TECHNICAL PAPER

PERU: COMPANY PERSPECTIVES

AN ITC SERIES ON NON-TARIFF MEASURES

International Trade Centre

EXPORT IMPACT FOR GOOD

PERU:
COMPANY PERSPECTIVES

AN ITC SERIES ON
NON-TARIFF MEASURES

Abstract for trade information services

ID=42908 2012 C-33 604 PER

International Trade Centre (ITC)
Peru: Company Perspectives – An ITC Series on Non-Tariff Measures
Geneva: ITC, 2012.xviii, 113 pages (International Trade Centre Series on Non-Tariff Measures)
Doc. No. MAR-12-221.E

Country report, part of a series of publications assessing the impact of Non-Tariff Measures (NTMs) on the business sector, based on a large-scale survey conducted in Peru with companies directly reporting burdensome NTMs and the reasons why they consider them to be trade barriers; analyses survey findings and compares them to other sources on NTMs to identify regulatory, procedural and infrastructural obstacles in Peru and its partner countries; covers all major sectors including agriculture, metal and other basic manufactures, clothing, textiles, chemicals, plastics and rubber-based products; outlines policy options discussed at stakeholder meeting; includes NTM classification, and bibliographical references (pp. 109-111).

Descriptors: **Peru, Non-Tariff Measures, Trade Policy, SMEs.**

For further information on the technical paper, contact Ursula Hermelink (ntm@intracen.org)

English, Spanish (separate editions)

The International Trade Centre (ITC) is the joint agency of the World Trade Organization and the United Nations.

ITC, Palais des Nations, 1211 Geneva 10, Switzerland (www.intracen.org)

Acknowledgements

The International Trade Centre (ITC) expresses its deepest gratitude to the enterprises and experts that agreed to be interviewed and shared their experiences on the issue of trade barriers.

This report was written by Fernando Vigil González and César Gala, Universidad del Pacífico and Metis Gaia, respectively, in Lima, Peru. The drafting was guided and co-authored by Christian Knebel, ITC.

We thank Carolin Averbeck, Ursula Hermelink, Olga Solleder-Skorobogatova and Mondher Mimouni, Chief of the Market Analysis and Research section at ITC, for providing management support, comments and suggestions. Claudia Uribe and Matias Urrutigoity from the ITC Office for Latin America and the Caribbean furnished valuable support in coordinating with national partners in Peru.

Carolin Averbeck managed the survey implementation with the backing of the ITC non-tariff measures team. The interviews were conducted by Ipsos APOYO Opinión y Mercado S.A. Graduate students from the School of International and Public Affairs at Columbia University in the United States carried out additional stakeholder interviews and research. Benjamin Prampart and the ITC data processing team calculated tables and statistics for the report. Rodrigo Paillacar and Kathrin Weny provided additional research and inputs.

We thank all discussants and participants of the stakeholder meeting for their concrete policy recommendations. We also extend our gratitude to our partners from the Ministry of Foreign Trade and Tourism of Peru (MINCETUR), especially Victoria Elmore and Diego Llosa, for organizing an outstanding meeting and for their support throughout the survey process.

Érika Álvarez is also to thank for editing the publication. Natalie Domeisen and Isabel Droste from the ITC Communications and Events team contributed to the completion of the publication.

The financial contribution of the United Kingdom's Department for International Development (DFID) is gratefully acknowledged.

Contents

Acronyms

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

The following abbreviations are used:

ADEX	Association of Exporters
ALADI	Latin American Integration Association
APEC	Asia-Pacific Economic Cooperation
ATPDEA	Andean Trade Promotion and Drug Eradication Act
BCRP	Central Reserve Bank of Peru
BASC	Business Alliance for Secure Commerce
CADIVI	Commission of Foreign Exchange Administration
CAN	Andean Community of Nations
CCL	Lima Chamber of Commerce
CIF	Cost, insurance and freight
CITEL	Inter-American Commission on Telecommunications
CITES	Convention on International Trade in Endangered Species of Wild Fauna and Flora
COMEX	National Society of External Trade
CPC	Central Product Classification
DICAPI	General Division of Coast Guard
DICSCAMEC	General Office for Control of Security Services, Control of Weapons, Ammunition and Explosives for Civil Use
DGFFS	General Division of Forestry and Wildlife Fauna (Formerly INRENA)
DIGEMID	General Division of Medical Supplies and Drugs
DIGEMIN	General Division of Immigration and Naturalization
DIGESA	General Division of Environmental Health
DIRANDRO	Anti-Drugs Police Department
EFTA	European Free Trade Association
ENAPU	National Enterprise of Ports
FCC	Federal Communications Commission
FDA	US Food and Drug Administration
FOB	Free on board
FTA	Free Trade Agreement
GNTB	Group of Eminent Persons on Non-Tariff Barriers
GTA	Global Trade Alert
HS4	Harmonized Commodity Description and Coding System at 4-digit level
HS6	Harmonized Commodity Description and Coding System at 6-digit level
INDECOPI	National Institute for the Defense of Competition and Intellectual Property
INRENA	National Institute of Natural Resources (Now DGFFS)
IMF	International Monetary Fund
ITC	International Trade Centre
ITP	Peruvian Institute of Fish Technology
MAST	Multi-Agency Support Team
MEF	Ministry of Economy and Finance of Peru
MERCOSUR	Southern Common Market

MILCO	Venezuelan Ministry of Light Industry and Trade
MINAG	Ministry of Agriculture of Peru
MINCETUR	Ministry of Foreign Trade and Tourism of Peru
MRA	Mutual recognition agreements
MTC	Ministry of Transport and Communications of Peru
n.a.	not available
n.e.s.	not elsewhere specified
NTB	Non-tariff barrier
NTM	Non-tariff measure
OECD	Organisation for Economic Co-operation and Development
PENX	National Strategic Plan for Exports
PO	Procedural Obstacle
PRODUCE	Ministry of Production of Peru
PromPerú	Peruvian Commission for the Promotion of Exports and Tourism
SANIPES	National Service for Fisheries Health
SENASA	National Service for Agricultural Health
SIC	Department of Industry and Trade of Argentina
SIICEX	Integrated Information System on Foreign Trade
SIPA	School of International and Public Affairs at Columbia University (United States)
SMEs	Small and medium-sized enterprises
SNI	National Society of Industries
SNP	National Society of Fisheries
SPS	Sanitary and Phytosanitary Measures
SUNAT	Peruvian Tax Collection and Customs Administration
TBE	Trade Related Business Environment
TBT	Technical barriers to trade
TRAINS	Trade Analysis and Information System
UNCTAD	United Nations Conference on Trade and Development
VUCE	Single Window for Foreign Trade
WTO	World Trade Organization

Executive summary

Introduction to non-tariff measures

In a global context of increasing economic liberalization with a widespread tendency to eliminate or reduce tariffs, the relative importance of trade barriers resulting from Non-Tariff Measures (NTMs) has risen. Often, importing countries implement regulation not for protectionist reasons but in order to preserve the health of citizens or the environment. At times, compliance with these requirements represents a hurdle for companies seeking to export, particularly for small and medium-sized enterprises (SMEs) in emerging and developing countries. Therefore, multilateral rules in the World Trade Organization (WTO) and most recent regional and bilateral trade agreements include provisions on NTMs.

The International Trade Centre (ITC) is actively engaged in the analysis of the commercial impact of NTMs and in the building of government and business capacities through technical cooperation with developing countries. ITC, in collaboration with local partners, is conducting large-scale company surveys in 30 developing and emerging countries. These surveys gather information on NTMs specifically from companies dealing with trade impediments on a day-to-day basis. In the Latin American and Caribbean region, Peru was the first country to undergo such an assessment followed by Uruguay, Paraguay, Jamaica, and Trinidad and Tobago in 2011 and 2012. Non-Tariff Measures cover a wide range of policies, including technical regulations, sanitary and phytosanitary measures (SPS), quantitative restrictions, additional charges, financial measures, certification requirements and other conformity assessment. The survey not only focuses on NTMs imposed by governments, but also looks at those procedural obstacles (POs) hampering companies from complying with these NTMs. Delays, institutional costs, excessive paperwork and a lack of testing facilities represent some of the most common POs. In addition, the survey also takes into account inefficiencies in the trade-related business environment (TBEs).

Country context of Peru

The on-going process of trade liberalization implemented since the 1990s has allowed Peru to reap the benefits of a favourable external environment. This has resulted in a robust economic performance over the past decade. Important export sectors, such as food and agriculture (accounting for 19% of total exports in 2009), metal and other basic manufactures (12%), as well as textiles and clothing (5%) have generated employment throughout the country and increased foreign exchange earnings. While the mining sector accounts for 59% of Peru's export value, it only employs 4% of Peruvian labour force. The mining sector is generally excluded from the survey, as its international market is dominated by large multinationals and less subject to NTMs. When analysing the country's imports, one notices that key industrial inputs like chemicals, plastics and rubber-based products, imports of capital goods and high-tech products have also been on the rise –these being covered by the survey.

Peru is a GATT contracting party since 1951 and a founding member of the WTO. Peru also gives high priority to the negotiation of free trade agreements. In fact, 95% of the country's exports take place under the framework of regional and bilateral trade agreements, most of these having been negotiated in the last five years. Being so heavily involved in trade negotiations and agreements, Peru has a significant margin to go beyond tariffs and address NTMs. In order to prevent distortions and give greater predictability to its trade and investment regime, the country also seeks to consolidate liberalisation commitments at the multilateral level.

NTM survey implementation in Peru

In cooperation with the Ministry of Foreign Trade and Tourism (MINCETUR), the ITC NTM survey carried out in Peru was conducted between January and July 2010. With the goal of promoting local capacity building, the survey was implemented by Ipsos APOYO Opinión y Mercado S.A., a Peruvian polling company. The local project manager as well as interviewers were trained by ITC on both NTMs and NTM survey methodology. ITC compiled a comprehensive business register based on information provided by MINCETUR, the Peruvian Tax Collection and Customs Administration (SUNAT), the Lima Chamber of Commerce (CCL) and the Peruvian Commission for the Promotion of Exports and Tourism (PromPerú). Initially, 960 firms were drawn from this register, which Ipsos APOYO then interviewed by phone. The

sample of phone screen interviews is stratified by exporting sectors and company size. The resulting sample of companies affected by NTMs is representative of these two dimensions.

Subsequently, detailed face-to-face interviews were conducted with 123 firms reporting trade impediments and willing to participate. With the exception of mining, the survey covered all major export sectors and some essential import sectors such as agriculture (including food, fisheries and wood products), metal and other basic manufactures, textiles and clothing, chemicals, plastics and rubber-based products as well as other manufacturing. In order to support and validate survey results, open-ended interviews with national stakeholders were conducted by graduate students from the School of International and Public Affairs (SIPA) at Columbia University in the United States (March 2010). Similarly, the authors, from *Universidad del Pacífico* and Metis Gaia in Lima, also conducted open-ended interviews with leading experts and representatives of private and public institutions (July - October 2011).

Aggregate results and cross-cutting issues

Initial phone screen interviews revealed that 40.2% of Peruvian enterprises faced burdensome NTMs and POs. More specifically, barriers to trade were reported by 41.9% of all exporters and 35.5% of importers. Exporters in the agricultural, food and fisheries sector were the most affected by trade impediments (46.3% of surveyed exporting firms), followed by textile and clothing exporters (45.4%). Comparatively less affected by NTMs were exporters of metals and other basic manufactures (36.8%); chemicals, plastics and rubber-based products (32.0%); as well as those of other manufactures (34.8%). In the case of importers, 48.8% of those interviewed in the chemical, plastics and rubber-based product sector reported barriers to trade. Firms importing textiles and clothing (38.1%), agricultural products (35.3%), other manufactures (33.1%) and metal and other basic manufactures (24.0%) registered fewer cases of NTMs.

Face-to-face interviews confirmed that recurring issues affected the majority of the sectors assessed. For exports, most NTMs involved technical regulations and conformity assessment. The former includes sanitary and phytosanitary measures (SPS) and technical barriers to trade; the latter refers to compulsory activities and certificates necessary to demonstrate compliance with technical regulations. Meanwhile, for imports, conformity assessment proved to be the most frequently reported NTM applied in Peru, followed by charges, taxes and other para-tariff measures.

In absolute terms, most NTMs reported to be applied by partner countries involved the European Union (EU) and the United States, followed by members of the Andean Community of Nations (CAN) and the Bolivarian Republic of Venezuela. This was partially explained by the sample composition of face-to-face interviews, which was random with respect to partner countries and therefore naturally captured more firms exporting to large markets. However, the highest relative incidence of NTM cases was reported for the EU and the Bolivarian Republic of Venezuela. Whereas for China, the most important emerging market, the incidence of reported NTMs was very low.

Peruvian firms also experience a number of problems not linked to partner countries. The most common export-related NTMs within Peru included export certification and inspection requirements. However, the main domestic burdens for exporting as well as importing firms came in the form of POs or reflected an inefficient trade-related business environment (TBE). The most common obstacles included delays due to administrative procedures, particularly in customs; a large number of different documents required to obtain certificates of origin as well as commercial and sanitary certificates; and unusually high fees often related to extra-port logistic services.

Moreover, face-to-face interviews with companies and industry experts led to the conclusion that the size of exporting and importing firms is directly related to their capability to cope with NTMs in partner countries. On average, trade barriers imposed by importing partner countries did not represent as great of a challenge for large exporters as they did for SMEs. This may be attributed to the fact that large companies have more experience in trade, greater human and financial resources, network connections and lobbying power than smaller firms. However, the survey suggested that NTMs applied by Peruvian authorities affected large companies and SMEs to a similar extent.

Agriculture

Exporters of agricultural products including fresh food and raw agro-based products, processed food and agro-based products, wood, wood products and paper reported dealing with NTMs mostly related to technical requirements for the protection of human health and safety. An example of this is the EU's legislation on 'novel foods', which affects the small but growing sector of ancient, native food products from Peru's biodiversity. Conformity assessment in the form of high certification and monitoring costs was another major obstacle, particularly for the fishing industry. Overall, 23% of SME product-partner trade flows were affected by NTMs applied by importing countries, compared to only 11% of large company trade flows.

Exporters of agricultural products acknowledged significant improvements made in recent decades by Peruvian public agencies with regard to burdensome procedures and export requirements. However, they continue to deal with a large number of NTMs and POs related to regulations imposed by domestic institutions. NTMs applied by Peruvian authorities affected SMEs and large firms in a similar manner. For example, in general, exporters of all sizes found it difficult to comply with certification procedures and faced costly inspection processes. This caused administrative delays and required considerable paperwork. The diversity of institutions involved in the process of certification and their lack of cooperation explain why it is so difficult for Peruvian firms to fully comply with established requirements. According to experts, these problems were further exacerbated by insufficient dissemination of information on procedures, documentation and sanitary requirements.

In the case of imports, certain products used as inputs for the production of processed foods required conformity assessment. This resulted in delays in administrative procedures, particularly when dealing with customs and sanitary institutions. According to importing firms, and similarly to exporting companies, access to information plays a key role in this regard.

Metal and other basic manufactures

In certain regional markets, exporters of metal and other basic manufactures faced complex NTMs such as quantitative restrictions. For example, in the Bolivarian Republic of Venezuela, Peruvian exporters must prove that the good intended for export is not produced locally. Acknowledgement of a product's country of origin as well as technical regulations also caused challenges. Exporting firms also reported NTMs applied by Peruvian authorities mostly related to high surcharges while preparing documents for export. Firms importing to Peru reported NTMs applied exclusively by Peruvian authorities, in particular with regard to conformity assessment. For instance, ceramic products were subject to strict labelling requirements. When Peruvian authorities detected an error or omission, imported ceramics were re-embarked without giving the importer the opportunity to solve the problem. Importing firms also reported POs and inefficiencies in the TBE including delays at customs and inconsistent inspection policies depending on the port of entry.

Textiles and clothing

The textile and clothing sector in Peru is characterized by its vertical integration. The sector comprises all stages of the production chain: ginning and spinning plants, weaving and dyeing companies as well as clothing firms.

For textile and clothing exporters, certificates and documents required by both Peruvian authorities and partner countries represented the most important barrier. In order to obtain certificates of origin, companies were required to submit affidavits, or written statements of facts, on the composition of products. In some cases, this demanded that exporters hire specialized, technical experts thus incurring extra expenses. Another recurrent obstacle had to do with the fact that export inspections took place outside working hours. This made it difficult for firms, especially for smaller companies, to ensure the presence of personnel. Overall, a variety of fixed costs, the need to acquire certifications and to comply with technical requirements were identified as the main hurdles to overcome. This is particularly relevant, given the fact that the sector comprises a large number of small firms with limited capacities and resources.

When analysing textile and clothing exports to Peru's most important markets, 34% of NTM cases relate to the United States. Since the United States had an export market share of 43%, it turned out not to be a particularly restrictive market in relative terms. Few firms reported NTMs when exporting to the Bolivarian

Republic of Venezuela, the second most important export market for the sector. In contrast, exports within the CAN were highly affected by NTMs, both in absolute and relative terms. MERCOSUR also emerged as a restrictive regional market.

In the case of imports, results were similar to those of other sectors. The most common NTMs encountered within Peru included conformity assessment and technical regulations. More specifically, these had to do with procedures importers dealt with at customs, causing POs such as delays in administrative processes and considerable paperwork.

Chemicals, plastics and rubber-based products

Chemical products bear special relevance since many are used as inputs for production in other sectors. During the import process, firms often encounter domestic NTMs and POs. Conformity assessment having to do with product clearance required by Peruvian authorities was a recurring problem. Industry experts also referred to other domestic NTMs such as special authorizations, licensing and labelling protocols required of chemical products considered to be potentially harmful to health and the environment. Pharmaceuticals were not exempt. In fact, to obtain and renew importing licenses, foreign pharmaceutical producers must undergo on-site inspections to ascertain good manufacturing practices. These measures had a negative impact on importers in terms of time and cost.

Other manufacturing sectors

Exports of other manufacturing sectors consist primarily of non-electronic machinery and miscellaneous manufactures including plastic containers, jewellery and printed publications. Exporters reported NTMs related to conformity assessment, mostly imposed by partner countries but from time to time, also by Peruvian authorities. In addition to these measures, NTMs in the form of inspections and certification requirements entailed delays in administrative procedures.

Imports of other manufactures comprise non-electronic machinery, consumer electronics and information technology products. Common challenges faced by importers had to do with conformity assessment and related POs. These included considerable paperwork, high fees and charges, particularly when obtaining clearance for imported cargo. Extensive customs procedures and high costs of private logistics services embodied other pressing concerns.

Conclusions and policy options

A key component of the ITC project on NTMs was a full-day stakeholder meeting organized in close collaboration with MINCETUR. The meeting, which took place on 10 February 2012, brought together 70 participants from both the public and private sectors. Its aims were to present and validate survey results; discuss the public sector's perspective; and explore policy recommendations.

Concrete domestic actions were identified as crucial to establishing Peru at the forefront of competitiveness in international trade. It was also acknowledged that continued international engagement with partner countries should complement these efforts.

Policy options for domestic action:

1. Strengthen specialized technical agencies and establish a National System of Quality

More financial and human resources are needed at the National Service for Agricultural Health (SENASA), the National Service for Fisheries Health and the Peruvian Institute of Fish Technology (SANIPES/ITP), the Anti-Drugs Police Department (DIRANDRO), the General Division of Environmental Health (DIGESA) and the General Division of Medical Supplies and Drugs (DIGEMID). It was suggested that MINCETUR take a proactive approach in working with the Ministry of Economy and Finance (MEF), and with those in charge of specialized agencies. Furthermore, it was noted that MEF's Competitiveness Agenda 2012-2013 proposed a National System of Quality, which could become the basis for inter-agency cooperation. This initiative should go beyond domestic demand, also taking into account international trade and market access.

Moreover, efforts made by the National Institute for the Defence of Competition and Intellectual Property (INDECOPI) to achieve international recognition for Peru's national accreditation body need to be intensified. Specialized technical agencies and INDECOPI should also seek to harmonize domestic and international standards.

2. Further integrate procedures into VUCE

After the NTM survey, Peru implemented the VUCE to reduce paperwork and integrate procedures through electronic networks. Participants at the meeting acknowledged improvements VUCE has brought with it, but stressed that survey results were still valid. They suggested that to reach VUCE's full potential, the relevant authorities and specialized agencies have yet to further integrate processes and improve cooperation.

3. Streamline of import and export inspections

Inspecting agencies recognized capacity limitations and hinted at the existence of bottlenecks. Hence, it was determined that, as trade growth puts further pressure on institutions, a greater amount of financial and human resources will be required. Furthermore, rendering the inspection process more efficient demands greater collaboration between customs and specialized technical agencies.

Participants at the meeting understood that export inspections remain inevitable, particularly given the amount of cargo rejected in certain countries. Nevertheless, it was suggested that exporters' compliance records be taken into account by inspectors in a more meaningful manner.

4. Improve access to NTM-related information and extend company-level capacity building

The stakeholder workshop confirmed that companies lack access to information on NTMs and procedures. Technical market access requirements should be a factor in the early stages of production and market selection strategy. Otherwise, companies risk missing profitable export markets and are likely to face burdensome NTMs. More specifically, efforts should concentrate on improving access to NTM-related information and building company-level capacities. Steps have been taken in this direction. PromPerú introduced the trade information system (SIICEX) –though this took place after the implementation of the survey. SIICEX provides an excellent starting point to consolidate information, but needs to integrate a greater number of sources, including already existing partner country information portals and those of SANIPES/ITP. Private sector participation in the initiative is essential. In addition, PromPerú and private sector associations should bolster and systematize capacity building at the company-level.

5. Strengthen the role of the regions and decentralize

Specialized technical institutions, ports and logistics infrastructure concentrate in Lima. The overload and centralization of the system hinder regional export potential. Investing in institutions and infrastructure in other Peruvian regions will have a positive impact on their export capabilities and alleviate bottlenecks in the capital.

Policy options during international negotiations:

Overcoming certain NTMs may require that Peru go into the realm of international negotiation. In fact, it is advised that new and existing trade agreements incorporate provisions on mutual recognition, TBT and SPS measures. In recent years, Peru has successfully negotiated phytosanitary protocols with major partners. Nevertheless, exporters' associations demand a greater allocation of resources for these efforts.

Trade agreements and the multilateral trade system also offer valuable venues to address specific NTMs. Peru has achieved some success in contesting the EU's 'novel food' regulation at the WTO SPS Committee. MINCETUR and PromPerú continue their engagement with a public-private group at the Committee. Stakeholders at the meeting advocate that the government give its full support to this initiative. Additionally, as part of the negotiations for a partial scope trade agreement, Peru is also dealing with the quantitative restrictions and foreign exchange licenses imposed by the Bolivarian Republic of Venezuela.

Furthermore, authorities should give priority to Peru's largest markets including the United States and the EU, as well as regional partner countries, especially the Bolivarian Republic of Venezuela and

MERCOSUR member countries. In addition, maintaining good and stable trade relations with CAN partner countries and with China, where exporters reported few challenges, will allow Peruvian companies to benefit from export opportunities.

Outlook

The NTM survey analysis provides a comprehensive picture of the challenges encountered by Peruvian exporters and importers. The stakeholder meeting built on this analysis by initiating a public-private dialogue leading to concrete policy options. The implementation of such options requires that ministries, public agencies and the private sector continue to work together. It is advised that cooperation be close, continuous and institutionalized so as to ensure that policy actions are well defined and their outcome regularly monitored and evaluated.

By building local capacities in survey implementation and analysis, the foundations have been laid for the repetition of this exercise. This will allow evaluating progress over time; identifying new challenges; and carrying out a similar examination at the regional level. In addition, MINCETUR also highlighted the importance of trade in services and brought to light the desirability of an NTM survey in this area.

Introduction to non-tariff measures

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.

Nevertheless, misemployment of non-tariff measures (NTMs) may undermine the impact of falling tariffs. Although the sound use of NTMs to ensure consumer health, environmental protection or national security is legitimate, 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. NTMs have gained importance, with many practitioners considering that they have surpassed tariffs in their trade-impeding effect.

Being 'defined by what they are not',[1] NTMs comprise a myriad of policies other than tariff duties. NTMs are complex legal texts, specific to the product and applying country. They are thus more difficult to quantify or compare than tariffs.

NTMs particularly concern exporters and importers in developing and least developed countries (LDCs), who struggle with complex requirements. Firms in these countries often have inadequate domestic trade-related infrastructure and face administrative obstacles. Therefore, NTMs that would not normally be considered as very restrictive can represent major burdens in LDCs. In addition, the lack of export-support services and insufficient access to information on NTMs put pressure on the international competitiveness of firms. Hence, both NTMs applied by partner countries as well as domestic burdens have an impact on market access and keep firms from seizing the opportunities created by globalization.

Non-tariff measures, their classification and other obstacles to trade

Obstacles to trade are a complex and diverse subject. Before going into a detailed analysis, it is worth looking at both their terminology and classification.

The concept of NTM is neutral and does not imply a direction of impact. They are defined as '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'.[2]

Non-tariff barrier (NTB) implies a negative impact on trade. The Multi-Agency Support Team (MAST) and the Group of Eminent Persons on Non-Tariff Barriers (GNTB) proposed that NTBs be a subset of NTMs with a 'protectionist or discriminatory intent'.[3]

Given that legitimate reasons –including the protection of human, animal and plant health– may lead to NTMs, this report avoids making judgements on intentions. Hence, the term NTM is generally used. By design, the ITC survey only captures NTMs that cause major difficulties for trading companies. NTMs analysed in this report thus refer to 'burdensome NTMs'.

The diversity of NTMs requires a classification system. The ITC survey is based on an international classification developed by MAST, incorporating minor adaptations to the ITC business survey approach.[4] While the actual classification and data collection go into further detail, the following distinctions and terms are used in this report:

[1] Deardorff and Stern (1998).

[2] Multi Agency Support Team (2009).

[3] *Ibid.*

[4] For further details on MAST NTM classification, see appendix II.

1. Technical measures refer to product-specific requirements such as tolerance limits of certain substances, labelling standards or transport conditions. They can be subdivided into two major categories:

    - Technical requirements (TBT or SPS)
    - Conformity assessment, like certification or testing procedures needed to demonstrate compliance with underlying requirements

2. Non-technical measures comprise the following categories:

    - Charges, taxes and other para-tariff measures –in addition to ordinary customs duties
    - Quantity control measures like non-automatic licences or quotas
    - Pre-shipment inspections and other formalities like automatic licenses
    - Rules of origin
    - Finance measures like terms of payment or exchange rate regulations
    - Price control measures

Apart from the aforementioned measures imposed by the importing country, those applied by the exporting country constitute a separate category.. It must be noted that NTMs vary widely even within these broad categories.

In order to provide a richer picture of the problems companies face, the survey also looks at procedural obstacles (POs) and at the trade-related business environment (TBE).[5] POs refer to practical challenges directly related to the implementation of NTMs. For instance, problems caused by the lack of adequate testing facilities to comply with technical measures or excessive paperwork in the administration of licenses. Inefficiencies in the TBE may have similar effects, but occur unrelated to specific NTMs. Examples include delays and costs due to poor infrastructure or inconsistent behaviour of officials at customs or ports.

The importance of company perspectives on non-tariff measures and procedural obstacles

In the literature, different methods have been used to evaluate the effects of NTMs. An early and simplistic approach employed a concept of incidence with NTM coverage ratios. For example, Laird and Yeats (1990) found a dramatic surge of NTM incidence in developed countries between 1966 and 1986 –a 36% increase for food products and an 82% increase for textiles. 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 (TRAINS) published by the United Nations Conference on Trade and Development (UNCTAD), but data has been incomplete and updates irregular.

In a multi-agency effort, ITC, UNCTAD and the World Bank are currently collecting data for a new, global NTM database with a focus on TBTs and SPS. However, as complete as such a database may be, it will tell little about the impact of NTMs on the business sector nor will it provide information about related POs.

The two main approaches to evaluating the impact of NTMs include quantification techniques and direct assessment.

In the case of quantification techniques, several academic studies have quantitatively estimated the impact of NTMs on either trade quantities or prices. Such studies have either focused on very specific measures and individual countries[6] or have statistically estimated the average impact from large samples of countries and NTMs.[7] Excellent overviews are provided by Deardorff and Stern (1998) as well as by Ferrantino (2006). Such academic articles provide an important insight into the quantitative impacts of NTMs. However, these studies are too specific or too general to deliver a useful picture of NTM protection to the

[5] For further details on the systematic classification of POs and inefficiencies in the TBE used in the survey, please refer to appendix III.

[6] Calvin and Krissoff (1998); Yue, Beghin and Jensen (2006).

[7] Disdier, Fontagné and Mimouni (2008); Dean et al. (2009); Kee, Nicita and Olarreaga (2008); Kee, Nicita and Olarreaga (2009).

business sector and to national policymakers. Quantitative estimations of the effects of NTMs rarely allow for the isolation of the impact of NTM regulation itself from related POs or inefficiencies in the TBE.

The second approach to evaluating the impact of NTMs is direct assessment through surveys. The Organisation for Economic Co-operation and Development (OECD) compiled the results of 23 business surveys on NTMs previously conducted.[8] Overall, technical measures, additional charges and general customs procedures were identified as the most burdensome trade barriers. It is worth noting that of the 10 categories that were evaluated, quotas and other quantitative restrictions, an important trade policy instrument only a few decades ago, ranked fifth. While this survey-of-surveys gives a general indication of the business sector's concerns with NTMs, the majority of the surveys covered a restricted set of partner countries and products. In addition, the share of surveys from developing countries was generally low.

This report presents results from a large-scale company survey on NTMs, POs and inefficiencies in the TBE. It fills the gap left by the aforementioned studies since it provides detailed qualitative impact analysis and directly addresses key stakeholders. Furthermore, the ITC NTM project evaluates all major export sectors and all importing partners, and by 2013 aspires to cover 30 developing countries.

The ITC survey allows companies to directly report the most burdensome NTMs and the way in which these impact their business. Exporters and importers deal with NTMs and other obstacles on a day-to-day basis. Therefore, they know best the challenges they face, rendering a business perspective on NTMs indispensable. At the government level, an understanding of companies' key concerns with regard to NTMs, POs and TBEs can help define national strategies geared to overcome obstacles to trade. The report is structured as follows: Chapter 1 provides an overview of Peru's economy with particular focus on trade and trade policy. Chapter 2 then presents the methodology and implementation of the ITC survey in Peru. Chapter 3 analyses the results of the survey in six main sections. After aggregate and cross-cutting results in a first section, the following sections look at challenges faced by exporters and importers in specific sectors: agriculture; metal and other manufactures; textiles and clothing; chemicals, plastics and rubber-based products; and other manufacturing sectors. Chapter 4 concludes and provides policy options that were discussed at a public-private stakeholder meeting in Lima, Peru, in February 2012.

[8] Organisation for Economic Co-operation and Development (2005).

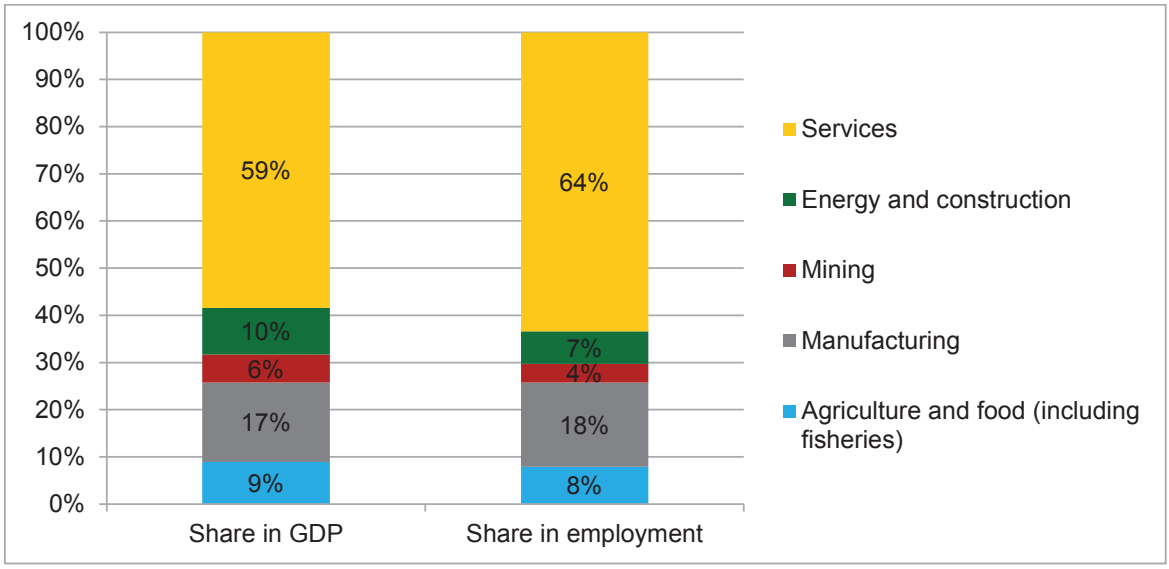
Chapter 1 Trade and trade policy overview of Peru

This chapter provides an overview of trade-related aspects of Peru's economy in order to put the survey results into context. After a brief general economic introduction in the first section, the second section outlines Peru's export and import trade patterns. The third section focuses on trade policy, trade agreements and tariffs. The fourth section looks at national trade and development strategies.

1. General economic introduction and sector composition

Peru has experienced robust economic growth in recent years as result of favourable external conditions and a sustained process of economic reforms. The average real Gross Domestic Product (GDP) growth rate between 2002 and 2008 was 6.7%, about 2% higher than the average for South American countries. In spite of the global recession, the country experienced positive growth (0.9%) in 2009, at a time when South American economies shrunk by 0.3% on average. International trade helps explain developments in the Peruvian economy. The collapse in global trade at the end of 2008 entailed a reduction of world demand for Peruvian exports, resulting in the slowdown previously mentioned. Nevertheless, authorities were quick to react and introduced counter-cyclical measures. The Central Bank provided ample liquidity lowering the interest rate to a historic 1.25%. In addition, the government implemented an important fiscal stimulus plan equivalent to 2.5% of GDP in 2009. While investment fell significantly, private consumption and government spending continued to support economic activity, which started to pick up again at the end of 2009. In light of strong growth, the Central Bank began raising the interest rate to its current level of 3%. Recovery in 2010 was so robust that GDP grew at a rate of 8.8%.[9] It was during the early stages of this recovery period, between January and June 2010, that the ITC survey on NTMs was conducted.

Figure 1: Sector contributions to GDP and employment, 2010



Sources: GDP: *Instituto Nacional de Estadística e Informática* - online information, 2011;
Employment: *Ministerio de Trabajo y Promoción del Empleo, Anuario Estadístico*, 2010.

Note: Employment shares were extrapolated from private sector electronic registers (*plantillas electrónicas*) maintained by the Labour Ministry. The data only covers part of the working population (2.4 million in 2010), hence sector shares may deviate. Informal employment is not included in the statistics. For more information on the data refer to http://www.mintra.gob.pe/mostrarServicios.php?codServicios=46.

[9] IMF, 2011.

Contributions to GDP and employment provide us with a good idea of the importance of the sectors analysed in this report. Agricultural production, including food and fisheries, represents 9% of Peru's GDP and employs 8% of the labour force (figure 1). Agriculture is extremely important for Peru's economy since it yields a large share of export earnings. Therefore, it was a major focus of the survey. Manufacturing is the second most important activity in terms of GDP and employment, accounting for 17% and 18% respectively. Within manufacturing, the most important productive sectors are basic metal manufactures along with textiles and clothing, also covered by the survey. The mining as well as the energy and construction sectors represent 10% and 6% of GDP respectively. These sectors make up 7% and 4% of overall employment. As figure 1 shows, Peru's economic output and employment structure are dominated by services, which accounted for 59% of GDP in 2011 and employed 64% of the Peruvian labour force. Services, mining, energy and the construction sector were not covered by the survey.

Peru has developed a sound macroeconomic framework based on prudent fiscal spending and on the accumulation of reserves. Peru has also implemented reforms with the goal of enhancing its competitiveness. For example, the country has successfully reduced trade barriers and become more open to foreign investment. Inflation levels have remained below 3% since 2005, with the exception of 2008, when a temporal increase in commodity prices resulted in a 5.8% rate. In 2009 and 2010, inflation was reduced to 2.9% and 1.5%, respectively.[10]

Economic growth has had a positive impact on poverty alleviation through increases in income and employment levels. Data from the Peruvian Statistics Office indicate that workers' income, on average, rose 8.5% per year from 2005 to 2009. Workers in the agriculture, fishing, manufacturing and construction sectors experienced the highest growth rates of their wages.[11] In contrast, wage growth for workers in the mining sector was negative. Furthermore, urban unemployment levels have continuously diminished in recent years, reaching 5.9% in 2009.[12] There has also been a continued decline in poverty rates going from 48.7% in 2005 to 36.2% in 2008.[13]

2. Trade patterns

This section provides an overview of Peru's trade flow patterns, its most important sectors and partner countries. While each sector is discussed in detail in chapter 3, the general structure of Peru's trade relations is presented below. Although the mining sector and the petroleum industry account for 58% of exports in Peru, they have not been considered in the survey, as international markets are very particular and are determined by large multinational buyers rather than by governmental trade policy, which is the subject of the survey. For this reason, these sectors as well as arms are excluded from the figures in this section.

2.1. Exports

When taking minerals and petroleum into account, Peru's exports experienced an average annual growth rate of 20% between 2001 and 2010. However, this development was largely driven by minerals and petroleum. Exports of agricultural and manufactured goods grew at an average yearly rate of 13%. Although exports of Peruvian goods collapsed 14.5% in 2009, they bounced back from US$ 27 billion to US$ 35 billion in 2010, a 30% increase.

Excluding minerals and petroleum, it becomes apparent that the most important export sectors are raw and processed agro-based products, including fisheries, and metal manufactures (figure 2). The latter were particularly hit during the economic downturn. In fact, metal manufactures' share in total export value went from 16.6% in 2008 to 12.1% in 2009. Moreover, textiles and clothing, Peru's third largest export sector, experienced a 26% reduction during the same time period. This sector has only slightly recovered, growing 2.6% between 2009 and 2010. Chemicals, plastics and rubber-based products as well as remaining sectors (grouped as 'other manufacturing sectors') account for minor export shares, but form a major part

[10] *Ibid.*

[11] INEI (2010a), p. 252, cuadro 6.8.

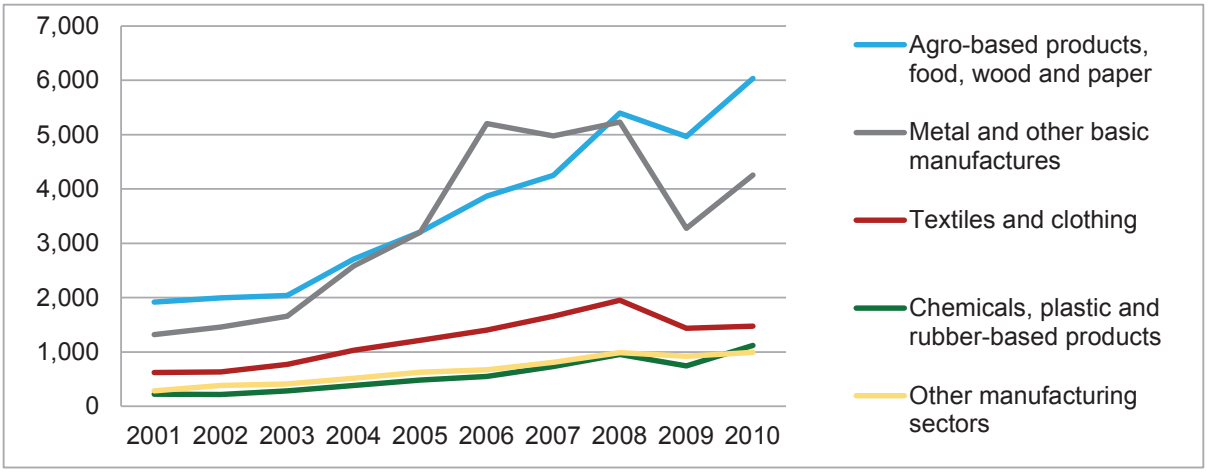
[12] INEI (2010a), p. 274, cuadro 7.3.

[13] INEI (2010b), p. 71, cuadro I. 21.

of Peru's imports (see section 2.2). While the international crisis did not significantly alter the sector composition of Peruvian exports, increasing reliance on minerals and petroleum has taken place over the last decade.

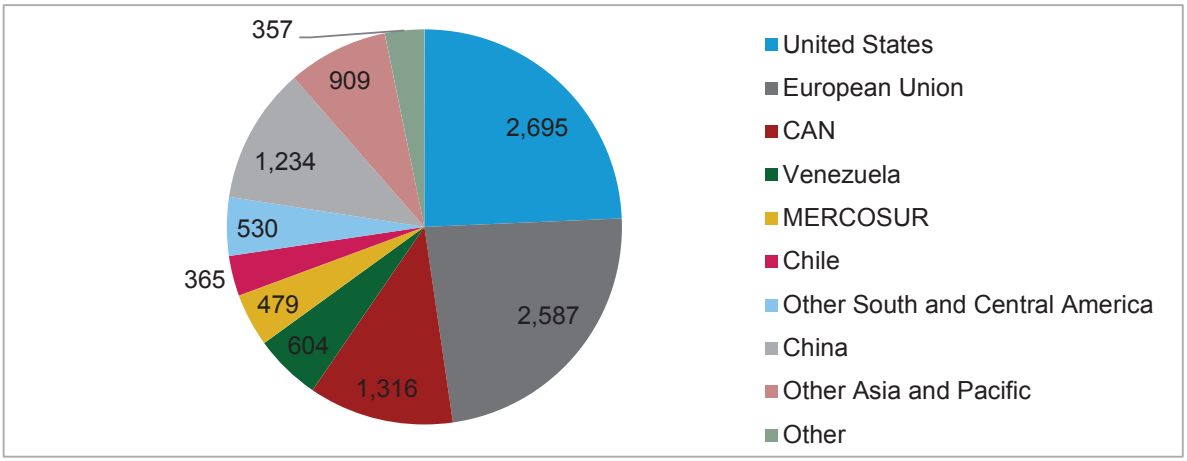
Most Peruvian exports are destined to the United States of America (United States) and to the European Union (EU). The Andean Community of Nations (CAN) comprising the Plurinational State of Bolivia, Colombia and Ecuador, in addition to China also represent major export destinations for Peruvian products. However, in 2009, a significant rearrangement in the ranking of countries took place. While exports to the Bolivarian Republic of Venezuela, the United States, Japan, Chile and Spain saw a reduction, exports to China, the Republic of Korea and Canada increased.

Figure **2:** **Development and composition of Peruvian exports (excluding minerals and petroleum), 2001-2010, values in US$ million**



Source: ITC calculations based on Trade Map data.

Figure 3: **Main markets for Peruvian exports (excluding minerals and petroleum), 2009, values in US$ million**



Source: ITC calculations based on Trade Map data.

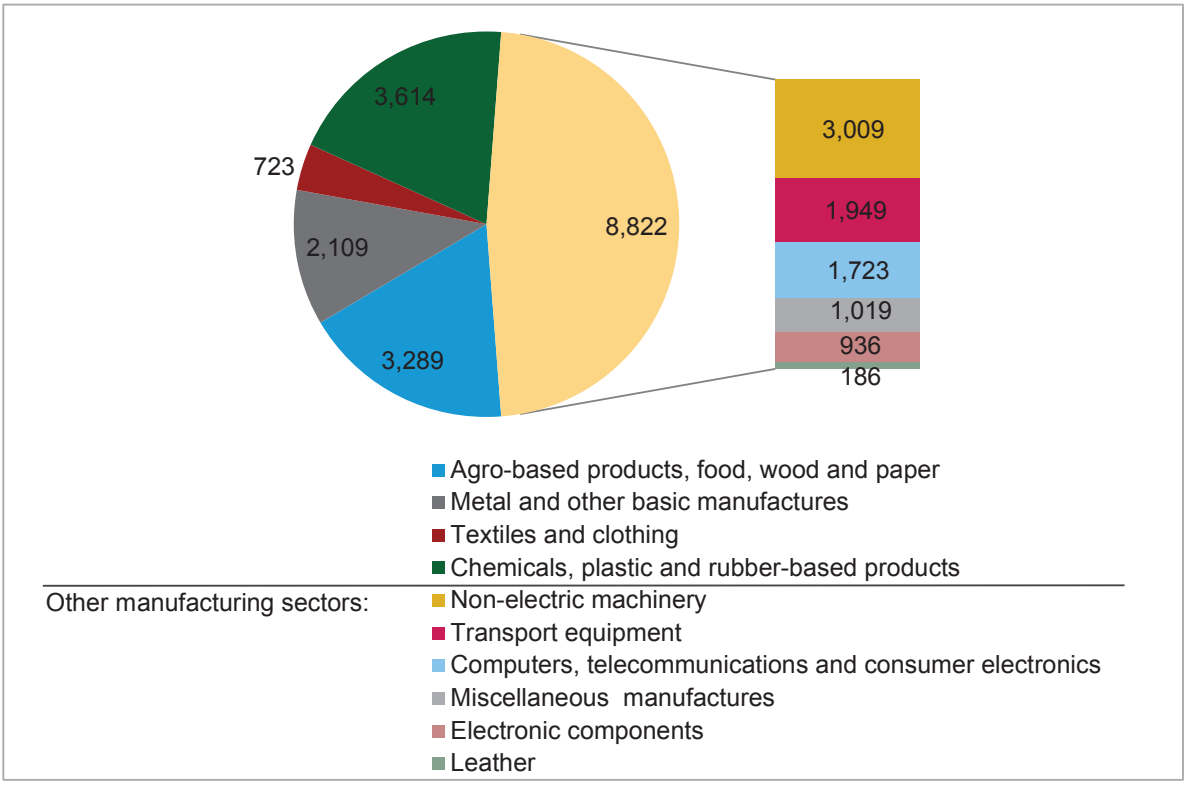
2.2 Imports

Between 2001 and 2010, total imports grew at an average annual rate of 17%. Imports saw a 27% decline in value during the financial crisis, this being much more pronounced than that of exports (14.5%). As a consequence, Peru had a positive trade balance of US$ 4.8 billion in 2009 and of US$ 5.2 billion in 2010. These surpluses, however, rely heavily and increasingly on the export of minerals and petroleum.

Peru is a net exporter of agro-based products; as such imports of these only represent 18% of total import value. In contrast, manufactured products constitute Peru's principal imports, accounting for 82% of total imports. Chemicals, plastics and rubber-based products are the largest import sector within manufacturing, making up 19% of imports and providing essential inputs for domestic agricultural and industrial production. The import share of capital goods like non-electric machinery (16% of total import value), transport equipment (11%) as well as computers, telecommunication and consumer electronics (9%) is also significant. Electronic components, leather and other miscellaneous manufactures jointly account for 12% of import value. It is worth noting that Peru is a major exporter of basic metal manufactures, but an importer of non-metal basic manufactures (11% of imports). Imports of textile and clothing products amount to 4% of total import value (figure 4), Peru being a major exporter of these.

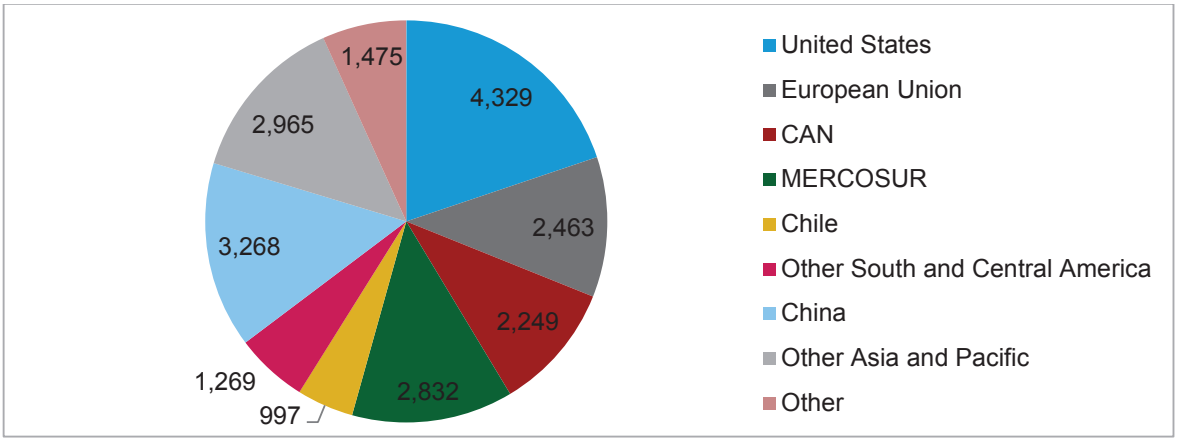
Most of the products imported by Peru come from other Latin American countries. Imports from Common Southern Market (MERCOSUR) member countries, from CAN partners and from Chile made up 27% of Peru's total import value in 2009, while those from the United States and the EU accounted for 20% and 11% respectively (figure 5). China has become the second most important country of origin for Peruvian imports. The share of goods imported from China went from 13.5% in 2008 to 17.1% in 2010, whereas the share of imports from the United States stayed roughly constant during this time. Imports from other Asian and Pacific countries represented 14% of Peruvian imports in 2009 and are experiencing rapid growth.

Figure 4: Peruvian import composition (excluding minerals and petroleum), 2009, values in US$ million



Source: ITC calculations based on Trade Map data.

Figure 5: Peruvian imports' main countries of origin (excluding minerals and petroleum), 2009, values in US$ million



Source: ITC calculations based on Trade Map data.

3. Trade policy

Peru has significantly liberalized and simplified its tariff regime. The simple average most-favoured-nation (MFN) rate dropped from 47% in 1990 to 5.4% in 2010, the trade-weighted average being 2.8%.[14] In addition to unilateral trade liberalization, Peru has been very active in multilateral, regional and bilateral trade negotiations. Peru is a member of CAN, of the Latin American Integration Association (ALADI), the Asia-Pacific Economic Cooperation (APEC) forum, and the World Trade Organization (WTO).

Through CAN, Peru has achieved duty free trade with Colombia, Ecuador and the Plurinational State of Bolivia. The Bolivarian Republic of Venezuela left CAN in 2006 and a replacement agreement with Peru has yet to be signed. During the implementation of the ITC survey on NTMs in Peru, between January 2010 and July 2010, preferences deriving from the Bolivarian Republic of Venezuela's membership in the community were still valid (see figure 6).

The ALADI is advancing towards an area of economic preferences by means of partial scope agreements. Partial scope agreements covering a limited number of goods may include tariff reduction, trade promotion, technical standards as well as other economic areas.[15] Partial scope agreements are negotiated at the regional level or as bilateral agreements to further promote the integration of ALADI members.[16] Additional agreements with Cuba and MERCOSUR countries –Argentina, Brazil, Paraguay and Uruguay– apply since 2000 and 2006, respectively (see figure 6).

Peru is also part of the APEC Mutual Recognition Arrangement. This agreement establishes that testing procedures be recognized amongst member countries and that product approvals from one another be accepted. Peru is also a signatory of the Inter-American Commission on Telecommunications (CITEL) Agreement, with the Ministry of Transport and Communications of Peru (MTC) recognizing homologation certificates of telecommunications equipment from the United States and Canada.

Furthermore, bilateral Free Trade Agreements (FTAs) with the United States, Chile, Canada, and Singapore came into force in 2009. An FTA with China came into effect in March 2010 (figure 6).[17] As this coincides with the survey period, its effects are unlikely to be captured in the NTM survey. Presently, over 90% of Peru's exports are destined to countries with which Peru has signed an agreement. FTAs with the European Free Trade Association (EFTA) and the Republic of Korea, as well as a liberalization protocol

[14] WTO and ITC (2011), De Wulf, L. and J. B. Sokol (2004).

[15] http://www.uruguayxxi.gub.uy/innovaportal/v/131/2/innova.front/trade_agreements.html (accessed on 15 November 2011).

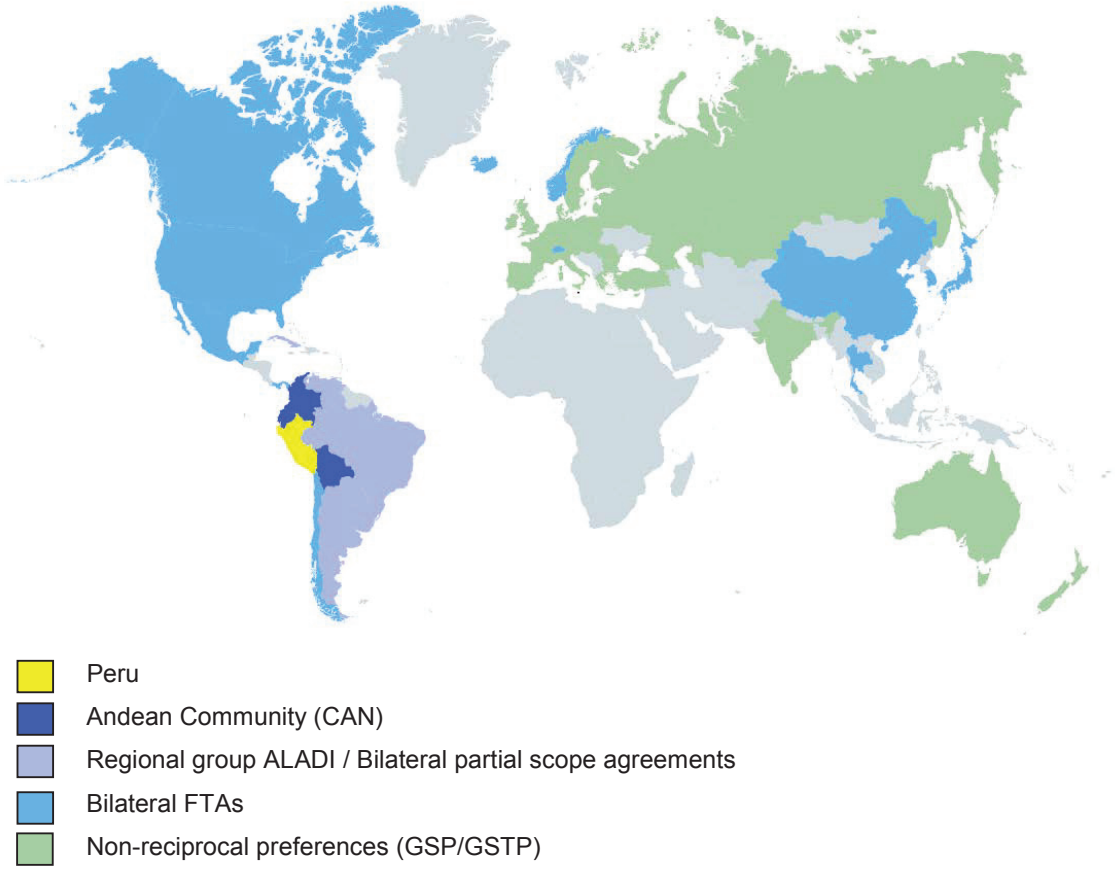
[16] http://www.aladi.org/nsfaladi/arquitec.nsf/VSITIOWEB/quienes_somos (accessed on 15 November 2011).

[17] Ministry of Trade and Tourism of Peru, Acuerdos Comerciales del Perú, 2011.

with Thailand came into force in 2011;[18] while agreements with Mexico, Japan and Panama in the first quarter of 2012. FTAs with Costa Rica, Guatemala and the EU have been signed but not yet implemented.

Under the Generalized System of Preferences (GSP) and the Special Incentive Arrangement for Sustainable Development and Good Governance (GSP Plus), Peru benefits from non-reciprocal tariff preferences on selected products granted by the EU and other developed and emerging countries. Similarly, under the Global System of Trade Preferences (GSTP), Peru grants and receives preferential tariffs (figure 6).

Figure 6: Peru's trade agreement and preference world map



Source: ITC illustration based on Market Access Map data, 2011.

Note: This graph reflects, to the best of ITC knowledge, the situation as of September 2011. The Bolivarian Republic of Venezuela officially left the Andean Community in 2011 with no replacement agreement concluded with Peru, yet the agreement was in place during the survey period in 2010 and preferences continued to apply.

3.1. Tariffs and preferences for agro-based commodities

While tariffs are not the focus of the survey, they constitute an important pillar of trade policy and market access. In general, importing countries apply non-discriminatory MFN tariffs to imports from WTO members. In addition, many exports are eligible for tariff reductions under trade agreements (see previous paragraphs). The actual applied tariff rate is then the MFN duty minus the preferential margin (see table 1). Nevertheless, preferential treatment for exports often depends on additional requirements such as rules of

[18] In the case of Iceland, Liechtenstein and Switzerland, the agreement took effect in July 2011. Norway has yet to complete ratification procedures.

origin. Hence, not all potentially eligible exports from any one country necessarily benefit from preferential tariffs.

In the case of Peruvian agricultural products, wide variation in tariffs across export destinations exists. While Colombia imposes a simple average MFN rate of 18.6%, the United States levies an average rate of 4.5% (table 1). Weighted average tariffs, calculated using 2009 bilateral trade values, for the EU, China and Japan are lower than their simple average MFN rates. This means that goods exported by Peru face less protection in these markets than other agricultural products. In contrast, Peruvian exports to the United States and to Colombia encounter greater protection than the average of agricultural goods.

Preferential margins take into account potentially eligible tariff lines under relevant trade agreements, if any. In the case of agricultural products these trade-weighted margins go from 0% to 26.1% (table 1). Relatively high preferential margins are granted by the EU, the United States and Colombia. When exporting to the EU, Peru classifies as a GSP country[19] and is thus granted lower tariffs. Consequently, the applied preferential tariff for Peruvian agricultural exports to the EU is 4.5% lower than the MFN rate. In the end, 95.5% of total export value enters the EU market duty free. Colombia imposes high MFN tariff rates on agricultural products. Nevertheless, being a CAN member, it grants Peruvian goods a 26.1% preferential margin (weighted). In the end, the applied tariff rate is zero, making all exports eligible for duty free entry (table 1). Thus, Peruvian exporters have a significant advantage in Colombia over non-regional exporters.

Exports to the United States are subject to a 6.2% preferential margin resulting from the 2009 FTA and from GSP preferences. Almost all exports can potentially enter the United States market free of duties. While Japan only grants Peruvian exports a 0.2% preferential margin, its MFN tariff rate is low, with a trade-weighted average tariff of 1.8%. In the case of China, the trade agreement in place was signed at the time the survey took place in March 2010. Hence, no preferential margins have been captured in table 1, which refers to 2009 data.

3.2. Tariffs and preferences for manufactured goods

In major importing markets, simple average MFN duty rates for Peruvian manufacturing exports range from 5.3% to 18.8% (table 1).

In most developed country markets, exports of manufactured goods benefit from non-reciprocal preferences. Hence, applied tariff rates are lower than MFN duties. A significant amount of products are exported on a duty free basis, including to the United States and the EU (see table 1).

The Bolivarian Republic of Venezuela and Colombia apply simple average MFN levies of 18.8% and 13.6%, respectively. However, both Colombia and Peru are signatories of the CAN free trade agreement. In the case of the Bolivarian Republic of Venezuela, despite it exiting CAN, trade preferences are still valid. Most Peruvian exports to these markets enter on a duty-free basis (table 1).

Peru's exports to China are concentrated on goods for which MFN duties are low. This is highlighted by a trade weighted MFN duty rate of 0.7% and almost 90% of duty free exports in value-terms. These low tariff barriers even applied before the preferences that came into effect according to the trade agreement between China and Peru (not captured in table 1).

[19] European Commission (2011), p. 110.

Table 1: Tariffs applied and preferences granted by major importing partners, agriculture and manufacturing

Major markets	Bilateral exports in 2009, in US$ million[a/]	Average MFN duty of traded tariff lines		Pref. margin (eligible)[b/]	Duty-free imports	
		Simple	Weighted[a/]	Weighted[a/]	Tariff lines (% of total)	Value (% of total)
Agro-based products and food						
European Union	1,709	12.2%	5.1%	4.5%	59.9%	95.5%
United States	876	4.5%	6.6%	6.2%	89.3%	99.1%
China	788	15.4%	3.5%	0%	7.5%	0.3%
Japan	169	7.8%	1.8%	0.2%	30.8%	71.6%
Colombia[d/]	142	18.6%	26.1%	26.1%	100%	100%
Manufacturing[c/]						
United States	1,819	5.9%	6.4%	6.4%	98.7%	100%
European Union	881	5.3%	2.9%	2.9%	97.5%	97%
Venezuela (Bolivarian Republic of)	564	18.8%	21.1%	21.1%	99.5%	99.5%
Colombia[d/]	477	13.6%	11.3%	11.3%	98.5%	99.9%
China	446	9.9%	0.7%	0%	8.6%	89.5%

Source: ITC calculations based on Trade Map and Market Access Map data, 2011.

[a/] Weighted average tariff rates are calculated using actual bilateral trade values as reported by importing countries. Bilateral exports are based on data directly reported by Peru.
[b/] Preferential margin calculations take into account potentially eligible tariff lines under relevant trade agreements, if any.
[c/] Sector definitions based on the ITC classification are adapted for this report, see Appendix I. Under this classification, 'agro-based products, food, wood and paper' refers to sectors 1 and 2, while 'manufacturing' to sectors 3 through 13. Minerals, petroleum and arms are excluded.
[d/] Weighted tariff averages are based on Colombia's imports from Peru in 2008, but Peru's exports to Colombia refer to 2009.

4. National trade and development strategies

Peru has devised a strategy to enhance the competitiveness of exporters. On the institutional side, a national competitiveness plan was developed and is being implemented, with corresponding organizational structures having been established. Trade facilitation efforts include laws to modernize the port sector, initiatives by the Export Promotion Agency (PromPerú), the streamlining of administrative procedures and infrastructural development support.[20]

4.1. The Strategic National Plan for Exports

In 2002, the Government of Peru established the National Council for Competitiveness charged with the task of proposing and implementing the Strategic National Plan for Exports (PENX) 2003-2013. This plan was elaborated with the participation of governmental agencies, the private sector and civil society.

The PENX sought to increase Peru's competitiveness and had the specific goal of doubling exports by 2006. Given that a concentration of basic commodity exports like minerals and petroleum made Peru vulnerable to price fluctuations in international markets, the development of a more diversified range of products became a priority. Further diversification was also envisaged with respect to target markets and

[20] Details on these and other measures, including Free Trade Zones, can be found in WTO, 2007.

companies involved in trade, particularly since a significant amount of Peruvian exports over past decades was destined to the United States and to Asian markets and dominated by very few firms.[21]

Amongst those factors hampering competitiveness, high transport costs, the quality of roads and bottlenecks in ports were identified. For this reason, the PENX seeks to enhance infrastructural development through an efficient legal framework and improved access to financial services.[22]

In the past few years, the PENX has guided actions at the sector and regional levels. It has also served to channel support from the World Bank, the EU and the Inter-American Development Bank in aspects related to export competitiveness.[23] In addition, the institutional arrangement has been enhanced with the recent creation of the Multisector Committee on International Markets (*Comité Multisectorial de Mercados Internacionales*), composed of government and private sector associations and responsible for implementing operative plans.

4.2. Trade facilitation and other export support measures

In order to facilitate trade, Peru reformed its customs service in the 1990s. Measures included the professionalization of staff, the implementation of information technologies and the development of a customs risk management system for shipments. Another important measure was the establishment of the service as a decentralized, public institution with administrative, budgetary and technical autonomy. Reforms had a positive impact on the processing of declarations and on clearance procedures. For example, based on risk analysis, inspection went from a 100% of shipments to only 15%, thus reducing export clearance times.[24]

Under the framework of the PENX, further reforms were implemented.[25] The General Customs Law was fully enacted on 1 January 2010 to foster foreign trade, encourage economic development and protect public funds.[26,27] Given that this date coincides with ITC survey implementation, results do not fully capture its effects. Continued efforts to simplify customs procedures have been successful. For example, foreign firms with certification from the Peruvian Tax Collection and Customs Administration (SUNAT) confirming that they have fulfilled General Customs Law requirements in the past no longer have to hire a customs broker. In addition, when import shipments are worth less than US$ 2,000, SUNAT's authorization is not necessary at all.

Information technologies have had a positive impact on trade. Electronic services provided by SUNAT became first available in 1993, when the Integrated System for Customs Management (SIGAD) was established. Since then, more and more electronic applications, including the import or export declaration mail system and the transactional website were created. By 2006, 36% of all customs declarations were submitted online. The establishment of the Single Window for Foreign Trade (VUCE)[28] followed, enabling for documents and information to be transmitted electronically. The single window provides a basis for coordination since it connects eight governmental institutions responsible for issuing export and import permits as well as entities involved in the shipping process. Since VUCE was established in July 2010, following the realization of the NTM survey, certain challenges reported in the survey may have been since resolved. However, the public-private stakeholder meeting to discuss the survey results, held in Lima, Peru, in February 2012, confirmed that the survey results were still valid to a large extent (see chapter

[21] Ministry of Trade and Tourism of Peru (2003), pp. 5-35.

[22] *Ibid*, pp. 21-38.

[23] World Bank (2009) and MINCETUR (2010a and b).

[24] De Wulf, L. and J. B. Sokol (2004).

[25] OECD (2008).

[26] Ministry of Foreign Relations of Peru, General Customs Law, 2011: http://www.rree.gob.pe/portal/economia2.nsf/3f362f052391272905256c2a006f5598/02b7253c8d438c4905256c2a006b9583?OpenDocument (accessed on 26 October 2011).

[27] Peruvian Tax Collection and Customs Administration (SUNAT), 2010: http://inversionistaextranjero.sunat.gob.pe/index.php?option=com_content&view=article&id=77%3Aley-general-de-aduanas&catid=18%3Aley-general-de-aduanas&Itemid=27&lang=en (accessed on 26 October 2011).

[28] https://www.vuce.gob.pe/boletines/Boletin_0_Mayo_2011.pdf (accessed on 26 October 2011).

Conclusions and policy options). Public information for exporters has also improved. PromPerú developed an Integrated Information System on Foreign Trade (SIICEX), bringing together product information, trade statistics, specifics on training and technical guides to regulations. It is worth noting that as clearance procedures were standardized and information made available, compliance with regulations became easier, faster and thus more efficient. In fact, between 2002 and 2008 clearance times were reduced by one third.[29]

Measures have also targeted small exporters. For example, "Easy Export Peru" offices have been established and linked to the postal service. Exporters sending abroad up to US$ 5,000 in products and less than 30 kg per package may take advantage of the existing postal service infrastructure. The government has recently increased the number of offices available in the country.

Furthermore, the improvement of transport management has been a goal. In March 2003, the Peruvian Congress passed a Ports Law designed to promote private sector investment in the modernization and development of infrastructure.[30] In light of high costs and an increase in trade over the last decade, port infrastructure has become a bottleneck.[31] For this reason, special measures have been implemented in Callao, Peru's main port, including the incorporation of portal cranes in 2009. Nonetheless, infrastructural challenges remain significant.[32]

Other temporary measures include a special credit line and a guarantee fund for exporters under the Economic Stimulus Plan. An increase in the coverage of export credit for SMEs, reforms to this insurance instrument and the creation of a post shipment credit were also part of the stimulus plan.[33]

[29] OECD (2008), p. 43

[30] Ministry of Trade and Tourism of Peru (2003), pp. 22 and 23.

[31] Economist (2005).

[32] See for example, Du Bois and Torres (2006), Guasch, J.L. and R. Polastri (2007) and MTC (2005).

[33] Global Trade Alert (2010), p. 62.

Chapter 2 Non-tariff measure survey methodology and implementation in Peru

In cooperation with local partners in Peru, the ITC conducted a large-scale company survey on NTMs and other obstacles to trade, in order to increase transparency and help better understand the trade impediments faced by the Peruvian business sector.

This chapter provides information on country-specific survey implementation, sampling methodology, basic characteristics of the survey sample and course of analysis. Appendices go into further detail. Appendix I provides a thorough explanation of the global methodology which is the core part of the analysis, identical in all surveyed countries. Appendix II contains the NTM classification, while appendix III lists procedural obstacles, thus presenting the taxonomy to arrange reported measures into an organized hierarchical system. Appendix IV enumerates interviewed experts and stakeholders.

1. Survey implementation and sampling methodology

1.1. Timeline and principal counterparts

In cooperation with the Ministry of Foreign Trade and Tourism (MINCETUR), the ITC survey in Peru took place between January and July 2010. In order to promote local capacity building, a Peruvian polling company, Ipsos APOYO Opinión y Mercado S.A., was charged with survey implementation. The local project manager and interviewers were trained by ITC on NTMs and on survey methodology. In addition, ITC compiled a comprehensive business register based on information from MINCETUR, SUNAT, the Lima Chamber of Commerce (CCL) and PromPerú. The register was used to select a stratified random sample of 960 firms that were interviewed by phone.[34] This served to identify those companies that experienced burdensome regulations that seriously affected their export or import operations, e.g. through high costs or very strict requirements. Subsequently, 123 companies reporting such challenges were interviewed face-to-face.

In order to support and validate survey results, graduate students from the School of International and Public Affairs at Columbia University (United States) conducted open-ended interviews with national stakeholders (March 2010). The authors of this report, Professor Fernando González Vigil and César Gala from *Universidad del Pacífico* (Lima, Peru) held further consultations with leading experts and representatives of private and public institutions (July - October 2011).

1.2. Business registry, sample frame and selection strategy

In order to come up with the initial business registry for exporters, government databases covering all Peruvian companies having exported or imported in 2008 were employed. The first dataset, maintained by MINCETUR, captures each company's annual international trade transactions, disaggregated by product for both exports and imports in 2008. SUNAT's database provides details on addresses and phone contacts only for exporters. Matching both sources through a unique identifier resulted in a list of exporters ready for sampling. In addition, the sampling frame also took into account companies' sector and size. Furthermore, correspondence tables allowed for the matching of Peruvian product codes to establish companies' main export sectors based on the ITC classification. This classification comprises 13 agricultural and manufacturing sectors.[35] The registry covered a population of 6,880 Peruvian exporters, excluding those of minerals, petroleum and arms. Due to their high demand and to the specificities of activities undertaken by large multinational companies, the export of minerals is generally not subject to regular trade barriers, while that of arms is beyond the scope of ITC. MINCETUR and PromPerú representatives approved these exclusions.

[34] See appendix I for more methodological details.

[35] See appendix I. The list of products in SITC Rev 2 product classification composing the ITC sector classification is available in ITC (2007). The initial classification also includes minerals, totalling 14 sectors.

For the final survey sampling, four regions were selected also based on consultations with MINCETUR and PromPerú: Arequipa, Lambayeque, Lima and Piura. Not only is enterprise concentration high in these departments, but it was practically feasible and cost-efficient to send interviewers there to carry out follow up face-to-face interviews. These departments also cover distinct geographic regions, both coastal and mountainous, within Peru. The final business registry encompassed 3,751 exporting companies.

Challenges were encountered when compiling a business registry for importing companies. Although MINCETUR's dataset covered a full population of importers, SUNAT's database did not provide contact information for them. A database limited to companies located in Lima was obtained through PromPerú and the CCL. While companies solely carrying out import activities could only be interviewed in Lima, company reports on NTMs applied to imports do come from the rest of the country, as many interviewed exporters are also importers and reported barriers to their import operations.

1.3. Phone interviews and representativeness

According to the NTM survey sampling methodology (see appendix I), phone screen interviews covered a representative share of Peru's main export sectors. When excluding minerals and petroleum, the survey captures over 90% of Peru's exports. Representative sampling methodology required that 648 exporting companies be interviewed by phone. In fact, 712 phone screen interviews were conducted (figure 7, right pane). In addition, 248 companies solely dedicated to import activities were interviewed.

The majority of phone screen interviews were carried out with firms representing Peru's most important economic sectors, such as agriculture (29%), textiles and clothing (26%), metal and other basic manufactures (15%), and chemicals (14%; see figure 7). For the purpose of this survey, the definition of the agricultural sector is broad, including raw and processed agro-based goods, fishery products, food, and wood-based products.

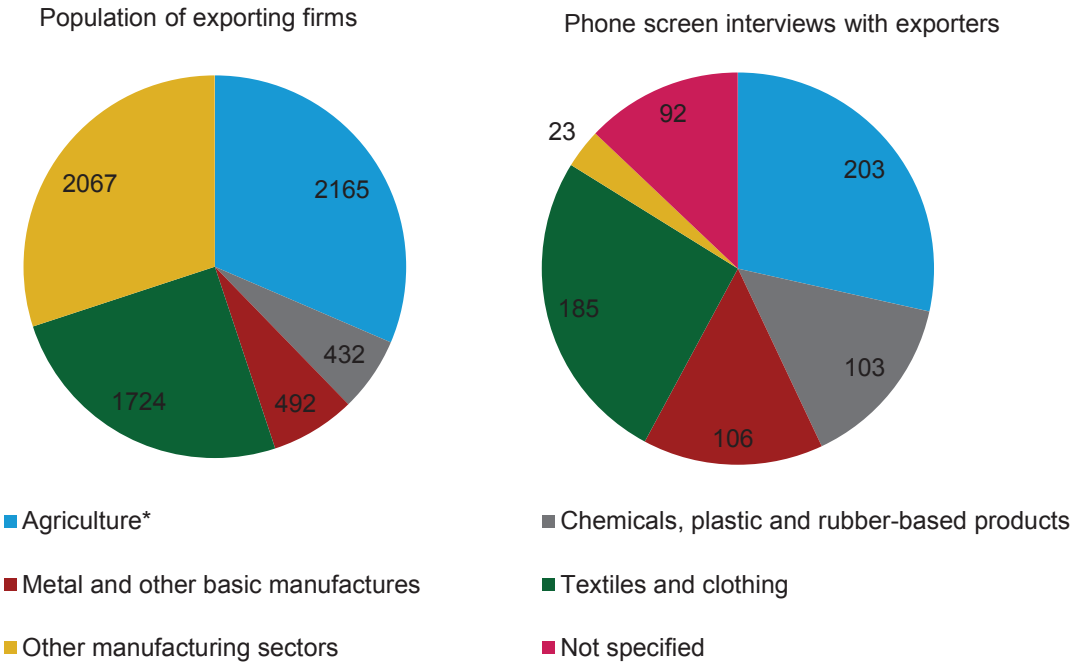
'Other manufacturing sectors' include non-electric machinery, electronic components, leather, transport equipment, computers, telecommunications and consumer electronics as well as miscellaneous manufactures (for export and import statistics refer to figure 2 and 4). For exports, at first sight, 'other manufacturing sectors' seem to be under-represented in phone screen interviews and in subsequent face-to-face ones (refer to the next subsection). However, the six industries encompassed under this label account for minor shares of Peruvian exports each amounting to less than 2% in 2009 (see figure 29). For this reason, they were not a major focus of the survey. For imports, 'other manufacturing' is well represented with 276 importing companies interviewed on the phone.

1.4. Face-to-face interviews

The number of face-to-face interviews to be conducted is determined by the number of companies reporting NTMs during the phone interview phase and by companies' willingness to participate. In the case of Peru, the overall share of affected companies (42% of exporters in phone interviews) and the overall response rate of exporters (29%, see figure 7) were relatively low in comparison to other surveyed countries. Nevertheless, the 172 face-to-face interviews conducted with exporters and importers prove to be a good basis of analysis.

The majority of interviews took place with companies trading agricultural products (39%), textiles and clothing (30%). Unfortunately, companies in the metal manufacturing sector showed a particularly low response rate (26%). For this sector, conclusions were drawn from ten interviews. Few interviews were also conducted with exporters having chemicals and 'other manufactures' as their main export sectors (five and eight respectively, see figure 8). One must note, however, that imports dominate these sectors and that the 47 additional interviews with importers focused on them.

Figure 7: Survey representativeness by main export sector



Source: ITC survey on NTMs.

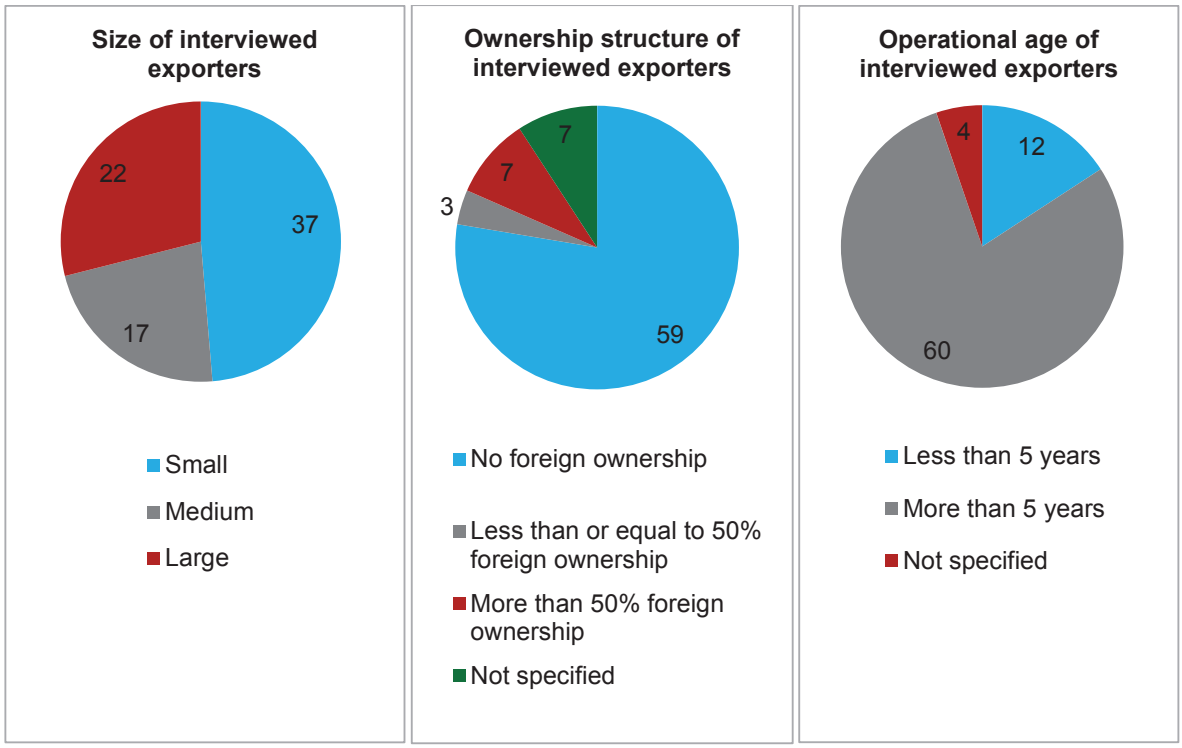
*The agricultural sector comprises fresh food and raw agro-based products (including fresh seafood); processed food and agro-based products (including processed fishery products); wood, wood products and paper. Exact definitions can be found in appendix I.

Figure 8: Number of companies facing NTMs participating in face-to-face interviews

Source: ITC survey **on** NTMs.

*The agricultural sector comprises fresh food and raw agro-based products (including fresh seafood); processed food and agro-based products (including processed fishery products); wood, wood products and paper. Exact definitions can be found in appendix I.

Figure 9: Characteristics of exporting companies interviewed face-to-face



Source: ITC NTM survey.

1.5. Characteristics of companies interviewed face-to-face

The main characteristics of companies covered in face-to-face interviews are displayed in figure 9. Overall, small enterprises comprised 49% of interviewed exporting firms, while medium-sized and large companies 22% and 29% respectively.

It was intended that in the initial sampling of phone screen interviews, companies of all sizes be drawn in the proportion of their respective company population. Companies in the completed business registry were classified according to MINCETUR's company size definition, based on 2008 export/import values (table 2). Additionally, during phone screen interviews companies were asked to specify their size (small, medium-sized or large). Furthermore, companies interviewed face-to-face provided information on the number of their employees and were classified accordingly. For the purpose of this study, the following definitions apply:

Table 2: Company size definition

Company size category	Definition according to export (FOB) or import (CIF) value (according to 2008 business registry)	Definition according to number of employees (according to face-to-face interviews)
Small	Less than US$ 100,000	Less than 21 employees
Medium-sized	US$ 100,000 – US$ 1,000,000	21 to 100 employees
Large	More than US$ 1,000,000	More than 100 employees

Face-to-face interviews also captured other basic characteristics. For example, the vast majority of exporters, 78% to be exact, are fully Peruvian owned. Only 3 out of 76 exporters reported partial foreign ownership (less than 50%); while a mere 7 firms were predominantly owned by a foreign partner. Furthermore, 79% of surveyed exporting companies had been in operation for over five years.

2. Captured data and evaluation approach

The interviews collect information on the characteristics of firms, including size, operational age, foreign ownership and sector affiliation. Firms are further classified as either "producing" or "forwarding" companies and as exporting or importing enterprises. Firms are also asked to provide information on their exports and imports at the product or HS6 level,[36] the destination country of exports or their imports' country of origin. Each pair of product and partner country is referred to as 'product-partner trade flow'.

For each product-partner trade flow, company representatives are asked to provide detailed information on the NTMs and procedural obstacles (POs) they encounter. This includes the category of the NTM as classified in appendix II, the country applying the measure and the authorities causing POs. Company representatives are asked whether POs are associated with a reported NTM or if general inefficiencies in the trade-related business environment (TBEs) are the ones posing a challenge.

The final phase of data analysis consists in calculating frequency and coverage statistics along several dimensions, including product and sector, main NTM category (e.g. technical measures, quantity control measures, etc.), and company characteristics (e.g. size).

Most frequency and coverage statistics are based on 'cases'. A case is the most disaggregated unit of analysis. Every company participating in face-to-face interviews reports at least one case of burdensome NTMs and, if relevant, procedural obstacles and challenges associated to the trade-related business environment.

A 'case' of NTM is defined by the type of NTM and the country applying it, the product affected by it and a company reporting the measure. For example, should there be three products affected by the very same NTM applied by the same partner country and reported by one company, results would include three cases. If two different companies report the same problem, it would then count as two cases.

However, the counting of cases differs depending on whether the NTM is applied by the exporting or importing country. The scenario where several importing partner countries apply the same type of measure to Peru's exports is recorded as several cases. The details of each case, including the actual name of government regulation and its strictness, may vary as regulations mandated by different countries are likely to differ.

By contrast, when the exporting country applies an NTM to a product exported by one company to several countries, this will be recorded as a single NTM case –as it is considered to be a single policy. Following the same logic, companies importing a good from several different countries facing NTMs imposed by Peruvian authorities will also be counted as a single case.

Cases of POs and problems with the business environment are counted in the same way as NTMs. PO and TBE statistics are provided separately from those of NTMs, even though in certain instances they are closely related. For example, extended delays may result from pre-shipment inspection requirements. While POs are directly related to a given NTM, inefficiencies in the TBE occur irrespective of NTMs. The NTM survey in Peru does not explicitly capture this difference. Nevertheless, it can often be distinguished on a case-by-case basis.

[36] In several cases products are inaccurately reported at the HS6 level, but may be traced to the HS4 level.

Chapter 3 Survey results: companies' experiences dealing with non-tariff measures

This chapter analyses the findings of the NTM survey in Peru. It begins with aggregate country-level results, focusing on the most affected sectors, major problems and their location. A more specific analysis of the challenges reported by exporting and importing companies in every sector will follow.

1. Aggregate results and cross-cutting issues

This section looks at the survey results from an aggregate perspective and discusses cross-cutting issues faced by trading companies in Peru. The first part deals with a comparison of the affectedness by trade impediments of different Peruvian export sectors. The second looks at the types of challenges they encounter, and where they face them. The third part summarizes the NTMs and other obstacles affecting Peruvian importers. The fourth part focuses on cross-cutting procedural obstacles (POs) and inefficiencies of the trade-related business environment (TBE) both in Peru and abroad.

1.1. Affected export sectors

Survey results revealed that 41.9% of Peruvian exporters were affected by NTMs or other trade-related problems. Complementary company-level trade data from MINCETUR established that the 712 interviewed companies exported a total of US$ 6.2 billion in 2008. The export value of firms reporting obstacles to trade accounted for 56.5% of this figure (table 3).

Peruvian exporters were less frequently affected by trade barriers than those in other developing countries where the survey has been conducted. In the case of Malawi, Sri Lanka and Burkina Faso 80%, 69.7% and 68% of exporters reported burdensome barriers. In comparison to other countries in the South American region, Peru's export sector finds itself in a relatively comfortable position. For example, in Paraguay and Uruguay 60% and 56.4% of companies reported impediments. Nevertheless, Peruvian exporters still face more trade impediments than companies in Hong Kong SAR where only 23.1% of exporting enterprises reported NTMs and other obstacles to trade.

Survey results confirmed that NTMs are sector-specific. Overall, 46.3% of exporting companies in the *agricultural* sector, encompassing raw and processed agricultural goods, food, fishery products, wood and paper[37] reported barriers to trade. This was expected as tight control of agricultural products, particularly food and feed are essential to ensure the health and well-being of consumers and the protection of the environment. Developed countries have established advanced control systems for import products destined for human or animal consumption. Amongst these stand out the Rapid Alert System for Food and Feed, the EU's 'novel food' regulation and the United States New Food and Drug Administration Food Safety Modernization Act (FSMA).

Manufacturing exports were slightly less affected by NTMs and other obstacles to trade. The survey revealed that 45.4% of textile and clothing exports, 36.8% of those of metal and other basic manufactures, 32% of chemicals, plastics and rubber-based products and 34.8% of other manufacturing faced NTMs (table 3). Developed countries have long protected their textile and clothing markets for fear of competition and dumping. Despite the phasing out of the quota-based trade system by the WTO's Agreement on Textiles and Clothing, trade rules remain restrictive.

The fact that exporters of metal and other basic manufactures, chemicals, plastics and rubber-based products were not significantly affected is partly explained by the high share of mineral-based exports. Minerals and their derivatives tend to be in high international demand and face low trade barriers. Raw minerals however, were excluded from the survey, as international demand is dominated by multinational enterprises and not so regulated by importing countries. The remaining manufacturing products fall under the category of 'other manufacturing' and include non-electric machinery, information technologies (IT) and

[37] Hereafter, the expression *agriculture* in italics will refer to raw and processed agricultural goods, food, fishery products, wood and paper. For exact definitions and products, refer to appendix I.

other consumer electronics, electronic components, transport equipment, leather and other miscellaneous products.[38] 'Other manufacturing sectors' jointly account for less than 6% of total exports.

Table 3: Aggregate results of exporting companies interviewed by phone, by sector

Main export sector (as reported in phone screen interviews)	Total export value in 2009 (US$ '000)[a/]	Sector's share in total exports	Number of exporting companies interviewed by phone			Exports of companies interviewed by phone[b/]	
			Number of companies interviewed by phone	Number of companies affected by NTMs or other obstacles	Share of affected companies	Total export value of companies, 2008 (US$ '000)	Total export value of companies affected by NTMs or other obstacles, 2008 (US$ '000)
Agriculture[c/]	4,968,771	44.9%	203	94	46.3%	1,440,370	831,089
Metal and other basic manufactures	3,275,656	29.6%	106	39	36.8%	3,428,529	1,983,312
Textiles and clothing	1,437,699	13%	185	84	45.4%	706,314	355,292
Chemicals	745,477	6.7%	103	33	32%	420,829	236,538
Other manufacturing	650,584	5.9%	23	8	34.8%	170,682	77,041
Not specified[d/]	n.a.	n.a.	92	40	43.5%	n.a.	n.a.
Total	**11,078,187**	**100%**	**712**	**298**	**41.9%**	**6,166,724**	**3,483,272**

Source: ITC survey on NTMs.

[a/] ITC 2009 Trade Map data. Minerals, arms and ammunition were excluded.
[b/] **C**ompany exports come from MINCETUR's business register. The figure in the last column refers to the total exports of the companies that reported to be affected by trade barriers, yet does not necessarily imply that all of the companies' exports face impediments. Since this is 2008 export data, discrepancies with 2009 data may arise most notably for the metal and basic manufacturing sector.
[c/] This sector includes raw and processed agricultural goods, food, fishery products, wood and paper. Exact definitions can be found in appendix I.
[d/] Companies in this group did not specify their main export sector and were not listed in the business register.

Among those companies affected by NTMs and that participated in face-to-face interviews, trade flows can be evaluated in more detail. Face-to-face interviews capture each company's exports specific to product and destination market. For each of these product-partner trade flows, it is then recorded whether the exporter faces NTMs (and which) or not.[39] Extrapolating the product-partner trade flows of individual companies to Peru's respective total export value gives a reasonable weight to these flows, emphasizing large markets and important products (table 4, columns 4 and 5). A high share of affected trade-weighted product-partner export flows in all captured flows (table 4, column 6) therefore implies the following: Those companies that face NTMs encounter them for many of their exported products and in many destination markets.

[38] For sector definitions, refer to appendix I.

[39] Product-partner export flows are captured at the product-specific (HS 6-digit) and destination market level. If Peru applies an export-related measure to a specific product, all exports of this good are considered to be affected by this measure irrespective of the destination market. The values mentioned above are not company specific, but extrapolated to Peru's total exports of a specific product destined to a specific market.

Table 4: Affected export flows captured in face-to-face interviews, by sector

Main export sector (as reported during phone screen interviews)	Total export value in 2009 (US$ '000)[a/]	Sector's share in total exports	Trade-weighted product-partner export flows captured in face-to-face interviews[b/]		
			All product-partner export flows, 2009 (US$ '000)[b/]	Product-partner export flows affected by NTMs, 2009 (US$ '000)[b/]	Share of affected product-partner export flows in all captured flows[b/]
Agriculture[c/]	4,968,771	44.9%	1,642,411	1,487,449	90.6%
Metal and other basic manufactures	3,275,656	29.6%	46,573	10,619	22.8%
Textiles and clothing	1,437,699	13%	698,774	501,017	71.7%
Chemicals	745,477	6.7%	47,688	40,943	85.9%
Other manufacturing	650,584	5.9%	33,758	4,644	13.8%
Total	**11,078,187**	**100%**	**2,469,204**	**2,044,672**	**82.8%**

Source: ITC survey on NTMs.

[a/] ITC 2009 Trade Map data. Minerals, arms and ammunitions were excluded.
[b/] Product-partner export flows were captured at the product-specific (HS 6-digit) and destination market level. If Peru applies an export-related measure to a specific product, all exports of this good are considered to be affected by this measure irrespective of the destination market. The values mentioned above are not company specific, but extrapolated to Peru's total exports of a specific product destined to a specific market.
[c/] This sector includes raw and processed agricultural goods, food, fishery products, wood and paper; exact definitions can be found in appendix I.

As mentioned before, *agricultural* exports turn out to be the most affected by trade barriers due to regulations imposed by major partner countries. Overall, 90.6% of *agricultural* product-partner export flows of those companies interviewed face-to-face (trade-weighted) faced NTMs (see table 4). This indicates that not only many *agricultural* exporters report NTMs (see table 3), but also that these companies are rather intensively affected across products and markets. In the case of the textiles and clothing sector, the survey revealed similar results, with 71.7% of product-partner export flows facing NTMs.

Companies in the metal and other basic manufactures as well as in other manufacturing sectors were relatively less touched by NTMs and other trade impediments. Not only did fewer enterprises report barriers at the phone screen interview stage (table 3), but a smaller percentage of their product-partner export flows were affected (table 4). This reaffirms the notion that most of the sector's export products (i.e. basic metal manufactures) have no critical or hazardous properties and thus face few restrictions.

In the case of chemicals, plastics and rubber-based products, results diverge strongly. Although the share of affected companies, at 32%, was quite low (table 3), many product-partner export flows, 85.9% (trade-weighted) dealt with barriers to trade (table 4). This may be attributed to the fact that companies exporting precious metal compounds, a large share of the sector's exports, did not report impediments during initial phone screen interviews. A reason behind this is the high industrial demand for such products. In contrast, a significant number of exporters of chemicals, pharmaceuticals and other critical goods faced barriers, and were consequently interviewed face-to-face. These exporters then reported barriers for many of their products and in many importing markets.

In subsequent sections, the *agricultural* sector, metal and other basic manufactures, textiles and clothing will be addressed in detail. The last two sections will be devoted to chemicals, plastics and rubber-based products and to remaining manufacturing goods, sectors for which Peru is an importing country.

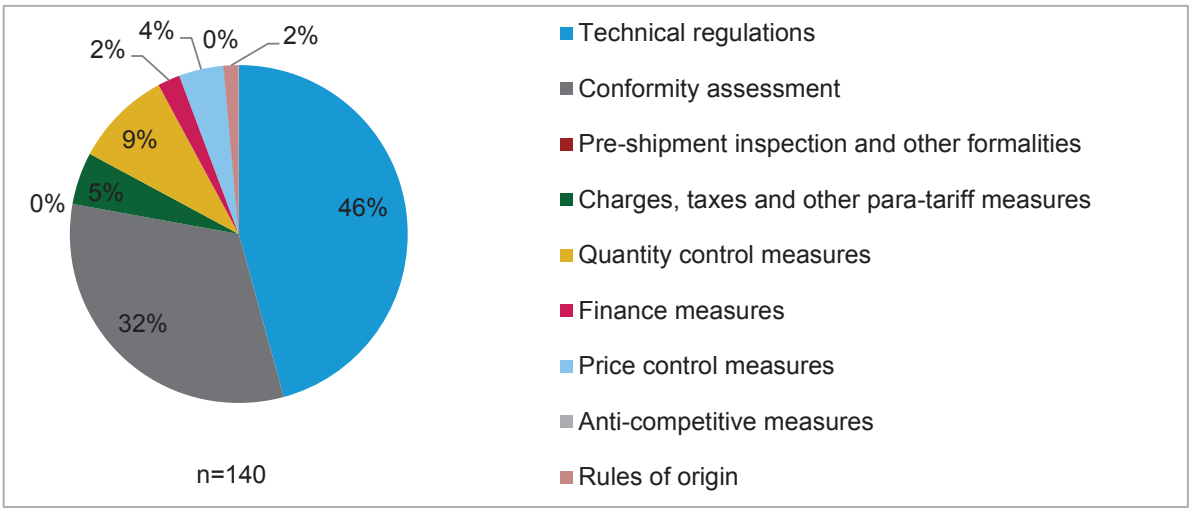
1.2. Non-tariff measures affecting exports and countries applying them

The NTM survey differentiates between burdensome NTMs, procedural obstacles and inefficiencies in the trade-related business environment. NTMs are mandatory regulations introduced by the competent authorities in exporting or importing countries (for the full NTM classification, see appendix II). POs refer to the manner in which regulation is applied or implemented (see appendix III). Generic problems not related to specific regulation, but affecting companies' export or import activities are referred to as inefficiencies in the TBE. In the following sections, predominant burdensome NTMs, POs, TBEs and the country applying them will be introduced.

1.2.1. Non-tariff measures applied by partner countries

When it comes to NTMs applied by partner countries, exporting companies reported a total of 140 cases defined at the product and destination market level. Technical regulations, accounting for 46% of cases, proved to be the most pressing issue for exporters, followed by conformity assessment (32%). This is in line with results obtained for the majority of countries where the NTM survey has been conducted. Quantity control measures as well as charges, taxes and other para-tariff measures with 9% and 5% of cases respectively, were also repeatedly reported (figure 10).

Figure 10: Most frequent categories of non-tariff measures applied by partner countries



Source: ITC survey on NTMs.

1.2.2. Partner countries reported to be applying non-tariff measures

Overall, Peruvian exports encountered the highest absolute incidence of burdensome NTMs in the United States and the EU (table 5, columns 7 and 8). The Bolivarian Republic of Venezuela and Ecuador account for the majority of NTM cases in Latin America. However, the face-to-face interview sampling captured product-partner export flows to large markets more frequently. Hence, a higher absolute number of NTM cases does not necessarily indicate more restrictive import policies in these countries.

The United States and the EU, Peru's largest export markets, also turn out to be quite restrictive in terms of the share of companies (30%) reporting NTMs on at least one product exported to these markets (table 5, column 6). Similar results were found in other surveyed countries. For Burkina Faso, Hong Kong SAR, India, Sri Lanka, Thailand, Tunisia, and Uganda most complaints were registered when exporting to the EU. In the case of Chile and the Philippines, it was access to the United States that represented a frequent problem.

Differences across regional partners are visible. Peruvian companies exporting to CAN members reported few NTMs. Only 5% and 9% of companies exporting to Colombia and to the Plurinational State of Bolivia encountered this type of barrier. In the case of Ecuador, the figure stood close to the worldwide average at

20% (table 5, column 6). Within the CAN, the elimination of both tariff and non-tariff barriers seems to be at an advanced stage. Similarly, only 5% of enterprises exporting to Chile were affected by NTMs. It is worth noting that a bilateral Free Trade Agreement with Chile is in place.

In contrast, exports destined to other South American nations including MERCOSUR members encountered significant barriers. More specifically, when exporting to Argentina, Brazil and the Bolivarian Republic of Venezuela, 33%, 44% and 36% of companies reported burdensome NTMs, respectively (see table 5, column 6). While trade agreements are also in place with these partners, survey results indicate that market access is still an issue.

In the case of Asian markets, very few companies reported serious barriers when exporting to China, Japan, Viet Nam or Hong Kong SAR (table 5, column 6). China, Peru's third-largest export destination, represents a promising market for exporters. Although the bilateral FTA with China was implemented at the same time as the survey was conducted, in the first half of 2010, market access was already favourable for Peruvian exporters. A mere 2 companies out of 11 reported NTMs and only 3 NTM cases were registered in China (2.1% of all cases). With lower tariffs accruing from the FTA, China offers a large market and even more encouraging access.

Table 5: NTMs applied by partner countries

Partner country	Trade agreement or preferences[c/]	Export value[a/]		Surveyed companies		Reported NTM cases	
		Peruvian export value in 2009 (US$ '000)	Share in total Peruvian export value	Number of surveyed companies exporting to this destination[b/]	Share of affected companies amongst those exporting to this destination	Number of NTM cases reported to be applied in this destination	Share in total number of reported NTM cases
United States	Bilateral FTA	2,695,101	24.33%	42	28.6%	29	20.7%
EU[\a]	GSP Plus	2,590,083	23.38%	32	28.1%	44	31.4%
China	Bilateral FTA	1,234,456	11.14%	11	18.2%	3	2.1%
Colombia	CAN	619,263	5.59%	21	4.8%	7	5%
Venezuela (Bolivarian Republic of)	(Formerly CAN)	604,250	5.45%	11	36.4%	16	11.4%
Brazil	ALADI/ bilateral	397,589	3.59%	9	44.4%	7	5%
Ecuador	CAN	390,970	3.53%	25	20.0%	14	10%
Chile	Bilateral FTA	365,465	3.30%	21	4.8%	1	0.7%
Bolivia (Plurinational State of)	CAN	306,245	2.76%	11	9.1%	2	1.4%
Japan	Bilateral FTA (signed)	262,124	2.37%	7	14.3%	1	0.7%
Chinese Taipei		260,756	2.35%	0		0	0%
Mexico	ALADI/ bilateral	193,744	1.75%	10	20%	2	1.4%
Canada	Bilateral FTA	148,416	1.34%	7	14.3%	1	0.7%
Republic of Korea	Bilateral FTA	84,243	0.76%	1	100%	2	1.4%
Dominican Republic		73,302	0.66%	3	0%	0	0%
Viet Nam		68,336	0.62%	2	0%	0	0%
Argentina	ALADI/ bilateral	65,201	0.59%	9	33.3%	3	2.1%
Hong Kong SAR		63,459	0.57%	2	0%	0	0%
Panama	Bilateral FTA (signed)	53,995	0.49%	7	0%	0	0%
Turkey	GSP Plus	52,505	0.47%	0	0%	0	0%
Australia	GSP	52,485	0.47%	3	0%	0	0%
Other		496,199	4.48%	33	7.7%	8	2.1%
Total		**11,078,187**	**100%**	**267**	**19.9%**	**140**	**100%**

Source: ITC NTM survey.

[a/] The EU's export value refers to all member countries. Individual countries reported to be applying NTMs include Belgium, Denmark, France, Germany, Greece, Italy, Spain, Sweden and the United Kingdom, which jointly account for US$ 5,592,446,000 of Peruvian export value.

[b/] Companies exporting to several countries were counted once for every destination. Hence, the total in this table is higher than the actual number of interviewed companies.

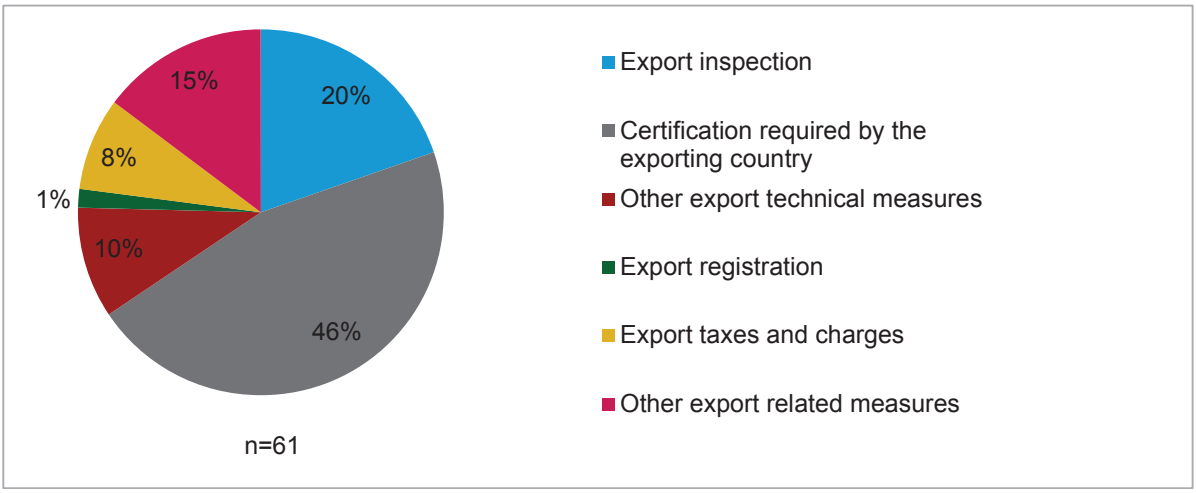
[c/] Based on 2011 Market Access Map data and on information provided by MINCETUR. Further details may be found in chapter 1, section 3. 'Signed' in parenthesis indicates that the agreement had been signed but as of 2012, not yet implemented.

1.2.3. Non-tariff measures applied by Peruvian authorities

Exporters reported 61 cases of NTMs applied by domestic authorities. Since NTMs are applied to exports of a particular product irrespective of the destination market, the product-dimension is what truly determines an NTM case. This is different from import-related measures imposed by partner countries to Peruvian exports, where several NTM cases may abound per destination market. Hence, the absolute number of NTM cases for export and import measures is not comparable.

More specifically, certification and inspections required by Peruvian authorities accounted for 46% and 20%, respectively, of NTM cases reported by exporters (figure 11). Technical measures represented 76% of all cases encountered by exporters. Interestingly enough, 78% of cases reported to be applied by importing partner countries also dealt with this type of measure (figure 10), thus hinting at the existence of redundancies.

Figure 11: Most frequent categories of non-tariff measures applied by Peruvian authorities



Source: ITC survey on NTMs.

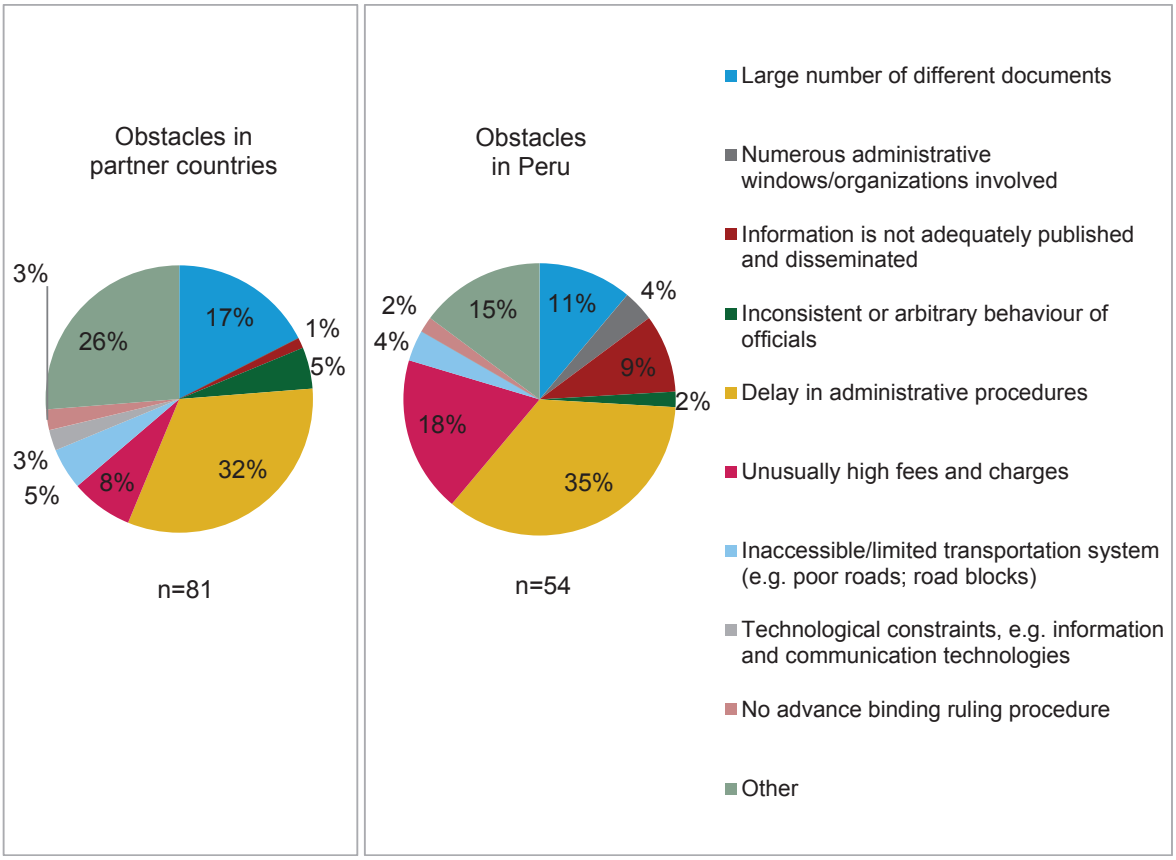
1.2.4. Procedural obstacles and inefficiencies in the trade-related business environment

Overall, exporting companies reported 135 PO and TBE cases, 81 occurring abroad and 54 domestically.

Delays in administrative procedures were the most frequent obstacle, representing 32% of POs encountered abroad and 35% of those taking place in Peru (figure 12). Excessive paperwork was also a common obstacle both within Peru and abroad (11% and 17%, respectively).

Nevertheless, certain obstacles are more frequent at home than abroad. High fees and charges accounted for 8% of the cases abroad and for 18% of those within Peru, while inadequately published or disseminated information for 1% and 9% respectively (figure 12). Obstacles are discussed in more detail in subsequent sections to this chapter.

Figure 12: Most frequent categories of procedural obstacles and inefficiencies in the trade-related business environment, in partner countries and domestically



Source: ITC survey on NTMs.

1.3. Most common non-tariff measures and other obstacles affecting imports

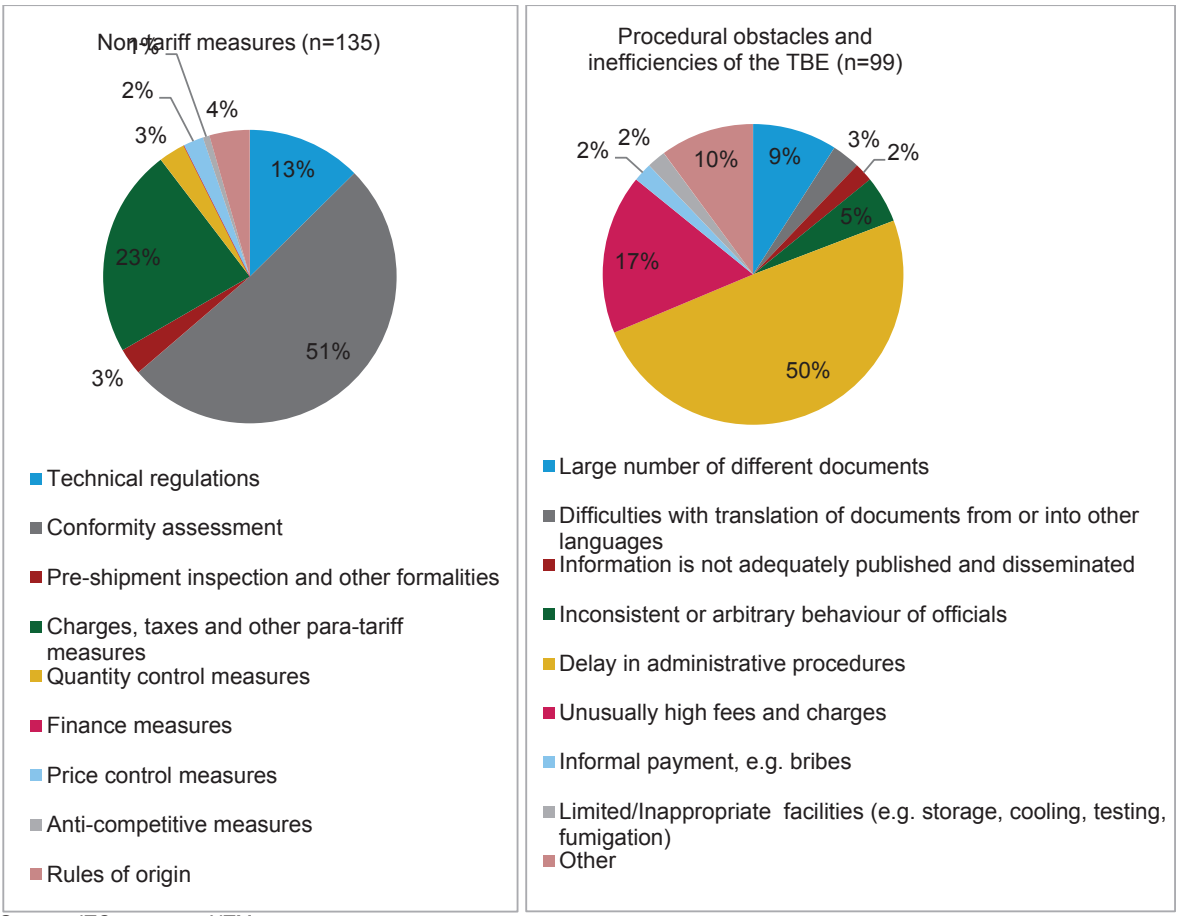
Peruvian companies reported 135 cases of domestic NTMs affecting their imports. One single case of an NTM in an exporting partner country was mentioned. This is understandable given that the survey, by design focuses on trading companies in Peru. As a general rule, exporting firms in the country of origin as opposed to Peruvian importers are the ones dealing with export-related measures.[40] It is also logical that Peruvian importers know more about regulations applied by authorities in their own country than abroad.

Technical measures represent a serious barrier for importers. More specifically, conformity assessment requirements accounted for 51% of all NTM cases, while technical regulations for 13%. The fact that more cases had to do with conformity assessment than with underlying technical regulations, hints at the existence of a bottleneck in testing and certification procedures within Peru. This resulted in delays in administrative procedures (50% of PO cases; figure 13, right pane) and in an excessive amount of paperwork.

Charges, taxes, and other para-tariff measures, making up 23% of cases, also represented a major challenge for Peruvian importers. The high number of 'unusually high fees and charges' accounting for 17% of PO cases were closely associated to this NTM (figure 13, right pane).

[40] Responsibilities in the export-import business are negotiated by trading companies and contractually fixed. The terms regulating the sale of a product are called International Commercial Terms or 'Incoterms'.

Figure 13: Categories of non-tariff measures and other obstacles affecting imports



Source: ITC survey on NTMs.

1.4. Recurring challenges with procedural obstacles and inefficiencies in the trade-related business environment

1.4.1. Types of challenges

Both exporters and importers unanimously identified delays associated to administrative procedures as the most frequent PO and TBE. Overall, delays account for 33% of the cases affecting exports, and for 50% of those affecting imports (figure 12 and 13 right pane). Delays were encountered in almost all institutions and partner countries, whether developed or developing. Inspection procedures and delays while getting the required documentation were frequently reported.

In addition, the large number of different documents required to export and import constituted a significant obstacle. Excessive paper work was reported in 15.6% of cases affecting exports and in 9,1% of those involving imports. It was perceived that the numerous local institutions involved in the trading process lacking adequate cooperation rendered it difficult for Peruvian companies to fully comply with established requirements. While some of these issues may have changed since the implementation of VUCE, the public-private stakeholder meeting in February 2012 confirmed that these results are still largely valid.

Unusually high charges and fees and lack of information made up 11.9% and 4.4% of export cases, 17.2% and 2.0% of import cases. Unusually high charges and fees for the most part refer to costs associated to storage of cargo within domestic port facilities and to logistic company fees. Lack of information on export and import procedures available domestically was a recurring problem reported to aggravate the impact of NTMs.

1.4.2. Domestic and partner country authorities

POs and TBEs may occur at home or in a partner country. When export and import flows were aggregated, the majority of obstacles were in fact domestic (153 of total of 238 cases). This was expected as, by design, the survey is geared to Peruvian companies which are more likely to be familiar with domestic barriers. In the case of imports, NTMs and other obstacles proved to be almost exclusively domestic (see table 6 and 7 as well as figure 13).

The survey revealed that customs is the most frequently reported agency to cause POs. In fact, 16.7% of domestic cases affecting exports and 72.7% of those affecting imports had to do with this agency (see table 6). Since all sectors must deal with customs, problems related to this institution are likely to be reported more often than those encountered elsewhere. In the case of imports, customs is held specifically responsible for delays and other inspection-related issues.

As was mentioned before, the NTM survey in Peru was conducted before the implementation of VUCE. VUCE is an integrated electronic system which simplifies the management of procedures required for goods to enter or leave the country. Nevertheless, the stakeholder meeting in 2012 confirmed that procedural challenges still exist (see chapter 4: Conclusions and policy options).

Chambers of Commerce and the National Service for Agricultural Health (SENASA) had a similar incidence of export-related problems. These agencies respectively accounted for 13% and 9.3% of PO and TBE cases. Delays in administrative procedures and excessive paperwork were common POs, especially for *agricultural* products, textiles and clothing. Health institutions in particular were most frequently reported by agricultural exporters. The Ministry of Production and the Anti-Drugs Police Department (DIRANDRO) were only mentioned by a sub-set of companies trading chemicals and basic manufacturing products.

In the case of exports, PO and TBE occurrence in partner countries closely resembles that of NTMs. This is not surprising given that many of these obstacles are directly or indirectly related to NTMs. Overall, 30% of cases were reported to take place in EU member countries. For the Bolivarian Republic of Venezuela, the United States, Ecuador and Colombia the share went from 18.8% to 7.5%. The few POs faced abroad by Peruvian importers were almost exclusively encountered in specific South American and Asian countries (see table 7).

Table 6: Procedural obstacles and inefficiencies in the trade-related business environment encountered in Peruvian agencies

POs/TBE affecting exports			POs/TBE affecting imports		
Location of obstacles	**Number of obstacles reported**	**Share in total obstacles**	**Location of obstacles**	**Number of obstacles reported**	**Share in total obstacles**
Customs	9	16.7%	Customs	72	72.7%
Chambers of Commerce	7	13%	DIGEMID	5	5.1%
SENASA	5	9.3%	Ministry of Transport and Communications	5	5.1%
Ministry of Agriculture	5	9.3%	SENASA	4	4%
National Ports Company (ENAPU)	5	9.3%	National Ports Company (ENAPU)	2	2%
'Ministry of Production - DIRANDRO - Customs'	4	7.4%	'Ministry of Production - DIRANDRO - Customs'	2	2%
SANIPES/ITP	3	5.6%	Fiscal Directorate of Peruvian Police	2	2%
DIGESA	2	3.7%	National Society of Industries	1	1%
DIGEMID	1	1.9%	Ministry of Production	1	1%
MINAG/Directorate of Forestry and Wildlife Fauna (DGFFS)	1	1.9%			
Agency not specified	12	22.2%	Agency not specified	5	5.1%
Total	**54**	**100%**	**Total**	**99**	**100%**

Source: ITC Survey on NTMs.

Note: If several institutions were reported to be jointly causing a PO, they were indicated with inverted commas (‘’).

Table 7: Procedural obstacles and inefficiencies in the trade-related business environment encountered in partner countries

POs/TBEs affecting exports			POs/TBEs affecting imports		
Location of obstacles	**Number of obstacles reported**	**Share in total no of obstacles**	**Location of obstacles**	**Number of obstacles reported**	**Share in total no of obstacles**
EU*	24	30%	Argentina	1	25%
Venezuela (Bolivarian Republic of)	15	18.8%	Brazil	1	25%
United States	13	16.3%	China	1	25%
Ecuador	10	12.5%	India	1	25%
Colombia	6	7.5%			
Brazil	2	2.5%			
Mexico	2	2.5%			
Russian Federation	2	2.5%			
Argentina	1	1.3%			
Canada	1	1.3%			
China	1	1.3%			
Egypt	1	1.3%			
Paraguay	1	1.3%			
Ukraine	1	1.3%			
Total	**81**	**100%**	**Total**	**4**	**100%**

Source: ITC Survey on NTMs.

* Belgium, Denmark, France, Germany, Greece, Italy, Spain, Sweden and the United Kingdom were reported in the survey.

2. Agriculture

This section analyses Peru's agricultural, food and fisheries sector (*agricultural* products hereafter). The sector comprises fresh food and raw agro-based products including fresh seafood (*fresh agro-food* hereafter), processed food and agro-based products including processed fishery products (*processed agro-food* hereafter), wood, wood products and paper (*wood and paper* hereafter) as general product categories defined in appendix I.[41] Tables providing a detailed overview of NTMs and procedural obstacles in this sector may be found at the end of the section.

2.1. Importance of the sector

In 2009, *agricultural* exports amounted to US$ 4,969 million, representing 45% of Peru's total export value[42] (excluding minerals and arms). With annual average growth rates of 13.5% between 2001 and 2010 (see figure 14), exports of *agricultural* products increased at the same remarkable speed as those of the manufacturing sector (13.3%). Fast growth allowed for considerable employment creation and poverty alleviation, particularly in the country's coastal regions.[43] Currently, agricultural production employs 8% of Peru's total workforce and represents 8% of GDP.[44] *Processed agro-food* and *fresh agro-food* make up 50% and 45% of *agricultural* sector exports, while *wood and paper* account for 5% (figure 14, right pane).

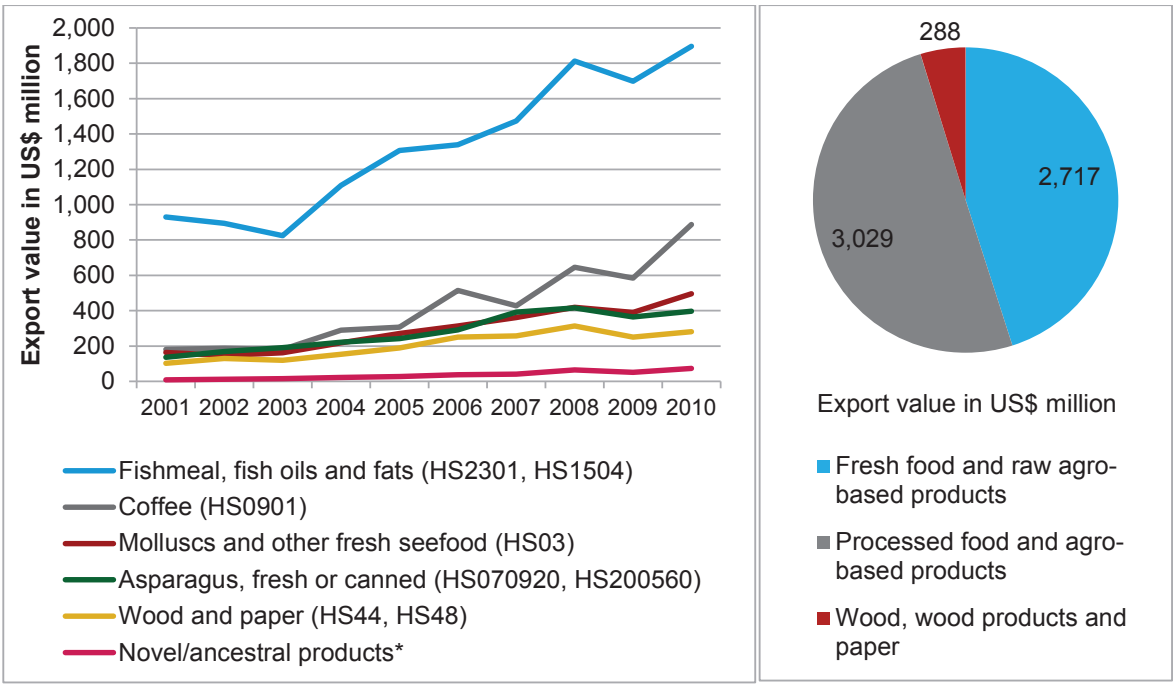
[41] If printed in italics, the expressions '*agricultural*'/'*agriculture*', '*fresh agro-food', 'processed agro-food'* and *'wood and paper'* refer to the sectors defined in appendix I.

[42] Unless otherwise specified, all trade and custom tariff data are sourced from ITC's Market Analysis Tools, Trade Map and Market Access Map: http://www.intracen.org/marketanalysis

[43] León, Janina (2009).

[44] Estimates according to *plantillas electrónicas* maintained by the Labour Ministry: http://www.mintra.gob.pe/mostrarServicios.php?codServicios=46.

Figure 14: Composition and development of agricultural product exports, 2001-2010



Source: ITC calculations based on 2010 Trade Map data.

* This analysis is based on the following products (at HS6): 071490, 081190, 081350, 110620, 110630, 121190, 130219, 151590, 170290, 190490, 200799 and 210690. See footnote 49.

The processing of fishery products is a major driver of export revenue, representing 38% of total *agricultural* exports. With a long trade history, fishmeal is the sector's most important product accounting for 33% of exports. From 2001 to 2010, fishmeal exports grew at an annual rate of 8% (figure 14). China is the main destination market, absorbing 47% of Peruvian fishmeal exports, followed by the EU with 27%. In 2008, there were 101 companies exporting fishmeal in Peru, 57% of these being SMEs with exports amounting to less than US$ 1 million.[45]

In contrast, molluscs (live, fresh and chilled) were only more recently exported. They accounted for 10% of *agricultural* exports and grew at an annual rate of 13% during the same period (figure 14). Fresh and chilled molluscs were mostly exported to the EU (51%), mainly to Spain and France, followed by the United States (12%). Mollusc exports were diversified across 230 firms, 81% of these being SMEs.[46]

Coffee is another important commodity. It accounted for 18% of *agricultural* exports and grew at an annual rate of 19% between 2001 and 2010 (figure 14). The EU (64%) and the United States (21%) represent coffee's main destination markets.[47]

Fresh or chilled asparagus made up 12% of *fresh agro-food* exports, whereas canned asparagus 4% of exports in the *processed agro-food* sector. In spite of a reduction in demand caused by the financial crisis, asparagus products reached an average annual growth rate of 13% between 2001 and 2010 (figure 14). In 2008, there were 114 companies exporting fresh asparagus and 27 exporting canned asparagus. Among these companies, the share of SMEs stood at 59%.[48] It is worth noting that PromPerú prioritizes the export development of asparagus products.

[45] Source: Peruvian Ministry of Trade and Tourism business register, 2008.

[46] A company is considered an SME if its export value amounts to less than US$ 1 million.

[47] Due to the NTM survey's random sampling, coffee exporters were not covered in face-to-face interviews.

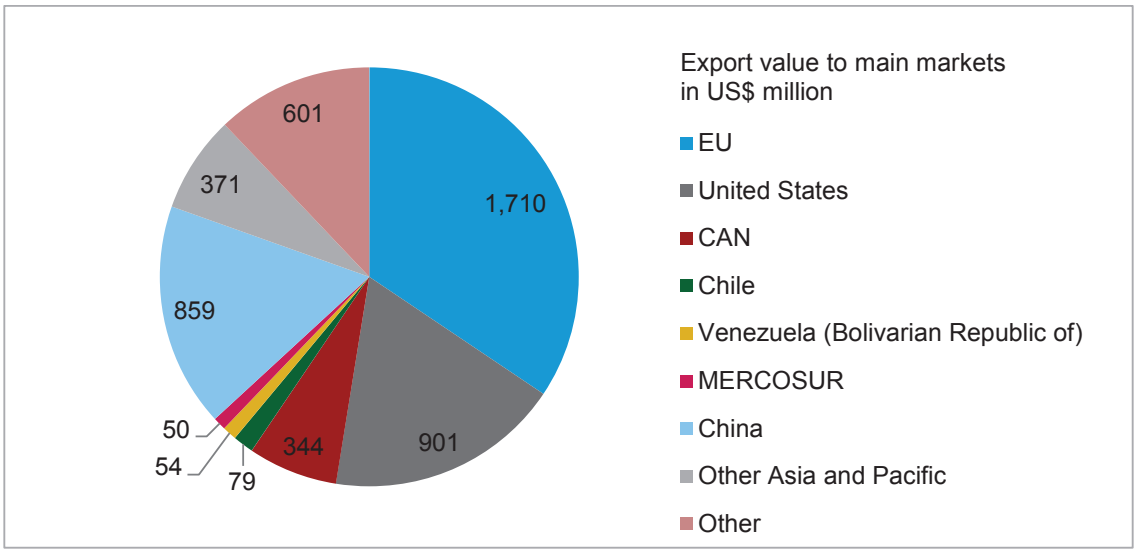
[48] Source: Peruvian Ministry of Trade and Tourism business register, 2008.

Additional fast-growing export products include *wood and paper*. In fact, between 2001 and 2008 wood exports grew an annual rate of 15%. In 2009, a steep decrease –attributed to a reduction of import demand in North America– took place. Similarly, between 2001 and 2010, paper exports grew 19% per year. China, Mexico and the United States were the main importers of wood products, with 49%, 21% and 14% of imports respectively. In the case of paper, 60% of exports were destined to CAN members, 17% to Chile and 16% to the Bolivarian Republic of Venezuela. In 2008, there were 675 companies exporting wood products and 506 firms exporting paper goods, 93% and 99% respectively were SMEs.

Exports of native products from the Peruvian biodiversity show great potential.[49] Although their export value is still low, exports are growing at a rapid pace. Fresh and processed *yacón*, *sacha inchi*, *aguaje*, *camu camu*, *arracacha*, *metohuayo* and *mashua* currently represent 3% of *agricultural* exports. Exports grew at an annual rate of 36% from 2001 to 2008. Overall, 32% of exports go to the United States and 35% to Latin American countries. It is worth noting that these products are new to the EU market, where they fall under the 'novel food' regulation. In 2008, 446 firms exported these products, 97% of these companies were SMEs.

For *agricultural* products, the EU and the United States represent the most important export destinations. Jointly, they account for 53% of export value. Exports to emerging markets in Asia, particularly to China, are growing rapidly. In fact, China is already the second largest market for agricultural products, importing 17% of Peru's total agricultural exports. It is worth noting that FTAs with China, the United States and Japan are already in effect, while an agreement with the EU has already been negotiated.[50] Exports within the Latin American region have also increased in the last decade. Nevertheless, they only account for 11% of total *agricultural* exports. CAN countries, Chile and the Bolivarian Republic of Venezuela constitute the most important regional markets. In contrast, the entire MERCOSUR region only represents 1% of exports –this in spite of a trade agreement being in force since 2006 (figure 15).[51]

Figure 15: Key markets for agricultural products, 2009



Source: ITC calculations based on Trade Map data.

[49] This analysis was prepared based on a selection of products made by PromPerú (http://www.siicex.gob.pe/siicex/resources/calidad/171612013radB94C7.pdf, accessed on 18 October 2011) including 071490, 081190, 081350, 110620, 110630, 121190, 130219, 151590, 170290, 190490, 200799 and 210690. This list is by no means comprehensive of all products affected by the EU's novel foods regulation.

[50] Peruvian Ministry of Trade and Tourism (2011).

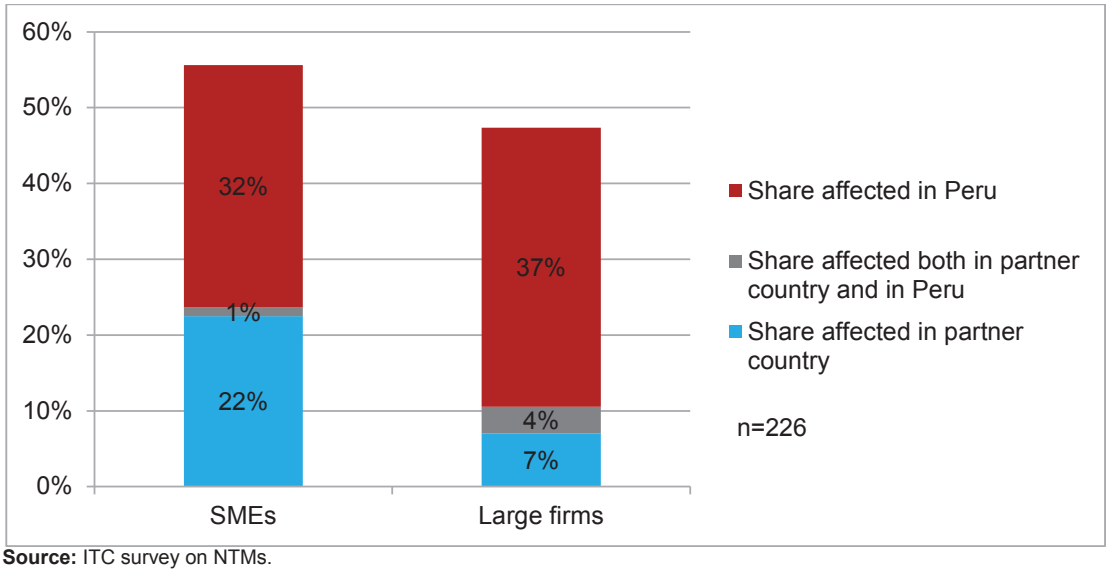
[51] *Ibid*.

2.2. Affected companies

On average, 46% of surveyed exporters and importers were affected by burdensome NTMs and POs. These results are based on 233 phone screen interviews with exporting and importing *agricultural* companies. Exporters reported obstacles to trade more frequently (46% of companies) than importers (35%). Subsequent face-to-face interviews were conducted with 38 companies trading *agricultural* goods, 34 of these being exporters. In the end, NTMs and POs were reported by 29 producing and exporting companies.[52]

The survey revealed that 54% of all product-partner export flows recorded in face-to-face interviews were affected by NTMs. More specifically, 35% of all captured flows were affected by export-related NTMs applied by Peru, while 21% by NTMs imposed by the importing country.[53] Company size seems to be a relevant factor. For example, 23% of SME export flows faced burdensome regulation in importing countries compared to 11% of large company flows (figure 16). In contrast, SMEs face less domestic NTMs than do large firms (33% and 41% of their export flows respectively; figure 16). This may be the result of promotion activities carried out for SMEs.

Figure 16: Product-partner export flows affected by NTMs, by company size and applying country



Source: ITC survey on NTMs.

Note: Product-partner export flows are reported by companies interviewed face-to-face. They are captured and defined at product-specific (HS 6-digit) and market-specific level. This definition is equivalent to that of NTM cases applied by partner countries to Peruvian exports which are counted for every product and destination market. In contrast, the product-dimension is what determines a domestic NTM. For more information on how NTM cases were calculated, please refer to appendix I.

When questioned about challenges specific to SMEs, experts in the agricultural industry pointed to the existing lack of information and to the inexperience of these enterprises.[54] Many small firms have neither the financial resources nor the human capital to comply with partner country requirements. In addition, the kind of products small firms tend to export are usually neither developed nor well known, thus facing import authorization and registration requirements. This is the case of 'novel foods', which will be further explored in the following section.

[52] While the survey methodology envisages carrying out face-to-face interviews only with those companies reporting NTMs during phone screen interviews. In this particular case, 5 companies reported barriers to trade in initial interviews, but did not classify as such once face-to-face interviews were conducted. The 29 enterprises that did report NTMs were producing companies. One trading agent interviewed face-to-face did not report any NTMs.

[53] Both percentages include of product-partner export flows that were affected by both domestic and foreign NTMs (2%).

[54] Interview with an anonymous public official.

Despite the array of products comprised by the *agricultural* sector, NTMs reported by exporters shared significant similarities. Technical regulations and conformity assessment were the most common NTMs imposed by importing partner countries (see section 2.3), whereas export certification constituted the most frequent NTM applied in Peru (see section 2.4). Conformity assessment accounted for 63% of NTM cases reported by large firms. In contrast, technical requirements, including import authorization, registration requirements, fumigation and labelling hindered the trade flows of SMEs.

2.3. Non-tariff measures applied by partner countries affecting exports

Burdensome NTMs applied by partner countries to the import of *agricultural* products were reported for Peru's main export destinations. The EU and the United States have been Peru's traditional partners for some time now. These two markets accounted for 55% and 15% respectively of NTM cases imposed by partner countries (figure 17, table 5 and 7). Given that the survey sampling was random with respect to partner countries, it naturally captured more export trade flows to large markets and thus a greater absolute number of NTMs.[55]

Comparing the actual number of NTMs to Peru's export value in each of these markets allows for a better understanding of the state of affairs. On the one hand, the EU's share of NTM cases is much higher than its share of Peruvian exports, standing at 55% and 34% respectively (figure 17). The EU then turns out to be a very restrictive market for *agricultural* products. On the other hand, the United States with 15% of NTM cases and 18% of Peruvian exports (figure 17) does not stand out as a particularly difficult market.

The trade promotion and liberalization policy implemented by Peru during the 1990s favoured trade-partner diversification, prioritizing other South American and Asian economies. Compared to traditional partners in EU and United States, fewer NTM cases were reported for these new markets. In fact, the CAN's share of NTM cases was lower than the region's share in export value. Thus, markets in the CAN turn out to be relatively open (figure 17). In the case of MERCOSUR, experts identified it as a highly protectionist sub-region.[56,57] However, this was not reflected in results (MERCOSUR is included in 'Other South and Central America, figure 17). In contrast, regional markets including MERCOSUR and the CAN do turn out to be challenging destinations for manufacturing sectors.

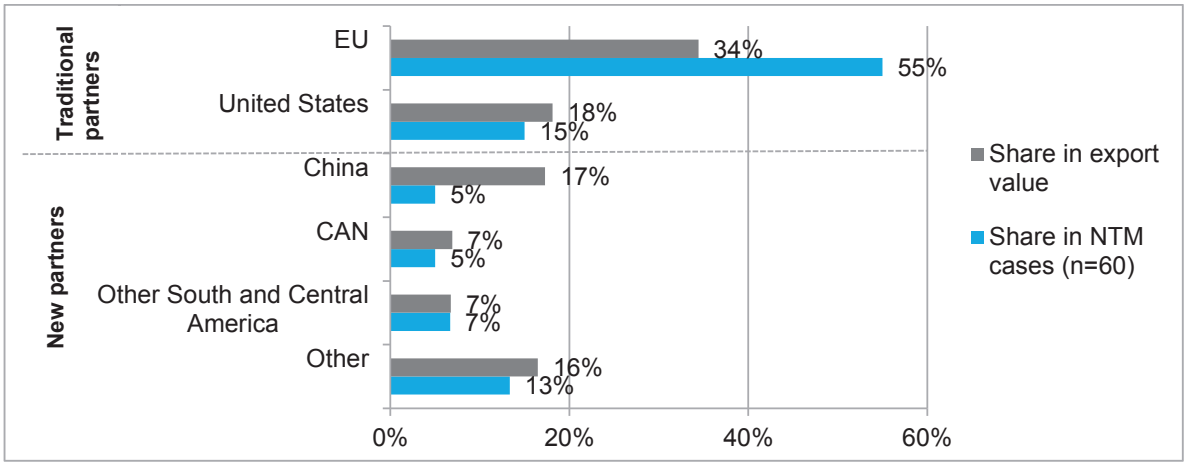
Exports going to overseas partners are very promising. For example, China's share of NTM cases is much lower than its share of exports, at 5% and 17% respectively (see figure 17).

[55] The survey is stratified by sector and company size, but not by partner country. If the number of companies exporting to the EU and the United States is high in the population of exporting firms, then the number of interviewed companies exporting to these markets will also be high. This is a positive trait, since the most important markets are evaluated in more detail.

[56] Interview with representatives from PromPerú.

[57] The shipping of products when exporting to Brazil exemplifies an excessive trade restriction. The export of certain agricultural products must be shipped by air, thus creating additional costs, increasing the price of products and reducing exporters' competitiveness. Peru and Brazil have come to general agreements at the ministerial and presidential levels with regard to ground shipping through the *Interoceánica* highway. However, these agreements have not yet resulted in specific regulation.

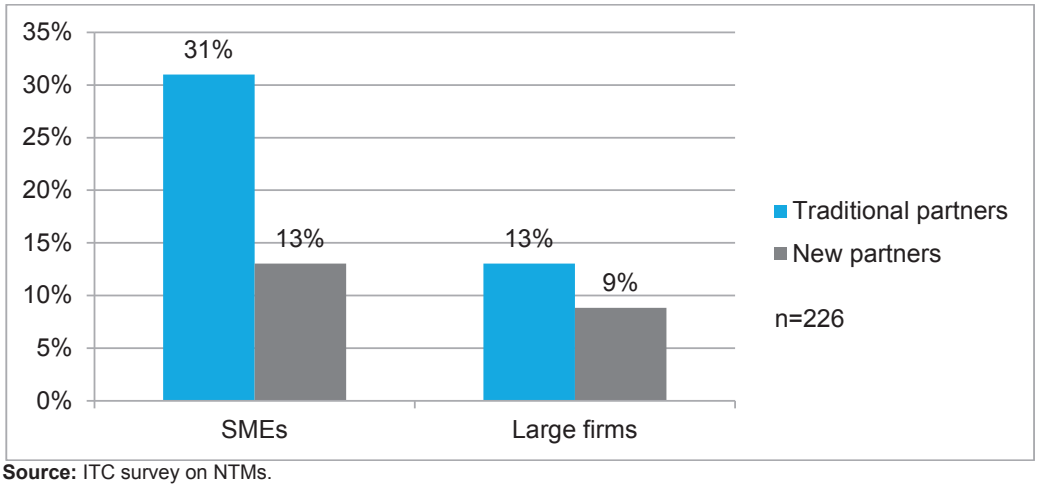
Figure 17: Share of exports and burdensome NTMs applied by main markets to Peruvian agricultural products, 2009



Source: ITC calculations based on 2010 Trade Map data and ITC survey on NTMs.

Company size is a relevant factor for NTMs encountered abroad. Figure 18 illustrates the share of product-partner export flows affected by NTMs in partner countries. Almost a third of SMEs' export flows were affected in traditional partner countries, compared to 13% of large company exports. Size disparity diminishes when exporting to new markets, with only 13% of SMEs and 9% of large companies reporting NTMs. Large firms are more experienced traders and know traditional partners better. In contrast, a more level-playing field seems to exist in new markets, since all firms only recently acquired access. For Peruvian agricultural exporters of all sizes, new markets turn out to be more accessible partners.

Figure 18: Share of product-partner trade flows affected by NTMs applied by partner countries, by firm size and comparing traditional to new markets



Source: ITC survey on NTMs.

Note: Product-partner export flows are reported by companies interviewed face-to-face. They are captured and defined at product-specific (HS 6-digit) and market-specific level. This definition is equivalent to that of NTM cases applied by partner countries to Peruvian exports which are counted for every product and destination market. In contrast, the product-dimension is what determines a domestic NTM. For more information on how NTM cases were calculated, please refer to appendix I.

Technical regulations (72% of cases) and conformity assessment (27%) were the most frequently reported NTMs applied by importing countries (see table 8, 9 and 10).[58] These NTMs and associated POs will be discussed in the next two subsections.

> 'Under novel food legislation, the EU demands the same kind of certification and studies for non-traditional agricultural products from Peru's biodiversity, such as *sacha inchi*, *yacón* and *camu camu*, as it does for biotechnological products.'
>
> Interview with a Peruvian official at PromPerú

2.3.1. Technical regulations in the EU and the United States

Most NTM cases encountered in partner countries took place when exporting to the EU (55%). Face-to-face interviews further revealed that an important number of these dealt with technical regulations.

The EU 'novel food' legislation, designed to protect national security and human health, was a recurrent concern.[59] It requires extensive safety assessment for 'new' agricultural products seeking access to the European market, including ancestral agricultural products from Peru.[60] Only those firms complying with the required safety assessment are granted market access –as opposed to all exporters of the product. PromPerú reported that the total cost of compliance for the applying firm or group of companies may exceed US$ 200,000 per product, thus becoming a prohibitive burden for small firms.

Peru, along with Colombia, Paraguay, Ecuador, Costa Rica, Brazil, Chile and Mexico, addressed this issue at the WTO SPS Committee.[61] As a result, 'novel foods' no longer require the same kind of assessment as Genetically Modified Organisms (GMOs) and they are not outright banned as before.[62] Furthermore, if a company proves that their export product was on the "market as a food or food ingredient and consumed to a significant degree before 15 May 1997", safety assessment is no longer required.[63] In practice however, EU authorities have rejected 'novel food' import requests,[64] with the exception of *stevia,* imported by the Coca Cola Company. Thus, exporters still need to comply with individual safety assessment.

For companies exporting to the United States, import authorization, registration, storage and transportation requirements for fresh vegetables and fruits were the most common burdensome NTMs. Surveyed exporting companies indicated that environmental protection agreements between Peru and the United States have not yet been fully implemented.[65] Exporters are not always able to meet strict temperature requirements due to the need for specific temperature-controlled containers leading to higher costs. Furthermore, the US Food and Drug Administration (FDA) will soon implement a modernization act[66] envisaging new requirements and certifications. These are likely to demand greater capacity building, training and organization.

Exporters also struggled with maximum residue limits set by the EU and the United States for pesticides used in asparagus.

---

[58] Conformity assessment refers to procedures used to demonstrate that a certain product fulfils the underlying technical requirements.

[59] European Parliament and Council Regulation EC 258/97 of January 27 1997. European Commission (2009).

[60] Products reported in the survey that are affected by the EU's 'novel food' regulation are fresh *yacon* (HS 071490, Table 4.3), *yacon* syrup (HS 071290, Table 4.2) and *camu camu* flours (HS 110620, Table 4.2). However, PromPerú provided a more complete list of products that also includes further fresh and processed products of *yacon, camu camu, sacha inchi, aguaje, arracacha, metohuayo* and *mashua.*

[61] WTO. 2011 News Items:http://www.wto.org/english/news_e/news11_e/sps_19oct11_e.htm (accessed on 29 November 2011).

[62] Peruvian Chamber of Commerce representative interviewed by SIPA students.

[63] European Commission. DG Health and Consumer Protection, Food and Feed Safety, Novel food catalogue: http://ec.europa.eu/food/food/biotechnology/novelfood/nfnetweb/mod_search/whatimage.cfm?img= (accessed on 29 November 2011).

[64] See footnote 60.

[65] The Peru-US Trade Promotion Agreement came into force in February 2009, while the survey was implemented from January to July 2010. Hence, the situation described by Peruvian firms may have since improved.

[66] U.S. Food and Drug Administration (FDA). The new FDA safety modernization act (FSMA): http://www.fda.gov/food/foodsafety/fsma/default.htm (accessed on 18 October 2011).

Box: Unravelling the complexity of specific US market regulations for natural and 'novel' products

About one third of Peru's natural product exports such as *yacón*, *sacha inchi*, *aguaje*, *camu camu*, *arracacha*, *metohuayo* and *mashua* go to the United States. Between 2001 and 2010, the average annual growth rate of natural product exports to this market stood at 40%.

The marketing of natural products plays a crucial role. Key aspects of this include:

- **Claim statements:**

Products often carry statements claiming they contribute to health, combat disease, or have cleansing effects.

These claims are subject to regulation, which exporters must understand and comply with. Different categories of products face specific requirements to abide with Good Manufacturing Practice (GMP). In addition, the quality of the substance on which a claim is based, the levels of evidence necessary to support it, as well as listing and notification requirements must be met.

Claim Statements for Natural Products, published by ITC in 2011, is a valuable tool for exporters seeking to avoid the pitfalls of entering the United States market. It stipulates the type of evidence required to support claims and gives detailed examples of acceptable and non-acceptable claims for a range of Peruvian natural products.

- **Labelling:**

Compliance with mandatory labelling requirements constitutes a prerequisite for market access. In addition, voluntary standard labels may be used as potential marketing instruments. ITC publication Labelling of Natural Products (2011) provides guidance to exporters on how to label natural products destined to the United States market.

ITC Standards Map, a Market Analysis Tool, is another comprehensive source of information on voluntary standards: http://www.standardsmap.org/

- **Green markets:**

The North American green market niche for natural products continues to grow. Consumers increasingly demand evidence of ethical and environmentally friendly sourcing. This requires exporters to comply with sustainability certifications like organic and fair trade. ITC publication entitled The North American Market for Natural Products (2012) outlines trends in this market and gives practical advice on how to exploit opportunities. Case studies underline the importance of strong partnerships between buyers and exporters as well as of communicating products' social and green benefits directly to consumers.

References

North American Market for Natural Products: Prospects for Andean and African Products (2012), ITC, Geneva.
http://www.intracen.org/The-North-American-Market-for-Natural-Products-Prospects-for-Andean-and-African-Products/

Labelling of Natural Products: The United States Market (2011). ITC, Geneva.
http://www.intracen.org/Labelling-of-Natural-Products-The-United-States-Market/

Claim Statements for Natural Products: The United States Market (2011). ITC, Geneva.
http://www.intracen.org/Claim-Statements-for-Natural-Products-The-United-States-Market/

These publications were produced under the ITC Trade, Climate Change and Environment Programme, funded by the Government of Denmark (www.intracen.org/projects/tccep).

2.3.2. Conformity assessment

Conformity assessment comprises obligatory procedures including certification, testing or inspection as proof of a product's compliance with underlying technical requirements. In the case of *agricultural* products, fishmeal and molluscs in particular were affected by such measures in importing partner countries (see table 8 and 9).

> 'Requirements inside the EU when testing for disease in scallops are not harmonized, making compliance with different provisions difficult for exporters.'
>
> Representative from the National Fisheries Society

Moreover, interviews with representatives of the National Fisheries Society (SNP) revealed that the EU is the source of most NTMs reported for this industry. Exporting companies must meet a series of costly certification requirements to guarantee that fishmeal in feed is not a vector of mad cow disease (BSE). The impact of this NTM has been limited due to high international demand for fishmeal. In fact, Asian countries like China have recently become an alternative to European markets. According to the SNP, new markets do require compliance with international minimum standards defined by the World Health Organization (WHO) and Food and Agriculture Organization (FAO). Nevertheless, these are perceived as less restrictive to business. Other technical measures applied by Asian countries including labelling and language requirements represent a greater challenge.

The SNP also pointed to the high cost of the monitoring and certification process required of scallop exports going to the EU and the United States. Small exporters trying to enter these markets are not able to face the additional time and expenses involved. Furthermore, fishery experts and companies reported that requirements inside the EU are not harmonized, thus making for an even more complicated situation.

Despite the perishable nature of food commodities, many institutions are involved in their export process. Although technical requirements and certifications for the export of these products are imposed by importing partner countries, conformity assessment taking place in Peruvian government agencies is the most burdensome procedure. For example, exports of *fresh agro-food* require a minimum of four compulsory documents and two technical requirements, each from a different local institution. These procedures take between 10 and 15 days, much too long for perishable products. In addition, delays prevent exporters from meeting urgent orders, thus losing market share to companies from other countries. A number of exporters were of the opinion that to save administrative effort and time, many certification procedures could be integrated into a single process. While VUCE was put in place post-survey implementation, participants of the public-private stakeholder meeting in February 2012 pointed out that the survey results were still applicable..

2.4. Non-tariff measures applied by Peru affecting exports

Survey results revealed that 48% of Peru's *agricultural* export value was affected by NTMs applied by Peruvian authorities (see tables 11-13). Fishmeal, comprising 35% of the *agricultural* sector's total export value, was the product most affected by local NTMs (see table 12).[67] According to experts, certification required by Peruvian authorities constitute some of the most time-consuming export processes.

2.4.1. Certification required by Peru

Survey results show that certification required by Peruvian authorities accounted for more than half of the 33 domestic NTM cases reported. Overall, 41% of cases in the *agricultural* sector had to do with fresh agro-foods.

Interestingly, 100%, 88% and 39% of NTMs reported by medium-sized, large and small companies, in that order, had to do with certification. It is clear that this NTM represents a barrier to companies of all sizes with a certain concentration in those specializing on the export of fish and crustaceans (both raw and processed (table 11 and 12). More specifically, exporters of fish and crustaceans complained about

[67] In particular, flours, meals and pellets of fish for animal food production.

certification procedures and the lack of cooperation amongst those responsible for issuing sanitary and phytosanitary certificates.

PromPerú and SNP representatives indicated that exporters are required to obtain health certificates from either the General Office for Environmental Health (DIGESA), the National Service for Fisheries Health (SANIPES/ITP)[68] or from SENASA. While DIGESA has autonomy over manufactured and processed food products, SANIPES/ITP is concerned with fish, crustaceans and its derivatives, and SENASA with other animal or vegetable fresh products. In addition, exporters reported that there are goods for which none of these authorities is responsible, thus making their export nearly impossible.

Delays resulting from export certification requirements were the most burdensome PO reported by *agricultural* exporters. *Fresh agro-food* exporters in particular complained about excessive paperwork and complex procedures (figure 8).

2.4.2. Export inspection in Peru

Although a mere 18% of the 33 NTM cases applied by Peruvian authorities had to do with export inspection, its impact on costs makes it a pressing issue. *Fresh agro-food* exporters show great concern with the sample required for sanitary tests. In many instances, exporters must submit as much as 10% of cargo. Once the sample has been analysed, because of its nature, it is considered spoilt.

2.5. Procedural obstacles and inefficiencies in the trade-related business environment affecting exports

POs are challenges closely related to NTMs that further complicate trade. They worsen the impact of a particular NTM and provide a clearer picture of why certain measures embody barriers to trade. POs need not occur in the same country applying the NTM. For example, if an NTM is imposed by the destination country, burdensome delays and administrative procedures may still be caused by domestic authorities. Generic problems not related to specific regulation, but affecting company trade flows are referred to as inefficiencies in the TBE.

Companies reported 62 cases of POs and TBEs, 45% of these occurring in Peruvian institutions (table 14). Overall, 64% of *processed agro-food* enterprises were affected by POs or TBEs abroad, while 55% in Peru. Exporters of *fresh agro-food* reported domestic POs and TBEs more frequently, with 83% of companies facing obstacles at home and 25% abroad.

In order to export their products, fresh agro-food exporters must deal with an important number of institutions. Of a total of 35 PO and TBE cases, 63% had to do with local agencies, while 37% with foreign ones. Certifications required by Peruvian authorities entailed almost all of the domestic POs reported for the fresh agro-food sector. This NTM resulted in delays in administrative procedures, requires an excessive amount of paperwork and unusually high fees and charges (table 14).

> 'An interviewed CEO experienced unfavourable export conditions, so he shifted away from agricultural produce.
>
> The process to export strawberries took five days, at the end of which these would ripen and be unsuitable for sale. The customs official he dealt with hinted that the shipment could get through the process faster, were he to receive payment.'
>
> Peruvian agricultural exporter (SIPA interviews)

In contrast, for p*rocessed agro-food* exporters only 19% of a total of 26 PO and TBE cases had to do with local institutions. Nevertheless, they also face delays in administrative procedures and must submit a large number of different documents. These issues accounted for 39% of PO and TBE cases in the sector (table 14). Peruvian companies faced difficulties complying with the established requirements due to the relatively high number of institutions involved and their lack of coordination.

[68] SANIPES, the authority dealing with fishery products, is under the direction of the Peruvian Institute of Fish Technology (ITP).

In addition, *agricultural* exporters -–particularly those of fresh agro-foods– lack information on procedures, documentation and sanitary certifications.[69] Despite the existence of an integrated information system (SIICEX), the need for systematization becomes evident when foreign regulation is modified and uninformed exporters spend precious time and resources carrying out paperwork no longer required.

The number of different documents that must be submitted abroad, especially in the United States, constitutes an important PO.

2.6. Non-tariff Measures and other obstacles affecting imports

During phone screen interviews, 6 out of 12 companies importing agricultural products reported barriers to trade. Subsequent face-to-face interviews revealed that seven out of eight *agricultural* importers faced NTMs, particularly those of fresh agro-food imports used as inputs for agro-industry and processed food exports.[70] Specific products encountering NTMs included avocados, mashed peppers, dehydrated garlic and onions, likely to be used as ingredients in the preparation of processed food for human consumption. Four cases of *processed agro-based* products having trouble with conformity assessment were registered (table 15). In the case of *wood and paper* imports, the most important hurdles included technical measures and charges. Importers also reported that certificates of origin were not always recognized by customs officials.

Peru is a net importer of cereals, animal or vegetable fats and oils, and paper products –essential for domestic consumption. Nevertheless, given the greater relative importance of exporters in the *agricultural* sector, only a few importers were interviewed. This resulted in a low number of reported NTMs and POs for *agricultural* product imports.

Nearly all *agricultural* products faced challenges in complying with conformity assessment to obtain certification required by Peruvian authorities (8 of the 12 NTM cases reported). Flours, meals and fish pellets used in animal feed production faced similar burdensome technical specification requirements. Moreover, nearly all NTMs having to do with conformity assessment generated delays in administrative procedures (table 16). For agricultural products, delays took place in Peruvian health institutions, while for *wood and paper* in the Peruvian customs office.

Importers of *agricultural* goods, especially those of fresh foods, were concerned by the lack of information provided by Peruvian authorities on the compatibility of local and foreign regulation and on certification requirements. Overall, both importers and exporters underlined the need for greater fairness and efficiency of agencies involved in the import-export process.

2.7. Summary and policy options

Summary

Burdensome NTMs applied by partner countries to the import of agricultural products were reported for Peru's main export destinations. Judging by the number of NTMs, traditional partner countries like the EU and the United States constitute the most restrictive markets for *agricultural* exports, particularly for those of 'novel foods', fishmeal, fresh vegetables and molluscs. When comparing the number of reported NTM cases to Peru's export value, CAN and MERCOSUR member countries as well as China turn out to be less restrictive markets. Although Latin American countries are generally considered to be protective and survey results for other sectors partly confirm this notion, this was not the case for *agricultural* exports.

Company size is another relevant factor. On average, SMEs encountered more difficulties abroad than large companies did. Many small firms have neither the financial resources nor the human capital to comply with partner country requirements. The products they export are not very well known and face burdensome import authorization and registration requirements. Large firms have an advantage when

[69] Interview with a PromPerú representative.

[70] While only 6 companies reported being importers during initial phone screen interviews, a total of 8 importing firms were interviewed face-to-face. This is attributed to the fact that companies with both export and import activities did not report their import operations at the phone interview stage.

exporting to traditional markets since they are more experienced traders and familiar with these partners. In contrast, a more level-playing field exists in new markets, since all firms only recently acquired access.

Overall, technical regulations and conformity assessment made up the majority of burdensome NTMs attributed to partner countries. United States import authorization and registration requirements applied to fresh fruits and vegetables as well as the EU's 'novel food' regulation affecting Peruvian ancestral products constituted the most common technical barriers. Complying with expensive monitoring and certification procedures to access the EU market was also a challenge for exporters of fishmeal and molluscs.

Furthermore, Peruvian exporters must deal with local NTMs and POs. In fact, domestic authorities apply burdensome certification and inspection requirements resulting in delays and higher costs. The stakeholder meeting carried out in February 2012 (see chapter on "Conclusions and policy options") revealed that many of these NTMs were mandated by partner countries but implemented in Peru. Associated domestic POs including the numerous institutions companies must deal with and their lack of coordination affected firms of all sizes, thus having a broad impact on the *agricultural* sector as a whole.

Policy options

Peru can use its extensive set of bilateral, regional and multilateral agreements as a platform to negotiate NTMs. Trade agreements should incorporate mutual recognition provisions including SPS measures. In recent years, Peruvian authorities obtained market access for exports through phytosanitary protocols (e.g. China). Exporters' associations encourage the signing of similar protocols benefiting a wider array of products. While MINCETUR carries out international trade negotiations, private sector associations and partner companies in destination markets could lobby for greater trade facilitation and more transparent rules.

Although 'novel food' regulation was challenged by Peru and other Latin American countries at the WTO SPS Committee, the issue has not been satisfactorily resolved. PromPerú continues working on this issue with a public-private group within the Committee. At the stakeholder workshop, it was advised that the government give full support to this initiative. The decision to file a formal dispute settlement complaint would require careful evaluation, in terms of legal viability and a cost-benefit analysis.

Within Peru, promising ways forward involving specialized technical agencies do exist. Currently SENASA, SANIPES/ITP and DIGESA emit sanitary and phytosanitary certificates for *agricultural* exports. The increasing application of SPS measures and growing export and import quantities have created bottlenecks in Peruvian testing and certification services. Presently, SENASA carries out inspections from 8am to 5pm. Customs and SANIPES/ITP examine cargo around-the-clock and pointed out that the fast pace of international trade required this. Surveyed experts indicated that in spite of inspections the level of rejected cargo in destination countries was high for some markets like the United States. SNP requested that exporters' history of compliance be taken into account by inspecting authorities.

At the stakeholder meeting, SENASA and SANIPES/ITP confirmed the general lack of financial and human resources for technical agencies. The Ministry of Economy and Finance (MEF) proposed a National System of Quality for the Competitiveness Agenda 2012-2013, providing a basis for cooperation on the subject. In addition, MINCETUR needs to take a proactive approach in working with the MEF and with ministries governing specialized agencies. This requires going beyond domestic demand and taking into account international trade and market access, prioritizing the harmonization of domestic and international standards.

The lack of transparency on partner country regulation represents an important challenge. SUNAT reported that 97% of breaches at the time of inspection derived from ignorance as opposed to being an attempt at trafficking. SENASA and SANIPES/ITP lamented that their customers only become aware of exact technical requirements when they ask for certification for a market.

SIICEX constitutes a promising tool to access NTM-related information. Other portals also represent valuable sources of information, including SANIPES/ITP and partner country databases as well as the new ITC Market Access Map NTM module. Private sector associations' expertise in specialized sectors and good relations with businesses also make them an adequate agent of information collection and dissemination. Further integrating these sources is an important next step.

PromPerú and private sector associations should complement the SIICEX with a systematic and extended capacity building programme at the company level. Businesses lauded the quality of PromPerú's training activities geared to the private sector and would like to see them expanded. With the appropriate resources, PromPerú could take the lead in capacity building. Exporters' associations could provide further hands-on information and training, which public agencies are less capable of supplying.

Table 8: Fresh food and raw agro-based product exports: burdensome NTMs applied by partner countries

Subsector	Reported export product		Export to the world		Number of reported NTM cases			
	HS product code (as reported)	Product code description (abridged)	Product's export value in 2009 (US$ '000)	Share of product in the sector's export value*	Technical requirements	Conformity assessment	Sub-total	Countries reported to apply burdensome NTMs (number of cases)
Fish and crustaceans	030269	Fresh or chilled freshwater and saltwater fish	463	0.02%		4	**4**	Republic of Korea (2), China, Japan
	030729	Scallops, frozen, dried, salted or in brine	61,670	2.97%		2	**2**	EU (2)
Edible vegetables and fruits	070810	Fresh or chilled peas	13,641	0.66%	4		**4**	EU (2), United States (2)
	070920	Fresh or chilled asparagus	250,824	12.10%	3		**3**	EU (2), United States
	071490	Roots and tubers of arrowroot, salep, Jerusalem artichokes and similar	262	0.01%	5		**5**	EU (5)
Spices	090420	Fruits of the genus Capsicum or of the genus Pimenta, dried or crushed or ground	102,837	4.96%	2	2	**4**	EU (2), United States (2)
Other vegetable products (oil seeds, medical plants, resins, etc.)	120929	Seeds of forage plants for sowing	313	0.02%	1	1	**2**	Brazil (2)
	120999	Seeds, fruits and spores, for sowing	13,326	0.64%	1	1	**2**	Brazil (2)
	121190	Plants, parts of plants, incl. seeds and fruits, used primarily in perfumery, in pharmacy or for insecticidal, fungicidal or similar purposes, fresh or dried	13,040	0.63%	2		**2**	EU (2)
Total			**456,376**	**22%**	**18**	**10**	**28**	

Source: ITC survey on NTMs.

***** Total export value of the *fresh agro-food* sector is US$ 2,073,478,000.

Table 9: Processed food and agro-based product exports: burdensome NTMs applied by partner countries

Subsector	Reported export product		Export to the world		Number of reported NTM cases				
	HS product code (as reported)	Product code description (abridged)	Product's export value in 2009 (US$ '000)	Share of product in the sector's export value*	Technical requirements	Conformity assessment	Quantity control measures	Sub-total	Countries reported to apply burdensome NTMs (number of cases)
Dairy products	350211	Egg albumin, dried e.g. in sheets, scales, flakes, powder"	23	0%		1		**1**	Ecuador
	040819	Egg yolks, fresh, cooked by steaming or boiling in water, moulded, frozen or otherwise preserved	830	0.03%		3		**3**	Ecuador (2), Venezuela (Bolivarian Republic of)
Edible vegetables and fruits	071290	Dried vegetables and mixtures of vegetables, whole, cut, sliced, broken or in powder, but not further prepared	10,723	0.41%	5			**5**	EU (5)
Fishmeal	150420	Fats and oils of fish and their fractions	257,800	9.78%	1			**1**	Saudi Arabia
	230120	Flours, meals and pellets of fish or crustaceans, molluscs or other aquatic invertebrates, unfit for human consumption	1,440,432	54.62%	1	1	1	**3**	China (2), Egypt
Beverages	200980	Juice of fruit or vegetables, unfermented	22,128	0.84%		1		**1**	United States
	220410	Sparkling wine of fresh grapes	6	0%	3			**3**	EU (2), Russian Federation
	220421	Wine of fresh grapes, incl. fortified wines, and grape must, in containers of <= 2 l	452	0.02%	3			**3**	EU (2), Russian Federation
Others (flours, meal, albumins, etc.)	110620	Flour, meal and powder of sago or of roots or tubers of manioc, arrowroot, salep, sweet potatoes	3,234	0.12%	9			**9**	EU (9)
Total			**1,735,605**	**65.8%**	**22**	**6**	**1**	**29**	

Source: ITC survey on NTMs.

***** Total export value of the *processed agro-food* sector is US$ 2,637,034,000.

Table 10: Wood, wood product and paper exports: burdensome NTMs applied by partner countries

Reported export product		Export to the world		Number of reported NTM cases	
HS product code (as reported)	Product code description (abridged)	Product's export value in 2009 (US$ '000)	Share of product in the sector's export value*	Technical requirements	Countries reported to apply burdensome NTMs (number of cases)
441400	Wooden frames for paintings, photographs, mirrors or similar	523	0.20%	1	United States
4420XX	Wood marquetry and inlaid wood (not specified at HS6)	n.a.**	n.a.**	1	United States
4421XX	Other articles of wood (not specified at HS6)	n.a.**	n.a.**	1	United States
Total		**523**	**0.20%**	**3**	

Source: ITC survey on NTMs.

***** Total export value of the *wood and paper* sector is US$ 261,500,000.
** For consistency reasons, trade data (value and share) is reported for products at the HS 6-digit level.

Table 11: Fresh food and raw agro-based product exports: burdensome NTMs applied by Peruvian authorities

Subsector	Reported export product		Export to the world		Number of reported NTM cases					
	HS product code (as reported)	Product code description (abridged)	Product's export value in 2009 (US$ '000)	Share of product in the sector's export value*	Export inspection	Certification required by the exporting country	Export registration	Export taxes and charges	Other export related measures	Sub-total
Live animals and other products of animal origin	010632	Live psittaciformes incl. parrots, parrakeets, macaws and cockatoos	18	0%	1					**1**
	050400	Guts, bladders and stomachs of animals	563	0.03%			1			**1**
Fish and crustaceans	0303XX	Fish, frozen (not specified at HS6)	n.a.**	n.a.**		1				**1**
	0306XX	Crustaceans, whether in shell or not, live, fresh, chilled, frozen, dried, salted or in brine (not specified at HS6)	n.a.**	n.a.**		1				**1**
	0307XX	Molluscs, whether in shell or not, live, fresh, chilled, frozen, dried, salted or in brine (not specified at HS6)	n.a.**	n.a.**					1	**1**
	030791	Live, fresh or chilled molluscs, fit for human consumption, whether in shell or not; fresh or chilled flours, meals and pellets of aquatic invertebrates	759	0.04%		1			1	**2**
Edible vegetables and fruits	070920	Fresh or chilled asparagus	250,824	12.10%		1				**1**
	080440	Fresh or dried avocados	64,393	3.11%		1				**1**
	080450	Fresh or dried guavas, mangoes and mangos teens	70,929	3.42%				1	1	**2**
Spices	090420	Fruits of the genus Capsicum or of the genus Pimenta, dried or crushed or ground	102,837	4.96%					1	**1**
Other vegetable products	121190	Plants, parts of plants, incl. seeds and fruits, used primarily in perfumery, in pharmacy or for insecticidal, fungicidal or similar purposes, fresh or dried, whether or not cut, crushed or powdered	13,040	0.63%	1					**1**
	130219	Vegetable saps and extracts	1,653	0.08%	1					**1**
	130239	Mucilages and thickeners derived from vegetable products, whether or not modified	10,583	0.51%		1				**1**
	140490	Vegetable products n.e.s.	14,988	0.72%		1				**1**
Total			**530,587**	**25.59%**	**3**	**7**	**1**	**1**	**4**	**16**

Source: ITC survey on NTMs.

***** Total export value of the *fresh agro-food* sector is US$ 2,073,478 000.

****** For consistency reasons, trade data (value and share) is reported for products at the HS 6-digit level.

Table 12: Processed food and agro-based product exports: burdensome NTMs applied by Peruvian authorities

Subsector	Reported export product		Export to the world		Number of reported NTM cases				
	HS product code (as reported)	Product code description (abridged)	Product's export value in 2009 (US$ '000)	Share of product in the sector's export value	Export inspection	Certification required by the exporting country	Export taxes and charges	Other export related measures	Sub-total
Edible vegetables and fruits	081190	Frozen fruit and nuts	16,877	0.64%	1				**1**
Other vegetables	110620	Flour, meal and powder of sago or of roots or tubers of manioc, arrowroot, salep, sweet potatoes	3,234	0.12%	1				**1**
Fishmeal	150420	Fats and oils of fish and their fractions	257,800	9.78%		1	1		**2**
	230120	Flours, meals and pellets of fish or crustaceans, molluscs or other aquatic invertebrates, unfit for human consumption	1,440,432	54.62%	1			1	**2**
	230990	Preparations of a kind used in animal feeding	58,828	2.23%		1			**1**
Fish and crustaceans	1604XX	Prepared or preserved fish; caviar and caviar substitutes prepared from fish eggs (not specified at HS6)	n.a.**	n.a.**		1			**1**
	160430	Caviar and caviar substitutes prepared from fish eggs	0	0%			1		**1**
Beverages	200980	Juice of fruit or vegetables, unfermented, whether or not containing added sugar or other sweetening matter	22,128	0.84%		1			**1**
	220820	Spirits obtained by distilling grape wine or grape marc	1,407	0.05%		1			**1**
Total			**1,800,706**	**68.3%**	**3**	**5**	**2**	**1**	**11**

Source: ITC survey on NTMs.

***** Total export value of the *processed agro-food* sector is US$ 2,637,034 000.

****** For consistency reasons, trade data (value and share) is reported for products at the HS 6-digit level.

Table 13: Wood, wood product **and paper exports: burdensome NTMs applied by Peruvian authorities**

Reported export product		Export to the world		Number of reported NTM cases		
HS product code (as reported)	Product code description (abridged)	Product's export value in 2009 (US$ '000)	Share of product in the sector's export value*	Certification required by the exporting country	Other export technical measures	Sub-total
4407XX	Wood sawn or chipped lengthwise, sliced or peeled, whether or not planed, sanded or end-jointed, of a thickness exceeding 6 mm (not specified at HS6)	n.a.**	n.a.**		1	**1**
440929	Wood, incl. strips and friezes for parquet flooring, not assembled, continuously shaped tongued, grooved, rebated, chamfered, V-jointed beaded, moulded, rounded or the like	64,671	25.04%	2		**2**
441860	Posts and beams, of wood	131	0.05%	1		**1**
940360	Wooden furniture	4,271	1.65%	1	1	**2**
Total		**69,073**	**26.75%**	**4**	**2**	**6**

Source: ITC survey on NTMs.

***** Total export value of the *wood and paper* sector is US$ 261,500 000.

****** For consistency reasons, trade data (value and share) is reported for products at the HS 6-digit level.

Table 14: Agricultural product exports: procedural obstacles and inefficient trade-related business environment

Sector	Procedural obstacles and inefficient business environment	Number of reported PO/TBE cases that occurred		
		...in partner countries	...in Peru (and agencies involved, if specified)	sub-total
Fresh agro-food	D1. Delay in administrative procedures	EU, United States	'SENASA, Ministry of Agriculture' (5), 'National Ports Company (ENAPU), Customs' (3), SANIPES/ITP, *(2)	**13**
	A1. Large number of different documents	United States (2)	'National Ports Company (ENAPU), Chamber of Commerce'(2)	**4**
	H1. No advance binding ruling procedure	EU, United States	SENASA	**3**
	F2. Inaccessible/limited transportation system	EU, United States (2)	National Ports Company (ENAPU)	**3**
	E1. Unusually high fees and charges		National Ports Company (ENAPU), SANIPES/ITP	**2**
	H5. Lack of recognition, e.g. of national certificates		*	**1**
	C1. Inconsistent classification of products		DIGESA	**1**
	B1. Information is not adequately published and disseminated		DIGESA	**1**
	A4. Large number of checks		'National Ports Company (ENAPU), Chamber of Commerce'	**1**
	A2. Documentation is difficult to fill out		SANIPES/ITP	**1**
	I1. Other obstacles	EU (5)		**5**
	Total *fresh agro-food*	13	22	**35**
Processed agro-food	D1. Delay in administrative procedures	Ecuador, Venezuela (Bolivarian Republic of)	SENASA (2), *1	**5**
	E1. Unusually high fees and charges	Egypt	National Ports Company (ENAPU) (2)	**3**
	F2. Inaccessible/limited transportation system	EU (2)		**2**
	F3. Technological constraints, e.g. information and communication technologies	EU (2)		**2**
	A1. Large number of different documents	United States (2)		**2**
	B1. Information is not adequately published and disseminated	China		**1**
	A2. Documentation is difficult to fill out	EU		**1**
	I1. Other obstacles	EU (10)		**10**
	Total *processed agro-food*	21	5	**26**
Wood and paper	A3. Difficulties with translation of documents from or into other languages		*1	**1**
	Total *wood and paper*	0	1	**1**
Total		**34**	**28**	**62**

Source: ITC survey on NTMs.

Notes: Numbers in parentheses in columns three and four refer to the number of reported cases, if more than one. An asterisk (*) indicates that no institution was identified by the respondent. If several institutions are reported to be jointly causing the PO, they are indicated within inverted commas (‘’).

Table 15: Agricultural product imports: burdensome NTMs applied by Peruvian authorities

	Product		Import from the world		Cases of burdensome NTMs applied by Peruvian authorities				
Sector	HS product code (as reported)	Product code description (abridged)	Product's import value in 2009 (US$ '000)	Share of product in the sector's import value*	Technical regulations	Conformity assessment	Para-tariff measures	Rules of origin	Sub-total
Fresh agro-food	070320	Garlic, fresh or chilled	0	0%		1			**1**
	0804XX	Dates, figs, pineapples, avocados, guavas, mangoes and mangosteens, fresh or dried (not specified at HS6)	n.a.**	n.a.**		1			**1**
	091099	Spices (excl. pepper of the genus Piper, fruit of the genus Capsicum or of the genus Pimenta, vanilla, cinnamon, among others)	239	0.02%		1			**1**
	Total *fresh agro-food*		239	0.02%		3			**3**
Processed agro-food	071220	Dried onions, whole, cut, sliced, broken or in powder, but not further prepared	316	0.02%		1			**1**
	160249	Prepared or preserved meat and offal of swine, incl. mixtures (excl. hams, shoulders and cuts thereof, sausages and similar products)	468	0.03%		1			**1**
	210690	Food preparations, n.e.s.	100,515	7.32%		1			**1**
	230120	Flours, meals and pellets of fish or crustaceans, molluscs or other aquatic invertebrates, unfit for human consumption	153	0.01%	1				**1**
	Total *processed agro-food*		101,452	7.39%	1	3			**4**
Wood and paper	442010	Statuettes and other ornaments, of wood (excl. wood marquetry and inlaid wood)	264	0.04%	1	1		1	**3**
	481620	Self-copy paper, in rolls of a width of <= 36 cm or in rectangular or square sheets with no side measuring > 36 cm in the unfolded state, or cut into shapes other than rectangles or squares	8,865	1.31%		1			**1**
	4819XX	Cartons, boxes, cases, bags and other packing containers, of paper, paperboard, cellulose wadding or webs of cellulose fibres (not specified at HS6)	n.a.**	n.a.**			1		**1**
	Total *wood and paper*		9,129	1.35%	1	2	1	1	**5**
Total			**n.a.**	**n.a.**	**2**	**8**	**1**	**1**	**12**

Source: ITC survey on NTMs.

***** Total import value of the *fresh agro-food* sector is US$ 1,239,493,000. Total import value of the *processed agro-food sector* is US$ 1,373,283,000. Total import value of the *wood and paper* sector is US$ 676,677,000.

** For consistency reasons, trade data (value and share) is reported for products at the HS 6-digit level.

Table 16: Agricultural product imports: procedural obstacles

Sector	Procedural obstacles and inefficient export environment	Number of PO cases that occurred in Peru (and agencies involved, if specified)	Sub-total
Fresh agro-food	D1. Delay in administrative procedures	SENASA (3)	**3**
	Total *fresh agro-food*	3	**3**
Processed agro-food	D1. Delay in administrative procedures	SENASA (2)	**2**
	Total *processed agro-food*	2	**2**
Wood and paper	D1. Delay in administrative procedures	Customs (2)	**2**
	Total *wood and paper*	2	**2**
Total		**7**	**7**

Source: ITC survey on NTMs.

Notes: Numbers in parentheses in column three refer to the number of reported cases.

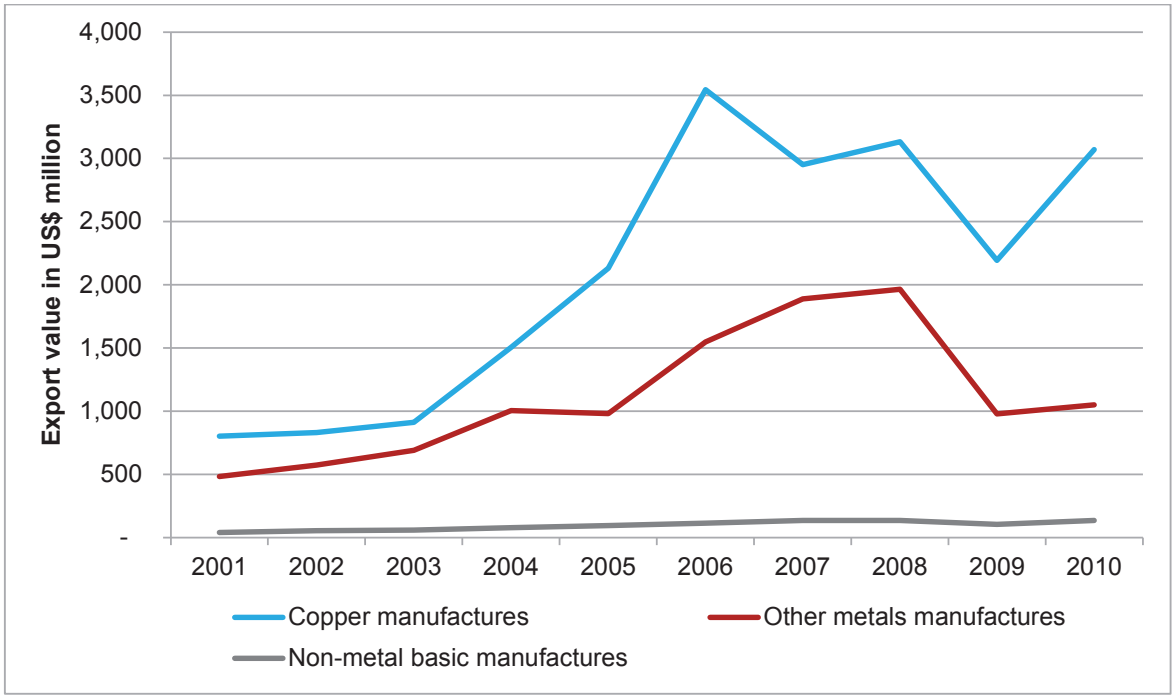
3. Metal and other basic manufactures

This section analyses the metal and other basic manufactures sector of Peru (*basic manufactures* hereafter). The sector comprises processed, metal manufactures from the Peruvian mining industry made of copper, zinc, tin, among others (*metal manufactures* hereafter), and ceramic products, articles of stone, or similar materials, glass and glassware (*non-metal basic manufactures* hereafter). Tables providing a detailed overview of NTMs and procedural obstacles in this sector may be found at the end of the section.

3.1. Importance of the sector

In 2009, *basic manufacturing* exports amounted to US$ 3,275 million, representing 12% of Peru's total export value. When excluding minerals and arms, *basic manufactures* account for 30% of exports, experiencing 24% average annual growth between 2001 and 2008. A steep decrease in 2009 attributed to low international demand was followed by partial recovery in 2010 (figure 19). The most important export products are mineral-based. As such, export values are highly dependent on mineral prices, which fluctuate with international economic cycles.

Figure 19: Export composition and development of basic manufactures, 2001-2010



Source: ITC calculations based on Trade Map data.

Copper manufactures, including cathods and unwrought copper, represent the most important *metal manufactures*, making up for 72% of *basic manufacturing* exports. Between 2001 and 2010, they grew at an average annual rate of 16% (figure 19). The United States, receiving 33% of exports, the EU (19%) and China (15%) constitute crucial markets for copper products. Exports are diversified across companies, but not as much as in other subsectors. In 2008, 148 companies exported copper manufactures, 91% of these being SMEs.[71]

Other metal manufactures including unwrought zinc, tin, silver, iron and steel account for 25% of *basic manufacturing* exports. Between 2001 and 2010 exports of other metal manufactures grew at an average

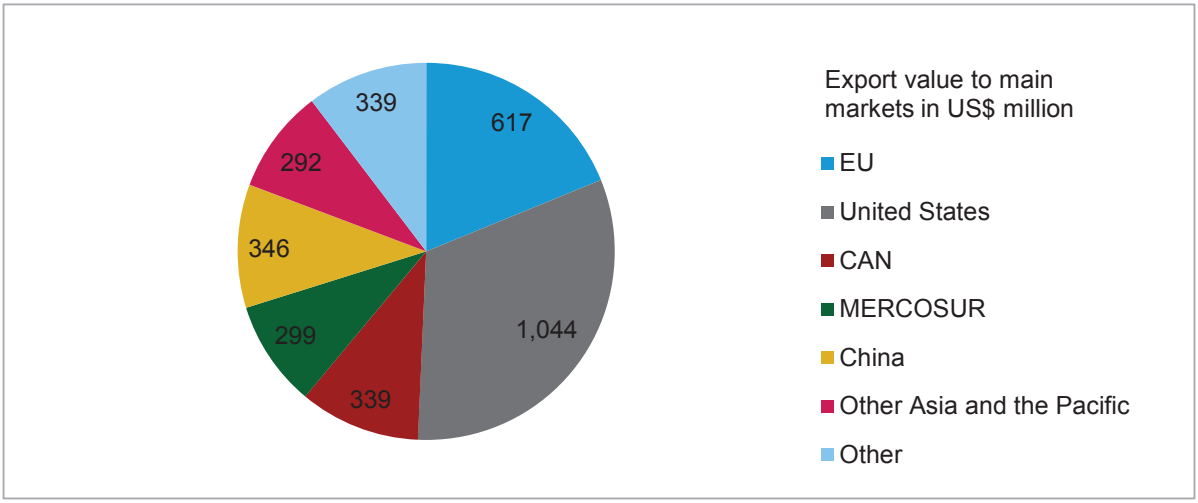
[71] Source: Peruvian Ministry of Trade and Tourism business register, 2008. According to MINCETUR, a company is considered to be a large exporter if its export value exceeds US$ 1 million.

rate of 9% (figure 19). Much as in the case of copper manufactures, the United States (30%), the EU (19%), and the CAN region (17%) represent the most important markets. As many as 954 companies exported other metal manufactures, 95% being SMEs.[72]

Non-metal basic manufactures like marble, glazed ceramic and glass containers constituted 3% of *basic manufactures*. Between 2001 and 2010, this group of products grew at an average rate of 16%, slightly faster than the *basic manufacturing* sector as a whole (figure 19). The United States received 31% of Peruvian *non-metal basic manufacturing* exports, followed by the CAN region with 24% and Chile with 20%. In 2008, 785 companies reported exports of *non-metal basic manufactures,* 98% of these being SMEs.[73]

On aggregate, the most important export markets for *basic manufactures* include the United States and the EU, jointly accounting for 51% of export value. China is a significant importer of copper manufactures with 11% of the sectors' exports in 2009. Regional markets also accounted for considerable export value shares, the CAN with 10% and MERCOSUR with 9% (figure 20).

Figure 20: Key markets for metal and other basic manufacturing products, 2009



Source: ITC calculations based on Trade Map data.

3.2. Affected companies

Phone-screen interviews with 124 companies revealed that 35% of surveyed *basic manufacturing* exporters and importers were affected by burdensome NTMs and POs. Exporters reported obstacles to trade more frequently (37% of companies) than importers (27%). Nevertheless, the share of affected exporters was rather low. In the case of other major export sectors such as *agriculture* and *textiles and clothing,* a higher share of companies, 46.3% and 45.4% respectively faced barriers to trade. Subsequent face-to-face interviews were conducted with 19 companies, 10 of which were exporters. Despite the considerable size of the sector, the low share of affected exporters and weak response rate for face-to-face interviews[74] explain the low representation of exporters.

Overall, regulation imposed by partner countries represented a greater challenge for exporters. Half of exporters encountered NTMs abroad, while only 30% in Peru. Two exporters, representing 20% of the total did not report impediments that could classify as either NTMs or POs.[75] On average, 24% of product-

[72] *Ibid.*

[73] *Ibid.*

[74] Only 25.6% of affected exporters agreed to participate in face-to-face interviews.

[75] While survey methodology envisages that only companies facing NTMs be interviewed face-to-face, these two firms reported barriers to trade during initial phone screen interviews which did not end up classifying as either NTMs or POs.

partner export flows captured in face-to-face interviews were affected by NTMs, 50% applied in Peru and 50% abroad.

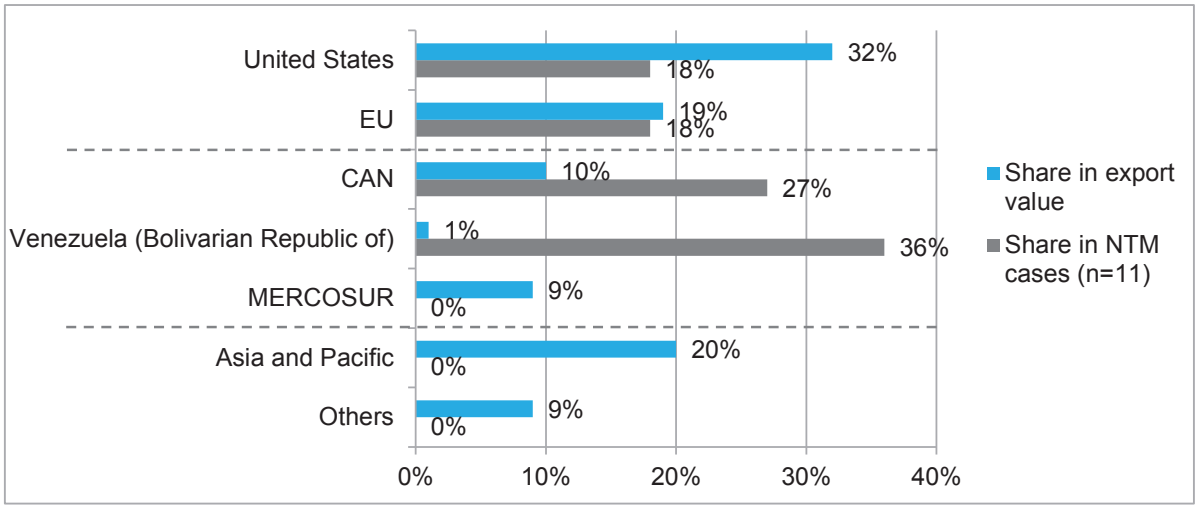
The sector is primarily composed of SMEs (see section 2.1). Accordingly, only one large exporting company was interviewed face-to-face. The survey results can therefore neither confirm nor refute in a statistically significant manner whether SMEs are more affected by NTMs than large firms in the sector. When questioned about challenges specific to SMEs, industry experts pointed to existing capacity constraints and restricted financial resources. Large firms, on the other hand, are familiar with exporters' associations and lobby to overcome barriers.[76]

Quantity control measures, technical regulations and conformity assessment were the most common NTMs applied by partner countries (see section 2.3); while customs controls and procedures were the most frequent NTMs encountered in Peru (see section 2.4).

3.3. Non-tariff measures applied by partner countries affecting exports

Most burdensome NTMs applied by partner countries to exports of *basic manufactures* were reported for regional partners and for a handful of developed countries. The share of reported NTM cases in any particular market compared to that country's export value share allows for a better understanding of the state of affairs. The United States and the EU receive 32% and 19% of Peruvian *basic manufactures* (figure 21) and jointly account for 36% of reported NTM cases (figure 20 and 21). Since their share in exports is greater than their share of NTMs, they do not stand out as particularly restrictive markets. In contrast, regional partners appear to be much more challenging export destinations.[77] Of all NTM cases, 27% and 36% were reported to take place in CAN countries and in the Bolivarian Republic of Venezuela, respectively. Given that these markets only make up 10% and 1% of Peruvian export value, they are considered to be restrictive (figure 21). Remarkably, no burdensome NTMs were reported for partners in Asia and the Pacific which receive 20% of Peruvian manufacturing exports (figure 21).

Figure 21: Share of exports and burdensome NTMs applied by main markets to Peruvian basic manufactures, 2009



Source: ITC calculations based on Trade Map data and ITC survey on NTMs.

The survey revealed that NTMs applied by importing countries take a variety of forms. Quantity control measures, technical regulations and conformity assessment accounted for 36%, 27% and 27% of reported cases, while rules of origin for 9% (table 17).

[76] Interview with a representative from the Association of Exporters (ADEX).

[77] This conclusion was drawn based on a sample of eight exporting firms.

Exports of *basic manufactures* encounter barriers in the Bolivarian Republic of Venezuela. In order to gain unrestricted access to this market, exporters of *metal manufactures* must obtain a "*certificate of non-national or insufficient production"* proving that the good in question is not manufactured in the Bolivarian Republic of Venezuela or not to a significant degree. In order to obtain such certification, exporters must submit a large number of different documents and reported informal payments (table 17). In addition, the Commission of Foreign Exchange Administration (CADIVI) imposes a foreign exchange license that delays payments to Peruvian exporters. For goods similar to those manufactured in the Bolivarian Republic of Venezuela, import quotas exist.

Exports of *basic manufactures* also face NTMs in Ecuador. The Andean Free Trade Agreement enables firms to export Peruvian products duty free. Nevertheless, Ecuadorian customs officers have been alleged to claim inexistent irregularities with certification of origin (refer to rules of origin in table 17), thus stopping or delaying cargo (table 19).[78]

3.4. Non-tariff measures applied by Peru and related procedural obstacles affecting exports

Exporters also face NTMs at home. A third of interviewed companies dealt with NTMs applied by Peruvian authorities. Half of these cases classified as 'other export-related measures' associated with controls and procedures at customs. Exporters attributed these measures to the high cost of documents required for export and pre-shipment inspections of cargo. These measures lead to POs in the form of transportation delays affecting the export-logistics chain. Unusually high fees and charges imposed by outside port entities were also claimed (table 19).

An exporter of statues and ceramics (ornamental products) referred to the need to obtain a certificate which proves that the product intended for export is a replica and does not pose any risk to the integrity of Peru's cultural and historical heritage (table 18). Exporters of ornamental products did not report any POs associated to this NTM. Nevertheless, ADEX emphasized the large number of documents and administrative delays directly related to it.

3.5. Procedural obstacles and inefficiencies in the trade-related business environment affecting exports

POs are challenges closely related to NTMs that further complicate trade. They worsen the impact of a particular NTM and provide a clearer picture of why certain measures embody barriers to trade. Generic problems not associated with specific regulation, but affecting trade flows are referred to as inefficiencies in the trade-related business environment. Of the 13 cases of POs and TBEs, 54% had to do with local agencies, while 46% with foreign ones (table 19). Overall, 2 out of 10 firms were affected by POs and TBEs abroad and 5 in Peru. Three exporters did not encounter POs or TBEs.

Three out of seven POs imposed by Peruvian authorities were associated with 'other export-related measures' (section 3.4). These included inspection delays, high customs and port handling surcharges rendering transportation procedures inefficient for the whole export logistics chain. Other obstacles were directly related to testing and labelling regulation required by partner countries. The lack of government facilities for testing and labelling in small Peruvian cities, especially those in the highlands, explains these POs (table 19).

Difficulties guaranteeing a constant flow of supplies needed for production represent a significant constraint.[79] Chemicals, inputs for the production of *basic manufactures,* face considerable import hurdles. For example, a manufacturing company using a restricted chemical needs a series of documents and certificates proving that the input will be used exclusively for the production of manufactures and not for illegal goods (table 19). This will be discussed in more detail in a subsequent chapter on the chemical sector.

[78] This was reported by a surveyed company, by a representative from the Association of Exporters (ADEX) and by other industry experts.

[79] Mentioned in an interview with an ADEX representative.

Quantitative restrictions known as "*certificates of non-national production or insufficient production*" imposed by the Bolivarian Republic of Venezuela's Ministry of Light Industry and Trade (MILCO) were the cause of five of the six cases of POs occurring abroad (see section 3.3). The most common POs included excessive paperwork and informal payments. An exporter also pointed to delays in administrative procedures related to rules of origin when exporting to Ecuador (table 19).

3.6. Non-tariff measures and other obstacles affecting imports

During the phone screen interview phase, 12 out of 44 importers of *basic manufactures* reported barriers to trade. Subsequent face-to-face interviews conducted with 10 importers revealed 19 cases of NTMs imposed by Peruvian authorities. Overall, conformity assessment including inspection requirements and certification accounted for 26% of these; while technical regulations and para-tariff measures for 21% each. Delays in administrative procedures, mainly at Peruvian customs made up the totality of PO and TBE cases (table 19, 20 and 21).

Imports of certain *basic manufactures* like ceramic articles are subject to labelling regulation imposed and supervised by customs. If a labelling error is found, the cargo is sent back to its country of origin. To reduce the chances of reembarkment, importing firms carry out inspections prior to those undertaken by customs officers. The significant additional time and expense of verifying proper product labelling is borne by importers.

Firms also reported different treatment for imports depending on the port of arrival. In the case of the port of Paita in the north of Peru, products are inspected more frequently than at the port of Callao. The reason behind this is that the port of Paita does not handle as much cargo as that of Callao.[80] Experts argue that the inspection process should then take one to two days, but it actually takes seven to eight.

3.7. Summary and policy options

Summary

Basic manufactures constitutes the second largest export sector after *agriculture*, mainly driven by mineral-based export products. In comparison to other sectors, the share of exporters and importers reporting trade impediments during phone screen interviews was rather low, 40% of exporters and 31% of importers. Similarly, only 24% of product-partner export flows were affected by NTMs.

Despite the relatively low share of exports destined to Latin-American countries, the majority of NTMs took place in these markets particularly in the Bolivarian Republic of Venezuela. The "*certificate of non-national or insufficient production,"* requiring excessive paperwork and resulting in unpredictable delays and informal payments was a recurring issue.

Exporters of *basic manufactures* were also affected by Peruvian requirements associated with customs controls and procedures. High surcharges when obtaining the necessary documents for export and when carrying out pre-shipment inspections were common impediments.

In the case of importers, conformity assessment and associated delays in administrative procedures turned out to be the most prevalent barriers. Labelling regulation as a cause for cargo reembarkment and inconsistencies in inspection policies depending on the port of entry were also reported.

Policy options

During partial scope trade agreement negotiations with the Bolivarian Republic of Venezuela, MINCETUR addressed restrictions reported in the NTM survey. It is recommended that the government together with the private sector monitor the situation and, if required, follow up with trade partners. In addition, exporters' associations along with partner companies in destination markets could lobby for greater trade facilitation and more transparent rules.

[80] Interview with a representative from the National Society of Foreign Trade (COMEX Perú).

VUCE is a step in the direction of more efficient customs procedures. Although Peru implemented it in the period following the realization of the survey, improvements were acknowledged at the stakeholder meeting. Nevertheless, much work needs to be done for the single window to reach its full potential. VUCE provided the basis for cooperation, but agencies have yet to integrate their processes into this window.

In addition to improving VUCE, other recommendations included granting more resources to customs and specialized technical agencies which should further collaborate to streamline and harmonize inspections. Although customs only inspects 5% of export and 7-8% of import consignments, the process is slow. At the stakeholder meeting, company representatives reported the many bottlenecks they faced. Moreover, they underlined that the fast pace of international trade required around-the-clock inspections. An expert also pointed out the many gains to trade facilitation that would emerge should labelling and quality controls be performed by the INDECOPI[81] and DIGEMID rather than by customs.

Table 17: Exports of basic manufactures: burdensome NTMs applied by partner countries

Reported export product		Export to the world		Number of reported NTM cases					
HS product code (as reported)	Product code description (abridged)	Product's export value in 2009 (US$ '000)	Share of product in the sector's export value*	Technical regulations	Conformity assessment	Quantity control measures	Rules of origin	Sub-total	Countries reported to apply burdensome NTMs (number of cases)
680221	Marble, travertine and alabaster articles thereof, simply cut or sawn, with a flat or even surface	17,567	0.54%				1	1	Ecuador
691390	Statuettes and other ornamental ceramic articles, n.e.s.	4,467	0.14%	3	3			6	Bolivia (Plurinational State of) (2), United Nations (2), Italy (2)
740321	Copper-zinc base alloys brass unwrought	566	0.02%			1		1	Venezuela (Bolivarian Republic of) (1)
740721	Bars, rods and profiles, of copper-zinc base alloys brass, n.e.s.	138	0%			1		1	Venezuela (Bolivarian Republic of) (1)
741220	Copper alloy tube or pipe fittings e.g., couplings, elbows, sleeves	241	0.01%			1		1	Venezuela (Bolivarian Republic of) (1)
830170	Keys presented separately for padlocks, locks, clasps and frames with clasps incorporating locks, of base metal, n.e.s	3,940	0.12%			1		1	Venezuela (Bolivarian Republic of) (1)
Total		**26,919**	**0.82%**	**3**	**3**	**4**	**1**	**11**	

Source: ITC survey on NTMs.

***** Total export value of the *Basic Manufactures* sector is US$ 3,275,656,000.

[81] INDECOPI is an important player in normalization and harmonization, metrology, and accreditation issues.

Table 18: Exports of basic manufactures: burdensome NTMs applied by Peru

Reported export product		Export to the world		Number of reported NTM cases			
HS product code (as reported)	Product code description (abridged)	Product's export value in 2009 (US$ '000)	Share of product in the sector's export value*	Certification required by the exporting country	Export taxes and charges	Other export related measure	Sub-total
6804XX	Millstones, grindstones, grinding wheels and the like, without frameworks, for grinding, sharpening, polishing, trueing or cutting, hand sharpening or polishing stones, and parts thereof, of natural stone, of agglomerated natural or artificial abrasives,	n.a.**	n.a.**			1	**1**
6805XX	Natural or artificial abrasive powder or grain, on a base of textile material, of paper, of paperboard or of other materials, whether or not cut to shape or sewn or otherwise made up.	n.a.**	n.a.**			1	**1**
691390	Statuettes and other ornamental ceramic articles, n.e.s. (excl. of porcelain or china)	4,467	0.14%	1			**1**
761210	Collapsible tubular containers, of aluminium	1,606	0.05%		1		**1**
780191	Unwrought lead, containing by weight antimony as the principal other element	6,571	0.20%		1		**1**
8208XX	Knives and cutting blades, for machines or for mechanical appliances.	n.a.**	n.a.**			1	**1**
Total		**12,644**	**0.39%**	**1**	**2**	**3**	**6**

Source: ITC survey on NTMs.

* Total export value of the *Basic Manufactures* sector is US$ 3,275,656,000.
** For consistency reasons, trade data (value and share) is reported for products at the HS 6-digit level.

Table 19: Exports of basic manufactures: procedural obstacles

Procedural obstacles and inefficient business environment	Number of PO cases that occurred...		
	in partner countries	in Peru (and agencies involved, if specified)	sub-total
A1. Large number of different documents	Venezuela (Bolivarian Republic of) (4)		**4**
E1. Unusually high fees and charges		Customs (2), *(2)	**4**
B1. Information is not adequately published and disseminated		National Service of Fisheries Health (SANIPES)	**1**
D1. Delay in administrative procedures	Ecuador		**1**
D2. Delay during transportation		*	**1**
E2. Informal payment, e.g. bribes	Venezuela (Bolivarian Republic of)		**1**
I1. Other obstacles		Customs	**1**
Total	**6**	**7**	**13**

Source: ITC survey on NTMs.

Notes: Numbers in parentheses in columns three and four refer to the number of reported cases, if more than one. An asterisk (*) indicates that no institution was identified by the respondent.

Table 20: Imports of basic manufactures: burdensome NTMs applied by Peru

Product		Import from the world		Cases of burdensome NTMs applied by Peruvian authorities					
HS product code (as reported)	Product code description (abridged)	Product's import value in 2009 (US$ '000)	Share of product in the sector's import value*	Technical regulations	Conformity assessment	Pre-shipment inspection	Para-tariff measures	Rules of Origin	Sub-total
701790	Laboratory, hygienic or pharmaceutical glassware, whether or not graduated or calibrated (excl. glass having a linear coefficient of expansion <= 5 x 10 -6 per kelvin within a temperature range of 0°C to 300°C or of fused quartz or other fused silica, containers for the conveyance or packing of goods, measuring, checking or medical instruments and apparatus of chapter 90)	1,478	0.07%		1				**1**
7312XX	Stranded wire, ropes, cables, plaited bands, slings and the like, of iron or steel, not electrically insulated, (not specified at HS6)	n.a.**	n.a.**				1		**1**
8301XX	Padlocks and locks (key, combination or electrically operated), of base metal; clasps and frames with clasps, incorporating locks, of base metal (not specified at HS6)	n.a.**	n.a.**		1				**1**
8308XX	Clasps, frames with clasps, buckles, buckle-clasps, hooks, and the like, of base metal, of a kind used for clothing, footwear, travel goods or other made-up articles, tubular or bifurcated rivets, of base metal; beads and spangles of base metal (not specified at HS6)	n.a.**	n.a.**	1					**1**
680800	Panels, boards, tiles, blocks and similar articles of vegetable fibre, of straw or of shavings, chips, particles, sawdust or other waste of wood, agglomerated with cement, plaster or other mineral binders (excl. articles of asbestos-cement, cellulose fibre-cement or the like)	172	0.01%			1	1		**2**
680911	Boards, sheets, panels, tiles and similar articles, of plaster or compositions based on plaster, faced or reinforced with paper or paperboard only (excl. ornamented and with plaster agglomerated articles for heat-insulation, sound-insulation or sound absorption)	5,697	0.27%			1	1		**2**
701939	Webs, mattresses, boards and similar nonwoven products, of glass fibres (excl. mats and thin sheets voiles")"	1,644	0.08%			1	1		**2**
691200	Tableware, kitchenware, other household articles and toilet articles, of ceramics other than porcelain or china (excl. sanitary fixtures, ornamental articles, receptacles for the conveyance or packing of goods, and coffee grinders and spice mills with receptacles made of ceramics and working parts of metal)	10,365	0.49%	1	1			1	**3**
691390	Statuettes and other ornamental ceramic articles, n.e.s. (excl. of porcelain or china)	497	0.02%	1	1			1	**3**
691490	Ceramic articles, n.e.s. (excl. of porcelain or china)	597	0.03%	1	1			1	**3**
Total		**20,450**	**0.97%**	**4**	**5**	**3**	**4**	**3**	**19**

Source: ITC survey on NTMs.

***** Total import value of the *Basic Manufactures* sector is US$ 2,108,527,000.
** For consistency reasons, trade data (value and share) is reported for products at the HS 6-digit level.

Table 21: Imports of basic manufactures: procedural obstacles

Procedural obstacles and inefficient export environment	Number of PO cases that occurred in Peru (and agencies involved, if specified)
D1. Delay in administrative procedures	Customs (7), 'National Ports Company (ENAPU) (1), *(1)
Total	**9**

Source: ITC survey on NTMs.

Notes: Numbers in parentheses in column two refer to the number of reported cases, if more than one. An asterisk (*) indicates that no institution was identified by the respondent.

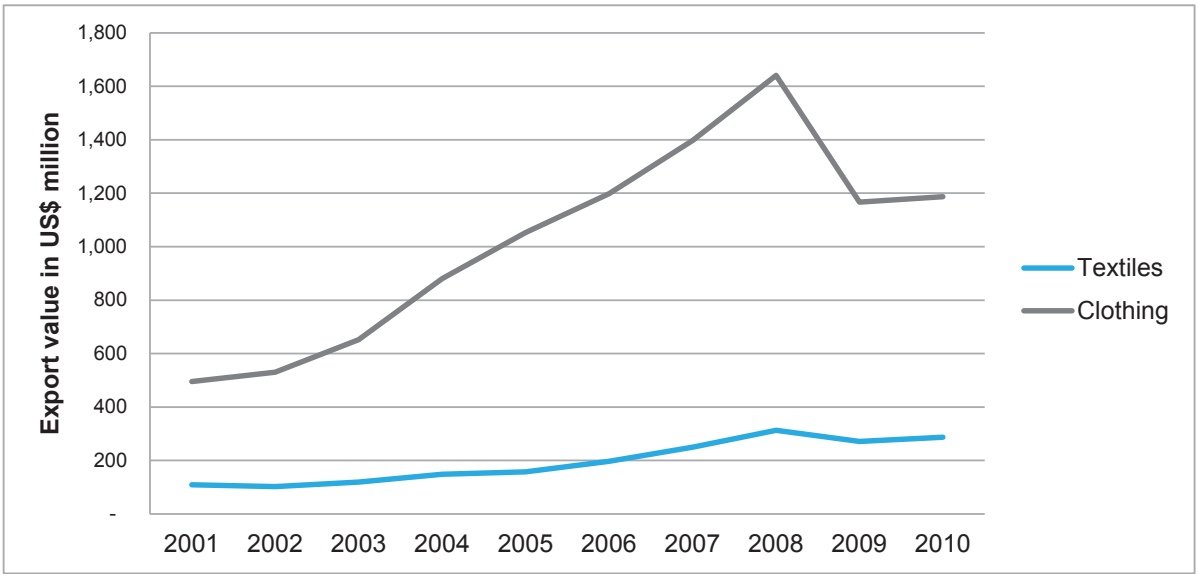
4. Textile and clothing

This section focuses on the textiles and clothing sector of Peru (T&C products hereafter). The sector comprises yarn, fabrics, textiles (*textiles* hereafter) and clothing products as defined in appendix I. Tables providing a detailed overview of NTMs and procedural obstacles in this sector may be found at the end of the section.

4.1. Importance of the sector

In 2009, T&C exports amounted to US$ 1,438 million, representing 5% of Peru's total export value. Excluding minerals and arms, T&C products accounted for 13% of exports. Between 2002 and 2008, T&C exports grew at an annual rate of 20.7% (figure 22). This steep growth was attributed to the implementation of the Andean Trade Promotion and Drug Eradication Act (ATPDEA) in 2002, granting Peruvian clothing products preferential market access to the United States.[82] Since then, the United States has become the most important export destination for Peruvian T&C products. Nevertheless, low demand in this market resulted in a 26.4% plunge for exports in 2009. Partial recovery followed a year later with T&C exports growing at a rate of 2.6% –*textile* exports growing slightly faster than those of clothing. Due to improving market diversification, it is expected that the sector will recover its 2008 growth level in 2012.[83]

Figure 22: Development of textile and clothing product exports, 2001-2010



Source: ITC calculations based on Trade Map data.

[82] ATPDEA grants preferential unilateral access to a large number of products from certain Andean countries.

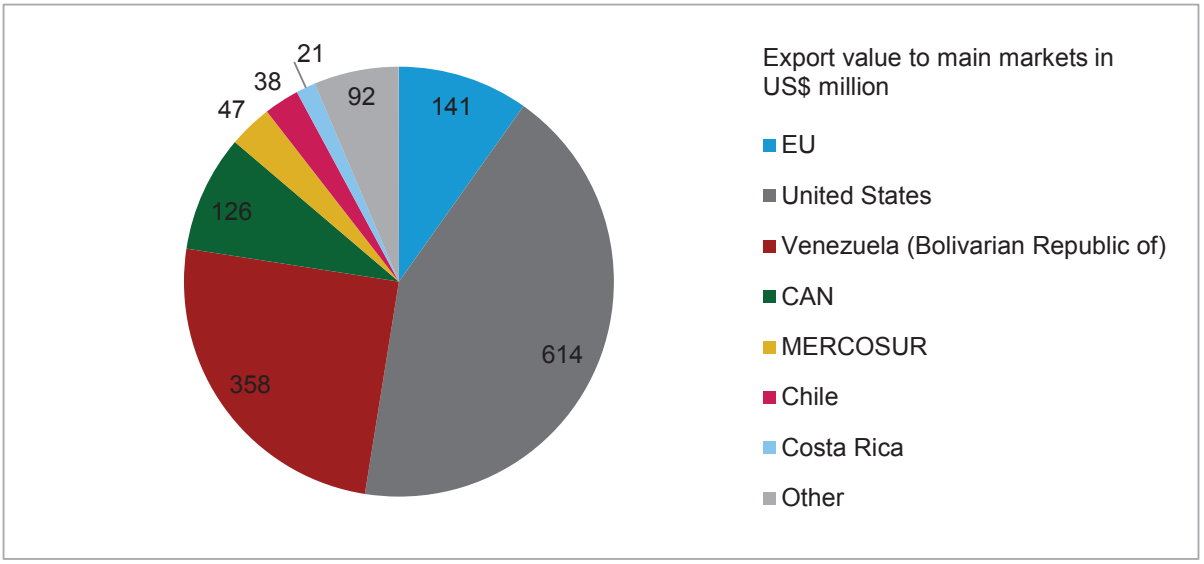
[83] APOYO Consultoría (2011) "Situación y perspectivas del sector textil y confecciones".

Within the manufacturing sector, T&C is one of the main sources of employment. It has the particular feature of being vertically integrated with production involving agricultural products (cotton), chemicals (dyes) and a variety of services. It is estimated that for every direct job, 2.5 indirect ones exist.[84] As in the case of other export sectors, fast growth has allowed for employment creation particularly through SMEs, mostly in urban areas.

The United States and the Bolivarian Republic of Venezuela are the sector's most important markets, jointly accounting for 68% of T&C exports. The EU and CAN member countries come next receiving 10% and 9% respectively. Recently, Peruvian T&C exports expanded to other countries in the region. In fact, exports to Brazil and to Argentina partly compensated for lower demand in the United States and in the Bolivarian Republic of Venezuela in 2009 (figure 23).[85]

It is worth noting that the United States, the Bolivarian Republic of Venezuela and the EU mainly demand clothing products, while Colombia, Chile and Ecuador have a greater need for textiles.

Figure 23: Key markets for textiles and clothing products in 2009



Source: ITC calculations based on Trade Map data.

4.2. Affected companies

On average, 45% of the 185 T&C exporters and importers interviewed on the phone were affected by burdensome NTMs and POs. Exporters reported obstacles to trade more frequently (46% of companies) than importers (33%). Subsequent face-to-face interviews were conducted with 29 T&C companies, 23 of these being exporters. In the end, 25 companies reported NTMs and POs, 56% of firms encountered barriers in Peru while 52% abroad.[86]

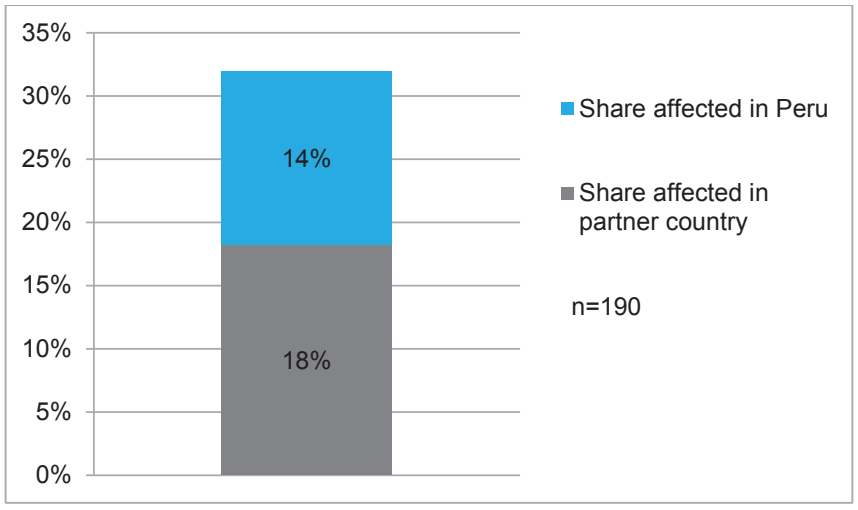
Overall, 32% of the captured product-partner export flows were affected by NTMs. More specifically, 14% of export flows encountered NTMs in Peru, while 18% in partner countries (figure 24).

[84] Interview with a representative from MINCETUR.

[85] Interview with a PromPerú representative.

[86] While survey methodology envisages that only companies facing NTMs be interviewed face-to-face, 4 firms reported barriers to trade during initial phone screen interviews that did not end up classifying as either NTMs or POs. Of the 25 enterprises that did report NTMs and POs, 11 were exporters, 5 were importers and 9 carried out both export and import operations. No trading agents with T&C trade flows were interviewed.

Figure 24: Product-partner export flows affected by NTMs, by applying country



Source: ITC survey on NTMs.

Note: Product-partner export flows are reported by companies interviewed face-to-face. They are captured and defined at product-specific (HS 6-digit) and market-specific level. This definition is equivalent to that of NTM cases applied by partner countries to Peruvian exports which are counted for every product and destination market. In contrast, the product-dimension is what determines a domestic NTM. For more information on how NTM cases were calculated, please refer to appendix I.

Despite the array of products comprised by the T&C sector, NTMs reported by exporters shared significant similarities. Technical regulations and conformity assessment were the most common NTMs imposed by importing partner countries (see section 4.3); whereas export certification and inspection constituted the most frequent measures applied in Peru (see section 4.4). Quantity controls including the discontinuation of licence issuing accounted for 57% of NTM cases reported by large companies. In contrast, technical requirements such as labelling proved to be the main barrier for medium-sized firms (58%). For small enterprises, 62% of NTM cases concerned certification and price control measures.

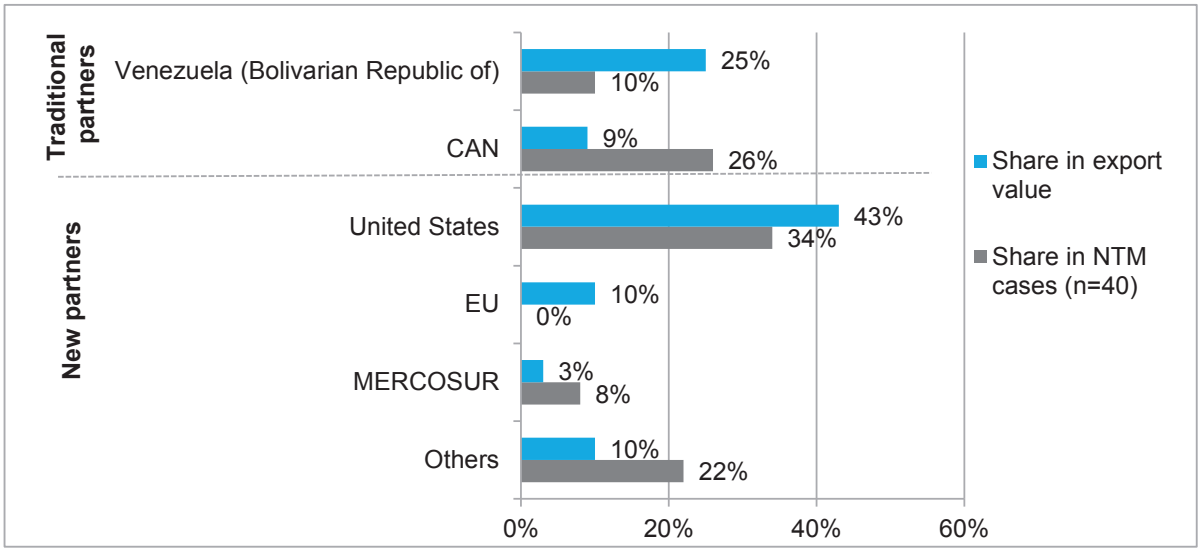
4.3. Non-tariff measures applied by partner countries affecting exports

Overall, exporters of T&C encountered 34% of NTMs in the United States, the most important export destination for Peruvian T&C products since the implementation of the ATPDEA in 2002. A considerable number of NTM cases were also reported for CAN member countries (26%) and for the Bolivarian Republic of Venezuela (10%; figure 25).

Comparing the number of reported NTMs to Peru's export value in each of these markets allows for a better understanding of the state of affairs. The CAN, with 26% of NTM cases and 9% of export value as well as MERCOSUR with 8% and 3% respectively, turn out to be restrictive markets. The United States' share of NTM cases at 34% is lower than the country's 43% share in export value. Similarly, the Bolivarian Republic of Venezuela accounted for 10% of NTM cases and 25% of export value (figure 25). As such, these two markets turn out to be relatively easy to access. The case of the EU is remarkable. It receives 10% of Peruvian T&C exports and although 60 product-partner export flows were captured in face-to-face interviews, no NTMs were reported.

In the case of NTMs applied by importing countries, technical regulations made up 35% of all cases (section 4.3.1), conformity assessment 28% (section 4.3.1) and quantity control measures 13% (section 4.3.2).

Figure 25: Burdensome NTMs applied by main markets to Peruvian textiles and clothing, 2009



Source: ITC calculations based on Trade Map data and ITC survey on NTMs.

4.3.1. Technical regulations, conformity assessment and related POs in partner countries

Restrictions for exports of baby garments and clothes destined to the United States and Ecuador were a common NTM. In fact, companies exporting to the United States require a certificate of non-toxic components (e.g. lead) expedited by accredited laboratories. Until recently, not a single Peruvian laboratory was accredited by United States authorities so product samples had to be sent abroad. Some Peruvian laboratories have now obtained the necessary accreditation and may certify exports, thus significantly reducing costs. Nevertheless, additional interviews conducted by SIPA students in March 2010 revealed that significant bottlenecks exist in these institutions. In fact, certification issues accounted for 20% of reported NTMs in partner countries. The large number of different documents required for certification made up 14% of reported POs.

Import authorization and registration required by United States authorities to protect national security and human health represented additional challenges for exporters. In order to expedite access to the United States market, exporters must choose from two options. On the one hand, they can submit their cargo to a scanning process which is both expensive and slow.[87] On the other hand, they can pay an internationally certified institution an annual fee of around US$ 2,000 to examine and vouch for the company's manufacturing and shipping activities.[88]

Overall, certifications and import authorizations represented significant fixed costs for companies which, added to capacity constraints and the prevailing lack of information, increased costs and compromised competitiveness.[89] Furthermore, technical regulations and conformity assessment resulted in an important number of POs abroad. Delays in administrative procedures, accounting for 49% of all POs, were a pressing concern for exporters (table 25). Eight cases of excessive paperwork directly related to technical measures and conformity assessment were registered. Half of them had to do with proof of compliance with non-toxic input requirements to access the United States market.

[87] Interview with a representative from the National Society of Industries.

[88] Business Alliance for Secure Commerce. 2011. Available at: http://www.wbasco.org/index-eng.htm (accessed on 12 September, 2011).

[89] Interview with a representative from the National Society of Industries and answers to the survey provided by small companies in the T&C sector.

4.3.2. Quantity control measures

The survey revealed that MERCOSUR members, particularly Brazil and Argentina, were restrictive markets (see figure 25). Peruvian T&C experts agreed with this premise. Quantity control measures were a common NTM applied by Brazil and Argentina. The granting of annual import licenses by Brazilian authorities required long procedures, allegedly taking up to a year and entailing a large number of different documents. Argentina applies an advanced licensing scheme for fixed export volumes taking between three and four months. Nevertheless, it may be the case that licences are not issued at all. Licensing procedures constitute a significant barrier for exporters, especially since T&C products are subject to seasonal fashion changes and unforeseen delays can significantly reduce the market value of merchandise.

Similarly, licences and frequent changes of regulation by authorities in the Bolivarian Republic of Venezuela were other common NTMs. The Bolivarian Republic of Venezuela is Peru's second largest T&C trade partner. Nevertheless, authorities demand "certificates of non-national or insufficient production" for certain T&C exports, proving that the good in question is not manufactured in the Bolivarian Republic of Venezuela or not to a significant degree. In addition, Venezuelan authorities were reported to suspend licences. In fact, Peruvian exporters identified inconsistent or arbitrary behaviour on behalf of officials as one of the most common POs (11% of a total of 35 cases; see table 25). Furthermore, the scarcity of licenses for foreign exchange purchases constituted another important NTM.[90] Without the required authorization, Peruvian companies sometimes resort to the black market for the exchange of Venezuelan currency into United States dollars.

4.4. Non-tariff measures applied by Peru affecting exports

Overall, 6.3% of T&C exports faced NTMs imposed by local authorities. Jerseys, pullovers, cardigans, waistcoats and similar articles, representing 5.4% of the clothing subsector's total export value, were particularly affected by NTMs. In the case of textiles, combed yarn of fine animal hair accounting for 3.7% of the subsector's export value, faced the greatest number of NTMs.

4.4.1. Export certification and inspection

Certification requirements made up 42% of NTMs applied by Peruvian authorities. Affidavits, a necessary prerequisite to obtain certificates of origin were a recurring issue. Certificates establishing the types of textiles used as production inputs and other specifications are required of all garments intended for export, even if these belong to a single tariff line.[91] Experts underlined how difficult it is for companies to procure certificates of origin and other documents from Chambers of Commerce, due to the high level of specifications required for their products.[92] Often, companies must resort to hiring a textile fibre expert to vouch for the composition and quantity of inputs used in mixed yarn.[93]

Export inspections accounted for 33% of NTM cases applied by Peruvian authorities (table 24). The fact that inspections take place at night or at dawn, made it particularly difficult for small firms to send staff to supervise the process. The presence of company employees is important to solve any problems that may arise and as a measure to prevent cargo from being damaged.

Export inspections often result in excessive paperwork and delays in administrative procedures. In fact, these hurdles made up 60% of domestic POs (table 25).

4.5. Procedural obstacles and inefficiencies in the trade-related business environment affecting exports

POs are challenges closely related to NTMs that further complicate trade. They worsen the impact of a particular NTM or embody the actual difficulty with a measure. Generic problems not related to specific

[90] Interview with a representative from the National Society of Industries.
[91] Exporters are required to describe each type of product, whether it is short-sleeved, long-sleeved, it has a snap, pins, etc.
[92] Interview with a representative from the National Society of Industries.
[93] For example, an expert could identify the amount of local alpaca fibre and the share of imported dyes used in production.

regulation, but affecting company trade flows are referred to as inefficiencies in the TBE. In the case of the T&C sector, companies reported 35 cases of POs and TBEs (table 25), 29% occurring in Peruvian institutions. Within the *textiles subsector*, 8% of interviewed exporters were affected by POs and TBEs abroad, while 67% in Peru. In the case of the *clothing subsector*, 31% of exporters encountered POs and TBEs in partner countries, 23% at home.

T&C exporters reported dealing with a large amount of paperwork and with delays in administrative procedures. These two problems accounted for 71% of the 35 cases of POs. A significant amount of POs was registered for CAN countries (10 cases), followed by the United States and Canada (8), the Bolivarian Republic of Venezuela (4) and MERCOSUR (3). In the case of domestic POs, half of these had to do with certificates of origin issued by the Chamber of Commerce (table 25).

4.6. Non-tariff measures and related procedural obstacles affecting imports

During phone screen interviews, 4 out of 12 companies importing T&C products reported barriers to trade. While only 4 companies reported being importers at this stage, a total of 14 importing firms were interviewed face-to-face. This is attributed to the fact that companies with both export and import activities, did not initially report their import operations. Subsequent face-to-face interviews revealed that 8 out of 14 importers faced NTMs, particularly textiles used as inputs in the production of garments, apparel and other clothing products. Additional hurdles included conformity assessment, technical regulations (section 4.6.1) and antidumping duties (section 4.6.2).

4.6.1. Conformity assessment and technical regulations

Conformity assessment and technical regulations accounted for 7 of the 11 NTM cases reported by importers. Inspection procedures were particularly burdensome for companies of all sizes (table 26). Overall, these measures required a large number of different documents and resulted in delays in administrative procedures. Furthermore, unusually high fees and charges associated to the costs of storage of cargo was a major concern. In fact, container storage is perceived to be extremely expensive due to space constraints near the port of Callao, Peru's main seaport.

4.6.2. Antidumping duties

Antidumping duties were levied on Chinese woven fabric of cotton and linen with rayon, used as inputs in the production of garment and clothing products. It was also reported that *textile* imports from Canada faced similar duties, but after consultations with MINCETUR, this was ruled out as false.

In addition, a significant share of imported cargo must be tested to determine tissue composition. It is at this stage that companies must take care of related fines. Resulting POs include delays in administrative procedures, requiring importers to pay for additional storage time.

4.7. Summary and policy options

Summary

Within manufacturing, T&C represent a vibrant economic sector as it the most important employment provider. It has the particular feature of being vertically integrated, with production involving agricultural products (cotton), chemicals (dyes) and a variety of services. Thus, it is estimated that for every direct job, 2.5 indirect ones exist. In addition, an important number of companies in the sector are SMEs.

Certification requirements and export documents represented important hurdles for exporters. Affidavits, a necessary prerequisite to obtain certificates of origin were a recurring issue. Experts underlined how difficult it is for companies to procure these and other documents from chambers of commerce. Export inspections also represented a barrier for small firms, which do not have the resources to send staff to supervise the process.

Certifications and technical requirements applied by destination countries represented additional barriers for small firms. Experts pointed to the prevailing lack of information and to the inexperience of these enterprises. Many small companies have neither the financial resources nor the human capital to comply

with partner country requirements. Restrictions for baby garment and clothing exports containing toxic components (e.g., lead) were a recurrent example of a burdensome technical regulation. Exports destined to the United States require certificates of non-toxic components which, until recently could not be expedited in Peru. Although some Peruvian laboratories have now obtained the necessary accreditation and may certify exports, the survey revealed that this issue is still problematic.

Quantitative restrictions in the form of "non-national or insufficient production" certificates demanded by Peru's second largest T&C trade partner, the Bolivarian Republic of Venezuela, represented a significant impediment. Frequent changes in regulation aggravated this.

In the case of importers, conformity assessment and technical regulations were the most common NTMs. Excessive paperwork and delays directly associated with inspection procedures were burdensome POs. It is worth noting that delays required additional container storage time leading to higher import costs, particularly at the port of Callao.

Policy options

Trade agreements in place provide preferential tariffs for exporters of T&C which obtain the necessary certificates and are able to prove compliance with rules of origin. Although this is a voluntary process, the level of international competition makes complying with requirements a must. In order to promote the sector's competitiveness, stakeholders suggested that Chambers of Commerce and SUNAT streamline procedures to obtain certificates of origin. Since these will be integrated into VUCE during the second half of 2012, it was suggested that progress be evaluated in close collaboration with the private sector.

The securing of certificates to prove compliance with technical requirements depends on the availability of accredited laboratories. At the stakeholder meeting, INDECOPI pointed out that the national accreditation body for laboratories is itself not internationally certified. Efforts to obtain such accreditation should be intensified.

Given the fact that T&C SMEs face significant barriers to trade, capacity building activities to better understand market requirements and procedures should focus on them. At the meeting, stakeholders acknowledged that PromPerú training workshops and participation in international fairs have contributed to the strengthening of exporters' capacities and to increase their number of clients. Nevertheless, the financial resources assigned to PromPerú are low in comparison to those of equivalent trade promotion agencies in other countries. Since PromPerú and private sector associations constitute key drivers in trade promotion, it is imperative that they have adequate government support.

Another recommendation turned around the issue of information. Although SIICEX is a promising tool for SMEs to access information on NTMs, data has not been fully integrated. In addition, it was suggested that public agencies involved in trade issues be present in 'new' export regions outside of Lima. Without a doubt, this would have an impact in the costs of trading for SMEs in these areas.

Furthermore, experts underlined that customs offices, ports and logistics infrastructure are overloaded in both Lima and Callao. In other regions, the general lack of trade-related infrastructure hampers trade flows. In addition to strengthening institutions and infrastructure, it was suggested that efforts in the direction of decentralization be made. Not only will this benefit the regions, but it will also alleviate bottlenecks in the capital.

Finally, it was recommended that both the government and the private sector monitor the progress of MINCETUR's negotiations on a partial scope agreement addressing trade restrictions applied by the Bolivarian Republic of Venezuela (see section 3.7). In addition, exporters' associations along with partner companies in destination markets could lobby for greater trade facilitation and more transparent rules.

Table 22: Clothing exports: burdensome NTMs applied by partner countries

Sub-sector	Reported export product		Export to the world		Number of reported NTM cases							
	HS product code (as reported)	Product code description (abridged)	Product's export value in, 2009 (US$ '000)	Share of product in the sector's export value*	Technical regulations	Conformity assessment	Para-tariff measures	Quantity control measures	Price control	Rules of Origin	Sub-total	Countries reported to apply NTMs (number of cases)
Knitted or crocheted Apparels	6101XX	Men's or boys' overcoats, car coats, and similar articles (not specified at HS6)	n.a.	n.a.	1						**1**	United States
	610442	Women's or girls' dresses of cotton	17 793	1.53%		1[t]					**1**	United States[t]
	610462	Women's or girls' trousers, bib and brace overalls, breeches and shorts of cotton	26 941	2.31%				1[t]			**1**	Venezuela (Bolivarian Republic of)[t]
	610610	Women's or girls' blouses, shirts and shirt-blouses of cotton	107 688	9.23%				1[t]			**1**	Venezuela (Bolivarian Republic of)[t]
	6112XX	Tracksuits, ski suits and swimwear (not specified at HS6)	n.a.	n.a.	1						**1**	Ecuador
	610510	Men's or boys' shirts of cotton	183 880	15.77%				1+1[t]			**2**	Brazil, Venezuela (Bolivarian Republic of)[t]
	611020	Jerseys, pullovers, cardigans and similar articles, of cotton	62 692	5.38%	1	1[t]					**2**	United States (1+1[t])
	611120	Babies' garments and clothing accessories of cotton (excl. hats)	27 307	2.34%		1[t]	2				**3**	Canada, United States (1+1[t])
	610910	T-shirts, singlets and other vests of cotton	405 325	34.76%	3	4		1[t]			**8**	United States (6), Brazil, Venezuela (Bolivarian Republic of)[t]
Other Apparel (excl. knitted or crocheted)	620322	Men's or boys' ensembles of cotton	176	0.02%					1		**1**	Colombia
	620630	Women's or girls' blouses, shirts and shirt-blouses of cotton (excl. vests)	9 045	0.78%					1		**1**	Colombia
	620920	Babies' garments and clothing accessories of cotton (excl. hats)	1 647	0.14%	1						**1**	Ecuador
	621142	Women's or girls' tracksuits and other garments, n.e.s. of cotton	1 380	0.12%					1		**1**	Colombia
	650590	Hats and other headgear, knitted or crocheted, or made up from lace, felt or other textile fabric, in the piece (but not in strips)	4 415	0.38%		1[t]					**1**	United States[t]
	620342	Men's or boys' trousers, bib and brace overalls, and similar articles, of cotton	11 968	1.03%	1					1	**2**	Ecuador, Argentina
	620442	Women's or girls' dresses of cotton	7 110	0.61%	1				1		**2**	Colombia, Ecuador
	620452	Women's or girls' skirts and divided skirts of cotton (excl. petticoats)	1 697	0.15%	2				1		**3**	Colombia, Ecuador, United States
	620462	Women's or girls' trousers, bib and brace overalls, and similar articles of cotton	10 673	0.92%	2				1		**3**	Colombia, Ecuador, United States
Total			**879 737**	**75.44%**	**13**	**8**	**2**	**5**	**6**	**1**	**35**	

Source: ITC survey on NTMs.

* Total export value of the clothing sector is US$ 1,166,206,000.

Notes: For consistency reasons, trade data (value and share) is reported for products at the HS 6-digit level.
[(t)] Measures reported by trading agents are marked with a (t). All other NTMs were reported by producing companies.

Table 23: Textile exports: burdensome NTMs applied by partner countries

Reported export product		Export to the world		Number of reported NTM cases				
HS product code (as reported)	Product code description (abridged)	Product's export value in 2009 (US$ '000)	Share of product in the sector's export value*	Technical regulations	Conformity assessment	Charges and taxes	Sub-total	Countries reported to apply burdensome NTMs (number of cases)
560811	Made-up knotted fishing nets of man-made textile materials	6 089	2.22%		1		**1**	United States
630130	Blankets and travelling rugs of cotton	868	0.32%		1[t]		**1**	United States[t]
630533	Sacks and bags, for the packing of goods, of polyethylene or polypropylene strip or the like	5 587	2.04%		1		**1**	Venezuela (Bolivarian Republic of)
520547	Multiple folded" or cabled cotton yarn, of combed fibres, containing >= 85% cotton by weight and with a linear density of 83,33 decitex to < 106,38 decitex "> MN 94 to MN 120" per single yarn	3 973	1.45%	1		1	**2**	Brazil, Colombia
Total		**16 517**	**6.03%**	**1**	**3**	**1**	**5**	

Source: ITC survey on NTMs.

* Total export value of the textile sector is US$ 274,473,000.

Notes: [(t)] Measures reported by trading agents are marked by (t). All other NTMs were reported by producing companies.

Table 24: Textile and clothing exports: burdensome NTMs applied by Peruvian authorities

Reported export product		Export to the world		Number of reported NTM cases			
HS product code (as reported)	Product code description (abridged)	Product's export value in 2009 (US$ '000)	Share of product in the sector's export value*	Export inspection	Certification required by the exporting country	Other export technical measures	Sub-total
510710	Yarn of combed wool containing >= 85% wool by weight	6,989	2.55%			1	**1**
510820	Combed yarn of fine animal hair	10,064	3.67%			1	**1**
5509XX	Yarn (other than sewing thread) of synthetic staple fibres, not put up for retail sale (not specified at HS6)	n.a.**	n.a.**			1	**1**
Total textiles		17,053	6.21%			3	**3**
610422	Women's or girls' ensembles of cotton (excl. ski ensembles and swimwear)	9,434	0.81%		1		**1**
610432	Women's or girls' jackets and blazers of cotton (excl. wind-jackets and similar articles)	1,904	0.16%		1		**1**
611020	Jerseys, pullovers, cardigans, waistcoats and similar articles, of cotton (excl. wadded waistcoats)	62,692	5.38%		1		**1**
611211	Track-suits of cotton	262	0.02%		1		**1**
6101XX	Men's or boys' overcoats, car coats, capes, and similar articles (not specified at HS6)	n.a.**	n.a.**	1			**1**
611300	Garments (excl. babies' garments and clothing accessories)	3	0%	1			**1**
6212XX	Brassières, girdles, corsets, braces, suspenders, garters and similar articles and parts thereof (not specified at HS6)	n.a.**	n.a.**	1			**1**
6103XX	Men's suits, jackets, trousers etc. and shorts, knit/crocheted	n.a.**	n.a.**	1	1		**2**
Total clothing		74,295	6.4%	4	5		**9**
Total textiles and clothing		**91,348**	**6.34%**	**4**	**5**	**3**	**12**

Source: ITC survey on NTMs.

* Total export value of the clothing sector is US$ 1,166,206,000. Total export value of the textile sector is US$ 274,473,000.
** For consistency reasons, trade data (value and share) is reported for products at the HS 6-digit level.

Table 25: Textiles and clothing exports: procedural obstacles

Procedural obstacles and inefficient business environment	Number of PO cases that occurred		
	in partner countries	in Peru (and agencies involved, if specified)	sub-total
A1. Large number of different documents		Chamber of Commerce (3)	**3**
D1. Delay in administrative procedures	Brazil		**1**
Total textiles	1	3	**4**
D1. Delay in administrative procedures	Colombia (5), Ecuador (5), United States (2), Brazil, Argentina	Customs (2)	**16**
A1. Large number of different documents	United States (4[t])	Chamber of Commerce	**5**
C1, Inconsistent classification of products	Venezuela (Bolivarian Republic of) (4[t])		**4**
E1. Unusually high fees and charges	Canada, United States	* (1)	**3**
E2. Informal payment, e.g. bribes		Chamber of Commerce	**1**
B1. Information is not adequately published and disseminated		* (1)	**1**
I1. Other obstacles		* (1)	**1**
Total clothing	24	7	**31**
Total clothing and textiles	**25**	**10**	**35**

Source: ITC survey on NTMs.

Notes: Numbers in parentheses in columns two and three refer to the number of reported cases, if more than one. An asterisk (*) indicates that no institution was identified by the respondent. POs reported by trading agents are marked with a (t). All other cases were reported by producing companies.

Table 26: Textile and clothing imports: burdensome NTMs applied by Peruvian authorities

Sub-sectors	Product		Import from the world		Cases of burdensome NTMs applied by Peruvian authorities					
	HS product code (as reported)	Product code description (abridged)	Product's import value in 2009 (US$ '000)	Share of product in the sector's import value	Technical regulations	Conformity assessment	Para-tariff measures	Antidumping duties	Rules of Origin	Sub-total
Cotton	520811	Plain woven fabrics of cotton, containing >= 85% cotton by weight and weighing <= 100 g/m², unbleached	40	0.01%				1		**1**
	520922	Woven fabrics of cotton, containing >= 85% cotton by weight and weighing > 200 g/m², in three-thread or four-thread twill, incl. cross twill, bleached	906	0.18%	1					**1**
	520942	Denim, containing >= 85% cotton by weight and weighing > 200 g/m², made of yarn of different colours	14,846	2.91%		1				**1**
Man-made filaments and staple fibres	540231	Textured filament yarn of nylon or other polyamides, with a linear density of <= 50 tex per single yarn (excl. sewing thread and yarn put up for retail sale)	3,742	0.73%		1				**1**
	551511	Woven fabrics containing predominantly, but < 85% polyester staple fibres by weight, mixed principally or solely with viscose staple fibres	6,265	1.23%				1		**1**
Other textiles	560900	Articles of yarn, strip or the like of heading 5404 or 5405, or of twine, cordage, ropes or cables of heading 5607, n.e.s.	240	0.05%		1				**1**
	570232	Carpets and other floor coverings, of man-made textile materials, woven, not tufted or flocked, of pile construction, not made up (excl. Kelem, Schumacks, Karamanie and similar hand-woven rugs)	16	0%			1			**1**
	5807XX	Labels, badges and similar articles of textile materials, in the piece, in strips or cut to shape or size, not embroidered (not specified at HS6)	n.a.	n.a.		1				**1**
Total textiles			26,055	5.11%	1	4	1	2		8
Knitted/ crocheted	610990	T-shirts, singlets and other vests of textile materials, knitted or crocheted	6,101	2.36%	1	1			1	**3**
Total clothing			6,101	2.36%	1	1			1	**3**
Total textiles and clothing			**32,156**	**4.18%**	**2**	**5**	**1**	**2**	**1**	**11**

Source: ITC survey on NTMs.

***** Total import value of the textile sector is US$ 509,526,000. Total import value of the clothing sector is US$ 258,884,000.

Table 27: Textile and clothing imports: procedural obstacles

Procedural obstacles and inefficient business environment	Number of PO cases that occurred...		
	in partner countries	in Peru (and agencies involved, if specified)	sub-total
D1. Delay in administrative procedures		Customs (3)	**3**
E1. Unusually high fees and charges	Brazil	Customs (2)	**3**
A1. Large number of different documents		Customs (2)	**2**
F1. Limited/inappropriate facilities		Customs	**1**
I1. Other obstacles		Customs	**1**
Total textiles	1	9	**10**
D1. Delay in administrative procedures		Customs	**1**
Total clothing	0	1	**1**
Total textiles and clothing	**1**	**10**	**11**

Source: ITC survey on NTMs.

Notes: Numbers in parentheses in column three refer to the number of reported cases, if more than one.

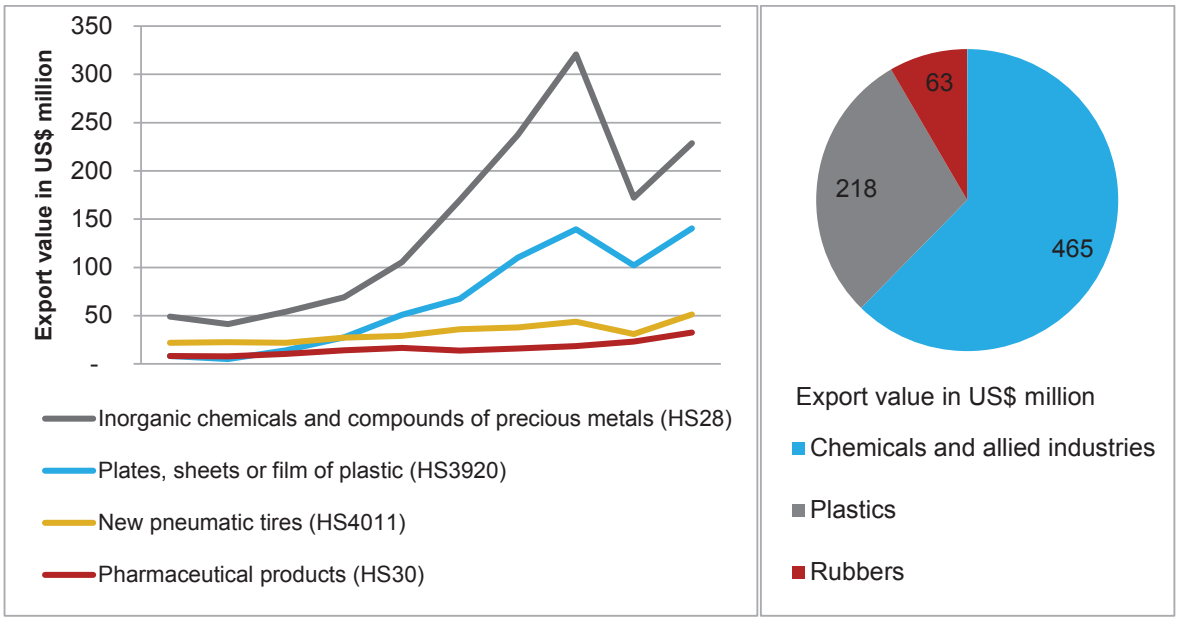
5. Chemicals, plastics and rubber-based products

This section analyses chemical and allied industries (including agrochemicals, dyes, pharmaceuticals, perfumery and cosmetics), plastics and rubber-based products (*chemical* products hereafter) as defined in appendix I. Tables providing a detailed overview of NTMs and POs may be found at the end of the section.

5.1. Importance of the sector

In 2009, *chemical* exports amounted to US$ 745 million, representing 3% of Peru's total export value. Excluding minerals and arms, *chemical* products accounted for 7% of exports. The export of *chemical* products has developed at a faster rate than that of other manufacturing sectors. Despite a plunge in exports in 2009, annual growth averaged 19.8% between 2001 and 2010 (see figure 26). A positive result of the development of the *chemical* sector is that inputs are now for available for the Peruvian manufacturing industry which, in the past, had to be imported from other countries. Chemical and allied industries with 62% of the sector's exports and plastics with 29% constitute the largest subsectors.

Figure 26: Chemical export composition and development, 2001-2010



Source: ITC calculations based on Trade Map data.

Inorganic chemicals and mineral compounds like zinc oxide, sulfuric acid and dicalcium phosphate represent 31% of the sector's exports. This chemical subsector is closely related to the mining industry, which provides raw inputs for processing. Consequently, the sector is partly dependent on mineral prices determined by international economic cycles. Exports of inorganic chemicals and mineral compounds grew at an annual rate of 31% from 2001 to 2008. They plunged in 2009 due to the economic crisis affecting the EU, the sector's most important destination market. In fact, the EU receives 23% of exports in the subsector, followed by Chile with 22% and CAN members with 14%. In 2008, 120 companies exported inorganic chemicals and mineral compounds, 87% of these being SMEs.[94]

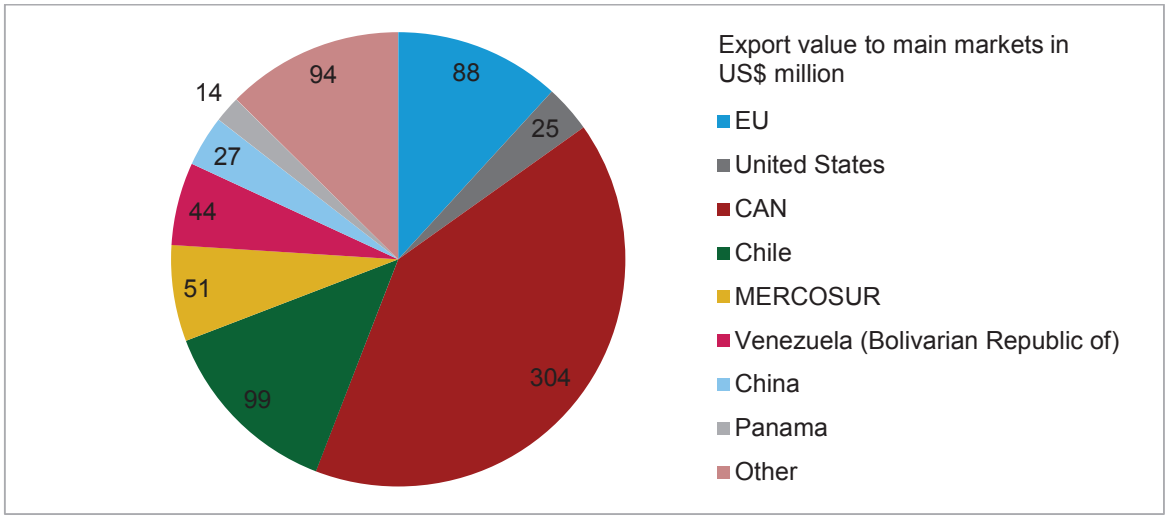
Plates, sheets, film, foil, tapes or strips of plastic are the most important plastic products, accounting for 19% of *chemical* exports. Between 2001 and 2010, these products grew at an annual rate of 37%. Overall, 44% of plates, sheets and films of plastic were exported to the CAN, 26% to Central America and the Caribbean, and 28% to other South American countries. In 2008, 83 companies exported these products, 88% being SMEs with a turnover rate of less than US$ 1 million each.[95]

New pneumatic tires constitute the most important rubber-based product, amounting to 7% of c*hemical* exports. Nevertheless, with a 10% annual growth rate, tire exports have grown at a slower pace than those of the sector as a whole. As in the case of plastic exports, 64% of new pneumatic tires go to the CAN, 13% to Central America and the Caribbean, and 10% to Chile. In 2008, only 19 firms exported pneumatic tires, 16 being SMEs.[96]

Pharmaceutical products account for 4% of *chemical* exports. Nevertheless, from 2006 to 2010, exports reached an average annual growth rate of 24%, outpacing that of the *chemical* sector as a whole. Overall, 49% of pharmaceutical products go to the CAN, while 16% to the Bolivarian Republic of Venezuela. A total of 99 companies exported pharmaceutical products in 2008, 96% of these being SMEs.[97]

Peruvian chemical companies mainly supply the domestic market with a small number of medium-sized and large enterprises exporting to regional markets, to the United States and the EU.[98] In 2009, the CAN, Chile and the EU, received 66% of Peruvian chemical exports. Other important markets include Central America and the Caribbean, MERCOSUR countries and the Bolivarian Republic of Venezuela (figure 27).

Figure 27: Key markets for chemical exports, 2009

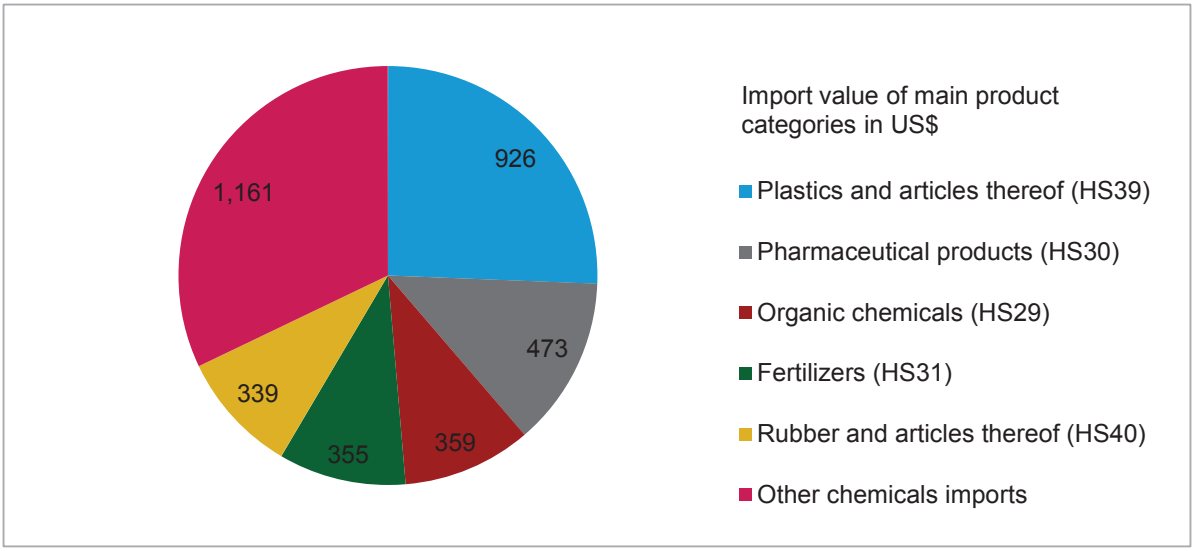


Source: ITC calculations based on Trade Map data.

[94] Source: Peruvian Ministry of Trade and Tourism business register, 2008.
[95] *Ibid.*
[96] *Ibid.*
[97] *Ibid.*
[98] Interview with a representative from the Association of Exporters (ADEX).

Despite the remarkable growth described above, imports of *chemical* products surpass exports. In fact, *chemicals* make up the largest import sector in Peru with an import value of US$ 3,614 million. Overall, *chemicals* account for 17% of total Peruvian imports. Given the rapid growth of production in certain *chemical* subsectors, the 15% annual growth rate experienced by imports between 2001 and 2010 is not surprising. Of all c*hemical* imports, 26% are plastics used as inputs for industry (polyethylene and polypropylene); 13% are medicines for retail; 10% are organic chemicals used in agriculture and in the production of plastics; 10% are fertilizers; while 9% are rubber products, mainly pneumatic tires (figure 28). These products are crucial inputs for agricultural and industrial production, while pharmaceuticals are essential for public health. The cost-efficiency of *chemical* imports impacts other industries along the value chain, including those carrying out export operations. Consequently, sections 5.2 and 5.6 specifically focus on NTMs and POs affecting imports.

Figure 28: Chemical import composition, 2009



Source: ITC calculations based on Trade Map data.

5.2. Affected companies

On average, 37% of surveyed exporters and importers were affected by burdensome NTMs and POs. These results are based on 158 phone screen interviews with companies exporting and importing chemical products. Importers reported obstacles to trade more frequently (42% of companies) than exporters (34%). Subsequent face-to-face interviews were conducted with 18 companies trading chemical products, 14 of these being importers and 6 exporters.[99]

Of the six exporting companies, four encountered NTMs in Peru and two abroad. In addition, 41% of product-partner export flows were affected by NTMs, 78% of these imposed by Peruvian authorities the rest by partner countries.[100]

In the case of importers, 10 companies reported domestic regulation as a barrier to trade. Overall, SMEs were more affected by burdensome NTMs. In fact, SMEs reported an average of 1.17 NTMs per imported

[99] Two companies with both export and import flows were interviewed.

[100] Product-partner export flows are reported by companies interviewed face-to-face. They are captured and defined at product-specific (HS 6-digit) and market-specific level. This definition is equivalent to that of NTM cases applied by partner countries to Peruvian exports which are counted for every product and destination market. In contrast, the product-dimension is what determines a domestic NTM. For more information on how NTM cases were calculated, please refer to appendix I.

product per company, while large firms reported 1 case on average.[101] This asymmetry can be attributed to the fact that large companies have more experience in trade, greater human and financial resources, network connections and lobbying power than smaller firms.[102] It also indicates that policies implemented by Peruvian authorities are not biased against SMEs.

On aggregate, delays with conformity assessment procedures, particularly with product registration, accounted for 73% of NTM cases, followed by para-tariff measures (18%) and technical regulations (9%). More specifically, conformity assessment made up 86% and 67% of NTMs encountered by large companies and SMEs respectively. In addition, customs surcharges and merchandise handling or storing fees accounted for 30% of NTMs reported by SMEs. For large firms, charges and fees did not represent a problem.

5.3. Non-tariff measures applied by partner countries and related procedural obstacles affecting exports

Exports of *chemicals* encountered barriers to trade in Chile, Argentina, Mexico and Paraguay. Chile is an important partner, receiving 13% of the sector's exports (figure 27). Technical measures, including conformity assessment and technical regulations, were particularly burdensome for exporters (table 28).

In order to gain access to the Argentine market, certain chemical products must undergo an excruciatingly slow process to obtain permission from Argentina's Department of Industry and Trade (SIC).[103] Exports destined to Chile are subject to registration, though this was reported to be a less problematic procedure. In the case of Mexico and Paraguay, authorities require that insecticides be tested prior to entering the country, thus adding to export costs.

Experts mentioned cases of NTMs that did not surface during face-to-face interviews with affected companies.[104] For example, *chemical* products destined to the United States, especially pharmaceuticals, must comply with a complex set of guidelines including the International Conference on Harmonisation of Technical Requirements for Registration of Pharmaceuticals for Human Use (ICH). More specifically, ICH requires product protocols, registration and testing procedures, which result in increased costs. Unfortunately, given the lack of accredited laboratories in Peru, exporting firms must send their products for testing abroad. In addition, to gain access to the Bolivarian Republic of Venezuela's market, exporters are required to have "certificates of non-national or insufficient production" proving that the good in question is not manufactured there or not to a significant degree. For goods similar to those produced in the Bolivarian Republic of Venezuela, import quotas are in place.[105]

5.4. Non-tariff measures applied by Peru and related procedural obstacles affecting exports

Overall, 80% of NTMs imposed by Peruvian authorities concerned export certification, while 20% with inspections (table 29). *Chemical* products are classified according to the inputs used in their production. This classification determines the actual number of certifications demanded by authorities. If the chemical can be used in the production of illicit drugs, the producer must obtain certifications from DIRANDRO, DIGESA and DIGEMID for the export process to proceed. It is no surprise then that administrative delays constitute a common PO (table 30). In addition, face-to-face interviews

> 'In order to obtain and renew importing licenses, foreign pharmaceutical producers must undergo on-site inspections by DIGEMID. This measure requires that Peruvian authorities travel to China or India, thus taking several months.'
>
> Representative from the Lima Chamber of Commerce

[101] The average of NTM cases per imported product per company allows for a comparison to determine which type of firm was most affected by NTMs. Given that large firms tend to import a greater array of products, they are also more likely to report a higher number of NTMs in absolute terms. Adding the product-dimension to the average eliminates such bias.

[102] Interview with a representative from the Peruvian Exporters' Association (ADEX).

[103] Interview with a representative from the Lima Chamber of Commerce.

[104] Interview with a representative from the Peruvian Exporters' Association (ADEX).

[105] Interview with a representative from the Lima Chamber of Commerce.

revealed that in cases in which administrative procedures are too cumbersome, firms prefer to export through third parties having been granted export certifications.

While only one exporter of *chemicals* considered inspections to be a serious barrier, it was a recurring issue in other sectors. The problem arises when customs officers inspect larger quantities than legally required. Although customs is supposed to examine 15% of export consignments, instances in which they check the entire cargo were reported. This has a direct effect on logistics planning, delaying the export process and resulting in additional costs associated to the storage of merchandise. The fact that inspections take place at night or at dawn, made it particularly difficult for small firms to send staff to supervise the process. The presence of company employees is important to solve any problems that may arise and as a measure to prevent cargo from being damaged.

5.5. Procedural obstacles affecting exports

POs are challenges closely related to NTMs that further complicate trade. They worsen the impact of a particular NTM or embody the actual difficulty with a measure. Exporters reported six cases of POs, four occurring in Peruvian institutions (table 30).

The POs that were reported to affect *chemical* exports related to issues of product classification. As was previously mentioned, chemical products are classified according to the inputs used in their production. This classification determines the actual number of certifications demanded by authorities. If the chemical is considered to be a government-controlled product, certifications entailing burdensome procedures are required for the export process to proceed. All four POs reported to take place in Peru with such export certifications. This NTM resulted in administrative delays and in unusually high fees and charges. Also in partner countries, POs were associated with conformity assessment procedures of chemical products.

5.6. Non-tariff measures and other obstacles affecting imports

During phone screen interviews, 30 out of 72 companies importing *chemical* products reported barriers to trade. Of the 14 importers that were interviewed face-to-face, 10 encountered NTMs mostly associated to Peruvian regulation.[106] Conformity assessment, including product registration and inspection, accounted for 73% of NTMs. Administrative procedures made up 54% of PO and TBE cases (table 31 and table 32).

Peruvian authorities classify *chemical*s into “special” or “non-special”. The former comprises restricted products including chemical inputs used in the production of drugs or explosives and controlled products like agrochemicals. Products in the special category encounter the most burdensome NTMs.[107] More specifically, products that can be used as inputs in the production of illicit drugs are subject to quotas and special authorizations resulting in considerable POs (table 32). The import of explosives and their chemical inputs requires the authorization of the General Office for Control of Security Services, Control of Weapons, Ammunition and Explosives for Civil Use (DICSCAMEC), which takes 6 to 12 months.[108] In addition, agrochemical imports require license approvals and quality controls not demanded of equivalent substances produced in Peru. SIPA students from Columbia University remarked a general lack of information with regard to product categories, leading to uncertainties for importing companies.

[106] One NTM having to do with an export license in Argentina for ‘Preparations for use on the hair’ (HS6: 330590) was reported.

[107] Interview with a representative from the Lima Chamber of Commerce.

[108] *Ibid*.

Pharmaceutical products constitute a *chemical* subsector subject to a special regime. Unfortunately, these products face burdensome NTMs and POs associated to certification and delays in administrative procedures (table 31 and table 32). In fact, to obtain and renew importing permits, foreign pharmaceutical producers must undergo on-site inspections to ascertain good manufacturing practices. This measure takes four to five months since DIGEMID agents have to travel to the country where producing laboratories are located.[109] In addition, imports of pharmaceutical products must be certified by a Peruvian laboratory, even if they already have international certifications.[110] The above issues were reported to increase the costs of importing to the Peruvian market.

> 'Chemical products under special regimes with labelling errors are reembarked, though these mistakes can often be fixed. In order to avoid reembarkment, firms undertake previous labelling inspections, which increase their import costs.'
>
> Interviewed Customs Agent

The survey revealed that labelling requirements led to significant delays associated to product clearance at customs (tables 31 and 32). For instance, customs takes between seven and eight days to clear cargo –as opposed to a day or two. If a labelling error or omission is found, primarily in products subject to special regimes, the cargo is sent back to its country of origin.[111,112] However, under the new general customs law of 2008[113], such errors are not a sufficient reason for reembarkment if they can be outright corrected.[114] Nevertheless, as of September 2011, customs had not yet implemented this principle.[115] To reduce the chances of reembarkment then, importing firms carry out labelling inspections prior to those undertaken by customs officers. The significant additional time and expense of verifying proper product labelling is borne by importers. This process is particularly burdensome for SMEs.

5.7. Summary and policy options

Summary

Exports of chemicals, plastics and rubber-based products have experienced remarkable growth, outpacing those of other manufacturing sectors. The development of the *chemical* sector has resulted in more inputs being available for the Peruvian manufacturing industry which, in the past, had to be imported from other countries. Overall, 41% of product-partner export flows were affected by NTMs, 78% of these imposed by Peruvian authorities the rest by partner countries.

Exporters complained about inspection procedures that delayed shipments and increased costs. Some chemical products destined to the United States require certification under the ICH protocol. Unfortunately, given the lack of accredited laboratories in Peru, exporting firms must send their products for testing abroad. Exporters indicated that when procedures are perceived as too cumbersome, firms prefer to export through third-parties that have already been granted export certifications.

Despite the remarkable growth of exports, chemicals, plastics and rubber-based products constitute the largest import sector in Peru. During initial phone screen interviews, 42% of importers reported barriers to trade. Overall, burdensome NTMs and POs related to Peruvian regulation and authorities.

Importers of restricted and controlled goods were the most affected by NTMs imposed by Peruvian authorities. These companies are subject to special authorizations and labelling protocols. In fact, current labelling regulation allows customs officials to reembark merchandise if errors or omissions exist, thus generating additional costs for importers.

Pharmaceutical products, essential for the preservation of public health, made up a significant share of *chemical* imports. The laboratories in which these products are made must undergo on-site reviews to

[109] Face-to-face interview response.

[110] Interview with a representative from the Lima Chamber of Commerce.

[111] Ministry of Production of Peru (PRODUCE) (2005).

[112] Interview with a representative from the Lima Chamber of Commerce and with a private customs agent.

[113] This law constitutes higher-level legislation than labelling regulation for special regimes.

[114] Peruvian Tax Collection and Customs Administration (SUNAT) (2008a). Artículo 97.

[115] Interview with a customs agent, September 2011.

ascertain good manufacturing practices. This procedure, required for the granting and renewing of import licenses, takes several months and increases import costs. In addition, imports of pharmaceutical products must be certified by a Peruvian laboratory, even if they already have international certifications.

Policy options

Regulation with the goal of preserving national health and guaranteeing consumer protection is necessary and justifiable. Policy action with regard to chemical and pharmaceutical products should therefore focus on the transparency of requirements, mutual recognition, capacities and on the accreditation of technical infrastructure.

At the stakeholder meeting, customs and technical agencies underlined that the vast majority of technical requirement breaches derived from the existing lack of information and thus were not attempts at trafficking. DIGEMID, DIRANDRO and other agencies involved in certification have yet to fully integrate their requirements and procedures into VUCE. In addition, they need to collaborate to increase transparency for importing companies. The idea that SIICEX could be extended beyond exports to include import requirement information was also brought to the table.

On top of the phytosanitary protocols signed in recent years, Peru should build on its extensive set of bilateral, regional and multilateral trade agreements. In fact, it was recommended that these incorporate provisions on mutual recognition, TBT and SPS measures. Further trade facilitation could be achieved through the harmonization of domestic and international standards. Ideally, Peruvian certificates should be accepted abroad and foreign certificates in Peru.

During stakeholder discussions, INDECOPI pointed out that the national accreditation body for laboratories is itself not internationally certified. Hence, exporting firms must send their products to be tested abroad thus increasing their costs. Efforts to obtain such accreditation must then be intensified.

In the last decade, DIGEMID, DIRANDRO and other specialized agencies have been under considerable pressure given the rate at which trade and technical regulations have grown. To cope with increasing demand for their services, it is imperative that these institutions be granted adequate financial and human resources.

Table 28: Chemical exports: burdensome NTMs applied by partner countries

Reported export product		Export to the world		Number of reported NTM cases			
HS product code (as reported)	Product code description (abridged)	Product's export value in 2009 (US$ '000)	Share of product in the sector's export value*	Technical regulations	Conformity assessment	Sub-total	Countries reported to apply burdensome NTMs (number of cases)
300610	Sterile surgical catgut, similar sterile suture materials	3,770	0.51%	1	1	**2**	Chile, Argentina
3808XX	Insecticides, rodenticides, fungicides, herbicides, anti-sprouting products and plant-growth regulators, disinfectants and similar products	n.a.	n.a.		2	**2**	Mexico, Paraguay
Total		**3,770**	**0.51%**	**1**	**3**	**4**	

Source: ITC survey on NTMs.

***** Total export value of the c*hemicals* sector is US$ 745,477,000.

Table 29: Chemical exports: burdensome NTMs applied by Peruvian authorities

Reported export product		Export to the world		Number of reported NTM cases		
HS product code (as reported)	Product code description (abridged)	Product's export value in 2009 (US$ '000)	Share of product in the sector's export value*	Export inspection	Certification required by the exporting country	Sub-total
3208XX	Paints and varnishes (including enamels and lacquers) (not specified at HS6)	n.a.**	n.a.**		1	**1**
3402XX	Organic surface-active agents (other than soap) (not specified at HS6)	n.a.**	n.a.**		1	**1**
3404XX	Artificial waxes and prepared waxes (not specified at HS6)	n.a.**	n.a.**		1	**1**
390760	Polyethylene terephthalate", in primary forms"	19,968	2.68%	1	1	**2**
Total		**19,968**	**2.68%**	**1**	**4**	**5**

Source: ITC survey on NTMs.

***** Total export value of the *Chemicals* sector is US$ 745,477,000.

****** For consistency reasons, trade data (value and share) is reported for products at the HS 6-digit level.

Table 30: Chemical exports: procedural obstacles

Procedural obstacles and inefficient business environment	Number of PO cases that occurred		
	…in partner countries	…in Peru (and agencies involved, if specified)	Sub-total
D1. Delay in administrative procedures		'DIGEMID, DIGESA' (2), 'Ministry of Production -DIRANDRO-Customs'	**3**
E1. Unusually high fees and charges		'Ministry of Production -DIRANDRO-Customs'	**1**
I1. Other obstacles	Mexico, Paraguay		**2**
Total	**2**	**4**	**6**

Source: ITC survey on NTMs.

Notes: Numbers in parentheses in column three refer to the number of reported cases, if more than one. If several institutions are reported to be jointly causing the PO, they are indicated within inverted commas ('').

Table 31: Chemical imports: burdensome NTMs applied by Peruvian authorities

Product		Import from the world		Cases of burdensome NTMs applied by Peruvian authorities			
HS product code (as reported)	Product code description (abridged)	Product's import value in 2009 (US$ '000)	Share of product in the sector's import value*	Conformity assessment	Para-tariff measures	Technical regulations	Sub-total
283327	Sulphate of barium	73	0%	1			**1**
291612	Esters of acrylic acid	3,446	0.10%	1			**1**
293349	Heterocyclic compounds with nitrogen hetero-atom[s] only, containing in the structure a quinoline or isoquinoline ring-system, whether or not hydrogenated, but not further fused	2,742	0.08%	1			**1**
293500	Sulphonamides	2,779	0.08%	1			**1**
3002XX	Human blood; animal blood prepared for therapeutic, prophylactic or diagnostic uses; antisera and other blood fractions and modified immunological products, whether or not obtained by means of biotechnological processes; vaccines, toxins, cultures of micro-organisms (excluding yeasts) and similar products (not specified at HS6)	n.a.**	n.a.**	1			**1**
300630	Opacifying preparations for x-ray examinations; diagnostic reagents for administration to patients	3,977	0.11%	1			**1**
3208XX	Paints and varnishes (including enamels and lacquers) based on synthetic polymers or chemically modified natural polymers, dispersed or dissolved in a non-aqueous medium (not specified at HS6)	n.a.**	n.a.**	1			**1**
3305XX	Preparations for use on the hair (not specified at HS6)	n.a.	n.a.			1	**1**
340220	Surface-active preparations, washing preparations, auxiliary washing preparations and cleaning preparations	6,718	0.19%	1			**1**
382490	Chemical products and preparations of the chemical or allied industries, incl. those consisting of mixtures of natural products, n.e.s.	120,965	3.35%	1			**1**
3901XX	Polymers of ethylene, in primary forms (not specified at HS6)	n.a.**	n.a.**		1		**1**
390390	Polymers of styrene, in primary forms (excl. polystyrene, styrene-acrylonitrile copolymers and acrylonitrile-butadiene-styrene)"	2,608	0.07%	1			**1**
390730	Epoxide resins, in primary forms	6,080	0.17%	1			**1**
291219	Acyclic aldehydes, without other oxygen function (excl. methanal [formaldehyde] and ethanal [acetaldehyde])	484	0.01%	1	1		**2**
330499	Beauty or make-up preparations and preparations for the care of the skin (other than medicaments	27,005	0.75%	1		1	**2**
340290	Surface-active preparations, washing preparations, incl. auxiliary washing preparations and cleaning preparations	8,994	0.25%	1	1		**2**
382200	Diagnostic or laboratory reagents on a backing, prepared diagnostic or laboratory reagents whether or not on a backing, and certified reference materials	14,307	0.40%	2	1		**3**
Total		**200,178**	**5.54%**	**16**	**4**	**2**	**22**

Source: ITC survey on NTMs.

***** Total import value of the *chemicals* sector is US$ 3,613,984,000.
** For consistency reasons, trade data (value and share) is reported for products at the HS 6-digit level.

Note: There is an additional NTM having to do with an export license in Argentina for 'Preparations for use on the hair' (HS6: 330590). This product's export value to the world amounts to US$ 27,952,000.

Table 32: Chemical imports: procedural obstacles

Procedural obstacles and inefficient business environment	Number of PO cases that occurred...		
	in partner countries	in Peru (and agencies involved, if specified)	Sub-total
D1. Delay in administrative procedures		Customs (5), DIGEMID (2)	**7**
A1. Large number of different documents	Argentina	Customs (2), 'Ministry of Production -DIRANDRO-Customs'	**4**
E1. Unusually high fees and charges		Customs (4)	**4**
I1. Other obstacles	China, India		**2**
Total	**3**	**14**	**17**

Source: ITC survey on NTMs.

Notes: Numbers in parentheses in column three refer to the number of reported cases, if more than one. If several institutions are reported to be jointly causing the PO, they are indicated within inverted commas ('').

6. Other manufacturing sectors

This section analyses manufacturing sectors not previously examined (*other manufacturing* hereafter), comprising *non-electric machinery, electronic components, leather, transport equipment,* computers, telecommunications and consumer electronics *(IT & consumer electronics* hereafter*),* and *miscellaneous manufacturing* as defined in appendix I.[116] Other manufacturing products, particularly *miscellaneous manufactures*, have experienced a higher degree of processing or value-addition than goods comprised in sectors previously discussed.[117] Tables providing a detailed overview of NTMs and procedural obstacles may be found at the end of the section.

6.1. Importance of the sectors

In 2009, *other manufacturing* exports amounted to US$ 651 million, representing 6% of Peru's total export value (excluding minerals and arms). Overall, *miscellaneous manufactures* including containers of plastic, jewellery and advertising material, accounted for 50% of the sector's exports. *Non-electronic machinery was* the second-largest subsector with 32% of exports. The export value of *electronic components, leather, transport* equipment and *computers, telecommunication and consumer electronics* amounted to a mere US$ 130 million. With an annual average growth rate of 10.7% between 2001 and 2010, *other manufacturing* exports grew at a slower pace than Peru's total exports[118]. All subsectors followed a similar export-pattern except for *non-electronic machinery* which has experienced remarkable growth since 2007 (figure 29, left pane). Although *other manufactures* do not represent a major share of Peruvian export value, as many as 3,823 companies were active exporters in 2008.[119] The sector is dominated by SMEs with only 2% being large firms exporting more than US$ 1 million in 2008.

Regional markets in Latin American and the Caribbean accounting for 68% of exports in 2009, were the sector's most important markets. CAN partners receive 30% of Peru's *other manufacturing* exports, followed by the Bolivarian Republic of Venezuela with 15% and Chile with 9%. MERCOSUR members, Mexico and other Latin American and Caribbean countries constitute other important partners. The United States and the EU, with 16% and 5% of export value, receive a smaller share of exports from the *other manufacturing* sector, than from sectors previously examined (figure 29, right panel).

In 2009, products comprised under the umbrella of *other manufacturing* accounted for 50% of Peru's total imports. Of all imports in this sector, 34% were *non-electronic machinery,* while 22% *transport equipment* essential for industrial production and logistics. *IT & consumer electronics* represented 20% of imports, while *electronic components* 11%. In addition to being imported for private use, these products are crucial

[116] The expressions *'leather', 'non-electric machinery', 'IT and consumer electronics', 'electronic components', 'transport equipment' and 'miscellaneous manufacturing',* if printed in italics, refer to sectors defined in appendix I.

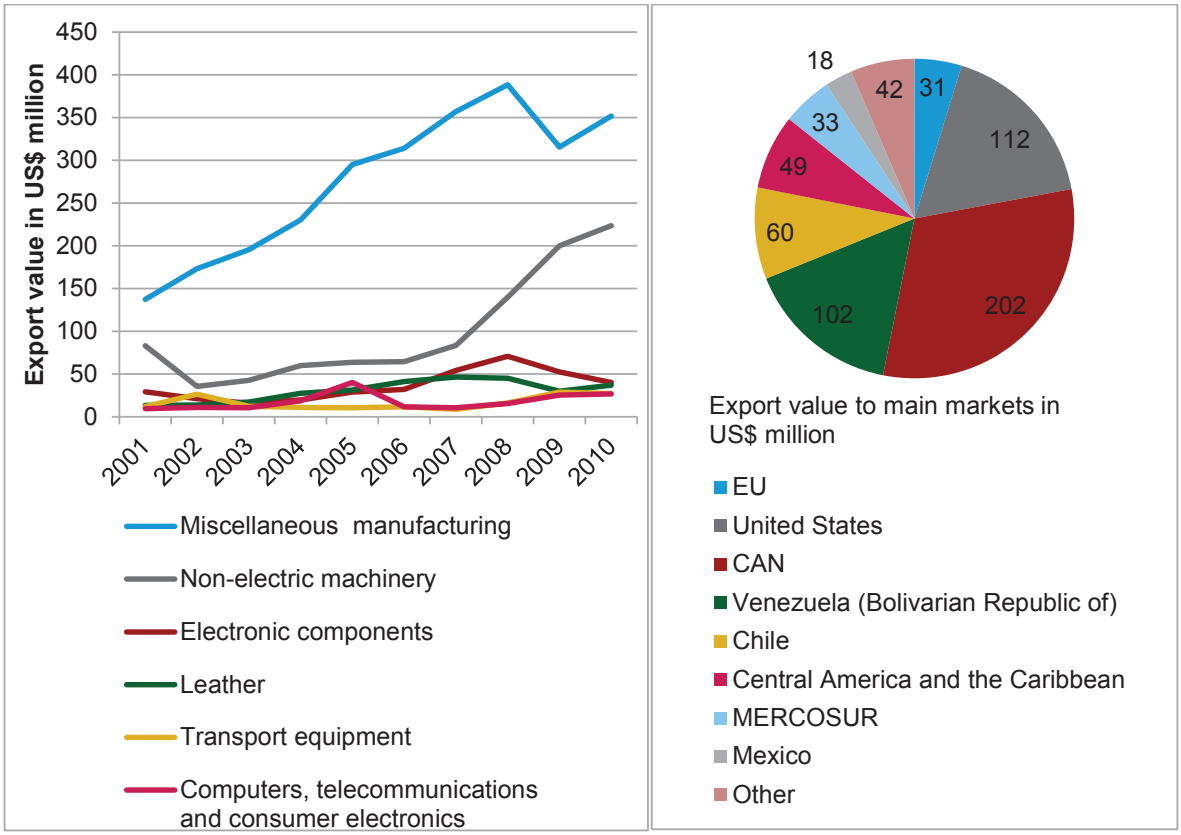
[117] For example, jewellery from precious metals is different from the metal manufactures discussed in section three of this chapter. Artistic sculptures from wood also differ from the simple wood products discussed in section two. Chemical and plastic-based manufactures having undergone considerable processing are not the same as those examined in section five.

[118] Which grew at an annual rate of 20%, 13.5% when excluding minerals and arms.

[119] Source: Peruvian Ministry of Trade and Tourism business register, 2008.

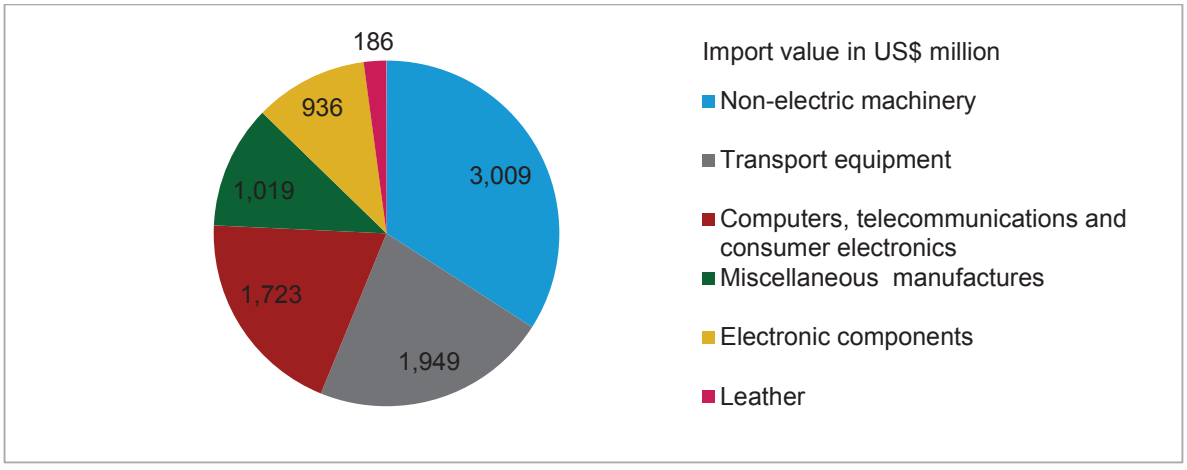
for the services sector, which accounts for 59% of GDP and 64% of employment (see chapter 1). *Miscellaneous manufactures* including toys, plastic articles, books and other printed matter made up 12% of *other manufacturing* imports, while *leather products* 2% (figure 30). Between 2001 and 2010, o*ther manufacturing* imports grew at an annual rate of 17%. The actual growth of the subsectors ranged from 13% to 18%, *transport equipment* being the exception growing at 24%.

Figure 29: Other manufacturing sectors: export composition, development and markets



Source: ITC calculations based on Trade Map data.

Figure 30: Other manufacturing sectors import composition, 2009



Source: ITC calculations based on Trade Map data.

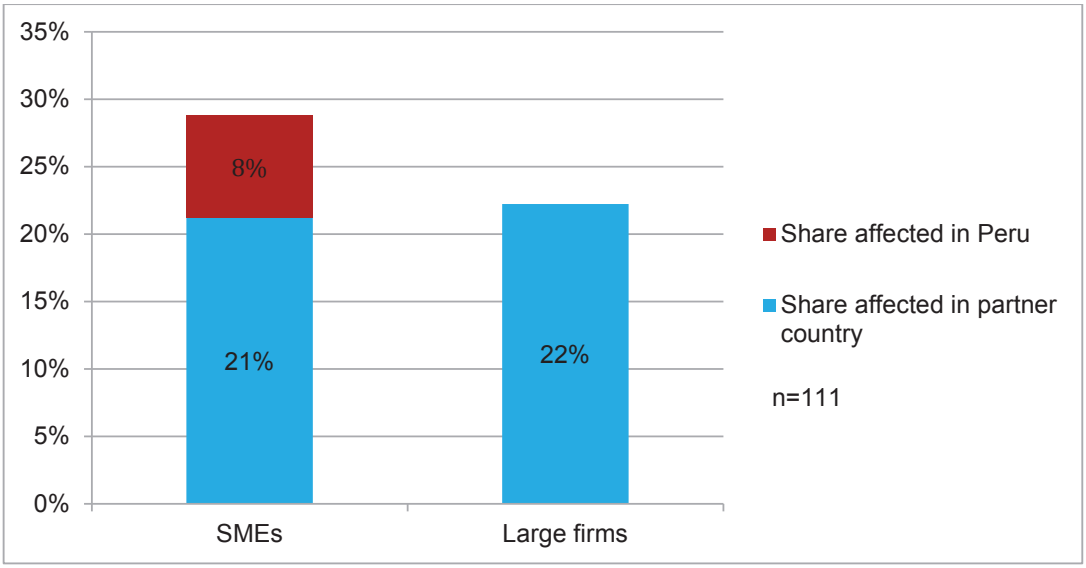
6.2. Affected companies

On average, 38% of all surveyed exporters and importers were affected by burdensome NTMs and POs. These results are based on 363 phone screen interviews with companies exporting and importing *other manufactures.*

Exporters reported obstacles to trade more frequently (47% of companies) than importers (36%). Subsequent face-to-face interviews were conducted with 47 companies trading *other manufacturing* goods, 13 of these being exporters. In total, 11 producing and exporting companies reported encountering NTMs and POs,[120] 18% in Peru and 84% in partner countries.

Overall, 26% of all product-partner export flows were affected by NTMs, the large majority thereof by regulations applied by partner countries. In fact, 21% and 22% of SME and large company export flows faced barriers in importing countries (figure 31). Domestic regulation only affected 8% of SME export flows, while large companies did not report this type of problem (figure 31).

Figure 31: Product-partner export flows affected by NTMs, by company size and applying country



Source: ITC survey on NTMs.

Note: Product-partner export flows are reported by companies interviewed face-to-face. They are captured and defined at product-specific (HS 6-digit) and market-specific level. This definition is equivalent to that of NTM cases applied by partner countries to Peruvian exports which are counted for every product and destination market. In contrast, the product-dimension is what determines a domestic NTM. For more information on how NTM cases were calculated, please refer to appendix I.

In the case of importers, 30 companies out of 38 reported NTMs applied by Peruvian authorities. There were no reports of NTMs applied by partner countries. Overall, SMEs and large firms were equally affected by NTMs, reporting an average of two cases per imported product per company.[121] Hence, policies implemented by Peruvian authorities do not seem to be biased against neither SMEs nor large companies.

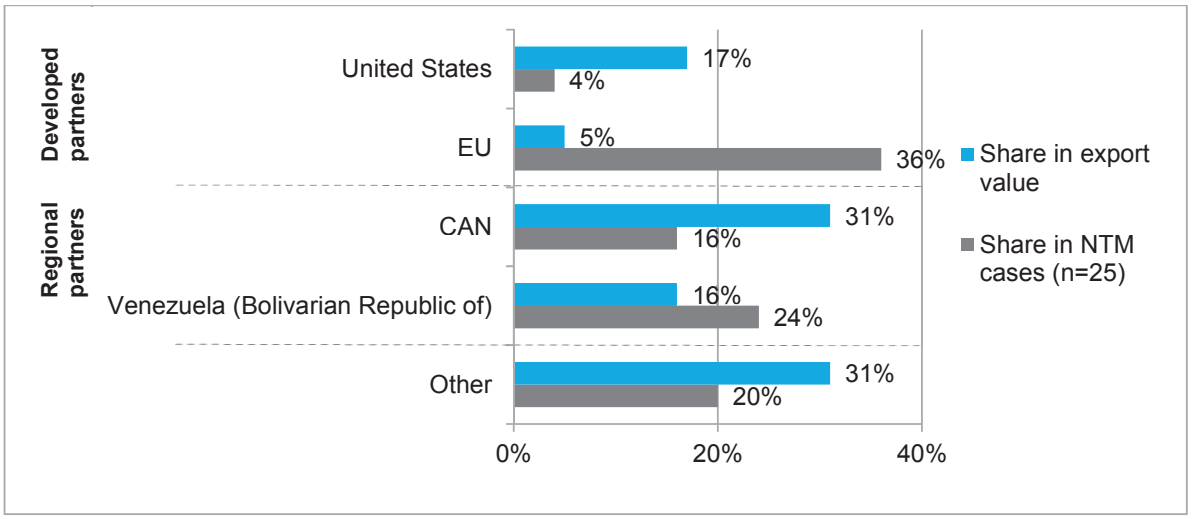
[120] While survey methodology envisages that only companies facing NTMs be interviewed face-to-face, two firms reported barriers to trade during initial phone screen interviews that did not end up classifying as either NTMs or POs. Of the 11 enterprises that did report NTMs and POs, 10 were producing companies. The two trading agents that were interviewed face-to-face did not report NTMs.

[121] The average of NTM cases per imported product per company allows for a comparison to determine which type of firm was most affected by NTMs. Given that large firms tend to import a greater array of products, they are also more likely to report a higher number of NTMs in absolute terms. Adding the product-dimension to the average eliminates such bias.

6.3. Non-tariff measures applied by partner countries and related procedural obstacles affecting exports

Exports of *other manufacturing* products encountered barriers to trade in the EU, in the Bolivarian Republic of Venezuela and in the CAN. Nine, six and four NTM cases were reported for these markets respectively (tables 32 and 33). Comparing the actual number of NTMs to Peru's export value allows for a better understanding of the state of affairs. On the one hand, the EU's share of NTM cases is much higher than its share in export value, standing at 36% and 5% respectively. The EU then turns out to be a very restrictive market for exports of *other manufacturing* products (figure 32). On the other hand, the United States with 4% of NTM cases and 17% of Peruvian exports is relatively open. When it comes to regional markets, the picture is mixed. Although Ecuador accounts for 16% of reported NTMs, not a single case was registered in other CAN countries –this in spite of captured product-partner export flows in the survey with Colombia and the Plurinational State of Bolivia. With a 31% share in export value, the CAN –as a region– does not stand out as restrictive market. In contrast, Ecuador with a 9% export value share is a challenging destination. Similarly, the Bolivarian Republic of Venezuela accounting for 16% of exports and 24% of NTMs constitutes a restrictive market (figure 32).

Figure 32: Share of exports and burdensome NTMs applied by main markets to other manufacturing products from Peru, 2009



Source: ITC calculations based on 2010 Trade Map data and ITC survey on NTMs.

Conformity assessment, charges, taxes and other para-tariff measures were the most burdensome NTMs reported by producers and exporters of *other manufacturing* products. The former accounted for 52% of all cases, the latter for 15% (table 33).

An important number of burdensome NTMs were reported to take place in regional markets. Licences to access the Bolivarian Republic of Venezuela and frequent changes in regulation constituted an important barrier for exporters of jewellery, plastic-based manufactures and non-electronic products.[122] In addition, Venezuelan authorities require "certificates of non-national or insufficient production", otherwise quantity control measures may be imposed. Furthermore, CADIVI demands foreign exchange licenses known to cause payment delays.[123] All of these measures entailed numerous POs, accounting for 5 of the 12 cases encountered abroad (table 35). More specifically, quantity control and finance measures required a large number of different documents and caused delays in administrative procedures.

[122] Having experienced a considerable degree of processing or value-addition, the jewellery and plastic-based manufactures examined in this section are different from those discussed in sections three and five.

[123] Interview with a representative from the National Society of Industries (SNI).

Jewellery and ink exports destined to Ecuador faced unusually high fees at customs as well as a quantitative safeguard resulting in additional costs (tables 33 and 35).

In addition, cargo was reported to have been damaged during inspections in various EU customs offices with no one to be held responsible.

6.4. Non-tariff measures applied by Peru affecting exports

Overall, 17% of exporting companies faced NTMs imposed by local authorities. Technical certifications accounted for three cases, while 'other export-related measures' for two (table 34).

Face-to-face interviews revealed that certification was required of specific products. Regulation essentially applied to underlying raw agricultural materials used as inputs in manufacturing products. In the case of preparations of chemicals for photographic uses, measures in place sought to protect the environment. Certification from SENASA was required for exports of handicrafts such as altarpieces. In fact, exporters must provide proof of fumigation of the wood and wools used as inputs in production. In addition, authorities require certificates of environmental protection –against deforestation– showing compliance with international standards. For vicuña fibre exports, the main hurdle derives from procedures associated to the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES). In order to carry out product registration, the Directorate of Forestry and Wildlife Fauna (MINAG/DGFFS), a directorate of the Ministry of Agriculture (MINAG), requires a CITES certificate and additional documentation.

These measures lead to POs in the form of excessive paperwork, delays in administrative procedures and a large number of checks at SENASA and MINAG/DGFFS (table 35).

6.5. Procedural obstacles affecting exports

POs are challenges closely related to NTMs that further complicate trade. They worsen the impact of a particular NTM or embody the actual difficulty with a measure. Generic problems not related to specific regulation, but affecting company trade flows are referred to as inefficiencies in the TBE. Of the 17 cases of POs and TBEs, 29% had to do with local agencies, 71% with foreign ones. Overall, delays in administrative procedures accounted for 42% of POs encountered abroad (table 35). More details were discussed with the associated NTMs in sections 6.3 and 6.4.

Furthermore, companies complained about the lack of adequately published or disseminated information on export certification required by Peruvian authorities. This measure involved numerous checks and administrative windows, as well as delays in procedures (table 35).

6.6. Non-tariff measures and other obstacles affecting imports

During phone screen interviews, 49 out of 164 companies importing *other manufactures* reported barriers to trade. Of the 34 importers that were interviewed face-to-face, 31 encountered NTMs.

Conformity assessment accounted for half of the NTM cases reported for the telecommunications and consumer electronics subsector (table 36) and for miscellaneous manufactures (table 38). The great majority of cases concerned general procedures importers face at customs. These resulted in considerable POs including excessive paperwork, delays in administrative procedures and unusually high fees and charges. Importers are particularly concerned with the costs associated to the storage of cargo within port facilities and with logistic company fees. Port operators and extra-port institutions dominate the Peruvian system of international logistics and the transport of maritime freight.[124] Although, most of these are regulated entities, some logistics companies and private customs agents fall outside the scope of regulation. Exporters reported that fees charged to customers were inconsistent and subject to arbitrary behaviour.

[124] Some of these companies are in charge of transporting cargo from ships to land.

Furthermore, chemical-based manufactures[125] belonging to particular categories were subject to specific regulatory settings. For example, products that can be used as inputs in the production of illicit drugs, medical equipment, medicines and rubber sand fertilizers were subject to stringent quotas and special authorizations.

In the case of *telecommunication and consumer electronics*, importers had trouble complying with certification requirements from the Ministry of Transport and Communications (MTC).[126] Government policy dictates that these products comply with specific radio and frequency bands and requires certificates of origin as well as affidavits. Since most consumer electronic imports come from non-Spanish-speaking countries, the translation of documents can take considerable time thus slowing the completion of the import process.

NTMs applied by Peruvian authorities generated significant POs. In fact, delays in administrative procedures accounted for 38% of the 60 cases of POs reported for the *other manufacturing* sector. Moreover, some local institutions require special certifications for products already certified by the United States FDA or the Federal Communications Commission (FCC).[127] It is then highly desirable that local authorities avoid such redundancies.

6.7. Summary and policy options

Summary

Other manufacturing comprises a variety of subsectors including *non-electronic machinery*, *IT and consumer electronics, electronic components, leather* and *miscellaneous manufacturing*. Excluding minerals and arms, *other manufacturing* products account for 5.9% of exports and for 47.5% of total imports.

Exporters complained about quantity restrictions, particularly licences and frequent changes in regulation encountered in the Bolivarian Republic of Venezuela; unusually high fees and safeguard measures imposed by Ecuadorian authorities; and damaged cargo resulting from EU customs inspections.

In the case of importers, customs and port procedures constituted the most important barriers. These measures, requiring excessive paperwork, resulted in delays and additional fees. For telecommunications, consumer electronics and miscellaneous manufacturing products, conformity assessment proved to be the most significant impediment.

In addition, some local institutions required redundant certifications for products already certified by the United States FDA or the FCC.

Policy options

Peru has been very successful at signing bilateral, regional and multilateral free trade agreements. Being so heavily involved in trade negotiations, the country has a significant margin to go beyond tariffs and address NTMs, particularly if deemed unjust. For instance, as part of negotiations for a partial scope trade agreement, MINCETUR recently addressed the quantitative restrictions and foreign exchange licenses imposed by the Bolivarian Republic of Venezuela. Authorities, together with the private sector, should monitor and evaluate improvements in this area.

Furthermore, experts underlined that customs offices, ports and logistics infrastructure are overloaded in Lima. In other regions, the general lack of trade-related infrastructure has a negative impact on trade. In addition to strengthening institutions and infrastructure, it was suggested that efforts in the direction of decentralization be made. Not only will this benefit the regions, but it will also alleviate bottlenecks in the capital.

---

[125] The definition of chemical-based manufactures derives from the Standard International Trade Classification (see appendix I). Products discussed in this section have experienced a significant degree of processing or value-addition. As such, they are different from those examined in previous sections. It is worth noting that local authorities may consider certain products to be chemicals which, for the purpose of the survey, do not classify as such.

[126] Interview with a representative from the Lima Chamber of Commerce.

[127] *Ibid*

Experts from the Lima Chamber of Commerce and COMEX Perú underlined that procedures at Peruvian customs represent significant challenges for trading companies. Although VUCE has contributed to the streamlining of customs procedures, much work needs to be done for the single window to reach its full potential. While stakeholders agreed that MINCETUR should drive this development, specialized agencies should be more actively engaged in integrating their procedures into the single window.

Furthermore, experts recommended strengthening the relationship between the private and the public sectors. Currently, the Consultative Group on Customs Affairs represents a central meeting point for private sector associations and public institutions involved in customs regulation. In addition to specific regulation, general customs procedures perceived to be incompatible with daily business operations should be a central topic of discussion.

It was also suggested that specialized technical agencies and INDECOPI harmonize national and international standards. Peruvian authorities are advised to recognize certificates issued by international certification organisms. With these entities guaranteeing consumer protection, additional local certification becomes redundant.

Under the framework of the Competitiveness Agenda 2012-2013, the MEF and INDECOPI are currently working on a National System of Quality, which could become the basis for greater inter-agency cooperation. It was recommended that MINCETUR and specialized technical agencies governing import and export standards actively participate in this initiative. Work on quality standards should go beyond domestic demand and also take international trade and market access into account.

As a long-term objective, agencies should seek to play a more active role in defining standards at the international level.

Table 33: Other manufacturing exports: burdensome NTMs applied by partner countries

Reported export product		Export to the world		Number of reported NTM cases						
HS product code (as reported)	Product code description (abridged)	Product's export value in 2009 (US$ '000)	Share of product in the sector's export value*	Technical regulations	Conformity assessment	Charges, taxes and other para-tariff measures	Finance measures	Quantity control measures	Sub-total	Countries reported to apply burdensome NTMs (number of cases)
321590	Writing or drawing ink and other inks	2,509	0.39%		2		1		**3**	Ecuador, Argentina, Venezuela (Bolivarian Republic of)
392350	Stoppers, lids, caps and other closures, of plastics	15,487	2.38%		1				**1**	Venezuela (Bolivarian Republic of)
392410	Tableware and kitchenware, of plastics	11,466	1.76%					1	**1**	Ecuador
392690	Articles of plastics and articles of other materials, n.e.s	4,027	0.62%					1	**1**	Venezuela (Bolivarian Republic of)
420239	Wallets, purses, key-cases, cigarette-cases, tobacco-pouches and similar articles of a kind normally carried in the pocket or handbag	37	0.01%		1				**1**	Mexico
711311	Articles of jewellery and parts thereof, of silver	7,651	1.18%	2		1	1		**4**	Ecuador, Russian Federation, Ukraine, Venezuela (Bolivarian Republic of)
711411	Articles of goldsmiths' or silversmiths' wares or parts thereof, of silver	1,046	0.16%	1		1	1		**3**	Ecuador, Russian Federation, Venezuela (Bolivarian Republic of)
848140	Safety or relief valves	935	0.14%					1	**1**	Venezuela (Bolivarian Republic of)
9404XX	Mattress supports; articles of bedding and similar furnishing (not specified at HS6)	n.a.**	n.a.**		1				**1**	United States
950300	Tricycles, scooters, and similar wheeled toys; dolls; reduced-size scale" recreational models; puzzles of all kinds"	3,023	0.46%			2			**2**	EU (2)
970300	Original sculptures and statuary	84	0.01%		7				**7**	EU (7)
Total		**46,265**	**7.11%**	**3**	**12**	**4**	**3**	**3**	**25**	**25**

Source: ITC survey on NTMs.

***** Total export value of non-electric machinery, miscellaneous manufactures, electronic components, leather, transport equipment and computers, telecommunication and consumer electronics is US$ 650,584,000.

** For consistency reasons, trade data (value and share) is reported for products at the HS 6-digit level.

Table 34: Other manufacturing exports: burdensome NTMs applied by Peruvian authorities

Reported export product		Export to the world		Number of reported NTM cases		
HS product code (as reported)	Product code description (abridged)	Product's export value in 2009 (US$ '000)	Share of product in the sector's export value*	Certification required by the exporting country	Other export related measure	Sub-total
370790	Preparation of chemicals for photographic uses, incl. unmixed products put up in measured portions or put up for retail sale in a form ready for use	10	0%	1		**1**
4115XX	Composition leather with a basis of leather or leather fibre, in slabs, sheets or strip, whether or not in rolls; parings and other waste of leather or of composition leather, not suitable for the manufacture of leather articles; leather dust, powder and flour (not specified at HS6)	n.a.**	n.a.**	1		**1**
940600	Prefabricated buildings, whether or not complete or already assembled	1,655	0.25%		1***	**1**
970300	Original sculptures and statuary, in any material	84	0.01%	1	1	**2**
Total		**1,749**	**0.27%**	**3**	**2**	**5**

Source: ITC survey on NTMs.

***** Total export value of non-electric machinery, miscellaneous manufactures, electronic components, leather, transport equipment and computers, telecommunication and consumer electronics is US$ 650,584,000.
** For consistency reasons, trade data (value and share) is reported for products at the HS 6-digit level.
*** This measure was reported by a trading agent. All other NTMs were reported by producing companies.

Table 35: Other manufacturing exports: procedural obstacles

Procedural obstacles and inefficient business environment	Number of PO cases that occurred		
	…in partner countries	…in Peru (and agencies involved, if specified)	Sub-total
D1. Delay in administrative procedures	Russian Federation (2), Venezuela (Bolivarian Republic of), Mexico, Ukraine	MINAG/Directorate of Forestry and Wildlife Fauna (DGFFS)	**6**
E1. Unusually high fees and charges	Ecuador (3)		**3**
A1. Large number of different documents	Venezuela (Bolivarian Republic of) (2)		**2**
B1. Information is not adequately published and disseminated		*(2)	**2**
G1. Low security level for persons and goods		Customs	**1**
A4. Large number of checks		SENASA	**1**
I1. Other obstacles	Venezuela (Bolivarian Republic of) (2)		**2**
Total	**12**	**5**	**17**

Source: ITC survey on NTMs.

Notes: Numbers in parentheses in columns two and three refer to the number of reported cases, if more than one. An asterisk (*) indicates that no institution was identified by the respondent.

Table 36: Computer, telecommunication and consumer electronic imports: burdensome NTMs applied by Peruvian authorities

Product		Import from the world		Cases of burdensome NTMs applied by Peruvian authorities					
HS product code (as reported)	Product code description (abridged)	Product's import value in 2009 (US$ '000)	Share of product in the sector's import value*	Technical regulations	Conformity assessment	Pre-shipment inspection	Charges, taxes and other para-tariff measures	Quantity control measures	Sub-total
8517XX	Telephone sets, including telephones for cellular networks or for other wireless networks; other apparatus for the transmission or reception of voice, images or other data, including apparatus for communication in a wired or wireless network (not specified at HS6)	n.a.**	n.a.**					1	**1**
8528XX	Monitors and projectors, not incorporating television reception apparatus; reception apparatus for television, whether or not incorporating radio-broadcast receivers or sound or video recording or reproducing apparatus (not specified at HS6)	n.a.	n.a.				1		**1**
844332	Machines which only perform one of the functions of printing, copying or facsimile transmission, capable of connecting to an automatic data processing machine or to a network	62,302	3.62%		1				**1**
844339	Machines which only perform one of the functions of printing, copying or facsimile transmission (excl. those capable of connecting to an automatic data processing machine or to a network)	35,964	2.09%		1				**1**
852691	Radio navigational aid apparatus	7,509	0.44%				1		**1**
852910	Aerials and aerial reflectors of all kinds; parts suitable for use therewith, n.e.s.	11,068	0.64%	1					**1**
8525XX	Transmission apparatus for radio-broadcasting or television, whether or not incorporating reception apparatus or sound recording or reproducing apparatus; television cameras, digital cameras and video camera recorders (not specified at HS6)	n.a.**	n.a.**		1		1		**2**
844399	Parts and accessories of printers, copying machines and facsimile machines, n.e.s. (excl. of printing machinery used for printing by means of plates, cylinders and other printing components of heading 8442)	197,298	11.45%		2				**2**
852550	Transmission apparatus for radio-broadcasting or television, not incorporating reception apparatus	3,088	0.18%		1	1			**2**
Total		**317,229**	**18.41%**	**1**	**6**	**1**	**3**	**1**	**12**

Source: ITC survey on NTMs.

***** Total import value of the *IT and consumer electronics* sector is US$ 1,723,106,000.
** For consistency reasons, trade data (value and share) is reported for products at the HS 6-digit level.

Table 37: Computer, telecommunication and consumer electronic imports: procedural obstacles

Procedural obstacles and inefficient export environment	Number of PO cases that occurred in Peru (and agencies involved, if specified)	Sub-total
D1. Delay in administrative procedures	Customs (5)	**5**
C1. Inconsistent classification of products	Customs (2)	**2**
B1. Information is not adequately published and disseminated	Ministry of Transport and Communications, Customs	**2**
B4. Requirements and processes differ from information published	Ministry of Transport and Communications	**1**
A3. Difficulties with translation of documents from or into other languages	Customs	**1**
A1. Large number of different documents	Customs	**1**
I1. Other obstacles	Customs (2)	**2**
Total	**14**	**14**

Source: ITC survey on NTMs.

Notes: Numbers in parentheses in column two refer to the number of reported cases, if more than one.

Table 38: Other manufacturing (except IT and consumer electronics) imports: burdensome NTMs applied by Peruvian authorities

Product		Import from the world		Cases of burdensome NTMs applied by Peruvian authorities							
HS product code (as reported)	Product code description (abridged)	Product's import value in 2009 (US$ '000)*	Share of product in the sector's import value	Technical regulations	Conformity assessment	Charges, taxes and other para-tariff measures	Quantity control measures	Price controls	Anti-competitive measures	Rules of origin	Sub-total
392321	Sacks and bags, incl. cones, of polymers of ethylene	4,737	0.06%			1					**1**
392329	Sacks and bags, incl. cones, of plastics	7,654	0.10%			1					**1**
392590	Building elements for the manufacture of floors, walls, partition walls, ceilings, roofs, etc., of plastics; gutters and accessories of plastics	7,661	0.10%		1						**1**
392610	Office or school supplies, of plastics, n.e.s.	1,523	0.02%		1						**1**
392690	Articles of plastics and articles of other materials of heading 3901 to 3914, n.e.s	42,531	0.56%			1					**1**
640419	Footwear with outer soles of rubber or plastics and uppers of textile materials	20,174	0.27%	1							**1**
8413XX	Pumps for liquids, whether or not fitted with a measuring device; liquid elevators (not specified at HS6)	n.a.**	n.a.**		1						**1**
841869	Refrigerating or freezing equipment	14,661	0.19%		1						**1**
841899	Parts of refrigerating or freezing equipment and heat pumps, n.e.s.	19,655	0.26%		1						**1**
841990	Parts of machinery, plant and laboratory equipment, for the treatment of materials by temperature, and of non-electric instantaneous and storage water heaters, n.e.s.	21,940	0.29%			1					**1**
842121	Machinery and apparatus for filtering or purifying water	20,254	0.27%			1					**1**
842230	Machinery for filling, closing, sealing, capsuling or labelling bottles, or other containers; machinery for aerating beverages	57,926	0.77%			1					**1**
842240	Packing or wrapping machinery, incl. heat-shrink wrapping machinery	35,876	0.47%			1					**1**
8424XX	Mechanical appliances for projecting, dispersing or spraying liquids or powders; fire extinguishers, and similar appliances (not specified at HS6)	n.a.**	n.a.**		1						**1**
8445XX	Machines for preparing textile fibres; spinning, doubling or twisting machines and other machinery for producing textile yarns (not specified at HS6)	n.a.**	n.a.**			1					**1**
848180	Appliances for pipes, boiler shells, tanks, vats or the like	104,603	1.38%	1							**1**
8502XX	Electric generating sets and rotary converters (not specified at HS6)	n.a.**	n.a.**				1				**1**
8506XX	Primary cells and primary batteries (not specified at HS6)	n.a.**	n.a.**		1						**1**
852351	Solid-state, non-volatile data storage devices for recording data from an external source [flash memory cards or flash electronic storage cards]	16,634	0.22%			1					**1**
870324	Motor vehicles with spark-ignition internal combustion reciprocating piston engine of a cylinder capacity > 3.000 cm³	60,531	0.80%						1		**1**
901480	Navigational instruments and apparatus	3,135	0.04%			1					**1**
9018XX	Instruments and appliances used in medical, surgical, dental or veterinary sciences (not specified at HS6)	n.a.**	n.a.**		1						**1**

Table 38 (cont'd)

Product		Import from the world		Cases of burdensome NTMs applied by Peruvian authorities							
HS product code (as reported)	Product code description (abridged)	Product's import value in 2009 (US$ '000)*	Share of product in the sector's import value	Technical regulations	Conformity assessment	Charges, taxes and other para-tariff measures	Quantity control measures	Price controls	Anti-competitive measures	Rules of origin	Sub-total
901839	Needles, catheters, cannulae and the like, used in medical, surgical, dental or veterinary sciences	19,164	0.25%		1						**1**
901849	Instruments and appliances used in dental sciences, n.e.s.	5,996	0.08%		1						**1**
901910	Mechanic-therapy appliances; massage apparatus; psychological aptitude-testing apparatus	5,297	0.07%		1						**1**
9027XX	Instruments and apparatus for physical or chemical analysis (not specified at HS6)	n.a.**	n.a.**			1					**1**
9028XX	Gas, liquid or electricity supply or production meters, including calibrating meters there for (not specified at HS6)	n.a.**	n.a.**			1					**1**
9030XX	Oscilloscopes, spectrum analysers and other instruments and apparatus for measuring or checking electrical quantities (not specified at HS6)	n.a.**	n.a.**			1					**1**
9031XX	Measuring or checking instruments, appliances and machines, not specified or included elsewhere in this chapter; profile projectors (not specified at HS6)	n.a.**	n.a.**			1					**1**
910610	Time registers and time recorders	507	0.01%		1						**1**
940290	Operating tables, examination tables, and other medical, dental, surgical or veterinary furniture	5,654	0.07%		1						**1**
940520	Electric table, desk, bedside or floor-standing lamps	2,025	0.03%					1			**1**
950669	Balls	322	0%			1					**1**
960321	Tooth brushes, incl. dental-plate brushes	5,378	0.07%		1						**1**
960500	Travel sets for personal toilet, sewing or shoe or clothes cleaning	183	0%		1						**1**
9607XX	Buttons, press-fasteners, snap-fasteners and press studs, button moulds and other parts of these articles; button blanks (not specified at HS6)	n.a.**	n.a.**		1						**1**
960810	Ball-point pens	5,751	0.08%			1					**1**
370790	Preparation of chemicals for photographic uses, put up for retail sale in a form ready for use	6,123	0.08%		2						**2**
841582	Air conditioning machines incorporating a refrigerating unit but without a valve for reversal of the cooling-heat cycle	5,977	0.08%		1		1				**2**
843139	Parts of machinery of heading 8428, n.e.s.	12,253	0.16%	1	1						**2**
854370	Electrical machines and apparatus, having individual functions, n.e.s. in chapter 85	30,253	0.40%			1	1				**2**
871500	Baby carriages and parts thereof, n.e.s.	5,307	0.07%	1	1						**2**
940370	Furniture of plastics	3,364	0.04%	1	1						**2**
9606XX	Buttons, press-fasteners, snap-fasteners and press studs, button moulds and other parts of these articles; button blanks (not specified at HS6)	n.a.**	n.a.**		2						**2**
901890	Instruments and appliances used in medical, surgical or veterinary sciences, n.e.s.	47,137	0.62%		3						**3**
950300	Tricycles, scooters, and similar wheeled toys; dolls; "reduced-size scale" recreational models, puzzles of all kinds	63,624	0.84%	1	1					1	**3**
Total		**663,810**	**8.77%**	**6**	**28**	**17**	**3**	**1**	**1**	**1**	**57**

Source: ITC survey on NTMs.

***** Total import value of the *miscellaneous manufacturing*, *leather*, *non-electric machinery*, *electronic components* and *transport equipment* is US$ 7,098,920,000.

** For consistency reasons, trade data (value and share) is reported for products at the HS 6-digit level.

Table 39: Other manufacturing (except IT and consumer electronics) imports: procedural obstacles

Procedural obstacles and inefficient export environment	Number of PO cases that occurred in Peru (and agencies involved, if specified)	Sub-total
D1. Delay in administrative procedures	Customs (11), DIGEMID (3), 'National Ports Company (ENAPU), Ministry of Transport and Communications' (3), National Society of Industries, * (2)	**18**
E1. Unusually high fees and charges	Customs (8), Ministry of Production, *(2)	**11**
A1. Large number of different documents	Customs (4)	**4**
C1. Inconsistent classification of products	Customs (2), * (1)	**3**
A3. Difficulties with translation of documents from or into other languages	Customs (2)	**2**
E2. Informal payment, e.g. bribes	Fiscal Directorate of Peruvian Police (2)	**2**
F1. Limited/Inappropriate facilities	National Ports Company (ENAPU)	**1**
I1. Other obstacles	Customs (5)	**5**
Total	**46**	**46**

Source: ITC survey on NTMs.

Notes: Numbers in brackets in column two refer to the respective number of cases, if more than one. An asterisk (*) indicates that no institution was identified by the respondent.

Chapter 4 Conclusions and policy options

The non-tariff measures survey in Peru

Non-tariff measures (NTMs) have become a major concern in international trade. Although in many cases NTMs are imposed for legitimate reasons, they often have a negative effect on trade. Due to their nature and complexity, NTMs are difficult to evaluate. In order to increase the understanding of issues at stake, the ITC survey in Peru reviewed the business perspective on barriers to trade. Going beyond NTMs and analysing procedural obstacles (POs) as well as inefficiencies in the trade-related business environment (TBEs) provides a more accurate picture of the state of affairs. The combined assessment of regulations and their implementation constitutes an important step for further evaluation of the effects of barriers and government action on welfare creation.

The NTM survey revealed that both exporters and importers faced NTMs and other obstacles to trade. Overall, agricultural exports were slightly more affected than those of manufactured goods. While a number of NTMs applied by partner countries were identified by surveyed companies, exporters encountered a remarkable amount of barriers within Peru. Domestic barriers have a negative impact on commercial activity, particularly since they reduce competitiveness against foreign firms facing lower costs in their respective countries of origin. The same logic applies to additional costs accruing from the import of inputs used for domestic production and subsequent export. In fact, to boost the international competitiveness of Peruvian companies, it is not sufficient to address trade policies with foreign partners. Unnecessary costs and frictions at home must also be tackled.

Public-private dialogue at stakeholder meeting

A key objective of the ITC project on NTMs was to work with national stakeholders to identify concrete policy options. In fact, preliminary conclusions deriving from detailed survey analysis were supplemented with interviews conducted with trade and sector experts. As a final step, a full-day stakeholder meeting took place on 10 February 2012. The meeting aimed to present and validate survey results; discuss the public sector's perspective; and explore policy recommendations. More than 70 participants from the public and the private sectors attended the reunion, which was opened by Mr Carlos Posada, Vice Minister of Foreign Trade of Peru. For details on the agenda and a list of speakers and discussants, please refer to appendix V.

Concrete policy options at the national and international level based on survey analysis and discussions at the stakeholder meeting are now presented. For sector-specific policy options, please refer to the end of the corresponding sections in chapter 3.

Policy options for domestic action

1. Strengthen specialized technical agencies and establish a National System of Quality

Technical requirements and conformity assessment procedures are the predominant type of NTMs reported by exporting and importing Peruvian companies in all sectors. The increasing application of such measures and growing export as well as import quantities have created more demand for testing and certification services. Furthermore, the Peruvian government aims to double the country's exports within the next five years. Institutional capacities need to be strengthened accordingly.

The NTM survey identified bottlenecks in specialized technical agencies including SENASA, SANIPES/ITP, DIRANDRO, DIGESA and DIGEMID. These institutions are responsible for issuing technical and sanitary certificates. At the stakeholder meeting, SENASA and SANIPES/ITP confirmed the existing lack of financial and human resources.

More financial and human resources for the technical agencies are indispensable. In this regard, MINCETUR needs to take a proactive approach in working with the MEF and with ministries governing specialized agencies. Furthermore, MEF's Competitiveness Agenda 2012-2013 proposed a National System of Quality, which could become the basis for inter-agency cooperation. It is essential that this initiative goes beyond domestic demand and takes into account international trade and market access.

INDECOPI also plays an important role in the Competitiveness Agenda as well as in normalization, harmonization, metrology and accreditation issues. At the stakeholder meeting, INDECOPI pointed out that the national accreditation body for laboratories is itself not internationally certified. Efforts to obtain such accreditation need to be intensified.

Specialized technical agencies and INDECOPI should also seek to harmonize domestic and international standards. This represents a step in the direction of trade facilitation since barriers would be lower for companies moving from domestic sales to exports. As a long-term objective, agencies should seek to play a more active role in defining standards at the international level.

2. Further integrate procedures into VUCE

Within Peru, customs turned out to be the agency in which the greatest number of procedural obstacles took place. This may be attributed to the fact that every trading company must deal with customs procedures. Despite being a common occurrence in other countries, this is an important result.

Peru implemented VUCE following the completion of the NTM survey in Peru with the goal of reducing paperwork and streamlining procedures. Certificates of origin will be integrated into VUCE in the second half of 2012. Participants at the meeting acknowledged the many improvements VUCE has brought with it, but stressed that survey results were still valid. They suggested that to reach VUCE's full potential, MINCETUR should drive the development and specialized agencies need to engage actively in integrating their processes into the VUCE.

3. Streamline import and export inspections

Import and export inspections in Peru were reported to result in a considerable amount of procedural obstacles. Companies complained about delays and inspections being performed at night or dawn, making it difficult for company staff to attend.

At the stakeholder meeting, agencies reported the many bottlenecks they face. In fact, customs examines 5% of export and 7-8% of import consignments, with SENASA controlling all restricted goods. Despite acknowledging the difficulties faced by SMEs. customs and SANIPES/ITP underlined that the fast pace of international trade required around-the-clock inspections. Furthermore, experts understood that inspections remain inevitable, given the high level of rejected cargo in destination countries, particularly for agricultural exports destined to the United States. This is important since the rejection of cargo is costly and may harm the reputation of Peruvian exporters in general.

Overall, as trade growth puts further pressure on institutions, a greater amount of financial and human resources will be required. Furthermore, rendering the inspection process more efficient demands greater collaboration between customs and specialized technical agencies. In addition, SNP suggested that exporters' compliance records be taken into account by inspectors in a more meaningful manner. Greater public-private sector collaboration is also desirable.

4. Improve access to NTM-related information and enhance capacity building at the company-level

The stakeholder workshop confirmed that companies lack access to information on NTMs and procedures.

SUNAT reported that 97% of breaches at the time of inspection derived from ignorance as opposed to being attempts at trafficking. SENASA and SANIPES/ITP lamented that their customers only become aware of exact technical requirements when they ask for certification for a market. The discussion also revealed that some companies falsely attributed technical measures to Peruvian authorities. While domestic authorities do implement these measures, they are mandated by partner countries.

Technical market access requirements should be a factor in the early stages of production and market selection strategy. Companies postponing these considerations until the actual export process risk missing profitable export markets and are likely to face barriers to trade.

Efforts should then concentrate on improving access to NTM-related information. The SIICEX, which PromPerú introduced after the implementation of the survey, is an excellent starting point to consolidate data. As a next step, the SIICEX may incorporate already existing information portals of partner countries,

as well as those of SANIPES/ITP and the new ITC Market Access Map NTM module.[128] Import requirements and procedures could also be included. In addition, making SIICEX useful for businesses, rather than for technical experts remains a challenge.

In addition, PromPerú and private sector associations should complement the SIICEX with a systematic and extended capacity building programme at the company level. Stakeholders lauded the quality of PromPerú's training activities geared to the private sector and would like to see them expanded. With the appropriate resources, PromPerú could take the lead in capacity building. Furthermore, exporters' associations could provide hands-on information and training, which public agencies are less capable of supplying. In fact, their expertise in specialized sectors and good relations with businesses make them an essential hub for information dissemination.

5. Strengthen the role of regions and decentralization

Stakeholders also emphasized greater regional participation and decentralization of trade activities. Overall, barriers encountered in the regions referred to the general lack of trade-related infrastructure; while in Lima specialized technical institutions, ports and logistics infrastructure are overloaded. The centralized system that is currently in place often requires that products go through the capital, hampering the regions' massive export potential.

In addition to strengthening institutions and infrastructure, it was suggested that efforts in the direction of decentralization be made. Not only will this benefit the regions, but it will also alleviate bottlenecks in the capital.

Stakeholders at the meeting recommended that regional NTM surveys be conducted to identify specific problems.

Policy options for international negotiations

Overcoming certain NTMs may require that Peru go into the realm of international negotiation. New and existing trade agreements, whether bilateral, regional or multilateral, should incorporate provisions on mutual recognition, TBT and SPS measures. In recent years, Peru has successfully negotiated phytosanitary protocols with major partners, thus obtaining market access for certain export products. Nevertheless, exporters' associations would like to see more products benefit from similar protocols. They therefore demand a greater allocation of resources for these efforts. MINCETUR deals with international trade negotiations, including those taking place at the WTO committees on SPS, TBT and Import Licensing. In addition, private sector associations and partner companies in destination markets should lobby for greater trade facilitation and more transparent rules.

Without a doubt, trade agreements and the multilateral system constitute valuable venues to address specific NTMs. For example, exports of 'novel foods' from Peru's biodiversity face significant barriers in the EU. These products have great export potential as demonstrated by remarkable growth rates in other markets. In conjunction with other Latin American countries, Peru has achieved some success in contesting the EU's 'novel food' regulation at the WTO SPS Committee. Nevertheless, the issue has not been satisfactorily resolved. Thus, PromPerú continues to be actively engaged through a public-private group within the Committee. At the stakeholder workshop, it was advised that the government give full support to this initiative. It was also agreed that the decision to file a formal dispute settlement complaint would require careful evaluation, in terms of legal viability and a cost-benefit analysis.

Another example of an NTM currently being addressed by Peruvian authorities concerns the restrictions applied by the Bolivarian Republic of Venezuela. In order to gain unrestricted access to this market, exporters must obtain a "certificate of non-national or insufficient production". Furthermore, the issuing of foreign exchange licenses by CADIVI was reported to be inconsistent and unpredictable. Both of these measures entail long delays, excessive paperwork and informal payments. MINCETUR recently raised these issues as part of the negotiations for a partial scope trade agreement. It was also suggested that the government and the private sector monitor improvements in the situation.

[128] ITC Market Access Map, available at: http://www.macmap.org/.

Authorities should give priority to Peru's largest markets including the United States and the EU, as well as regional partner countries, especially the Bolivarian Republic of Venezuela and MERCOSUR countries. The United States and the EU are particularly important due to their market size; while the Bolivarian Republic of Venezuela and MERCOSUR constitute markets for which NTMs were frequently reported. In addition, maintaining good and stable trade relations with CAN members and with China, where exporters encountered few challenges, will allow Peruvian companies to continue benefiting from export opportunities.

Outlook

The NTM survey analysis provides a comprehensive picture of the challenges encountered by Peruvian exporters and importers. The stakeholder meeting built on this analysis by initiating a public-private dialogue leading to concrete policy options. The implementation of such options requires that ministries, public agencies and the private sector continue to work together. Cooperation needs to be close, continuous and institutionalized so as to ensure that policy actions are well defined and their outcome regularly monitored and evaluated.

By building local capacities in survey implementation and analysis, the foundations have been laid for the repetition of this exercise. This will prove to be extremely helpful when evaluating progress over time; identifying new challenges; and carrying out a similar examination at the regional level. In addition, MINCETUR also highlighted the importance of trade in services and brought to light the desirability of an NTM survey in this area.

Appendix I Non-tariff measure surveys: global methodology

Non-tariff measure surveys

From 2008 to 2010,[129] the International Trade Centre (ITC) completed large-scale company-level surveys on burdensome non-tariff measures and other barriers to trade (NTM surveys hereafter) in 10 developing and least-developed countries.[130] In 2011, additional NTM surveys were launched in 10 countries, with more following in 2012. The main objective of NTM surveys is to capture how businesses perceive burdensome NTMs and other obstacles to trade at the most detailed level –by product and partner country.

All surveys are based on a global methodology consisting of a core section and a country-specific part. The core part of The NTM survey methodology described in this appendix is identical in all survey countries, thus enabling cross-country analysis and comparison. The country-specific part allows for flexibility when addressing the requirements and needs of each participating country. The country-specific aspects and the particularities of survey implementation in Peru are covered in chapter 2 of this report.

Scope and coverage of the non-tariff measure surveys

The NTM survey requires a representative sample allowing for the extrapolation of survey results to the country level. To achieve this objective, the NTM survey covers at least 90% each participating country's total export value (excluding minerals and arms). The economy is divided into 13 sectors and all sectors with at least 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 manufactures

[129] Work started back 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 (GNTB). The main purpose of GNTB is to discuss the definition, classification, collection and quantification of non-tariff barriers; to identify data requirements and consequently advance the understanding of NTMs and their impact on trade. To carry out the technical work of GNTB, a Multi-Agency Support Team (MAST) was set up. Since then, ITC has carried out work on NTMs in three directions. First, ITC contributed to the international classification of non-tariff measures (NTM classification), finalized in October 2009. Second, ITC is currently undertaking NTM surveys in developing countries using this NTM classification. Third, ITC, UNCTAD and the World Bank jointly collect and catalogue official regulations on NTMs applied by developed and developing importing markets. Keeping in mind that official regulations constitute the basis for the analysis and surveys identify the impact of NTMs on enterprises, and consequently, on international trade, a complete picture of NTMs is sure to be provided.

[130] The first NTM surveys were carried out in cooperation with UNCTAD in 2008–2009 in Brazil, Chile, India, the Philippines, Thailand, Tunisia and Uganda. Pilot surveys provided a wealth of material, which allowed for significant improvement of the NTM classification and NTM survey methodology. Since then, ITC has implemented NTM surveys based on the new methodology in Burkina Faso, Hong Kong SAR, Egypt, Kenya, Malawi, Morocco, Paraguay, Peru, Rwanda, Uruguay and Sri Lanka.

Companies trading minerals and arms are excluded given that the export of minerals is generally not subject to trade barriers due to its high demand and to large multinational companies dominating developments in international markets. The export of arms is out of the scope of ITC activities.

NTM surveys are undertaken amongst companies exporting and importing goods. Companies trading services are excluded, as an NTM survey in services would require a different approach and methodology. Nevertheless, the NTM survey does include companies specializing in the export-import process and on services such as those provided by agents, brokers and forwarding companies (otherwise known as 'trading agents'). Since these companies provide trade logistic services, they may qualify as service companies. Answers provided by trading agents are, in most cases, analysed separately from those of companies exporting their own products.

The NTM survey covers legally registered companies of all sizes and types of ownership. Depending on country size and geography, one to four geographic regions with a high concentration of economic activity (high number of firms) are included in the sample.

Two-step approach

Representatives of surveyed companies, generally export/import specialists or senior-level managers, are asked to report trade-related problems experienced by their companies during the preceding year, constituting a serious impediment to their operations. To identify companies experiencing burdensome NTMs, phone screen interviews with all companies in the sample are conducted (step 1), followed by face-to-face interviews with those firms that reported difficulties with NTMs during the phone screen interviews (step 2).

Step 1: Phone screen interviews

The first step consists in carrying out phone screen interviews asking companies their main sector of activity, the direction of trade (export or import) and whether their companies have experienced burdensome NTMs. If a company does not report having problems with NTMs, the phone screen interview is terminated. Companies reporting difficulties with NTMs are invited to participate in an in-depth face-to-face interview. The time and place for this interview is scheduled before terminating the phone conversation.

Step 2: Face-to-face interviews

Given the complexity of NTMs, face-to-face interviews are conducted to obtain details on burdensome NTMs and other obstacles to trade at the product and partner country level. Face-to-face interactions with experienced interviewers help ensure that respondents understand the survey's purpose and coverage and accurately classify their responses in accordance with predefined categories.

The questionnaire used to structure face-to-face interviews is composed of three main parts. The first part covers company characteristics: number of employees, turnover and share of exports in total sales, whether the company exports its own products or provides export services to domestic producers.

The second part focuses on companies' export and import activities, with all trade products and partner countries being recorded. It is at this time that the interviewer identifies products affected by burdensome regulations and the countries applying these measures.

During the third part of the interview, each problem is recorded in detail. A trained interviewer helps respondents identify relevant government-imposed regulations; affected products at the 6-digit level of the Harmonized System; the partner country exporting or importing these goods; as well as the country applying the regulation (partner, transit or home country).

Burdensome 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 represents the core of the survey, making it possible to apply a uniform and systematic

approach to recording and analysing burdensome NTMs in countries with very idiosyncratic trade policies and approaches to NTMs.

The face-to-face questionnaire captures information on the type of burdensome NTMs and procedural obstacles (POs) companies face. POs illustrate the nature of the problem and provide a clearer picture of why certain measures embody barriers to trade. The questionnaire also records the place where each obstacle takes place and the agencies involved, if any. For instance, an importing country requiring the fumigation of containers in which cargo is carried exemplifies an NTM applied by a partner country. If fumigation facilities are expensive in the exporting country, thus resulting in a significant increase in export costs for the company, a PO located in the home country exists. Companies may also report generic problems not related to specific regulation, but affecting their export or import activities. These are referred to as inefficiencies in the trade-related business environment or TBEs (see appendix III), with corruption and a lack of export infrastructure being common examples of these.

Local survey company

A local partner, often a company specializing in surveys, is selected through a competitive bidding procedure to conduct phone screen and face-to-face interviews. Generally, NTM surveys are undertaken in local languages. Phone screen interviews are recorded by a Computer Assisted Telephone Interview System, on computer spread sheets or on paper. Face-to-face interviews are initially captured using paper-based questionnaires that are then digitalized by the partner company using a spread sheet-based system developed by ITC.

Open-ended discussions

During survey implementation and report preparation, open-ended discussions are held with national experts and stakeholders including trade support institutions, sector and export associations. These discussions provide further insights, quality check and validation of survey results. The participants review the main findings of the NTM survey, help explain the prevalence of certain issues and suggest possible solutions.

Open-ended discussions may be carried out by the local survey company, by a partner in a local organization or university, or by graduate students participating in the special fellowship organized in cooperation with Columbia University (United States).

Confidentiality

The NTM survey is confidential. Data confidentiality is important to ensuring the greatest degree of participation, integrity and quality of results. Paper-based and electronically captured data is transmitted to ITC at the end of the survey.

Sampling technique

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

NTM surveys aim to be representative at the country level. This requires that a sufficiently large number of exporting companies 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. In

order to achieve this, the sample size of phone screen interviews is determined independently for each export sector.[131]

For importing companies, the sample size is defined at the country level. The sample size of importing firms can be smaller than that of exporters mainly for two reasons. First of all, exporting companies often act as import intermediaries and report their experiences with NTMs as both exporters and importers. In addition, problems experienced by importing companies are generally linked to domestic regulations imposed by the home country. It is worth noting that even with a small sample size, an effort is made to ensure that the sample is representative by import sector and company size.

In contrast, exporting companies tend to have difficulties complying with both domestic and partner country regulation. Although the sample size is not stratified by company export destination, the fact that it is large allows for a significant selection of reports on regulation applied by various partner countries. By design, large trading partners are captured more often in the survey, simply because it is more likely that a randomly selected company exports to major importing countries.

The sample size of face-to-face interviews depends on phone screen interview results.

Average sample size

Based on the results of NTM surveys conducted in 10 countries, the number of successfully completed phone screen interviews with exporting and importing companies ranges from 150 to 1,000, with 150 to 300 subsequent face-to-face interviews. The number of phone screen interviews is mainly determined by the size and structure of the economy, availability and quality of the business register as well as by the response rate. The sample size of face-to-face interviews depends on the number of affected companies and their willingness to participate in these interviews.

Survey data analysis

The analysis of survey data consists of constructing frequency and coverage statistics along several dimensions, including product and sector, NTMs classified by category (technical measures, quantity control measures), and other characteristics of surveyed companies including size and degree of foreign ownership.

Frequency and coverage statistics are based on 'cases'. A case is the survey's most disaggregated data unit. By construction, each company participating in a face-to-face interview reports at least one case of burdensome NTMs, and, if relevant, related procedural obstacles and inefficiencies in the trade-related business environment.

---

[131] Sample size depends on the number of exporting companies per sector and on assumptions regarding the share of these companies affected by NTMs in the actual population of the sector. The calculation of sample size is 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.

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

Where

n_o : Sample size for large populations

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

p: The estimated proportion of an attribute present in the population. In the case of the NTM survey, it is the 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, this being p=0.5.

d: The acceptable margin of error for the proportion being estimated. In other words, the 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.

A company case consists of one NTM, one product affected by this NTM, and the partner country applying the reported measure. For example, should there be three products affected by the very same NTM applied by the same partner country and reported by one company, results would include three cases. If two different companies report the same problem, it would count 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, including the actual name of government regulation and its strictness, may vary as regulations mandated by different countries are likely to differ. However, if the company's home country applies an NTM to a product exported by one company to several countries, this will be recorded as a single NTM case. Furthermore, when an interviewed company both exports and imports, and reports cases related to both activities, it is included in the analysis twice (once for exports and once for imports). The distinction is summarized in the table below.

Dimensions of an NTM case

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

PO and TBE cases are counted in the same way as NTM cases. Statistics are provided separately from those of NTMs, although in certain instances they are closely related. For example, delays are often caused by pre-shipment inspection requirements. Since many POs and TBEs are not product-specific, statistics are constructed along two dimensions: the type of obstacle and country where they occur, and the agencies involved.

Enhancing local capacities

The NTM survey enhances national capacities by transmitting skills and knowledge to a local partner company. ITC does not implement the surveys, but guides and supports a local survey company and other experts in this endeavour.

Before the start of the survey, the local partner company, including project managers and interviewers are fully trained on the different aspects of NTMs, including NTM classification and ITC survey methodology. ITC representatives stay in the country for the launch of the survey and initial interviews. To ensure high quality implementation, they remain in contact with the local partner company during the entire duration of the survey –approximately six months. ITC experts closely follow the work of the local partner company, providing regular feedback on the quality of captured data and on the general development of the survey, helping the local partner overcome any possible problems.

Furthermore, ITC helps in the construction of a business register or list of exporting and importing companies including their contact details. This register remains at the disposal of the survey company and

other national stakeholders. The business register is critical to any company-level survey, but it is often unavailable, even in advanced developing countries. ITC puts much time, effort and resources into constructing a national business register of exporting and importing companies. Initial information is obtained with the help of national authorities and other stakeholders. In cases where it is not available from government sources or sector associations, ITC purchases information from third companies, and in certain cases digitalizes it from paper sources. 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 survey, trade and NTM issues.

Caveats

In spite of the effort made to ensure the representativeness and high quality of survey results, certain caveats must be kept in mind.

NTM surveys generate perception data, as respondents are asked to report burdensome regulation representing a serious impediment to their export or import operations. Respondents may have different scales for judging what constitutes a barrier. Furthermore, cultural, political, social, economic and linguistic factors may further intensify differences in results across countries. Inconsistencies related to matching reported measures against NTM classification codes are possible due to the complex and idiosyncratic nature of NTMs.

In many countries a systematic business register covering all sectors is not always available or complete. In this context, ensuring random sampling within each sector and a sufficient rate of participation in smaller ones becomes a difficult task. Whenever this is the case, survey limitations are explicitly enounced in the corresponding report.

Moreover, exporting and importing companies are not always aware of certain issues related to NTMs. For example, exporters may not be familiar with demand-side constraints such as ‘buy domestic’ campaigns.

Finally, the survey only encompasses legally operating companies and does not include unrecorded trade like shuttle traders.

After the non-tariff measure survey

The findings of each NTM survey are presented and discussed in a workshop, bringing together government officials, experts, academics, donors, non-governmental organizations (NGOs) and firms. The workshop fosters dialogue on NTM issues and helps identify possible solutions.

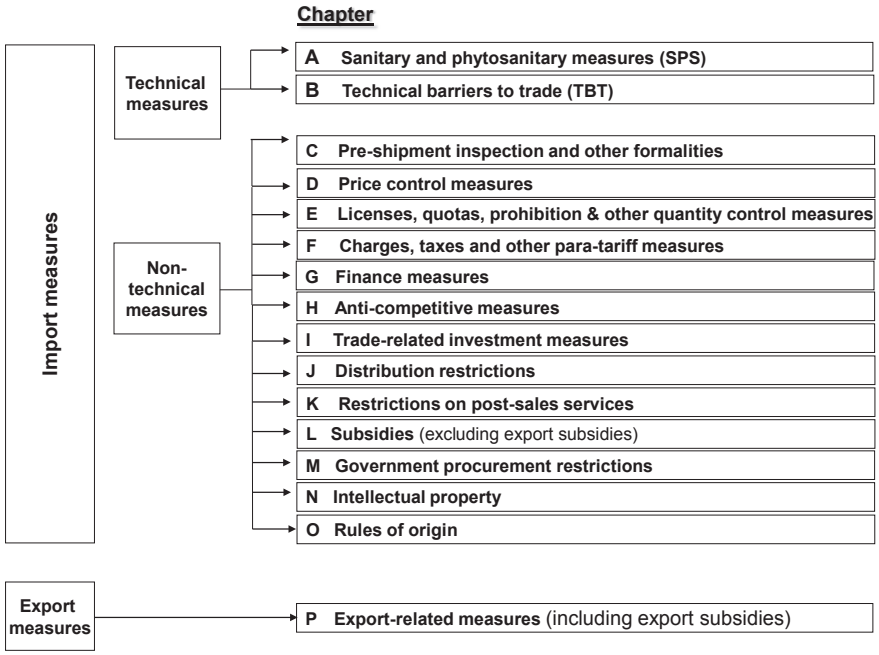
Survey results serve as a tool to identify problems and come up with strategies to overcome them, whether at the national or international level. More specifically, results may be the basis for the funding and development of projects addressing the most pressing issues.

Appendix II Non-tariff measure classification

Importing countries are idiosyncratic in the ways they apply non-tariff measures. This called for an international taxonomy of NTMs, prepared by a group of technical experts from eight international organizations including the Food and Agriculture Organization, the International Monetary Fund, the International Trade Centre, the Organisation for Economic Co-operation and Development, the United Nations Conference on Trade and Development (UNCTAD), the United Nations Industrial Development Organization, the World Bank and the World Trade Organization. This classification is used to collect, classify, analyse and disseminate information on NTMs, e.g. government regulations, received from official sources. It also serves to work with perception-based data, e.g. company surveys.

The NTM classification differentiates measures according to 16 chapters (denoted by alphabetical letters), each comprising 'sub-branches' (1-digit), 'twigs' (2-digits) and 'leaves' (3-digits). This classification drew upon the existing, but outdated, UNCTAD Coding System of Trade Control Measures, and has been modified and expanded by adding various categories of measures to reflect current trading conditions. The current NTM classification (see figure below) was finalized in November 2009.

The structure of the NTM classification



Chapter A on sanitary and phytosanitary measures (SPS), refers to laws, decrees, regulations, requirements, standards and procedures to protect human, animal, plant life or health from certain risks such as the establishment or spread of pests, diseases, disease-carrying or disease-causing organisms; risks from additives, contaminants, toxins; disease causing organisms in foods, beverages or animal feed. Hygienic requirements, fumigation requirements or quarantine are examples. The chapter is also known as SPS.

Chapter B on technical barriers to trade (TBT), contains measures referring to the technical specification of products or production processes and their conformity assessment systems. They exclude SPS measures, but a TBT measure may be applied to food products, if the measure is not for food safety. Product identity or quality requirements are examples.

Chapter C on pre-shipment inspection and other formalities, refers to the practice of checking, consigning, monitoring and controlling the shipment of goods before or at entry into the destination country.

Chapter D on price control measures, includes measures implemented to control the prices of imported articles in order to benefit the domestic price of certain products when the import price of these goods is lower. They also serve to establish the domestic price of certain products, thus addressing price fluctuations in domestic markets and price instability in foreign ones. Price control measures also counteract damage resulting from the occurrence of 'unfair' foreign trade practices.

Chapter E on licences, quotas, prohibitions and other quantity control measures, includes measures restraining 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 prohibitions.

Chapter F on charges, taxes and other para-tariff measures, refers to 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 of these.

Chapter G on finance measures, refers to measures that are intended to regulate the access to and cost of foreign exchange for imports and define the terms of payment. They may increase import costs in the same manner as tariff measures.

Chapter H on anti-competitive measures, refers to measures that are intended to grant exclusive or special preferences or privileges to one or more limited groups of economic operators.

Chapter I on trade-related investment measures, refers to measures that restrict investment by requesting local content, or that investment be related to exports so as to balance imports.

Chapter J on distribution restrictions, refers to restrictive measures related to the internal distribution of imported products.

Chapter K on restrictions on post-sale services, refers to measures restricting the provision of post-sale services in the importing country by producers of exported goods.

Chapter L on subsidies, includes measures related to financial contributions by a government or government body to a particular industry or company, such as the direct or potential transfer of funds (e.g. grants, loans, equity infusions), payments to a funding mechanism and income or price support.

Chapter M on government procurement restrictions, refers to measures controlling the purchase of goods by government agencies, generally in order to give preference to national providers.

Chapter N on intellectual property, refers to measures related to intellectual property rights in trade. Intellectual property legislation covers patents, trademarks, industrial designs, lay-out designs of integrated circuits, copyright, geographical indications and trade secrets.

Chapter O on rules of origin, covers laws, regulations and administrative determinations of general application imposed by the governments of importing countries to determine the country of origin of goods.

Chapter P on export-related measures, encompasses all measures that countries apply to their exports including export taxes, export quotas or export prohibitions, amongst others.

Appendix III Procedural obstacles

List of procedural obstacles related to compliance with non-tariff measures as well as to an inefficient business environment and infrastructure

A.	Administrative burdens	A1. Large number of different documents *(please specify number of documents)* A2. Documentation is difficult to fill out A3. Difficulties with translation of documents from or into other languages *(please specify language)* A4. Large number of checks *(e.g. inspections, checkpoints, weigh bridges – please specify the number and type of checks)* A5. Numerous administrative windows/organizations involved *(please specify the number and type of window/organization)*
B.	Information/transparency issues	B1. Information is not adequately published and disseminated B2. No due notice for changes in procedures B3. Frequent change in regulations B4. Requirements and processes differ from information published
C.	Inconsistent or discriminatory behaviour of officials	C1. Inconsistent classification of products C2. Inconsistent or arbitrary behaviour of officials
D.	Time constraints	D1. Delay in administrative procedures *(please specify number of days)* D2. Delay during transportation *(please specify number of days)* D3. Deadlines set for completion of requirements are too short (*please specify required time*)
E.	Payment	E1. Unusually high fees and charges *(please specify amount)* E2. Informal payment, e.g. bribes *(please specify amount)* E3. Need to hire a local customs agent to get shipment unblocked
F.	Infrastructural challenges	F1. Limited/inappropriate facilities *(e.g. storage, cooling, testing, fumigation – please specify)* F2. Inaccessible/limited transportation system *(e.g. poor roads, road blocks – please specify)* F3. Technological constraints, e.g. information and communications technology *(please specify)*
G.	Security	G1. Low security level for persons and goods
H.	Legal constraints	H1. No advance binding ruling procedure H2. No dispute settlement procedure H3. No recourse to independent appeal procedure H4. Poor intellectual property rights protection, e.g. breach of copyright, patents, trademarks, etc. H5. Lack of recognition, e.g. of national certificates
I.	Other	I1. Other obstacles (*please specify*)

Appendix IV Experts and stakeholders interviewed

Information on experts and stakeholders participating in open-ended discussions on non-tariff measures and related obstacles

In addition to NTM survey interviews realized by Ipsos APOYO Opinión y Mercado S.A., twelve additional interviews were undertaken by the authors of this report with a private customs agent as well as with experts from the following agencies:

- Association of Exporters (ADEX)
- Peruvian Commission for the Promotion of Exports and Tourism (PromPerú)
- Lima Chamber of Commerce (CCL)
- Ministry of Foreign Trade and Tourism of Peru (MINCETUR)
- National Society of Industries (SNI)
- National Society of Fisheries (SNP)
- National Society of External Trade (COMEX)

Furthermore, graduate students from the School of International and Public Affairs at Columbia University (United States) carried out 22 open-ended discussions with private companies from a variety of sectors.

Appendix V Agenda of stakeholder meeting

FRIDAY, 10 FEBRUARY 2012, 9 A.M. – 5.30 P.M.
SALA MULTIUSOS – PISO 1 – MINISTRY OF FOREIGN TRADE AND TOURISM
CALLE UNO OESTE N° 050 URB. CORPAC, SAN ISIDRO
LIMA, PERU

STAKEHOLDER MEETING ON NON-TARIFF MEASURES IN PERU

Programme:

08:30 **Registration**

09:00 **Welcome and opening remarks**

Mr Carlos Posada, Vice Minister of Foreign Trade, MINCETUR
Ms Claudia Uribe, Chief of the Office for Latin America and the Caribbean, ITC
Mr Eduardo Ferreyros, General Director, COMEX PERU

SESSION I BACKGROUND AND OVERALL RESULTS

Moderated by Mr Javier Rosas del Portal, Director General of the Office for Economic Research, MINCETUR

09:30 **Project of the International Trade Centre (ITC) on non-tariff measures and its implementation in Peru**

Speakers
Ms Ursula Hermelink, ITC
Ms Karina Miranda, Ipsos Apoyo

Questions and Answers

10:15 **Coffee break**

10:30 **General results of the survey: Trade barriers affecting Peruvian companies**

Speaker
Mr Christian Knebel, ITC

Discussant
Mr Carlos González, Director of Economic Research, ADEX

Open discussion

SESSION II NON-TARIFF MEASURES APPLIED BY PERU

Moderated by Mr Abel Chaupis, General Coordinator of the Project of Single Window for External Trade (VUCE)

11:30 Perception of exporters and importers on the impact of domestic regulations

Speakers

Mr Fernando Gonzalez-Vigil, Universidad del Pacífico
Mr César Gala, Metis-Gaia

Discussants

Mr Miguel Shulca, National Deputy Superintendent of Customs, SUNAT
Ms Dora Pariona, Specialist in International Negotiations, SENASA
Ms Gloria Fuertes, Division of Fishery Certifications, SANIPES-ITP

Open discussion

13:30 Lunch

SESSION III NON-TARIFF MEASURES APPLIED BY PARTNER COUNTRIES

Moderated by Mr Ernesto Guevara, SPS Coordinator, MINCETUR

15:30 Overcoming challenges related to sanitary and phytosanitary measures, technical barriers to trade and other regulations applied by partner countries

Speaker

Ms Claudia Uribe, Chief of the Office for Latin America and the Caribbean, ITC

Discussants

Ms Claudia Solano, Coordinator of the Department of Quality Management, PromPerú
Mr Jorge Vigil, Chief of the Bureau of Fisheries Economics and Statistics, ITP
Mr Richard Chumbiauca, Expert in External Trade and Customs Procedures

Open discussion

CONCLUSION AND FINAL RECOMMENDATIONS

17:00 Concluding remarks and final recommendations

Ms Claudia Uribe, Chief of the Office for Latin America and the Caribbean, ITC
Ms Victoria Elmore, National Director of Multilateral Affairs and International Trade Negotiations, MINCETUR
Mr Luis Torres, Director of Exports, PromPerú

References

APOYO Consultoría. Situación y perspectivas del sector textil y confecciones. *Unpublished*. 2011.

Business Alliance for Secure Commerce Certification. 2011. Available at: http://www.wbasco.org/index-eng.htm, accessed on 21 October 2011.

Calvin, L. and B. Krissoff. Technical barriers to trade: A case study of phytosanitary barriers and U.S.-Japanese apple trade. *Journal of Agricultural and Resource Economics* 23(2): 351–366, 1998.

Carrère, C. and J. De Melo. Notes on Detecting the Effects of Non-Tariff Measures. *CERDI Working papers*, Études et documents No. 32, 2009.

Cochran, W.G. Sampling techniques. 2nd ed. New York, John Wiley and Sons, 1963.

De Wulf, L. and J. B. Sokol. Customs modernization initiatives: Case studies, The World Bank. Washington, D.C. 132 pp., 2004.

Dean, J.M., J.E. Signoret, R.M. Feinberg, R.D. Ludema and M.J. Ferrantino. Estimating the price effects of non-tariff barriers. *The B.E. Journal of Economic Analysis & Policy* 9:1, Article 12, 2009.

Deardorff, A.V. and R.M. Stern. Measurement of non-tariff barriers. Ann Arbor, University of Michigan Press, 1998.

Disdier, A.-C., L. Fontagné and M. Mimouni. The impact of regulations on agricultural trade: Evidence from the SPS and TBT Agreements. *American Journal of Agricultural Economics* 90(2): 336–350, 2008.

Du Bois, F. and J. Torres. Déficit y Sobrecostos de la Economía Peruana, *Revista de Economía y Derecho* 3(11): 7-28, 2006.

Economist, Peru's trade, Ports in a Storm, 2005. Available at: http://www.economist.com/node/4409100, accessed on 26 October 2011.

European Commission. DG Health and Consumers. Food and Feed Safety – Novel foods.1997. Available at: http://ec.europa.eu/food/food/biotechnology/novelfood/index_en.htm, accessed on 4 September 2011.

European Commission. Proposal for a REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL. 2011. Available at: http://trade.ec.europa.eu/doclib/docs/2011/may/tradoc_147893.pdf (accessed on 2 November 2011).

European Commission. Regulation (EC) No 258/97 of the European Parliament and of the Council of 27 January 1997 concerning novel foods and novel food ingredients. 2009. Available at: http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CONSLEG:1997R0258:20090120:EN:PDF, accessed on 1 November 2011.

Ferrantino, M. Quantifying the trade and economic effects of non-tariff measures. Paris, OECD Publishing, 2006. (OECD Trade Policy Working Papers No.28.)

Food and Drug Administration. The New FDA Food Safety Modernization Act (FSMA). 2011. Available at: http://www.fda.gov/food/foodsafety/fsma/default.htm, accessed on 18 October 2011.

Global Trade Alert. Managed Exports and the Recovery of World Trade: The 7th GTA Report. 2010. Available at: http://www.globaltradealert.org/sites/default/files/GTA7.pdf, accessed on 26 October 2011.

Guasch, J.L. and R. Polastri. Trade and Competitiveness in Peru, In: Giugale, M., V. Fretes-Cibils and J. L. Newman, An Opportunity for a different Peru. Prosperous, Equitable, and Governable. World Bank. Washington D.C, 2007.

Instituto Nacional de Estadística e Informática (INEI). Perú: Evolución de los Indicadores de Empleo e Ingresos por Departamentos, 2001-2009. 2010a. Available at: http://www.inei.gob.pe/biblioineipub/bancopub/Est/Lib0936/libro.pdf, accessed on 28 October 2011.

Instituto Nacional de Estadística e Informática (INEI). Informe Técnico - Evolución de la Pobreza al 2009. 2010b. Available at: http://censos.inei.gob.pe/DocumentosPublicos/Pobreza/2009/Infome_Pobreza.pdf, accessed on 28 October 2011.

International Trade Centre (ITC). Claim Statements for Natural Products: The United States Market, Geneva, 2011.

_____. Labelling of Natural Products: The United States Market, Geneva, 2011.

_____. North American Market for Natural Products: Prospects for Andean and African Products, Geneva, 2012.

_____. Disclaimer. Non-tariff measures classification for surveys. Mimeo. 2010a.

_____. Peru: Selection of sampling frame, sectors and company sizes. Mimeo. 2010b.

_____. The Trade Performance Index. Technical notes. Market Analysis Services. 2007.

Kee, H.L., A. Nicita and M. Olarreaga. Estimating Trade Restrictiveness Indices. *Economic Journal* 119(534): pp. 172-199, 2009.

Kee, H.L., A. Nicita and M. Olarreaga. Import demand elasticities and trade distortions. *The Review of Economics and Statistics* 90(4): 666–682, 2008.

León, Janina. Agroexportación, empleo y género en el Perú: un estudio de casos. *Revista Economía y Sociedad* 173. 2009. Available at: http://cies.org.pe/files/economia-sociedad/EyS73/LEON.pdf, accessed on 5 September 2011.

Ministerio de Transportes y Comunicaciones (MTC). Plan Nacional de Desarrollo Portuario. 2005. Available at: http://www.mtc.gob.pe/portal/transportes/acuatico/planportuario/plan.pdf, accessed on 27 October 2011.

Ministry of Production of Peru (PRODUCE). Supreme Decree No. 020-2005-PRODUCE. 2005. Available at: http://www.minag.gob.pe/download/pdf/direccionesyoficinas/dgca/normatividad-lacteos/Rotulado/DS_020-2005-PRODUCE_Reglamento_de_la_Ley_de_rotulado_de_Productos_Industriales_Manufacturados.pdf, accessed on 16 October 2011.

Ministry of Trade and Tourism of Peru (MINCETUR) and PromPerú, Record de Exportaciones 2010. 2011. Available at: http://www.siicex.gob.pe/siicex/resources/estudio/681161928rad71CFA.pdf, accessed on 1 November 2011.

Ministry of Trade and Tourism of Peru (MINCETUR), Acuerdos Comerciales del Perú: 2011. Available at: http://www.acuerdoscomerciales.gob.pe/images/stories/docs/Resumen_estado_acuerdos_Peru.pdf, accessed on 6 September 2011.

Ministry of Trade and Tourism of Peru (MINCETUR). Programa de Desarrollo de Políticas de Comercio Exterior. IDB Project 1441/OC -PE. 2010a. Available at: http://www.mincetur.gob.pe/comercio/OTROS/bid/introduccion.htm, accessed on 26 October 2011.

_____. Proyecto de Cooperación UE-Perú en Materia de Asistencia Técnica relativa al Comercio. 2010b. Available at: http://www.mincetur.gob.pe/comercio/ueperu/pog/pog1.aspx, accessed on 26 October 2011.

_____. El comercio internacional de textiles y vestido y sus perspectivas futuras: El caso del Perú. 2004.

_____. National Strategic Exports Plan 2003-2013. 2003. Available at: http://www.mincetur.gob.pe/comercio/OTROS/penx/libro%20ingles.PDF, accessed on 26 October 2011.

Multi-Agency Support Team (MAST). Report to the Group of Eminent Persons on Non-Tariff Barriers. Final Report, 2009.

Organisation for Economic Co-operation and Development (OECD). Looking beyond tariffs. The role of non-tariff barriers in world trade. Paris, OECD, 2005.

Organisation for Economic Co-operation and Development (OECD). OECD Investment Policy Reviews PERU. Paris, OECD publishing, 2008.

Peruvian Tax Collection and Customs Administration (SUNAT). General Customs Law. 2008a. Available at: http://www.sunat.gob.pe/legislacion/procedim/normasadua/gja-03/ctrlCambios/anexos/DLeg.1053.pdf, accessed on 16 October 2011.

Peruvian Tax Collection and Customs Administration (SUNAT). Peruvian International Trade – Single Window, 2008b. Available at: http://www.wcoomd.org/files/6.SW_Files/SW%20Initiatives/Peru/001-Peruvian%20International%20Trade.pdf, accessed on 26 October 2011.

Swann, G. P. International Standards and Trade: A Review of the Empirical Literature. Paris, OECD Publishing, 2010 (OECD Trade Policy Working Papers No. 97).

UK Trade and Investment. Sector Briefing, Infrastructure - Airports, Ports & Roads – Opportunities in Peru, 2011. Available at: http://www.globaltrade.net/f/market-research/pdf/Peru/Transportation-and-Storage-Infrastructure---Airports--Ports---Roads-Sectors-in-Peru.html, accessed on 26 October 2011.

Volpe Martincus, C. and J. Carballo. Is export promotion effective in developing countries? Firm-level evidence on the intensive and the extensive margins of exports. *Journal of International Economics* 76: 89-106, 2008.

World Bank. Implementation Completion and Results Report on a Loan to Republic of Peru for a Trade Facilitation and Productivity Improvement Technical Assistance Project. Report No: ICR00001066. Finance, Private and Infrastructure Department, 2009.

World Bank. Project appraisal document on a proposed loan in the amount of US$ 20 million to the Republic of Peru for a Trade Facilitation and productivity improvement technical assistant project. 2003. Available at: http://siteresources.worldbank.org/INTCUSTOMPOLICYANDADMIN/Resources/615371-1115072495642/P077788_PAD.pdf, accessed on 27 October 2011.

World Trade Organization (WTO) and International Trade Centre (ITC). World Tariff Profiles 2011. Geneva, 2011.

World Trade Organization (WTO). Trade Policy Review. Report by the Secretariat. Peru. Document WT/TPR/S/189/Rev.1. 2007. Available at: http://www.wto.org/english/tratop_e/tpr_e/tp289_e.htm, accessed on 27 October 2011.

Yue, C., J. Beghin and H.H. Jensen. Tariff equivalent of technical barriers with imperfect substitution and trade costs. *American Journal of Agricultural Economics* 88(4): 947–96, 2006.

Data sources

International Monetary Fund (IMF). World Economic Outlook data, 2011. Available at: http://www.imf.org/external/datamapper/index.php, accessed on 21 October 2011.

Instituto Nacional de Estadística e Informática - online information, GDP, 2011. Available at: http://www.inei.gob.pe/web/aplicaciones/siemweb/index.asp?id=003, accessed on 20 October 2011.

Minsterio de Trabajo y Promoción del Empleo, Anuario Estadístico, 2010. Available at: http://www.mintra.gob.pe/archivos/file/estadisticas/anuario/indice_anuario_2010.pdf., accessed on 20 October 2011.

International Trade Centre (ITC). Market Analysis Tools. Available at: http://www.intracen.org/marketanalysis.

Peruvian Ministry of Trade and Tourism, Acuerdos Comerciales del Perú, 2011. Available at: http://www.acuerdoscomerciales.gob.pe/images/stories/docs/Resumen_estado_acuerdos_Peru.pdf, accessed on 27 October 2011.

ITC series on non-tariff measures

Available reports

Sri Lanka: Company perspectives (English, 2011)
Burkina Faso: Company perspectives (French, 2011)
Morocco: Company perspectives (French, 2012)

Forthcoming reports

Peru: Company perspectives (Spanish)

Malawi: Company perspectives (English)
Uruguay: Company perspectives (Spanish)
Paraguay: Company perspectives (Spanish)
Madagascar: Company perspectives (French)
Rwanda: Company perspectives (English)
Egypt: Company perspectives (English)
Kenya: Company perspectives (English)

The reports are accessible free of charge at the ITC publications page:
http://www.intracen.org/publications/

Street address
International Trade Centre
54-56 Rue de Montbrillant
1202 Geneva, Switzerland

P: +41 22 730 0111
F: +41 22 733 4439
E: itcreg@intracen.org
www.intracen.org

Postal address
International Trade Centre
Palais des Nations
1211 Geneva 10, Switzerland