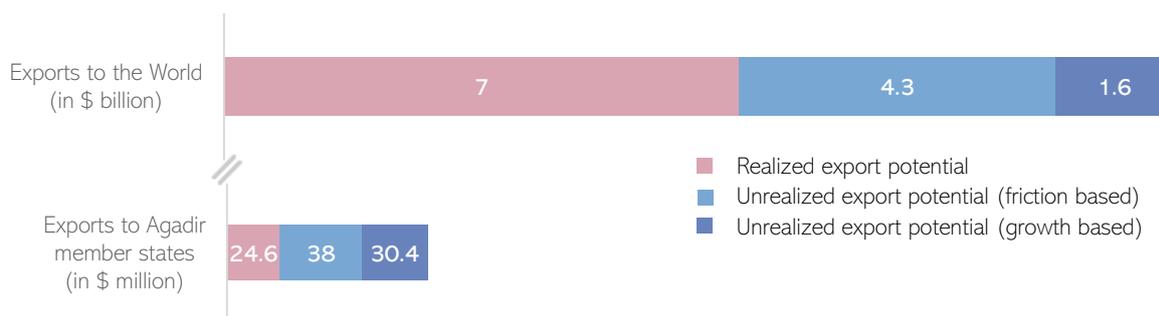
ITC's export potential methodology<sup>1</sup> identifies opportunities for export growth in existing and new markets by considering supply, demand and the ease of trade measures. Looking beyond natural resources and vessels, it highlights promising products for diversifying the bilateral trade portfolio. The findings presented here are estimates of annual export or export growth potential by 2027.

Agadir member states have the potential to export \$13 billion of T&C products to the world. About \$7 billion of this potential has been realized and slightly less than half (\$5.9 billion) is yet to be realized.

The unrealized portion includes potential related to growth expectations and potential that is hindered due to obstacles or frictions such as inadequate information about the rules and regulations of the target market and difficulty complying with them, as well as challenges meeting the preferences of consumers, navigating distribution channels and finding buyers.

Identifying and addressing these obstacles or frictions is the first step to exploit the export potential. It is known as static or friction-based unrealized potential. The second step involves channelling investments in sectors that will benefit the most from economic and population growth or expected tariff changes – known as dynamic or growth-based unrealized potential.

**Figure 2** Agadir member states' export potential in apparel and textiles



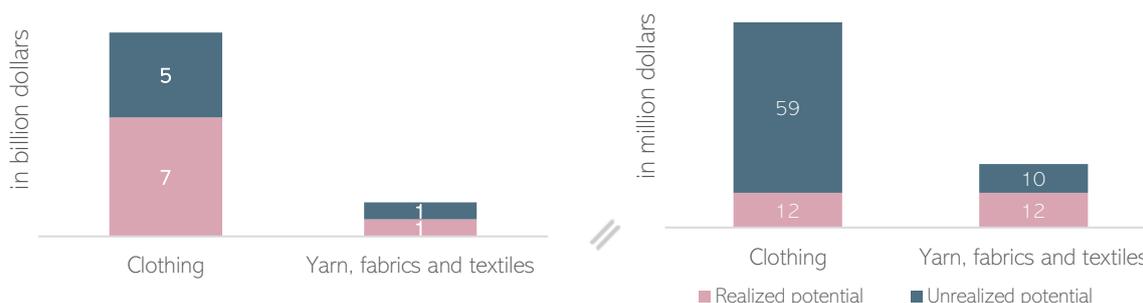
Source: Based on ITC's Export Potential Map (2023).

<sup>1</sup> Export potential is an indicator developed by ITC that provides a potential export value for products already exported by a country in new or existing target markets. It combines three components: supply, demand and ease of trade. The supply and demand components are projected into the future (to 2026) using expected gross domestic product and population growth rates as well as forward-looking tariffs for goods. For additional details, see Decreux and Spies (2016).

More than 70% of the unused potential to the world and more than half of the intra-Agadir potential is static, i.e. hindered by some type of market frictions such as lacking information about the rules and regulations of the target market, difficulties to comply with them or to meet the (quality) preferences of consumers. Exploiting this potential requires identifying and addressing these frictions. The remainder is dynamic potential that is expected to open as a result of economic and population growth or anticipated tariff changes in the coming years.

Globally, Morocco has the highest unused export potential (\$2.2 billion), followed by Egypt (\$1.9 billion), Tunisia (\$1.2 billion) and Jordan (\$600 million). Among member states, Egypt accounts for most of the unused potential at \$25.9 million, followed by Jordan, Tunisia and Morocco, at \$20.7 million, \$12.5 million and \$9.4 million, respectively.

**Figure 3** Agadir member states' export potential, by subsector



Source: Based on ITC's Export Potential Map (2023).

Globally, 44% of export potential or \$5.2 billion for clothing, and 56% of export potential or \$632 million for the yarn, fabric and textile subsectors, remains to be realized. Among member states, the unrealized export potential for clothing stands at 83% or \$58.9 million, while for yarn, fabric and textiles, the unrealized export potential is 43% or \$9.5 million.

### Exploring export potential among Agadir states

Agadir member states' export potential with other member states is \$93 million, which accounts for less than 1% of their overall export potential. Most of this potential has already been realized (74%), leaving \$24.6 million of possible additional exports by 2027. More than two-thirds of the untapped potential is friction-based. The apparel and clothing sector represents 5% of Agadir member states' unused export potential among each other. Nearly 90% of Agadir member states' total unused export potential lies in the clothing subsector, while the remaining 10% stems from the yarn, fabric, and textile subsector.

Zooming in on the bilateral unrealized export potential among member states shows several opportunities for enhanced trade (Figure 3). Particularly, Morocco's unused export potential in Egypt is considerable, at \$15.3 million. Likewise, Egypt has a high unused export potential of \$10.3 million to Jordan.

**Figure 4** Intra-regional export potential and unrealized potential for Agadir states



Source: Based on ITC's Export Potential Map (2023)

## Rise of non-tariff measures

Bilateral, plurilateral and multilateral efforts reduced average applied tariff rates globally. At the same time, the cumulative stock of non-tariff measures continues to rise, at a faster rate. NTMs are increasingly used in lieu of ordinary customs tariffs as a trade policy to manage exports and imports, support domestic enterprises and further policy goals.

NTMs are also used more and more for legitimate and necessary purposes, such as to protect human and animal health and the environment and can be important instruments to achieve the 2030 Sustainable Development Agenda. These trends make NTMs and their associated procedural obstacles (POs) increasingly important components of trade costs, both relative to tariffs and in absolute terms.

Low trade costs are essential for maintaining efficiency in the various stages of production value chains. As such, reducing trade costs is critical to allow an economy to participate effectively in international value chains and to tap its potential for trade as a main engine of growth and sustainable development. There is still room to improve the efficiency of trade procedures to reduce trade costs.

## Documenting NTMs

Given the varying nature and complexity of NTMs, a global NTM classification system that can catalogue different types of trade regulations is essential. Classifying NTMs allows for better identification and differentiation among various forms of NTMs and for proper documentation of regulations that companies perceive as burdensome. It also makes it possible to compare NTMs across different countries and sectors.

ITC uses an NTM survey classification based on an international classification developed by the Multi-Agency Support Team, incorporating minor adaptations to the ITC business survey approach.<sup>2</sup> While the actual classification and data collection go into further detail, the following simplified distinctions and terms are used in this report:

Technical measures	Non-technical measures
<p>Technical measures (or, interchangeably, regulations) refer to product-specific requirements, referred to either as technical barriers to trade (TBTs) when applied to technical regulations and standards, or sanitary and phytosanitary measures (SPS) when applied to regulations related to food safety and the prevention of diseases or risk of pests. They can be subdivided into two major categories:</p> <ul style="list-style-type: none"> <li>• Technical requirements, such as tolerance limits for certain substances, labelling standards or transport conditions</li> <li>• Conformity assessment, such as certification or testing procedures necessary to demonstrate</li> </ul>	<p>Non-technical measures do not refer to product-specific properties, but to trade requirements such as,:</p> <ul style="list-style-type: none"> <li>• Pre-shipment inspections and other formalities, such as automatic licences</li> <li>• Charges, taxes and other para-tariff measures, in addition to customs duties</li> <li>• Quantity-control measures, such as non-automatic licences or quotas</li> <li>• Finance measures, such as terms of payment or exchange-rate regulations</li> <li>• Price control measures</li> <li>• Rules of origin</li> </ul>

The measures applied by the exporting country constitute a separate category. It must be noted that NTMs vary widely, even within these broad categories.

To provide a richer picture of the challenges facing companies, the surveys also look at procedural obstacles and the trade-related business environment. POs refer to practical challenges directly related to the implementation of NTMs. For instance, they include problems caused by the lack of adequate testing facilities to comply with technical measures

<sup>2</sup> See Appendices III and IV for the complete list and definitions of ITC classifications for non-tariff measures, procedural obstacles and the trade-related business environment.

or excessive paperwork in the administration of licences. Inefficiencies in the trade-related business environment may have similar effects, but occur unrelated to specific NTMs.

## NTM data for the Agadir countries

Various data sources are available to assess the spread of NTMs and their impact on businesses in Agadir member states. Data on NTMs can be classified into three broad types: Official declaration by governments such as under WTO's Sanitary and Phytosanitary (SPS) and Technical Barriers to Trade (TBT) agreements; mapping of national regulations based on its type and product coverage; and survey-based data on burdensome NTMs as reported by businesses.

## WTO SPS and TBT notifications

Two agreements contain several provisions governing technical NTMs, including their notification to the WTO Secretariat. According to the SPS Agreement, WTO Members must provide advance notice of new or changed SPS regulations (see Box 3). Similarly, Member States must report new or changed technical regulations under the WTO TBT Agreement.

Since 2013, about 3,000 new or modified NTMs have been notified to the WTO every year globally; most have been TBT and SPS measures. The number of new or updated SPS and TBT measures initiated globally and notified to the WTO in 2022 reached 6,068 – a 5% increase from 2021. In the Agadir countries alone, the number of new initiations reached 45 measures. In comparison, 1,880 SPS and TBT measures were initiated globally.

### Box 3

#### WTO SPS and TBT agreements

Sanitary and phytosanitary measures deal with food safety and animal and plant health. They aim to ensure that a country's consumers are being supplied with food that is safe to eat – by acceptable standards – while also ensuring that strict health and safety regulations are not being used as an excuse to shield domestic producers from competition (WTO, 2018). The SPS Agreement sets out the basic rules on food safety and animal and plant health standards. As part of this agreement, WTO members must provide advance notice of new or changed sanitary and phytosanitary regulations, and establish a national enquiry point to provide information.

Member countries are encouraged to use international standards, guidelines, and recommendations where they exist. When they do, they are unlikely to be challenged legally in a WTO dispute. However, Members may use measures that result in higher standards if there is scientific justification. They can also set higher standards based on appropriate assessment of risks as long as the approach is consistent, not arbitrary (WTO, 2018). The agreement complements that on technical barriers to trade.

The TBT Agreement tries to ensure that regulations, standards, testing and certification procedures do not create unnecessary obstacles. However, it also recognizes the rights of countries to adopt the standards they consider appropriate – for example, for human, animal or plant life or health, to protect the environment or to meet other consumer interests. Moreover, Members are not prevented from taking measures necessary to ensure their standards are met.

The agreement also sets out a code of good practice for both governments and non-governmental or industry bodies to prepare, adopt and apply voluntary standards. More than 200 standards-setting bodies apply the code.

The agreement specifies that the procedures used to decide if a product conforms with relevant standards must be fair and equitable. It discourages any methods that would give domestically produced goods an unfair advantage. The agreement also encourages countries to recognize each other's procedures for assessing whether a product conforms. Without recognition, products may have to be tested twice, first by the exporting country and then by the importing country.

**Source:** WTO (2018). Standards and safety. Available from [https://www.wto.org/english/thewto\\_e/whatis\\_e/tif\\_e/agrm4\\_e.htm](https://www.wto.org/english/thewto_e/whatis_e/tif_e/agrm4_e.htm)

## Mapping of national trade-related regulations

While the SPS and TBT agreements require WTO Members to notify new or updated technical regulations, it is not always done. This lack of notification consistency, and the fact that not all economies are WTO Members, have prompted ITC, in collaboration with the United Nations Conference on Trade and Development and other international agencies, to collect NTM data by systematically examining officially published national legislation. As of January 2023, more than 63,000 measures from 135 economies had been classified and made publicly available.<sup>3</sup>

The most common measures in the database relate to SPS and TBT. Globally, 41% of the measures in the database are SPS measures and 40% are TBT. The third-largest category, export-related measures, comprises 9% of measures globally.

## Business surveys document companies' experiences with NTMs

It has become imperative to undertake a systematic analysis of the adverse impact of NTMs on exporting and importing companies and to build the capacities of governments and businesses in developing countries to identify and address these hidden trade barriers. ITC's NTM Business Surveys provide a detailed, qualitative impact analysis on NTMs and directly address key stakeholders from the private-sector perspective.

NTM surveys allow companies to directly report the most burdensome NTMs they face and to articulate how they affect their businesses. Exporters and importers deal with NTMs and other obstacles every day and are best placed to outline these challenges. This business perspective is key to understanding the impact of NTMs and, when examined at the government level, can help decision makers devise suitable strategies to overcome these policy-induced and infrastructure impediments to trade.

As of 2022, ITC's NTM Business Surveys had been implemented in more than 80 countries, gathering insights from upwards of 35,000 interviews with businesses.

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<sup>3</sup> The database is available at ITC's Market Access Map ([www.macmap.org](http://www.macmap.org))



CHAPTER 2

NON-TARIFF MEASURES  
IN THE TEXTILE AND  
CLOTHING SECTOR

# CHAPTER 2

## NON-TARIFF MEASURES IN THE TEXTILE AND CLOTHING SECTOR

### Background and methodology

This report offers insights into the regulatory and procedural obstacles to trade facing businesses in member states of the Agadir trade agreement, based on a comprehensive survey of exporters and importers in the textile and clothing sector.

It seeks to provide an understanding of the barriers that hold back exporters and importers, and to identify potential bottlenecks to trade. In doing so, it endeavours to help the private sector and the government to create an enabling business environment, ultimately underpinning export competitiveness.

The survey was conducted within the framework of Agadir Agreement, which aims to establish a free trade area among Egypt, Jordan, Morocco, and Tunisia to increase intra-Africa trade as well as trade with the European Union. The T&C sector is pivotal within the area, representing a significant share in exports of all its member states.

Member countries of the agreement play an important role in the T&C value chains, both at the regional level and globally. As already noted, however, Agadir countries do not yet fully exploit the opportunities offered by the agreement and still depend on Asian inputs.

### Capturing the business voice

Unlocking export and integration potential requires understanding the company perspective on business operations and regulations related to export and import of goods. This study aims to support evidence-based policymaking by sharing the voices of small and medium-sized enterprises about their trade concerns. With a focus on the apparel and textile sector in Agadir countries, insights are drawn from 860 interviews carried out under three major survey initiatives ITC undertook to provide necessary reality checks on the ground:

1. [NTM Business Surveys \(2011–2016\)](#): A series of national surveys on non-tariff measures implemented in Morocco, Tunisia, Egypt and Jordan. These surveys covered all goods (with the exception of minerals and arms). Insights derived are representative of the sectors covered. Results relevant to the textile and apparel sector are extracted for this study. A total of 1,921 firms – including 497 exporting or importing businesses from the clothing and textile sector – were interviewed in the four countries about their experiences with NTMs.<sup>4</sup>
2. [Business Surveys for Value Chain Diagnostics in Africa \(2022\)](#): In addition to regulatory and procedural hurdles, these business surveys aimed to identify the actions needed to strengthen the value chain development process at the African continental scale. In particular, the surveys explored ways to promote more processing/value addition in Africa (especially of intermediate goods) and to reduce exports of raw materials and imports of finished products from outside the continent. Based on an innovative data-drive approach, ITC identified 94 value chains with high development potential, of which four (including cotton apparel) were selected on a pilot basis for further analysis to understand business needs and concerns. The diagnostics covered 1,275 responses, of which 64 were from businesses in the apparel sectors in Morocco, Tunisia and Egypt.<sup>5</sup>

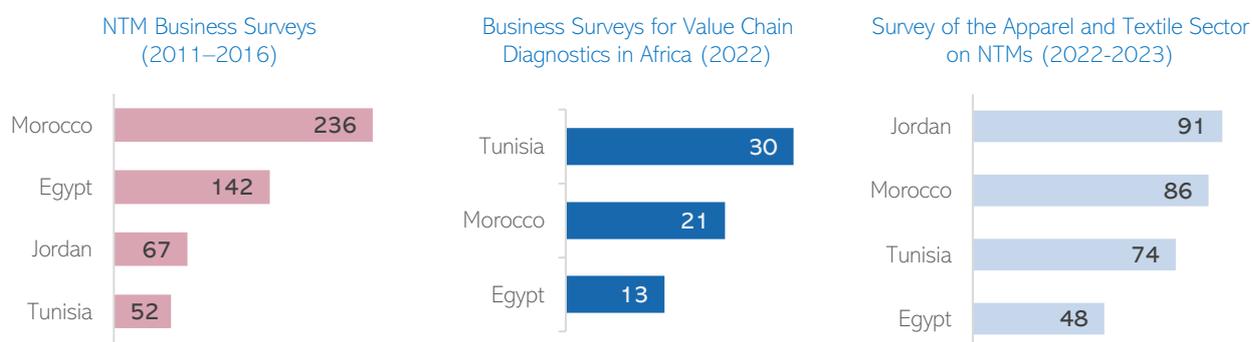
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<sup>4</sup> For detailed insights from these surveys vis-à-vis the regional Arab States, see to the ITC report *Making Regional Integration Work: Company Perspectives on Non-Tariff Measures in Arab States*. Country reports on NTMs for Egypt, Jordan, Morocco and Tunisia are available at <https://ntmsurvey.intracen.org/publications/itc-series-on-ntms/>

<sup>5</sup> For detailed insights on the value chain diagnostics, see the ITC publication *Made by Africa: Creating Value Through Integration* at <https://ntmsurvey.intracen.org/madebyafrica>

3. **MENATEX Survey of the Textile and Clothing Sector on NTMs (2022-2023)**: The apparel and textile sectors in Jordan, Egypt, Morocco and Tunisia were surveyed to generate insights on the most recent experiences of companies. Almost 300 companies were interviewed in the four countries: 47 in Egypt, 91 in Jordan, 86 in Morocco and 74 in Tunisia. A stratified random sampling method was used to calculate sample size, where the number of samples for each sector is determined independently. The survey results are representative by sector. The survey was carried out in two stages:
- Telephone interviews, designed to confirm the main sector of activity, direction of trade and whether the company had experienced difficulties with non-tariff measures.
  - Face-to-face interviews, to dive into the types and causes of the regulatory obstacles facing businesses and their effects on them.

**Figure 5** Interviews with textile and clothing firms across four countries



Source: ITC Business Surveys (2023). [www.ntmsurvey.org](http://www.ntmsurvey.org)

## Highlights from NTM Business Surveys in Agadir states (2011–2016)

ITC conducted larger-scale surveys of commodity traders in Egypt, Jordan, Morocco and Tunisia between 2011 and 2016 to identify the trade measures that were hindering companies' export and import operations.<sup>6</sup> The findings reflect the private sector's perspective on NTM-related global trade obstacles and provide a springboard to discuss concrete actions that reduce trade costs. The survey results reveal the following key insights:

- One in three companies in the textile and clothing sector faces barriers in its trade operations
- For exporting companies, those burdensome measures are mainly applied by partner countries (83%) and partly by their own country (16%)
- In the case of Jordan, most of the burdensome NTMs exporters face are Jordanian regulations
- Among NTMs applied by partner countries, Egypt mostly faces NTMs in Agadir member (76%) and those are often related to the application of rules of origin
- Rules of origins and related regulations are the main hurdle for exporters of Agadir countries
- The major burden caused by domestic measures is related to procedural obstacles (73%)
- Only one in five companies is led by a woman

A more up-to-date assessment of the situation was gathered through a similar survey of the apparel and textile sectors of the four countries in 2023. A detailed analysis of current trade hurdles will be presented in the following sections. Additional insights were gathered from the 2022 ITC analysis on cotton apparel value chain development in Africa.

<sup>6</sup> The NTM country reports for Egypt, Jordan, Morocco and Tunisia are available at <https://ntmsurvey.intracen.org/publication>

## Highlights from the Value Chain Diagnostics Survey in Africa (2022)

In addition to the NTM Business Surveys, ITC conducted a diagnostic of the apparel value chain in Africa<sup>7</sup> to identify challenges and opportunities. Key constraints for businesses in terms of sourcing, financing, production and the business environment, etc., were identified for Egypt, Morocco and Tunisia.

Companies from the T&C sectors of Agadir Agreement countries mainly import their cotton fabric, cotton yarn and chemicals from Türkiye, China, Italy and India. The European Union is the main destination market for exports of Agadir states.

India is a key partner of Egypt for cotton yarn because of preferential tariffs on Indian goods entering Egypt since 2004. This explains why India is the biggest exporter of textile products to Egypt.

Egypt, Tunisia, and Morocco benefit from a bilateral free trade agreement with Türkiye that reduces obstacles and barriers when importing from Türkiye. As part of this agreement, T&C qualifies for regional cumulation to fulfil EU rules of origin. This can explain the importance of imports from Türkiye for Agadir countries. The high cost of local or regional inputs is the main reason companies import from non-member countries.

For cotton yarn and fabrics, the major challenges hampering trade between African countries (including three Agadir agreement member states: Egypt, Morocco and Tunisia) include:

- Lack of industries to process cotton and supply cotton fibre and synthetic fibre in the region
- Reliance on China and India for granules and filaments necessary for production
  - There is a dependence on Asian yarn (China and India) at the expense of local or regional suppliers
  - There is a need to share more information and communicate on the availability of processed raw material across the African continent

Finally, production links at the regional level are inadequate. Promoting products whose components originate from member countries would ease the use of preferences for exporters.

For chemicals such as dyeing products, the lack of local industries to produce necessary chemicals is the main challenge. This leads companies to import these items from China or Türkiye.

### How much transformation takes place in Agadir countries?

Nearly half of the interviewed companies mainly carry out knitting and dyeing using fabrics imported directly from Türkiye or China. However, as Egyptian companies import yarn and undertake all operations through to the final product, a greater part of the processing is carried out in Egypt.

About 15% of the Egyptian T&C exporters interviewed transform fabrics to get their final product, while the rest transform the yarn to fabric before the final product is manufactured.

For Tunisian companies, a lack of workers with adequate skills to transform yarn into the final product prevents the further integration of production in Tunisia.

To tackle this issue, more than half of the interviewed companies invest around 5% of their turnover on research and development and training.

Tunisia and Egypt are still important trade partners for other members of the Agadir Agreement, in terms of cotton yarn or fabrics. However, companies face many constraints to source their inputs within the region.

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<sup>7</sup> See ITC (2023). Made by Africa: Creating Value Through Integration. <https://ntmsurvey.intracen.org/madebyafrica>

Box 4

Value Chain Diagnostics in Africa

ITC, in collaboration with the African Union and the Directorate-General for International Partnerships of the European Commission, implemented a Value Chain Diagnostic to identify sectors with high potential for sustainable value chain development in Africa and the bottlenecks preventing businesses from fully realizing this potential. This new ITC Value Chain Diagnostic brings an innovative approach to identifying and assessing the feasibility of value chains on the continental scale as well as understanding how private companies can connect to them. To ensure synergy between the work of different institutions, the diagnostic was implemented in consultation with the African Union, UNECA, UNIDO, the OECD and other national, regional and international organizations. It builds upon existing studies initiated and implemented by these and other organizations, and complements them by adding two key innovative elements:

First, a robust and data-driven analysis of the availability of inputs and outputs on the African continent, and an assessment of the feasibility of developing a subset of those across several African countries. It goes beyond traditional approaches by combining trade information and input-output analysis and takes account of the proportions of inputs required to produce every target output.

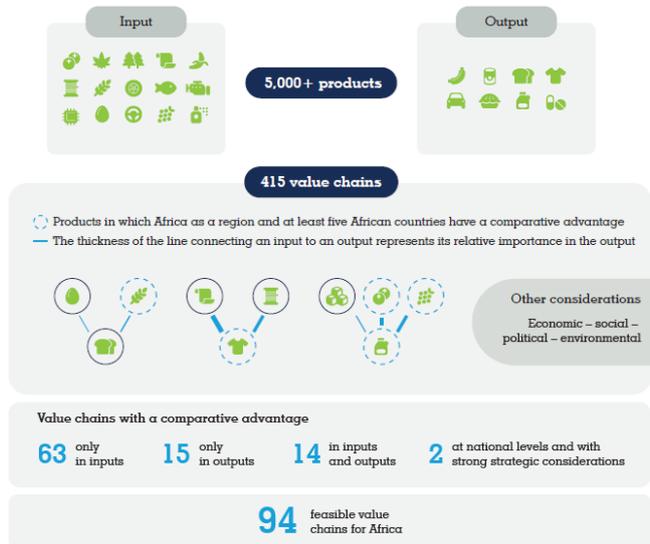


Second, extensive consultations with hundreds of African firms, sector experts, and other stakeholders to get direct and strategic feedback about business and institutional constraints, investment needs, and avenues for unleashing potential in specific sectors.



The ITC value chain diagnostic classified more than 5,300 products, at the 6-digit level of the Harmonized System (HS), into inputs and outputs. (Products are considered outputs if they are processed and nonintermediate goods, and inputs in all other cases.) Next, sector-level input-output tables identified the relative importance of each input used. This helped define 415 value chains across all sectors, which were then evaluated based on their revealed comparative advantage.

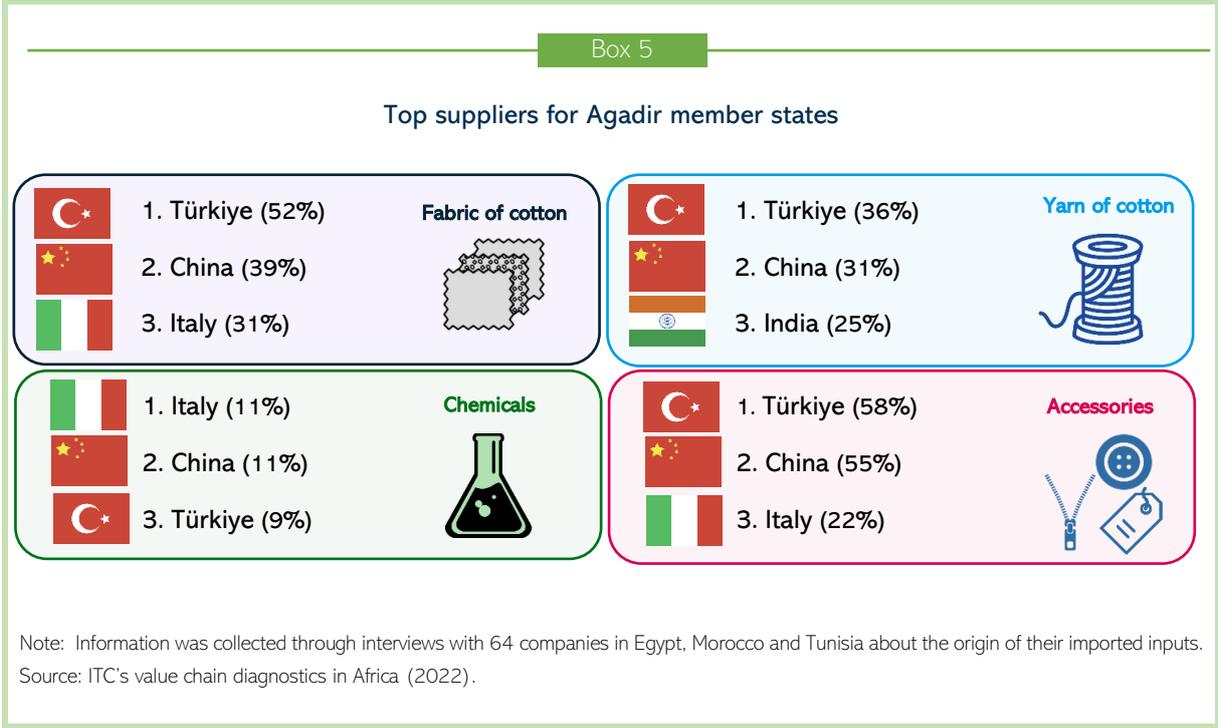
In a third step, value chains were assessed for their potential to engage at least five African countries from at least two different regional economic communities. They also must have revealed comparative advantage in the major inputs, outputs or both inputs and outputs. Value chains with no revealed comparative advantage, or a revealed comparative advantage in minor inputs only, were excluded from the analysis. This process narrowed the pool of feasible value chains to just over 90.



Business opportunities exist in numerous promising value chains across the continent. The identification of strategies to develop those value chains requires insight into the obstacles to intra-regional trade and value chain development. Past ITC business surveys have covered nearly 10,000 businesses across 22 countries in Africa. To evaluate the opportunities and challenges faced by firms, ITC conducted additional in-depth interviews with over 1200 of businesses as well as a series of targeted interviews and broad-based consultations with business support organizations. Consultations with 101 Business Support Organisations (BSOs), including e.g. chambers of commerce and sector associations, served to contextualize and complement the responses obtained from individual businesses and obtain more information on existing projects, strategies and lessons learnt from these in the given sectors.

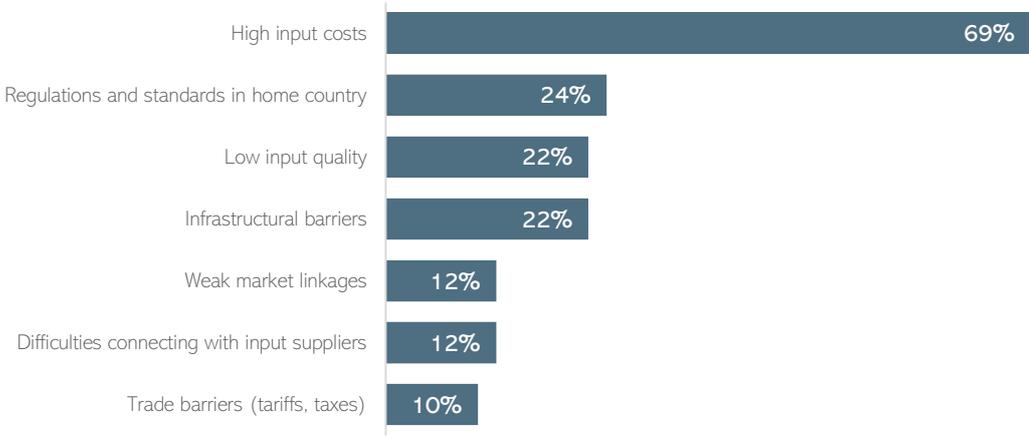


Source: ITC (2022). Made by Africa: Creating Value through Integration ([www.ntmsurvey.org/MadeByAfrica](http://www.ntmsurvey.org/MadeByAfrica))



Sourcing inputs locally or regionally is expensive

Figure 6 Share of firms facing constraints when sourcing inputs



**Note:** Information was collected through interviews with 64 companies in Egypt, Morocco and Tunisia about the origin of their imported inputs. **Source:** ITC's value chain diagnostics in Africa (2022).

The high cost of local or regional inputs is the main reason push companies from the Agadir region import them from China, Türkiye or India. However, the recent ban by the United States on Chinese cotton products means companies in Agadir countries will more likely source from other suppliers to keep exporting to the United States market.

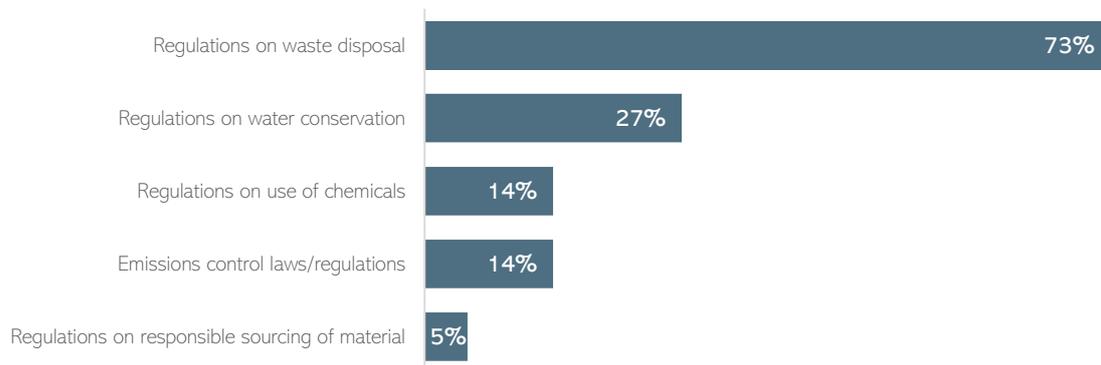
Domestic regulations and standards also make it difficult for firms in the Agadir region to source their inputs locally. Other major obstacles cited by businesses include the low quality of inputs from the region and infrastructural barriers.

### Waste disposal regulations are an obstacle

Almost three-quarters of companies in the Agadir region face difficulties with regulations on waste disposal, particularly product and waste traceability requirements when exporting to the European Union. These problems stem from the following factors:

- Administrative procedures to set up sewage treatment plants are complicated and cumbersome
- A lack of transparency on plastics and polyester waste disposal in free zones
- A lack of organization in the management of waste collection and its use

**Figure 7** Share of firms facing constraints with environmental regulations



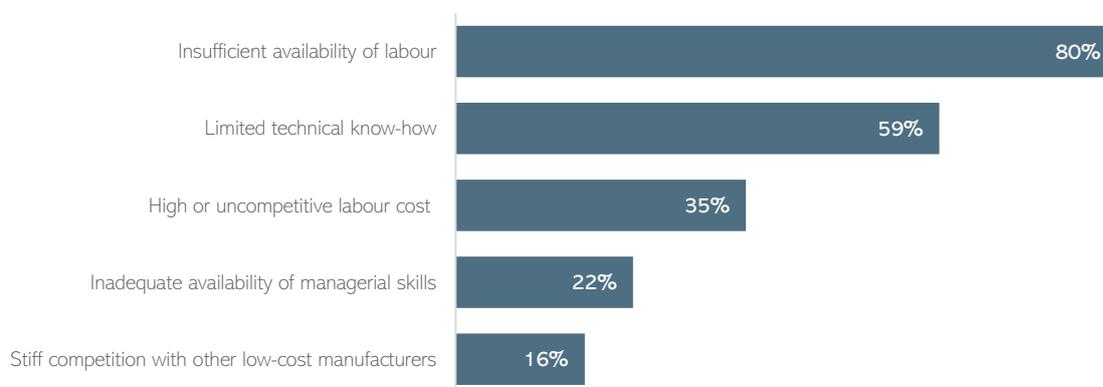
Note: Information was collected through interviews with 64 companies in Egypt, Morocco and Tunisia about the origin of their imported inputs.  
Source: ITC's value chain diagnostics in Africa (2022).

### Insufficient labour and limited technical know-how restrict production capabilities

Various factors restrict the production capabilities of companies in the textile and clothing sector of Agadir. Insufficient availability of labour and limited technical know-how are the main concerns, in particular:

- A lack of managerial skills in the sector, even though workers have the technical skills
- Limited number of skilled workers that can work on fabric inkjet printing

**Figure 8** Share of firms facing constraints with production capabilities



**Note:** Information was collected through interviews with 64 companies in Egypt, Morocco and Tunisia about the origin of their imported inputs.  
Source: ITC's value chain diagnostics in Africa (2022).

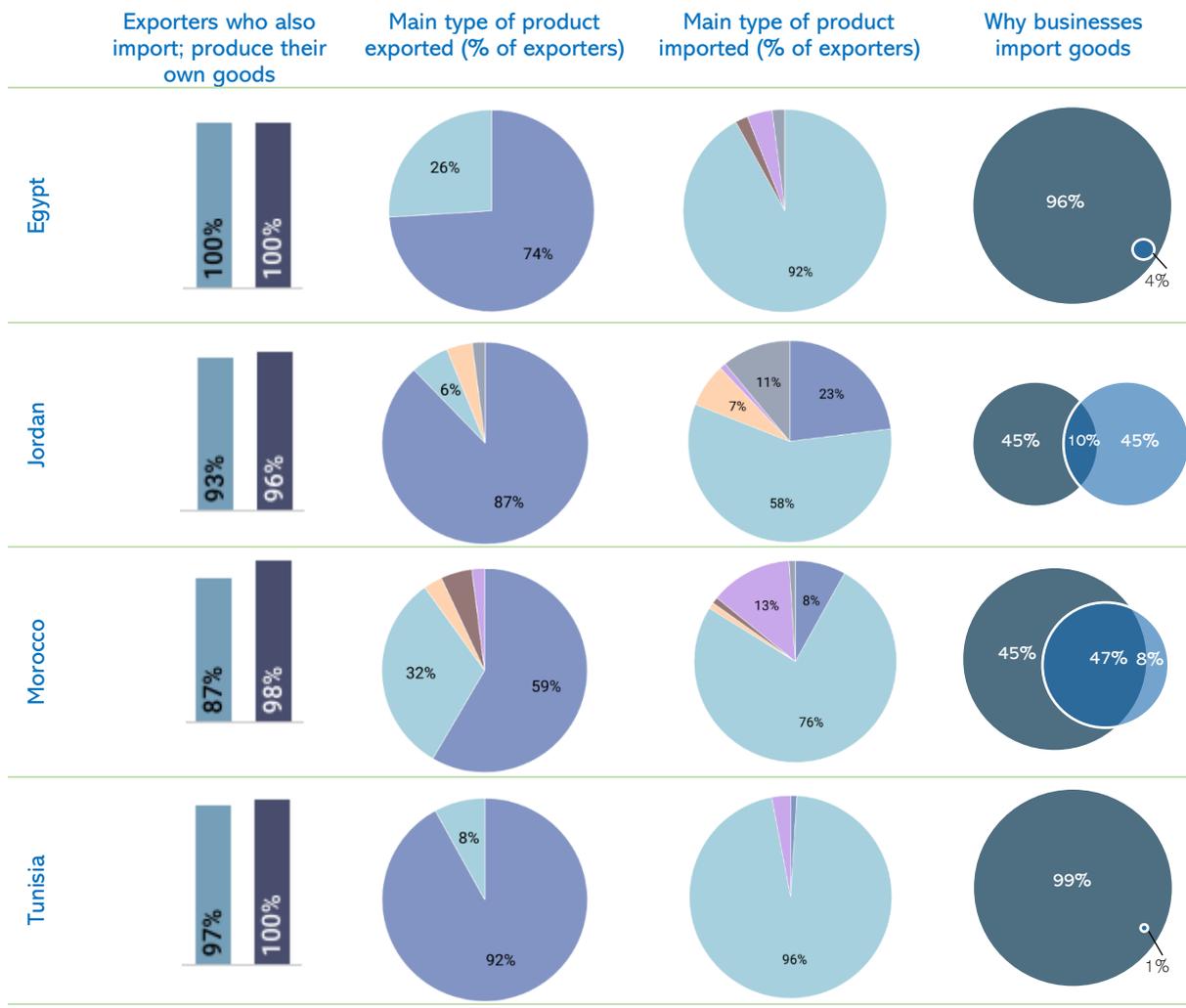
## Highlights from Survey of the Apparel and Textile Sector on NTMs (2022 – 2023)

### Profiles of businesses consulted

Box 6

#### Profiles of businesses consulted

Interviews with 300 textile and clothing exporters in the four Agadir member countries provide insights on the current situation. Most of the analysis in this report is based on these interviews. Almost all exporters in the four countries produce what they export and also import. In Egypt, Morocco and Tunisia, more than 90% of the companies that import do so to use the imports as inputs to their production. Jordan is the notable exception: 45% imported solely to resell the commodity. In all four countries, yarn, fibre and textiles are the main imported products, while finished clothing is the main export product.

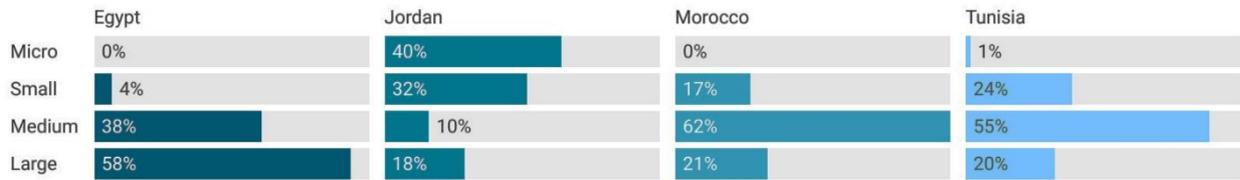


Share of exporters who also import  
 Share of exporters who produce goods they export

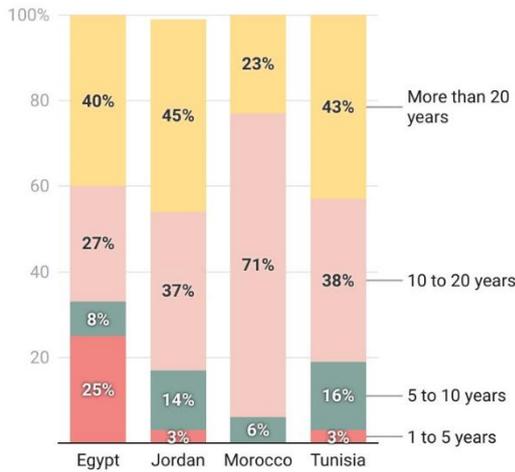
Clothing  
 Yarn, fabrics and textiles  
 Leather and leather products  
 Wood, wood products and paper  
 Chemicals  
 Others

To use as inputs to production  
 To resell  
 To use as inputs and resell

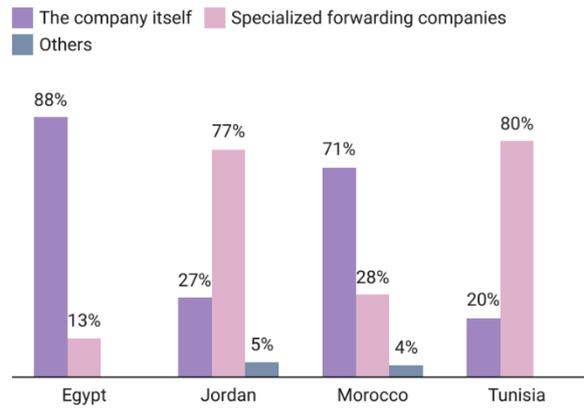
### Size of companies interviewed



### Years company has been in operation



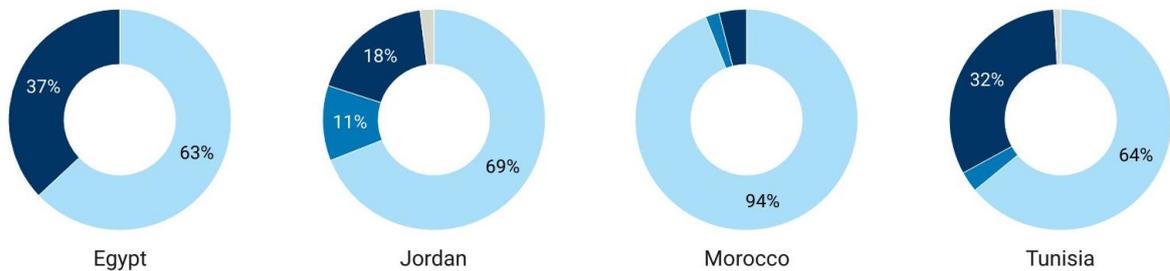
### Entity in charge of the company's export process



Note: some companies take care of the export process by themselves as well as through specialized forwarding companies.

### Companies by level of foreign ownership

Legend: No foreign ownership (light blue), Up to 50% foreign ownership (medium blue), More than 50% foreign ownership (dark blue), Unspecified (grey).



Companies are classified into micro, small, medium-sized and large categories based on the number of employees. We see some clear differences on the size of companies across the four countries. Most firms in Egypt (58%) are large while 72% of the companies in Jordan are micro or small enterprises. The profiles of Moroccan and Tunisian businesses are similar, with 62% and 54% of the companies in the two countries, respectively, being medium-sized.

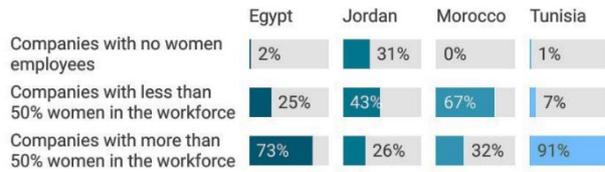
Most of the companies are well established in all four countries. Upwards of 40% of the companies in Egypt, Jordan and Tunisia have been in operation for more than 20 years and a significant share (27%–37%) between 10 and 20 years. In Morocco, 94% have been active for more than 10 years with 23% for over 20 years. The share of newly established companies (under 5 years) is limited in the region, though Egypt is the exception: 25% of the companies have been active for less than 5 years.

Most exporters in Egypt (88%) and Morocco (71%) take care of their own export process while most exporters in Jordan (77%) and Tunisia (80%) outsource this process to specialized forwarding companies or agents. In terms of ownership structure, roughly two-thirds of the companies in Egypt, Jordan and Tunisia are fully locally owned and 94% of the companies in Morocco. Around a third of companies in Egypt and Tunisia are majority foreign owned.

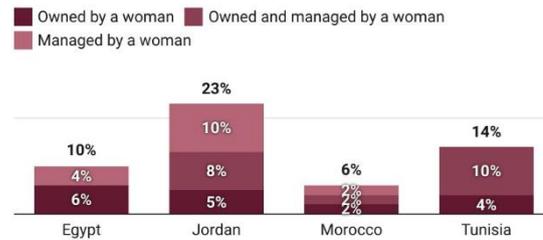
T&C is a sector with high employment prospects for women. Women make up more than half of the work force in 73% and 91% of the companies in Egypt and Tunisia respectively. In Jordan and Morocco, this share is 26% and 32% respectively. Jordan also has a high share of companies (32%) that do not employ any women. In contrast, Jordan also has the highest share of companies in the region that are women-led (23%). There are very few women-led businesses in Egypt (10%), Morocco (6%) and Tunisia (14%).

In terms of key markets, 62% of the exporters consider EU to be the most important export market followed by the Americas (20%) and Asia (14%). For imports, Asia is considered the most important supplying market by 63% of the importers, followed by the EU (25%). Only 1% of the companies declare Agadir region as their most important market for either export or import.

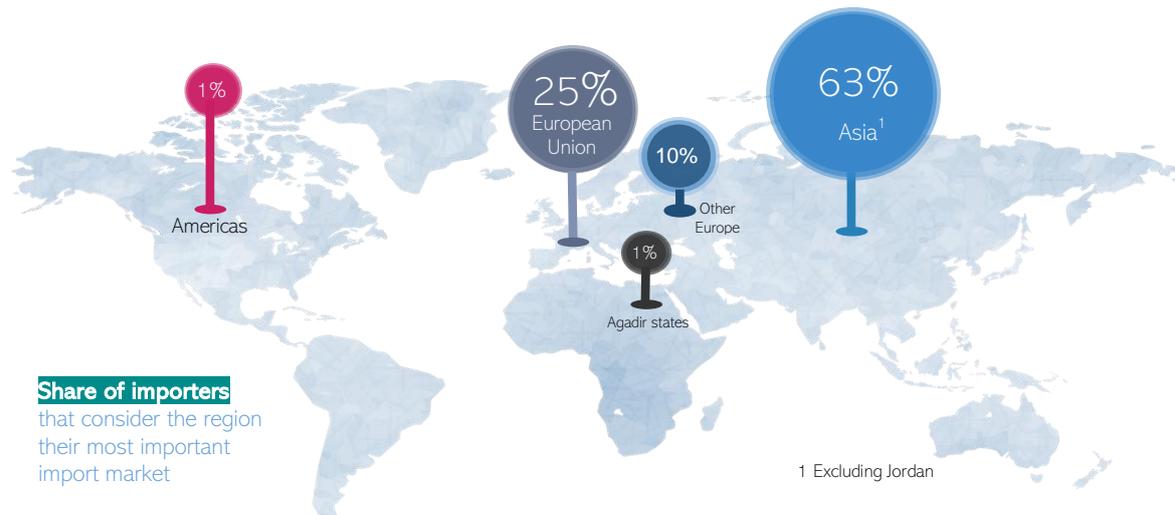
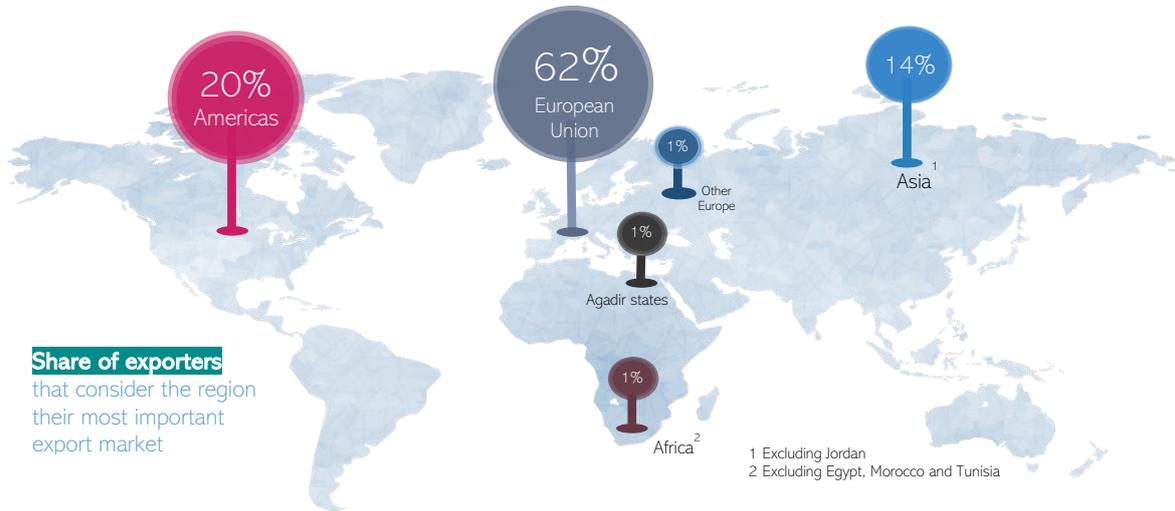
**Share of women in the workforce**



**Women-led businesses**



**Most important export and import markets for businesses in Agadir countries**



Source: ITC Business Survey of textile and clothing sector in Agadir countries (2022-2023)

## Businesses' views on intra-Agadir trade

While the Agadir trade agreement aims to facilitate integration among Arab states, survey results show that few businesses consider other Agadir members as their key trade partner. The European Union is the major export destination for about 62% of the interviewed firms, followed by the Americas (20%) and Asia (14%). Asia is the main source of imports for around 63% of the businesses, followed by the European Union (25%).

The difference in the types of goods being traded is clear. Apparel is the main export commodity in all four countries, followed by yarn, fabrics, and textiles. At the aggregate level, apparel is the top export commodity for 78% of the companies – although there are some national differences. In Tunisia, Jordan, and Egypt, 92%, 87% and 74% of exporters, respectively, consider apparel/clothing to be their main export commodity. In the case of Morocco, this share is slightly lower, at 59%.

Yarn, fabrics and textiles are the main export commodities in relatively fewer companies (19%). In Morocco and Egypt, 32% and 26% of exporters, respectively, consider these intermediate products as their main export commodity.

Intermediate inputs such as yarn and fabrics are key imports for most businesses (80%), while exports are mainly final products, that is, clothing and garments (80%). Other major inputs include leather products and chemicals. About 23% of importers in Jordan and 8% in Morocco also consider apparel to be their main import commodity. Overall, 68% of companies in Agadir countries import commodities to use them as inputs for their production, followed by 16% that do it to resell.

## Potential to create complementarities and enhance regional trade

Yarn, fabrics and textiles are key export commodities for nearly 26% and 32% of businesses in Egypt and Morocco, respectively. Yet, most exports are destined for the EU, while member countries continue importing them from Asia. Likewise, 23% of the interviewed businesses in Jordan state clothing and garments as their key import commodity. However, the origins are mainly Europe and Asia.

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*Why not ... I think these countries can replace our current suppliers.*

*Tunisian garment producer*

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Why does Jordan depend on Europe and Asia for its clothing imports, when it could source them regionally?

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*We have to deal with the administrative heaviness that characterizes the control and customs authorities, resulting in a queue for our products. Some pioneer textile companies in Morocco in fast fashion that decided to export to Egypt and Jordan have started to withdraw from these markets due to this.*

*Moroccan clothing company*

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A handful of the interviewed businesses showed no interest in sourcing from the region, given their well-established supplier bases abroad or the unavailability of the required inputs in the region. Another relatively smaller percentage perceives the other member states as competitors.

Still, many businesses are open to exploring opportunities to source from other member states and establish possible complementarities. However, they say the following factors hold them back:

- ✓ Lack of information on the availability of needed products or raw materials.
- ✓ Uncompetitive prices, limited varieties and poor supply capacity in the region, especially relative to Asian suppliers.
- ✓ A poor reputation of regional suppliers in terms of lead times.
- ✓ Limited trust in product quality.
- ✓ Lack of access to platforms to establish connections with potential buyers and suppliers in the region.
- ✓ Non-tariff barriers and administrative bottlenecks to trade.
- ✓ Lack of clarity and transparency on rules of origin in the Agadir Agreement.

### Tapping intra-Agadir trade potential

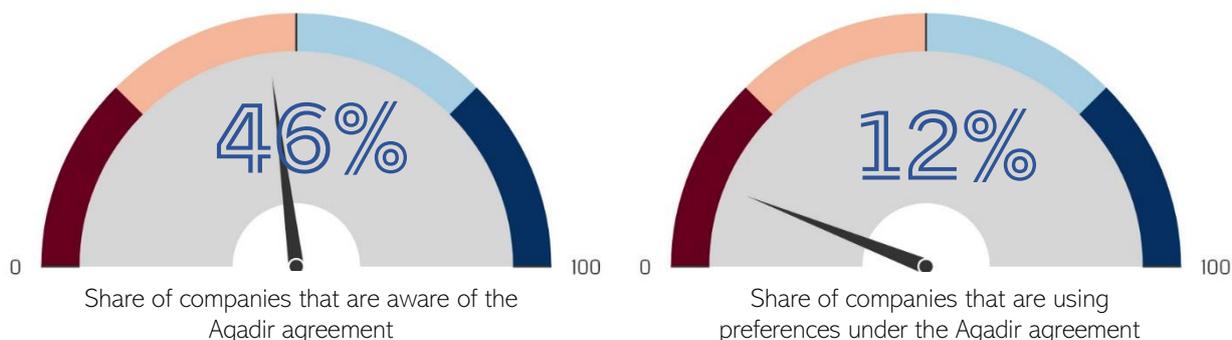
Through the business survey, ITC gathered inputs from businesses and business support organizations in Agadir countries on how the low level of intra-Agadir trade in apparel and textiles can be enhanced – with the overall goal of making market linkages and complementarities. Below are some of the recommendations put forward by the private sector:

- ✓ Mapping of the value chain in the region to identify which inputs exist and where they are, as well as the current levels of capacity and quality.
- ✓ Matchmaking events, trade shows and other platforms to link buyers and sellers in the region.
- ✓ Sensitization on the Agadir Agreement, specifically the rules of origin.
- ✓ Financial support in the form of tax incentives and transport subsidies to source inputs regionally, so the cost of sourcing competes with Asia.
- ✓ A consistent effort to simplify complex customs procedures and streamline all other administrative barriers to trade.

*We always hear about the Agadir Agreement, but never know what it is and how to use it.*

*Jordanian textile exporter*

**Figure 9** Experiences of businesses with the Agadir Agreement



**Source:** ITC Business Survey of textile and clothing sector in Agadir countries (2022/23).

More than half of the firms active in the T&C sector are unaware of the Agadir Agreement. Companies lack information about the agreement and its rules of origin provisions, so they do not use preferences with other member states.

However, the level of awareness about the agreement among companies differs considerable. Most firms in Egypt (70%) and Morocco (89%) were aware of the trade accord while few in Jordan (8%) and Tunisia (13%) knew it existed.

The lack of market knowledge about opportunities in other Agadir states discourages the use of preferences. Indeed, just 12% of the companies interviewed across the four Agadir countries use preferences under the agreement.

The other issue involves administrative procedures that slow the export process between Agadir states. Companies do not use preferences to avoid obstacles stemming from the procedures associated with the registration of their activities when they export to Agadir states or paperwork-related issues.

*Due to a lack of information on the Agadir Agreement, we can't benefit from it. Government and private organizations should intervene in this to make it happen through induction training, trade facilities and matchmaking.*

*Tunisian garment exporter*

*The Agadir Agreement does not improve trade between the signatory countries for a simple reason: the lack of transparency in the rules of origin. Inputs are declared from Jordan or Egypt while, they are of Asian origins. In addition, the cost is sometimes higher compared to the Chinese origin, despite the preferential access.*

*Moroccan garment exporter*

## A growing need for socially and environmentally sustainable practices

The increasing prevalence of sustainability standards and regulations in the textile and clothing sector is beginning to have an impact on businesses in the region. This is particularly true for firms that export to the EU or the United States.

Some standards cited as onerous include OEKO-TEX<sup>8</sup>, Global Recycle Standard<sup>9</sup> and AMFORI<sup>10</sup>, all of which seek to improve social performance in global supply chains, ensure the use of recycled materials in production and packaging, and restrict the use of toxic chemicals in the production process. Obtaining and renewing the associated certificates can run into thousands of dollars and cost a lot of time in terms of paperwork and testing procedures.

Also challenging is the ban on imports from countries using forced labour imposed recently by the United States, as it affects the export competitiveness of businesses. Given the complexities of the cotton supply chain, establishing that the garment being exported was not manufactured from imported fabric produced in forced labour camps is can be complicated. This is pushing companies to find alternative sources of supply, which are more expensive and require longer lead times. This underscores the need to help businesses adapt to such emerging situations

Such requirements will become the norm, affecting firms and compelling them to adapt their entire supply chains. This will mean more investment in human resources, managerial capabilities, and technological skills.

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*We tried to enter the European market, especially the German one, but we found that they need a set of technical requirements which is costly, specifically the OEKO-TEX 100 standard, which will cost around €4,000-€5,000 a year. This really was a burden to get certified and we missed the opportunity to have engaged with them.*

*Egyptian garment exporter*

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*Our French partner now requires a GRS certificate. This is a certificate that determines the recycled content of the finished product. It takes a long time to issue, and its cost can range between €7,000 and €9,000.*

*Tunisian garment exporter*

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<sup>8</sup> <https://www.oeko-tex.com/en/news/blog/what-oeko-tex-labels-mean-and-why-they-matter>

<sup>9</sup> <https://certifications.controlunion.com/en/certification-programs/certification-programs/grs-global-recycle-standard>

<sup>10</sup> <https://www.amfori.org/content/amfori-bsci>



CHAPTER 3

EGYPT

# CHAPTER 3

## EGYPT

Egypt exported nearly \$3.8 billion of apparel and textiles in 2021, underscoring the sector’s importance to the country. Exports have been growing at an average annual rate of 5% since 2017. The top market for Egyptian clothing exports is the United States, which accounted for more than \$1 billion of exports in 2021. Most of the surveyed companies in Egypt (67%) consider the United States as their most important market. The EU imported \$316 million of Egyptian apparel while exports to other Agadir countries amounted to just \$57 million.

Yarn and textile exports were worth \$1.6 billion in 2021 and the markets are far more diversified. At the aggregate level, \$410 million of Egyptian yarn and textile exports went to the EU. At the country level, Türkiye and the United States are the biggest importers, buying \$279 million and \$238 million in 2021, respectively. Just over \$89 million of yarn, fabric and textile exports went to other Agadir states – usually as inputs to production.

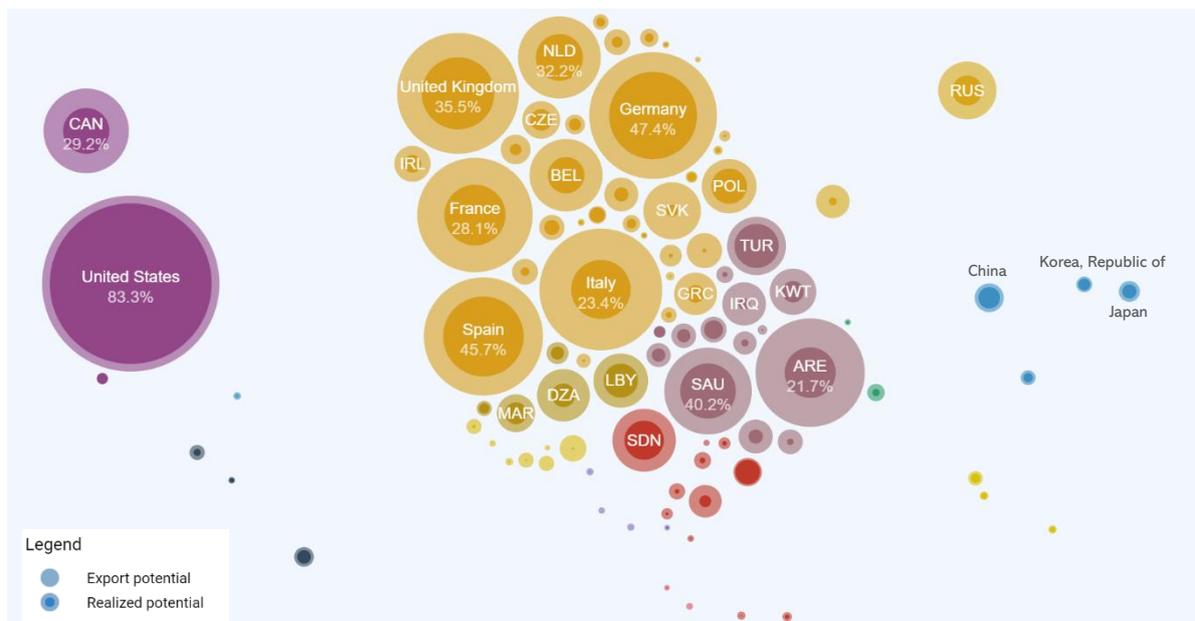
The following section provides a snapshot of NTM Business Survey results in Egypt based on interviews with 47 companies.

Box 7

### Export potential of Egypt’s textile and clothing sector

Egypt has the potential to increase its T&C exports by close to \$2.4 billion in the next five years. Roughly 63% of this unrealized potential (\$1.5 billion) is due to market frictions such as trade obstacles, NTMs and lack of information, which means Egypt must address these frictions to realize its full potential. The other 37% of unrealized potential (\$869 billion) is calculated based on expected growth in demand and supply capacity. Overall, the EU has the most export potential for Egypt, with \$1 billion of possible additional exports by 2027. The United States and the Middle East also have large untapped potential, and there is significant export potential to Agadir member states that is yet to be realized (\$99 million).

#### Markets with potential for Egypt’s exports of textiles and clothing



**Note:** The illustration shows the top 100 countries with the highest export potential for Egypt’s T&C sector. The size of the bubble corresponds to the size of the export potential to the country while the colour corresponds to the geographical region of the country. The percentage represents the share of total export potential that has already been realized.

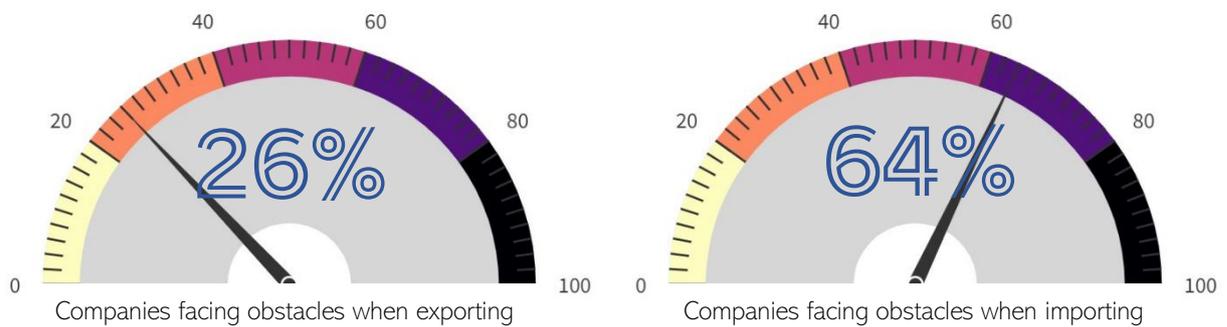
**Source:** Based on ITC’s Export Potential Map (2023).

## What hinders trade in Egypt?

Egyptian traders say they face more trade barriers when importing (64%) than when exporting (26%). The source of measures that traders find burdensome when exporting is spread evenly across foreign measures (38%), domestic Egyptian regulations on exports (31%) and private voluntary standards (31%). Survey results suggest that about half of export-related difficulties are due to overly strict or complex requirements. The remainder are due to measures being too strict and to associated procedural obstacles.

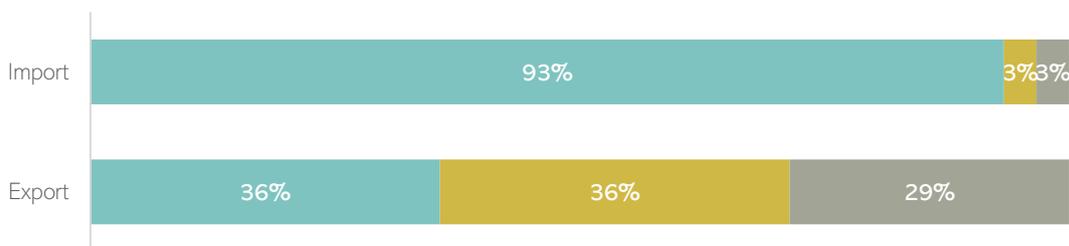
Most difficulties with importing are related to Egyptian measures on imports (93%). Official regulations are considered difficult and associated POs make compliance with these measures even more burdensome.

**Figure 10** Share of firms struggling with NTMs when exporting or importing



Source: ITC Business Survey of textile and clothing sector in Agadir countries (2022/23).

**Figure 11** What requirements do Egyptian traders find burdensome?



Share of burdensome measures that are applied by: ■ Egypt ■ Partner country ■ Private standard

Source: ITC Business Survey of textile and clothing sector in Agadir countries (2022/23).

**Figure 12** Why do Egyptian traders struggle to comply with measures?



Source: ITC Business Survey of textile and clothing sector in Agadir countries (2022/23)

**Main challenges in the Egyptian textile and clothing sector**

Export barriers

Technical barriers to trade including product requirements (8%) and conformity assessment (38%), which includes product testing or certification/registration requirements, are among the most common barriers to export, according to interviewees. Rules of origin-related difficulties (8%) and trade remedies (8%) are also common hurdles. The importing country applies all these measures.

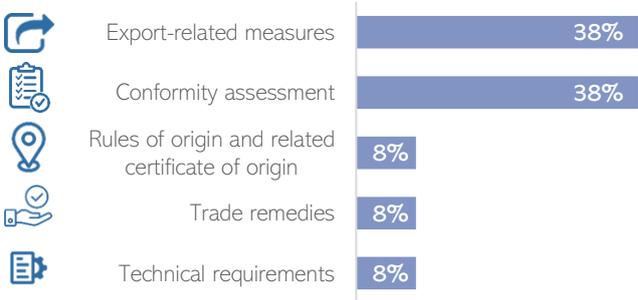
In addition to foreign regulations, 38% of the reported NTM cases are export-related – that is, they are measures that Egypt applies on its own exports.

In almost all cases, exporters find these measures to be overly strict or complex. In 46% of the cases, the difficulties are compounded by procedural hinderances such as time delays or constraints and excessive documentation – usually in the exporting country itself.

The most pressing challenges are shown in the following figure.

**Figure 13** Types of hurdles Egyptian exporters face

Top regulatory hurdles



Top procedural hurdles

- Delays due to:
  - X Complex export procedures
  - X Product registration requirements
- Documentary requirements :
  - X Product registration
  - X Pre-shipment inspections
  - X Export measures
  - X Origin certificate

Source: ITC Business Survey of textile and clothing sector in Agadir countries (2022/23).

## Domestic export rules and related procedures cause shipment delays

More than a third of the cases of import barriers involve export regulations and procedures. Requirements that exporters find particularly burdensome include:

- ✓ need to obtain an export certificate for each consignment prior to shipment. This is especially problematic for those who export smaller quantities and need to obtain a new certificate for each consignment.
- ✓ pre-shipment quality inspections of export consignments

Prolonged approval processes and testing procedures, which can last up to a week, and the need to file many documents to obtain an export certificate often result in the exporter missing the scheduled shipping vessel. Also, if inconsistencies are found in documents, exporters are liable for a heavy penalty.

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*Pre-shipment inspection of quality and quantity from the authorities takes too much time – up to a week. So, we are unable to catch the booked vessel and hence to ship on time. Further, any discrepancies in documents must be corrected within 48 hours, or we must pay a fine of EGP 10,000, which is unaffordable for us.*

*Cotton garment exporter*

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Some businesses also cite the excessive documentation required to obtain tax refunds as being unnecessarily burdensome. While this does not prevent exports, it causes inconvenience and stress to companies.

## Complying with technical requirements is difficult

Egyptian garment exporters face complex technical requirements when exporting to Europe and the United States. These account for more than a third of the reported import barriers. Most common among these are testing of chemicals and dyes for heavy metal content. Complications arise mainly due to:

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*We faced difficulties with a French buyer's technical requirements vis-à-vis chemical testing. It was too costly and difficult to comply with. It required us to use special dye stuff which is of a much higher price. We ultimately had to stop working with him.*

*Cotton garment exporter*

---

- ✓ the requirements being too difficult to observe
- ✓ high costs associated with using a grade of chemicals acceptable to the buyer
- ✓ lack of awareness of the requirements in advance
- ✓ repeat testing at the partner's customs even though the product passed the testing at Egyptian customs

In all the reported instances, Egyptian garment exporters failed to get their consignments approved and lost out on the export opportunity.

## Import barriers

The most reported import barriers include *finance measures* including advance payment requirement to customs and cash margin requirements which account for over a third of the reported barriers. *Technical barriers to trade*, mainly testing requirements and *pre-shipment inspection requirements and formalities*, make up for nearly one-fourth and one-fifth of the burdensome measures, respectively. In all cases, it is the national regulations itself that become an obstacle.

While *finance measures* and *technical barriers to trade* are burdensome owing to the strictness of the regulation itself as well as the associated procedural obstacles, *pre-shipment inspection requirements and formalities* tend to impose more procedural obstacles on businesses.

The most pressing challenges are elaborated below:

**Figure 14** Types of burdensome regulations Egyptian importers face



Source: ITC Business Survey of textile and clothing sector in Agadir countries (2022/23).

Complex testing procedures on imports contribute to delays

Nearly 20% of the businesses struggle with testing procedures when importing raw materials, particularly textile chemicals, because of the time needed, the number of authorities involved, limited testing facilities and excessive documentary requirements. Testing is required even when third-party testing has been carried out and safety data sheets submitted. Testing by Egyptian authorities can take up to a month from the arrival of shipment at the port.

*Customs clearance for chemicals and other dyeing auxiliaries like oxygen takes too much time due to testing and approvals needed from different authorities. This causes delay and risk of production stoppage, plus we need to pay demurrage.*

*Importer of textile chemicals and dyes*

This exposes businesses to the risk of important inputs being stuck at the border and idle factories until the shipment is cleared. Furthermore, businesses must pay for testing, which can cost up to \$75 per chemical. A demurrage fee is also payable to the carrier, which adds to the total cost for businesses.

Electronic transmission of shipment data and customs clearance is cumbersome

Businesses voiced concerns about the process associated with having to register each import consignment on Nafeza, the recently introduced an advanced cargo information platform for electronic transmission of shipment data and customs clearance.

*A new imposed regulation on registration of each import consignment on the Nafeza platform involves a lot of documentation and is time-consuming. Plus, more expenses are imposed on the exporter for registering each consignment before shipping in advance.*

*Importer of woven cotton fabrics*

Firms say this can take several hours, as all shipping documents need to be uploaded to a single platform, and the website often does not work properly. Businesses incur costs to upload these documents, which is reported at \$65 per document. Any discrepancies in the documents are penalized up to \$1,500. Delays also result in a high-cost burden in terms of demurrage charges of up to \$1,000.

## Lengthy pre-shipment procedures lead to delays and add costs

Clearance of import shipments can take a lot of time due to lengthy clearance procedures, congestion at ports and a requirement to submit numerous documents. This affects a small number of businesses, which say clearance can take up to 30 days and cost up to \$2,000 per consignment. Documentary approvals required from multiple authorities at the port expose businesses to a high demurrage fee owing to delays loading the shipments. Furthermore, some suppliers will not provide documents until full payment is made, which adds to traders' stress.

### Egypt's now-scraped Letter of Credit system affected more than a third of interviewed firms.

Nearly 37% of the reported import barriers pertain to the Letter of Credit system. In February, the Central Bank of Egypt introduced a system obliging all importers to use letters of credit to finance their imports instead of the cash-against-documents collection system that had been in place for many years. This new regulation created considerable backlash and led to a huge backlog of goods at Egyptian borders, so the central bank took steps to ease the restrictions. In December 2022, the bank said it had gotten rid of the system<sup>1</sup> and returned to the cash-against-documents system.

The interviewed businesses cited the limited availability of foreign currency, due to internal cash-flow issues, as a cause of concern. The process of arranging for foreign currency with a bank was expensive, requiring a 20% commission to be paid to the bank. It could take up to three months, delaying the process of importing raw materials and, eventually, of making final deliveries to export partners. Additionally, obtaining the letter of credit itself required several approvals and documentation, further prolonging import times.

<sup>1</sup> <https://english.ahram.org.eg/NewsContent/3/12/483401/Business/Economy/Central-Bank-of-Egypt-ends-Letter-of-Credit-system.aspx>

## Moving forward: Recommendations from the private sector in Egypt

The Egyptian business community proposes the following solutions to the barriers it faces:

1. Capacity building and training to understand and comply with standards and regulations in export markets.
2. Provide financial support to small firms to help them obtain certification against some of the key standards demanded in the international market.
3. Simplify and streamline the procedures for obtaining export certificates and approvals by computerizing them; allow more time to fix discrepancies in filed documents.
4. Increase the capacity of customs and other authorities so testing procedures can be expedited and shipments released faster, including by hiring more staff and building quality infrastructure.
5. Improve the efficiency of the advanced cargo information platform by fixing errors and bugs so the process of registering import consignments can be smoother and faster.
6. Reduce the cost of uploading documents on the platform or offer discounts to smaller businesses.
7. Make sure expedited clearance procedures are in line with shipment schedules.



CHAPTER 4

JORDAN

# CHAPTER 4

## JORDAN

The value of Jordanian apparel and textile exports reached almost \$1.8 billion in 2021, growing at an average of 3% per annum since 2017. The United States is the largest market for these goods, accounting for more than \$1.5 billion of exports that year, while the EU imported just \$100 million of Jordanian apparel. Among the surveyed companies in Jordan, 32% consider North America (mainly the United States and Canada) as their most important market while 60% consider Middle Eastern and Asian countries (mainly Saudi Arabia, United Arab Emirates and China) as their top destinations. Clothing exports to other Agadir countries are very modest, at \$2 million.

Jordanian textiles and apparel can avoid import duties in the United States by meeting the 35% local origin requirement and being wholly produced in Jordan, made from fibre or filaments extruded in Jordan, woven and knit in Jordan, or assembled as clothes in Jordan.

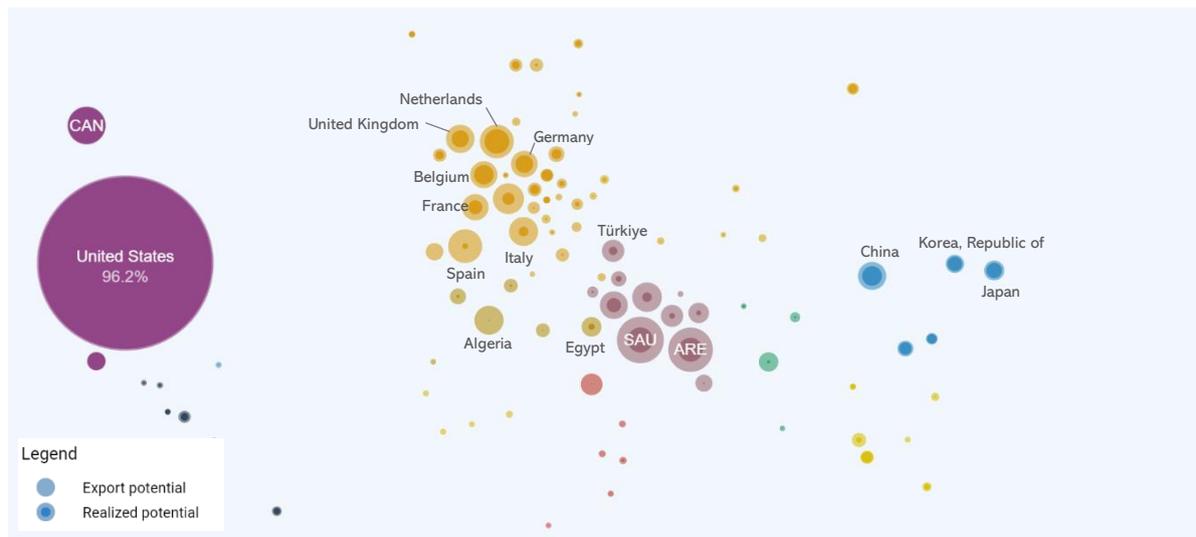
The markets for Jordanian yarn and textile exports, which totalled \$97.7 million in 2021, are more diversified. At the aggregate level, around \$1 million of exports go to the EU. At the country level, Saudi Arabia, Egypt and the Syrian Arab Republic are the biggest importers, purchasing \$35.7 million, \$11.4 million and \$10 million in 2021, respectively. Just over \$13 million of yarn, fabric and textile exports go to Agadir member states – usually as inputs to production.

### Box 8

#### Export potential of Jordan's textile and clothing sector

Jordan has the potential to export an additional \$619 million of T&C by 2027. However, 75% of this potential (\$466 million) remains unrealized due to market frictions such as non-tariff measures, lack of information and related hurdles. The largest growth potential for Jordanian T&C lies in the European Union and the Middle East, where exports can increase by \$162 and \$213 million, respectively. The United States will remain the top market for Jordan, but with limited scope to grow further (\$52 million).

#### Markets with potential for Jordan's exports of textiles and clothing



**Note:** The illustration shows the top 100 countries with the highest export potential for Jordan's T&C sector. The size of the bubble corresponds to the size of the export potential to the country while the colour corresponds to the geographical region of the country. The percentage represents the share of total export potential that has already been realized.

**Source:** Based on ITC's Export Potential Map (2023).

For Jordan, T&C is the most promising industrial sector to enhance exports because it is a hub for foreign investments. The sector has benefited from the incentives provided by free trade agreements that enable investors to access many world markets.

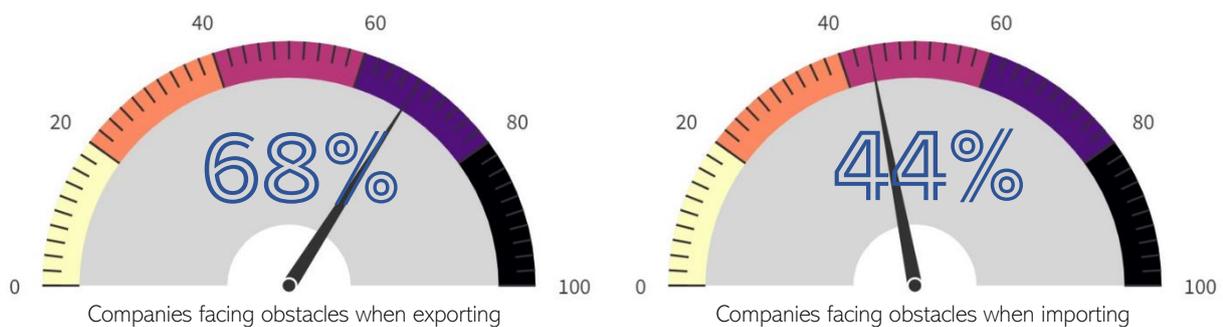
The following section provides a snapshot of NTM Business Survey results in Jordan based on interviews with 91 companies.

### What hinders trade in Jordan?

About 90% of apparel and textile traders in Jordan face difficulties with NTMs. Exporters are more affected than importers (68% vs 44%). Export challenges stem largely from foreign requirements; 74% of the reported cases are due to measures applied by the importing country and 22% are due to private voluntary standards. Both regulatory requirements and related POs make compliance difficult. In the case of imports, 72% of the reported hurdles are related to compliance with Jordanian regulations, 20% are regulations of the exporting country and 8% are related to private voluntary standards.

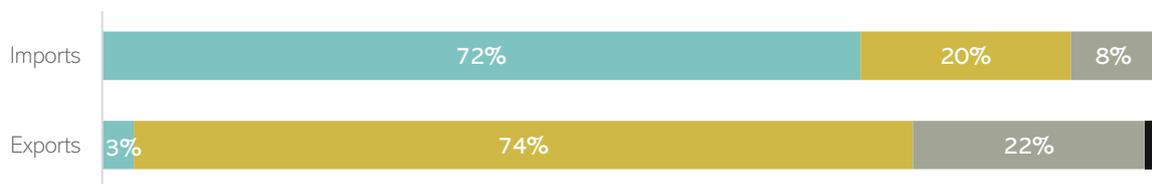
Addressing POs will help resolve many of the difficulties traders face. In the case of imports, roughly a third of the reported NTM cases are deemed difficult because measures are too strict or complex. More than two-thirds of the cases are seen as burdensome because of associated procedural obstacles. While POs also hinder exports, difficulties complying due to overly strict measures make up more than half the cases.

**Figure 15** Share of Jordanian firms struggling with NTMs when exporting or importing



Source: ITC Business Survey of textile and clothing sector in Agadir countries (2022/23).

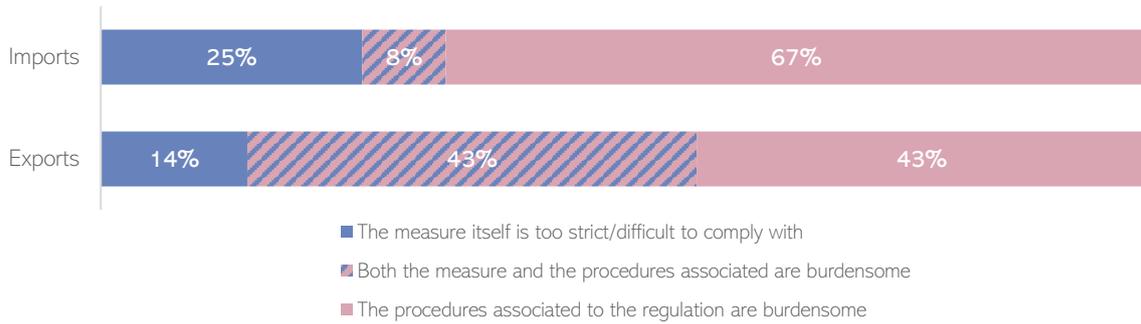
**Figure 16** What requirements do Jordanian traders find burdensome?



Share of burdensome measures that are applied by: ■ Jordan ■ Partner Country ■ Private Standard ■ Transit Country

Source: ITC Business Survey of textile and clothing sector in Agadir countries (2022/23).

**Figure 17** Why do Jordanian traders struggle to comply with measures?



Source: ITC Business Survey of textile and clothing sector in Agadir countries (2022/23).

## Main challenges in the Jordanian textile and clothing sector

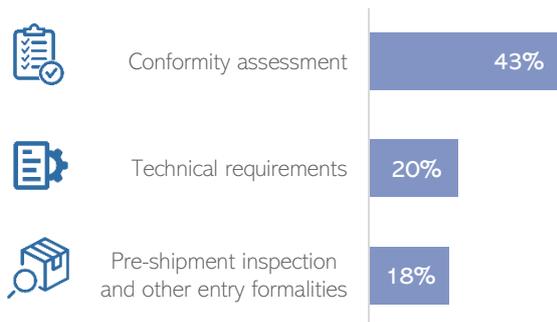
### Export barriers

Most export barriers stem from regulations applied by partner countries. The most common of these are *technical barriers to trade*, which account for more than a third of reported obstacles and mainly consist of product testing and registration requirements. It is the procedural obstacles associated with these that all exporters find most burdensome, while 50% of exporters also consider the regulation itself too difficult to comply with.

*Sanitary and phytosanitary (SPS)* as well as *pre-shipment inspection* requirements imposed by partner countries are the next most onerous, each comprising a fifth of the measures reported as burdensome. While complying with SPS requirements themselves is difficult, pre-shipment inspections are burdensome mostly due to the associated procedures.

**Figure 18** Types of hurdles Jordanian exporters face

### Top regulatory hurdles



### Top procedural hurdles



Source: ITC Business Survey of textile and clothing sector in Agadir countries (2022/23).

The biggest challenges are elaborated below.

### Absence of domestic testing facilities prevents exporters from meeting partner countries' technical requirements

Nearly 30% of the barriers affecting Jordanian garment exporters concern testing requirements in partner countries, specifically those in Saudi Arabia. Testing for flame resistance, toe cap strength, breathability, ergonomics, protection level against acid and molten materials – all result in high costs for exporters. The absence of internationally recognized testing facilities in the country means samples need to be sent abroad for the importer to accept the test results. This is costly and time-consuming for the exporter and eventually leads to delays.

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*Testing, when exporting to (Saudi Arabia), we should send samples to be tested there. Certificates provided by local testing firms are not recognized. Doing so results in extra cost and delay.*

*Exporter of men's trousers*

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### Lengthy pre-shipment inspection procedures required by importing countries add to time and cost

Traders find lengthy pre-shipment inspection procedures to be onerous due to the need to hire additional staff or host third-party inspection teams. Some businesses reported delays of up to a week and an added cost of up to \$450. Goods are also often damaged during the process.

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*Pre-shipment inspection is required by the buying company and is done through a third party. This mostly causes delay. We are in discussion with the buyer to switch to in-house inspection (doing it through our staff).*

*Exporter of women's apparel*

---

### Exporters struggle to comply with buyers' packaging requirements

Importers increasingly ask for recycled plastic packaging, which Jordanian garment exporters find difficult to source locally. Compliance with requirements of importing countries on the type, size and colour requirements for packaging as well as the requirement to add illustrating pictures and a barcode is seen as difficult and time-consuming. While buyers often pay for the packaging itself, company staff usually process the packaging, which adds to the cost of getting the shipment ready to export.

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*Packaging requirements imposed by the buyer are a challenge. Too much detail is needed on the packing list. Each carton label should describe items, size, colours. Sometimes, special packaging is required for items to be sold online. This process is time-consuming and can cause delay.*

*Exporter of pullovers and cardigans*

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### Lengthy and expensive product registration procedures hamper smooth operations

Nearly 25% of the interviewed businesses cited issues with product registration when exporting to Saudi Arabia. Registration costs are high and procedures are cumbersome, requiring many documents to be submitted. Furthermore, the validity of the registration is short.

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*Product registration is a must on Saudi Arabia's certification customs platform, called SABER. To do so, samples need to be sent to (Saudi Arabia) for testing and that causes delay. In our case, we had to wait for around 30 days to complete registration.*

*Sock exporter*

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The partner country's registration system does not recognize the domestic testing facilities, which results in delay and high costs to get the product registered.

## Import barriers

*Price control measures* are among the most reported import barriers, particularly those related to customs valuation, which account for more than 40% of the reported barriers. *Technical barriers to trade*, mainly testing and inspection requirements, make up nearly 40% of the onerous import measures. In all cases, the national regulations themselves become an obstacle.

**Figure 19** Types of hurdles Jordanian importers face

### Top regulatory hurdles



### Top procedural hurdles



**Source:** ITC Business Survey of textile and clothing sector in Agadir countries (2022/23).

The biggest challenges are elaborated below.

## Disputes on customs valuation will affect companies' margins

Nearly 45% of the reported imported barriers are linked to the perceived unfair valuation of imported fabrics and textile accessories. Businesses say the customs valuation process lacks objectivity. The process often depends on the official making the valuation. Even when the goods in question face zero tariffs, the inconsistencies in the valuation process affects the value-added tax (VAT) payable by the businesses, as a higher valuation – often estimated unfairly – means they must pay a higher VAT than their competitors.

---

*The valuation process at Jordanian customs is unfair. It depends on the officials who are doing it. We import the same item repeatedly and every time it is a different valuation. Although we pay 0% tariff, but valuation will heavily affect the VAT tax (16%) and the income tax (2%).*

*Rayon fabric importer*

---

## Testing and inspection procedures are unclear, cumbersome, arbitrary and expensive

A requirement to test imported yarn and fabric for pilling, snag resistance, colour fastness to light, heat and water and other factors, as well as inspections of consignments, comprise more than 40% of the reported obstacles to smooth importing.

Commonly cited reasons for burdensome testing and inspection procedures include:

- ✓ lack of clarity on the sampling process
- ✓ arbitrary behaviour of officials
- ✓ time-consuming testing processes
- ✓ high cost of testing
- ✓ limited internationally accredited testing facilities
- ✓ need to make informal payments to officials to avoid loss or damage of goods during the inspection process

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*Imported yarns are to be tested upon arrival at the Jordanian port. The procedure is too long and takes around seven days, and costs 400-500 JD (\$564 to \$704) per product. One shipment usually contains different types of yarns. Therefore, it is costly in terms of testing fees. Moreover, paying for an extra five days on the floor is costly as well. Sometimes, officials are not clear about the required content of the yarns, and sometimes it depends on the person we are dealing with there.*

*Synthetic yarn importer*

---

## Moving forward: Recommendations from the private sector in Jordan

The Jordanian business community proposes the following solutions to the barriers it faces:

1. Invest in quality infrastructure, especially setting up internationally accredited testing laboratories.
2. Define clear-cut guidelines for customs procedures including valuation process as well as testing.
3. Activate the customs single window to avoid the need to deal with multiple agencies for testing, inspections and registrations/approvals.



CHAPTER 5

MOROCCO

# CHAPTER 5

## MOROCCO

Morocco's apparel and textile exports reached almost \$4 billion in 2022, growing at an average annual rate of 1% since 2017. The European Union is the largest market for these exports, accounting for more than \$3.4 billion in exports in 2022, and 94% of surveyed Moroccan companies consider the EU as their most important market. The United States imported just \$33.1 million of Moroccan apparel that year while clothing exports to other Agadir countries totalled only \$555,000.

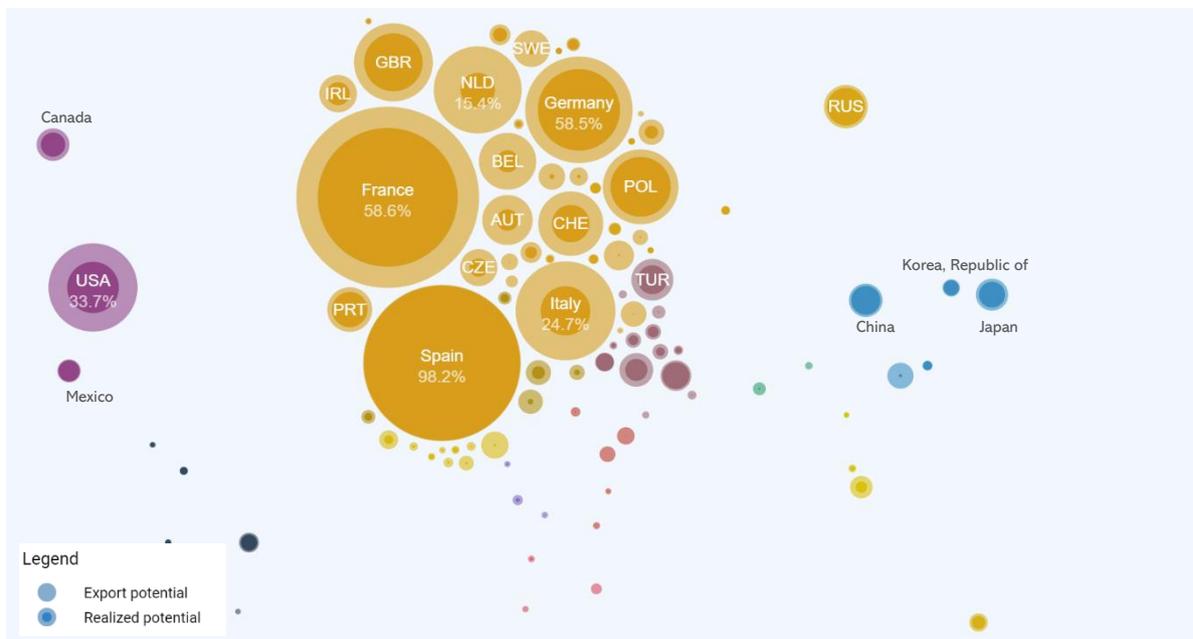
The markets are much more diversified for yarn and textile exports, which were worth \$515 million in 2021. At the aggregate level, \$425 million of exports go to the EU. At the country level, Spain and the United Kingdom are the biggest importers, purchasing \$211 million and \$81 million in 2021, respectively. Just over \$19 million of yarn, fabric and textile exports go to Agadir member states – usually as inputs to production. The following section provides a snapshot of NTM Business Survey results in Morocco based on interviews with 47 companies.

### Box 9

#### Export potential of Morocco's textile and clothing sector

Morocco has the potential to increase its T&C exports by \$2.3 billion by 2027. However, 74% of these unrealized exports is due to market frictions such as NTMs and lack of information. This means that Morocco must address these market friction to realize its full potential. Morocco has the most export potential in the EU market, where the country could realize an additional \$1.6 billion in exports. Export potential to the United States is relatively small in comparison, but more than \$169 million of exports is yet to be realized. Export potential in the Agadir market is limited for Morocco, with only about \$12 million in additional exports.

#### Markets with potential for Morocco's exports of textiles and clothing



**Note:** The illustration shows the top 100 countries with the highest export potential for Morocco's T&C sector. The size of the bubble corresponds to the size of the export potential to the country while the colour corresponds to the geographical region of the country. The percentage represents the share of total export potential that has already been realized.

**Source:** Based on ITC's Export Potential Map (2023).

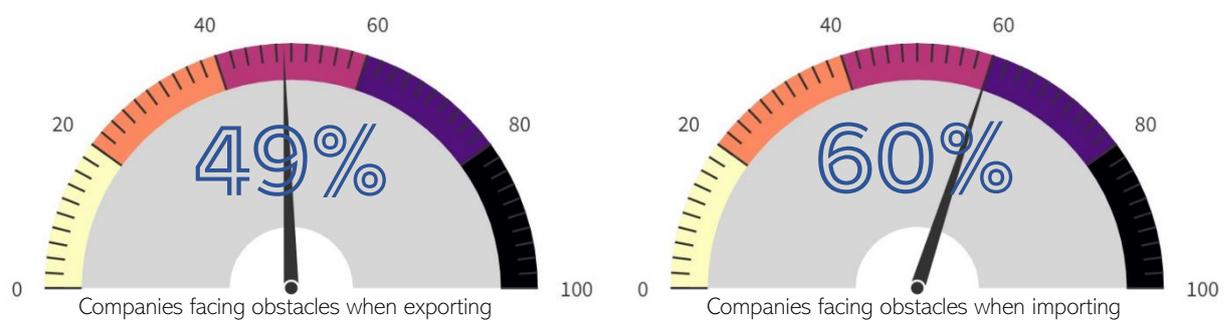
## What hinders trade in Morocco?

Half of the interviewed T&C traders in Morocco have problems with non-tariff measures, with more facing hurdles when importing (60%) than exporting (49%). In the case of both imports and exports, measures that traders find burdensome are almost always import-related. In the case of exports, all reported NTM cases are foreign measures and in the case of imports, 96% are measures applied by Morocco.

The primary reason exporters find NTMs burdensome is that the measure itself is too strict or complex to comply with (in 75% of the reported cases). In 46% of the cases, procedural obstacles play a part to hamper compliance to regulations. In 21% of reported cases, traders struggle to comply because of both overly strict measures and procedural obstacles.

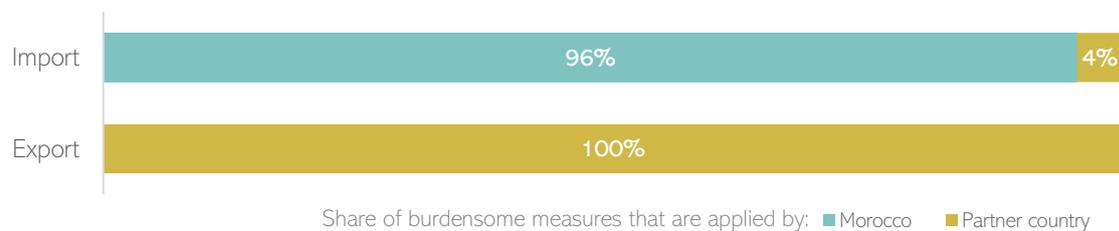
Procedural obstacles are a major impediment to imports; in 91% of reported cases, they make compliance with regulations difficult. About 57% of the difficulties importers face could be resolved by addressing the procedural issues alone, as traders have no issues with the measures themselves. In 45% of the cases, the difficulty arises in part because the official measures are strict or complex.

**Figure 20** Share of Moroccan firms struggling with NTMs when exporting or importing



Source: ITC Business Survey of textile and clothing sector in Agadir countries (2022/23)

**Figure 21** What requirements do Moroccan traders find burdensome?



Source: ITC Business Survey of textile and clothing sector in Agadir countries (2022/23)

**Figure 22** Why do Moroccan traders struggle to comply with measures?



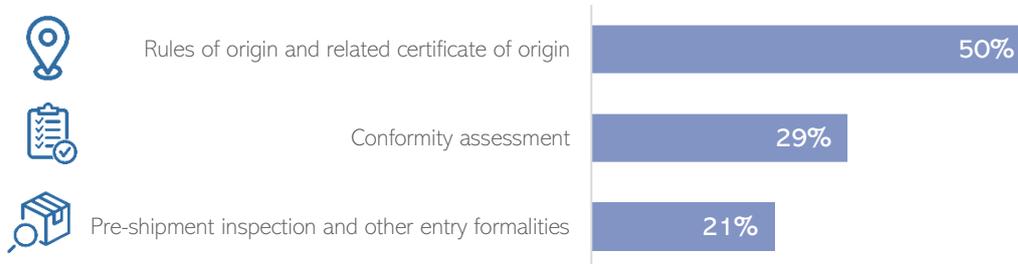
Source: ITC Business Survey of textile and clothing sector in Agadir countries (2022/23)

## Main challenges in the Moroccan textile and clothing sector

### Export barriers

Rules of origin, inspections and product conformity constitute the major brakes for Moroccan exporters.

**Figure 23** Types of hurdles Moroccan exporters face



**Source:** ITC Business Survey of textile and clothing sector in Agadir countries (2022/23)

### Rules of origin and related certificates of origin

The problem lies mainly in the way the rules of origin are applied based on the preferences that govern Moroccan exports of fabrics and clothing to the European Union. For Morocco, the rule of double transformation applies – that is, to qualify for preferences, clothing must be made from qualifying yarn (i.e. locally produced) and then woven into fabric with the fabric cut and made into clothing. Otherwise, the customs duties are 12%.

Morocco's main competitors, such as Viet Nam and Bangladesh, benefit from the GSP, which gives them advantages in terms of rules of origin applied to exported products, with only the criterion of simple transformation as opposed to the required double transformation for Moroccan exporters.

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*The countries that benefit from the GSP and GSP+ regime benefit from several advantages, but the rules of origin applied within the framework of the EU–Morocco trade agreement are binding, in particular, the criteria of double and triple transformation as opposed to the criterion of simple transformation imposed on our competitors.*

*Cotton t-shirt exporter*

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### Inspections and compliance assessments

Inspections are time-consuming – sometimes it takes more than five days to pass a lab inspection. Private laboratories are overwhelmed by the quantity of items to be tested.

Exporters face very strict inspections regarding the standards applied to exported products. This sometimes pushes them to stop exporting these products to the EU and refocus on the less demanding local market.

There are also problems related to the control and registration of products, as companies do not have precise knowledge about the registration of new products on the market.

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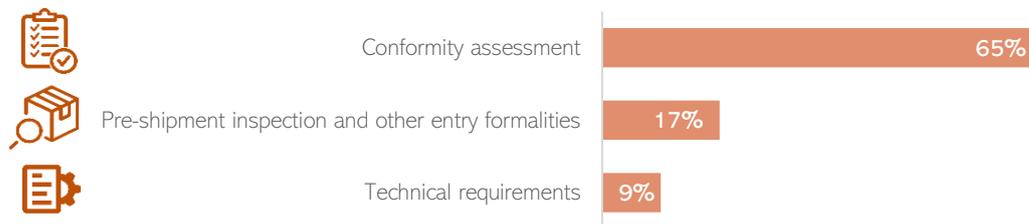
*There are many general laboratory tests for textiles, such as fibre identification, eco-textile test, verification of prohibited azo dyes and dyes, verification of colour fastness (Colour fastness to light, ozone, emanation of burned gases, phenolic yellowing, water, bleach) and antibacterial and antimicrobial tests, especially when exporting to the EU. These inspections and other national formalities take a long time due to the capacities of private laboratories.*

*Exporter of assortments made up of fabrics and yarns*

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## Import barriers

**Figure 24** Types of hurdles Moroccan importers face



**Source:** ITC Business Survey of textile and clothing sector in Agadir countries (2022/23)

### Technical requirements

The law on the control of technical standards applying to imports of Moroccan industrial products is a major burden for importers. The costs related to the quality control of inputs are too high for many Moroccan importers, plus there are delays due to rather tedious control procedures.

The procedure is relatively complicated because the control process that the Ministry of Industry and Trade's inspectors used to handle has been delegated to private service providers such as Veritas, SGS and Intertek. This created bottlenecks, given the problems of classification of nomenclatures in relation to a standard and all that results from it in terms of laboratory control and delays in responses of more than 15 days.

*Imports are subject to pH testing, while other countries do not normally claim pH testing for flooring products such as carpets. We do not have much knowledge about the pH control typology since it requires certain technical skills in the analysis and interpretations of the analysis results of private laboratories.*

*Importer of metallic thread fabrics*

### Inspections and compliance assessments

Laboratories personnel sometimes do not know how to use the tariff nomenclature and assign unnecessary tests for products.

Warehousing costs rise due to delays with control procedures and laboratory tests. It takes at least 15 days to pass all these tests and controls.

Finally, companies lack interlocutors capable of clarifying the inspection processes and helping them meet the requirements of controls and analyses.

*The control and laboratory testing procedures of inputs to obtain national market access authorizations can take a few days. Importers find themselves with clear and net blockages. We need interlocutors capable of clarifying the requirements of controls and analyses. In addition, the costs of quality controls are excessive, so the costs for companies increase.*

*Importer of metallic thread fabrics*

## Moving forward: Recommendations from the private sector in Morocco

1. Improve the quality-control procedure and monitor the work of private laboratories. Review the application of conformity assessment procedures with laboratories to avoid a misunderstanding of the regulations in force.
2. Streamline import quality control and reduce its cost to be able to issue the market access authorization as soon as possible.
  - a. Review testing procedures for products not directly for human use (e.g. flooring products)
  - b. Reduce backlogs in disposing of laboratory quality-control results
3. Improve support in certification procedures for products exported to the European Union, particularly in terms of environmental standards and support in the acquisition of less polluting machines.



CHAPTER 6

TUNISIA

# CHAPTER 6

## TUNISIA

The T&C sector is a major export sector for Tunisia, with exports amounting to almost \$2.8 billion in 2021, growing at an annual rate of 1%. More than \$2.1 billion of those goods went to the European Union, the top market for Tunisian apparel exports. Libya imported \$45.1 million of Tunisian clothing that year and the United States, \$18 million. Apparel exports to other Agadir countries is very limited, at \$4.6 million. All surveyed companies in Tunisia consider the EU as their most important market. Tunisia is located close to the European market, where it is 12<sup>th</sup> largest T&C supplier, and the country is the 35<sup>th</sup> biggest supplier in the world.

Yarn and textile exports totalled \$456 million in 2021 and the markets are much more diversified. At the aggregate level, \$381 million of exports go to the European Union. At the country level, France and Italy are the biggest importers, purchasing \$198 million and \$71 million in 2021, respectively. Just over \$6.5 million of yarn, fabric and textile exports go to Agadir member states – usually as inputs to production.

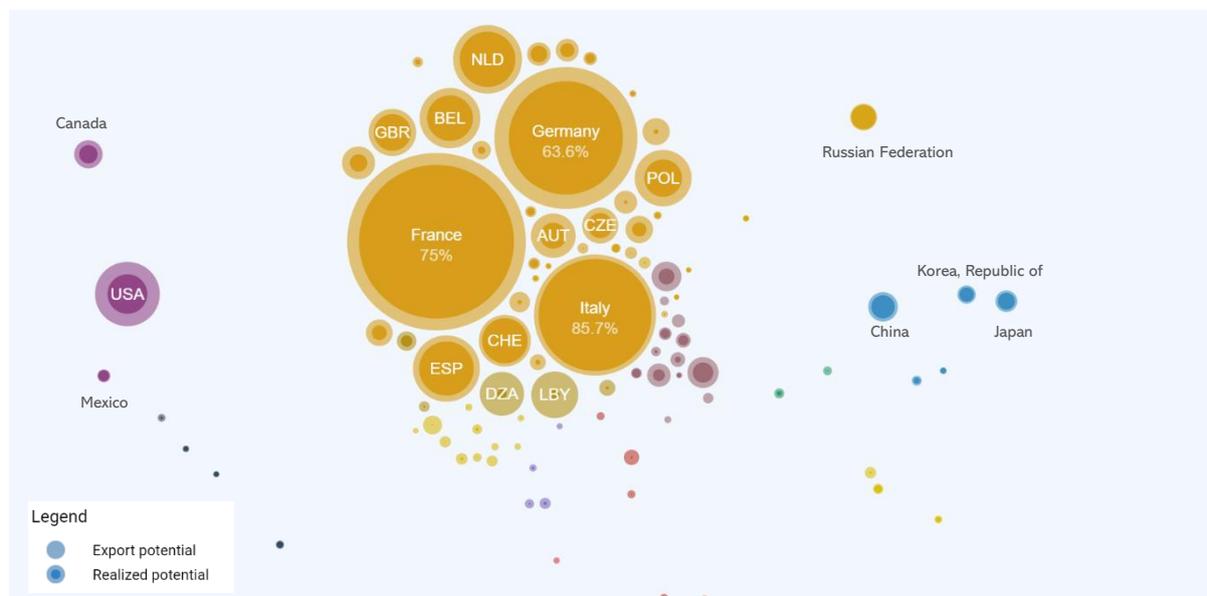
The following section provides a snapshot of NTM Business Survey results in Tunisia based on interviews with 74 companies.

### Box 10

#### Export potential of Tunisia's textile and clothing sector

Tunisia has the potential for \$1.2 billion in additional T&C exports by 2027. More than 80% of this potential (\$992 million) is unrealized due to market frictions such as NTMs, lack of information and other trade hurdles. The EU is not only the largest market for Tunisia, but it also offers the biggest share of untapped potential (\$818 million). The United States has potential for around \$67 million in additional exports while exports to the Agadir market could expand by about \$16 million.

#### Markets with potential for Tunisia's exports of textiles and clothing



**Note:** The illustration shows the top 100 countries with the highest export potential for Tunisia's T&C sector. The size of the bubble corresponds to the size of the export potential to the country while the colour corresponds to the geographical region of the country. The percentage represents the share of total export potential that has already been realized.

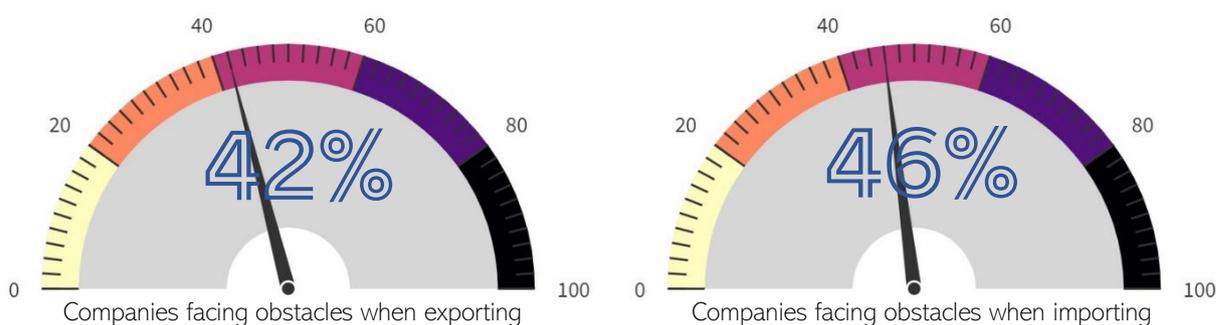
**Source:** Based on ITC's Export Potential Map (2023).

## What hinders trade in Tunisia?

Fewer than half of Tunisian traders face NTM-related hurdles, with 42% affected when exporting and 46% when importing. Import-related measures or the regulations of importing countries are the main NTMs with which both exporters and importers struggle. In the case of exports, 69% of reported NTMs are foreign regulations and 6% are related to voluntary private standards that buyers request. Around a quarter of the NTM cases originate from Tunisian measures on exports. For imports, three-quarters of the reported NTMs are Tunisian import regulations and the remainder are related to foreign measures.

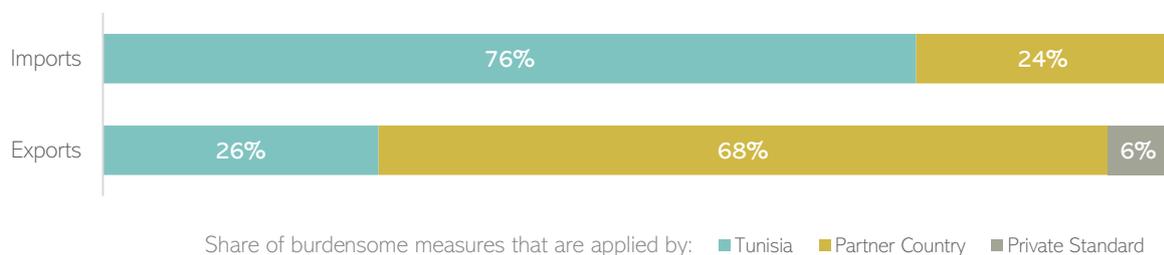
The primary cause of difficulties for both exports and imports are not that the measures are too strict, but that procedures create obstacles. This is the case for 89% of export cases and 69% of import cases. The measures were seen as too strict or complex in only 11% of the NTM cases when exporting and 29% when importing.

**Figure 25** Share of Tunisian firms struggling with NTMs when exporting or importing



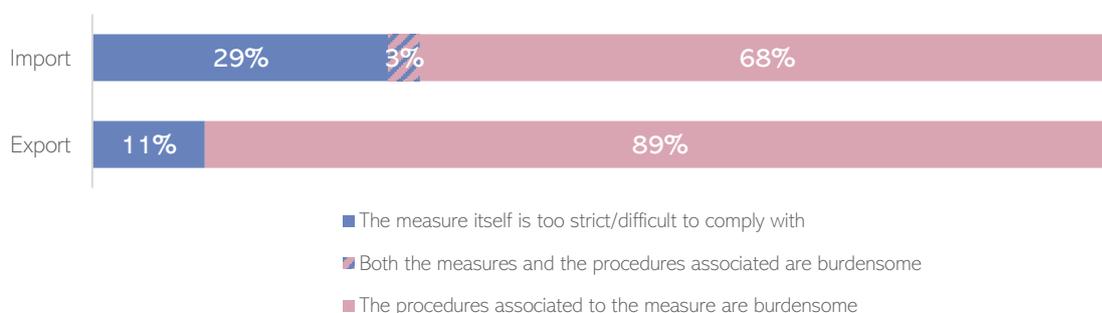
Source: ITC Business Survey of textile and clothing sector in Agadir countries (2022/23).

**Figure 26** What requirements do Tunisian traders find burdensome?



Source: ITC Business Survey of textile and clothing sector in Agadir countries (2022/23).

**Figure 27** Why do Moroccan traders struggle to comply with measures?



Source: ITC Business Survey of textile and clothing sector in Agadir countries (2022/23).

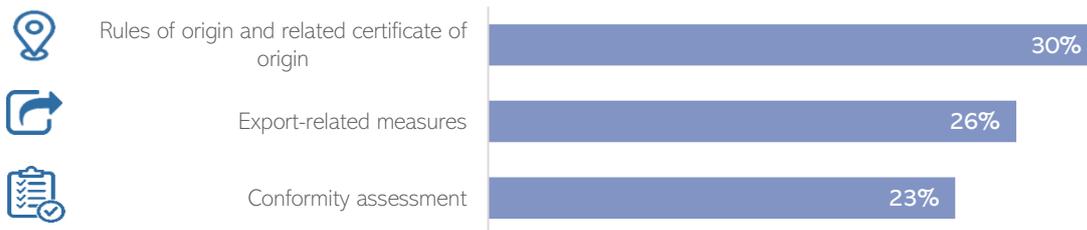
## Main challenges in the Tunisian textile and clothing sector

Among the major regulatory obstacles, the rules of origin are the main concern of exporters (30%), followed by export-related measures (26%) and conformity assessment (23%). The costs involved in obtaining a EURO-A certificate of origin to export to the European Union, in particular France and Italy, hampers Tunisian exporters.

For importers, the most challenging measures are quantitative restrictions (28%), measures applied by the source market (24%) and inspections and measures at entry (16%). Importers also consider the deadline for the Agency for the Promotion of Industry and Innovation (APII) to pay invoices to be too long.

### Export barriers

**Figure 28** Types of hurdles Tunisian exporters face



Source: ITC Business Survey of textile and clothing sector in Agadir countries (2022/23)

#### Obtaining a EURO-A certificate of origin to export to the European Union is challenging

Exporters have a hard time obtaining the EURO-A certificate of origin to export to EU countries because it is expensive and time-consuming.

Nearly a third of Tunisian exporters say they face high costs to obtain the certificate of origin necessary to benefit from preferences with European Union countries.

#### Delays tied to the procedures surrounding the detailed declaration of goods is a hurdle for exporters

The procedures linked to the declaration about merchandise details can lead to delays of more than 10 days, even though the announced delays are shorter (about 2 to 3 days). These delays are caused by a lack of automation of these procedures.

The other problem concerns the payment of invoices by the APII. The agency takes longer than the announced deadline (1-2 days) to pay invoices – indeed, companies can wait a week before being paid.

#### Companies face tedious procedures when declaring imported

Traders must deal with tedious procedures when declaring imports because the system is frequently updated, obliging them to provide extensive documentation each time. This is time-consuming.

*The EURO-A certificate of origin required by France certifies the origin of the raw materials and is a significant financial surcharge for our company. It costs around 200 dinars (\$65).*

*Cotton t-shirt exporter*

*The declaration of exports, an operation which should only take 2 or 3 days, extends over 10 days or even two weeks, because the procedures are not computerized.*

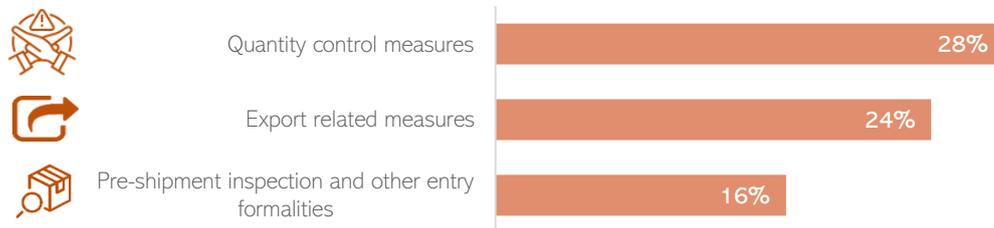
*Cotton t-shirt exporter*

*There are an infinite number of export and import declarations. An update of the computer system at customs means a blocked account, and therefore the preparation of a paper-heavy file. A form must be taken from the Tunisian customs site and filled in manually to be provided to the customs office with a copy of the national identity card copy of the tax identity. These are procedures that waste a lot of time.*

*Cotton t-shirt exporter*

## Import barriers

**Figure 29** Types of hurdles Tunisian importers face



**Source:** ITC Business Survey of textile and clothing sector in Agadir countries (2022/23).

The procedure associated with the customs declaration involves considerable paperwork

The main problem for importers is the nature of the customs declaration procedure, via the customs clearance certificate known as BAE (bon à enlever). Companies must provide numerous documents and the arbitrary behaviour of officials slows the processing of this documentation.

Similarly, the customs interface for companies in Sfax often malfunctions, so traders must travel to Tunis to process all documents manually.

Companies have a hard time obtaining letters of credit due to insufficient guarantees

Tunisian importing companies face difficulties related to letter of credit requirements from their partners, particularly when importing from China, India or Brazil.

The Tunisian business environment hinders companies' ability to present sufficient financial guarantees with the support of banking institutions at the national level.

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*We have a problem with the BAE customs declaration. Normally this should be done in a fluid and automatic way because it is an operation that is repeated for each import. Unfortunately, this is not the case, there is always an endless number of files to be completed and the behaviour of officials slows down the process.*

*Cotton fabric importer*

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*Our Chinese partner requires a letter of credit from us to deliver the goods to us, but it is difficult to provide this letter, especially given the difficulties facing the company. In fact, the business environment in Tunisia is quite complicated, with financing problems, heavy tax and employer regulations ... which weakens the financial situation of companies and therefore banks are reluctant to cover the purchases of the business.*

*Cotton fabric importer*

## Moving forward: Recommendations from the private sector in Tunisia

1. Set up a regional platform to highlight exporters and importers of T&C products. This platform could support efforts to promote regional inputs and share more information about the Agadir Agreement. While there are complementarities between Agadir member states, little progress has been made to promote inputs from Agadir member states. Better integration would also ease the process regarding rules of origin when exporting to the European Union.
2. Invest in capacity building on market trends, better logistics and customs facilitation to improve Tunisian economic representativeness in the region and open new opportunities for Tunisian exporters.



CHAPTER 7

CONCLUSION

# CHAPTER 7

## CONCLUSION

### Market access begins at home

- Market access begins at home. Most of the burdensome issues mentioned by traders are domestic. These can be resolved more easily than those outside a country's or region's jurisdiction. The survey findings underscore the fact that there is wide scope for action to tackle the before-the-border problems that businesses face with behind-the-border measures.
- The Agadir Agreement could function more effectively and shed light on complementarities between countries vis-à-vis imports of intermediary inputs from Agadir member states. Control of origin – a problem in the context of trade within these four countries – must be strengthened.

### Transparency is vital to facilitate intra-Agadir trade

- In this context, transparency is essential to facilitate trade among Agadir countries and help traders understand key rules such as rules of origin. Procedures may be complicated and lengthy for good reason, but there is no good reason for them to be unclear and non-transparent. Providing information contributes to more efficient procedures and lower trade costs by making cross-border business transactions more predictable in terms of time and expense.
- More clarity is needed on applied rules of origin within the agreement to foster the use of preferences by exporters and thus increase intraregional trade.
- Exporters in Agadir countries often find it easier to obtain information about third markets – for example, the European Union – than regional export destinations. This is a serious impediment to regional integration, while they could use their preferential access to with other Agadir member states.
- Importers and exporters avoid trade with members of the agreement because of the regulatory obstacles they face in these markets. Exporters must also deal with cumbersome procedures involving long processes to obtain required documents and certificates (i.e. certificate of origin).
- Using available regional trade information portals such as the Euromed Trade Helpdesk increase transparency on market access conditions, regulations and related procedures in Agadir member states. Using this information would enhance the visibility of changes in legislation for policymakers and businesses in partner countries in and beyond the region. This would facilitate timely notification (with the use of the embedded ePing platform) and make it possible to react to changes in partner countries' legislation.

### The ITC Business Survey shed light on burdensome regulations and procedures for exporters

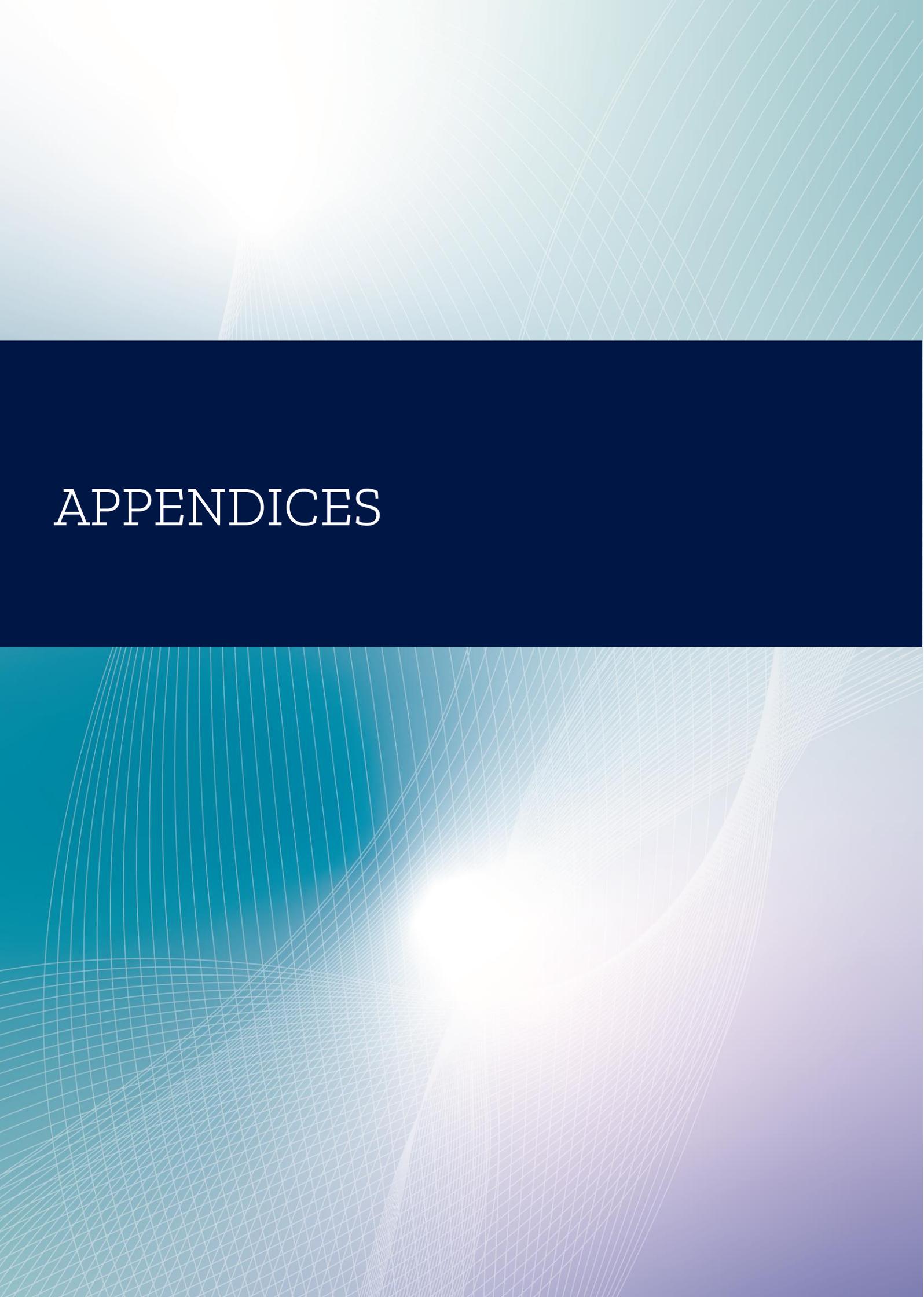
- Data from the ITC NTM surveys of exporters and importers in Egypt, Jordan, Morocco and Tunisia show that private-sector concerns about NTMs do not stem solely from the strictness of the regulations themselves. Most obstacles to intraregional trade reported in the surveys are procedural in nature (i.e. testing and inspection procedures). As such, they can be tackled pragmatically by facilitating trade rather than changing the underlying trade rules.
- The survey findings underscore the need to improve both the transparency of official procedures and the response times and fees of all institutions involved in the export and import process. This will make trading more predictable in terms of time and cost. Transparency in these areas reduces missed opportunities, which often occur because official fees are opaque or because procedures such as customs clearance and certification are overly lengthy and unpredictable.

- Increase networking opportunities between companies in the textile and clothing sector of Agadir member states will help closing the significant information gap on business opportunities in regional markets. Trade and investment promotion organizations could create opportunities for such matchmaking by:
  - Organizing regional trade fairs;
  - Creating new distribution channels, such as virtual marketplaces dedicated to the textile and clothing sector;
  - Publishing comprehensive, publicly available and easily accessible business directories, such as the company-level information displayed in the ITC Trade Map, which includes the contact details of companies that export or import a given product in a specific country, to facilitate sourcing and selling.

### Rules of origin remain the main regulatory obstacle for exporters

- For part of the surveyed companies, the regulatory conditions (in terms of origin) to enjoy preferential access to the EU market are more favourable to their competitors, who can access the European market using non-originating inputs.
- The European Union – the main partner of most Agadir member states – grants more flexible criteria in terms of origin. On the other hand, GSP and GSP+ regime benefit from more advantageous rules of origin with the requirement of simple transformation. However, within the framework of the free trade agreement between the EU and the member countries of the Agadir Agreement, the criteria of double or even triple transformation are applied.
- Improve the transparency of information on the rules of origin applicable between Member States to facilitate the supply of inputs for companies in these Member States. This will allow in a second time to increase the regional content of the finished products exported by the Member States to the European Union. This is thanks to more regional inputs used in the production of these finished products.



The background features a complex pattern of thin, white, wavy lines that create a sense of depth and movement. A bright, circular light flare is positioned in the lower right quadrant, casting a soft glow across the scene. The color palette transitions from a light teal at the top to a darker teal and then to a deep purple at the bottom.

# APPENDICES

## APPENDICES

### Appendix I Understanding non-tariff measures

#### What are non-tariff measures?

Non-tariff measures (NTMs) are 'policy measures, other than customs tariffs, that can potentially have an economic effect on international trade in goods, changing quantities traded, or prices or both'.<sup>1</sup> The concept of NTMs is neutral and does not imply a direction of impact.<sup>2</sup>

Being 'defined by what they are not',<sup>3</sup> these measures comprise many policies other than tariffs. They are complex legal texts specific to the product and the applying country. They are more difficult to quantify or compare than tariffs.

#### Classifying NTMs

NTMs may be applied for legitimate reasons, including the protection of human, animal and plant health. As such, this report does not make a judgement on intentions or the legitimacy of a measure.

By design, the survey only captures measures that cause difficulties for trading companies. NTMs analysed in this report refer to 'burdensome NTMs'.

The diversity of non-tariff measures requires a classification system. ITC NTM surveys are based on the international classification developed by the Multi-Agency Support Team, incorporating minor adaptations to the ITC NTM survey approach.<sup>4</sup>

#### Procedural obstacles and the business environment

Procedural obstacles refer to practical challenges directly related to the implementation of non-tariff measures. Examples include problems caused by the lack of adequate testing facilities to comply with technical measures or excessive paperwork in the administration of licenses.

Inefficiencies in the trade-related business environment may have similar effects, but these are unrelated to specific NTMs. For example delays and costs due to poor infrastructure.

<sup>1</sup> Multi-Agency Support Team (2009).

<sup>2</sup> The term 'non-tariff barrier' implies a negative impact on trade. The Multi-Agency Support Team and the Group of Eminent Persons on Non-Tariff Barriers proposed that non-tariff trade barriers be a subset of NTMs with a 'protectionist or discriminatory intent'.

<sup>3</sup> Deardorff and Stern (1998).

<sup>4</sup> For further details on the Multi-Agency Support Team NTM classification, see Appendix II.

## Appendix II Non-tariff measures surveys: global methodology

### Non-tariff measure surveys

Since 2010,<sup>11</sup> ITC has completed large-scale company-level surveys on burdensome non-tariff measures and related trade obstacles (NTM surveys hereafter) in over 80 countries on all continents.<sup>12</sup> The main objective of the NTM surveys is to capture how businesses perceive burdensome NTMs and other obstacles to trade at a detailed level – by product and partner country.

All surveys are based on a global methodology consisting of a core part and a country-specific part. The core part of the NTM survey methodology described in this appendix is identical in all survey countries, which enables cross-country analyses and comparisons. The country-specific part of the survey allows flexibility in addressing the requirements and needs of each participating country.

### The growing role of non-tariff measures in trade

Over several decades, trade liberalization has been used as a development tool based on evidence that benefits accrue to countries actively engaged in world trade. Multilateral, regional and bilateral trade negotiations, as well as non-reciprocal concessions, have led to a remarkable reduction in global, average tariff protection. With favourable market access conditions, international trade has soared to previously unseen levels, raising overall welfare and living standards.

The misuse of NTMs may undermine the impact of falling tariffs. The sound use of NTMs to ensure consumer health, protect the environment and safeguard national security is legitimate. However, evidence suggests that countries are resorting to NTMs as alternative mechanisms to protect domestic industries. NTMs have been negotiated within the General Agreement on Tariffs and Trade and at the World Trade Organization (WTO) since the Tokyo Round (1973–1979) and are increasingly dealt with in regional and bilateral trade agreements. Many practitioners consider they have surpassed tariffs in their trade-impeding effect.

NTMs particularly impact exporters and importers in developing and least developed countries (LDCs) that struggle with complex requirements. Firms in these countries often have inadequate domestic trade-related infrastructure and face administrative obstacles. NTMs that would not normally be considered very restrictive can represent major burdens in LDCs. In addition, the lack of export support services and insufficient access to information on NTMs impede the international competitiveness of firms. As a result, both NTMs applied by partner countries as well as domestic burdens have an impact on market access and

keep firms from seizing the trade opportunities created by globalization.

### An overview of previous research and evaluation

In the literature, different methods have been used to evaluate the effects of NTMs. An early approach employed a concept of incidence with NTM coverage ratios. Such studies rely on extensive databases mapping NTMs per product and applying country. The largest database of official government-reported NTMs used to be the Trade Analysis and Information System published by the United Nations Conference on Trade and Development (UNCTAD), but data has been incomplete and updated irregularly.

In a multi-agency effort, ITC, UNCTAD and the World Bank are collecting data for a global NTM database with a focus on technical barriers to trade and sanitary and phytosanitary standards. The ITC Market Access Map features information on NTMs. However, as complete as the database may be, it reveals little about the impact of NTMs on the business sector, nor does it provide information about related POs.

### Scope and coverage of the non-tariff measure (NTM) surveys

The objective of the NTM surveys requires a representative sample allowing for the extrapolation of the survey result to the country level. To achieve this objective, the NTM survey covers at least 90% of the total export value of each participating country (excluding minerals and arms). The economy is divided into 13 sectors, and all sectors with more than a 2% share in total exports are included in the survey.

The NTM survey sectors are defined as follows:

1. Fresh food and raw agro-based products
2. Processed food and agro-based products
3. Wood, wood products and paper
4. Yarn, fabrics and textiles
5. Chemicals
6. Leather
7. Metal and other basic manufacturing
8. Non-electric machinery
9. Computers, telecommunications and consumer electronics
10. Electronic components
11. Transport equipment
12. Clothing
13. Miscellaneous manufacturing

Companies trading arms and minerals are excluded. The export of minerals is generally not subject to trade barriers

<sup>11</sup>The work started in 2006, when the Secretary-General of the United Nations Conference on Trade and Development (UNCTAD) established the Group of Eminent Persons on Non-Tariff Barriers. The main purpose of the group was to discuss the definition, classification, collection and quantification of non-tariff barriers – to identify data requirements, and consequently advance understanding of NTMs and their impact on trade. To carry out the technical work of the group, a Multi-Agency Support Team was set up. Since then, ITC is advancing the work on NTMs in three directions. First, ITC has contributed to the international classification of non-tariff measures (NTM classification) that was finalized in November 2009 and updated in 2012. Second, ITC undertakes NTM surveys in developing countries using the NTM classification. Third, ITC, UNCTAD and the World Bank jointly collect and

catalogue official regulations on NTMs applied by importing markets (developed and developing). This provides a complete picture of NTMs as official regulations serve as a baseline for the analysis, and the surveys identify the impact of the measures on enterprises and consequently on international trade.

<sup>12</sup>Pilot NTM Surveys were carried out in cooperation with UNCTAD in 2008–2009 in Brazil, Chile, India, the Philippines, Thailand, Tunisia and Uganda. The pilot surveys provided a wealth of materials allowing for the significant improvement to both the NTMs classification and the NTM survey methodology. Since then, ITC has implemented NTM surveys based on the new methodology in over 80 countries.

due to a high demand and the specificities of trade undertaken by large multinational companies. The export of arms is outside of the scope of ITC activities.

The NTM surveys cover companies exporting and importing goods. Companies trading services are excluded, as a survey on NTMs in services would require a different approach and methodology. The NTM survey includes companies specialized in the export-import process and services, such as agents, brokers, and forwarding companies (referred to collectively as 'trading agents'). These companies can be viewed as service companies because they provide trade logistics services. The answers provided by trading agents are, in most cases, analysed separately from the answers of the companies that export their own products.

The NTM surveys cover legally registered companies of all sizes and types of ownership. Depending on country size and geography, one to four geographic regions with high concentrations of economic activities (high number of firms) are included in the sample.

### Two-step approach

The representatives of the surveyed companies, generally export/import specialists or senior-level managers, are asked to report trade-related problems experienced by their companies in the preceding year that represent a serious impediment to their operations. To identify companies that experience burdensome NTMs, the survey process consists of telephone interviews with all companies in the sample (Step 1) and face-to-face interviews undertaken with the companies that reported difficulties with NTMs during the telephone interviews (Step 2).

*Step 1: Telephone interviews.* The first step includes short telephone interviews. Interviewers asked respondents to identify the main sector of activity of their companies and the direction of the trade (export or import). The respondents are then asked whether their companies have experienced burdensome NTMs. If a company does not report any issues with NTMs, the interview is terminated. Companies that report difficulties with NTMs are invited to participate in an in-depth face-to-face interview.

*Step 2: Face-to-face interviews.* The second-step interviews are required to obtain all the details of burdensome NTMs and other obstacles at the product and partner country levels. These interviews are conducted face-to-face due to the complexity of the issues related to NTMs. Face-to-face interactions with experienced interviewers help to ensure that respondents from companies correctly understand the purpose and the coverage of the survey, and accurately classify their responses in accordance with predefined categories.

The questionnaire used to structure face-to-face interviews consists of three main parts. The first part covers the characteristics of the companies: number of employees, turnover and share of exports in total sales, and whether the company exports its own products or represents a trading agent providing export services to domestic producers.

The second part is dedicated to exporting and importing activities of the company, with all trade products and partner countries recorded. During this process, the interviewer also

identifies all products affected by burdensome regulations and countries applying these regulations.

During the third part of the interview, each problem is recorded in detail. A trained interviewer helps respondents identify the relevant government-imposed regulations, affected products, the partner country exporting or importing these products, and the country applying the regulation (partner, transit or home country).

Each burdensome measure (regulation) is classified according to the NTM classification, an international taxonomy of NTMs, consisting of over 200 specific measures grouped into 16 categories (see Appendix II). The NTM classification is the core of the survey, making it possible to apply a uniform and systematic approach to recording and analysing burdensome NTMs in countries with idiosyncratic trade policies and approaches to NTMs.

The face-to-face questionnaire captures the type of burdensome NTMs and the nature of the problem (so-called POs explaining why the measures represent an impediment), the place where each obstacle takes place, and the agencies involved, if any. For example, an importing country can require the fumigation of containers (NTM applied by the partner country), but fumigation facilities are expensive in the exporting country, resulting in a significant increase in export costs for the company (POs located in the home country). The companies can also report generic problems unrelated to any regulation, but affecting their exports or imports, such as corruption and lack of or inadequate export infrastructure. These issues are referred to as problems related to the business environment (see Appendix III).

### Open-ended discussions

During the surveys of companies and preparation of the report, open-ended discussions are held with national experts and stakeholders, for example trade support institutions and sector/export associations. These discussions provide further insights, quality checks and validation of the NTM survey results. The participants review the main findings of the NTM survey and help to explain the reasons for the prevalence of the issues, and propose possible solutions.

### Confidentiality

The NTM survey is confidential. Confidentiality of the data is paramount to ensure the greatest degree of participation, integrity and confidence in the quality of the data. The paper-based and electronically captured data is transmitted to ITC at the end of the survey.

### Sampling technique

The selection of companies for the phone screen interviews of the NTM survey is based on the stratified random sampling. In a stratified random sample, all population units are first clustered into homogeneous groups ('strata') according to predefined characteristics, chosen to be related to the major variables being studied. In the NTM surveys, companies are stratified by sector, as the type and incidence of NTMs are often product-specific. Then simple random samples are selected within each sector.

The NTM surveys aim to be representative at the country level. A sufficiently large number of enterprises should be interviewed within each export sector to ensure that the share of enterprises experiencing burdensome NTMs is estimated correctly and can be extrapolated to the entire sector. To achieve this objective, a sample size for the telephone interviews with exporting companies is determined independently for each *export sector*.<sup>13</sup>

For importing companies, the sample size is defined at the country level. The sample size for importing companies can be smaller than the sample size for exporters, mainly for two reasons. First, the interviewed exporting companies are often import intermediaries and provide reports on their experiences with NTMs as both exporters and importers. Second, problems experienced by importing companies are generally linked to domestic regulations required by their home country. Even with a small sample size for importing companies, the effort is made to obtain a representative sample by import sectors and the size of the companies.

Exporting companies have difficulties with both domestic regulations and regulations applied by partner countries that import their products. Although the sample size is not stratified by company export destinations, a large sample size permits a good selection of reports related to various export markets (regulations applied by partner countries). By design, large trading partners are mentioned more often during the survey because it is more likely that the randomly selected company would be exporting to one of the major importing countries.

The sample size for face-to-face interviews depends on the results of the telephone interviews.

### Average sample size

The number of successfully completed telephone interviews can range from 150 to 1,000, with subsequent 150 to 300 face-to-face interviews with exporting and importing companies. The number of telephone interviews is mainly driven by the size and the structure of the economy, availability and quality of the business register and the response rate. The sample size for the face-to-face interviews depends on the number of affected companies and their willingness to participate.

### Business registry

Prior to the survey, ITC compiles a registry of more than active exporters in the country, containing information on the

type of products imported or exported by companies, together with their contact details. This registry was used to calculate the sample size and contact the companies for interviews.

### Survey data analysis

The analysis of the survey data consists of constructing frequency and coverage statistics along several dimensions, including product and sector, NTMs and their main NTM categories (for example, technical measures, quantity control measures), and various characteristics of the surveyed companies (for example, size and degree of foreign ownership).

The frequency and coverage statistics are based on 'cases'. A case is the most disaggregated data unit of the NTM survey. By construction, each company participating in a face-to-face interview reports at least one case of burdensome NTMs, and, if relevant, related POs and problems with the trade-related business environment.

Each case of each company consists of one NTM (a government-mandated regulation, for example, a sanitary and phytosanitary certificate), one product affected by this NTM, and a partner country applying the reported NTM. For example, if there are three products affected by the same NTM applied by the same partner country and reported by one company, the results would include three cases. If two different companies report the same problem, it would be counted as two cases.

The scenario where several partner countries apply the same type of measure is recorded as several cases. The details of each case (e.g. the name of the government regulations and their strictness) can vary, as regulations mandated by different countries are likely to differ. However, if the home country of the interviewed companies applies an NTM to a product exported by a company to several countries, the scenario will be recorded as a single NTM case. When an interviewed company, both exports and imports and reports cases related to both activities, it is included in the analysis twice – once for the analysis of exports and once for the analysis of imports. The distinction is summarized in the Table below.

<sup>13</sup>The sample size depends on the number of exporting companies per sector and on the assumptions regarding the share of exporting companies that are affected by NTMs in the actual population of this sector. The calculation of a sample size will be based on the equation below (developed by Cochran, 1963) to yield a representative sample for proportions in large populations (based on the assumption of normal distribution).

$$n = \frac{t^2 * p(1-p) * N}{d^2 * N + t^2 * p(1-p)}$$

Where

**n** : Sample size for large populations

**t** : t-value for selected margin of error (d). In the case of the NTM Survey 95% confidence interval is accepted, so t-value is 1.96.

**p** : The estimated proportion of an attribute that is present in the population. In the case of the NTM survey, it is a proportion of companies that experience burdensome NTMs. As this proportion is not known prior to the survey, the most conservative estimate leading to a large sample size is employed, that is p=0.5.

**d** : Acceptable margin of error for the proportion being estimated. In other words, a margin of error that the researcher is willing to accept. In the case of NTM survey d=0.1.

Source: Cochran, W. G. 1963. *Sampling Techniques*, 2<sup>nd</sup> Ed., New York: John Wiley and Sons, Inc.

### Dimensions of an NTM case

Dimensions	Country applying	
	Home country (where survey is conducted)	Partner countries and transit countries
Reporting company		
Affected product (HS 6-digit code or national tariff line)		
Applied NTM (measure-level code from the NTM classification)		
Trade flow (export or import)		
Partner country applying the measure		

Cases of POs and problems with the business environment are counted in the same way as NTM cases. The statistics are provided separately from NTMs; even though, in certain instances, they are closely related. For example, delays can be caused by the pre-shipment inspection requirements. As many of the POs and problems with the business environment are not product specific, the statistics are constructed along two dimensions: type of obstacles and country where they occur, as well as agencies involved.

### Enhancing local capacities

The NTM surveys enhance national capacities by transmitting skills and knowledge to a local partner company. ITC does not implement the NTM surveys, but guides and supports the local survey company and experts.

Before the start of the NTM survey, the local partner company, including project managers and interviewers are fully trained on the different aspects of the NTMs, the international NTM classification and the ITC NTM Survey methodology. ITC representatives stay in the country for the survey launch and initial interviews, and remain in contact with the local partner during the entire survey duration, usually around six months, to ensure a high-quality survey implementation. ITC experts closely follow the work of the partner company and provide regular feedback on the quality of the captured data (including classification of NTMs) and the general development of the survey, which helps the local partner to overcome any possible problems.

ITC also helps to construct a business register (list of exporting and importing companies with contact details), which remains at the disposal of the survey company and national stakeholders. The business register is a critical part of any company-level survey, but unfortunately, it is often unavailable, even in advanced developing countries.

ITC invests much time, effort and resources into constructing a national business register of exporting and importing companies. The initial information is obtained with the help

of national authorities and other stakeholders (for example, sectoral associations). In cases where it is not available from government sources or a sectoral association, ITC purchases information from third companies, and in certain cases digitalizes it from paper sources. The information from various sources is then processed and merged into a comprehensive list of exporting and importing companies.

Upon completion of the NTM Survey, the local partner company is fully capable of independently implementing a follow-up survey or other company-level surveys as it is equipped with the business register and trained on the survey methodology as well as trade and NTM-related issues.

### Caveats

The utmost effort is made to ensure the representativeness and the high quality of the NTM Survey results, yet several caveats must be kept in mind.

First, the NTM Surveys generate perception data, as the respondents are asked to report burdensome regulations representing a serious impediment to their exports or imports. The respondents may have different scales for judging what constitutes an impediment. The differences may further intensify when the results of the surveys are compared across countries, stemming from cultural, political, social, economic and linguistic differences. Some inconsistency may be possible among interviewers. For example, these are related to matching reported measures against the codes of the NTM classification due to the complex and idiosyncratic nature of NTMs.

Second, in many countries a systematic business register covering all sectors is not available or incomplete. As a result, it may be difficult to ensure random sampling within each sector and a sufficient participation rate in smaller sectors. Whenever this is the case, the NTM survey limitations are explicitly provided in the corresponding report.

Finally, certain NTM issues are not likely to be known by the exporting and importing companies. For example, exporters may not know the demand-side constraints behind the borders. An example is 'buy domestic' campaigns. The scope of the NTM survey is limited to legally operating companies and does not include unrecorded trade, for example shuttle traders.

### Following up on the ITC Non-Tariff Measure Survey

The findings of each ITC NTM Survey are presented and discussed at a stakeholder workshop. The workshop brings together government officials, experts, companies, donors, non-governmental organizations (NGOs) and academics. It fosters a dialogue on NTM issues and helps identify possible solutions to the problems experienced by exporting and importing companies.

The NTM survey results serve as a diagnostic tool for identifying and solving predominant problems. These problems can be addressed at the national or international level. The NTM survey findings can also serve as a basis for designing projects to address the challenges identified and for supporting fundraising activities.

## Appendix III Non-tariff measures classification

Importing countries are very idiosyncratic in the ways they apply non-tariff measures (NTMs). This called for an international taxonomy of NTMs, which was prepared by the Multi-Agency Support Team, a group of technical experts from eight international organizations, including the Food and Agricultural Organization of the United Nations, the International Monetary Fund, ITC, the Organisation for Economic Co-operation and Development, the United Nations Conference on Trade and Development, the United Nations Industrial Development Organization, the World Bank and WTO. It is used to collect, classify, analyse and disseminate information on NTMs received from official sources such as government regulations.

For the purpose of the large-scale company surveys on NTMs, ITC uses a simplified version of this international classification.

The NTM classification for surveys differentiates measures according to 16 chapters (denoted by alphabetical letters, see below), each comprising sub-chapters (denoted by two letters) and the individual measures (denoted by two letters and a number). The following sketches the content of each of the 16 chapters.

### Chapter A – Technical Regulations

Product-related requirements that are legally binding and set by the importing country. They define the product characteristics, technical specifications of a product or the production process and post-production treatment and comprise the applicable administrative provisions, with which compliance is mandatory. Technical requirements include sanitary and phytosanitary measures, which are generally implemented to protect human, animal and plant life, and health.

### Chapter B – Conformity Assessment

Measures determining whether a product or a process complies with the technical requirements specified under Chapter A. It includes control, inspection and approval procedures – such as testing, inspection, certification and traceability – which confirm and control that a product fulfils the technical requirements and mandatory standards imposed by the importing country, for example, to safeguard the health and safety of consumers.

### Chapter C – Preshipment Inspection and Other Formalities

Practice of checking, consigning, monitoring and controlling the shipment of goods before or at entry into the destination country.

### Chapter D – Trade remedies

Measures implemented to counteract particular adverse effects of imports in the market of the importing country, including measures aimed at "unfair" foreign trade practices, contingent upon the fulfilment of certain procedural and substantive requirements. They are also known as trade contingent protective measures.

### Chapter E – Quantity Control Measures

Measures that restrain the quantity of goods that can be imported, regardless of whether they come from different sources or from one specific supplier. These measures can take the form of restrictive licensing, fixing of a predetermined quota or through prohibitions.

### Chapter F – Charges, taxes and 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 is 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.

### Chapter G – Finance Measures

Measures that 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.

### Chapter H – Anti-Competitive Measures

Measures intended to grant exclusive or special preferences or privileges to one or more limited groups of economic operators.

### Chapter I – Trade-Related Investment Measures

Measures that restrict investment by requesting local content, or requesting that investment be related to export to balance imports.

### Chapter J – Distribution Restrictions

Restrictive measures related to the internal distribution of imported products.

### Chapter K – Restrictions on Post-Sales Services

Measures restricting the provision of post-sales services in the importing country by producers of exported goods.

### Chapter L – Subsidies

Measures related to financial contributions by a government or government body to a production structure, be it 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.

### Chapter M – Government Procurement Restrictions

Measures controlling the purchase of goods by government agencies, generally by preferring national providers.

### Chapter N – Intellectual Property

Measures related to intellectual property rights in trade. Intellectual property legislation covers patents, trademarks, industrial designs, layout designs of integrated circuits, copyright, geographical indications and trade secrets.

### Chapter O – Rules of Origin

Covers laws, regulations and administrative determinations of general application applied by the governments of importing countries to determine the country of origin of goods.

### Chapter P – Export-related Measures

Encompasses all measures that countries apply to their exports. It includes export taxes, export quotas or export prohibitions, among others.

The structure of the NTM classification for ITC surveys

## Non-tariff measures classification for surveys

### A to O. Import related measures

Measures imposed by the country importing the goods. From the perspective of an exporter, these are the measures applied by the destination country of your product. From the perspective of an importer, these are the measures applied by your own country on the goods that you import.

Technical measures	A. Technical requirements	
	B. Conformity assessment	
Non-technical measures	C. Pre-shipment inspection and other entry formalities	
	D. Trade remedies (antidumping, countervailing and safeguards)	
	E. Quantity control measures (e.g. licences, quotas, prohibitions)	
	F. Charges, taxes and price control measures	
	G. Finance measures	
	H. Anti-competitive measures	L. Subsidies
	I. Trade-related investment measures	M. Government procurement restrictions
	J. Distribution restrictions	N. Intellectual property
K. Restriction on post-sales services	O. Rules of origin and related certificate of origin	

### P. Export related measures

Measures imposed by the country exporting the goods. From the perspective of an exporter, these are the measures imposed by your own country on the goods you export from your country. From the perspective of an importer, these measures are imposed by the country of origin on the goods you import from this country.

### P.O. List of procedural obstacles

This list provides a categorization of the problems related to NTMs that exporters and importers experience.

February 2015

Source: International Trade Centre, NTM classification adapted for ITC surveys, 2015 (unpublished document).

## Appendix IV Procedural obstacles

Following is a list of POs related to compliance with non-tariff measures and to an inefficient trade-related business environment and infrastructure.

### A

#### Administrative burdens related to regulations

- A1. Large number of different documents
- A2. Documentation is difficult to fill out
- A3. Difficulties with translation of documents from or into other languages
- A4. Numerous administrative windows/organizations involved, redundant documents

### B

#### Information or transparency issues

- B1. Information on selected regulation is not adequately published and disseminated
- B2. No due notice for changes in selected regulation and related procedures
- B3. Selected regulation changes frequently
- B4. Requirements and processes differ from information published

### C

#### Discriminating behaviour of officials

- C1. Arbitrary behaviour of officials regarding classification and valuation of the reported product
- C2. Arbitrary behaviour of officials with regards to the reported regulation

### D

#### Time constraints

- D1. Delay related to reported regulation
- D2. Deadlines set for completion of requirements are too short

### E

#### Informal or unusually high payments

- E1. Unusually high fees and charges for reported certificate/regulation
- E2. Informal payment, e.g. Bribes for reported certificate/regulation

### F

#### Lack of sector-specific facilities

- F1. Limited/inappropriate facilities for testing
- F2. Limited/inappropriate facilities for sector-specific transport and storage, e.g. cold storage, refrigerated trucks
- F3. Other limited/inappropriate facilities, related to reported certificate/regulation

### G

#### Lack of recognition or accreditations

- G1. Facilities lacking international accreditation/recognition
- G2. Other problems with international recognition, e.g. lack of recognition of national certificates

### H

#### Other procedural obstacles

- H1. Other procedural obstacles

## Appendix V Product coverage

The following products, at the HS-6 level, are covered in this study. The products broadly fall under two export sectors "Yarn, fabrics and textiles" and "Clothing". For the sake of simplicity all these products are referred to as "Textile and Clothing" in this report.

### HS-6 product codes under sector "Clothing"

392620	610453	611410	620333	620892
401511	610459	611420	620339	620899
401519	610461	611430	620341	620910
401590	610462	611490	620342	620920
420310	610463	611510	620343	620930
420329	610469	611511	620349	620990
420330	610510	611512	620411	621010
420340	610520	611519	620412	621020
430310	610590	611520	620413	621030
430390	610610	611521	620419	621040
430400	610620	611522	620421	621050
610110	610690	611529	620422	621111
610120	610711	611530	620423	621112
610130	610712	611591	620429	621120
610190	610719	611592	620431	621131
610210	610721	611593	620432	621132
610220	610722	611594	620433	621133
610230	610729	611595	620439	621139
610290	610791	611596	620441	621141
610310	610792	611599	620442	621142
610311	610799	611610	620443	621143
610312	610811	611691	620444	621149
610319	610819	611692	620449	621210
610321	610821	611693	620451	621220
610322	610822	611699	620452	621230
610323	610829	611710	620453	621290
610329	610831	611720	620459	621310
610331	610832	611780	620461	621320
610332	610839	611790	620462	621390
610333	610891	620111	620463	621410
610339	610892	620112	620469	621420
610341	610899	620113	620510	621430
610342	610910	620119	620520	621440
610343	610990	620191	620530	621490
610349	611010	620192	620590	621510
610411	611011	620193	620610	621520
610412	611012	620199	620620	621590
610413	611019	620211	620630	621600
610419	611020	620212	620640	621710
610421	611030	620213	620690	621790
610422	611090	620219	620711	650300
610423	611110	620291	620719	650400
610429	611120	620292	620721	650500
610431	611130	620293	620722	650510
610432	611190	620299	620729	650590
610433	611211	620311	620791	650610
610439	611212	620312	620792	650691
610441	611219	620319	620799	650692
610442	611220	620321	620811	650699
610443	611231	620322	620819	650700
610444	611239	620323	620821	961900
610449	611241	620329	620822	
610451	611249	620331	620829	
610452	611300	620332	620891	

**HS-6 product codes under sector "Yarn, Fabrics and textiles"**

481500	521041	540822	560410	600230
500400	521042	540823	560420	600240
500500	521049	540824	560490	600241
500600	521051	540831	560500	600242
500710	521052	540832	560600	600243
500720	521059	540833	560710	600249
500790	521111	540834	560721	600290
510610	521112	550810	560729	600291
510620	521119	550820	560730	600292
510710	521120	550911	560741	600293
510720	521121	550912	560749	600299
510810	521122	550921	560750	600310
510820	521129	550922	560790	600320
510910	521131	550931	560811	600330
510990	521132	550932	560819	600340
511000	521139	550941	560890	600390
511111	521141	550942	560900	600410
511119	521142	550951	570110	600490
511120	521143	550952	570190	600510
511130	521149	550953	570210	600521
511190	521151	550959	570220	600522
511211	521152	550961	570231	600523
511219	521159	550962	570232	600524
511220	521211	550969	570239	600531
511230	521212	550991	570241	600532
511290	521213	550992	570242	600533
511300	521214	550999	570249	600534
520411	521215	551011	570250	600535
520419	521221	551012	570251	600536
520420	521222	551020	570252	600537
520511	521223	551030	570259	600538
520512	521224	551090	570291	600539
520513	521225	551110	570292	600541
520514	530610	551120	570299	600542
520515	530620	551130	570310	600543
520521	530710	551211	570320	600544
520522	530720	551219	570330	600590
520523	530810	551221	570390	600610
520524	530820	551229	570410	600621
520526	530830	551291	570420	600622
520527	530890	551299	570490	600623
520528	530911	551311	570500	600624
520531	530919	551312	580110	600631
520532	530921	551313	580121	600632
520533	530929	551319	580122	600633
520534	531010	551321	580123	600634
520535	531090	551322	580124	600641
520541	531100	551323	580125	600642
520542	540110	551329	580126	600643
520543	540120	551331	580127	600644
520544	540210	551332	580131	600690
520546	540211	551333	580132	630120
520547	540219	551339	580133	630130
520548	540220	551341	580134	630140
520611	540231	551342	580135	630190
520612	540232	551343	580136	630210
520613	540233	551349	580137	630221
520614	540234	551411	580190	630222
520615	540239	551412	580211	630229
520621	540241	551413	580219	630231
520622	540242	551419	580220	630232
520623	540243	551421	580230	630239

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520624	540244	551422	580300	630240
520625	540245	551423	580310	630251
520631	540246	551429	580390	630252
520632	540247	551430	580410	630253
520633	540248	551431	580421	630259
520634	540249	551432	580429	630260
520635	540251	551433	580430	630291
520641	540252	551439	580500	630292
520642	540253	551441	580610	630293
520643	540259	551442	580620	630299
520644	540261	551443	580631	630311
520645	540262	551449	580632	630312
520710	540263	551511	580639	630319
520790	540269	551512	580640	630391
520811	540310	551513	580710	630392
520812	540320	551519	580790	630399
520813	540331	551521	580810	630411
520819	540332	551522	580890	630419
520821	540333	551529	580900	630420
520822	540339	551591	581010	630491
520823	540341	551592	581091	630492
520829	540342	551599	581092	630493
520831	540349	551611	581099	630499
520832	540410	551612	581100	630510
520833	540411	551613	590110	630520
520839	540412	551614	590190	630532
520841	540419	551621	590210	630533
520842	540490	551622	590220	630539
520843	540500	551623	590290	630590
520849	540600	551624	590310	630611
520851	540610	551631	590320	630612
520852	540620	551632	590390	630619
520853	540710	551633	590410	630621
520859	540720	551634	590490	630622
520911	540730	551641	590491	630629
520912	540741	551642	590492	630630
520919	540742	551643	590500	630631
520921	540743	551644	590610	630639
520922	540744	551691	590691	630640
520929	540751	551692	590699	630641
520931	540752	551693	590700	630649
520932	540753	551694	590800	630690
520939	540754	560110	590900	630691
520941	540761	560121	591000	630699
520942	540769	560122	591110	630710
520943	540771	560129	591120	630720
520949	540772	560130	591131	630790
520951	540773	560210	591132	630800
520952	540774	560221	591140	650100
520959	540781	560229	591190	650200
521011	540782	560290	600110	701911
521012	540783	560311	600121	701912
521019	540784	560312	600122	701919
521021	540791	560313	600129	701940
521022	540792	560314	600191	701951
521029	540793	560391	600192	701952
521031	540794	560392	600199	701959
521032	540810	560393	600210	
521039	540821	560394	600220	

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