

Oman: Business perspectives

Country Report on Non-Tariff Measures



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About the paper

Roughly half of the exporters in Oman are facing challenges related to regulatory and procedural obstacles to trade.

Tackling the burdensome non-tariff measures within the Middle East and North Africa region is key for Omani exporters to benefit from the regional trade agreements.

The report recommends improving the transparency and capacity in regional borders, as well as promote a regional dialogue to improve quality infrastructure.

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For more information on NTM surveys, see www.ntmsurvey.org

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Acronyms

Unless otherwise specified, all references to dollars (\$) are to United States dollars, and all references to tons are to metric tons.

ANSI	American National Standards Institute
GAFTA	Greater Arab Free Trade Area
GCC	Gulf Cooperation Council
ITC	International Trade Centre
MENA	Middle East and North Africa
NTM	Non-tariff measure
PO	Procedural obstacle
UNCTAD	United Nations Conference on Trade and Development

Executive summary

Half of Omani companies face obstacles complying with Non-Tariff Measures mainly applied by partner countries

About half of Omani exporters have difficulties complying with trade-related regulations or procedures in Oman and abroad. Most of the issues refer to procedural obstacles linked to trade regulations, rather than with the regulations themselves. Furthermore, nine out of ten of the reported burdensome cases relate to measures applied by partner countries to Omani imports, while the remaining refer to domestic regulations.

Non-Tariff measures affect exporters differently across sectors in Oman. A total of 52% of manufacturing companies face problems with non-tariff measures when exporting, a figure that drops down to 36% for agricultural exporters.

Omani traders would make the most of regional trade agreements if procedural and regulatory obstacles were removed

As a member of the Gulf Cooperation Council (GCC) and the League of Arab States, Oman has preferential access to regional markets. However, obstacles complying with trade regulations in the region hamper the potential benefits of these preferences. In fact, 78% of the foreign regulations in which Omani exporters experience difficulties are from the Middle East and North Africa countries, Oman's largest export market.

Issuing the certificate of origin necessary to access to preferential access is a major concern. Omani exporters and importers report a lack of recognition of the Omani certificate in regional markets. Arbitrary behavior and lack of knowledge of custom officials about the certificate are the main causes of this issue. The issue exacerbates due to the delays issuing the certificate via the Bayan electronic single window system, a problem that has reduced over time.

Omani exporters also struggle with testing and certification requirements when exporting to the Gulf Cooperation Council (GCC) countries. High costs and delays are common, mainly due to the lack of suitable testing facilities or the non-acceptance of testing conducted in Omani laboratories.

Better information and communication are key aspects to improve competitiveness of Omani exporters

Increasing transparency and access to information is key to improve the companies' experience with Non-Tariff Measures in Oman, particularly in regional trade. Most of the issues with NTMs in the region occur due to misunderstanding or lack of information with established agreement. This report proposes a network of focal points in each of the regional Gulf Cooperation Council (GCC) and Greater Arab Free Trade Area (GAFTA) countries to exchange information on changes in each other's regulations or procedures as well as to request any clarifications.

Trade-related information in Oman and the region is scattered across different agencies and websites. To facilitate communication of trade regulations, requirements and market access conditions, the country should put in place a trade information portal gathering all relevant information to exporters. Given the importance of intra-regional trade, a regional trade information portal for the Arab States should also be put in place.

Oman should also ensure proper communication and maintenances of its digital solutions for cross border trade. It is important to inform companies and public institutions about functionalities of systems such as the Bayan electronic single window, and to train them to properly use this system. Proper maintenance and streamlined approval process are essential to reach the goal of fully paperless system.

UNDERSTANDING NON-TARIFF MEASURES

What are non-tariff measures?

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

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

Classifying NTMs

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

By design, the survey only captures measures that cause difficulties for trading companies. NTMs analyzed in this report refer to 'burdensome NTMs'. Because obstacles to trade are complex, understanding their terminology and classification is important.

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

Procedural obstacles and the business environment

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

Inefficiencies in the trade-related business environment may have similar effects, but these are unrelated to specific NTMs. Examples include delays and costs due to poor infrastructure or inconsistent behavior of officials at customs or ports.

¹ Multi-Agency Support Team (2009).

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

³ Deardorff and Stern (1998).

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

A BUSINESS SURVEY ON NON-TARIFF MEASURES



A business perspective is imperative

As exporters and importers deal with NTMs and other challenges firsthand, a business perspective on these measures is indispensable. For governments, understanding the main concerns of companies about non-tariff measures, procedural obstacles and trade-related business environments can help define national strategies to overcome trade obstacles.

The International Trade Centre (ITC) carried out the NTM Business Survey in Oman in 2018. The survey seeks to provide a better understanding of the trade obstacles confronting Omani companies and to identify potential bottlenecks related to trade procedures and cross-border operations.

Information obtained from the survey will help both the private sector and the Government create an enabling environment for private sector development and improve the export competitiveness of Oman.



Methodology and survey implementation

ITC adapted the general methodology of the survey to meet the needs and requirements of Oman.⁵ ITC compiled a registry of active exporters in the country to determine the population size and to contact the companies. A stratified random sampling method was used to calculate the sample size for each sector. This approach ensures that survey results are representative by sector.

Interviews with Omani enterprises were held in 2018.



Stakeholder consultations

ITC undertook consultations were held with public and private sector representatives during the 'National Stakeholder Meeting on Non-Tariff Measures' in 2018. The meeting aimed to validate the results, stimulate a public and private sector dialogue, and develop proposals and policy options to address the problems identified in the survey.

Recommendations presented in this report have been drafted in consultation with relevant experts and stakeholders.

⁵ For details on the methodology, see Appendix I.

OMAN'S ECONOMY: THE BIG PICTURE



Region
Middle East



Population (2018)
4.8 million



GDP per capita (2018)
\$16,415



Capital
Muscat

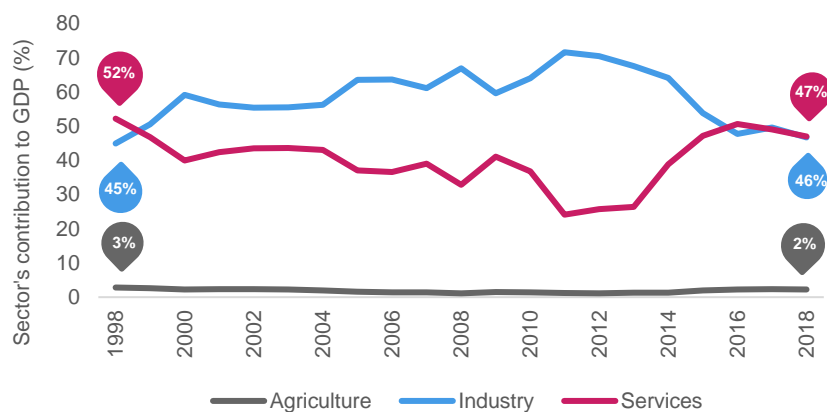


GDP (2018)
\$79 billion



Income group
High income

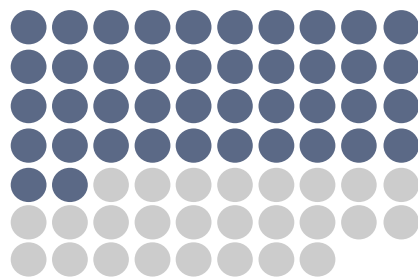
Oman's sector composition (1998 – 2018)



Services sector in Oman has expanded rapidly in the last five years, becoming a major contributor to the GDP, along with the industrial sector.

Source: World Development Indicators, the World Bank, 2020.

Oman's exports and imports in 2018

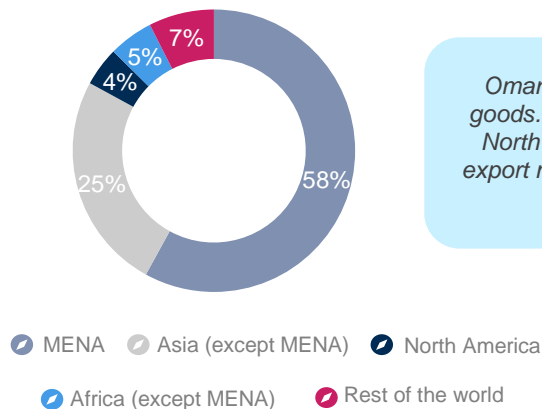


Exports: \$42 billion

Imports: \$26 billion

Note: Each dot represents a billion.

Export markets of Oman, 2018

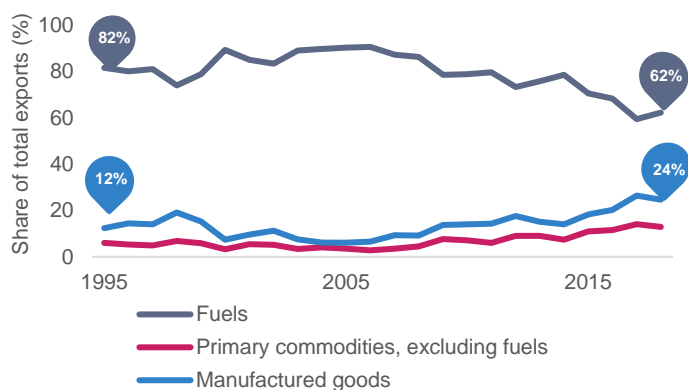


Oman is a net exporter of goods. The Middle East and North Africa is the biggest export market for the country.

Note: The figure does not include exports reported to "areas not elsewhere specified", which represent 65% of exports reported by Oman.

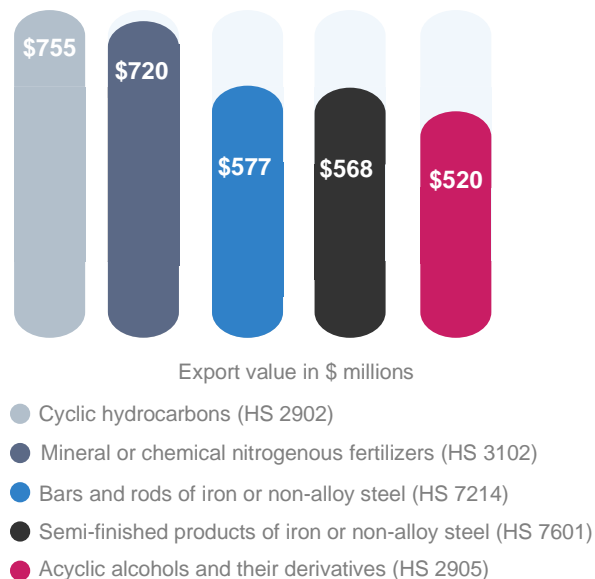
Source: ITC Trade Map, 2020.

Total exports of Oman by type of products (1995 – 2018)



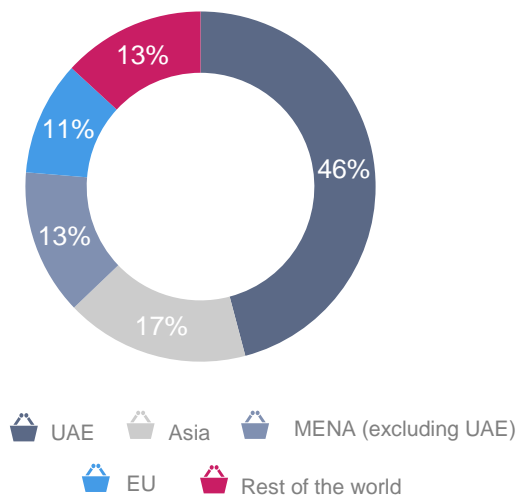
Oman has diversified its exports away from fuels. Chemical products derived from basic forms of fuels with some degree of processing are the main manufacturing exports of Oman.

Top 5 exported products for Oman, excluding minerals and arms, 2018 (HS 4)



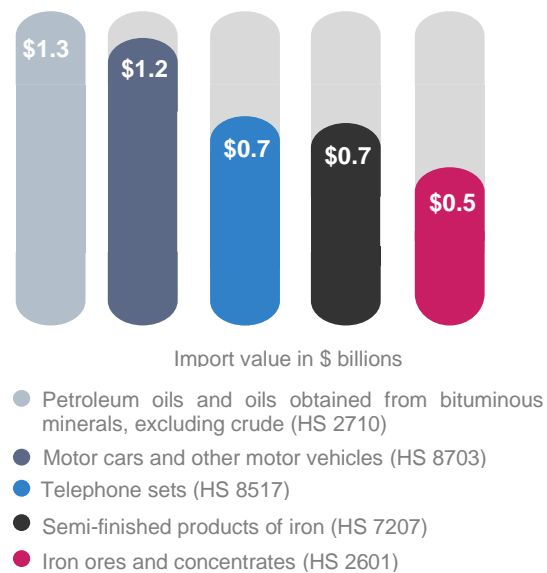
Source: UNCTAD, 2020 and ITC Trade Map, 2020.

Origin of Oman imports, 2018



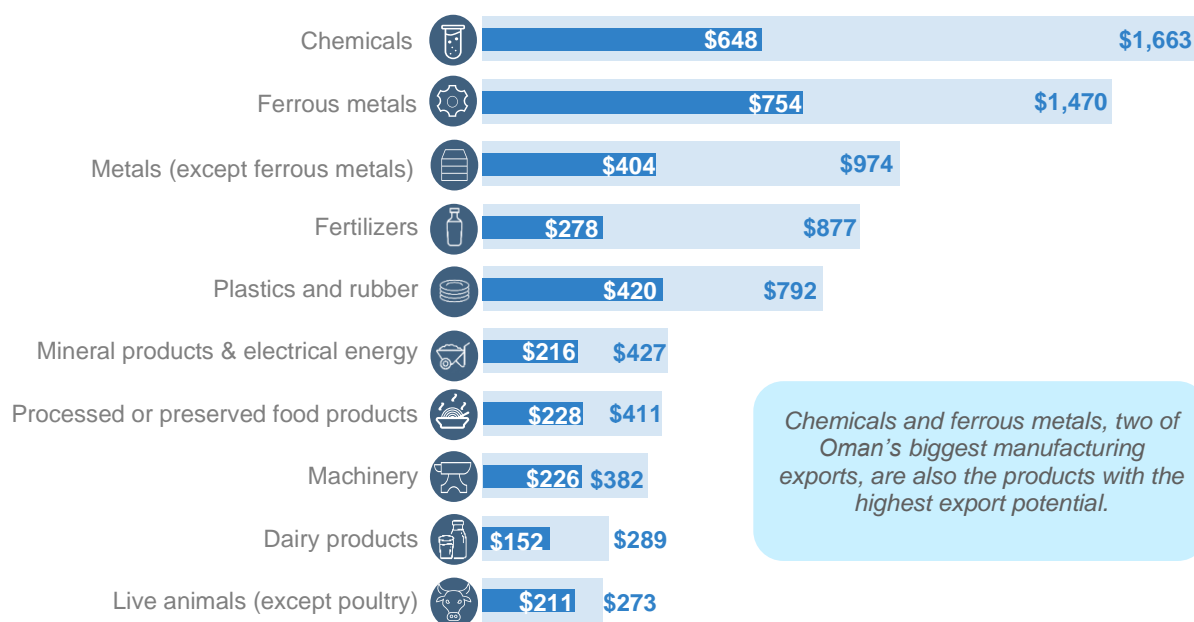
The United Arab Emirates is the most important import market, accounting for 46% of Oman's total imports. Key imported commodities include petroleum oils, motor vehicles and machinery and appliances.

Top 5 imported products for Oman, 2018 (HS 4)



Source: ITC Trade Map, 2020.

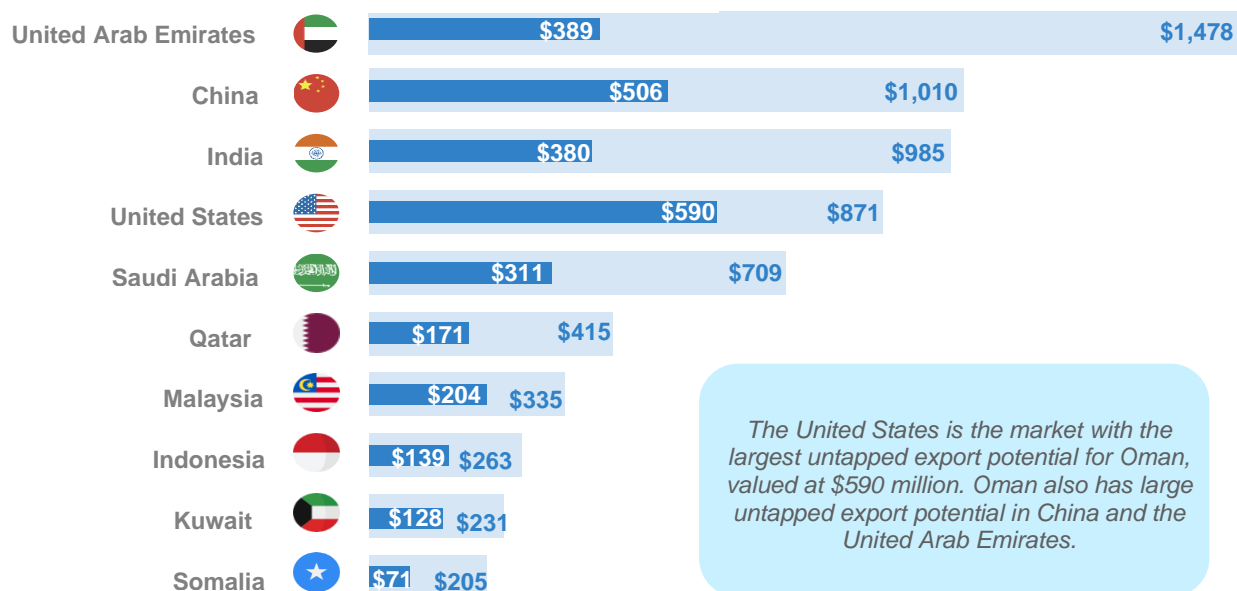
Omani products with the highest export potential (millions)



The **Export Potential** indicates a potential export value based on supply, demand and ease of trade considerations.

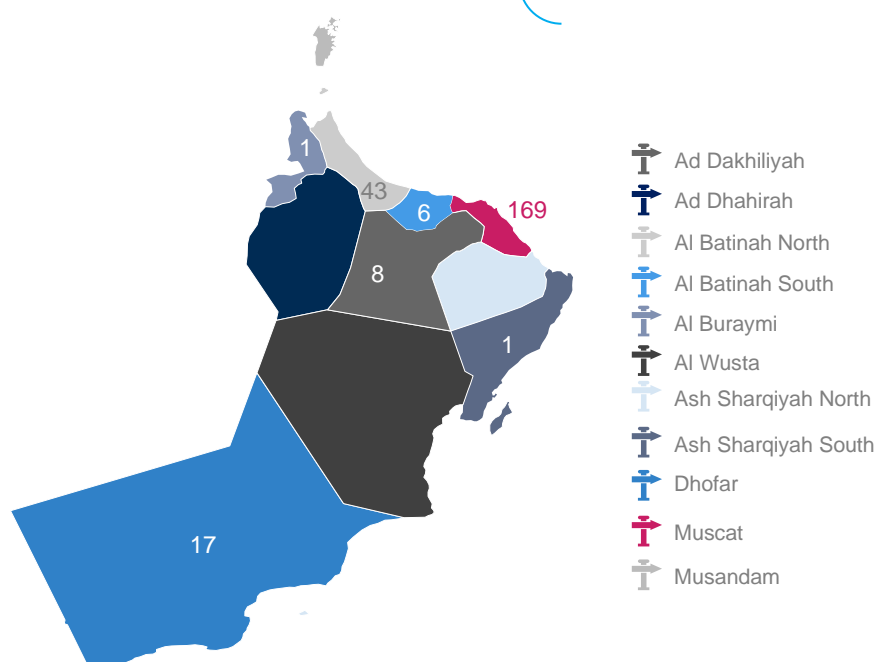
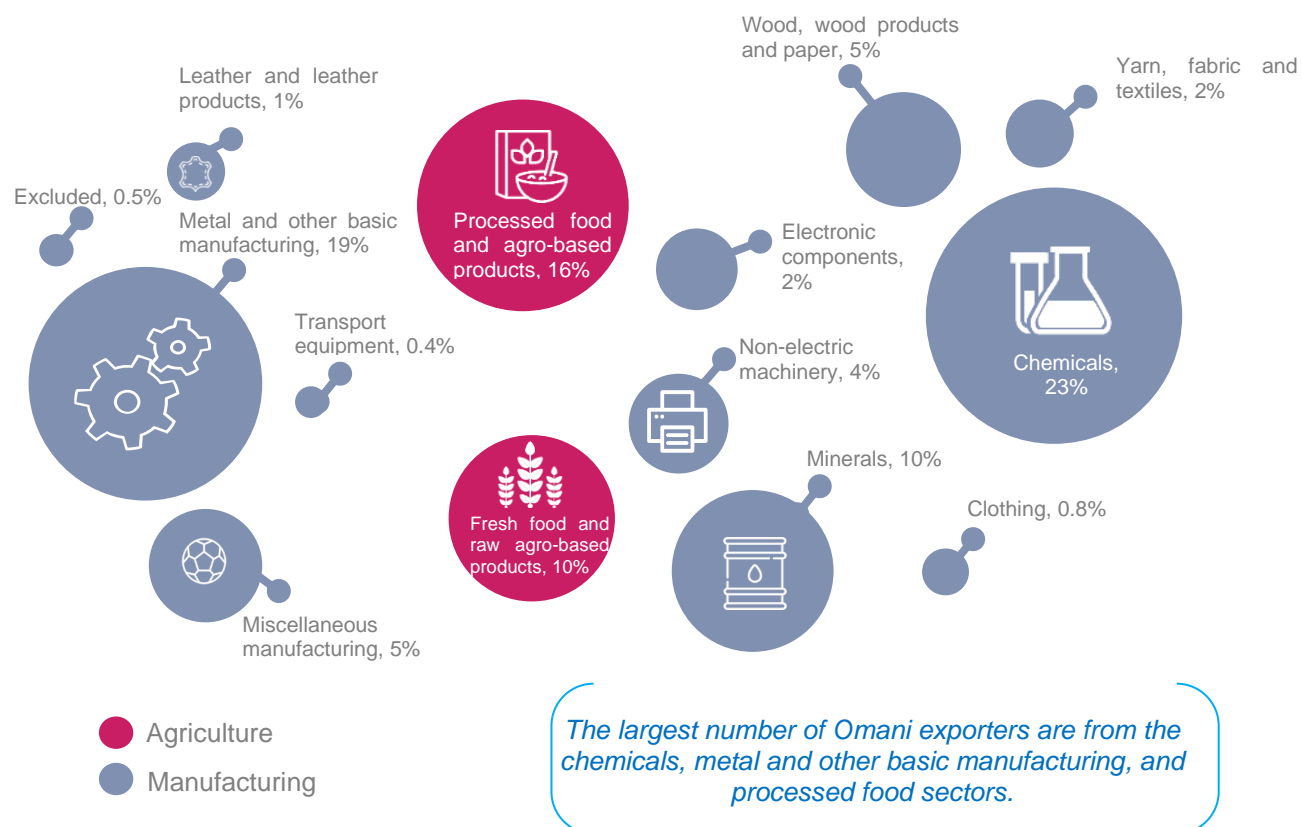
The **Untapped Potential** signals room for export growth if frictions, for example in the form of regulatory or procedural obstacles can be overcome.

Export partners with the highest export potential (millions)



Source: ITC Export Potential Map, 2020.

Exporters in Oman, by sector and region



Most companies are located in the capital Muscat, and in the port city of Sohar located in the governorate of Al Batinah North.

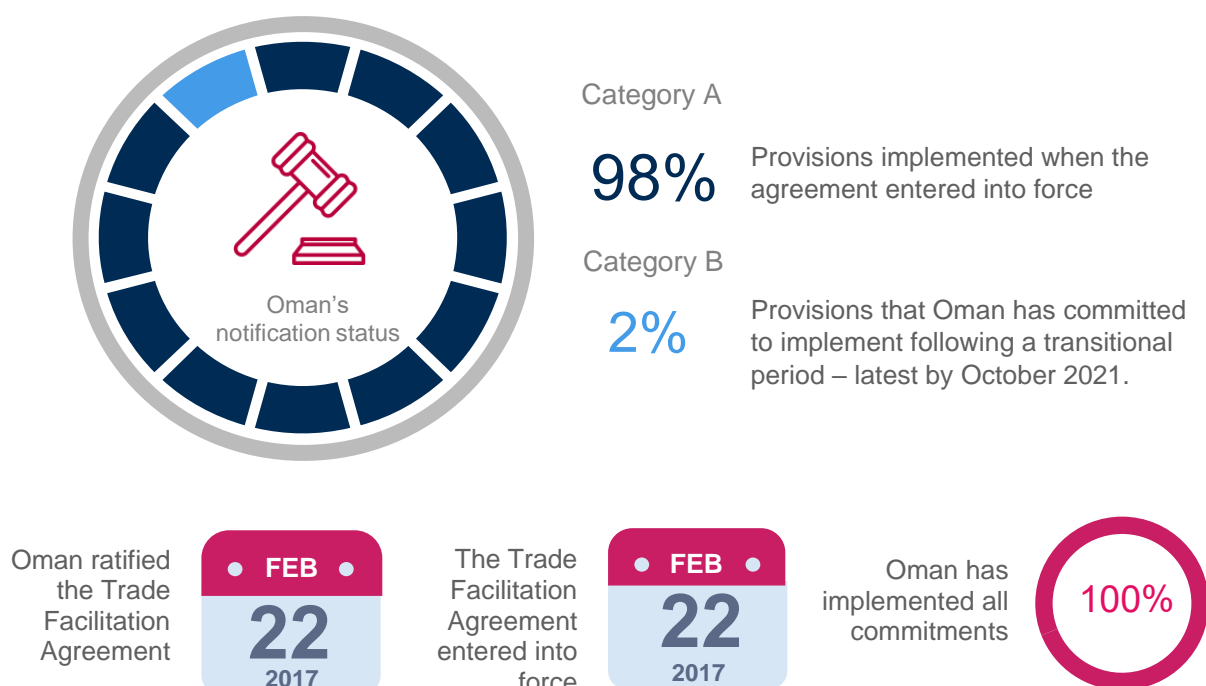
Source: Based on a registry of exporters compiled by ITC.

Duty-free access of Omani's non-agricultural products is low in India and Korea, key markets for their exports

Oman's major export markets (2020)	Diversification 95% trade in number of		Average MNF of traded tariff lines		Preference margin	Duty-free imports	
	HS-2 digit	HS-6 digit	Simple	Weighted	Weighted	Tariff lines (% of total)	Value (% of total)
Agricultural products							
United Arab Emirates	10	29	5	3.9	3.9	100	100
Saudi Arabia	8	16	9.6	5.3	5.3	100	100
Qatar	15	45	5.8	5.3	5.3	100	100
Iran	5	11	17.6	9.0	0.0	0.0	0.0
Bahrain	12	28	7.5	6.9	6.9	100	100
Non-agricultural products							
China	2	6	5.8	0.5	0.0	16.4	88.0
India	9	22	9.7	5.3	0.0	2.8	28.9
Japan	1	2	1.4	0.0	0.0	65.7	99.7
Republic of Korea	2	2	5.3	3.0	0.0	21.0	0.4
United Arab Emirates	25	61	4.8	5.7	5.7	100.0	100.0

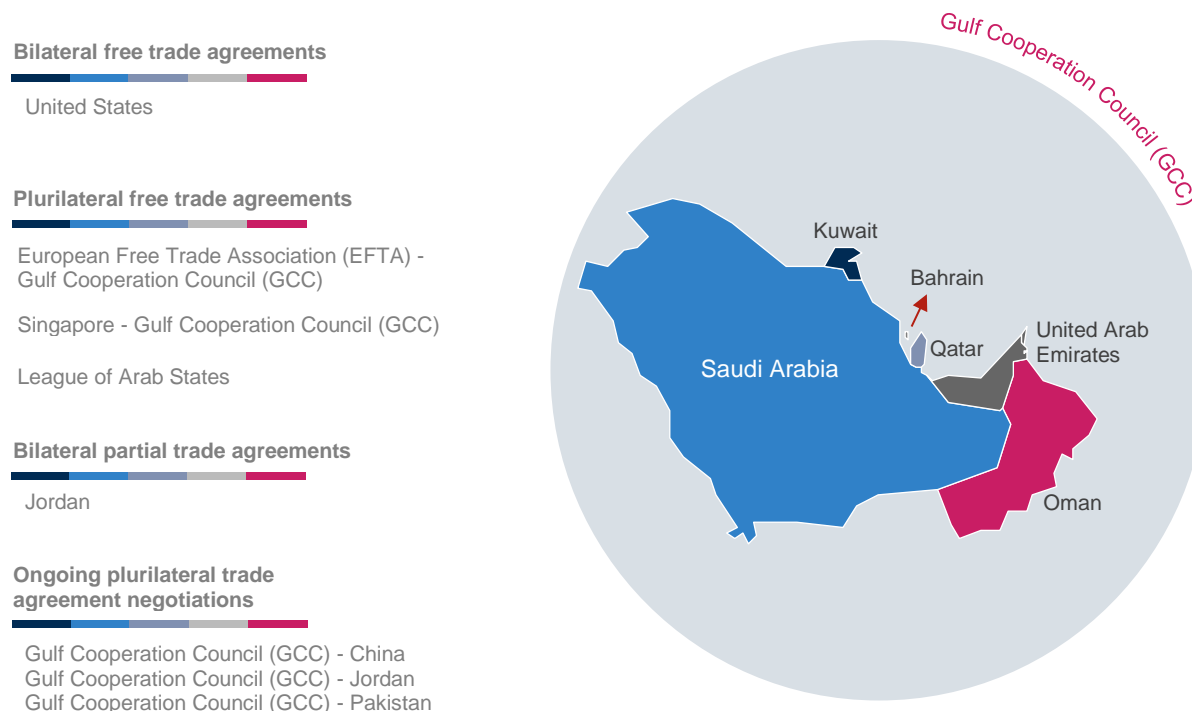
Source: World Tariff Profiles – World Trade Organization (2021).

Oman has implemented all of its Trade Facilitation Agreement Commitments



Source: WTO Trade Facilitation Agreement Database, September 2020.

Most of Oman's free trade agreements have been negotiated through the Gulf Cooperation Council (GCC)



Note: To the best of ITC's knowledge, this figure reflects the situation as of September 2020. The number and list of products for which preferences are granted varies from country/territory to country/territory. Only agreements with reciprocal preferences are shown. Oman may be granted preferential tariffs resulting from trade regimes such as the Generalized System of Preferences, i.e., from countries providing non-reciprocal preferential tariffs to developing and least developed countries.

Source: ITC Market Access Map, 2021.

CHAPTER 1 PROFILES OF SURVEYED COMPANIES



ITC interviewed companies in Oman in a two-stage process:

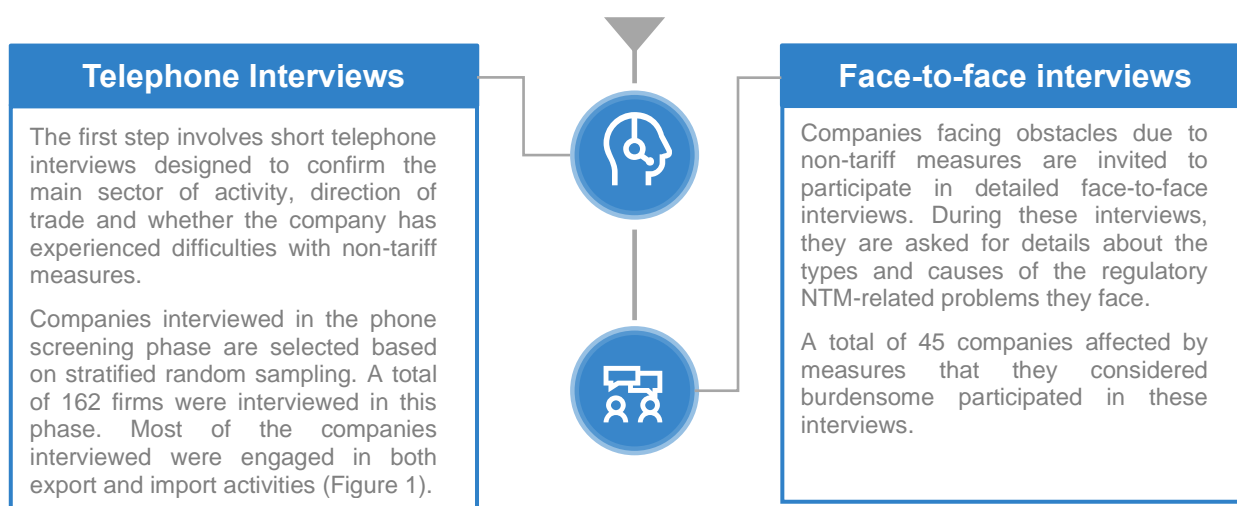


Figure 1 The survey interviewed 162 Omani exporters and importers



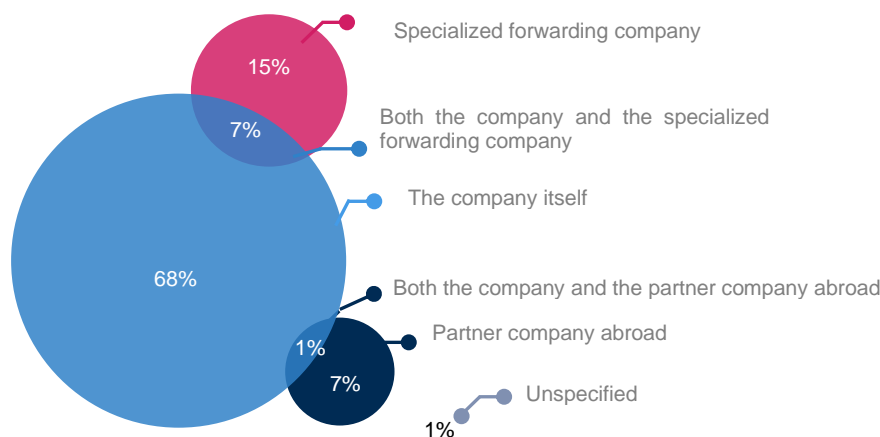
Source: ITC NTM Business Survey in Oman, 2018.

Exporters are also producers of goods. Most handle their own export process

All surveyed exporters manufacture the products they trade. The survey excludes companies such as freight forwarders or other third-party that provide services on the export or import clearance process.

A total of 76% of the companies are involved in the export process of their goods. Most of these companies handle the export procedures on their own. Around 15% of the companies rely on the services of specialized forwarding companies, while the remaining 7% rely on foreign buyers to take care of the export process (Figure 2).

Figure 2 Entity in charge of the companies' export process



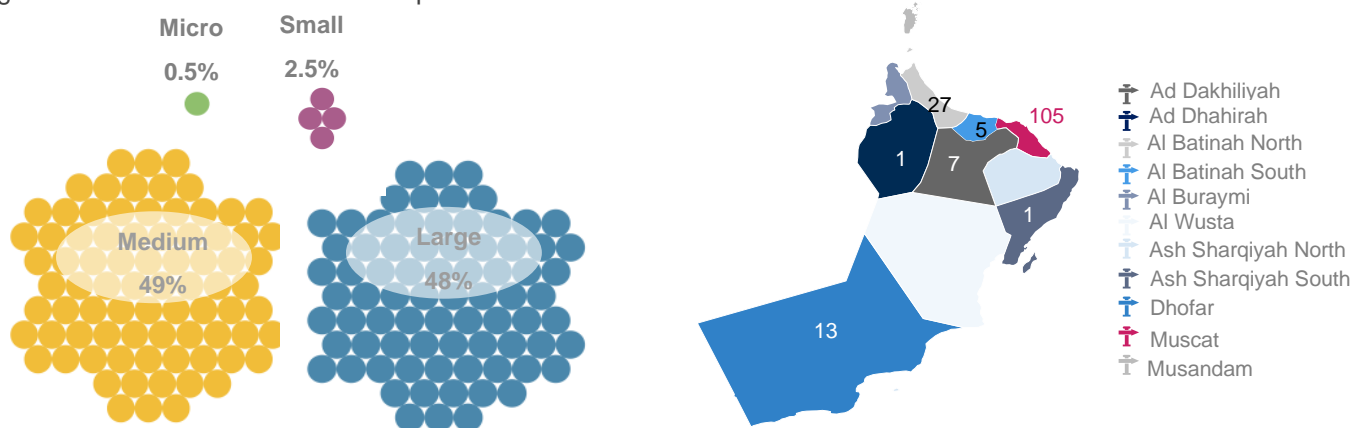
Source: ITC NTM Business Survey in Oman, 2018.

Most surveyed companies are medium-sized and large and located in the capital Muscat

Large and medium-sized companies make up 97% of the interviewed companies (Figure 3). Companies with 10 – 99 employees are classified as medium-sized and those with 100 or more are classified as large. Micro and small companies, those with less than 10 employees, make up only a small share of the interviewed exporters (3%).

An effort was made to gather company insights from different regions. As such, the survey covered eight out of the eleven Governorates of Oman. Among the interviewed exporters, more than half were based in Muscat region – the economic hub of the country.

Figure 3 Size and location of companies interviewed⁷



Source: ITC NTM Business Survey in Oman, 2018.

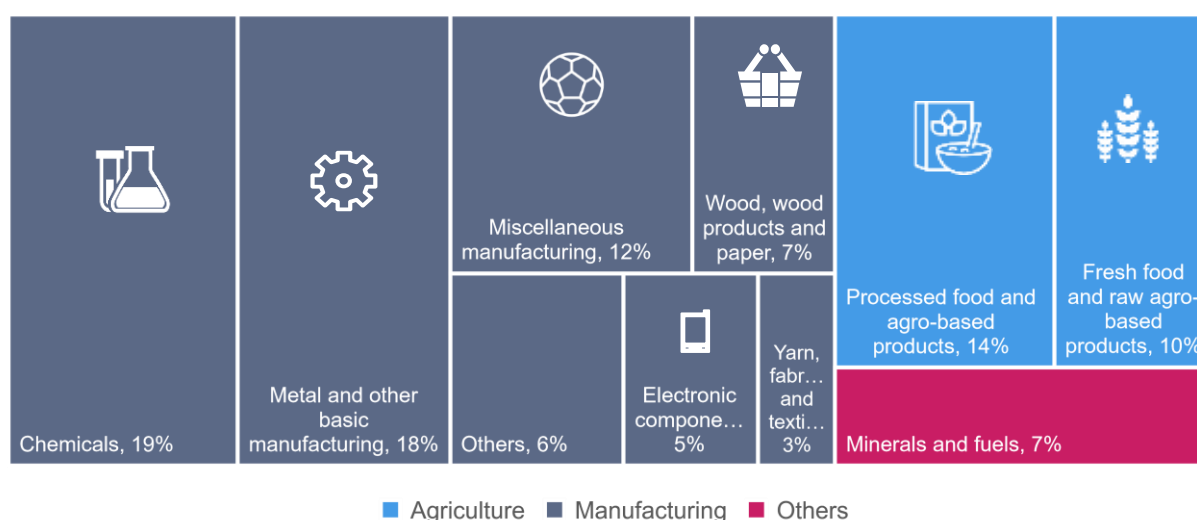
⁷ Company size corresponds to the national classification based on number of employees. Companies with less than five employees are classified as micro; between five and nine employees are classified as small; between ten and 99 are medium-sized companies, and those with more than 99 companies are considered large companies.

Exporters from most of the sectors are covered⁸

At a broad level, two-thirds of the interviewed exporters are from the manufacturing sector. Chemicals (19%), metal and other basic manufacturing (18%) and miscellaneous manufacturing (12%) are among the main types of products exported by these companies (Figure 4).

Companies from the agricultural sector make up 24% of the sample, which include exporters of processed food (14%) and fresh food (10%). Given the importance of petroleum and mineral exports to the Omani economy, a few companies from these sectors were also interviewed.

Figure 4 Main export sector of interviewed companies

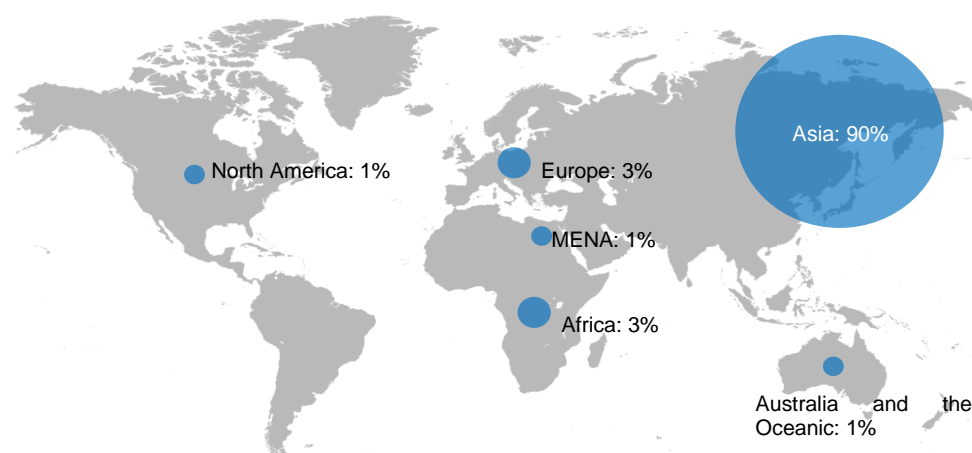


Source: ITC NTM Business Survey in Oman, 2018

Asia is the main export market of surveyed companies

Asia is the main export destination for 90% of the surveyed companies. The Middle East and North Africa (MENA) region is the main destination only for 1% of companies interviewed, while Europe and the rest of Africa are top destinations for 3% of surveyed exporters respectively.

Figure 5 Main export market of interviewed companies



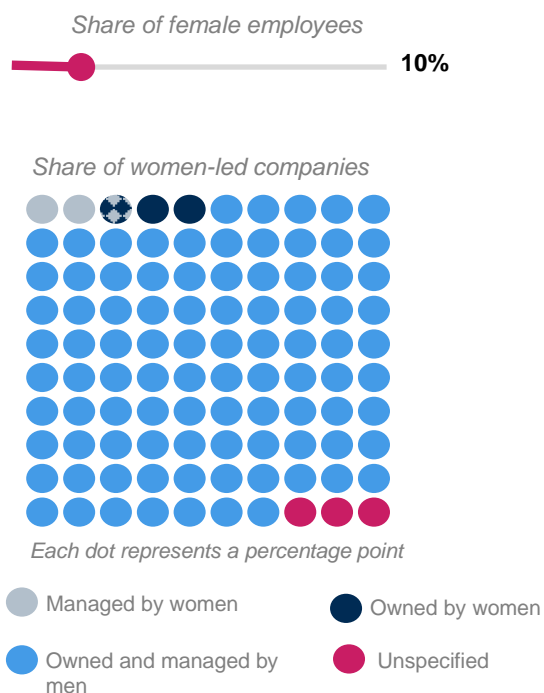
Source: ITC NTM Business Survey in Oman, 2018.

⁸ ITC categorizes the surveyed companies in two broad sectors (agriculture and manufacturing) and a further 13 subsectors – based on the main export of each company.

Women lag in employment and leadership in business

Female employment and leadership in Omani trading companies are low. On average, only 10% of the total company's employees are women. In the context of leading a business, only 5% of the companies are directed or owned by a woman, while 92% of the interviewed companies are neither managed nor owned by women (Figure 6).

Figure 6 Oman has a low female employment rate and few women in key company positions



Source: ITC NTM Business Survey in Oman, 2018.

CHAPTER 2 THE COMPANY PERSPECTIVE



NTMs are a hindrance for Omani exporters

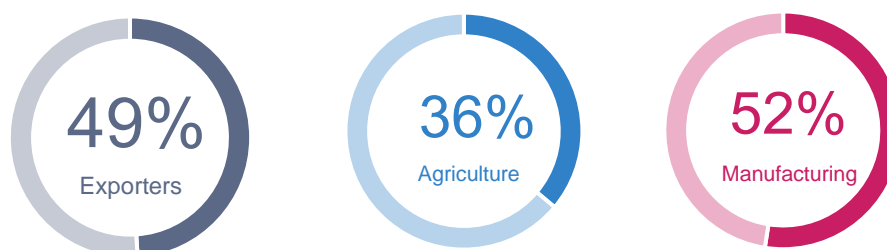
Exporting can be difficult – especially for companies from developing countries with limited resources and inadequate information. In addition to establishing business relation with foreign buyers, exporters need to ensure compliance with a myriad of domestic and foreign trade regulations and follow the necessary procedures. Fulfilling these requirements may not be straightforward for a variety of reasons including competency, time, and costs.

In Oman, 49% of the exporters report difficulties with burdensome regulations (Figure 7). This figure is higher than the average in the MENA region (44% of exporters affected), but lower than the figure in the Asia-Pacific region (56% of exporters affected). The affectedness rate in other world regions such as West Africa (73%) and East Africa (65%) is higher while the rate is lower in South America and the Caribbean (42%) and the European Union (36%).⁹

Affectedness rate is higher among exporters in manufacturing sector

Exporters of manufactured products are among the most affected by NTMs. Overall, 52% of manufacturing exporters are facing difficulties due to regulatory and procedural obstacles. In contrast, 36% of the agricultural exporters are affected (Figure 7).

Figure 7 Share of companies affected by burdensome NTMs when exporting



Source: ITC NTM Business Survey in Oman, 2018.

⁹ ITC NTM Business Surveys have been implemented in over 70 countries. For detail refer to www.ntmsurvey.org.

Foreign regulations make up the bulk of burdensome NTMs

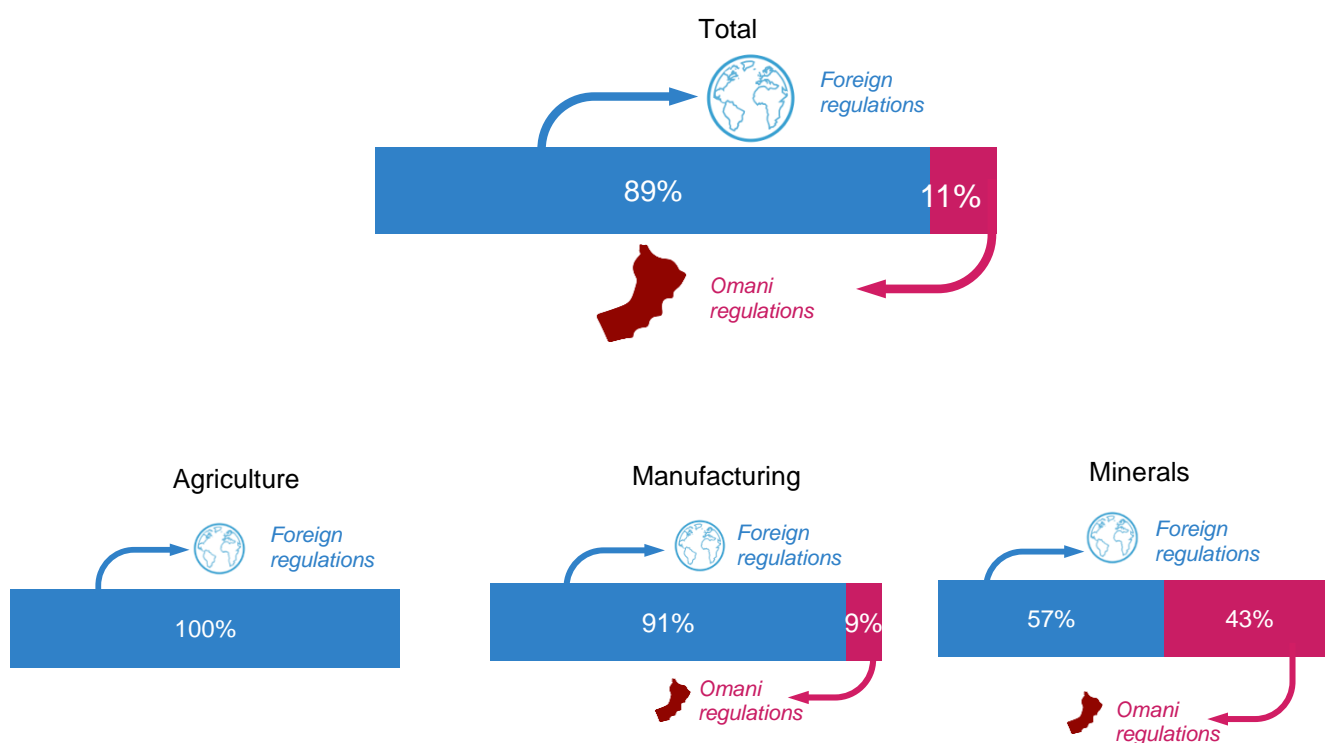
Exporters have to comply with a range of domestic and foreign regulations to achieve export success. In certain cases, exporters may need to satisfy additional buyer requirements. These buyer requirements are usually referred to as private standards or voluntary sustainability standards.

Among exporters in Oman, 11% of the regulations they find burdensome are Omani domestic mandates. In comparison to other regions, the share of difficult regulations originating domestically is very low, indicating only a small presence of export restrictive domestic regulations. In the Middle-East and North Africa (MENA) region, approximately 25% of the difficulties exporters face are domestic regulations.¹⁰ Likewise, in the Asia-Pacific region, domestic regulations make up approximately 20% of the reported cases.¹¹

In fact, agricultural exporters do not report any domestic burdensome regulation, while manufacturing companies report only 9% of Omani NTMs. The bulk of burdensome Omani regulations is reported by companies in the minerals sector.

In contrast, a large share of regulatory difficulties Omani exporters face is related to foreign regulations (89%) - imposed by the importing or transit country (Figure 8). For the case of agriculture, the total of burdensome regulations originates abroad, while 91% of the NTMs in manufacturing products are foreign regulations.

Figure 8 Share of burdensome NTMS that are applied by partner countries and Oman when exporting



Source: ITC NTM Business Survey in Oman, 2018.

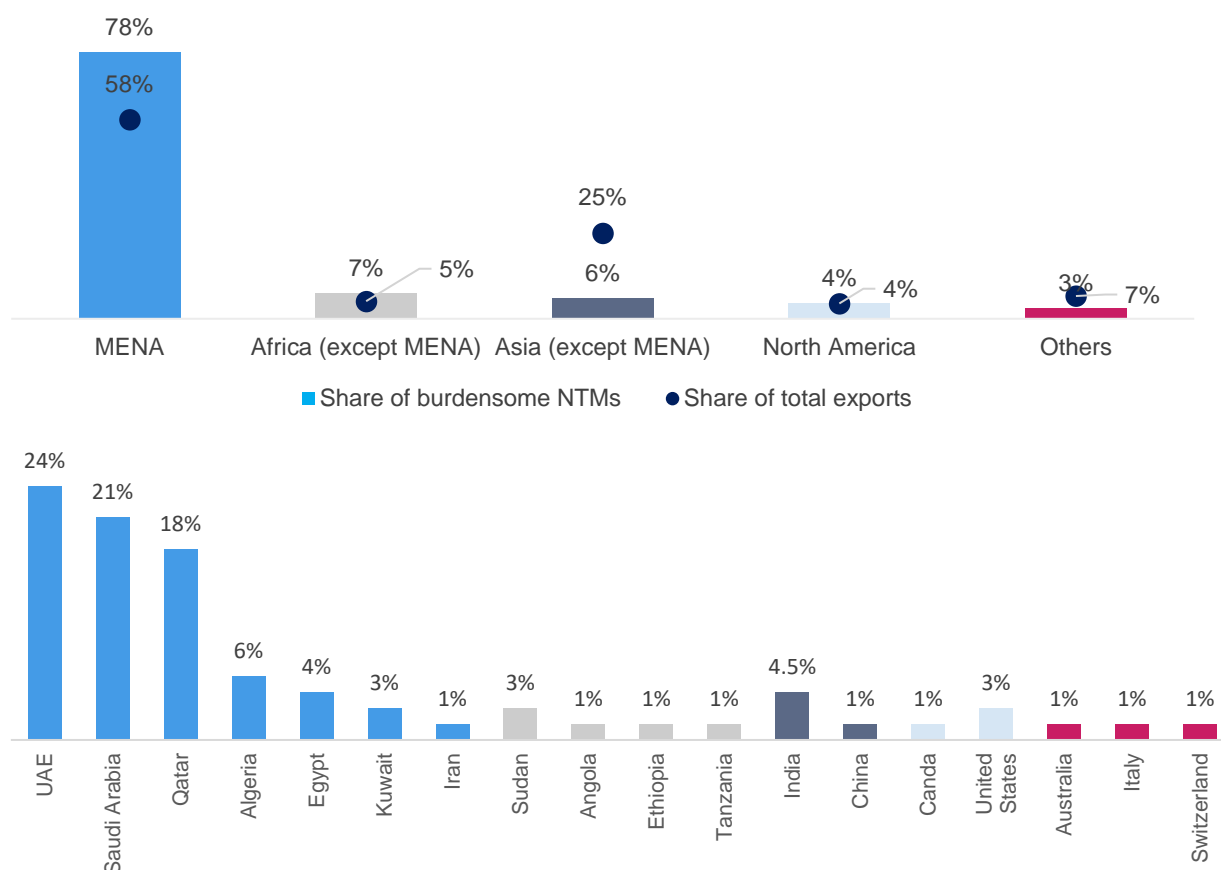
¹⁰ ITC (2015). Working towards regional integration in the Arab States.

¹¹ ITC (2021). Non-tariff measures in the Asia-Pacific.

Difficulties complying with regulations of neighboring MENA countries are among the main concerns

Among the foreign regulations in which Omani exporters experience difficulties, 78% are regulations of the MENA countries – which together form Oman's largest export market. Oman exports roughly \$6.8 billion to the MENA region – which makes up 58% of its overall exports. At the country level, most of the difficult regulations originate from the United Arab Emirates (24%), Saudi Arabia (21%) and Qatar (18%). While Asia concentrates one-quarter of the country total exports, its share of burdensome NTMs is only 6% (Figure 9). Oman's exports to other world region remain low, as the number of regulatory difficulties faced in these regions.

Figure 9 Share of troublesome regulations applied by partners, by region and country



Source: ITC NTM Business Survey in Oman, 2018.

Note: Exports figures include minerals and exclude values exported to “areas not elsewhere specified”.

Exporters experience difficulties with a variety of non-tariff measures

Technical measures are the most common type of NTMs that Omani exporters find burdensome. Overall, 35% of all difficult NTM cases reported by exporters relate to technical regulations. These regulations include technical requirements (7%) and associated conformity assessment (28%) such as testing and product certifications (Figure 10). These figures suggest that Omani exporters find it harder to prove compliance with the regulations than to satisfy the requirements. Factors such as high costs and administrative hurdles are among the main reasons why conformity assessment requirements are deemed burdensome.

The issue with technical regulations remains largely similar between agriculture and manufacturing sectors. Difficulties with conformity assessment are slightly more pronounced among exporters of manufactured products (29%) compared to agricultural products (23%).

Measures on rules of origin and related certificates of origin are also a heavy burden for exporters. Difficulties with rules of origin measures account for 29% of all reported cases. Difficulties with these measures are reported more often among agricultural exporters (38% of the cases), compared to exporters of manufacturing products (31%). Difficulties with export-related measures or Oman's export regulations make up 11% of the reported cases and are experienced largely by the minerals sector.

Besides these, Omani exporters reported difficulties with a few other types of NTMs but at a much smaller scale. These include difficulties with 'charges, taxes and price control measures' (7%), 'quantity control measures' (5%), 'finance measures' (5%), 'pre-shipment inspection and border formalities' (4%), and 'trade remedies' (3%) (Figure 10).

Technical measures include

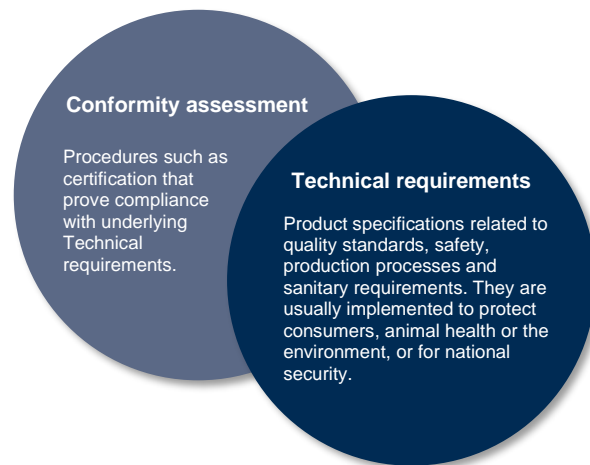
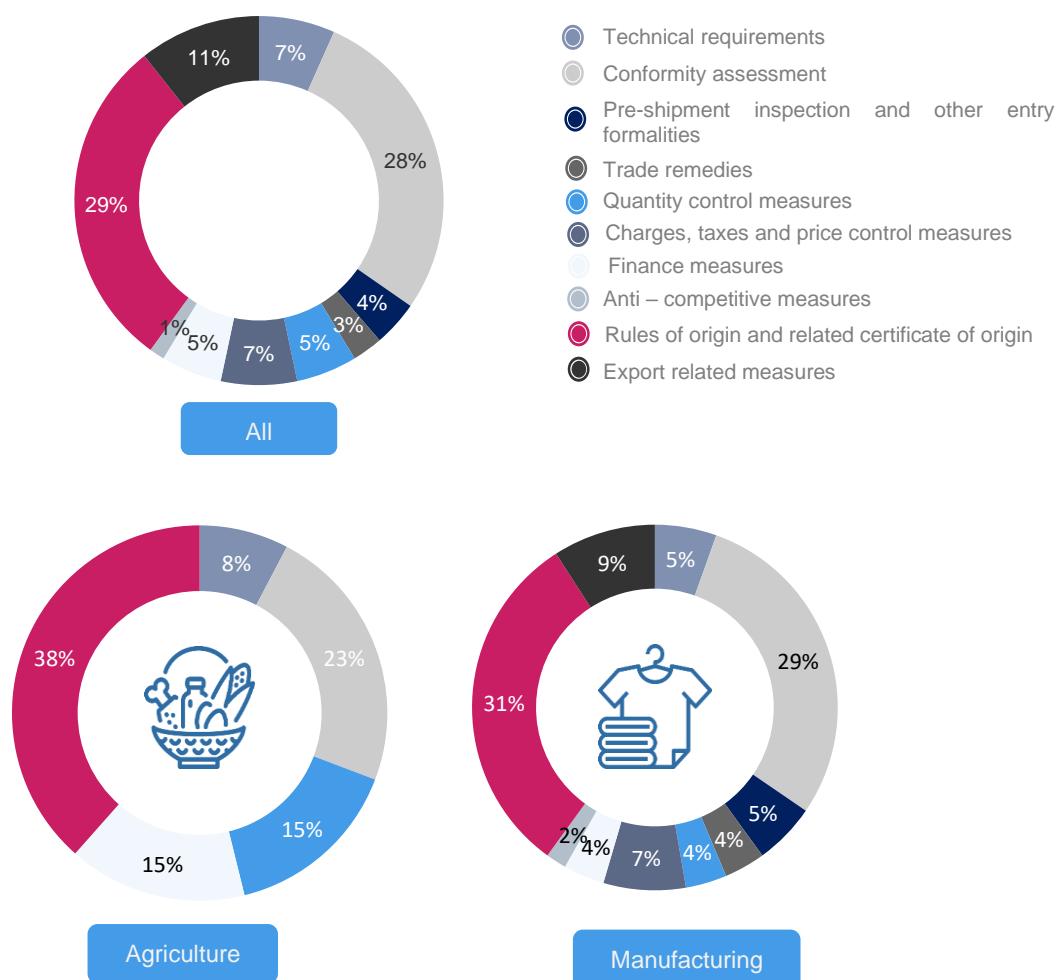


Figure 10 Type of measures Omani exporters find difficult to comply with, by sector



Source: ITC NTM Business Survey in Oman, 2018.

Note: The figure for all companies includes companies in the minerals sector.

Product-specific technical regulations hinder exports

Technical regulations, which include product-specific requirements and associated conformity assessment to prove compliance, form the largest share of NTMs that exporters find burdensome. In fact, proving compliance with technical requirements is a bigger concern for exporters than the technical requirements themselves. Procedural obstacles such as large documentation requirements or official documentation not being recognized abroad, high fees and long delays to obtain necessary certifications, make compliance with technical regulations difficult.

Testing requirements and documentation for exports to GCC countries can be costly and lengthy

Exporters experience difficulties with testing and certification requirements when exporting to Gulf Cooperation Council (GCC) countries largely due to the associated costs and time required. Lack of suitable testing facilities or the non-acceptance of testing conducted in Omani laboratories exacerbates the problem for exporters.

For instance, an exporter of paper cups expressed its dismay at being charged 3% of its shipment value for testing conducted by the UAE customs. Another company exporting vegetables indicated that the UAE does not have enough testing facilities, making the process long and tedious.

Similar incidents are also experienced by exporters in Saudi Arabia and Qatar. In some instances even if the products have already been tested in advance in Oman, Saudi authorities required re-testing, which companies find redundant.

Exporters of plastic bags and asphalt products explained that the Saudi authorities require the company to undergo testing for each shipment.

Likewise, when exporting marbles and limestone to Qatar and UAE respectively, exporters say that they must obtain a new safety certificate for each shipment, despite the fact that the product they export is always the same. They find this requirement redundant as it involves unnecessary paperwork for the same products.

Occasionally, exporters have also faced difficulties with customs officers at the border on the content of the official documents. An exporter of marbles explained that Saudi customs officials express reluctance to accept product documentation issued by Omani Authorities, primarily due to the fact that the documents do not have an expiry date. Saudi authorities ask the exporters to provide an updated document with the expiry date.

What are conformity assessment requirements?

The World Trade Organization Agreement on Technical Barriers to Trade defines conformity assessment as 'any procedure used, directly and indirectly, to determine that relevant requirements in technical regulations or standards are fulfilled'. These requirements include procedures for sampling, testing and inspection; evaluation, verification and assurance of conformity; and registration, accreditation and approvals (ITC, 2005).

Exporters must present a certificate of conformity of their goods, a mark on the product label or both. National standards bodies, trade and industry associations, or third-party certification bodies usually issue the certifications. Though the importing country requires the certification, it may be issued either in the exporting or the importing country.

In the context of the NTM survey, the term 'conformity assessment' is also used for procedures to prove compliance with SPS measures.

Saudi border takes too long to test the product: Between two and three days. This costs the company between 4,000 and 8,000 SR. Moreover, the company cannot export to Qatar through the Saudi border due to this issue with the GCC country.

- Exporter of furniture

Saudi customs requires testing for each shipment. We spent 10 - 15 thousands Omani Riyals for necessary certifications just to comply with Saudi regulations but sometimes they do not even look at the certificates and ask us to do separate testing in a Saudi lab.

- Exporter of asphalt

Cost of foreign certification can hinder access to new markets

For some Omani exporters, the cost of complying with the necessary certification requirements is hindering access to new foreign markets. A company already exporting safety boots to the European Union explained the difficulties it faced when attempting to export to new markets. While its product already complies with the highest standards and is certified with the standards of the European Union, to export to the United States, these certifications were not sufficient. The products had to be certified by the American National Standards Institute (ANSI) standards which would have cost an additional \$4,000. Given the high cost of certification, the company decided not to pursue this venture in the United States.

Domestic and foreign technical requirements are not always compatible

Domestic and foreign regulations are not always compatible, which creates a problem for some Omani companies. Companies exporting Sulphur to Australia faced difficulties due to this issue. Following domestic regulations, the company packs the product in wooden pallets. However, Australia does not allow Sulphur to be packed in plant and plant-based materials, like wooden pallets. As a result, the company has to hire an agent in the destination country exclusively to destroy these wooden pallets. This adds costs and time to the exporting process.

Seasonal bans in the UAE affect Omani exporters

Some of the difficulties agricultural exporters faced were due to import restrictions put in place by neighboring GCC countries on health and safety grounds. The United Arab Emirates, for instance, imposed a ban on carrots imported from Oman. This ban was put in place by the UAE's Ministry of Climate Change and Environment in May 2017 on melon, carrots and watercress from Oman, due to high level of pesticide residues found in previous consignments. The ban also applies to companies who have official certifications to prove that they meet the maximum residues limit requirements.

Large products may have to be disassembled to comply with inspection requirements

For exporters of physically large technical products, inspection requirements at the border presents a unique challenge. Products such as electric transformers are too large to pass through conventional scanners and too complex to be disassembled easily. As a result, when these products are being inspected at Saudi Customs, the company has to send its technical teams to disassemble the transformers in order to comply with the inspection requirement and then to assemble back again. Omani companies exporting these products find it time-consuming and expensive.

Request for informal payments in India

There are some instances of informal payments being demanded by companies. Exporters of sulphur products to India are required to have their products tested at the Regional Fertilizer Control Laboratory (RFCL) in India. While exporters do not have any issues with the testing requirement itself, they expressed their displeasure at being asked for informal payments by the laboratory staff to issue the testing certificate.

Rules of origin are the top concern for agricultural exporters

Measures on rules of origin are another top concern for Omani exporters. This issue is more troublesome for agricultural exporters (38%), compared to exporters of manufacturing products (31%).

Issues with certificate of origin are largely related to regional partners

Most of the reported issues with rules of origin measures concern exports to GCC countries (Figure 11). As part of the GCC trading block, Oman benefits from preferential tariff access to the markets of other GCC members. A certificate of origin authenticating that the product is made in Oman is usually required to benefit from these preferences. In Oman, these certificates of origin are issued by the Ministry of Commerce and Industry.

Oman has recently implemented the electronic issuance of certificate of origin. During the initial stages of this implementation, when the NTM survey was implemented, some companies faced difficulties with the issuance of the electronic certificate of origin. Several exporters reported that obtaining the certificate through the newly implemented Bayan Electronic Single Window System, a system managed by the Directorate General of Customs of the Royal Oman Police took three days, while it used to take one hour before launching the system. Approval process in the early days of the new system seems to have contributed to the delay. These issues seem to have been resolved.

What are the rules of origin and related certificate of origin requirements?

Rules of origin set out the criteria which determine the country of origin of a product. They are applied by governments of importing countries and are needed to assess the eligibility of a product for preferential treatment within the framework of a bilateral or regional free trade agreement. Rules of origin are important in implementing such trade policy instruments as preferential market access, anti-dumping and countervailing duties, origin marking, and safeguard measures.

The related certificate of origin provides official proof of compliance with rules of origin. While the certificate of origin is demanded in the importing country, it is usually issued in the exporting country.

Likewise, other issues were also related to users not being familiar with the electronic interface and the protocols. For some companies, the issue seems to be that access to the system was only possible through the ID card of the owners of the company. For another, the issue was that the system did not allow registering more than six products in one certificate.

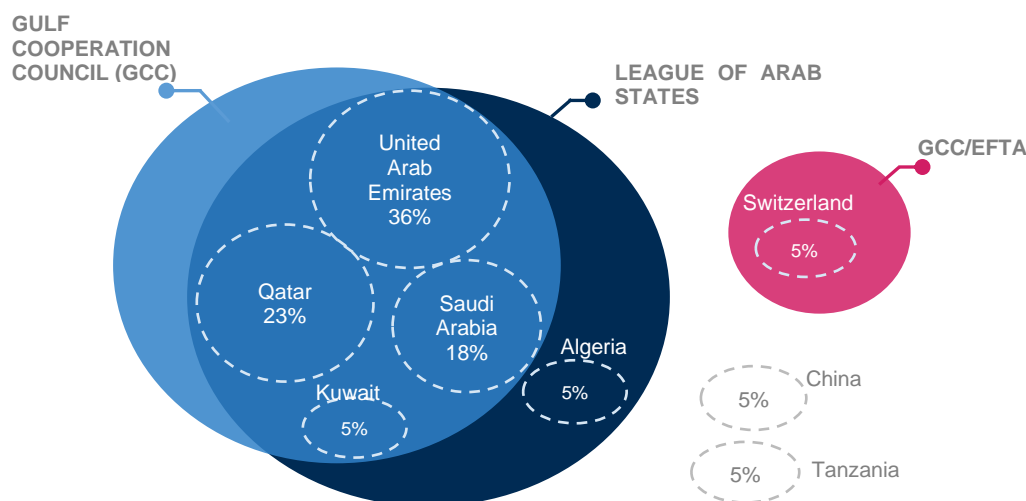
Given that the Bayan system had been just implemented during the time of the survey, these difficulties that exporters experienced are likely due to companies not being familiar with the system and the process around the system being calibrated. While the companies did report issues with the system, they remained hopeful that these difficulties would be resolved and that the electronic procedure would eventually make the process more efficient.

The Bayan system

The Bayan system is a single-window created to facilitate trade of goods into the country. It is integrated to different agencies and ministries, allowing to centralize all the exporting and importing processes in a unique portal.

The system supports different services, including the declaration and custom clearance processes, the manifest processing for shipping agents and freight forwards, and the issuance of import and export permits and licenses.

Figure 11 Reported cases of rules of origin by import market and trade agreement



Source: ITC NTM Business Survey in Oman, 2018 and ITC Market Access Map, 2020.

In addition to difficulties with the electronic system for certificate of origin, some companies have reported issues with the acceptance of electronic certificates. For instance, there have been reported incidents of customs officers in the UAE not accepting the e-certificate of origin, as it was in black and white and not stamped. A similar situation faced by an exporter to Qatar, where customs require a stamped version of the certificate. Exporters do not understand the benefit of the e-certifications if they still need an official stamp. This is likely the case of foreign customs officers not being aware of the new system being implemented in Oman. Authorities in Oman should liaise with counterparts in GCC countries in order to pass on the message to field officers inspecting the papers at the border.

'Oman has introduced the electronic certificate of origin for GCC countries. We submit the request online and receive the e-certificate. We print the certificates in black and white but at the UAE customs they ask for a colored certificate with official stamps'.

- Exporter of pasta

Certificate of origin not being recognized

A few incidents reported by exporters include cases of countries not accepting certificate of origin provided which caused not giving preferences under trade agreements. Under the Greater Arab Free Trade Area (GAFTA), member countries have agreed to lower customs duties on local goods with the goal of removing all tariffs eventually. However, Omani exporters have reported difficulties in benefiting from these agreed preferences in Algeria, which is also a member of GAFTA. Testimonies from companies suggest that customs officer in Algeria have refused to accept the certificates of origin and as a result, preferential tariffs have not been applied. Similar experiences were also reported when exporting to GCC countries.

Trade remedies affect Omani exports

Omani steel exports were subject to additional duties in several markets which reduced their competitiveness. Canada has imposed anti-dumping duties on Omani steel products since 2012. Canada Border Services Agency (CBSA) determined the existence of dumping of steel products exported from Chinese Taipei, the Republic of India, the Sultanate of Oman, the Republic of Korea, Thailand, and the United Arab Emirates. Canadian authorities applied provisional duties on imports of subject goods from these six countries. For the case of Oman, the duty corresponded to 54.2%¹², equivalent to the margin of the dumping. This measure expired in 2017.

More recently, Oman's exports have also been affected by new safeguard measures imposed by Canada on heavy plate and stainless steel wires. The Canadian International Trade Tribunal (CITT) determined that imports of heavy plate and stainless steel wire were threatening to cause serious injury to the domestic industry producing like or directly competitive goods. A tariff-rate quota system has been implemented with over-quota surtax rates reaching up to 25%.¹³

Furthermore, Omani steel exporters are also affected by additional import duties imposed by the United States on the grounds of National security. In 2018, the United States imposed a 25% tariff on steel imports and a 10% tariff on aluminum imports from all countries except Canada and Mexico.

Exports to Qatar are difficult due to the political climate

The economic blockade of Qatar led by Saudi Arabia in 2017 has also affected exporters from Oman. While Oman is a not party to Saudi Arabia led blockade, exporters have explained that exporting to Qatar nevertheless has become much more difficult as Saudi Arabia has closed land border crossings to Qatar. As a result, road transportation of Omani goods to Qatar via Saudi Arabia was not possible.

Some of the Omani documentation requirements are deemed burdensome

Around 11% of the difficulties exporters' experience relate to Omani domestic regulations. These difficulties arise largely due to the procedures necessary to comply with the regulations and not due to the regulations being too harsh.

New requirements of Oman customs require companies to submit exact details of their shipments prior to the trucks are sent to Sohar port. Companies, mostly from the marble sector, preferred the older system as the details could be submitted after arrival at the port. They argue that the new requirements compel them to plan much earlier and in case of any changes additional work was needed to update the paperwork.

Similarly, the Public Authority for Mining also requires companies to indicate their sales of products like marble and chromium to international clients in advance. The exporters are required to provide the details of their clients and the quantity exported. In these cases too, companies say that the order volumes and client may change on short notice hence requiring additional work to correct the original documentations.

Procedural obstacles make compliance with regulations difficult

One can get a holistic understanding of companies' concern with NTMs not only by identifying the types of burdensome NTMs, but also identifying the underlying reasons these measures are deemed burdensome. Exporters often find it difficult to comply with any given regulation for a variety of reasons. For one, it could be that the regulations are too strict to comply with. One can take the example of total prohibition on trade of specific goods. It could also be that the company does not have the capacity to meet the requirements of the regulations. Very often companies in developing countries are not able to meet the minimum quality requirements of advanced countries and as a result are not able to access those markets.

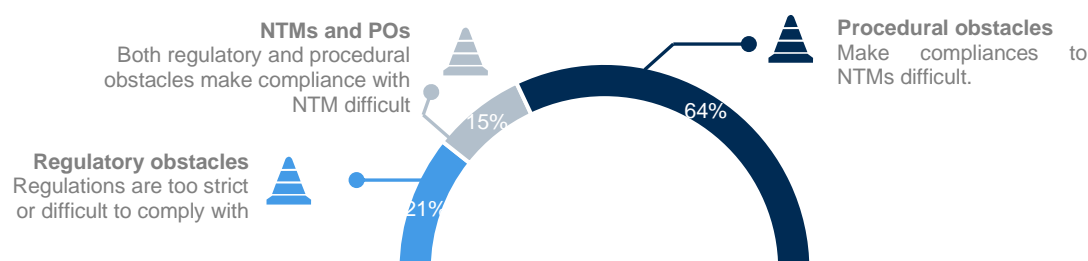
In addition to the conditions of the regulations, companies may face difficulties complying due to the manner these regulations are implemented and related procedures. These hurdles may include administrative issues such as the need to present too much documentation or delays in issuing official papers, lack of appropriate

¹² <https://www.steeltimesint.com/news/jazeera-steel-to-stop-exports-to-canada>

¹³ https://www.macmap.org/OfflineDocument/TradeRemedy/InternalLink/CAN/2019.05.13_n108_SV_DEF_SteelProducts_WTX.pdf

facilities in the country needed to comply with the regulations, high cost of complying with the regulations, etc. These hindrances are collectively referred to as procedural obstacles.¹⁴

Figure 12 Reasons why exporters find difficulties complying with NTMs



Source: ITC NTM Business Survey in Oman, 2018.

Procedural obstacles are a major reason why Omani exporters experience difficulties complying with regulations. In 64% of the NTM cases, exporters do not find regulations to be strict or complex but experience practical difficulties that make compliance with NTMs difficult. Only 21% of the reported NTM cases are deemed as burdensome due to the regulations themselves being very strict or complex, while another 15% of the NTM cases are deemed burdensome due to both the regulation being strict and procedures being difficult (Figure 12 Reasons why exporters find difficulties complying with NTMsFigure 12).

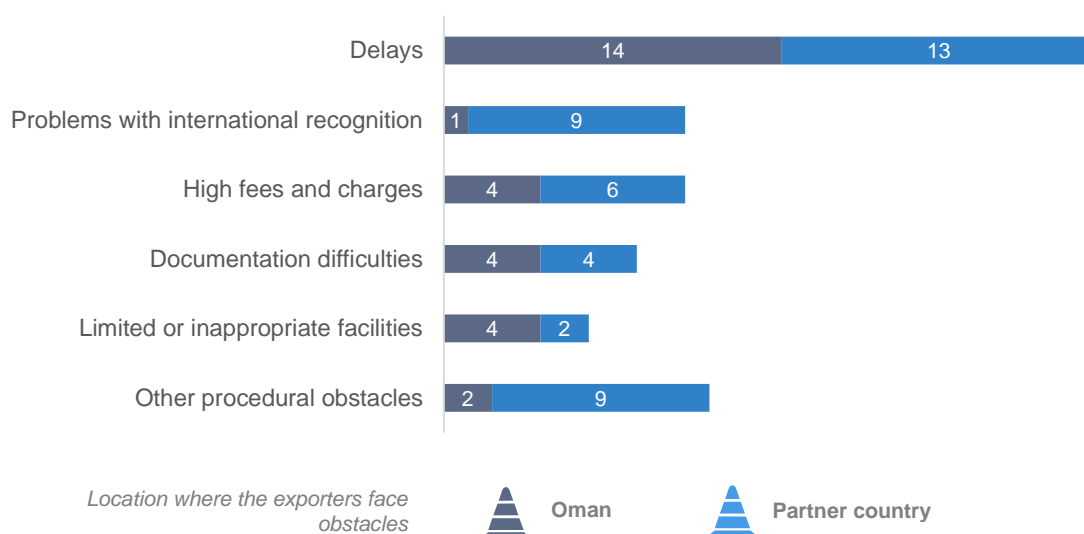
Delays or time constraints are the most common difficulty. Roughly half of the delays are experienced in Oman, which is mostly related to the slow process for getting the certificate of origin or too long waiting times at the Omani customs clearance process (Figure 13). Likewise, delays abroad are mainly concentrated in customs procedures at the entry. Almost half of all procedural obstacles linked to rules of origin are due to delays in issuance of certificate of origin.

Official documents issued in Oman not being recognized abroad is also a concern among exporters. This is mainly due to the lack of recognition of the certificate of origin in countries of the GCC.

Likewise, exporters also face difficulties with high costs and fees associated with the regulations, which are mostly due to testing and certifications having to be done abroad.

¹⁴ See Appendix III for a full list of procedural obstacles

Figure 13 Procedural obstacles and place where they occur



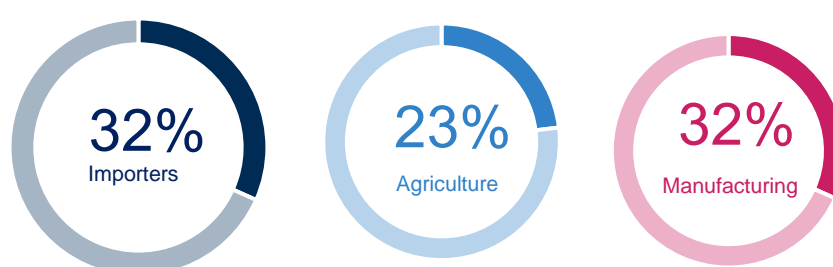
Source: ITC NTM Business Survey in Oman, 2018.

Importers are less affected by burdensome regulations

Omani importers are also facing difficulties with NTMs, but at a lower rate compared to exporters. Nearly, 32% of the companies are affected by regulatory and procedural obstacles to trade when importing. The share of companies affected is slightly higher among importers of manufactured products (32%) compared to importers of agricultural products (23%) (Figure 14 **Error! Reference source not found.**).

Regulations that importers find burdensome are largely Omani regulations on imports. This is not to say exporting to Oman does not involve and difficulties with regulation of the exporting (foreign) country. Usually, the foreign exporters deal with the export regulations of their home country. As such, Omani importers that were interviewed may not be aware of such issues.

Figure 14 Share of companies affected by burdensome NTMs when importing



Source: ITC NTM Business Survey in Oman, 2018.

Technical measures are the most reported issue for importers

More than half of burdensome NTMs reported when importing are technical measures (Figure 15). Conformity assessments, such as product certification (21%), testing (7%), inspection requirements (7%) and processing history (7%) are the main hurdles for importers. Non-technical requirements, such as pre-shipment inspection, fees and other entry requirements complete the remaining of the cases (40%).

Importers of raw products struggle with the health certificate required by Oman

Importers of raw products struggle with the health certificate required by Omani's authorities. For instance, an importer of leather used for exporting shoes complains about the requirements and delays of the health certificate. According to the company, it is necessary to describe the processing operations of the imported

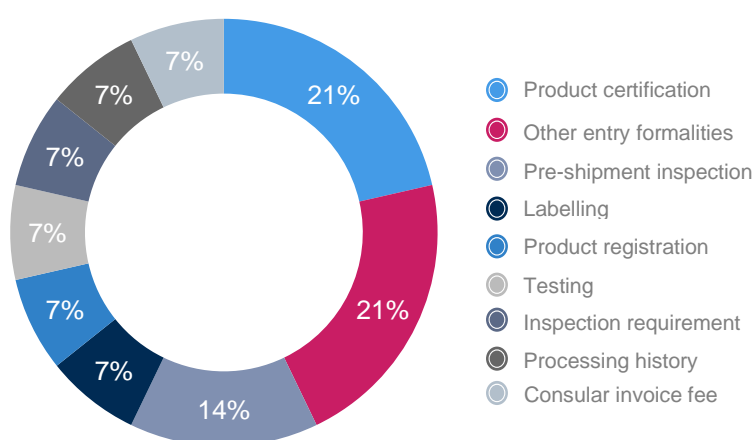
leather, which was considered very strict by the Italian exporter of the leather. Furthermore, the health certificate took three weeks to be issued.

Another importer of paperboard stated that Omani customs require a health certificate for each shipment coming from China. This is regarded as tedious and redundant, as the imported product is the same in different shipments. Furthermore, the certificate costs \$100, which is too expensive for the company.

Shortage of testing facilities in Oman represents a problem for importers

An importer of sugar from the United Arab Emirates, which is used for producing malt extract, is tested by the health authorities in Oman. However, due to the shortage of doctors and laboratories in the port of Sohar, the clearance process is delayed by several days.

Figure 15 Type of measures Omani importers find difficult to comply with



Source: ITC NTM Business Survey in Oman, 2018.

Inspection and customs clearance process in Oman are characterized by delays and improper handling

In terms of non-technical measures, importers' concerns were focused on the pre-shipment inspection and other entry formalities. For example, an importer of copper foils ensured that the inspections conducted by Omani customs can take between two to three days. Besides, customs officials often open the packaging of the consignments, exposing the product to moisture and dust.

Business environment in Oman is positive and improving

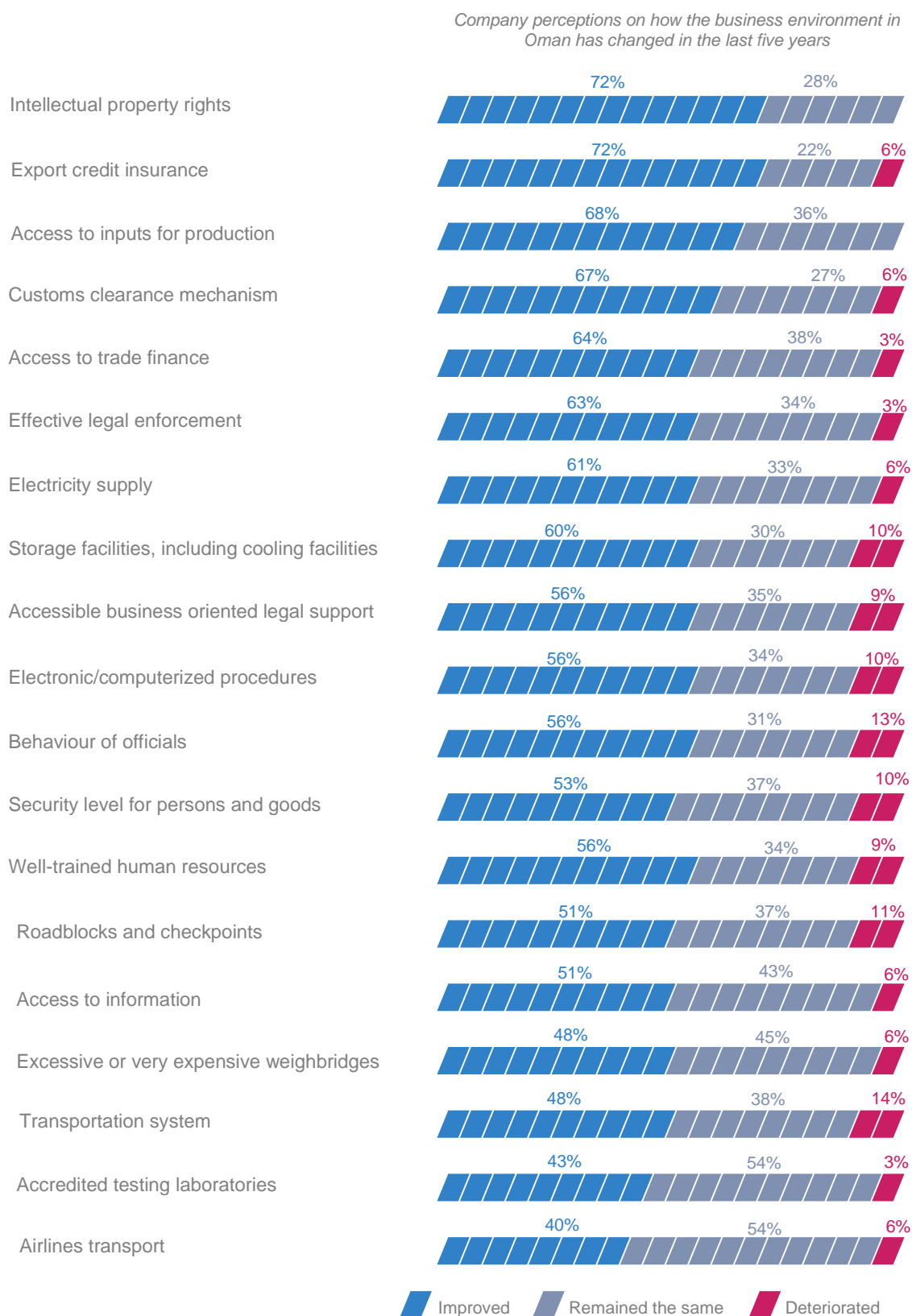
Surveyed companies identified challenges in the domestic trade-related business environment. Inefficiencies in the business environment are generic problems unrelated to specific regulations, but they affect the ability of enterprises to export or import.

Firms were asked to identify factors that made it difficult for them to conduct business and how these conditions had changed over the last five years. Overall, most companies do not find the current business environment conditions in Oman to be hindering their business operations. In fact, companies mostly find the business environment conditions to be improving (Figure 16).

In terms of cross-border trade issues, 67% agree that the customs clearance procedures have improved and 56% find improvement in electronic or computerized system. Similarly, most of the companies say the export credit insurance (72%) and access to trade finance (64%) have improved.

Likewise, 48% have seen improvement in the overall transportation system and 40% in affordable air transport system. Improvements in storage facilities including cold storage are validated by 60% of the companies.

Figure 16 Business environment in Oman is good and improving



Source: ITC NTM Business Survey in Oman, 2018.

CHAPTER 3 THE WAY FORWARD



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Results of the NTM Business Survey in Oman suggest good regulatory and business environment conditions in the country. While exporter difficulties are largely related to foreign requirements, improvements in domestic procedures and improved communication channels can benefit the Omani business community.

The following recommendations are put forward based on experiences of the private sector with non-tariff measures.

Proper communication and maintenance of e-procedures portals

Improvements made by Oman on streamlining procedures with the introduction of Bayan single window system and an electronic certificate of origin is praiseworthy. In fact, Oman has improved and speed its availability of e-procedures since the beginning of the COVID crisis. To face the pandemic situation, the customs Bayan system allowed to clear goods virtually. Cargo manifests were submitted in advance through the system, allowing authorities to conduct risk management before goods arrived at the port.¹⁵

However, in the early days of the implementation of the Bayan single window system, some Omani exporters have had some difficulties using it, resulting from not being familiar with it and some features not operating smoothly. Oman should continue with its outreach program to inform companies and public institutions about its functionalities and to train them to properly use this system. Proper maintenance and streamlined approval process are essential to reach the goal of fully paperless system.

Development of a comprehensive trade information portal

Currently, information on cross border trade is spread across multiple agency websites including Oman Chamber of Commerce, Ithraa, Ministry of Commerce and Industry, and the Directorate General of Customs. To facilitate easy and reliable communication sharing this information could be compiled and presented in an integrated trade information portal. While different agencies may manage different type of information, they should appear as one integrated source of information to the business community.

¹⁵ <https://www.tradefacilitation.org/insights/how-covid-19-is-accelerating-the-digital-transformation-of-trade-at-omans-ports/>

Furthermore, this trade information portal could be enhanced by incorporating business-friendly trade information that will enable entrepreneurs to study and compare the demand for specific products across different global markets and choose the most promising opportunities. The portal should include information such as trade volume, taxes, tariffs, market access conditions, buyers' information, as well as finding potential business partners.

A step-by-step export and import procedures guide would also be beneficial to the companies, especially smaller firms engaging in cross-border trade for the first time.

Overall, a comprehensive trade information portal can support Micro, Small and Medium Enterprises (MSMEs) in studying various international markets and effectively seizing available expansion opportunities.

Establish a regional trade information portal

A complement to the national trade information portal would be to establish a comprehensive regional trade information portal on market access conditions, regulations and related procedures in the Arab States. Its data coverage should go beyond official regulations on exports and imports to include information on related procedures and existing dispute settlement mechanisms. Providing this information would enhance the visibility of changes in legislation for policymakers and businesses in partner countries within and beyond the region. This would facilitate timely notifications and make it possible to react to changes in partner countries' legislations.

Create regional export guides

Comprehensive regional export guides for the Arab countries should be drafted to address any information gaps. These guides would be a valuable resource to companies trading in the region which would document the customs procedures required as well as the quality and safety compliance requirements for specific products in particular markets. A step-by-step procedure guide based on these regional guides could also be integrated into the trade information portals in order to make the information more accessible.

An active regional network for information exchange and coordination is important

The Middle-East and North Africa is the most important export market for Oman with around 58% of its exports going to this market. A significant number of NTMs also originate from these regions usually due to misunderstanding or non-compliance with established agreements. A network of focal points in each of the regional GCC and GAFTA countries is necessary to exchange information on changes in each other's regulations or procedures as well as to request any clarifications.

In order to close implementation gaps, focal points should be interlinked at the regional level and should interact regularly, with the ability to submit questions and concerns and jointly identify solutions. Regular information exchange at the technical level among these focal points is crucial to compiling information about systematic implementation problems.

Develop a trade obstacle alert mechanism

The network of focal points in each country could also serve as a medium to channel NTM related concerns from businesses in the region to concerned parties. This mechanism can be supported by an online portal to link enquiry points or helpdesks to the private sector at the national level to respond to questions and complaints about obstacles to intraregional trade. The designated focal points for GAFTA and GCC should be activated or strengthened.

The enquiry points should be part of a wider problem-solving network comprising contact points in the various trade-related agencies, passing on private-sector concerns and, where possible, taking action – particularly in the case of procedural obstacles. If well designed, this trade obstacles alert mechanism could considerably improve monitoring and reporting on the effective implementation of existing agreements as well as effectively reducing procedural obstacles to their application.

Implement and train entrepreneurs on notification alert mechanisms

Oman should implement a mechanism to which Medium Small and Medium Enterprises (MSMEs) can subscribe to receive alerts (via email or SMS) on any information updates for market and goods that they

are interested in. The tool should also forewarn traders of WTO notifications about upcoming changes in SPS and TBT measures. This would require a customized local interface with a new global notification alert system. The mechanism should enable traders to send their feedback on proposed changes to SPS or TBT measures back to the WTO via the national focal point. Workshops should be organised to train MSMEs, business associations and national institutions on how to effectively make use of this tool.

Strengthen trade support institutions (TSIs) to better support SMEs

TSIs play an essential role in understanding concerns of the local enterprises and engaging with authorities in the domestic and international market to resolve issues and develop businesses. Enhancing technical skills of staff in Omani agencies is important to deliver sufficient and quality services to enterprises on various trade-related issues including market analysis, trade rules and export quality management.

Enhance the capacity of companies on trade rules and export quality management

TSIs and public agencies such as standards institutes and customs authorities should hold regular training sessions on product certification and customs clearance procedures. SMEs should be actively informed and trained on customs procedures, rules of origin, product valuation practices and regulatory surveillance for exporters as a first step towards overcoming procedural obstacles related to these requirements.

Enterprises also need to be made aware of the safety and quality requirements in the international markets. This involves knowing not only the requirements but also how businesses can adjust their production processes to meet the requirement and how compliance with these requirements can be proven. Requirements of the domestic market and international market can differ vastly and making the move from domestic to foreign market involves a steep learning curve.

APPENDICES

Appendix I Non-tariff measures surveys: global methodology

Non-tariff measure surveys

Since 2010,¹⁶ ITC has completed large-scale company-level surveys on burdensome non-tariff measures and related trade obstacles (NTM surveys hereafter) in over 70 countries on all continents.¹⁷ The main objective of the NTM surveys is to capture how businesses perceive burdensome NTMs and other obstacles to trade at a detailed level – by product and partner country.

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

The growing role of non-tariff measures in trade

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

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

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

an impact on market access and keep firms from seizing the trade opportunities created by globalization.

An overview of previous research and evaluation

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

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

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

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

The NTM survey sectors are defined as follows:

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

¹⁶The work started in 2006, when the Secretary-General of the United Nations Conference on Trade and Development (UNCTAD) established the Group of Eminent Persons on Non-Tariff Barriers. The main purpose of the group was to discuss the definition, classification, collection and quantification of non-tariff barriers – to identify data requirements, and consequently advance understanding of NTMs and their impact on trade. To carry out the technical work of the group, a Multi-Agency Support Team was set up. Since then, ITC is advancing the work on NTMs in three directions. First, ITC has contributed to the international classification of non-tariff measures (NTM classification) that was finalized in November 2009 and updated in 2012. Second, ITC undertakes NTM surveys in developing countries using the NTM classification. Third, ITC, UNCTAD and the World Bank jointly collect and catalogue official regulations on NTMs applied by importing markets (developed and developing). This provides a complete picture of NTMs as official regulations serve as a baseline for the analysis, and the surveys identify the impact of the measures on enterprises and consequently on international trade.

¹⁷Pilot NTM Surveys were carried out in cooperation with UNCTAD in 2008–2009 in Brazil, Chile, India, the Philippines, Thailand, Tunisia and Uganda. The pilot surveys provided a wealth of materials allowing for the significant improvement to both the NTMs classification and the NTM survey methodology. Since then, ITC has implemented NTM surveys based on the new methodology in over 70 countries.

The general methodology of the survey excludes companies trading arms and minerals are excluded. However, given the enormous importance of the minerals sector to the Omani economy, a few companies from this sector were interviewed.

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

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

Two-step approach

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

Step 1: Telephone interviews

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

Step 2: Face-to-face interviews

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

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

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

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

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

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

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

Collaboration with national partners

ITC partners with national institutions or local service providers for the implementation of the NTM Business Surveys. This approach ensures better outreach and engagement with the local business community. In Oman, ITC partnered with The Public Authority for Investment Promotion & Export Development (Ithraa).

Generally, the NTM surveys are undertaken in local languages. The telephone interviews are recorded either by a Computer Assisted Telephone Interview system, computer spread sheets or on paper. The face-to-face interviews are initially captured using paper-based interviewer-led questionnaires that are then digitalized by the partner company using a spread sheet-based system developed by ITC.

Open-ended discussions

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

Confidentiality

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

Sampling technique

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

The NTM surveys aim to be representative at the country level. A sufficiently large number of enterprises should be interviewed within each export sector to ensure that the share of enterprises experiencing burdensome NTMs is estimated correctly and can be extrapolated to the entire sector. To achieve this objective, a sample size for the telephone interviews with exporting companies is determined independently for each export sector.¹⁸

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

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

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

Average sample size

The number of successfully completed telephone interviews can range from 150 to 1,000, with subsequent 150 to 300 face-to-face interviews with exporting and importing companies. The number of telephone interviews is mainly driven by the

size and the structure of the economy, availability and quality of the business register and the response rate. The sample size for the face-to-face interviews depends on the number of affected companies and their willingness to participate.

Oman business registry

Prior to the survey, ITC compiled a registry of more than 225 active exporters in Oman, containing information on the type of products imported or exported by companies, together with their contact details. This registry was used to calculate the sample size and contact the companies for interviews.

Survey data analysis

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

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

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

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

¹⁸The sample size depends on the number of exporting companies per sector and on the assumptions regarding the share of exporting companies that are affected by NTMs in the actual population of this sector. The calculation of a sample size will be based on the equation below (developed by Cochran, 1963) to yield a representative sample for proportions in large populations (based on the assumption of normal distribution).

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

Where

n_o : Sample size for large populations

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











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

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

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

the analysis of exports and once for the analysis of imports. The distinction is summarized in the Table below.

Dimensions of an NTM case

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

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

Enhancing local capacities

The NTM surveys enhance national capacities by transmitting skills and knowledge to local survey implementation partners. ITC does not interview the companies itself, but guides and supports the national partners and experts on survey implementation. The national survey implementation partners or the local service providers are trained on various aspects of NTMs, the international NTM classification and the ITC NTM Survey methodology.

ITC supervise the work of local partner during the entire duration of the survey, usually around six months, to ensure high quality survey implementation. ITC experts closely follow the work of the partner company and provide regular feedback on the quality of the captured data (including classification of NTMs) and the general development of the survey, which helps the local partner to overcome any possible problems.

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

ITC invests much time, effort and resources into constructing a national business register of exporting and importing companies. The initial information is obtained with the help of national authorities and other stakeholders (for example, sectoral associations). In cases where it is not available from government sources or a sectoral association, ITC purchases information from third companies, and in certain cases

digitalizes it from paper sources. The information from various sources is then processed and merged into a comprehensive list of exporting and importing companies.

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

Caveats

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

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

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

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

Following up on the ITC Non-Tariff Measure Survey

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

A national stakeholder meeting in Oman was organized jointly by ITC and Ithraa in September 2018. ITC presented the preliminary results of the survey and engaged with national stakeholders on the way forward.

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

Appendix II Non-tariff measures classification

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

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

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

Chapter A – Technical Regulations

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

Chapter B – Conformity Assessment

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

Chapter C – Preshipment Inspection and Other Formalities

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

Chapter D – Trade remedies

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

Chapter E – Licences, Quotas, Prohibitions and Other Quantity Control Measures

Measures that restrain the quantity of goods that can be imported, regardless of whether they come from different sources or from one specific supplier. These measures can

take the form of restrictive licensing, fixing of a predetermined quota or through prohibitions.

Chapter F – Charges, Taxes and Other Para-tariff Measures

Measures other than tariffs that increase the cost of imports in a similar manner, i.e. by a fixed percentage or by a fixed amount. They are also known as para-tariff measures. Customs surcharges and general sales taxes are examples.

Chapter G – Finance Measures

Measures that regulate the access to and cost of foreign exchange for imports and define the terms of payment. They may increase import costs in a fashion similar to tariff measures.

Chapter H – Anti-Competitive Measures

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

Chapter I – Trade-Related Investment Measures

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

Chapter J – Distribution Restrictions

Restrictive measures related to the internal distribution of imported products.

Chapter K – Restrictions on Post-Sales Services

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

Chapter L – Subsidies

Measures related to financial contributions by a government or government body to a production structure, be it a particular industry or company, such as direct or potential transfer of funds (e.g. grants, loans, equity infusions), payments to a funding mechanism and income or price support.

Chapter M – Government Procurement Restrictions

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

Chapter N – Intellectual Property

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

Chapter O – Rules of Origin

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

Chapter P – Export-related Measures

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

The structure of the NTM classification for ITC surveys

Non-tariff measures classification for surveys

A to O. Import related measures

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

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

P. Export related measures

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

P.O. List of procedural obstacles

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

February 2015

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

Appendix III Procedural obstacles

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

A

Administrative burdens related to regulations

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

B

Information or transparency issues

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

C

Discriminating behaviour of officials

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

D

Time constraints

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

E

Informal or unusually high payments

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

F

Lack of sector-specific facilities

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

G

Lack of recognition or accreditations

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

H

Other procedural obstacles

- H1. Other procedural obstacles

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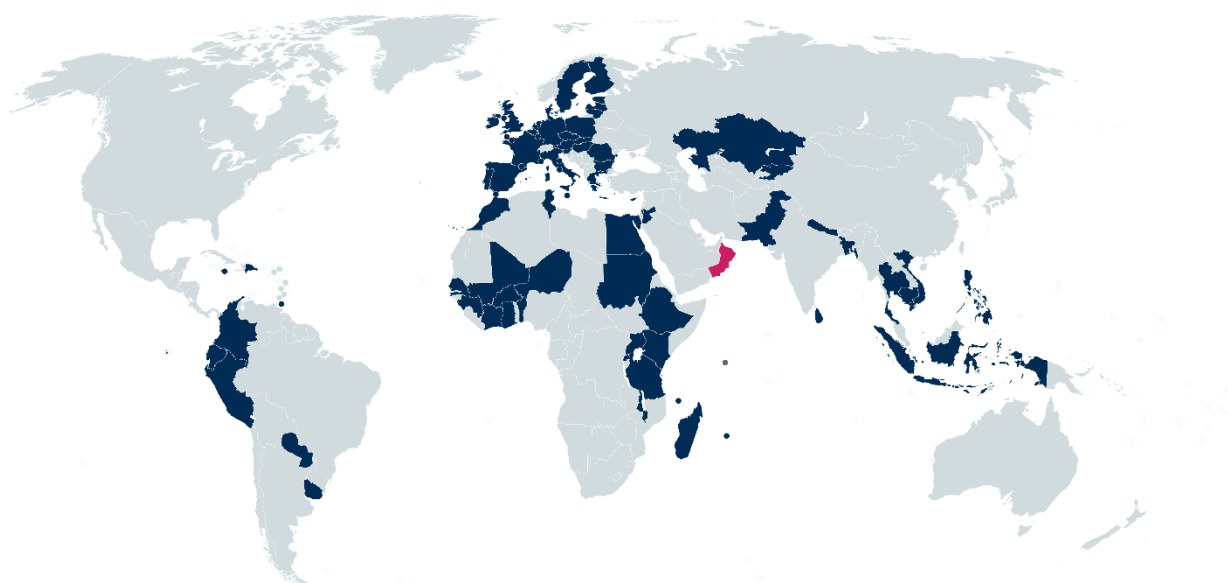
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