

RULES OF ORIGIN, GEOGRAPHICAL INDICATIONS AND MARKET ACCESS

SUPPORTING LEAST DEVELOPED COUNTRY PARTICIPATION IN INTERNATIONAL TRADE

GLOBAL CONTEXT

Least developed countries (LDCs) are granted preferential tariff treatment in the markets of developed and developing countries under several schemes and arrangements. Among them are initiatives such as the Generalized System of Preferences, the European Union's "Everything but Arms" initiative, the African Growth and Opportunity Act of the United States of America, trade preferences under African, Caribbean and Pacific States–European Union Partnership Agreements and other preferential trading arrangements that have rules of origin as key components.

LDCs nonetheless face significant obstacles to market access. Overcoming the limited diversification of LDC exports, the low value added of those exports and the continued challenge of bringing small local producers up front in the global commodity value chain remain concerns. At the same time, the rich biodiversity of several LDCs allows them to draw on their natural resources to create an array of traditional products and preparations with the potential to compete globally and secure higher returns from sales. Benefiting from that natural wealth can require taking steps to gain recognition of quality and generate a solid reputation for specific products in the eyes of consumers and buyers. One important approach can be using geographical indications in combination with a branding strategy for those products.

UNCTAD provides policy advice and technical assistance to help developing countries comply with requirements on rules of origin under preferential trading arrangements – focusing on product origin – with a view to improving the utilization rates of trade preferences granted to them. Since 2006, for instance, UNCTAD has assisted LDCs that are members of the World Trade Organization (WTO) on the implementation of the 2005 Ministerial Declaration adopted at the WTO Sixth Ministerial Conference (Hong Kong, China) on duty-free and quota-free market access. The declaration called on ensuring that preferential rules of origin applicable to imports from LDCs are simple and transparent, and contribute to facilitating market access. UNCTAD also provides support in relation to the WTO Ministerial Decision (Bali, Indonesia) on preferential rules of origin for LDCs. Furthermore, UNCTAD assists rural communities and LDC Governments in enhancing the value of traditional products by exploiting trading opportunities such as geographical indications and facilitating compliance with sanitary and phytosanitary requirements.

HOW CAN A PRODUCT'S ORIGIN OR GEOGRAPHICAL INDICATION HELP FACILITATE MARKET ACCESS?

The principle of country ownership drives UNCTAD technical assistance on rules of origin and geographical indications. For all schemes under the Generalized System of Preferences, products exported from a country receiving such preferences must fulfil the rules of origin of the countries granting those preferences. Documenting evidence of compliance with those rules is necessary for products to qualify for preferential tariff treatment. UNCTAD services in support of developing countries in this area include (a) providing advice to Governments and the private sector to comply with origin requirements; and (b) delivering tailor-made technical assistance, such as advisory memorandums on policy options in drafting and negotiating preferential rules of origin under different trading arrangements.

PROGRAMME FACTS AND FIGURES

Programme start date: 2006

Number of countries assisted to date:
All LDC member States of UNCTAD
(rules of origin); 9 (geographical indications)

Countries assisted per year: All LDC
members of WTO regularly assisted
year-round; 3 (average, on
geographical indications)

Programme website:
unctad.org/gsp/rules

Identifying and registering traditional products under a geographical indication requires different steps, such as drafting a “disciplinary of production”, the main text that defines a product’s unique identity. Being able to convey what makes products unique geographically adds value to those products. Such information is also useful for customers who can be attracted to those products when they learn more about them. UNCTAD provides countries support in identifying products that could be eligible to use geographical indications – signs used on products with a specific geographical origin and possessing qualities or a reputation based on that origin – and in drafting the legal specifications for those products and introducing a branding policy.

RESULTS AND IMPACT AT A GLANCE

- UNCTAD continues to regularly assist LDCs that are WTO members. Through active participation in WTO negotiations following the 2005 Ministerial Declaration on duty-free and quota-free market access, LDCs successfully negotiated on the Bali decision on preferential rules of origin, and are actively pursuing its implementation.
- UNCTAD’s timely assistance to LDCs has been critical in increasing utilization rates of preferences under the “Everything but Arms” initiative after the European Union introduced a reform on rules of origin in 2011. For instance, the utilization rate for bicycles exported to the European

Union by Cambodia increased in 2011 to around 80 per cent, up from the previous year’s rate of 33 per cent. Moreover, between 2010 and 2013, import values multiplied fivefold, increasing from US\$60 to US\$325 million.

- Realizing the importance and potential of branding products of rural communities through the use of geographical indications, with UNCTAD support, the Governments of Ethiopia and Myanmar have each produced draft legislation for the promotion and protection of geographical indications of their products.

DONORS/ FUNDING SOURCE

Current: Italy, the Netherlands,
World Bank

Past: United Nations Development
Account, Department for International
Development (United Kingdom)