



Confederation of Danish Industry



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ARAB-EU business network

*WG2: NTBs
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INTRODUCTION/CONTEXT

- Great Arab Free Trade Area (GAFTA) lacks implementation of the various protocols. The political will is absent and the discussions in the Arab League is politicised by the Israeli – Palestinian crisis. In order to advance the intra-Arab trade, focus on economic and especially technical barriers to trade is essential. This covers a wide range of issues, from technical specifications, labelling, common standards, administrative procedures, taxes, tariffs etc.
- Achieving long term results demands a dedicated political advocacy process towards the different governments and regional bodies. Achieving short term results demands developing a tool box of more practical trade enhancing components that does not involve government.

PURPOSE

- Reduce transaction costs and the uncertainty of exporters when exporting in the region.
- Increase market knowledge on trade legislation
- Secure that norms and standards are brought to similar levels in the different countries.
- Align export documentation and procedural/administrative legislation/practises to secure increased trade flows.
- Facilitate a stronger awareness at the political level of the technical barriers to trade and the lost opportunities for increased economic growth and prosperity

MAIN DELIVERABLES

- Identifying concrete examples of technical barriers to trade by conducting membership survey in participating countries (prioritise 5 challenges and describe perceived solutions).
- Develop a report on the network that can be submitted to the Arab league and national governments
- Develop a more solid database on existing market legislation to better inform the business environment (internet site)
- Establish a complaint mechanism for dispute settlement at administrative level (not a pan Arabic judicial court).



SUB THEMES

- engineering industries
- Chemical sector
- Processed foods
- Textiles

What to achieve in the working group session!

Objective:

- Draft a position paper that can be submitted to stakeholders to advocate for reforms

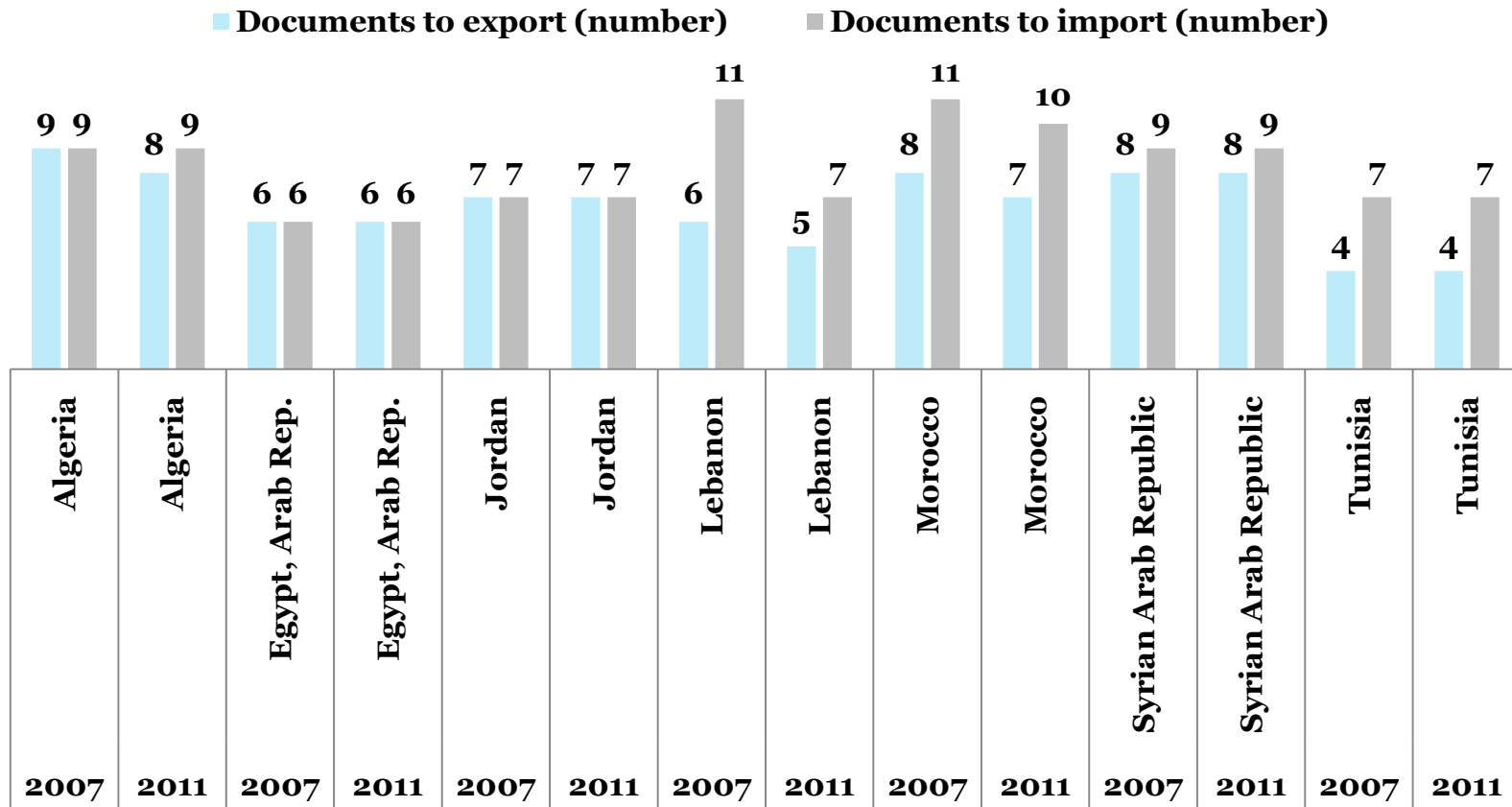
Method:

- List all NTBs
- Categorize and prioritize NTBs
- Identify 3-5 main barriers across the region
- Analyse and secure valid data on the 3-5 main barriers
- Draft position paper by using a projector so all can give comments and participate.

Next steps:

- Agree on road map and actions to take before next meeting

Example: Number of documents for import & export

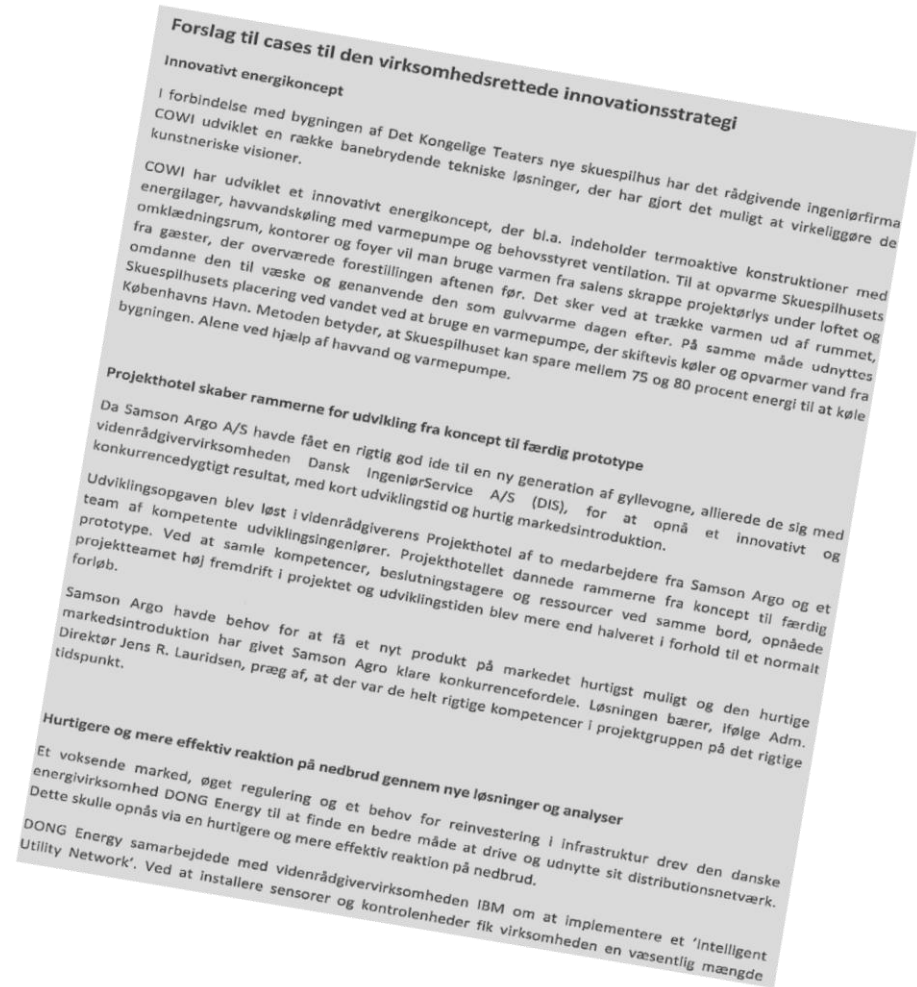


Examples on NTBs

1. Exaggeration in office operations fees applied (for example, the charge to endorse a certificate in Egypt and Libya is, respectively, US\$50 and US\$100 for each document, in Syria it is 1.5% of the commodity value)
2. Additional taxes, in general, called “services payments” such as consumption taxes, production taxes, accompanying duties, fuels differential duties, freight differential systems, financial penalties, etc.
3. Reclassification of inspected commodities in transit and consequent fee reevaluation;
4. Overestimation of the credit requirements;
5. High costs of laboratory analysis;
6. Lack of harmonization of RoO (should be 35% on textiles across the region)
7. High charges levied on trucks (for example, when entering the country, in Jordan, drivers pay 80 JD as “substitute fuel” fee, in Egypt, they pay 70 US\$9).
8. Application of packaging, sanitary and environmental
9. Standards where some countries insist that commodities should meet national standards, even if the commodities already meet international specifications.

Policy position paper

- Executive Summary
- Introduction
 - Key challenges
 - Missed opportunities
- Relevance and Importance of the Issue
 - Analysis of challenges based on the data collection
- Recommendations



A call from the private sector

- International trade is essential for spurring economic growth and development. In the MENA region, intraregional trade has the potential stimulate growth and increase the standards of living for even more people. WTO estimates up to 45 percent increase in GDP if fully implemented. However, intraregional trade in MENA member countries is still hampered by many non tariff barriers amongst others differences in border procedures across the region. Consequently, business and consumers pay a heavy price for trading.
- Border formalities are necessary in the movement of goods across borders and uphold state security. However, bureaucracy at border posts becomes twice as big when similar formalities must be carried out on both sides of the same border. This translates into increased costs due to delays, informal costs and loss of business, which ultimately are passed on to the consumer.
- Research carried out by the leading business organisations in a regional business facilitation network called the ARAB-EU business network, clearly shows that the problems still exists.
- The root of the problem is found in the different national legislation governing cross-border trade between the GAFTA member countries. All these countries enjoy different rules and regulation for the specific border procedures related to importing or exporting goods.
- The ARAB-EU business network **calls on Governments in the MENA region to harmonize border procedures across the region to facilitate trade.**

Recommendations

Network recommendations

- Delegate authority to perform document check to Customs, i.e. by giving Customs the mandate and responsibility to perform document checks on behalf of other border agencies using Memoranda of Understanding
- Delegate authority to perform verification/inspection of imports and exports to Customs, i.e. by giving Customs the necessary HS codes as well as the responsibility for writing the inspection report
- Collect all border agencies within the Customs processing area
- Introduce an electronic information sharing mechanism, which links all border agencies to one system, and allows for joint inspections and shared risk management
- Introduce joint payment procedures, where all payments (inspection fees, customs duty, etc.) are made at a single cashier
- The successful implementation of these mechanisms will depend on Customs being given authority at each border post to play a lead role. As such, there is a need for Memoranda of Understandings between Customs and the border agencies who are responsible for clearing goods.
- Control the importer rather than the imported goods, since it is impossible for the border control to have informed ideas about what to test for. By controlling importers it will be possible to make an effective and targeted control and make the importer responsible, so that he can ensure that future imports are in line with the rules