

PACER Plus: Advanced Trade in Goods Workshop

Honiara, Solomon Islands

Day 1 Session 2: Trade in Goods: Key concepts



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12-14 August 2024

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Terminology & key concepts

1. Terminology: tariffs

- **Measures:** all kinds of requirements imposed by a government - includes: laws, regulations, rules, procedures, decisions, administrative actions, policies
- **Tariff:** customs duty (tax) on imported goods – specific or ad valorem (%)
 - E.g. 20% tariff on imports of bulk sugar – \$2000 sugar + \$X tariff = \$Y
- **Tariff binding:** commitment not to increase rate of duty beyond agreed level (in Schedules to agreement / Chapter)
- **Schedule of concessions:** List of bound tariff rates
- **Rules of origin:** Rules and principles which determine a product's country of origin
 - In FTAs - determines if product eligible for preferential treatment

2. Terminology: non-tariff measures

What are Non-Tariff Measures?

- Policy measures other than tariffs that can have economic effect on international trade in goods, changing quantities traded, prices or both
 - Not necessarily illegitimate or 'non-trade *barriers*'
- Broad - includes:
 - Quotas, import licensing and other restrictions on import or export,
 - Sanitary and phytosanitary (SPS) regulations,
 - Technical barriers to trade (TBT);
 - Subsidies, trade remedies
 - Also: rules of origin, government procurement restrictions etc

2. Terminology: non-tariff measures

Kinds of Non-Tariff Measures

- **Quota or quantitative restriction:** restriction on quantity or value of goods which may be imported (or exported)
 - Includes prohibitions on importing goods (used cars) and restrictions on exports (e.g. natural resources)
- **Sanitary and Phytosanitary (SPS) regulations:** requirements to protect human, animal and plant life and health (quarantine, food safety etc)
 - E.g. restriction on import of animals or plants potentially containing pests and diseases or toxins
- **Technical Barriers to Trade (TBT):** product regulations, standards, testing and certification procedures - includes product requirements, labelling & packaging requirements
 - E.g. requirement that electrical appliances meet minimum energy efficiency standards

3. Terminology: Trade Remedies

What are trade remedies?

- Actions taken against imports to protect domestic industries from unfair practices such as dumping, subsidies, or to cope with a sudden surge of foreign goods
- **Dumping**: goods exported at a price less than their normal value,
 - generally less than price in domestic or third country markets, or less than production cost
- **Subsidy**: a 'financial contribution' by a government which provides a benefit to the recipient
 - E.g. direct transfer of funds to a producer (grant, loan)
- **Safeguards**: Action taken to protect a specific industry from an unexpected surge in imports
 - Can include additional duties or quantitative restrictions

4. Principles and obligations

Non-discrimination obligations

- **Most-favoured-nation treatment (MFN)**: prohibits discrimination between (foreign) goods on the basis of their origin or destination
 - E.g. not impose additional charges or taxes on NZ milk compared to AUS milk
- **National Treatment**: requires imports treated no less favourably than similar domestically-produced goods
 - E.g. Not place greater restrictions on sale of imported chicken compared to locally produced chicken

Thank you