

MARKET ACCESS, RULES OF ORIGIN AND GEOGRAPHICAL INDICATIONS FOR THE LEAST DEVELOPED COUNTRIES

SUPPORTING LEAST DEVELOPED COUNTRY PARTICIPATION IN INTERNATIONAL TRADE



GLOBAL CONTEXT

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, 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 on the implementation of the 2005 Ministerial Declaration adopted at the Sixth Ministerial Conference of the World Trade Organization (Hong Kong, China) on duty-free, 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 World Trade Organization Ministerial Decisions (Bali, Indonesia and Nairobi, Kenya) 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?

Preferential market access granted to LDCs by developed countries and some developing economies should help LDCs to integrate into international markets and to progressively industrialize. However, the existence of a valuable array of traditional products and specific local knowledge provides an additional potential for developing product specialization.



PROGRAMME FACTS AND FIGURES

Start date: 2006

Countries assisted per year: All LDC member States of the World Trade Organization regularly assisted year-round; 3 (geographical indications (average))

Countries assisted: All LDC member States of UNCTAD (rules of origin); 11 (geographical indications)

Website: unctad.org/gsp/rules



Sustainable Development Goals addressed:

Directly: 8, 10 and 17

Indirectly: 1, 5, 12 and 14

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 tailored technical assistance, such as advisory memorandums on policy options in drafting and negotiating preferential rules of origin under different trading arrangements.

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 has regularly supported LDCs in World Trade Organization negotiations by providing technical assistance with regard to duty-free, quota-free market access, as well as on rules of origin and the waiver to grant preferential treatment to services and service suppliers from LDC members. Through active participation in World Trade Organization negotiations following the 2005 Ministerial Declaration on duty-free, quota-free market access, LDCs successfully negotiated prior to the Bali and Nairobi decisions on preferential rules of origin, and are actively pursuing their implementation.
- In October 2017, UNCTAD organized an executive training session on rules of origin for LDCs, to enhance the skills and knowledge of officials from LDCs on analysing and negotiating preferential rules of origin based on notifications by preference-giving members. This activity constituted preparation for meetings of the Technical Committee on Rules of Origin and for the Eleventh Ministerial Conference of the World Trade Organization.
- The timely assistance of UNCTAD 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 2015, import values multiplied almost sixfold, increasing from \$60 million to \$347 million.

- In an effort to strengthen the capacity of rural communities in LDCs and enhance the value added component of their traditional products, UNCTAD has supported communities in Benin, Cambodia, Ethiopia, Myanmar and Senegal, among others, in the introduction of geographical indications as a protection and marketing tool. For example, the experience of UNCTAD in supporting producers of Kampot pepper in Cambodia, Gari Sohoui (a crisp flour) from Savalou in Benin and Harena coffee in Ethiopia, shows that rural communities can gain significantly from utilizing geographical indications. In Senegal, members of women’s fruit juices cooperatives in the Casamance region ensured that policy actions for the promotion of fruit juices using geographical indications were included in the Diagnostic Trade Integration Study of Senegal and its action matrix. The use of suitable packaging for the fruit juices allows for pasteurization and subsequent international commercialization of the products.



DONORS/ FUNDING SOURCE

Current: United Nations Development Account

Past: Italy, the Netherlands, United Kingdom (Department for International Development), United Nations Development Account and World Bank

