RESEARCH STUDY

PROMOTING TRADE AND ECONOMIC DEVELOPMENT

Learning from WTO Trade Policy Reviews

Tania Hoogteiling

CUTS International

Promoting Trade and Economic Development: Learning from WTO Trade Policy Reviews

Authored by:

Tania Hoogteiling

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CUTS INTERNATIONAL, GENEVA
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Abbreviations

ADA	Agricultural Development Agency
BNA	Banco de la Nación Argentina
EOU	export-oriented units
EFZ	Export Free Zone
IAF	Irrigation Acceleration Fund
LDC	Least Developed Countries
MFN	Most Favoured Nation
MSEs	Micro and Small Enterprises
MSP	Minimum Support Prices
PAI	National Industrial Acceleration Plan
PSS	Price Support scheme
SEZ	Special Economic Zone
SMEs	Small and Medium Enterprises
TPR	Trade Policy Report
WTO	World Trade Organization

Introduction

Trade policies and measures can be key tools to realise development in developing countries. The use of trade policies to diversify industry as well as create / add value is essential. Exports can increase incomes both for workers and government, they can also create jobs and lead to better living conditions for population. But it is important to pay attention so that the advantages of trade benefit the entire population in particular those vulnerable and marginalised. Indeed, sometimes, imports can lead to local producers' exclusion, and can increase inequalities. But when implemented appropriately, liberalisation allows to attract inputs technology and investment and improve infrastructures and productivity, essentials for development.

Governments must follow World Trade Organization (WTO) rules to design and implement trade policies and measures. The WTO Agreements are framing international trade, and many obligations fall upon WTO Members, including developing countries. Concerning export promotion for example, measures authorized are very limited. Export subsidies are generally prohibited, except for Least Developed Countries (LDCs) as well as local content requirement and quantitative restrictions on imports. But, WTO rules still allow some governmental interventions related to trade such as selective subsidies for: domestic investment in research and development, regional development or activities to protect environment.

This study aims to present trade-related measures that can enhance industrial and economic activities in developing countries and that can be compatible with WTO rules. The goal is not to judge any agreement or rule regulating international trade, but to provide ways for policy makers to design appropriate trade policies and measures in conformity with their WTO obligations that can help in the achievement of their development objectives.

To identify such trade-related measures, this research examined reports prepared by the WTO Secretariat for the trade policy reviews (TPRs) of 13 Members.[1] Obviously the study cannot be regarded as comprehensive as all WTO Members are required to go through a periodic review of their trade policies. Moreover, it is possible that the Members have in place some measures that are not included in the Reports. Finally, the study does not attempt to evaluate the impact of the implementation of these measures though that will be a very useful exercise.

The study has been divided into five sections. After this brief introduction, the first section will focus on special economic zones, and will present the measures undertaken within these specific zones dedicated to enhancing economic growth and aiming at attracting investors, etc. The second section will present measures related to imports, the third section measures related to exports, and the fourth section will present measures about trade and industry in general. The last section will present measures under specific sectors that are particularly relevant for development, such as agriculture or services among others.

In each section, the measures have been presented in exactly the same words as they appear in the TPR report of that Member, giving the paragraph number in parenthesis. This should help the reader to verify as well as, if interested, go through further details by accessing the relevant part of the TPR report itself. Finally, summary and examples of relevant measures have been provided at the end of each section.

[1] Argentina, Chile, Costa Rica, Democratic Republic of the Congo, European Union, India, Malaysia, Mexico, Morocco, New Zealand, Sierra Leone, Viet Nam, Zambia. The WTO Secretariat reports for the trade policy reviews of these Members are available online and links to the full are provided at the end the study.

Special Economic Zones (SEZs)

This part focusses on measures being adopted in respect of special economic zones. These zones benefit from specific regulations that are different from the rest of the country, and aim to attract investors and enterprises.

The SEZs are becoming major features in the economies. Thus, about 135 countries have implemented them, representing more than 3000 SEZs, estimated for over 500 billion $ and employing more than 70 million people[2]. Although they have been in existence for about 50 years, their features and even titles have evolved substantially, reflecting the innovative approaches adopted by countries in terms of requirements and incentives offered by SEZs.

SEZ-related measures can consist of requirements from governments in exchange for facilities of these zones so that the impact is effectively enhancing economic activity of the country and not only the activity of investors. For example, India (3.136)[3] is requiring firms to generate net foreign exchange earnings within five years of operations. Zambia (3.79) makes a condition to help the country before to give access to incentives under the Zambia Development Agency Act No. 11 of 2006: Companies must prove they will bring benefits such as, "*local employment creation, expansion of local production and diversification of the economy; utilization of local raw materials and intermediate goods; introduction and transfer of technology and skills; production of new products; and social development*". In some cases, they must provide an environment impact analysis, as their investment is required to enhance: "f*oreign exchange earnings; the degree of export-orientation; the degree of import substitution; and the utilization of preferential trade agreements*".

SEZs are known for providing various incentives in order to attract enterprises in these zones. Viet Nam (3.122) invites *"investors, domestic and foreign alike, to undertake investment in the infrastructure and operational development of the zones. The Government supports the development of infrastructure to attract investment in industrial production in "underprivileged" areas of Viet Nam. Tax incentives granted initially to enterprises in the industrial zones and export-processing zones largely expired during 2001-05. The facilitation of investment procedures, rental of land and premises, labour training, and the supply of water, electricity, and other utilities constitute the main advantages currently provided."*

In Argentina (160), *"free zone imports are exempt from the duties and taxes imposed on them when imported for consumption, except for the charges paid for services actually provided. Basic services (telecommunications, gas, electricity, running water, sewerage and drainage) provided within free zones are also exempt from the domestic taxes levied on such services. Goods exported from a free zone to third countries are exempt from the levies imposed on exports to the general customs territory, except for the charges paid for services actually provided. Free zone exports can benefit from the refunding of taxes actually paid only if exporters from the general customs territory receive the same treatment. However, free zone users are not eligible for any of the other tax concessions and incentives implemented in Argentina. Moreover, benefits granted to exports from the general customs*

[2] http://unctad.org/es/paginas/SGStatementDetails.aspx?OriginalVersionID=62

[3] This number refers to the paragraph within the TPR Report of the Member.

territory to a free zone must be surrendered if the goods are exported from the free zone to a third country."

In Costa Rica (3.115), *"Free zone Regime has been modernized "in order to respond more effectively to the needs of the private sector, provide legal certainty for foreign investors and comply with Costa Rica's WTO commitments. Important changes were the introduction of differentiated tax incentives to encourage businesses to set up in less developed areas and to attract large-scale investment; the introduction of tax credits for staff training; and provisions to reinforce production chains and develop local suppliers.".* The tax incentives (3.125) include:

"total or partial exemption from income tax; total exemption from customs duty on imports and exports of intermediate goods, raw materials and inputs; machinery and equipment; total exemption from sales and consumption taxes and taxes on capital and net assets; total exemption for ten years from payment of land tax, the real estate transfer tax and municipal or business taxes; total exemption from withholding tax on remittances abroad (for example, fees, royalties and interest)".

In Morocco (3.113), *"transactions abroad by companies established in exports free zones benefit from totally free foreign exchange. Goods entering or leaving Export Free Zones (ZFEs) are exempt from all duties and taxes on imports, exports, production, movement or consumption. A number of other fiscal measures are available (Section 2.4.2). Eligibility for ZFE status does not require companies to export a minimum share of their output; and there is no ceiling on the percentage of their sales in Moroccan national territory. The requirements for export and sale in Moroccan national territory by ZFE companies are specified on a case-by-case basis by the ZFE Commission responsible for approving applications. According to the authorities, sales on the domestic market are, however, considered to be imports with the ensuing imposition of the applicable duties and taxes."*

AGRIBUSINESS PARKS

As an innovative measure to spur comprehensive agricultural development, Republic of Congo (4.13) implemented Agribusiness parks. These zones can allow agricultures to share facilities and support provided by government through a public/private partnership. "These parks bring together various agricultural stakeholders (professionals, small farmers, etc.) working land areas of varying size but sharing the basic infrastructure (roads, water, energy, telecommunications, etc.), local services (finance, quality control laboratories, transport services, maintenance and waste management services, cold storage plants etc.), agricultural know-how and good practices (training, research, support and technology transfer). They involve three components: the development of commercial farms; support for small farmers living on the periphery of the selected sites; and the development of capital-, technology- and labour-intensive agricultural cooperatives" .

Similarly, in Morocco (4.7)," two "agropoles" were created in Meknès and Berkane with a view to enhancing the value of agricultural production in these regions. They are public-private partnerships under which an agro-industrial park has been set up to host processing and support activities, logistics and service platforms, as well as research, quality control and training laboratories. To promote these projects among domestic and foreign investors, the Department of Agriculture is partnering with the planner-developer and other stakeholders to provide annual funding for promotional activities (including participation in international fairs). The Agricultural Development Agency (ADA) was set up in 2010 to oversee and implement the PMV. It possesses the requisite information regarding these agriculture projects and acts as the contact point within the MAPM for private investors in the agricultural sector."

EXPORT-ORIENTED UNITS

Often the SEZs are export-oriented. For example, in India (3.140), export-oriented units (EOU) complement SEZs. *"As in the case of the SEZs, the main objectives of the EOU scheme are to increase exports and foreign exchange revenues, promote the transfer of latest technologies, stimulate foreign direct investment, and generate additional employment. EOUs are similar to SEZs but may be located anywhere in the country." EOUs may benefit from tax and other incentives, subject to export performance. EOUs must also generate net foreign exchange earnings within five years of starting operations".*

"Banks operating in India (4.73) (including public-sector banks, privately-owned banks, and foreign-invested banks) are authorized to deal with foreign exchange, are eligible to set up offshore banking units (OBUs) in special economic zones (SEZs). Eligible banks are allowed to establish only one OBU per SEZ, essentially for wholesale banking operations. As a start-up contribution, the parent bank must provide a minimum of US$10 million to the OBU. OBUs are exempt from the cash reserve requirement, and on request a statutory liquidity ratio exemption may be considered for a specified period. OBUs are expected to provide loans at international rates to companies located in SEZs. They are also permitted to lend to corporations in the domestic tariff area, under external commercial borrowing guidelines and subject to the Foreign Exchange Management Act regulations. This latter type of lending may not exceed 25% of total liabilities. OBUs are not allowed to accept or solicit deposits or investments from Indian residents, or open accounts for them."

TABLE 1
EXAMPLES OF SEZ-RELATED MEASURES

Incentive Measures	
• Provision of developed infrastructure, supply of water, electricity, etc. • Tax incentives (exemption from duties and taxes, refunding of taxes, exemption from income tax, tax credits for staff training, etc.)	• The facilitation of investment procedures • Rental of land and premises, labour training, etc. • Availability of foreign exchange.
Requirement Measures	
• Local employment creation • Expansion of local production and diversification of the economy • Utilization of local raw materials and intermediate goods	• Introduction and transfer of technology and skills • Production of new products and social development • Positive environment impact

Measures Related to Exports

Measures related to exports can have major impact in terms of economic growth. They can enhance export volumes, quality and diversification – both in terms of products and markets.

Although they are limited by WTO rules, trade policies can influence export flows. Export subsidies are generally prohibited, as well as subsidies for the use of domestic inputs (at the expense of imported ones). WTO rules also prohibit local content requirement and quantitative restrictions on imports.

However, it is still possible to design trade policies to promote exports, while being compatible with WTO rules, for example, to enhance export quality and export diversification. Trade measures can also cover export restrictions. Both these types of export-related measures are used by WTO Members as reported in the TPRs.

2.1 Measures Related to Export Promotion

Many governments put into place policies to promote exportation that aims to increase the volume, quality and diversification of exports. Different sectors are targeted depending on the countries' development priorities. They can be divided into three types of measures: (i) privileges (exemptions (ii) export finance (credits, insurances, etc. (iii) export support and incentives. Both domestic or foreign companies can benefit from these measures.

Measures related to Privileges and exemptions

In order to improve domestic production, India (3.130) provides privileges for export by state trading enterprises for some agricultural and forest products. This measure aims to enable better marketing, realize better prices, ensure a steady domestic supply and so prevent wide domestic price fluctuations.

Another kind of privilege are duty and taxes exemptions. For instance, Chile (3.120) does not impose any taxes or other duties on exports. Furthermore, exports as well as the domestic raw materials used to manufacture them can be exempt from VAT,. *"Exporters of services may also recover VAT paid on services to persons not domiciled or resident in Chile provided that the service is declared an export in a resolution issued by the National Customs Service"* (3.121).

In the same way, Costa Rica (3.136) implemented the Inward Processing Regime to promote production, employment and foreign and domestic investment so as to increase exports and domestic consumption. *"The Inward Processing Regime allows goods to enter national customs territory with suspension of import duties and subject to a guarantee deposit. The goods covered by this regime must be re-exported within the time-limits laid down in the relevant regulations, after undergoing processing, repair, reconstruction, installation or assembly, or being incorporated in sub-assemblies, machinery, transport equipment in general or appliances with a higher degree of technological or functional complexity, or being used for other similar purposes."*

Privileges can also consist in drawback procedures, consisting in refund to exporting enterprises of duties and taxes paid on the export of certain goods. Morocco (3.115), for instance, *"has various customs regimes (REDs), comprising a total of nine procedures that allow importation with suspension of duties and taxes (Table 3.12), a prior exportation procedure, and a drawback procedure. These promote the storage, processing, use and movement of goods. In the case* *of industrial free warehouses, the companies benefiting from this procedure may sell on the domestic market up to 15% of the volume exported the previous year. The prior exportation procedure (i.e. special application of temporary admission for inward processing) allows the exportation of products obtained from goods of foreign origin on which import duties and taxes have been paid and the re-importation of an equivalent volume of raw materials and semi-processed products virtually duty free. The latest procedure introduced is entitled "temporary exportation for outward processing using standard exchange", and allows defective goods to be exported for repair and, pursuant to a contractual or legal guarantee obligation, the importation of replacement goods provided free of charge without payment of the applicable duties and taxes."* Thus, the drawback procedure (3.116) permits "*the refund (according to a standard fixed rate) to exporting enterprises of duties and taxes paid on the exportation of certain goods or on the products contained in the goods exported or consumed (including energy products) in the course of their manufacture".*

MEASURE REQUESTING AUTHORIZATION FROM WTO

In Costa Rica (3.138), *"the Inward Processing Regime operates in two ways: (i) the 100% re-export mode; and (ii) the re-export and local sale mode. Companies operating under the local sale mode have to pay all the taxes applicable to definitive import of the goods. When machinery and equipment covered by the regime enter national territory, companies also have to pay the share of taxes corresponding to the percentage of sales in the domestic market compared to their total sales".* Costa Rica *"requested the WTO for a transitional period in order to eliminate certain aspects of the Inward Processing Regime (i.e. the exemptions from import charges and direct and indirect taxes covered by certain provisions). The Regime's benefits are, therefore, subject to the extensions granted by the WTO for the elimination of export subsidies".*

Measures related to Export Finance

To promote exports, many countries provide finance, insurance and guarantees to exporters.

In Zambia (3.75), "*Exporters of non-traditional goods (all goods except mining products) may obtain low interest loans from the Zambia Export Development Fund (ZEDEF)".*

In India (3.152), *"with effect from 5 May 2012, banks are free to determine the interest rate on export credit in foreign currencies ».*

Argentina (177) created in 1992, the Investment and Foreign Trade Bank (BICE) in order to "*encourage, through its financing activities, the development of new export capacity, so as to enable enterprises to compete successfully on the world market". "Exporters can also obtain financing from the National Bank (BNA) (179), which offers loans for financing the production of exportables and instalment sales. The loans are in foreign currency and the conditions vary with the type of enterprise and the economic sector (Table III.26). The BNA also provides financing for participation in international fairs and exhibitions. These loans can be used to pay for renting, design work, installation, promotion, freight, insurance, fares and accommodation (Table III.26*). Finally, Argentina (180*)" has an export credit insurance system for covering exceptional risks and any other risk of non-payment for exports not covered by domestic insurance companies".*

In Morocco (3.117), *"Exporters may make use of special financing tools such as pre-financing of exports, raising of credit abroad, "factoring" and "forfaiting". Credit abroad may be raised from a Moroccan bank or from a foreign correspondent through a Moroccan bank, the interest rates applicable to export credits are set freely by the banks; the average rate was 6.03% in 2014. The exchange regulations* *also allow other financing formulas such as "forfaiting" and "factoring". "Forfaiting" consists of purchasing discounted receivables without recourse against the exporter in the case of non-payment. "Factoring" allows an exporter's receivables to be transferred to a foreign institution, which undertakes to collect payment while at the same time assuming the risk of non-payment. In August 2013, the State (3.120) also introduced three new guarantee and co-financing tools in support of exporting enterprises, intended to guarantee (70%) of short-term credits granted to such enterprises by banks, security for export markets guaranteeing up to 70% of the security given by banks for export markets, and to co-finance the investment projects of exporting enterprises together with banks and on concessionary terms".*

Measures related to support and incentives to promote exports

These policies consist in different programs. Institutions are created to promote exports and foster diversification, they provide support to business community to penetrate new markets, they provide trade data, technical assistance and training, with the goal to bring companies to better efficiency in producing and selling their products on the international market. For instance, Argentina (181) implemented public-private institution to provide support to domestic businesses to help them to reach international markets (technical assistance, training, trade data, etc.

ProChile in Chile (3.134) provides, in addition, "*support for the internationalization of small, medium-sized and innovative enterprises; participation in international fairs; promotion of specific products through programmes such as: Flavours of Chile (support for the export of Chilean foods and beverages abroad) and Chilean Wine Tour (involved in promoting Chilean wine abroad); and the creation and launching of sectoral trademarks, for example, Pisco Chile, Chilean Salmon or Fruits from Chile, to make a particular sector well-known". "ProChile (3.135) also administers specific cofinancing programmes to promote exports, called competitive funds. These are the Agriculture and Forestry Fund, which finances activities to boost the export of fresh and processed foodstuffs, forestry products, products of the sea, etc.; the Industries Fund, to promote the export of non-food manufactures; and the CONTACT Chile Fund, aimed at the services sector. These Funds have different programmes through which ProChile offers non-reimbursable co-financing to exporters in order to finance any activity needed to boost exports."*

Viet Nam (3.72) Implemented a national program to support exports. It provided the "*framework for state-funded trade promotion activities from 2006 to 2010, such as the hiring of domestic and foreign experts to advise on export development or product quality improvements; the organization of trade fairs and exhibitions and sponsoring the participation of Vietnamese enterprises at such events in Viet Nam and abroad; surveys in overseas markets; and the establishment of trade promotion centres. The degree of state funding varied and, for example, cover 100% of the expenses for the construction and decoration of pavilions at trade fairs, while the hiring of consultants or participation at overseas fairs required co-funding (50%) by the beneficiary enterprises".*

Costa Rica (3.147) implemented a government institution to promote exports. PROCOMER aims to "*act as the strategic point of reference for the internationalization of current and potential exporters; to diversify and increase Costa Rica's export basket; to raise the SMEs' share of the country's exports; and to increase and diversify production chains. The services PROCOMER provides to exporters can be grouped into three major categories: trade promotion, trade intelligence and facilitation of procedures. Its main promotion programmes include the preparation of individual business plans, support for the organization of trade missions for exporters and trade missions for buyers, and assistance for participation in international fairs. PROCOMER also offers services for the evaluation of Costa Rican suppliers in order to set up high value-added chains for export between multinationals and local producers. In the area of trade intelligence, PROCOMER provides services in connection with market surveys, market profiles and logistics, generation and monitoring of export statistics and advice on legal matters, logistics and special regimes. In addition, it offers several training programmes for Costa Rican exporters".* Finally, *"with regard to facilitation of procedures, PROCOMER acts as the single window for export formalities and permits, registration of exporters and certificates of origin*".

Morocco (3.127) implemented, in 2008, a *"strategy for the development and promotion of exports that aims to triple the volume of exports (excluding phosphates and their byproducts) and to create 380,000 jobs by 2018. This strategy should help support the commercial development of exporters on strategic, traditional or emerging markets. The Ministry responsible for foreign trade has targeted seven strategic sectors and 30 priority markets: textiles and leather, agrifood industries, processing of seafood products, electrical and electronics industries, automotive and aeronautics industries, offshoring and information and communications technologies. In order to facilitate implementation of this strategy, Maroc Export's resources have been greatly increased in order to diversify its forms of intervention".*

Sierra Leone (2.43) *"Established in 2007, the Sierra Leone Investment and Export Promotion Agency (SLIEPA) has the mandate to, inter alia, encourage and promote the development of exports-oriented activities, with a special focus on agriculture and marine resources. It provides exporters with information on market access and technical assistance opportunities, and advocates their interests. Activities undertaken include facilitation of trade fairs and exhibitions; provision of market intelligence and trade information; provision of capacity building in export value chains; and development of product".* Thus, *"in 2010, SLIEPA developed a National Export Strategy (NES) with a vision to "transform Sierra Leone into a flourishing country through a globally competitive export-driven economy". The NES identified agriculture, fisheries, mining, and tourism as being strategic for export performance, and defined government interventions accordingly. The NES also aims to address cross-cutting issues such as access to trade finance, transport and trade logistics, and trade information services".*

2.2 Measures Related to Export Restrictions

On the other hand, export-related measures can concern some protection of domestic economic activities or supply and hence can consist of export restrictions, or specific export procedures. In Sierra Leone (3.46*), "the authorities may restrict the exportation of some domestic materials if deemed necessary to ensure that essential quantities are available to domestic industries. The authorities may implement restrictions on exports for various reasons, including health, safety, and environment-related".*

Many countries implemented export restrictions to ensure efficient supply of domestic market. These measures can consist in export taxes. Costa Rica (3.107), for instance, implemented a tax *"on exports of coffee, live cattle and bananas, irrespective of their destination. The Coffee Institute of Costa Rica uses the proceeds to maintain the quality of production, for research, promotion, diversification and sustainable development of the coffee-growing industry, and to meet administrative costs. "*

Concerning export procedures, specific requirements may be prescribed to have the right to export. For example, in Viet Nam, rice exporters must satisfy stricter requirements regarding storage and processing facilities (3.61).

Prohibitions may be pronounced for economic or non-economic reasons. In Argentina, (152) "*Economic prohibitions are those which are intended to combat unemployment, implement trade policy, promote and protect domestic production of goods and services, stabilize domestic prices and safeguard the public finances. Non-economic prohibitions are those which are imposed for reasons of international policy, public safety or national defence, public morality and health, protection of the artistic and cultural heritage, and conservation of natural resources."*

Agreements can be made with producers to supply domestic market and limit export. In Argentina (155), *framework agreements with domestic market supply commitments are concluded with the producers. These commitments can have the effect of limiting export volumes to protect domestic supply (dating from 2013).*

Concerning minimum prices, sectors can be focused on, for example in Costa Rica (3.109) *"The Government reserves the possibility of setting a minimum price for the export of bananas in order to remedy the imbalances caused when the market is not one of free competition" (Currently the price for bananas is set by the market).*

TABLE 2
EXAMPLES OF EXPORT-RELATED MEASURES

Export Promotion	
• Measures providing privileges and exemptions • Measures related to export finance, etc.	• Measures to provide support for exports
Export Restrictions	
• Adopted for various reasons, including health, safety, and environment-related objectives • Restriction of the exportation of some domestic materials if deemed necessary to ensure that essential quantities are available to domestic industries • Tax on certain goods to maintain the quality of production, for research, promotion, diversification and sustainable development of specific industries	• Exporters of specific products to satisfy stricter requirements, for instance, regarding storage and processing facilities • Framework agreements with domestic suppliers for supply commitments, aiming at limiting export volumes to ensure required supply to the domestic market • Minimum price for the export of certain goods to remedy the imbalances caused when the market is not one of free competition

SECTION 3

Measures Related to Imports

Import-related measures can be implemented in order to promote imports, for example, by providing exemptions on tariffs or on internal taxes. On the other hand, import-related measures may also be used to protect domestic production and trade, for example through import restrictions or in terms of additional charges on imports. Two main kind of measures can restrain access to domestic market of foreign goods and services. They can be tariffs measures or non-tariffs measures (quantitative restrictions, specific duty procedures, etc.). The use of non-tariffs measures is allowed in certain circumstances. In case of a legitimate objective, governments are authorized to implement these kind of measures, even if they can increase trade costs[4].

3.1 Measures Related to Import Promotion

Countries can employ tariffs or duty exemptions to encourage certain imports. Many examples can be found in TPRs. For example, in Vietnam (3.21), tariff cuts may also have been employed on occasion to reduce inflationary pressures in the domestic economy or to mitigate fluctuations in domestic energy prices.

In the European Union (3.46), a local business may "*apply for a tariff suspension/quota through the designated national authorities to the Commission. The requests are examined by the Commission with the aid of the Economic Tariff Questions Group representing the competent authorities of each member State. The Council may approve tariff suspensions and quotas on the basis of proposals from the Commission. According to one study, the tariff suspension scheme operated in the EU serves its objective of allowing EU enterprises to obtain supplies at a lower cost*."

In Zambia (3.20), priority industries (mostly in the manufacturing sector) are exempt of tariffs, and enjoy the zero rate on all machinery and equipment for five years, as well as tariffs exemptions for goods imported into the multifacility economic zones for five years.

New Zealand (3.40) *"applies tariff concessions for social/humanitarian, customs facilitation, trade policy and industry assistance purposes, or to comply with international commitments. Of the 17 categories of tariff concessions, the most frequently used is the duty exemption for goods for which suitable alternatives are not available from local producers/manufacturers. Locally produced "suitable alternative" goods are only recognized when, the domestic content of the locally produced "suitable alternative" good is not less than 25% of its ex-factory cost."*

New Zealand (3.41) also provides *"specific concessions for shortfalls of manufacturing inputs; certain capital equipment; and woven fabrics containing wool for use in apparel manufacturing. These concessions are issued for limited periods and, in some cases, are restricted to specific quantities or for the use of specified manufacturers"*.

In Malaysia (3.30), duty concessions cover *"raw materials and components used in the manufacture of goods for export, and for machinery and equipment not available in Malaysia but used directly in the manufacturing process. Full exemptions from sales tax are granted to locally purchased machinery/equipment. Duty exemptions are granted to*

[4] http://www.intracen.org/itc/analyse-marche/mesures-non-tarifaires/comprendre-les-mesures-non-tarifaires/

local as well as foreign-owned manufacturing companies".

Countries also implement seasonal tariff exemptions on specific products, such as Mexico (3.24), doing it on three products (sorghum, soya beans and safflower seeds). "*As a result of the application of this type of tariff, imports of these three products enter Mexico duty-free during a specific period of the year".*

Some countries use measures providing exemptions from internal taxes to facilitate imports of targeted products and services. For example, many countries implemented VAT exemption for basic necessities, or services in order to give access to these goods and services to poor population. Argentina (52) exempts water and milk and the resale of pharmaceuticals, and some services related to finance, transport, electricity, and telecommunication. *Since 2002, when the national health emergency was declared, imports for home use of certain products to be used for diagnostic purposes and human health care have been exempt from VAT(63). Objects used for education, health, science or technology imported for consumption by the State are exempt from VAT".*

In Morocco (3.42), *"the list of goods exempt from import VAT includes essential goods such as flour (except for rice flour), semolina, couscous, milk, farm butter, eggs, raw sugar and other goods; live animals of several species including cattle, pigs, sheep and goats; Moroccan sea fishery products; paperback or bound books, newspapers and periodicals; printed music and CD-ROMs reproducing publications and books; imported educational, scientific or cultural materials; imports by certain institutions or companies (for example, buses, lorries and capital goods purchased by international road transport companies); capital goods, equipment and tools needed to carry out investment projects of an amount of DH 200 million or more; ships, boats and liners; goods donated to the State, to local authorities, public institutions and recognized associations; medicines for certain diseases; and products and equipment for haemodialysis*."

3.2 Measures to Control Imports

These measures can include additional charges on specific imports as well as import restrictions.

The measures related to additional charges on imports of specific goods have been adopted for different purposes. India (3.28), for example, "*add charges an Education Cess of 2% as well as a Higher Education Cess of 1% on the aggregate of customs duty on all imports. There is also a charge for the National Calamity Fund for goods falling under the Seventh Schedule, which includes tobacco and its products (specific duties or ad valorem duties of between 1% and 45%), petroleum oils and motor vehicles (1%) and a Clean Energy Cess on coal, lignite and peat of Rs 200/metric tonne as of 1 March 2015 (originally introduced at Rs 50/MT in 2010/11, and raised to Rs 100/MT in 2013/14); the charge on these products is exempted from the equivalent of the additional duty payable."*

New Zealand (3.47) also put into place this kind of charges. *"It collects: (i) a research levy on imports of heavy steel and welding consumables at rates of NZ$10 per tonne of heavy steel, and NZ$0.05 per kilogram of welding consumables; (ii) a levy on alcohol products on behalf of the Health Promotion Agency (HPA) at various rates (Table 3.4); (iii) a synthetic greenhouse gas (goods) levy on goods containing hydrofluorocarbons (HFCs) and perfluorocarbons (PFCs) under the Climate Change Response Act 2002 and the Climate Change (SGG Levies) Regulations 2013 on behalf of the Ministry for the Environment at various rates9; and (iv) a biosecurity risk screening levy collected by NZCS on behalf of MPI at rates that can vary between NZ$12.77 and NZ$18.40 (as per the Biosecurity (System Entry Levy) Order 2010).*

Such measures can be a means to bring income for state sectors and finance public needs. Argentina (59) implemented other taxes to avoid injury to domestic production. "*The Executive may apply a price equalization tax on imports for consumption to avoid possible injury to domestic production and commercial activities, to ensure reasonable prices for the national product on the domestic market, and/or to safeguard* *the balance of payments. The price equalization tax is a specific amount equal to the difference between a base price and a comparison price. The tax may be applied in addition to import duty, or as a maximum or a minimum of the import duty, or as a substitute for the latter (that is to say, only the price equalization tax is paid). Imports of cane or beet sugar and chemically pure sucrose, in the solid state, are in principle subject to the price equalization tax. However, the authorities have pointed out that during the review period Argentina did not make use of the price equalization tax."*

Chile (3.23) implemented specific duty using a reference price. *"It applies a price band system based on international reference prices for imports of wheat, wheat flour and sugar (Table 3.3). Under this system, using a formula, a specific duty is added to the Most Favour Nation (MFN) ad valorem tariff when the reference price for the product concerned falls below the lower threshold ("floor") of the price band; a tariff reduction applies when the reference price exceeds the upper threshold ("ceiling") of the band".*

Measures to restrict some imports have also been implemented such as Argentina (60) has done: Regulation prohibits some imports for economic and non-economic reasons. *"The reasons for imposing economic prohibitions include: reducing unemployment; implementing trade, monetary and fiscal policy; and protecting productive activities and intellectual property rights. Non-economic prohibitions or restrictions are imposed to safeguard public health and morals and to protect the fauna, the environment and national security, as well as to fulfil commitments given under international agreements, such as the 1987 Montreal Protocol to which Argentina is a signatory. Prohibitions may be absolute or relative, with the possibility of exceptions in favour of one or more persons".*

Another way to restrict import is to implement quotas, such as Mexico (3.27). These quotas aim at "*boosting the competitiveness of production chains, coping with higher international prices, enabling operators in certain sectors to access inputs on similar conditions to those existing abroad, or satisfying demand when there is a shortfall in the national supply of some products. To determine the volume or value of these quotas, the SE takes into account the domestic availability and supply of the product in question as well as the opinion of industry stakeholders and the Foreign Trade Commission (COCEX). In general, quotas are allocated by public auction. However, the SE may choose to use other procedures that ensure adequate access for all bidders; for example, direct allocation and "first come, first served". Once the quotas have been allocated, importers must obtain a non-automatic import licence ("quota certificate")".*

TABLE 3

EXAMPLES OF EXPORT-RELATED MEASURES

Tariff Exemptions	
• Tariff cuts employed to reduce inflationary pressures in the domestic economy or to mitigate fluctuations in domestic energy prices • Exemption of tariffs for priority industries, for example, a zero rate on all machinery and equipment for a certain period • Tariff concessions for social/humanitarian, customs facilitation, trade policy and industry assistance purposes	• Duty exemption for goods for which suitable alternatives are not available from local producers/manufacturers • Specific concessions for shortfalls of manufacturing inputs, certain capital equipment • Seasonal tariff exemptions s on specific products
Internal Taxes	**Additional Charges on Imports**
• VAT exemption for basic necessities, or services in order to give access to these goods and services to poor population **Import Controls** • Import controls on economic grounds, e.g. reducing unemployment; implementing trade, monetary and fiscal policy; and protecting productive activities and intellectual property rights • Import controls on non-economic grounds, e.g. to safeguard public health and morals and to protect the fauna, the environment and national security • Import quotas aiming at boosting the competitiveness of production chains, coping with higher international prices, enabling operators in certain sectors to access inputs on similar conditions to those existing abroad, etc.	• Education tax • Research levy on imports of heavy steel • Levy on alcohol products on behalf of the Health Promotion Agency (HPA) • Synthetic greenhouse gas (goods) levy • Biosecurity risk screening levy • Price equalization tax on imports for consumption to avoid possible injury to domestic production and commercial activities, to ensure reasonable prices for the national product on the domestic market, and/or to safeguard the balance of payments.

SECTION 4

Measures Related to Production and Trade

Several measures may be employed in order to enhance production and trade more generally, without specific import or export related provisions. These may include: tax incentives; support to specific sectors such as micro and small enterprises; special treatment in government procurement; and technology transfer and intellectual property protection.

4.1 Measures Related to Tax Incentives

Tax incentives are provided in order to enhance certain production sector or social activities. For instance, in Costa Rica (3.171), these tax incentives "*consist of partial or total exemption from tax on imports or purchases of goods or services in the domestic market by persons and private and State-owned companies. There are also several income tax exemption regimes for natural and legal persons." "In order to boost development of the agricultural sector, the regulations lay down the procedure for exemption from any form of tax on the import of machinery, equipment or inputs for agriculture and fishing (with the exception of recreational fishing), and also exemption from any tax other than tariffs on raw materials for the manufacture of inputs for agriculture and for packing bananas. Other products given various tax exemptions include medical equipment, medicines and inputs for their manufacture, some veterinary products, basic household necessities, buses for public transport of persons and automatic data processing machines and their units*".

Moreover, Costa Rica (3.173) "*grants tax incentives to promote production and investment in various economic sectors, including tourism, hydrocarbons exploration and exploitation, and reforestation, together with tax exemptions for several State bodies, local authorities, and autonomous and cooperative institutions. the Law (3 May 2010) to promote the development and use of renewable energy sources provides for exemption from import duty and other taxes for specified equipment and materials that encourage the use of renewable energy*".

Some governments implement price controls to promote consumption and strengthen production, such as in Argentina (191). *"The Executive may also reach agreements with various trade associations to control the prices of essential or common consumer goods. The purpose of these price agreements is to promote consumption and strengthen production. One such agreement, in effect from 2009 to 2011, was signed between the Government and the pharmaceuticals industry to reduce the prices paid by the public on a list of 600 domestic medicinal products. There is also an agreement with the Chambers of Stationery Stores and Bookshops to regulate the prices of a basket of school materials which in 2012 contained 51 articles. In 2011, the Secretariat for Energy ratified the third addendum to the supplementary agreement with the producers of natural gas to maintain a lower price for low-income residential users. The purpose of this programme is to ensure the supply of the domestic LPG market. The State also intervenes to establish or agree with various trade associations the prices of other products, including: the retail price of some cuts of beef (for mass consumption); the producer price of tobacco; the price of some hydrocarbons; electricity tariffs; and the tariffs charged for the basic telephone service"*.

Viet Nam (3.78) provides tax incentives for hi-tech companies, and enterprises providing education, health care, sports and in areas with extreme socio-economic difficulties. It consists in a corporate tax of 10% for 15 years (instead of a general rate of 25% for corporate income tax). To promote employment of minorities and women, "*Enterprises employing ethnic minorities or predominantly female workers are entitled to tax reductions*".

Viet Nam (3.84) also provides assistance measures to support chemical and mechanical engineering industries (import duty exemptions, reductions on inputs, etc.).

4.2 Measures to Support Micro and Small Enterprises

Micro and small enterprises represent a main part of economic activity in developing countries. Therefore, providing support to these specific entities can be essential. Many measures are taken with this goal. India (3.166) "*provides support to micro and small enterprises (MSEs) through various means, for example, by reserving some products for exclusive manufacturing by MSEs. Products are eligible for reservation if manufacturing by MSEs is economically viable and technically feasible*". Furthermore, India (3.201) *"retains preferential treatment in government procurement from MSEs. On 23 March 2012, the Government announced that the central Government ministries, departments and public-sector undertakings will be obliged to procure a minimum of 20% of their annual procurement in value from MSEs starting as from 1 April 2015."*

Chile (3.148) also provides business support programmes for Small and Medium Enterprises (SMEs). Those programmes *"are very varied and are introduced, removed or modified in response to the needs of the market. Many of them, however, offer financing to set up a company or a commercial activity, innovate, improve management, develop supplier networks, encourage the association of companies and boost the creation and transfer of technology. In addition to these programmes, micro and small enterprises which do not have sufficient surety to seek a loan from a commercial bank may obtain guarantees through the small business credit guarantee fund, which was created in 1980. This is a government fund intended to guarantee a fixed percentage of loans, leasing operations and other financing mechanisms offered by public or private financing institutions to micro and small enterprises that do not have guarantees or sufficient guarantees to submit financing applications. The services sector, especially trade, transport and communications (63.2%), followed by construction (15.0%) and agriculture and fishing (14.2%) made the greatest use of the Fund".*

In Malaysia (3.97), *"the Central Bank has provided funding through the Fund for Small and Medium Industries (since 2000) and New Entrepreneur Fund (since 2001) to financial institutions, at the concessionary rate of 1.5% p.a.; these funds are then channelled to SMEs as soft loans at rates ranging from 4% to 6%. In addition, the Central Bank has operated the Micro Enterprise Fund (since 2008) to assist micro enterprises with viable businesses to obtain financing from the participating financial institutions".*

Morocco (3.145) *"provides assistance in implementing business plans for investment programmes and conducting strategic and financial analyses for rescheduling SMEs' bank debts; in upgrading accounting systems to enhance the transparency of SMEs; and in signing agreements with banks. In June 2012, was launched the "Information Technology" programme, which proposes informatics solutions to companies, tailored to their operational needs and respective professional spheres in order to give them a useful tool for improving their productivity".*

SUPPORT FOR REMOTE AREAS IN CHILE

Specific support can be provided to foster the development of deprived regions and to boost employment. For instance, Chile (3.145) implemented *"the Fund for the Promotion and Development of Remote Areas, which provides non-reimbursable financing to small and medium-sized enterprises interested in investing in remote regions. The Fund only provides financing for small and medium-sized producers of goods and services in the construction, machinery, equipment, special animal feed and small-scale fishing sectors. In order to boost employment in certain regions, employers or contractors may receive a subsidy equivalent to 17% of the taxable remuneration, up to a maximum of Ch$182,000 per month for each employee over the period 2012-2025".*

FAIR TRADE PROMOTIO IN COSTA RICA

"The Coffee Institute of Costa Rica (ICAFE) is a public-law institution that promotes and regulates the national coffee-growing industry. Its main objective is to promote fair relations between coffee producers, processors and exporters. ICAFE's functions include issuing certificates of origin and quality for coffee for export; fixing price differentials for the cooperatives for each harvest, subject to registration of the contracts of sale for the coffee to be exported; establishing quotas for buyers and making arrangements with regard to the quantity, quality and price of the coffee sold on the National Consumption Coffee Exchange, and authorizing the purchase of coffee through channels other than the Exchange; fixing the quotas for each harvest together with the corresponding percentages for domestic consumption and export (it can establish a mandatory retention quota intended, for example, for export to markets with special regulations); and authorizing and registering all coffee export contracts. Among other sources, ICAFE is financed from the proceeds of a tax of up to 1.5% of the f.o.b. value of the coffee exported, for each 46 kg unit of green coffee or its equivalent". (4.43)

4.3 Measures for Special Treatment in Government Procurement

Zambia (3.38) implemented specific criteria for government procurement. Thus, *"the Public Procurement Act stipulates that a procuring entity may grant a margin of*

preference, or reserve or set aside certain procurement requirements, for: (i) citizens or local suppliers; goods, works, or services manufactured or provided from Zambia, or (ii) performed by Zambians from a particular region; Zambian suppliers; SMEs; or enterprises owned by women". (Zambia is not a signatory to the WTO plurilateral Agreement on Government Procurement).

Argentina (212) implemented the "Buy Argentine Labour" regime that consist in a preference of government procurement for domestic origin goods and local suppliers. It aims to promote domestic industry with *« special emphasis on small and medium-sized enterprises. Where the purchase of goods is concerned, suppliers of goods of domestic origin receive a preference of 7% on their contracts if the bid is made by an SME, or 5% if the bid comes from an enterprise of another kind. This means that if the price bid for domestic goods is less than 5% or 7%, as the case may be higher than that bid for foreign goods, the contract should go to the domestic supplier ».*

4.4 Measures Related to Technology Transfer and IP

In order to enhance technology transfer, Argentina (224) implemented tax benefits for technology transfer contracts registered. *"Registration of the technology transfer contracts with INPI is not compulsory. However, registration brings tax benefits for the party residing in Argentina, by allowing deduction of the sum paid as expenses, and for the party residing abroad, by enabling it to benefit from a reduction in the taxable component on which income/profits tax must be paid".*

Implementing geographical indications can be a means to protect domestic production of specific goods. European Union (3.290), for instance, has *"three main approaches for protecting GIs: as protected designations of origin (PDOs) or protected geographical indications (PGIs) for wine, spirits, and agricultural and foodstuff products; as collective Community trademarks; and through national appellation systems in EU member States. At EU level, unitary GI protection has been established for wines (1970), spirits (1989), aromatized wines (1991) and other agricultural products and foodstuffs (1992). Through these systems, protected names for the products covered enjoy far-reaching protection throughout the EU based on a single application process".*

TABLE 4

EXAMPLES OF GENERAL MEASURES TO PROMOTE PRODUCTION AND TRADE

Tax Incentives	
• Partial or total exemption from tax on imports or purchases of goods or services in the domestic market • Exemption from any tax other than tariffs on raw materials for the manufacture of inputs for agriculture • Exemption from import duty and other taxes for specified equipment and materials that encourage the use of renewable energy	• Tax incentives for hi-tech companies, and enterprises providing education, health care, sports and in areas with extreme socio-economic difficulties • Entitlement for tax reductions for enterprises employing ethnic minorities or predominantly female workers
Support to SMEs	
• Reserving some products for exclusive manufacturing by (Micro and Small Enterprises (MSEs) • Retaining preferential treatment in government procurement from MSEs • Government fund intended to guarantee a fixed percentage of loans, leasing operations and other financing mechanisms offered by public or private financing institutions to SMEs that do not have guarantees or sufficient guarantees to submit financing applications.	• Conducting strategic and financial analyses for rescheduling Small and Medium Enterprises' (SMEs') bank debts; in upgrading accounting systems to enhance the transparency of SMEs; and in signing agreements with banks • Non-reimbursable financing to SMEs interested in investing in remote regions (In order to boost employment in certain regions, employers or contractors may receive a subsidy)
Special Treatment in Government Procurement	**Technology Transfer and IP**
• A procuring entity may grant a margin of preference, or reserve or set aside certain procurement requirements, for citizens or local suppliers, goods, works • Preference in government procurement for domestic origin goods and local suppliers	• Implementation of tax benefits for registered technology transfer contracts • Use of Geographical Indications to protect domestic production of specific goods

SECTION 5

Trade Measures by Sector

Given the critical importance for development as well as the specific needs of some sectors (for example, agriculture, energy, manufacturing, and services), targeted trade-related measures may be needed to support and promote the development of these sectors. Many examples of such measures are found in the TPR reports of WTO Members who have employed promotion programmes, incentives or different kind of support measures for specific sectors.

5.1 Measures Related to Agriculture and Fisheries

Agriculture is an important sector for developing countries, as a large part of the population base its livelihood on it. Thus, trade measures related to this sector are mostly consisting in support measures for farmers. For instance, in India (4.19), *"farmers are guaranteed the minimum support prices (MSP) through the price support scheme (PSS): when prices of the relevant commodities fall below the MSP, government-designated agencies intervene in the market to purchase at the MSP.9 Designated agencies under the PSS purchase specific products".*

Viet Nam (4.35) support farmers by subsidizing "*interest rates on purchases of farming and aquaculture equipment, and investments in storage facilities and the manufacture of farming equipment. Thus, qualifying loans from the participating banks have an interest rate subsidy of 100% for the first two years and 50% thereafter. The participating banks are all state-owned".*

Specific development plans can be implemented in order to target specific agricultural sub-sectors where productivity needs to be enhanced. These plans set out objectives and general policies. For instance, Viet Nam (4.34), implemented "*a new plan for the development of the coffee that sets objectives for areas and yields. In addition to improving infrastructure, government policy is to improve productivity by replacing spent trees and expanding Arabica planting, as well as assisting farmers to obtain third-party certification for sustainable production. Similarly, the Cotton Development Master Plan for 2015-20 sets targets for areas (in this case, an increase in area planted) and states that assistance will be provided through low-interest loans and improved infrastructure".*

In Viet Nam (4.37), "*households and individuals using land for most agricultural purposes are partly or fully exempt from irrigation fees*".

Morocco (4.6) *"launched the Green Morocco Plan 2008-2020, designed to make Morocco's agriculture a driver of economic and social development. The three main components of the programme are: first, government investment in production infrastructure such as land development schemes and irrigation projects; second, incentives for private investment and exports; and third, programmes for the training of farmers in new techniques". "The programme furthermore distinguishes between small-scale family farming in disadvantaged regions and modern, high value-added agriculture, and attempts to promote contractual relations between large and small farmers".*

"New Zealand (4.28) implemented schemes to improve sustainable management of resources, in particular water and land. The Community Irrigation Fund created in 2007 was superseded by the Irrigation Acceleration Fund (IAF) in 2011. The IAF also builds on the grants for irrigation-projects provided under the existing Sustainable Farming Fund. IAF is targeted at supporting up to 50% of the costs of strategic water management studies and the feasibility, design and uptake stages of major irrigation and water storage projects up to the "investmentready" stage".

Related to fisheries, in Africa (Republic of Congo, 4.30), "*an international integrated project for the* *development and support of fisheries grouping four countries (Burundi, Tanzania, Zambia and the DRC) has been developed. Its main deliverables are the construction of three fishing schools, joint surveillance of the waters of Lake Tanganyika through the purchase of four fishery launches, the construction of a fully equipped wharf, harmonization of fishing legislation among the countries concerned, etc."*

In Viet Nam (4.56*), "fisheries policy is included in the Master Plan for the Production Development of Agriculture. The Plan sets objectives for improving quality and increasing aquaculture production, partly through combining it with rice production in one-crop per season areas. For the capture subsector, the emphasis in the Plan is on resource management and improvement of infrastructure; similarly, for processing, the Plan focusses on updating and improving facilities and increasing value added."*

5.2 Measures Related to Energy Sector

Limited energy production and supply can be a major constraint in developing countries and even more in LDCs for the overall development as well as the growth and productivity of the private sector. Many countries therefore adopt measures to target the improvements in the energy sector. For instance, in order to boost capacities, and anticipating increased demand from the mining sector, Sierra Leone (4.60) implemented public/ private partnerships, involving mining companies. *« One such partnership is Addax Biotechnology's Makeni Project, consisting of a sugarcane plantation, an ethanol refinery, and a biomass power plant. Upon completion, the company is expected to provide up to 15 MW annually to the national grid. In June 2013, the Parliament approved a power purchase agreement with Copperbelt Energy Corporation (CEC) Africa Sierra Leone Ltd. The agreement involves the development and operation of a 128 MW thermal power plant ».*

Measures related to Renewable energy

Many countries implemented programmes to develop renewable energy, in accordance with climate change issues combined with trade. Viet Nam (4.75) for instance, provides *"incentives for energy efficiency and conservation as well as cleaner production measures, and new environmental tax measures to promote energy efficiency and renewable energy indirectly by introducing taxes on oil, gas, and coal, and specific pollutants. A cooperation programme on solar-power has been concluded between France and Viet Nam, leading to the installation of a solar station that can provide electricity".*

Legislation can be improved to allow more production of renewable energy as has been done by Morocco where the government (4.93) enacted "*the Law No. 13-09 that removed the upper limit on the capacity of renewable energy installations, previously limited to 50 MW, except for hydroelectric power, where the upper limit of 12 MW was retained. An operator may now generate an unlimited quantity of electricity from renewable energy sources on behalf of a consumer or group of consumers connected to the national medium-, high- and very high-voltage power grid, under an agreement in which the latter undertake to purchase and consume the electricity thus generated exclusively for their own use, any surplus being sold exclusively to the ONEE, but at a "contractual" rate.*

Measures related to energy supply and distribution

Improving competition and private participation in energy distribution is a means to bring improvement in efficiency and a reduction in transmission losses. Thus, many countries enforced pro-competition provisions and market monitoring. For instance, New Zealand (4.46) established "*the Electricity Authority as an independent regulator (replacing the Electricity Commission) with regulatory and monitoring functions aimed at enhancing market performance*". New Zealand also *"set out provisions to prevent discrimination by distribution companies against competing generators and retailers. The Electricity Authority is responsible for enforcing these provisions* *and has the power to set reporting requirements. It has been noted that while the EIA provides opportunities for distribution companies to invest in generation and retail, it could lead to vertical integration (from generation to retail) in some cases. The Electricity Authority promotes competition in the electricity sector and the Commerce Commission is responsible for enforcement of competition rules in the electricity distribution and transmission markets".*

Viet Nam (4.77), set out in 2006 a plan for a competitive power market to be implemented under a three-phase plan with: "*the first phase (2005-14) focused on creating competition in power generation with a single buyer (EVN); the second phase (2015-22) introducing competition for bulk supply of electricity (wholesale), including supply directly to major industrial customers; and the final phase (after 2022) involving competition at the retail level, i.e. allowing consumers to choose their supplier*".

Argentina (165) *"launched in 2006 the "Energy Plus" Programme, created to promote increased electricity generating capacity in order to meet growing demand and to boost Argentina's industrial production. The Resolution stipulates that any increase in power of large users after the base year (2005) must be the subject of firm supply contracts for power installed subsequent to the entry into force of this rule. It also provides that large users with power of 300 KW or more are the last priority for supplies and must meet increased demand for energy by generating their own power or by signing forward contracts with new generators. Large users which do not sign forward contracts and are covered by the Resolution must reduce their consumption, as instructed by CAMMESA, and if they fail to do so they have to pay an additional hourly amount of Arg$3,000/MWh for the excess energy consumed. The calculation is based on the social cost of the energy not supplied".*

Measures related to Hydrocarbons

In order to attract investment in the petroleum sector, New Zealand (4.53) implemented a competitive tax and royalty regime. *"Exploration-related expenditures are deducted for royalty purposes in the year they are incurred. Non-resident offshore rig operators and seismic vessels are exempted from paying tax on their profits".* In the same way, Viet Nam (4.86) *"has opened its oil and gas sector to foreign companies, which are expected to bring in capital, expertise, and technology to help achieve major industry goals".*

5.3 Measures Related to Manufacturing

Specific programmes can be implemented to develop and improve manufacturing sector. For instance, New Zealand (4.61) *"has programmes such as "Better By Design" (which assists companies to improve international competitiveness by integrating design principles across their businesses); "Better By Lean" (helps firms to improve performance by eliminating inefficient processes and activities); and "Better By Strategy" (previously called Manufacturing Plus) assists companies to develop business models, action plans and practical tools to enhance business performance".*

Morocco (4.97) is implementing the National Industrial Acceleration Plan (PAI) for the period of 2014-2020. This plan aims: *"(i) to generate half a million jobs, with 50% of these coming from foreign direct investment and the other 50% from the renovated domestic industrial fabric; (ii) to raise industry's share of GDP from the 2014 level of 14% to 23% in 2020; and (iii) to develop export capacity and productivity, through targeted support for industry. In particular, the Government is seeking to encourage industrial integration by developing "ecosystems" consisting of several small enterprises around one large enterprise".*

Moreover, the PAI (4.99) *"envisages the establishment of industrial hubs, covering a total area of 1,000 hectares throughout the country. These hubs offer industrial land for rent (undeveloped or ready for use) "at competitive prices, ideally located in relation to the city and interconnected with the transport networks". An array of equipment and services is available, including catering, transport, technical maintenance, security, upkeep and cleaning, postal and financial services, etc. An administrative single window offers various key State services for investors (social security, local authority services, taxes, OMPIC, etc.). Where training is concerned, a direct State aid system has been established for the benefit of the offshore finance,* *automotive, aeronautical and electronics sectors; its aim is to train new recruits and make them quickly operational: through the National Agency for Employment and Skills Development (ANAPEC), businesses are reimbursed for the training costs incurred during the first three years of employment".*

Finally, India (4.102) implemented a programme to promote craft industry. "*It has set up a guidance programme for individual craftspeople and the sector's small and medium-sized enterprises to improve their turnover and create additional jobs. This programme comprises a whole range of measures concerning raw materials, techniques and tools; support and workshops and display areas, vocational training, etc. The State is also participating in the efforts to promote the craft sector's sales on targeted foreign markets".*

Apart from specific programmes, countries can also provide support for research as it can be a means to improve quality and production of goods. In New Zealand, *"The Ministry of Business, Innovation and Employment (4.61) provides funding for research targeted at industry issues in the high value manufacturing and services sectors. Grants are allocated to research providers via a contestable process and are usually for a period of several years. In 2013, the Government established "Callaghan Innovation", a Crown entity, which promotes the commercialization of innovation by firms. It funds business R&D (some NZ$160 million a year), advises firms on innovation, and can provide some research and technical services".*

India (4.48) supports innovation and technology development by providing interest rate subsidies in textiles and clothing. It aims to upgrade technology in machinery. The government also provides infrastructure facilities to the textile industry, to promote industrial clusters.

Viet Nam (4.98) supports manufacturing activities by *providing "tax incentives (including duty concessions, temporary corporate and personal income tax exemption or breaks) and non-tax incentives (e.g. preferential land rental rates, exemption from payment of land-use fees for the land area), available to firms operating in industrial zones, high-tech zones, and export-processing zone. Concessional loans for production and business development, and infrastructure projects and export contracts have been available since 2009".*

5.4 Measures Related to Services

Telecommunications

To develop telecommunications and particularly in remote areas, New Zealand (4.109) provides *"funding for telecommunications services that are in the public interest but would otherwise be unaffordable".* Viet Nam (4.140) *"has allowed joint ventures with foreign partners to provide telecommunications services related to network infrastructure. Non-discrimination is guaranteed in granting access to and use of public telecommunications transport networks; public telecom services providers have an obligation to allow other public telecom services providers to interconnect with their network under equitable and reasonable conditions. Vietnamese enterprises that are not state-owned or state-controlled are eligible for licences to provide non-facilities-based services in Viet Nam and to form joint ventures with foreign firms*". Viet Nam (4.143) implemented a fund to meet universal services obligations (USO). This fund "*has supported the development and provision of public-utility telecommunications services (i.e. universal and compulsory telecommunications services) in regions where market mechanisms fail to deliver them on a cost-effective basis. The financial support consists of direct funding for the development and maintenance of public-utility telecoms services in designated regions, and soft financing to assist enterprises in building, upgrading, and expanding telecommunications infrastructure, Internet, and other facilities. All eligible operators contribute to the fund*".

Transport

To attract domestic investment in airport building, India (4.131) grants full tax exemption for ten years to private domestic partners in airport projects.

On the other hand, liberalisation of air regulation can lead to more competition, thus more quality of services and better prices. For instance, Viet Nam (4.164) has *"reduced regulation for air transport and developed its* *market by opening it through bilateral and multilateral agreements. The authorities encourage foreign airlines to operate in Viet Nam in order to create a dynamic and competitive air transport environment.*

Moreover, *"Viet Nam has been offering incentives to encourage local and foreign airlines to increase their frequencies and open new routes by: reducing airport charges and fees by 25% over (a maximum of) 36 months for new airlines or airlines introducing new routes; lessening capacity entitlement controls to the major international airports; opening up secondary international airports; and adjusting air traffic routes in order to shorten flight times".*

In Malaysia (4.105), *"various incentives are offered to encourage new airlines to provide services to Malaysia, and to encourage existing airlines to expand the services offered and provide services to new routes. These include incentive payments relating to passenger volumes and free landing and office rental for a fixed period".*

Tourism

Tourism becomes more and more important as a potential source of revenue, especially for local communities, through job creation or use of local material/production, for instance. Thus, many countries implemented specific programmes to develop this sector, with incentives to attract investments.

For instance, Sierra Leone (4.146) *"adopted a set of incentives for development of the tourism industry that includes: a reduced-rate of 15% for corporate tax during the first five years of a new investment (the standard rate is 30%); duty-free treatment for imports of materials, machinery, and equipment used in new construction, and for extension or renovation of existing tourism-related facilities (provided that such materials are not easily available locally); and a three-year exemption from the payroll tax for up to six non-national employees (provided that the skills are not available locally)".*

In order to promote tourism, New Zealand (4.141) developed a marketing strategy relying mostly upon *"leveraged events in order to capitalize promotion of the country via global attention-drawing events. Events under this strategy have included the 2011 Rugby World Cup, the 2015 ICC Cricket World Cup and the 2015 FIFA U-20 World Cup, as well as the promotion related to the making of the Lord of the Rings and Hobbit movies in the 2000s".*

To promote investment in tourism, Argentina (326) has a number of instruments *"mainly aimed at projects which generate jobs, use Argentine raw materials or inputs, increase tourism demand or boost the sustainability and balanced development of Argentina's tourism potential".*

Costa Rica (4.190) enacted a law in 2009, to encourage rural community tourism, by *"promoting family and community-based enterprises, so that the inhabitants of rural areas can administer the local tourist destinations, manage their own development and participate in the planning and utilization of the natural resources. Law No. 8724 declares rural community tourism to be in the public interest as a socio-economic and strategic activity essential for the progress of the rural communities. Moreover, it authorizes government services, State and non-State entities, public enterprises and municipalities to promote activities in support of its development".*

TABLE 5

EXAMPLES OF GENERAL MEASURES TO PROMOTE PRODUCTION AND TRADE

Agriculture and Fisheries	Energy Sector
• Subsidized interest rates for farmers, for purchasing inputs, and for investment • Exemptions from irrigation fees • International integrated project for the development and support of fisheries for several countries	• Incentives for energy efficiency • Programmes to develop renewable energy, in accordance with climate change issues combined with trade • Improvement in competition and private participation in energy
Manufacturing	**Services**
• Programmes which assists companies to improve international competitiveness by integrating design principles across their businesses • Support for research as a means to improve quality and production of goods	• Tax exemptions to private domestic partners in airport projects to attract investment • Liberalisation of air regulation to lead to more competition, thus better quality of services and better prices • Programmes to encourage rural community tourism

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