Introduction to Market Access Map
Tariffs and Other Market Access Requirements

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Market Access Map is used to…

Analyse **market access conditions** applied by potential trading partner countries to products from your country and compare them to conditions applied to competitors (Market screening);

- **Enhancing market transparency**

Compare the **bound tariff schedules** of countries and simulate tariff reductions to prepare for trade negotiations or to assess risk of preference erosion in key markets.

- **Facilitating trade policy analysis**
Data types

Market Access Map

Tariffs
- Applied and bound tariffs
  - Specific, Compound, Ad valorem, mixed and technical
- Tariff Rate Quotas
- Ad valorem equivalents

Other Market Access Requirements
- Trade Agreements and Rules of Origin
- Trade Remedies
- Non-tariff Measures
<table>
<thead>
<tr>
<th>Tariffs . . . in the WTO</th>
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<tbody>
<tr>
<td><strong>Applied tariffs</strong></td>
<td><strong>Bound tariffs</strong></td>
</tr>
<tr>
<td>➢ All importing countries have their applied tariffs</td>
<td>➢ Belonging only to WTO members</td>
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<tr>
<td>➢ Tariffs published by national customs authorities for duty administration purposes</td>
<td>➢ They represent the upper threshold to which a WTO member is allowed to raise its tariff on an item</td>
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<tr>
<td>➢ These rates are often considerably lower than the bound rate (among WTO members)</td>
<td>➢ Once a rate of duty is bound, it cannot be raised.</td>
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<tr>
<td>➢ <strong>MFN duties, General tariffs</strong> and also include the preferences that a country may apply to certain trading partners…</td>
<td>➢ Bound tariffs are not related to a specific partner (commitment toward WTO members)</td>
</tr>
</tbody>
</table>
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Types of tariffs

Ad valorem tariffs

• Specified as a percentage of the import value (e.g. 5%)

Specific tariffs

• Specified on the basis of volume or weight (e.g. $2 per kg)

Compound tariff

• Expressed as an ad valorem duty to which is added or subtracted a specific duty. (e.g. 20% and $2 per kg)

Mixed tariffs

• Expressed as a conditional choice between an ad valorem and a specific tariff (e.g. 30% or $2 per kg, whichever is higher)
SPECIFIC TARIFFS

Levied on the basis of volume or weight (i.e., quantity). E.g. $2 per kg

Incidence of specific tariffs (per cent of number of MFN tariff lines)

- Switzerland: 80.8 per cent of tariff line products
- Russia: 14.6 per cent of tariff line products
- EU: 11.6 per cent of tariff line products
- USA: 8.6 per cent of tariff line products
- Thailand: 7.5 per cent of tariff line products
- Canada: 3.9 per cent of tariff line products
SPECIFIC TARIFFS – A HYPOTHETICAL EXAMPLE

Changes the relative prices of competing products

Imagine Switzerland imports fresh beef HS 020130 from Argentina

Before Border

The prime beef is 4 times the price of the low-quality beef, but (assume) also 4 times the quality

$18 / kg

At border: specific tariff of $18 / kg

$12 / kg Prime-quality beef

$3 / kg beef

After Border

The prime beef is now only 1.4 times the price of the low-quality beef, but still 4 times the quality

$21 / kg low-quality beef

$30 / kg prime-quality beef

18/3 = 600% ad valorem equivalent

18/12 = 150% ad valorem equivalent
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Tariff rate quotas

A two tiered tariff
A lower in-quota tariff (Inside quota tariff rate) is applied to the first Q units of imports and a higher over-quota tariff (Outside quota tariff rate) is applied to all subsequent imports.

The United States apply the following tariffs to imports of (52010018) Cotton originating in China:

- IQTR : 0.0 cents/kg
- OQTR : 31.4 cents/kg
- Contingent: 621,780 kg
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ITC
TRADE IMPACT FOR GOOD
Ad valorem equivalents (AVEs)

**Definition**: Non-ad valorem tariff presented as a percentage of the value of goods cleared through customs (i.e. as an ad valorem tariff)

- We show then in Market Access Map for applied and bound tariffs
- **Why**: Comparison and Aggregation
  - Comparison of tariffs across products
  - Comparison of tariffs across countries
  - The calculation of sectoral and regional averages
How to calculate AVEs

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

- **Specific tariff (\$)**
- **Unit value (\$)***
- **Trade value of country’s import of the product**
- **Quantity imported**
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TYPES OF TRADE AGREEMENTS

Partial Scope Agreement: reduces trade restrictions between partner countries for a specific number of products

Free Trade Agreements: eliminates tariff barriers between the parties for all or nearly all products \((FTA, RTA, etc.)\)

Economic Partnership Agreement: eliminates tariff barriers but goes beyond market access into other areas such as development cooperation

Customs Union: free trade zone + common external tariff

Common Market: customs union + free flow of factors of production within region \((capital, labour, etc.)\)

… also GSP schemes and LDC schemes
Rules of Origin (RoO) are criteria used to define where a product was made. This is complicated by globalization and the way a product can be processed in several countries before it is ready for the market.

Certificate of Origin (CO) is the document attesting that goods in a particular export shipment are wholly obtained or produced or manufactured or processed in a particular country (country of origin).
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Trade remedies

Anti-dumping measures are levied against imports that are dumped (export price is “unfairly low”, either below the home market price or below cost).

Countervailing measures are levied against imports that are subsidized by the exporting country's government, designed to offset (countervail) the effect of the subsidy.

Safeguard measures are import protection provided under the Safeguards Clause (GATT Article XIX that permits countries to restrict imports if they cause injury). Restrictions must be for a limited time and nondiscriminatory.
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Non-tariff measures: Definition

- **Official policy measures other than ordinary customs tariffs**, that can potentially have an effect on international trade in goods (changing quantities traded, or prices or both).

- In other words, **all mandatory requirements, rules or regulations** legally set by the government of the exporting, importing or transit country (in contrast to private standards which are not legally required)

- NTMs comprise technical regulations, sanitary and phytosanitary (SPS) measures, certification requirements, quantitative restrictions, …

- Can be applied to both **exports and imports**

**Related terms:**
- Non-tariff Barriers (NTBs)
- Trade barriers
- Procedural Obstacles
- Business Environment
Product quality requirements on oranges, applied by France

Oranges with light green colour are allowed, provided it does not exceed one fifth of the total surface of the fruit.

Size is determined by the maximum diameter of the equatorial section of the fruit.
Oranges: 53 mm
What reasons can there be to implement NTMs?
Reasons for implementing NTMs

• Protecting humans, animals and wild fauna from harmful substances, diseases and pests
• Protecting consumers by setting out specific standards of a product by regulating its size, shape, design, functions and performance, labelling, packaging, etc.
• Restricting imports for moral, political or cultural reasons
The effects of NTMs: Companies

1. Requirements may be too strict
2. Practical challenges and processes may make compliance with NTMs difficult (Procedural Obstacles)
NTMs are too strict

A Sri Lankan exporting company explains in an ITC survey on NTMs how NTMs affect their business:

“We export all grocery items to European countries. European countries insist on ISO 9002 certificate on Maldive fish and any item containing Maldive fish. This is impossible for Sri Lankan exporters to achieve. Because of this sometimes our buyers entirely bypass our company.”
Moroccan exporters of almonds have to undergo costly and lengthy testing, that can take up to 21 days before they receive a certificate of compliance. In addition, tests carried out on almonds in Morocco are not recognized by the EU. Thus, upon import to the EU, products from Morocco are subject to additional testing.
Features of Market Access Map

Wide geographical coverage:
• tariffs applied by 199 countries to the products exported by over 239 countries and territories

Wide coverage of instruments:
• Ad valorem tariffs; specific tariffs; tariff rate quotas and antidumping duties; sanitary and phytosanitary measures, technical measures and other non-tariff measures

Preferences:
• Covers most bilateral and regional agreements, and unilateral preferences
• Rules of origin and certificates of origin also included for most agreements

Analytical flexibility:
• Permits any analysis: by region, by economic sector or by measure
Sources of Data

Market Access Map is continuously updated.

Data is sourced from:

• **Applied tariff data is collected by ITC directly** from national authorities (e.g. customs, Ministry of Finance, Ministry of Trade)

• Tariff rate quota data from WTO (agricultural notification of tariff quota) and national sources for bilateral and regional tariff quota agreements

• Trade data from national sources
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