



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

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 “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 Sixth Ministerial Conference of WTO (Hong Kong, China) on duty-free, quota-free market access. The declaration called for 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 Decisions (Bali, Indonesia and Nairobi) 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 PRODUCT ORIGIN COMPLIANCE FACILITATE MARKET ACCESS?

The principle of country ownership drives UNCTAD technical assistance on market access and rules of origin. For all schemes under the Generalized System of Preferences, products exported from a country receiving such preferences must observe 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 providing advice to Governments and the private sector to comply with origin requirements and delivering tailored technical assistance, such as advisory memorandums on policy options in drafting and negotiating preferential rules of origin under different trading arrangements.



HOW CAN GEOGRAPHICAL INDICATIONS ENHANCE PRODUCT MARKET VALUE?

UNCTAD technical assistance on geographical indications is demand-driven. 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 that can be



attracted to those products when they learn more about them. UNCTAD supports countries 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 IMPACTS AT A GLANCE

In line with the Ministerial Declaration of the sixth WTO Ministerial Conference of 2005, UNCTAD has since 2006 regularly supported LDCs in WTO negotiations by providing technical assistance with regard to **duty-free, quota-free market access**, as well as on **rules of origin**.

Since 2014, UNCTAD has been organizing executive training sessions in partnership with the European University Institute. This activity constituted the basis for the preparation of meetings of the Technical Committee on Rules of Origin and of the eleventh WTO Ministerial Conference (2017). In the context of the Bali and Nairobi Decisions on preferential rules of origin, LDCs carried out successful negotiations thereon and are actively pursuing implementation of such rules. Thanks to this UNCTAD-supported LDC advocacy, the dialogue on rules of origin reform is firmly anchored in the WTO agenda, and some countries have started considering a reform of their rules of origin.

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, export values multiplied almost sixfold, increasing from \$60 million to \$347 million.

This long-standing engagement fostered further collaboration on rules of origin among research and practice. As a result, UNCTAD, in collaboration with the European University Institute, initiated a regular round table of rules of origin experts in 2019. The aim of this annual event is to discuss and establish a policy-focused research agenda and provide Governments and private sector actors with data, analysis and practical tools ranging from convergence in product-specific rules of origin and utilization rates, to best practices on origin certification and administrative procedures.

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.

During a workshop in Benin, two dozen Beninese women making a unique type of gari flour carefully reviewed a draft code of practice to ensure that the document precisely reflected traditional knowledge of how the final product, “*Gari Sohoui from Savalou*”, is made. The workshop, organized by UNCTAD, was a milestone on a path to bringing the product to bigger markets and boosting the income of the specialists who make it. It is an example of how often unique foodstuffs and handicrafts in some of the poorest countries lie undiscovered and are ripe for better distribution.



PROGRAMME FACTS AND FIGURES

Start date: 2006

Countries assisted per year: all LDC member States of WTO regularly assisted year-round; 3 (geographical indications (average))

Countries assisted: all LDC member States of UNCTAD (rules of origin); 18 (geographical indications)

Website: unctad.org/gsp/rules



Sustainable Development Goals addressed:

Directly: 8, 10, 17

Indirectly: 1, 5, 12, 14



DONORS/FUNDING SOURCE (2014–2019)

Netherlands, Common Market for Eastern and Southern Africa