



# CLASSIFICATION OF NON-TARIFF MEASURES

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## INTRODUCTION

Non-tariff measures are generally defined as policy measures other than ordinary customs tariffs that can potentially have an economic effect on international trade in goods, changing quantities traded, or prices or both (UNCTAD/DITC/TAB/2009/3). Since this definition is broad, a detailed classification is of critical importance so as to better identify and distinguish among the various forms of non-tariff measures.

The classification of non-tariff measures presented here is a taxonomy of all those measures considered relevant in today's situation in international trade. It was extensively discussed and agreed upon by several international organizations forming what was called the MAST group (Multi-Agency Support Team) to support the Group of Eminent Persons on Non-tariff Barriers established by the Secretary General of UNCTAD in 2006. Its work ranged from 2007 to 2012, during which time the classification was tested in the field for data collection. This version is presented as the 2012 version, the outcome of that discussion and testing. The classification is seen as evolving and should adapt to the reality of international trade and data collection needs.

This classification comprises technical measures, such as sanitary or environmental protection measures, as well as others traditionally used as instruments of commercial policy, e.g. quotas, price control, exports restrictions, or contingent trade protective measures, and also other behind-the-border measures, such as competition, trade-related investment measures, government procurement or distribution restrictions.

This classification does not judge on legitimacy, adequacy, necessity or discrimination of any form of policy intervention used in international trade. It acknowledges existence and is designed to organize information in a database format. Transparent, reliable and comparable information can contribute to an understanding of the phenomenon and help exporters worldwide to access information, as it happens with tariffs. Transparent information is also needed for any negotiations that could lead to harmonization and mutual recognition and thus enhance trade.

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The MAST team discussed and proposed this classification, and is composed of:

- Food and Agriculture Organization of the United Nations,
- International Monetary Fund,
- International Trade Centre,
- Organization for Economic Cooperation and Development,
- United Nations Conference on Trade and Development,
- United Nations Industrial Development Organization,
- World Bank,
- World Trade Organization (WTO)

The UNCTAD-MAST classification develops a tree/branch structure where measures are categorized into chapters, depending on their scope and/or design. Then each chapter is further differentiated into several subgroups to allow a finer classification of the regulations affecting trade. The classification of non-tariff measures encompasses 16 chapters (A to P), and each individual chapter is divided into groupings with depth up to three levels (one, two and three digits, following the same logic of the Harmonized System classification for products).<sup>1</sup> Although a few chapters reach the three-digit level of disaggregation, most of them stop at two digits. The chapters of the classification are illustrated in the table below. All chapters reflect the requirements of the importing country on its imports, with the exception of measures imposed on exports by the exporting country (chapter P).

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<sup>1</sup> Also, measures are listed in each subgroup with numbers, while the digit 9 is always kept for all other cases not listed within that subgroup.

## Non tariff measure classification by chapter

<b>Imports</b>	<b>Technical measures</b>	<b>A</b> SANITARY AND PHYTOSANITARY MEASURES <b>B</b> TECHNICAL BARRIERS TO TRADE <b>C</b> PRE-SHIPMENT INSPECTION AND OTHER FORMALITIES
	<b>Non technical measures</b>	<b>D</b> CONTINGENT TRADE-PROTECTIVE MEASURES <b>E</b> NON-AUTOMATIC LICENSING, QUOTAS, PROHIBITIONS AND QUANTITY-CONTROL MEASURES OTHER THAN FOR SPS OR TBT REASONS <b>F</b> PRICE-CONTROL MEASURES, INCLUDING ADDITIONAL TAXES AND CHARGES <b>G</b> FINANCE MEASURES <b>H</b> MEASURES AFFECTING COMPETITION <b>I</b> TRADE-RELATED INVESTMENT MEASURES <b>J</b> DISTRIBUTION RESTRICTIONS <b>K</b> RESTRICTIONS ON POST-SALES SERVICES <b>L</b> SUBSIDIES (EXCLUDING EXPORT SUBSIDIES UNDER P7) <b>M</b> GOVERNMENT PROCUREMENT RESTRICTIONS <b>N</b> INTELLECTUAL PROPERTY <b>O</b> RULES OF ORIGIN
	<b>Exports</b>	<b>P</b> EXPORT-RELATED MEASURES

Chapter A deals with sanitary and phytosanitary measures, which are generally referred to as SPS. It gathers measures such as restriction for substances and ensuring food safety, and those for preventing dissemination of disease or pests. Chapter A also includes all conformity-assessment measures related to food safety, such as certification, testing and inspection, and quarantine.

Chapter B collects technical measures, also called TBT. It refers to measures such as labelling, standards on technical specifications and quality requirements, and other measures protecting the environment. As in the case for SPS, chapter B also includes all conformity-assessment measures related to technical requirements, such as certification, testing and inspection. The last chapter in the technical measures section is chapter C, which classifies the measures related to pre-shipment inspections and other customs formalities.

Chapter D groups the contingent measures, i.e. those measures implemented to counteract particular adverse effects of imports in the market of the importing country, including measures aimed at unfair foreign trade practices. They include antidumping, countervailing, and safeguard measures.

Chapters E and F are the “hard” group of measures, traditionally used in trade policy. Chapter E includes licensing, quotas and other quantity control measures, including Tariff rate quotas. Chapter F lists price-control measures implemented to control or affect the prices of imported goods. Among the examples are those to support the domestic price of certain products when the import prices of these goods are lower; to establish the domestic price of certain products because of price fluctuation in domestic markets, or price instability in a foreign market; or to increase or preserve tax revenue. This category also includes measures other than tariffs measures that increase the cost of imports in a similar manner (para-tariff measures).

Chapter G lists the finance measures. It refers to measures restricting the payments of imports, for example when the access and cost of foreign exchange is regulated. It also includes measures imposing restrictions on the terms of payment.

Chapter H includes those measures affecting competition – those that grant exclusive or special preferences or privileges to one or more limited group of economic operators. They refer mainly to monopolistic measures, such as State trading, sole importing agencies or compulsory national insurance or transport.

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Chapter I deals with trade-related investment measures, and groups the measures that restrict investment by requiring local content or requesting that investment be related to export in order to balance imports.

Chapters J and K relate to the way products, or services connected to the products, are marketed after imports. They are considered non-tariff measures because they could affect the decision of being imported. Chapter J, on distribution restrictions, refers to restrictive measures related to the internal distribution of imported products. Chapter K deals with restrictions on post-sales services, for example, restrictions on the provision of accessory services.

Chapters L, M, N and O relate to behind-the-border policies. Chapter L contains measures that relate to the subsidies that affect trade. Chapter M, on government procurement restriction measures, refers to the restrictions bidders may find when trying to sell their products to a foreign government. Chapter N gathers restrictions related to intellectual property measures and intellectual property rights. Chapter O, on rules of origin, groups the measures that restrict the origin of products or its inputs.

The last chapter, chapter P, is on export measures. It groups the measures a country applies to its exports. It includes export taxes, export quotas and export prohibitions.

This review of the classification defines each of the measures listed and offers useful examples in most of the cases for better clarification.

This version is currently used by UNCTAD to collect data around the world, and therefore is part of the core training material used to instruct those assigned with the data-collection job within the framework of the Transparency in Trade Initiative. This programme was launched in 2011 by UNCTAD, the African Development Bank, the International Trade Centre and the World Bank. It will use this classification and collect data worldwide using the same principles and procedures, so as to ensure coherence as much as possible in the treatment of the data. Its objective is to provide better information on trade measures. It is hoped to contribute to better and more lasting international trade agreements, both multilateral and regional. Finally, yet importantly, this programme can be expected to spur a new wave of policy-relevant research on non-tariff measures and their consequences for economic development.

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## A. SANITARY AND PHYTOSANITARY MEASURES

Measures that are applied to protect human or animal life from risks arising from additives, contaminants, toxins or disease-causing organisms in their food; to protect human life from plant- or animal-carried diseases; to protect animal or plant life from pests, diseases, or disease-causing organisms; to prevent or limit other damage to a country from the entry, establishment or spread of pests; and to protect biodiversity. These include measures taken to protect the health of fish and wild fauna, as well as of forests and wild flora.

Note that measures for environmental protection (other than as defined above), to protect consumer interests, or for the welfare of animals are not covered by SPS.

Measures classified under A1 through A6 are technical regulations while those in A8 are their conformity assessment procedures.

### A1 Prohibitions/restrictions of imports for SPS reasons

Prohibition and/or restriction of the final products to be imported are classified in this chapter. Restrictions on the tolerance limits on residues or use of certain substances contained in the final products are classified under A2 below.

#### A11 Temporary geographic prohibitions for SPS reasons

Prohibition of imports of specified products from countries or regions due to infectious/contagious diseases: Measures included in this category are typically more of an ad hoc and time-bound nature.

**Example:** Imports of poultry from areas affected by avian flu or cattle from foot-and-mouth disease-affected countries are prohibited.

#### A12 Geographical restrictions on eligibility

Prohibition of imports of specified products from specific countries or regions due to lack of evidence of sufficient safety conditions to avoid sanitary and phytosanitary hazards: The restriction is imposed automatically until the country proves employment of satisfactory sanitary and phytosanitary measures to provide a certain level of protection against hazards that is considered acceptable.

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Eligible countries are put on a “positive list”. Imports from other countries are prohibited. The list may include authorized production establishments within the eligible country.

**Example:** *Imports of dairy products from countries that have not proven satisfactory sanitary conditions are prohibited.*

### **A13 Systems approach**

An approach that combines two or more independent SPS measures on a same product: The combined measures can be composed of any number of interrelated measures, as well as their conformity assessment requirements and applied at all stages of production.

**Example:** *An import programme establishes a package of measures that specifies specific pest-free production location, pesticides to be used, harvesting techniques as well as post-harvest fumigation, combined with inspection requirement at entry point: hazard analysis and critical control point (HACCP) requirements.*

### **A14 Special authorization requirement for SPS reasons**

A requirement that importers should receive authorization, permits or approval from a relevant government agency of the destination country for SPS reasons: In order to obtain the authorization, importers may need to comply with other related regulations and conformity assessments.

**Example:** *An import authorization from the Ministry of Health is required.*

### **A15 Registration requirements for importers**

The requirement that importers should be registered before they can import certain products: To register, importers may need to comply with certain requirements, provide documentation and pay registration fees.

**Example:** *Importers of a certain food item need to be registered at the Ministry of Health.*

### **A19 Prohibitions/restrictions of imports for SPS reasons, not elsewhere specified (n.e.s.)**

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## **A2 Tolerance limits for residues and restricted use of substances**

### **A21 Tolerance limits for residues of or contamination by certain (non-microbiological) substances**

A measure that establishes a maximum residue limit (MRL) or tolerance limit of substances such as fertilisers, pesticides, and certain chemicals and metals in food and feed, which are used during their production process but are not their intended ingredients: It includes a permissible maximum level (ML) for non-microbiological contaminants. Measures related to microbiological contaminants are classified under A4 below.

**Examples:** (a) MRL is established for insecticides, pesticides, heavy metals and veterinary drug residues; (b) POPs and chemicals generated during processing; (c) residues of dithianon in apples and hop.

### **A22 Restricted use of certain substances in foods and feeds and their contact materials**

Restriction or prohibition on the use of certain substances contained in food and feed. It includes the restrictions on substances contained in the food containers that might migrate to food.

**Examples:** (a) Certain restrictions exist for food and feed additives used for colouring, preservation or sweeteners; (b) For food containers made of polyvinyl chloride plastic, vinyl chloride monomer must not exceed 1 mg per kg.

## **A3 Labelling, marking and packaging requirements**

### **A31 Labelling requirements**

Measures defining the information directly related to food safety, which should be provided to the consumer: Labelling is any written, electronic or graphic communication on the consumer packaging or on a separate but associated label.

**Examples:** (a) Labels that must specify the storage conditions such as "5 degree C maximum"; (b) potentially dangerous ingredients such as allergens, e.g. "contains honey not suitable for children under one year of age".

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**A32 Marking requirements**

Measures defining the information directly related to food safety, which should be carried by the packaging of goods for transportation and/or distribution.

**Example:** *Outside transport container must be marked with instructions such as handling for perishable goods, refrigeration needs, or protection from direct sunlight, etc.*

**A33 Packaging requirements**

Measures regulating the mode in which goods must be or cannot be packed, or defining the packaging materials to be used, which are directly related to food safety.

**Example:** *Use of PVC films for food packaging is restricted.*

**A4 Hygienic requirements**

Requirements related to food quality, composition and safety, which are usually based on hygienic and good manufacturing practices (GMPs), recognized methods of analysis and sampling: The requirements may be applied on the final product (A41) or on the production processes (A42).

**A41 Microbiological criteria of the final product**

Statement of the microorganisms of concern and/or their toxins/metabolites and the reason for that concern, the analytical methods for their detection and/or quantification in the final product: Microbiological limits should take into consideration the risk associated with the microorganisms, and the conditions under which the food is expected to be handled and consumed. Microbiological limits should also take account of the likelihood of uneven distribution of microorganisms in the food and the inherent variability of the analytical procedure.

**Examples:** *Liquid eggs should be pasteurized or otherwise treated to destroy all viable Salmonella microorganisms.*

**A42 Hygienic practices during production**

Requirements principally intended to give guidance on the establishment and application of microbiological criteria for foods at any point in the food chain from primary production to final

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consumption: The safety of foods is principally assured by control at the source, product design and process control, and the application of good hygienic practices during production, processing (including labelling), handling, distribution, storage, sale, preparation and use.

**Example:** *Milking equipment on the farm should be cleaned daily with a specified detergent.*

#### **A49 Hygienic requirements, n.e.s.**

### **A5 Treatment for elimination of plant and animal pests and disease-causing organisms in the final product (e.g. post-harvest treatment)**

Various treatments that can be applied during production or as a post-production process, in order to eliminate plant and animal pests or disease-causing organisms in the final product.

#### **A51 Cold/heat treatment**

Requirement of cooling/heating of products below/above certain temperature for a certain period of time to kill targeted pests, either prior to, or upon arrival to the destination country. Specific facilities on land or ships could be requested. In this case, containers should be equipped properly to conduct cold/heat treatment and should be equipped with temperature sensors.

**Example:** *Citrus fruits must undergo cold (disinfection) treatment to eliminate fruit flies.*

#### **A52 Irradiation**

Requirement to kill or devitalize microorganisms, bacteria, viruses, or insects that might be present in food and feed products by using irradiated energy (ionizing radiation).

**Example:** *This technology may be applied on meat products, fresh fruits, spices and dried vegetable seasonings.*

#### **A53 Fumigation**

A process of exposing insects, fungal spores or other organisms to the fumes of a chemical at a lethal strength in an enclosed space for a given period of time. A fumigant is a chemical, which at a required

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temperature and pressure can exist in the gaseous state in sufficient concentration to be lethal to a given pest organism.

**Example:** *Use of acetic acid is mandatory as a post-harvest fumigant to destroy fungal spores on peaches, nectarines, apricots and cherries; methyl bromide for fumigating cut flowers and many other commodities.*

#### **A59 Treatment for elimination of plant and animal pests and disease-causing organisms in the final product, n.e.s.**

### **A6 Other requirements on production or post-production processes**

Requirement on other (post-) production processes not classified above. It also excludes those specific measures under **A2: Tolerance limits for residues and restricted use of substances** (or its subcategories).

#### **A61 Plant-growth processes**

Requirements on how a plant should be grown in terms of conditions related to temperature, light, spacing between plants, water, oxygen, mineral nutrients, etc.

**Example:** *Seeding rate and row spacing of soybean plants are specified to reduce the risk of frogeye leaf spots.*

#### **A62 Animal-raising or -catching processes**

Requirements on how an animal should be raised or caught because of SPS concerns.

**Example:** *Cattle should not be fed with feeds containing offal of cows suspected of BSE.*

#### **A63 Food and feed processing**

Requirements on how food or feed production should take place in order to satisfy sanitary conditions for the final products.

**Example:** *New equipment or machinery for handling or processing feed in or around an establishment producing animal feed shall not contain polychlorinated biphenils (PCBs).*

#### **A64 Storage and transport conditions**

Requirements on certain conditions under which food and feed,

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plants and animals should be stored and/or transported.

**Example:** *Certain foodstuffs should be stored in a dry place, or below a certain temperature.*

#### **A69 Other requirements on production or post-production processes, n.e.s**

### **A8 Conformity assessment related to SPS**

Requirement for verification that a given SPS condition has been met. It could be achieved by one or combined forms of inspection and approval procedure, including procedures for sampling, testing and inspection; evaluation, verification and assurance of conformity; accreditation and approval, etc.

#### **A81 Product registration requirement**

Product registration requirement in the importing country.

**Example:** *Requirements and guidelines for the registration of a pesticide and its compounds, e.g. for minor crops/minor use. The measure may include provisions describing types of pest control products that are exempt from registration and procedures detailing the registration process, including provisions relating to distribution, import, sampling and detention.*

#### **A82 Testing requirement**

A requirement for products to be tested against a given regulation, such as MRL: This measure includes the cases where there is sampling requirement.

**Example:** *A test on a sample of orange imports is required to check against the maximum residue level of pesticides.*

#### **A83 Certification requirement**

Certification of conformity with a given regulation that is required by the importing country but may be issued in the exporting or the importing country.

**Example:** *Certificate of conformity for materials in contact with food (containers, papers, plastics, etc.) is required.*

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**A84 Inspection requirement**

Requirement for product inspection in the importing country. It may be performed by public or private entities. It is similar to testing, but it does not include laboratory testing.

**Example:** *Animals or plant parts must be inspected before entry is allowed.*

**A85 Traceability requirements**

Disclosure requirement of information that allows following a product through the stages of production, processing and distribution.

**A851 Origin of materials and parts**

Disclosure of information on the origin of materials and parts used in the final product.

**Example:** *For vegetables, disclosure of information on the location of the farm, name of the farmer or fertilisers used may be required.*

**A852 Processing history**

Disclosure of information on all stages of production: may include their locations, processing methods and/or equipment and materials used.

**Example:** *For meat products, disclosure of information on their slaughter house, as well as food-processing factory, may be required.*

**A853 Distribution and location of products after delivery**

Disclosure of information on when and how the goods have been distributed from the time of their delivery to distributors until they reach the final consumer.

**Example:** *For rice, disclosure of information on the location of its temporary storage facility may be required.*

**A859 Traceability requirements, n.e.s.****A86 Quarantine requirement**

Requirement to detain or isolate animals, plants or their products on arrival at a port or place for a given period in order to prevent the

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spread of infectious or contagious disease, or contamination.

**Example:** *Live dogs must be quarantined for two weeks before entry into the territory is authorized. Plants need to be quarantined to terminate or restrict the spread of harmful organisms.*

#### **A89 Conformity assessment related to SPS, n.e.s.**

#### **A9 SPS measures, n.e.s.**

### **B TECHNICAL BARRIERS TO TRADE**

Measures referring to technical regulations, and procedures for assessment of conformity with technical regulations and standards, excluding measures covered by the SPS Agreement.

A technical regulation is a document which lays down product characteristics or their related processes and production methods, including the applicable administrative provisions, with which compliance is mandatory. It may also include or deal exclusively with terminology, symbols, packaging, marking or labelling requirements as they apply to a product, process or production method. A conformity assessment procedure is any procedure used, directly or indirectly, to determine that relevant requirements in technical regulations or standards are fulfilled; it may include, inter alia, procedures for sampling, testing and inspection; evaluation, verification and assurance of conformity; registration, accreditation and approval as well as their combinations.

Measures classified under B1 through B7 are technical regulations while those under B8 are their conformity assessment procedures. Among the technical regulations, those in B4 are related to production processes, while others are applied directly to products.

#### **B1 Prohibitions/restrictions of imports for objectives set out in the TBT agreement**

Such prohibitions/restrictions may be established for reasons related, inter alia, to national security requirements; the prevention of deceptive practices; protection of human health or safety, animal or plant life or health, or the environment. Restrictions on the tolerance limits on residues or use of certain substances contained in the final products are classified under B2 below.

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**B11 Prohibition for TBT reasons**

Import prohibition for reasons set out in B1.

**Example:** Imports are prohibited for hazardous substances including explosives, certain toxic substances covered by the Basel Convention such as aerosol sprays containing CFCs, a range of HCFCs and BFCs, halons, methyl chloroform and carbon tetrachloride.

**B14 Authorization requirement for TBT reasons**

Requirement that the importer should receive authorization, permits or approval from a relevant government agency of the destination country, for reasons such as national security, environment protection, etc.

**Example:** Imports must be authorized for drugs, waste and scrap, and firearms, etc.

**B15 Registration requirement for importers for TBT reasons**

Requirement that importers should be registered in order to import certain products. To register, importers may need to comply with certain requirements, documentation and registration fees. It also includes the cases when the registration of establishments producing certain products is required.

**Example:** Importers of sensitive products such as medicines, drugs, explosives, firearms, alcohol, cigarettes, game machines, etc., may be required to be registered in the importing country.

**B19 Prohibitions/restrictions of imports for objectives set out in the TBT agreement, n.e.s.****B2 Tolerance limits for residues and restricted use of substances****B21 Tolerance limits for residues of or contamination by certain substances**

A measure that establishes a maximum level or tolerance limit of substances, which are used during their production process but are not their intended ingredients.

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**Example:** Salt level in cement, or sulphur level in gasoline, must be below specified amount.

## **B22 Restricted use of certain substances**

Restriction on the use of certain substances as components or material to prevent the risks arising from their use.

**Examples:** (a) Restricted use of solvents in paints, (b) maximum level of lead allowed in consumer paint.

## **B3 Labelling, marking and packaging requirements**

### **B31 Labelling requirements**

Measures regulating the kind, colour and size of printing on packages and labels and defining the information that should be provided to the consumer. Labelling is any written, electronic, or graphic communication on the packaging or on a separate but associated label, or on the product itself. It may include requirements on the official language to be used as well as technical information on the product, such as voltage, components, instruction on use, safety and security advice.

**Example:** Refrigerators need to carry a label indicating its size, weight and electricity consumption level.

### **B32 Marking requirements**

Measures defining the information for transport and customs that the transport/distribution packaging of goods should carry.

**Example:** Handling or storage conditions according to type of product, typically signs such as "FRAGILE" or "THIS SIDE UP". must be marked on the transport container.

### **B33 Packaging requirements**

Measures regulating the mode in which goods must be or cannot be packed, and defining the packaging materials to be used.

**Example:** Palletized containers or special packages need to be used for the protection of sensitive or fragile products.

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## **B4 Production or post-production requirements**

### **B41 TBT regulations on production processes**

Requirement on production processes not classified under SPS above. It also excludes those specific measures under **B2: *Tolerance limits for residues and restricted use of substances*** (or its subcategories).

*Example: Use of environmentally friendly equipment is mandatory.*

### **B42 TBT regulations on transport and storage**

Requirements on certain conditions under which products should be stored and/or transported.

*Example: Medicines should be stored below a certain temperature.*

### **B49 Production or post-production requirements, n.e.s.**

## **B6 Product identity requirement**

Conditions to be satisfied in order to identify a product with a certain denomination (including biological or organic labels).

*Example: In order for a product to be identified as “chocolate”, it must contain a minimum of 30% cocoa.*

## **B7 Product-quality or -performance requirement**

Conditions to be satisfied in terms of performance (e.g. durability, hardness) or quality (e.g. content of defined ingredients).

*Example: Door must resist a certain minimum high temperature.*

## **B8 Conformity assessment related to TBT**

Requirement for verification that a given TBT requirement has been met: This could be achieved by one or combined forms of inspection and approval procedure, including procedures for sampling, testing and inspection; evaluation, verification and assurance of conformity; accreditation and approval.

### **B81 Product registration requirement**

Product registration requirement in the importing country.

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**Example:** *Only the registered drugs and medicine may be imported.*

## **B82 Testing requirement**

A requirement for products to be tested against a given regulation, such as performance level – includes sampling requirement.

**Example:** *A testing on a sample of motor vehicle imports is required against the required safety compliance and its equipment, etc.*

## **B83 Certification requirement**

Certification of conformity with a given regulation: required by the importing country but may be issued in the exporting or the importing country.

**Example:** *Certificate of conformity for electric products is required.*

## **B84 Inspection requirement**

Requirement for product inspection in the importing country – may be performed by public or private entities. It is similar to testing, but does not include laboratory testing.

**Example:** *Textile and clothing imports must be inspected for size and materials used before entry is allowed.*

## **B85 Traceability information requirements**

Disclosure requirement of information that allows following a product through the stages of production, processing and distribution .

### **B851 Origin of materials and parts**

Disclosure of information on the origin of materials and parts used in the final product.

**Example:** *Manufactures of automobiles must keep the record of the origin of the original set of tyres for each individual vehicle.*

### **B852 Processing history**

Disclosure of information on all stages of production: may include their locations, processing methods and/or equipment and materials used.

**Example:** *For wool apparel products, disclosure of information on the origin of the sheep, location of the textile*

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*factory as well as the identity of the final apparel producer may be required.*

### **B853 Distribution and location of products after delivery**

Disclosure of information on when and/or how the goods have been distributed during any time after the production and before the final consumption.

**Example:** *Before placing imported cosmetic products on the EU market, the person responsible must indicate to the competent authority of the Member State where the products were initially imported, the address of the manufacturer or the address of the importer.*

### **B859 Traceability requirements, n.e.s.**

### **B89 Conformity assessment related to TBT, n.e.s.**

## **B9 TBT measures, n.e.s.**

# **C PRE-SHIPMENT INSPECTION AND OTHER FORMALITIES**

## **C1 Pre-shipment inspection**

Compulsory quality, quantity and price control of goods prior to shipment from the exporting country, conducted by an independent inspecting agency mandated by the authorities of the importing country.

**Example:** *A pre-shipment inspection of textile imports by a third party for verification of colours and types of materials is required.*

## **C2 Direct consignment requirement**

Requirement that goods must be shipped directly from the country of origin, without stopping at a third country.

**Example:** *Goods imported under a preferential scheme such as GSP must be shipped directly from the country of origin in order to satisfy the scheme's rules of origin condition. (i.e. to guarantee that the products have not been manipulated, substituted or further processed in any third country of transit).*

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### **C3 Requirement to pass through specified port of customs**

Obligation for imports to pass through a designated entry point and/or customs office for inspection, testing, etc.

**Example:** *DVD players need to be cleared at a designated customs office for inspection.*

### **C4 Import-monitoring and -surveillance requirements and other automatic licensing measures**

Administrative measures which seek to monitor the import value or volume of specified products.

**Example:** *An automatic import licence is required as an administrative procedure for textile and apparel prior to importation.*

### **C9 Other formalities, n.e.s.**

## **D CONTINGENT TRADE-PROTECTIVE MEASURES**

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.

### **D1 Antidumping measure**

A border measure applied to imports of a product from an exporter. These imports are dumped and are causing injury to the domestic industry producing a like product, or to third countries' exporters of that product. Dumping takes place when a product is introduced into the commerce of an importing country at less than its normal value, generally where the export price of the product is less than the comparable price, in the ordinary course of trade, for the like product when destined for consumption in the exporting country. Antidumping measures may take the form of antidumping duties, or of price undertakings by the exporting firms.

#### **D11 Antidumping investigation**

An investigation initiated and conducted either following a complaint by the domestic industry producing a like product or (in special circumstances)

self-initiated by importing country authorities to determine whether dumping of a product is occurring and injuring national producers (or a third country's exporters) of the like product. Provisional duties may be applied during the investigation.

**Example:** *An antidumping investigation was initiated by the European Union in respect of imports of steel wire rod from country A.*

### **D12 Antidumping duty**

A duty levied on imports of a particular good originating from a specific trading partner to offset injurious dumping found to exist via an investigation. Duty rates are generally enterprise-specific.

**Example:** *An antidumping duty of between 8.5 to 36.2% has been imposed on imports of biodiesel products from country A.*

### **D13 Price undertaking**

An undertaking by an exporter to increase its export price (by not more than the amount of the dumping margin) to avoid the imposition of antidumping duties. Prices can be negotiated for this purpose, but only after a preliminary determination that dumped imports are causing injury.

**Example:** *An antidumping case involving flat-rolled products of grain oriented silicon-electrical steel resulted in the manufacturer undertaking to raise its export price.*

## **D2 Countervailing measure**

A border measure applied to imports of a product to offset any direct or indirect subsidy granted by authorities in an exporting country where subsidized imports of that product from that country are causing injury to the domestic industry producing the like product in the importing country. Countervailing measures may take the form of countervailing duties, or of undertakings by the exporting firms or by authorities of the subsidizing country.

### **D21 Countervailing investigation**

An investigation initiated and conducted either following a complaint by the domestic industry producing the like product or (in special circumstances) self-initiated by the importing country authorities

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to determine whether the imported goods are subsidized and are causing injury to national producers of the like product.

**Example:** *A countervailing investigation was initiated by Canada in respect of imports of oil country tubular goods from country A.*

## D22 Countervailing duty

A duty levied on imports of a particular product to offset the subsidies granted by the exporting country on the production or trade of that product, where an investigation has found that the subsidized imports are causing injury to of the domestic industry producing the like product.

**Example:** *A countervailing duty of 44.71% has been imposed by Mexico on imports of dynamic random access memory (DRAM) semiconductors from country A.*

## D23 Undertaking

Either an undertaking by an exporter to increase its export price (by not more than the amount of the subsidy), or an undertaking by the authorities of the subsidizing country to eliminate or limit the subsidy or take other measures concerning its effects, to avoid the imposition of countervailing duties. Undertakings can be negotiated only after a preliminary determination that subsidized imports are causing injury.

**Example:** *A countervailing duty investigation involving palm oil and margarine for puff pastry from country A resulted in the government of country A undertaking to fully eliminate the subsidy on that product.*

# D3 Safeguard measures

## D31 General (multilateral) safeguard

A temporary border measure imposed on imports of a product to prevent or remedy serious injury caused by increased imports of that product and to facilitate adjustment. A country may take a safeguard action (i.e., temporarily suspend multilateral concessions) in respect of imports of a product from all sources where an investigation has established that increased imports of the product

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are causing or threatening to cause serious injury to the domestic industry that produces like or directly competitive products. Safeguard measures can take various forms, including increased duties, quantitative restrictions, and others (e.g. tariff-rate quotas, price-based measures, special levies, etc.).<sup>2</sup>

### **D311 Safeguard investigation**

An investigation conducted by the importing country authorities to determine whether the goods in question are being imported in such increased quantities and under such conditions as to cause or threaten to cause serious injury to national producers of like or directly competitive products.

**Example:** *Country A has initiated a safeguard investigation on imports of certain motorcycles.*

### **D312 Safeguard duty**

A temporary duty levied on imports of a particular product to prevent or remedy serious injury from increased imports (as established in an investigation), and to facilitate adjustment. Where the expected duration of the measure is more than one year, it must be progressively liberalized during the period of application.

**Example:** *A safeguard duty of three years' duration has been imposed on imports of "Gamma Ferric Oxide". The level will be 15% during the first year, 10% during the second year, and 5% during the third year.*

### **D313 Safeguard quantitative restriction**

A temporary quantitative restriction on imports of a particular product to prevent or remedy serious injury from increased imports (as established in an investigation) and to facilitate adjustment. Rules apply regarding the overall level and the allocation of the quota. Where the expected duration of the measure is more than one year, it must be progressively liberalized during the period of application.

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<sup>2</sup> Although quantitative restrictions are prohibited by the WTO Agreements, under the Agreement on Safeguards, safeguard measures in this form are permitted, subject to certain conditions.

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**Example:** A quantitative safeguard measure (quota) of three years' duration has been implemented on imports of certain steel products. The total level will be 10,000 tons the first year, 15,000 tons the second year and 22,000 tons the third year.

#### **D314 Safeguard measure, other form**

A safeguard measure in a form other than a duty or quantitative restriction (which could include measures combining duties and quantitative elements), applied to prevent or remedy serious injury from increased imports (as established in an investigation) and to facilitate adjustment. Where the expected duration of the measure is more than one year, it must be progressively liberalized during the period of application.

**Example:** A safeguard measure of two years' duration is imposed on imports of dishwashers. During the first year, a safeguard measure of \$50 per unit will be applied to all imported dishwashers with a c.i.f. price below \$500 per unit. During the second year, the safeguard measure will not apply to the first 20,000 units of imports, regardless of the prices of those units.

#### **D32 Agricultural special safeguard**

An agricultural special safeguard allows the imposition of an additional tariff in response to a surge in imports or a fall in import prices. The specific trigger levels for volume or price of imports are defined at the country level. In the case of the volume trigger, the additional duties only apply until the end of the year in question. In the case of price triggers, the additional duty is imposed on a shipment by shipment basis.

##### **D321 Volume-based agricultural special safeguard**

In this type of safeguard, an additional duty may be applied if the volume of imports of designated agricultural product exceeds a defined trigger quantity.

**Example:** An additional duty equal to one third the current

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*applied duty is applied to imports of milk when the volume of imports exceeds the trigger volume of 861 tons.*

### **D322 Price-based agricultural special safeguard**

In this type of safeguard, an additional duty may be applied if the import price of a designated agricultural product falls below a defined trigger price.

**Example:** *An additional duty of 2.79 Php/kg is applied to a shipment of frozen meat and offal of fowls of the species Gallus domesticus when the c.i.f. import price of that shipment is 20% below the trigger price of 93 Php/kg.*

### **D39 Safeguard, n.e.s.**

This category could include, e.g., special safeguard mechanisms applicable to imports of a product under regional trade arrangements, protocols of accession, or other agreements.

## **E NON-AUTOMATIC LICENSING, QUOTAS, PROHIBITIONS AND QUANTITY-CONTROL MEASURES OTHER THAN FOR SPS OR TBT REASONS**

Control measures generally aimed at restraining the quantity of goods that can be imported, regardless of whether they come from different sources or one specific supplier. These measures can take the form of non-automatic licensing, fixing of a predetermined quota, or through prohibitions.<sup>3</sup> All measures introduced for SPS and TBT reasons are classified in chapters A and B above.

### **E1 Non-automatic import-licensing procedures other than authorizations for SPS or TBT reasons**

An import-licensing procedure introduced, for reasons other than SPS or TBT reasons, where approval is not granted in all cases. The approval may either be granted on a discretionary basis or may require specific criteria to be met before it is granted.

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<sup>3</sup> Most quantity control measures are formally prohibited by the GATT 1994, but can be applied under specifically determined circumstances (e.g. article XI of GATT 1994; Agreement on Safeguards.).

## **E11 Licensing for economic reasons**

### **E111 Licensing procedure with no specific ex ante criteria**

Licensing procedure where approval is granted at the discretion of the issuing authority: may also be referred to as a discretionary licence.

**Example:** *Imports of textile products are subject to a discretionary licence.*

### **E112 Licensing for specified use**

Licensing procedure where approval is granted only for imports of products to be used for pre-specified purpose: normally granted for use in operations generating anticipated benefit in important domains of the economy.

**Example:** *A licence to import high-energy explosives is granted only if it is used for the mining industry.*

### **E113 Licensing linked with local production**

Licensing only for imports of products with linkage to local production, including the local production level of the same product, except for such licensing classified as trade-related investment measures defined under Chapter I.

**Example:** *A license to import gasoline is granted only if domestic supply is insufficient.*

### **E119 Licensing for economic reasons, n.e.s.**

## **E12 Licensing for non-economic reasons**

### **E121 Licensing for religious, moral or cultural reasons**

Control of imports by licence for religious, moral or cultural reasons.

**Example:** *Imports of alcoholic beverages are permitted only by hotels and restaurants.*

### **E122 Licensing for political reasons**

Control of imports by licence for political reasons.

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**Example:** Imports of all products from a given country are subject to an import license.

### **E129 Licensing for non-economic reasons, n.e.s.**

## **E2 Quotas**

Restriction of importation of specified products through the setting of a maximum quantity or value that is authorized for import: No imports are allowed beyond those maximums.

### **E21 Permanent**

Quotas of a permanent nature (i.e. they are applied throughout the year, without a known date of termination of the measure) where the importation can take place any time of the year.

#### **E211 Global allocation**

Permanent quotas where no condition is attached to the country of origin of the product.

**Example:** A quota of 100 tons of fish where the importation can take place any time of the year and there is no restriction on the country of origin of the product.

#### **E212 Country allocation**

Permanent quotas where a fixed volume or value of the product must originate in one or more countries.

**Example:** A quota of 100 tons of fish that can be imported any time of the year, but where 75 tons must originate in country A and 25 tons in country B.

### **E22 Seasonal quotas**

Quotas of a permanent nature (i.e. they are applied every year, without a known date of termination of the measure), where the importation must take place during a given period of the year.

#### **E221 Global allocation**

Seasonal quotas where no condition is attached to the country of origin of the product.

**Example:** An annual quota of 300 tons of seaweed where

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*the importation must take place between March and June and there is no restriction on the country of origin of the product.*

### **E222 Country allocation**

Seasonal quotas where a fixed volume or value of the product must originate in one or more countries.

**Example:** *An annual quota of 300 tons of seaweed where the importation must take place during winter and 60 tons must originate in country A, and 40 tons in country B.*

### **E23 Temporary**

Quotas that are applied for on a temporary basis (e.g. they are only applied for one or two years), whether or not they are also seasonal in nature.

#### **E231 Global allocation**

Temporary quotas where no condition is attached to the country of origin of the product.

**Example:** *An annual quota of 1,000 tons of fish and fish meat that will only be applied for three years where there is no restriction on the country of origin of the product.*

#### **E232 Country allocation**

Temporary quotas where a fixed volume or value of the product must originate in one or more countries.

**Example:** *An annual quota of 1,000 tons of fish and fish meat that will only be applied for three years, where the imports must take place during the summer, and 700 tons must originate in country A, 200 tons must originate in country B and the remainder can originate in any country.*

## **E3 Prohibitions other than for SPS and TBT reasons**

Prohibition on the importation of specific products for reasons other than SPS (A1) or TBT (B1) reasons.

### **E31 Prohibition for economic reasons**

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**E311 Full prohibition (import ban)**

Prohibition without any additional condition or qualification

**Example:** Imports of motor vehicle with cylinder under 1500cc are not allowed, to encourage domestic production.

**E312 Seasonal prohibition**

Prohibition of imports during a given period of the year: This is usually applied to certain agricultural products while the domestic harvest is in abundance.

**Example:** Imports of strawberries are not allowed from March to June each year.

**E313 Temporary prohibition, including suspension of issuance of licences**

Prohibition set for a given fixed period of time unrelated to a specific season: usually for urgent matters not covered under the safeguard measures above.

**Example:** Imports of certain fish are prohibited with immediate effect until the end of the current season.

**E314 Prohibition of importation in bulk**

Prohibition of importation in a large-volume container: Importation is only authorized if the product is packed in a small retail container, which increases per unit cost of imports.

**Example:** Import of wine is allowed only in a bottle of 750 ml or less.

**E315 Prohibition of products infringing patents or other intellectual property rights**

Prohibition of copies or imitations of patented or trademarked products.

**Example:** Import of imitation brand handbags is prohibited.

**E31 Prohibition of used, repaired or remanufactured goods**

Prohibition to import goods that are not new.

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**Example:** *Prohibition to import used cars.*

**E319 Prohibition for economic reasons, n.e.s.**

**E32 Prohibition for non-economic reasons**

**E321 Prohibition for religious, moral or cultural reasons**

Prohibition of imports for religious, moral or cultural reasons not established in technical regulations.

**Example:** *Imports of books and magazines displaying pornographic pictures are prohibited.*

**E322 Prohibition for political reasons (embargo)**

Prohibition of imports from a country or group of countries, applied for political reasons.

**Example:** *Imports of all goods from country A are prohibited in retaliation to that country's testing of nuclear bombs.*

**E329 Prohibition for non-economic reasons, n.e.s.**

**E5 Export-restraint arrangement**

An arrangement by which an exporter agrees to limit exports in order to avoid imposition of restrictions by the importing country, such as quotas, raised tariffs or any other import controls.<sup>4</sup> The arrangement may be concluded at either the government or industry level.

**E51 Voluntary export-restraint arrangements (VERs)**

Arrangements made by government or industry of an exporting country to voluntarily limit exports in order to avoid imposition of mandatory restrictions by the importing country. Typically, VERs are a result of requests made by the importing country to provide a measure of protection for its domestic businesses that produce substitute goods.

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<sup>4</sup> Such arrangements are formally prohibited by the WTO Agreements.

**E511 Quota agreement**

A VER agreement that establishes export quotas.

**Example:** *A bilateral quota on export of motor vehicles from country A to country B was established to avoid sanction by the latter.*

**E512 Consultation agreement**

A VER agreement that provides for consultation with a view to introducing restrictions (quotas) under certain circumstances.

**Example:** *An agreement was reached to restrict export of cotton from country C to country D in case the volume of export exceeds \$2 million tons in the previous month.*

**E513 Administrative cooperation agreement**

A VER agreement that provides for administrative cooperation with a view to avoiding disruptions in bilateral trade.

**Example:** *An agreement was reached between country E and country F to cooperate to prevent a sudden surge in exports.*

**E59 Export-restraint arrangements, n.e.s.****E6 Tariff-rate quotas (TRQ)**

A system of multiple tariff rates applicable to a same product: The lower rates apply up to a certain value or volume of imports, and the higher rates are charged on imports which exceed this amount.

**Example :** *Rice may be imported free of duty up to the first 100,000 tons, after which it is subject to a tariff rate of \$1.5 per kg.*

**E61 WTO-bound TRQs, included in WTO schedules (concessions and commitments under WTO negotiations)****E611 Global allocation**

WTO-bound TRQs where no condition is attached to the

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country of origin of the product.

**Example:** A WTO TRQ provides for duty-free import of milk and cream up to 2,000 tons with no condition attached to the country of origin.

#### **E612 Country allocation**

WTO-bound TRQs where a fixed volume or value of the product must originate in one or more countries.

**Example:** A WTO TRQ of 200,000 tons of poultry with an in-quota duty of 12% is available, and half of the quantity must originate from country A.

### **E62 Other TRQs included in other trade agreements.**

#### **E621 Global allocation**

Non-WTO TRQs where no condition is attached to the country of origin of the product.

**Example:** A non-WTO TRQ is available for 40,000 tons of beef with no condition attached to the country of origin.

#### **E622 Country allocation**

Non-WTO bound TRQs where a fixed volume or value of the product must originate in one or more countries.

**Example:** Fresh bananas from country A can be imported duty free up to 4,000 tons.

### **E9 Quantity control measures, n.e.s.**

## **F PRICE-CONTROL MEASURES, INCLUDING ADDITIONAL TAXES AND CHARGES**

Measures implemented to control or affect the prices of imported goods in order to, inter alia, support the domestic price of certain products when the import prices of these goods are lower; establish the domestic price of certain products because of price fluctuation in domestic markets, or price instability in a foreign market; or to increase or preserve tax revenue. This category also includes measures other than tariffs measures that increase the cost of imports in a similar manner, i.e. by fixed percentage or by a fixed amount. They are also known as para-tariff measures.

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## **F1 Administrative measures affecting customs value**

Setting of import prices by the authorities of the importing country by taking into account the domestic prices of the producer or consumer. It could take the form of establishing floor- and ceiling-price limits; or reverting to determined international market values. There may be different price setting, such as minimum import prices or prices set according to a reference.

### **F11 Minimum import prices**

Pre-established import price below which imports cannot take place.

***Example:** A minimum import price is established for fabric and apparel.*

### **F12 Reference prices**

Pre-established import price which authorities of the importing country use as reference to verify the price of imports.

***Example:** Reference prices for agricultural products are based on the farm-gate price, which is the net value of the product when it leaves the farm, after marketing costs have been subtracted.*

### **F19 Other administrative measures affecting the customs value, n.e.s.**

## **F2 Voluntary export-price restraints (VEPRs)**

An arrangement in which the exporter agrees to keep the price of the goods above a certain level.<sup>5</sup> A VEPR process is initiated by the importing country and is thus considered as an import measure.

***Example:** The export price of video cassette tapes is set higher in order to defuse trade friction with major importing countries.*

## **F3 Variable charges**

Taxes or levies aimed at bringing the market prices of imported products

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<sup>5</sup> These measures are prohibited by the WTO Agreements. Under the Agreements on Antidumping and on Subsidies and Countervailing Measures, however, measures in the form of price undertakings are permitted under certain conditions. See D13 and D23 for examples.

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in line with the prices of corresponding domestic products:<sup>6</sup> Primary commodities may be charged per total weight, while charges on processed foodstuffs can be levied in proportion to the primary product contents in the final product. These charges include:

### **F31 Variable levies**

A tax or levy whose rate varies inversely with the price of imports to keep a stable price in the home country: applied mainly to primary products and may be called flexible import fee.

**Example:** *The target price for a seed is \$700 per ton; since the world price is \$500, there is a levy for \$200. If the world price changed to \$600, the levy would change to \$100.*

### **F32 Variable components**

A tax or levy whose rate includes an ad valorem component and a variable component: These charges are applied mainly to processed products where the variable part is applied on the primary products or ingredients included the final product. It may be called compensatory element.

**Example:** *A tariff rate on sugar confectionary is set as "25% plus \$25 per kg of contained sugar minus the price per kg of sugar".*

### **F39 Variable charges n.e.s**

## **F4 Customs surcharges**

An ad hoc tax levied solely on imported products in addition to customs tariff to raise fiscal revenues or to protect domestic industries.

**Example:** *Customs surcharge, surtax or additional duty.*

## **F5 Seasonal duties**

Duties applicable at certain times of the year, usually in connection with agricultural products.

**Example:** *Imports of fresh perry pears, in bulk from 1 August to 31 December may enter free of duty, while in other months, seasonal duties applied.*

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<sup>6</sup> These measures are prohibited by the WTO Agreement on Agriculture, article 4.

## **F6 Additional taxes and charges levied in connection to services provided by the government**

Additional charges, which are levied on imported goods in addition to customs duties and surcharges and which have no internal equivalents.<sup>7</sup> They include:

**F61 Custom-inspection, -processing and -servicing fees**

**F62 Merchandise-handling or -storing fees**

**F63 Tax on foreign exchange transactions**

**F64 Stamp tax**

**F65 Import licence fee**

**F66 Consular invoice fee**

**F67 Statistical tax**

**F68 Tax on transport facilities**

**F69 Additional charges, n.e.s.**

## **F7 Internal taxes and charges levied on imports**

Taxes levied on imports that have domestic equivalents.<sup>8</sup>

### **F71 Consumption taxes**

A tax on sales of products which are generally applied to all or most products.

**Example:** *Sales tax, turnover tax (or multiple sales tax), value added tax.*

### **F72 Excise taxes**

A tax imposed on selected types of commodities, usually of a luxurious or non-essential nature. This tax is levied separately from,

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<sup>7</sup> It should be noted that article VIII of GATT states that fees and charges other than customs duties and internal taxes “shall be limited in amount to the approximate cost of services rendered and shall not represent an indirect protection to domestic products or a taxation of imports or exports for fiscal purposes”.

<sup>8</sup> Article III of the GATT Agreement allows internal taxes to be applied to imports; however, these taxes should not be higher than those applied to similar domestic products.

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and in addition to, the general sales taxes.

**Example:** *Excise tax, tax on alcoholic consumption, cigarette tax.*

### **F73 Taxes and charges for sensitive product categories**

Charges that include emission charges, (sensitive) product taxes and administrative charges: The latter charges are meant to recover the costs of administrative control systems.

**Example:** *CO<sub>2</sub> emission charge on motor vehicles.*

### **F79 Internal taxes and charges levied on imports, n.e.s.**

## **F8 Decreed customs valuations**

Value of goods determined by a decree for the purpose of imposition of customs duties and other charges: This practice is presented as a means to avoid fraud or to protect domestic industry. The decreed value de facto transforms an ad valorem duty into a specific duty.

**Example:** *the so-called “valeur mercuriale” in Francophone countries.*

## **F9 Price-control measures, n.e.s**

# **G FINANCE MEASURES**

Finance measures 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.

## **G1 Advance payment requirement**

Advance payment requirements related to the value of the import transaction and/or related import taxes: These payments are made at the time an application is lodged, or when an import licence is issued. They can consist of:

### **G11 Advance import deposit**

A requirement that the importer should deposit a percentage of the value of the import transaction before receiving the goods: No interest is paid on the deposits.

**Example:** *Payment of 50% of the transaction value is required three*

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*months before the expected arrival of the goods to the port of entry.*

### **G12 Cash margin requirement**

A requirement to deposit the total amount of the transaction value in a foreign currency, or a specified part of it, in a commercial bank, before the opening of a letter of credit.

**Example:** *Deposit of 100% of the transaction value is required at the designated commercial bank.*

### **G13 Advance payment of customs duties**

A requirement to pay all or part of the customs duties in advance: No interest is paid on these advance payments.

**Example:** *Payment of 100% of the estimated customs duty is required three months before the expected arrival of the goods to the port of entry.*

### **G14 Refundable deposits for sensitive product categories**

A requirement to pay a certain deposit which is refunded when the used product or its container is returned to a collection system.

**Example:** *A \$100-deposit is required for each refrigerator, which will be refunded when brought in for recycling after use.*

### **G19 Advance payment requirements, n.e.s.**

## **G2 Multiple exchange rates**

Varying exchange rates for imports, depending on the product category: Usually, the official rate is reserved for essential commodities, while the other goods must be paid at commercial rates or occasionally by buying foreign exchange through auctions.<sup>9</sup>

**Example:** *Only the payment for infant food and staple food imports may be made at the official exchange rate.*

## **G3 Regulation on official foreign exchange allocation**

### **G31 Prohibition of foreign exchange allocation**

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<sup>9</sup> The use of multiple exchange rates is formally prohibited by the GATT 1994.

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No official foreign exchange allocations are available to pay for imports.

**Example:** *Foreign exchange is not allocated for imports of luxury products such as motor vehicles, TV sets, jewellery, etc.*

### **G32 Bank authorization**

A requirement to obtain a special import authorization from the central bank.

**Example:** *For imports of motor vehicles, a central bank permit is required in addition to the import licence.*

### **G33 Authorization linked with non-official foreign exchange**

Licence granted only if non-official foreign exchange is used for the import payment.

#### **G331 External foreign exchange**

Licence granted only for imports related to technical assistance projects and other sources of external foreign exchange.

**Example:** *Imports of construction materials are allowed only if payments may be made through the foreign direct investment fund.*

#### **G332 Importers' own foreign exchange**

Licence granted if the importer holds foreign exchange in an overseas bank.

**Example:** *Imports of textile materials are authorized only if the importer can pay directly to the exporter with foreign exchange obtained export activity abroad.*

#### **G339 Licence linked with non-official foreign exchange, n.e.s.**

### **G39 Regulation on official foreign exchange allocation, n.e.s.**

## **G4 Regulations concerning terms of payment for imports**

Regulations related to conditions of payment of imports and the obtaining and use of credit (foreign or domestic) to finance imports.

**Example:** *No more than 50% of the transaction value can be paid in*

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*advance of the arrival of goods to the port of entry.*

## **G9 Finance measures, n.e.s.**

# **H MEASURES AFFECTING COMPETITION**

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

## **H1 State-trading enterprises, for importing; other selective import channels**

### **H11 State-trading enterprises, for importing**

Enterprises (whether or not State-owned or -controlled) with special rights and privileges not available to other entities, which influence through their purchases and sales the level or direction of imports of particular products. (See also P2.)

***Example:** A statutory marketing board with exclusive rights to control imports of certain grains, a canalizing agency with an exclusive right to distribute petroleum, a sole importing agency or importation reserved for specific importers regarding certain categories of goods.*

### **H19 Other selective import channels, n.e.s.**

## **H2 Compulsory use of national services**

### **H21 Compulsory national insurance**

A requirement that imports must be insured by a national insurance company.

### **H22 Compulsory national transport**

A requirement that imports must be carried by a national shipping company.

### **H29 Compulsory national service, n.e.s.**

## **H9 Measures affecting competitions, n.e.s.**

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## I TRADE-RELATED INVESTMENT MEASURES<sup>10, 11</sup>

### I1 Local content measures

Requirements to purchase or use certain minimum levels or types of domestically produced or sourced products, or restrictions on the purchase or use of imported products based on the volume or value of exports of local products.

**Example:** *In the production of automobiles, locally produced components must account for at least 50% of the value of the components used.*

### I2 Trade-balancing measures

Restrictions on the importation of products used in or related to local production, including in relation to the amount of local products exported; or limitations on access to foreign exchange used for such importation based on the foreign exchange inflows attributable to the enterprise in question.

**Example:** *A company may import materials and other products only up to 80% of its export earnings of the previous year.*

### I9 Trade-related investment measures, n.e.s

## J DISTRIBUTION RESTRICTIONS

Distribution of goods inside the importing country may be restricted. It may be controlled through additional license or certification requirements.<sup>12</sup>

### J1 Geographical restriction

Restriction to limit the sales of goods to certain areas within the importing country.

**Example:** *Imported beverages may only be sold in cities having a facility to recycle the containers.*

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<sup>10</sup> Subject to certain exceptions, the measures listed in I1-I2 are inconsistent with the TRIMs Agreement (respectively, the obligations of national treatment under article III and general elimination of QRs under article XI of GATT 1994). See Illustrative List annexed to the TRIMs Agreement.

<sup>11</sup> Trade-related investment measures in the form of export restrictions are included in category P1.

<sup>12</sup> These restrictions are closely related to regulations of distribution services.

## **J2 Restriction on resellers**

Restriction to limit the sales of imported products by designated retailers.

**Example:** *Exporters of motor vehicles need to set up their own retail points, as existing car dealers in the destination country belong exclusively to car producers in that country.*

## **K RESTRICTIONS ON POST-SALES SERVICES**

Measures restricting producers of exported goods to provide post-sales service in the importing country.

**Example:** *After-sales servicing on exported TV sets must be provided by a local service company of the importing country.*

## **L SUBSIDIES (excluding export subsidies under P7)**

Financial contribution by a government or public body, or via government entrustment or direction of a private body (direct or potential direct transfer of funds: e.g. grant, loan, equity infusion, guarantee; government revenue foregone; provision of goods or services or purchase of goods; payments to a funding mechanism), or income or price support, which confers a benefit and is specific (to an enterprise or industry or group thereof, or limited to a designated geographical region).

**Example:** *The government provides producers of chemicals a one-time cash grant to replace antiquated production equipment.*

**Note:** *This category is to be further subdivided after further study on the subject.*

## **M GOVERNMENT PROCUREMENT RESTRICTIONS**

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

**Example:** *A government office has a traditional supplier of its office equipment requirement, in spite of higher prices than similar foreign suppliers.*

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## 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.

**Example:** *Clothing with unauthorized use of trademark is sold at much lower price than the authentic products.*

## O RULES OF ORIGIN

Rules of origin cover laws, regulations and administrative determinations of general application applied by government of importing countries to determine the country of origin of goods. Rules of origin are important in implementing trade policy instruments such as antidumping and countervailing duties, origin marking and safeguard measures.

**Example:** *Machinery products produced in a country are difficult to fulfil the rules of origin to qualify for the reduced tariff rate of the importing country, as the parts and materials originate in different countries.*

## P EXPORT-RELATED MEASURES

Export-related measures are measures applied by the government of the exporting country on exported goods.

### P1 Export-license, -quota, -prohibition and other quantitative restrictions<sup>13</sup>

Restrictions to the quantity of goods exported to a specific country or countries by the government of the exporting country for reasons such as a shortage of goods in the domestic market, regulating domestic prices, avoiding antidumping measures or for political reasons.<sup>14</sup>

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<sup>13</sup> Trade-related investment measures in the form of export restrictions are included in this category.

<sup>14</sup> All of these measures are formally prohibited by GATT 1994, but may be applied under specific situations identified in article XI of GATT 1994.

**P11 Export prohibition**

Prohibition of exports of certain products.

**Example:** *Export of corn is prohibited because of a shortage in domestic consumption.*

**P12 Export quotas**

Quotas that limit value or volume of exports.

**Example:** *An export quota of beef is established to guarantee adequate supply in the domestic market.*

**P13 Licensing- or permit requirements to export**

A requirement to obtain a licence or a permit by the government of the exporting country to export products.

**Example:** *Exports of diamond ores are subject to licensing by the Ministry.*

**P14 Export registration requirements**

A requirement to register products before being exported (for monitoring purposes).

**Example:** *Pharmaceutical products need to be registered before being exported.*

**P19 Export quantitative restrictions, n.e.s.****P2 State-trading enterprises, for exporting; other selective export channels****P21 State-trading enterprises, for exporting**

Enterprises (whether or not State-owned or -controlled) with special rights and privileges not available to other entities, which influence through their purchases and sales the level or direction of exports of particular products (See also H1).

**Example:** *An export monopoly board, to take advantage of terms of sale abroad; a marketing board, to promote for export on behalf of a large number of small farmers.*

**P29 Other selective export channels, n.e.s.**

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### P3 Export price-control measures

Measures implemented to control the prices of exported products.

**Example:** *Different prices for exports are applied from the same product sold in the domestic market (dual pricing schemes).*

### P4 Measures on re-export

Measures applied by the government of the exporting country on exported goods which have originally been imported from abroad.

**Example:** *Re-export of wines and spirits back to the producing country is prohibited. The practice is common in cross-border trade to avoid imposition of domestic excise tax in the producing country.*

### P5 Export taxes and charges

Taxes collected on exported goods by the government of the exporting country: they can be set either on a specific or an ad valorem basis.

**Example:** *An export duty on crude petroleum is levied for revenue purposes.*

### P6 Export technical measures

Export regulations referring to the technical specification of products and conformity assessment systems thereof:

#### P61 Inspection requirement

Control over the quality or other characteristics of products for export.

**Example:** *Exports of processed food products must be inspected for sanitary conditions.*

#### P62 Certification required by the exporting country

Requirement by the exporting country to obtain sanitary, phytosanitary or other certification before the goods are exported.

**Example:** *Export of live animals must carry individual health certificates.*

#### P69 Export technical measures, n.e.s.

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**P7 Export subsidies**

Financial contribution by a government or public body, or via government entrustment or direction of a private body (direct or potential direct transfer of funds: e.g. grant, loan, equity infusion, guarantee; government revenue foregone; provision of goods or services or purchase of goods; payments to a funding mechanism), or income or price support, which confers a benefit and is contingent in law or in fact upon export performance (whether solely or as one of several conditions), including measures illustrated in annex I of the Agreement on Subsidies and Countervailing Measures and measures described in the Agreement on Agriculture.

**Example:** *All manufacturers in country A are exempt from income tax on their export profits.*

**P8 Export credits****P9 Export measures, n.e.s.**

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