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Non-Tariff Barriers in the Great Arab Free Trade Area

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Introduction

The Non-Tariff Barrier (NTBs) is known as all procedures and constraints that countries adopt to control their imports to protect specific domestic production or restrict trade for environmental concerns. These procedures can be in the form of quotas, licensing, various regulations or voluntary export restraints.

NTBs include a wide range of regulations to control trade that could be defined by several diverse authorities such as the Ministries of Agriculture, Health, Environment, Economy and Trade, Finance, Transportation and The General Commission for Standards and Specifications that sets the technical standards

Furthermore, NTBs can be of non regulated nature, including informal barriers, such as exaggerated trucks' inspections and commodities examinations.

What Is GAFTA?

Since 1950s, Arab countries planned to achieve economic integration to protect their resources, develop their economies, pursue common interests, foster economic growth, and benefit from the advantages of bigger markets and collective marketing of their products. However, agreements previous to GAFTA have failed to realize the intended growth in the intra-trade for several reasons, some related to the international political context, and some others related to the lack of consistent regional and some to the lack of complementarity in production patterns

In February 1997, the Social and Economic Council (SEC) of the Arab league adopted the Executive Program and its related timetable to establish Arab Free Trade Area, in accordance with the provisions of the 1981 Agreement to Facilitate and Develop Inter-Arab Trade. The program is characterized by the needed flexibility to allow countries to somehow relax the call for liberalization on the agricultural aspects of the program, so that the interests of agricultural sector of each country are ensured as desired. The program also offers a 7 year transitional period to enable the member countries to cope with the changes needed in the agricultural production pattern.

In 1997, the Social and Economic Council of the Arab League adopted a resolution to establish GAFTA. It depends on mainly on the liberalization of traditional trade barriers for goods in a gradual decrease over seven years by 10 percent per year, of custom duties and taxes of similar effect, imposed on all Arab commodities of national origin during the implementation phase. It also stipulate the elimination of non- tariff barriers.

.NTBs in GAFTA.

GAFTA Member countries are developing a work program to eliminate, or, at least, significantly

reduce NTBs. To reach this goal, there is a Negotiating Committee on NTBs which has agreed, first, on a common list of goods whose imports are prohibited for religious, health, environment, and national security reasons. The list is to be reviewed on a yearly basis. Second, the NTBs negotiating committee is mandated to classify the NTBs applied by each member country, and then to start negotiations for their elimination. It should be noted that a GAFTA Member is entitled to apply a reciprocal treatment in case another member does not remove unjustified NTBs.

Concerning agricultural products, the Committee supervises a seasonal schedule containing a list of products. The schedule includes products for which exceptions for import duty reductions are applied. However, exceptions are limited. Each country is allowed to exempt a maximum of 7 sensitive products from tariff reduction and select periods during the year in which each product could be protected, given that the sum of the protection periods wouldn't exceed 35 months. All agricultural calendars should end by the final date to establish GAFTA.

GAFTA countries face trade constraints related to NTBs, mainly of the following kind:

- Quantitative barriers, including import licenses, import bans.
- Financial barriers, which entail an increase in the costs of import operations, such as; exaggerated office operations fees. Additional taxes - the so-called "service payments" - are still widely used and take different names (consumption taxes- accompanying duties, fuel differential duties, etc.)
- Administrative barriers, including procedures carried out at the border that can cause delays such as, exaggeration in truck inspection and commodities examinations (as in the case of UAE where the commodities are checked twice in each state), or document review delays, and overlapping of procedures because of the lack of coordination among different authorities.
- Technical barriers, including the application of packaging, sanitary and environmental standards. In fact, some member countries insist that commodities should meet national standards, even if the commodities already meet international specifications. In addition, some member countries order quarantine restrictions that actually impede trade (Jordan, Lebanon, Morocco and Egypt).

Furthermore, there are several problems related to other unexpected obstacles impeding trade such as: lack of legislative harmonization related to trade in Member countries.

Ntbs and Syrian Trade Reform

Syria has recently started introducing some economic changes to meet up GAFTA and other international rules. The program of reforms, materialized in a series of decrees and other legislation that, for example, cancelled the import licenses for all goods except wheat, flour, barley, lentils, and chickpeas (Ministry of Economy and Foreign Trade, Decision n. 1515 of 12 December 2002). Also in 2002, regulations for private companies to import cereals and lentils were issued. In 2004, for the list of agricultural goods, import bans and tariffs have been eliminated, especially among GAFTA countries. Other recent examples of import liberalization are honey (Decree n° 353/2004), fish (Decree n° 1342/2003), and mollusk (Decree n° 309/2004).¹

Non-tariff import constraints applied on Syrian imports are being progressively removed and converted into tariffs, which are eventually eliminated.

In the context of GAFTA, Syria has removed most import bans on products of member

¹ Syrian Agricultural Trade 2004, National Agricultural Policy Center

countries origin. Nevertheless, tariffication² does not imply the removal of certain standards on agricultural imports like the compliance certifications with the sanitary and phyto-sanitary regulations to be obtained from the Ministry of Agriculture and Agrarian Reform. It includes quarantine measures on imported plants, animals, and other organic materials. Any agricultural or food imported product has to be accompanied with two certificates:

- A sanitary or phyto sanitary certificate, ratified by the Syrian embassy in the country of origin;
- A certificate confirming that the product is clean from atomic pollution ratified by public authorities in the country of origin.

For example, there is a complete ban on imports of agricultural soils, organic fertilizers, and vegetal residues. Any vegetal material carrying agricultural soil is banned. The granting of import licenses for fruit seedlings is also forbidden. Some import bans relate to specific products from specific countries, such as a ban on palm trees and their parts from Maghreb countries; and the ban on sheep and mutton except for those originated in eight specified countries. The Ministry of Economy and Foreign Trade maintains the lists epidemic countries for agricultural and animal products in close exchange with the MAAR consistently with OIE reports.

Concerning genetically modified (GM) products, the Syrian general policy is banning imports of any kind of GM seeds.

² - Tariffication: All border protection measures must be converted into custom duties(tariff)