EUROPEAN CERAMIC TILE MANUFACTURERS' FEDERATION

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MARKET ACCESS

Inventory of Tariffs and Certification Requirements for Ceramic Tiles

2012

Working Document

Introduction

The EU ceramic industry is a world leader in producing high quality ceramic products manufactured by flexible and innovative companies, mainly SMEs. The ceramics industry represents an annual turnover of around € 27 billion, accounting for approximately 25% of the global production, and around 350,000 jobs throughout the EU.

Wall and floor ceramic tiles constitute the biggest sector in turnover among European ceramic industries with total sales in 2010 estimated around € 9 billion. Although Italy and Spain are by far the two biggest producers in the EU, significant production also exists in Poland, Portugal, Germany, France, Bulgaria, the UK, Romania, the Netherlands, Czech Republic and Hungary.

One third of the production in ceramic tiles is exported outside of the EU, resulting in a largely positive trade balance with exports representing in value around four times the EU imports in ceramic tiles.

Ceramic tiles are synthetic products resulting of various combinations of many natural raw materials. They cover a wide range of product categories to satisfy the needs in technical and aesthetic properties for both traditional and modern indoor and outdoor environments. Ceramic tiles are registered in the Combined Nomenclature as **CN6907** and **CN6908.**

Ceramic tiles manufacturers are represented within Cerame-Unie through the European Ceramic Tile Manufacturers Federation (CET). At European level, CET's main areas of interest are in trade (market access, trade defence, intellectual property and counterfeiting ...), environment and energy (Industrial pollution, climate change, sustainable consumption and production, energy efficiency ...) and standardisation (CEN and ISO). At international level, CET holds the secretariat of the World Ceramic Tiles Forum.

The EU ceramic tiles industry faces a wide range of **market access issues** and trade impediments, including tariffs and non-tariff barriers.

Non-tariff measures – notably technical barriers to trade (TBT) – are a significant issue for ceramics tiles exporters in a wide range of countries. Particular problems encompass burdensome export restrictions and dual pricing, standards, customs procedures, compulsory certification procedures, labelling requirements or (lack of) intellectual property rights (IPR) protection.

Market Access: Inventory of Tariffs and Certification Requirements for Ceramic Tiles 2012 reveals a non-exhaustive list of markets access issue in 35 countries. As compare to year 2011, tariff barriers increased and trade restrictions and protectionist measures have been intruded in many countries around the world and across the various sectors.

Multilateral negotiations such as **Doha Development Agenda** (DDA) negotiations could bring, when concluded, improved market access in a number of important WTO markets for the ceramics tiles industry. The sector not being subject to a sectoral initiative aiming at full liberalization, the standard tariff reduction formula would apply. For developed countries, tariffs would be brought under 8%; for developing countries, the real effect is more difficult to assess as the effective tariffs (currently applied) may already be below the bound tariffs which are the subject of the negotiation. The conclusion of the Doha Development Agenda (DDA) would allow removal of the main peak tariffs in developed countries, but effective tariff reduction in developing countries would rather be delivered through **bilateral negotiations**, which have gradually expanded in scope since 2000.

Today's **Free Trade Agreements FTAs** indeed cover a wider range of non-tariff issues in addition to tariff elimination, trade facilitation and regulatory issues. The EU is engaged in a series of bilateral negotiations which are an important tool for opening new markets. *Market Access: Inventory of Tariffs and Certification Requirements for Ceramic Tiles 2012* presents an overview of Free Trade Agreements, in force or currently being negotiated (pp.5-9).

As far as non-tariff barriers are concerned, deep and comprehensive (FTAs) and tackling of barriers through the Market Access Strategy and / or dispute settlement could prove an efficient path forward. Respect of IPR in some emerging countries was also identified as an important point: in that respect, multilateral and bilateral negotiations can help improve the preservation of EU companies' rights, while in the shorter run initiative such as the China IPR Helpdesk proved their usefulness.

The relative importance of the various trade issues affecting the ceramic tiles sector very much depends on the. However, tackling such a diverse range of barriers implies a need to resort to all available trade tools, both in a bilateral and multilateral context, including dialogues, negotiations and enforcement procedures.

In particular, in the context of the ongoing "key barriers" process, the Commission, Member States and businesses are identifying the main barriers encountered by European industry on their most important export markets. Thanks to the discussions held within the **Market Access Partnership (MAP)** a list of non-tariff barriers relevant to the ceramics sector has been established, some being of horizontal nature and some being sector-specific sucg as ceramic tiles.

OVERVIEW OF FREE TRADE NEGOTIATIONS

Country	Negotiating Directives	Current Status	Next Steps
FAR EAST			
INDIA	Negotiating authorisation and directives of April 2007	Negotiations were launched in June 2007; after 11 full rounds negotiations are now in a phase where negotiators meet in smaller more targeted clusters rather than full rounds, i.e. expert level intersessionals , chief negotiator meetings and meetings at Director General level. Following the EU-India Summit on 10 February in Delhi negotiations are currently in an intense phase focusing on the hard core issues but work remains to be done. Important issues include market access for goods (improve coverage of both sides' offers), the overall ambition of the services package and achieving a meaningful chapter on government procurement.	Intensive work expected to continue over the coming months – including senior level meetings – still before the summer.
SINGAPORE	Based on 2007 ASEAN negotiating directives (see below).	In December 2009, EU Member States agreed that the Commission should start bilateral FTA negotiations with Singapore. A consultation of stakeholders is completed. A consultation of stakeholders is completed. Negotiations were launched in March 2010 and the tenth negotiating round has taken place in the week of 19 March 2012.	EU Trade Commissioner De Gucht and Singapore's Minister of Trade and Industry, Lim, met on 1 April 2012 in Phnom Penh (in the margins of EU-ASEAN meetings) to review the state of play in FTA negotiations. Intensive work is continuing in various formats.
MALAYSIA	Based on 2007 ASEAN negotiating directives (see below).	On 10 September, EU Member States agreed that the Commission could start FTA negotiations with Malaysia. The negotiations were officially launched in Brussels on 5 October 2010. A consultation of stakeholders is completed. The seventh round of FTA negotiations took place in Brussels in April 2012.	The eighth round of negotiations will take place in Kuala Lumpur in September 2012 (date tbc) The joint aim is to conclude the negotiations in 2012.

ASEAN	Negotiating authorisation and directives of April 2007.	Negotiations with a regional grouping of 7 ASEAN countries launched in July 2007. 7 the Joint Committee in March 2009 agreed to "take a pause" in the regional negotiations.	In December 2009, EU Member States agreed that the Commission will pursue FTA negotiations in a bilateral format with countries of ASEAN. Negotiations with Singapore and Malaysia were launched in 2010. The Commission continues exploratory informal talks with other individual ASEAN members with a view to assessing the level of ambition at bilateral level. Vietnam has given a political signal that it is ready to engage in a bilateral FTA with the EU and are ongoing.
NORTH AMERICA			
CANADA	Negotiating directives obtained in April 2009	Negotiations were launched in May 2009 and the content of the CETA (Comprehensive Economic and Trade Agreement) and its general modalities were agreed in June 2009. Nine negotiating rounds have been held since October 2009. The last one took place in Ottawa on 17-21 October 2011. Good progress has been made.	
LATIN AMERICA			
ANDEAN COMMUNITY		Negotiations for a trade agreement with Colombia and Peru were concluded in February 2010. Contacts are maintained to explore the possibility to include Ecuador and Bolivia in the trade deal.	The Commission proposals for decisions on signing and conclusion of the Trade Agreement with Columbia and Peru have been adopted and transmitted to the Council of the EU. Adoption by the Council is expected end of May and the Agreement will then be formally transmitted to the European Parliament.
CENTRAL AMERICA		The negotiations with Central America (Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua, Panama) for an Association Agreement including an FTA pillar were concluded in May 2010.	The Commission proposals for decisions on signing and conclusion of the Trade Agreement with Colombia and Peru have been adopted and transmitted to the Council of the EU. Adoption by the Council is expected beginning of June and the Agreement will then be formally transmitted to the European Parliament.

MERCOSUR	Negotiating Directives of 1999	Negotiations with Mercosur were officially relaunched at the EU-Mercosur summit in Madrid on 17 May 2010. The objective is to negotiate a comprehensive FTA, covering not only trade in industrial and agricultural goods but also services, improvement of rules on government procurement, intellectual property, customs and trade facilitation, technical barriers to trade. Eight negotiation rounds (the last one from 12 to 16 March) have taken place since then. Until now, rounds have focused on the part of the agreement related to rules.	The last round of negotiations took place in Brussels (12-16 March 2012). Discussion continued focussing on the normative part of the agreement and the two regions are still working on the preparation of their market access offers. The next round is foreseen to take place in Brasilia the beginning of July.
MAGHREB & MIDDLE EAST			
EUROMED - BY TOPIC		Progress made especially on North-South relations: the network of Association Agreements has been established, with the only exception of Syria, though the coverage of these Agreements is essentially limited to trade in goods. Negotiations on the liberalisation of trade in services and establishment: Discussions in 2006-2007 took place at regional Euro-Mediterranean format. In 2008, bilateral negotiations started with Morocco, Egypt, Tunisia and Israel. Negotiations on further liberalisation for agricultural, processed agricultural and fisheries products:Negotiations were concluded with Jordan in 2005, Israel and Egypt in 2008, and Morocco in 2009 (agreement signed in 2010). They continue with Tunisia. Dispute Settlement Mechanism: Negotiations concluded with Tunisia, (agreement signed in December 2009), Lebanon (signed in 2010), Jordan (in force since July 2011) , Morocco (signed in 2010) and Egypt (signed in 2010)). They are on-going with other Mediterranean partners (Israel and Palestine) and our aim is to conclude the remaining bilateral protocols as soon as possible. Negotiations on Agreements on Conformity Assessment and Acceptance of Industrial Products (ACAA): Agreement signed with Israel in May 2010 in the pharmaceutical sector. Preparations are on-going to launch negotiations in the near future with other Southern Mediterranean partners.	Bilateral negotiations have been launched to complement our current trade agreements, particularly on the liberalisation of services and establishment and on the establishment of a dispute settlement mechanism. On 14th December, the Council authorized the Commission to open bilateral negotiations to establish Deep and Comprehensive Free Trade Areas with Egypd, Jordan, Morocco and Tunisia. Scoping exercises have been launched in March with Morocco, Tunisia and Jordan.
EASTERN EUROPE			

UKRAINE		Negotiations launched in February 2008, 17 rounds held so far. Last one took place 20-24 June 2011 in Kiev. Good progress in a lot of areas.	18 th round of negotiations will take place in 19-23 September in Brussels.
OTHER NEGOTIATIONS			
RUSSIA	Council Negotiating Directives for a new Agreement to update and extend the currentframework for EU/Russia relations under the existing Partnership and Cooperation Agreement (PCA)	No mandate/negotiations for an FTA. Ongoing negotiations for a New Agreement to replace and update PCA, including trade and investment related provisions	The 12th formal round of negotiations took place in mid December 2010. The chief negotiators have agreed that work should focus now on the trade and investment provisions and until there is sufficient progress in this area the working groups covering non-trade areas of the New Agreement will not be convened. An informal Drafting Group has met -10 times (the last time in February 2012) to discuss the two draft legal texts on horizontal trade and investment provisions, which the EU submitted in two batches in July 2010 and March 2011. The formal negotiating body the Economic Issues Working Group also met on 23 May and took stock of the progress made so far in the Drafting Group.

OVERVIEW OF FREE TRADE AGREEMENTS IN FORCE

Europe

- Faroe Islands - 01 January 1997
- Norway - 01 July 1973
- Iceland - 01 April 1973
- Switzerland - 01 January 1973
- The former Yugoslav Republic of Macedonia - Stabilisation and Association Agreement, 01 May 2004
- Croatia - Stabilisation and Association Agreement, 01 February 2005
- Albania - Stabilisation and Association Agreement, 01 April 2009
- Montenegro - Stabilisation and Association Agreement, 01 May 2010
- Bosnia and Herzegovina - Interim Agreement on trade and trade related matters, 01 July 2008
- Serbia - Interim Agreement on trade and trade related matters, 01 February 2010

Customs unions

- Andorra- 01 July 1991
- Turkey - 31 December 1995

- San Marino - 01 December 1992

Mediterranean Countries

- Algeria - Association Agreement, 01 September 2005
- Egypt - Association Agreement, 01 June 2004
- Israel - Association Agreement, 01 June 2000
- Jordan - Association Agreement, 01 May 2002
- Lebanon - Interim Agreement, 01 March 2003
- Morocco - Association Agreement, 01 March 2000
- Palestinian Authority - Association Agreement, 01 July 1997
- Syria - Co-operation Agreement, 01 July 1977
- Tunisia - Association Agreement, 01 March 1998

Americas

- Chile - Association Agreement and Additional Protocol, 01 February 2003 (trade) /01 March 2005 (full agreement)
- Mexico - Economic Partnership, Political Coordination and Cooperation Agreement, 01 July 2000
- CARIFORUM States - Economic Partnership Agreement, Provisionally applied
- Central America - Association Agreement, initialled 22 March 2011
- Peru - Colombia - Free Trade Agreement, initialled 23 March 2011

- South Africa - Trade, Development and Co-operation Agreement, 01 January 2000
- Ivory Coast - Interim Economic Partnership Agreement, Pending
- Cameroon - Interim Economic Partnership Agreement, Pending

Asia

- Korea - New Generation Free Trade Agreement, signed 06 October 2010

TARIFFS AND CERTIFICATION REQUIREMENTS

Country	Product - CN Code	MFN Tariff (%)	EU Tariff (%)
Algeria	6907	30	15
	6908	30	15
Argentina	6907	12	12
	6908	14	14
Bangladesh	6907	25	25
	6908	25	25
Brazil	690710	12	12
	690790	35	35
	6908	14	14
China	690710	12	12
	690790	8	8
Colombia	6907	10	10
	6908	10	10
Ecuador	6907	25	25
	6908	25	25
Egypt	6907	20	12
		20	12
Indonesia	6907	20	20
	6908	20	20
Malaysia	6907100010	50	50
	6907900010	50	50
	6908100010	60	60
	6908901010	60	60
	6908909010	60	60
Nigeria	6907	20	20
	6908	20	20
Russia	6907	15	15
	6908	15	15
Senegal	6907	20	20
	6908	20	20
Syria	690710	50	50
	690790	20	20
	690810	20	20
	690890	20	20
Venezuela	6907	15	15
	6908	15	15

1. ALGERIA

1.1 Indirect taxes and additional duties on imports

- **Value added tax (VAT):** levied at a rate of 17% of the duty paid value.
- **Service fee (SEF):** A service fee amounting to 200 DZD per electronic declaration and to 500 DZD per electronic summary declaration (manifest) is levied on imports.

1.2 Ceramic tiles (CN 6907 and 6908): 15 % import duty

1.3 Certificate of Conformity for ceramic tiles

- In March 2011, the Algerian Ministry of Commerce published a note to all importers reminding them of the obligation to submit a proof of conformity for all shipments entering Algerian territory; this is to ensure that they meet legal and regulatory requirements that affect them.
- This obligation is enforced by law 09-03, dated 25/02/2009, and decree 05-467 dated 12/12/2005, on conditions and procedures of conformity control of imported goods at customs.
- In April 2009, the Spanish Ceramic Tiles Association (ASCER) reported that Algeria has introduced a new “Certification of Conformity” requirement. On the basis of norm UCP 600 (“Uniform Rules and Uses with regard to Documentary Credits of the International Chamber of Commerce”), on 16 February 2009 the **Algerian central bank** has introduced a new regulation that requests the presentation of an **origin certificate** and a **conformity certification** issued by an accredited inspection organism - Bureau Veritas, SGS or Intertek - to **open any type of letter of credit or to pay by cash against documents.** The quality/conformity certification issued in the origin country is only necessary if the commercial operation is linked to a letter of credit or payment by cash against documents. These new rules have been introduced outside the legal framework of the Algerian import control regulation (“Décret exécutive n° 2005-467”).
- The payment by cash against documents is very common in the Spanish tile industry and in fact is completely different from any type of documentary credit payment method. In fact, 90% of Spanish tile exports are affected by this regulation. The certification cost per shipment in Spain is around 350 € (as confirmed by a document issued by Intertek). However, as this certification is not related to a governmental requirement the **cost varies significantly** depending on the country and on the certification organism. In fact, the certification cost in the EU is much higher than the certification cost in emerging countries like China, Emirates etc. The substantial difference in the certification cost has a detrimental effect on the competitiveness of EU manufacturers.
- The certification process includes visual shipment inspection in quantity and quality, verification of the manufacturing quality control system, and verification of the compliance with international quality standards (ISO 13006 in the ceramic tiles case). For ASCER, it is vital that Algeria can be convinced to **differentiate between companies which are ISO 9001-certified and those companies which are not**. The companies with ISO 9001 do already have process certification (concerning the liability of their working system

such as quality control, container loading system etc.) – and as far as the international standards compliance is concerned (ISO 13006) they can provide a declaration of conformity by ISO group issued by a laboratory accredited by the Spanish normalization body ENAC (notably ITC or Sebastian Carpi). Given the fact that 70% of Spanish tile exporters to Algeria are ISO 9001-certified, this system could reduce significantly the negative impact of this requirement.

- Apparently the European Commission has not been informed by Algerian authorities about this change, although the **EU-Algeria Association Agreement** obliges Algeria to **notify** such legal changes which establish a new technical barrier to trade. The issue was also discussed at a meeting between Cerame-Unie and DG Trade on 23 April 2009.
- The issue was raised by Cerame-Unie in the **"Market Access Advisory Committee" meeting of 17 September 2009**. This Committee includes representatives from all 27 EU Member States as well as the European Commission and business stakeholders. During this meeting in Brussels it became clear that many EU business sectors are heavily affected by the new Algerian import restrictions.
- On 2 and 3 February 2010, a **high-level Commission delegation** visited Algeria to convey EU business concerns and to request Algeria to lift the newly imposed import restrictions, amongst others the conformity certification requirements for the settlement of payments. However, the Algerian side has signalled that import restrictive measures introduced in 2009 will probably not be removed in the short term. Nevertheless, the Commission has also been informed of the setting-up of an Algerian reflection group in charge of drafting implementation measures related to the new import restrictions.

2. ARGENTINA NEW!

2.1 Indirect taxes and additional duties on imports

- **Value added tax (VAT):** levied at a rate of 21% of the duty paid value.
- **Statistical fee (STF):** levied at a rate of 0.5% of the duty paid value.
- **Proportional tax on profit (PTP):** levied at a rate of 3% of the duty paid value with Certificate of the Validity of the Importer's Data ("CVDI"). Without this certificate the proportional tax on profit is levied at a rate of 6% of the duty paid value.

2.2 Ceramic tiles duties: **CN 6907:** 12% and **CN6908:** 14 % import duty

2.3 Anticipated sworn declaration of imports

Cerame-Unie was informed by its Italian member Confindustria Ceramica about the recent trade restrictions from Argentina. Argentina recently took protectionist measures which became effective as of 1 February 2012 based on an "anticipated sworn declaration of imports" (Declaración Jurada Anticipada de Importación, or DJAI). These measures will require importers to submit a sworn declaration with certain information to the Federal Public Revenue Administration (AFIP) prior to the issuance of a request, purchase order or similar document used for completing an overseas purchasing transaction. The measures represent a variety of import restrictions on all imported products and this created tensions with neighbouring Brazil and other countries, including the European Union's Member States and the US. In addition as of 1 April residents will be required to obtain official approval before signing any contract for offshore services valued at USD 100,000 or more.

Confindustria Ceramica was informed by ITALIA, Italian Foreign Trade Promotion Agency in Buenos Aires about the possibility of ceramic tiles being subjected to protectionist measures. Spanish Member of Cerame-Unie, ASCER confirmed that Spanish ceramic tiles exporters were facing problems when exporting ceramic tiles to Argentina.

Cerame-Unie attended the Market Access Advisory Committee on 22 March where the Commission reported that the last efforts to avoid a WTO case on the issue of recent trade restrictions by Argentina would be done multilaterally together with other affected WTO members at the WTO Council for Trade in Goods meeting on 30 March 2012 and bilaterally at the meeting of the EU-Argentina Joint Committee in Buenos Aires on 19-20 April 2012. The meeting of EU-Argentina Joint Committee in Buenos Aires was however cancelled by the EU due to recent political and commercial tensions between Argentina and the EU (non-automatic licencing, anti-UK measures and expropriation of Spanish oil firm in Argentina).

25 May EU challenges Argentina's import restrictions at the WTO in Geneva.

3. BANGLADESH NEW!

3.1 Indirect taxes and additional duties on imports

- **Value added tax (VAT):** levied at a rate of 15% of the duty paid value (including the supplementary duty, if applicable).
- **Supplementary duty (SPD):** applied at a rate of 45% of the duty paid value. SPD shall rise to 60% in FY 2012-2013.[1]
- **Advance income tax (AIT):** levied at a rate of 5% of the dutiable value.

3.2 Ceramic tiles duties: CN 6907 and CN6908: 25% import duty

Import Duty
Import duty is applied at a rate of 25% of the dutiable value
+
Supplementary duty (SPD)
Supplementary duty is applied at a rate of 45% of the duty paid value.
+
Value added tax (VAT)
Value added tax is levied at a rate of 15% of the duty paid value (including the supplementary duty, if applicable).
+
Advance income tax (AIT)
Advance income tax is levied at a rate of 5% of the dutiable value.

Taxes reach currently 128% of the product value, and they are proposing to rise to 152%, what is totally disproportionate.

[1] Available at http://edailystar.com/index.php?opt=view&page=40&date=2012-06-08.

4. BELARUS

4.1 Indirect taxes and additional duties on imports[2]

- **Value added tax (VAT)**: is levied at a rate of 20% of the customs value plus customs duties, excise taxes or other applicable taxes and charges, excluding the value added tax itself.
- **Customs clearance fee (CCF)**: A customs clearance fee is levied at a rate of 20 €.

4.2 **Ceramic tiles** (CN 6907 and 6908): 15 % **import duty** but not less than 0.06 €/Kg.

4.3 **Ceramic tiles: Certificate of Product Quality**, according to GOST6787-2001 (floor tiles) and STB 1354-2002 (interior wall tiles).

This program to assess the quality of ceramic tiles was launched by the Belarus Architecture and Construction State Department. It distinguishes between two certification procedures:

- a *general* Certificate of Conformity, valid for the overall factory´s production for 3 years, or
- a Certificate of Conformity for *each product*, valid for 6 months, during which the company must inform which tariff codes and volumes are being exported to Belarus.

Before applying for a general Certificate of Conformity, the export company must submit to the laboratory a **Sanitary Certificate**, issued by the Health Department of Belarus.

5. BOSNIA AND HERZEGOVINA

5.1 Indirect taxes and additional duties on imports

- **Value added tax (VAT)**: 17 %[3].
- **Customs clearance fee (CCF)**: 1 %.

5.2 **Ceramic tiles** (CN 6907 and 6908): 0 % **import duty**.

5.3 Ceramic tiles: compulsory labelling

Pursuant to the “Law on quality control of imported and exported merchandises” (Bosnian Official Gazette, number 21, 13th September 1997) all boxes containing ceramic tiles must hold a label in Bosnian, stating the following information:

- product name
- country of origin

[2] As regards all countries, indirect taxes and additional duties on imports apply to **all types of products** (e.g. ceramic tiles, tableware and refractory products) unless specified otherwise.

[3] Unless specified otherwise, indirect taxes and additional duties are levied on the **dutiable value** of the imported good.

- importer´s name and address
- net weight
- basic characteristics of the product´s quality
- content
- usage and store requirements.

6. BRAZIL

6.1 Indirect taxes

- **State tax (STT)**: State tax is levied at a standard rate of 17% in most of the states. A rate of 18% is applied in Minas Gerais, Paraná, Rio de Janeiro and São Paolo. The rates may vary for specific products and usually amount between 7% of the duty paid value and 25% of the duty paid value.
- **IPI –** tax on industrialized products, of 5%.
- **Contribution to funding of social security (COFINS):** Contribution to funding of social security is levied at a rate of 7.6%.
- **Contribution to social integration programs (PIS)**: Contribution to social integration programs is levied at a rate of 1.65 %.
- **Additional freight fee for the renewal of the mercantile marine (AFF)** An additional freight fee for the renewal of the mercantile marine is levied at a rate of 25% of the ocean freight charges.
- Besides these additional duties, members of Cerame-Unie have reported that the costs for clearance at the ports are extremely high. Altogether, the costs to release the merchandise from customs can account for **approximately 100 % over the FOB price**.

6.2 Administrative difficulties

- Many documents are required for customs clearance. Moreover, it is hard to anticipate how long it will take to get customs clearance. In a "very good" situation this may take around 15 days, whereas in a "bad scenario" it can take up to 4 months to release the goods.

6.3 Ceramic tiles - **CN 6907: 12 %, CN 6907.90: 35%, CN 6908: 14 % import duty**. CAMEX (Brazilian Chamber of Commerce) decided on 6 September 2011 to increase tariffs on imports in seven products, including ceramic tiles, from the current rate to the bound rate. Thus, import duties of ceramic tile could rise until the bound rate, i.e. 35%.

However, in the light of the G20 meeting in Cannes in November 2011, G20 countries decided not to introduce any trade restrictive measures and to fight protectionism during the economic crisis. In this framework, the Commission has signaled the measure, which was added to the list of trade-restrictive measures adopted by Brazil between October 2010 and September 2011 (p. 29 http://trade.ec.europa.eu/doclib/docs/2011/october/tradoc_148288.pdf). This document was transmitted to the WTO, which has then compiled a report on protectionism measures on 26/10 for the G20 summit. This issue should be addressed during winter bilateral meetings with Brazil.

7. CANADA

7.1 Indirect taxes and additional duties on imports

- **Sales Tax (STX)**: Sales tax is levied depending on the **provinces** in Canada. **Goods and services tax (GST)** at a rate of 5% is generally applied at importation. Furthermore, **provincial sales taxes (PST)** may be levied, but are not to be paid at importation. Exemptions may apply. The following rates are applied in the 13 different provinces:

  - **Alberta:** Goods and services tax (GST) is levied at a rate of 5%;
  - **British Columbia:** Harmonized sales tax (HST, including the Goods and Services Tax of 5%) is levied at a rate of 12%. Only the GST component of 5% is due at importation;
  - **Manitoba:** Goods and services tax (GST) is levied at a rate of 5%. Furthermore, provincial sales tax of 7% is applied, but is not to be paid at importation;
  - **New Brunswick:** Harmonized sales tax (HST, including the goods and services tax of 5%) is levied at a rate of 13% of the duty paid value. Only the GST component of 5% is due at importation;
  - **Newfoundland:** Harmonized sales tax (HST, including the Goods and Services Tax of 5%) is levied at a rate of 13% of the duty paid value. Only the GST component of 5% is due at importation;
  - **Northwest Territories:** Goods and services tax (GST) is levied at a rate of 5%;
  - **Nova Scotia:** Harmonized sales tax (HST, including the goods and services tax of 5%) is levied at a rate of 15%. Only the GST component of 5% is due at importation;
  - **Nunavut:** Goods and services tax (GST) is levied at a rate of 5%;
  - **Ontario:** Goods and services tax (GST) is levied at a rate of 5%. Furthermore, provincial sales tax (PST) of 13% is applied, but is not to be paid at importation;
  - **Prince Edward Island:** Goods and services tax (GST) is levied at a rate of 5%. Furthermore, provincial sales tax (PST) of 10% is applied. In Prince Edward Island, the GST is included in the provincial sales tax (PST) base. Only the GST component of 5% is due at importation.
  - **Quebec:** Goods and services tax (GST) is levied at a rate of 5% of the duty paid value. Furthermore, provincial sales tax (PST) of 8.5% of the duty paid value is applied. In Quebec, the GST is included in the provincial sales tax (PST) base. Only the GST component of 5% is due at importation;
  - **Saskatchewan:** Goods and services tax (GST) is levied at a rate of 5% of the duty paid value. Furthermore, provincial sales tax of 5% of the duty paid value is applied, but is not to be paid at importation;
  - **Yukon Territory:** Goods and services tax (GST) is levied at a rate of 5% of the duty paid value.

7.2 **Ceramic tiles** (CN 6907 and 6908): **Import duty** is applied at a rate of 8 % of the FOB (“Free on Board”) value.

7.3 EU-Canada negotiations on a Comprehensive Economic and Trade Agreement

- At the EU-Canada Summit in Prague on 6 May 2009 the launch of negotiations for a **Comprehensive Economic and Trade Agreement** (CETA) was announced. The first round of CETA negotiations took place from 19 to 23 October 2009 in Ottawa, and was considered by both sides to have been very productive. Good progress has been made in most areas towards reaching a consolidated common text. Both negotiating partners continue to aim at a very advanced agreement, exceeding in its level of ambition any trade and economic agreement negotiated either by the EU or by Canada to date. Eight negotiating rounds have been held since October 2009. The last one took place in Brussels on 11-15 July 2011. Good progress has been made. The aim is to conclude the negotiations within two to two and a half years. A ninth round took place on 17-21 October 2011.
- As regards these ongoing negotiations, Cerame-Unie was consulted by DG Trade of the Commission in September 2009. Based on information provided by Eurostat (COMEXT) and the Commission's market access database, an **assessment of the possible impact of the EU-Canada CETA negotiations on the ceramics sector** was prepared. This assessment has shown that a **liberalization** of Canadian import duties for EU ceramic tiles (CN 6907 and 6908) and for EU tableware (CN 6911 and 6912) would be **quite interesting** for the EU industry. Canadian import duties on EU ceramic tiles are rather high at a level 8% and Canada is a major export market for the EU tile industry (around 100 million € of EU exports in 2008). Canada's import duties on EU tableware also reach a level of 7 % for the most important tariff lines and respective EU exports are significant (almost 25 million € in 2008).

8. CHILE

8.1 Indirect taxes and additional duties on imports

- Value added tax is levied at a rate of 19% of the duty paid value.

8.2 Ceramic tiles (CN 6907 and 6908): **Import duties applied** at 0% (EU) and 6% (MFN).

9. CHINA

9.1 Indirect taxes and additional duties on imports

- **Value added tax (VAT)**: 17 %.

9.2 As regards all ceramic products: A **sanitary certificate** is needed to certify that all the wooden packing used in the export process is completely disinfected.

9.3 Ceramic tiles (CN 6907 and 6908): 12 % **import duty**, except for sub-code 6907.90.00.00 (unglazed tiles, "other" category) where a duty rate of 8 % applies.

9.4 "China Compulsory Certification" (CCC) for imported **ceramic tiles**, including **compulsory labelling**

- The China Compulsory Certification (CCC) for ceramic tiles is a burdensome Chinese procedure applied on imported porcelain tiles and aimed at preventing emissions of **radioactivity** from these tiles. As of 1st August 2005, ceramic tiles with water absorption less than 0.5 % (i.e. porcelain tiles in particular) have to obtain this certification (CCC) which confirms that emissions of radioactivity from these tiles do not exceed a certain threshold. In order to obtain the certificate of conformity, European tile producers are bound to accept **factory visits** of Chinese technical experts which then perform radioactivity tests on the spot. So finally EU companies have to bear not only the inspection and test costs, but also the Chinese inspectors´ visit cost (flight, hotel and other travel costs – meals and so on). The certificate has to be renewed every year – this requires a yearly follow-up inspection by Chinese inspectors.
- The CCC standard also requires a specific **labelling** which represents a serious obstacle due to the cost of adaptation of the manufacturing process to the purely administrative exigency of one market. On the other hand, this marking does not contain any useful additional information to the CE marking. It is well known that nowadays ceramic tiles are packed and manufactured without taking into account their final destination. Therefore the marking particularities of the Chinese market force many companies to change their manufacturing process to stick labels manually on the thousand of boxes included on each shipment to China. This procedure represents an additional cost and delay in the delivery of imported materials.
- Following the introduction of CCC, there was a whole **series of meetings** in September 2006 between the European Commission (DG ENTR sectoral units) and representatives of the responsible Chinese authority **AQSIQ** (General Administration of Quality Supervision, Inspection and Quarantine of the People's Republic of China). On 18 September 2006, DG ENTR and Cérame-Unie met AQSIQ representatives specifically to discuss the issue of radioactivity testing for tiles. The issue was discussed in detail, but as this meeting was arranged outside the main programme, it was not possible for a Chinese tile expert to be present, and the delegation was therefore not in a position to answer technical questions. In November 2006, there was another meeting between Cerame-Unie and several representatives from the Chinese ceramic industry. However, these meeting did not result in a solution and there has been insufficient follow-up on the matter.
- On 28 October 2009, the **European Commission (DG ENTR) met officials of the Chinese AQSIQ in Beijing to start a dialogue on the CCC system** and its burdens for EU economic operators. In the run-up to this meeting, Cerame-Unie and the Spanish tile association ASCER prepared a position paper on the issue and discussed in detail all related problems with the DG ENTR negotiator. After the meeting, we were informed that an immediate removal of the CCC requirement for imported porcelain tiles was not possible. Furthermore, this meeting was only the first step to re-open the dialogue with the Chinese side so no concrete results could be achieved this time and follow-up discussions will be crucial. However, there are now signals that China may be open to a compromise solution which, in a first step, could maybe lead to the **abandoning of factory visits by Chinese experts**. This would already imply a major relief for the EU tile industry.
- In Cerame-Unie's view, the next meeting should – if possible – also focus on the **homologation of EU radioactivity certifications** as this would allow EU exporters to obtain certificates of conformity from laboratories in their own country. In order to convince the Chinese side to accept certificates issued by EU laboratories, we should take profit of the fact that China is a member of ILAC (International Laboratory Accreditation Cooperation) through CNAS

(China National Accreditation Service for Conformity Assessment)[4]. Taking into account that the main aim of ILAC is the development of international cooperation for facilitating trade by promotion of the acceptance of accredited test results, China should accept our approach. In the case of Spain, the standardization body ENAC (the Spanish Member of ILAC) has authorized the "Valencian Polytechnic University" to issue the required radioactivity test which now should be accepted by Chinese authorities. The cost of the radioactivity test of Valencian Polytechnic University is around 180 € which means that the homologation of EU radioactivity certifications would minimize substantially the negative impact of this technical barrier. In the meeting with AQSIQ, we should thus discuss details of a possible homologation system (sample taking method, test content and certification format). Moreover, a meeting with Chinese technical experts working for CNAS may also be useful to come to an agreement on the homologation of EU radioactivity certificates.

10. COLOMBIA

10.1 Indirect taxes and additional duties on imports

- **Value added tax (VAT)**: 16 %.
- **Customs clearance fee (CCF)**: 1.2 % of FOB ("Free on Board") value.

10.2 **Import duty** of **10%** for ceramic tiles CN 6907.10 and 6908.10 and **10%** for ceramic tile (CN 6907.90 and 6908.90);

10.3 The European Commission is currently **negotiating a region-to-region Association Agreement** with the Andean Community (Peru, Colombia, Bolivia, and Ecuador) which would also include **mutual trade liberalization**. Five rounds of trade negotiations have taken place from January to July 2009. Negotiations for a trade agreement with Colombia and Peru were concluded in February 2010. Contacts are maintained to explore the possibility to include Ecuador and Bolivia in the trade deal. The Commission proposals for decisions on signing and conclusion of the Trade Agreement have been adopted and transmitted to the Council of the EU.

10.4 Regulation on the labelling: NEW!!

23rd April 2012: Notification to the WTO. Entry into force 6 months after the publication in the Official Journal. New technical regulation on the labelling of ceramic tiles[5] requires the following information in Spanish:
1- Trademark or manufacturer´s name.
2- Country of origin
3- Description of the product: "Revestimiento para piso o pared"; "Solo para revestimiento para piso"; "Solo para revestimiento de pared", "Apta para ser utilizada en superficies en contacto con alimentos".
4- Manufacturing date / Lot number.
5- Nominal size and production size.
6- Glazed (GL) or Unglazed (UGL).
7- Technical regulation of the tile manufacturing.
8- For floor tiles: to indicate the coefficient of friction.

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[4] cf. http://www.ilac.org/members_contact_details.html (ILAC Members)

[5] Products covered: Ceramic tiles: HS tariff subheadings 6907.10.00.00, 6907.90.00.00, 6908.10.00.00 and 6908.90.00.00

9- If tile cannot be used as floor tile, must be shown “NO ES APTA para ser utilizada en pavimento o revestimiento para piso sobre el cual circulen personas.”
10- If tile cannot be used on surfaces in contact with food, it must be shown “NO ES APTA para ser utilizada en superficies en contacto con alimentos”

11. ECUADOR

11.1 Indirect taxes and additional duties on imports

- **Value added tax (VAT)**: 12 %.
- **Children’s development fund levy (CDF)** is levied at a rate of 0.5%.
- **Levy to the Corporation for the Promotion of Exports and Investments (LCP):** The levy to the corporation for the promotion of exports and investments is levied at a rate of 0.025% of the FOB value for all importations of a value exceeding 20000 USD. Importations having a value of less than 20000 USD are subject to a rate of 5 USD.

11.2 Import duties on ceramic tiles (CN 6907 and 6908): 25% (CN 6907.10 and 6908.10), 5% = 0.14 USD/Kg (CN 6907.90 and 6908.90);

- On 25 October 2007 the Ministry of Foreign Trade in Ecuador (COMEXI) approved a new regulation that increased the tariff applied to 567 industrial, agricultural and consumption products, with the purpose of stimulating the domestic industry. The list of products affected by this measure was extended the 1st November 2007, including at the present time 826 tariff codes (Annex I). As a consequence, the **tariff applied to EU ceramic tiles (HS 6907 and 6908) has increased by 66.7% (from 15% to 25%)**. Taking into account that the EU initiated **negotiations on a region-to-region Association Agreement (including trade liberalization) with the Andean Community** in 2006, the adoption of this trade restrictive measure at the end of 2007 is clearly against the aim of this process. As EU manufacturers do not represent a threat to the domestic industry, and this measure misbalances bilateral trade flows, EU products should be excluded from this tariff increase.
- In the meantime, we learned that in July 2009 Ecuador has provisionally suspended its participation in the trade negotiations between the EU and the Andean Community. However, hopefully Ecuador will rejoin the negotiation process quite soon.
- Initialling of the Agreement took place on 13 April 2011 by Commissioner De Gucht and Minister Sergio Diazgranados (Colombia) and Vice-Minister Carlos Posada Ugaz (Peru).

11.3 RTE INEN 033 certification for ceramic tiles

- Ecuador confirmed in the TBT Committee in November 2011 that tests attesting compliance with ISO standard 13006 carried out throughout the EU will be recognised if they are conducted by the laboratories accredited by ILAC or IAF. Subsequently, the Accreditation Body of Ecuador will provide the form “certificado de reconocimiento INEN1” (valid for one year).
- **Background information:** In 2008, Ecuador introduced **certification and testing requirements for ceramic tiles** which are based on national Ecuadorian standards (“RTE INEN 033”). The original WTO TBT-notification

ECU/31 on the Technical Regulation RTE INEN 033 dates from 13 June 2007 and includes glazed and unglazed ceramic tiles (HS Codes 6907 and 6908). The RTE INEN 033 was adopted through Resolution 019-2008 of the Ecuadorian Standardization Institute (ESI) and subsequently amended on 31 July 2008 through ESI-Resolution 106-2008 (both notified to the WTO TBT-Committee as ECU/31 Add.1). Council of Quality Resolution 001-2008 (published on 1 December 2008) then introduced the requirement to deliver a **certificate of conformity** for certain domestic and imported products, to be issued by a "corresponding accredited body". Resolution 003-2008 of the Council of Quality, published on 4 December 2008, extended the scope of Resolution 001-2008 and thus the requirement of a certificate of conformity to ceramic tiles (HS Codes 6907 and 6908).

11.4 "Balance of payment" problems

- In January 2009, Ecuador has invoked **"balance of payment" problems** and announced that it plans to **reduce imports of, inter alia, ceramic products**. Now a WTO procedure under GATT Articles XII and XVIII Section B is undertaken. Once it is known which products are affected and which measures will be taken, the Commission will assess the import restrictions and start consultations with Ecuador and the WTO Balance of Payments Committee. The issue has been discussed during the **Market Access Advisory Committee meeting** in Brussels on 22 January 2009.
- In April 2010, Confindustria Ceramica alerted us that according to the statement of an Ecuadorian importer the Ecuadorian government has **extended** some of its "balance of payment" measures to the year 2010 although it had been agreed that they would be terminated by the end of 2009. DG TRADE of the European Commission will soon provide further information on this particular problem.

12. EGYPT

12.1 Indirect taxes and additional duties on imports

- **General sales tax (GST)**: 10 %.

12.2 **Import duty** of 15 % (EU) on ceramic tiles (CN 6907 and 6908).

12.3 **Ceramic tiles** (CN 6907 and 6908): **Certificate of conformity regarding health and safety standards**.

- The import of these goods requires a **certificate of conformity** demanding inspection in Egypt and certification that the goods conform to **Egyptian health standards**. This certificate is to be applied for by the importer at the General Organization for Export and Import Control, to be completed in English or Arabic.
- Documents to be enclosed:
  - samples for testing
  - security documentation concerning the product
  - corresponding sanitary certificates.

13. INDIA

13.1 Indirect taxes and additional duties on imports

- **Landing charges (LCH):** The customs value is increased by 1% landing charges.
- **Countervailing duty (CVD):** Countervailing duty is levied at a rate of 10%.
- Additional duty of customs to countervail local taxes (SPL): Additional duty of customs to countervail local taxes is levied at a rate of 4 %.
- **Educational cess (EDU):** Educational cess is levied at a rate of 3 % and is calculated upon the duty rate and the countervailing duty.

13.2 Ceramic tiles (CN 6907 and 6908): 10 % **import duty**.

13.3 Further additional duties and administrative difficulties for ceramic tiles

- In addition, members of Cerame-Unie have repeatedly reported that the rate of indirect taxes and additional duties mentioned above (cf. 14.1 above) applied on shipments of EU ceramic tiles to India was **not always in line** with the rates indicated by the **Commission's market access database**. For instance, an invoice of a tile shipment dated 21 November 2008 showed that Indian customs authorities applied a CVD rate of 17.1 % instead of 14 % which was the correct rate at that time (in the meantime, CVD has been reduced first to 10 % and now to a level of 8 %).
- What is more, the same invoice of 21 November 2008 also showed that apparently **further additional duties** have been applied by Indian customs, namely a "handling fee" of 4 %, a "service tax" of 12 %, another "education cess" of 2 % as well as a "higher education cess" of 1 %. However, it was not fully evident from the invoice whether the "handling fee" and the "service tax" were really additional duties imposed by Indian customs authorities and not freight costs charged by DHL.
- In any case, the Indian tariff system as such is quite difficult to understand and not **very transparent**. According to the Spanish tile association ASCER, the basic Indian customs duty on ceramic tiles makes up less than 30 % of the overall duties which Spanish exporters have to pay. It is also hard to understand why the CVD is applied not on the dutiable value of the imported good, but on the dutiable value plus the basic import duty (10 % MFN duty). The "educational cess" (EDU) is applied both on the basic import duty and the CVD.
- This situation is **not acceptable** as it undermines the efforts to substantially reduce Indian duties on ceramic tiles in the framework of the **EU-India FTA negotiations** (tariff relief calendar). If the basic customs duty only covers less than one third of the overall duties collected by Indian customs, tariff reductions arranged in the framework of FTA negotiations will not lead to significant improvements for the EU ceramic tiles industry.
- DG TRADE and Cerame-Unie discussed these issues in March and July 2009. These joint efforts enabled us to clarify some of our concerns (see above), but uncertainties and problems still remain. If possible, Cerame-Unie will provide further invoices showing tariffs and additional duties applied by Indian customs authorities – this would help to evaluate the situation once again.

13.4 IS 15622 standard requirements on ceramic tiles

13.5 India is about to introduce a new national standard on ceramic tiles which **differs from the ISO 13006 standard**. As is the case for many countries, the introduction of a national, non-ISO 13006 compatible standard would seriously hamper EU exports as finally only laboratories in India could issue this kind of certificate

13.6 EU-India FTA: Negotiations were launched in June 2007, so far 11 rounds were held, last one in November 2010, followed by a number of intersessional meetings including chief negotiators meetings and meetings at Director General level. Negotiations are currently in an intense phase focusing on the hard core issues but work remains to be done. Important issues include market access for goods (improve coverage of both sides' offers), the overall ambition of the services package and achieving a meaningful chapter on government procurement.

14. INDONESIA

14.1 Indirect taxes and additional duties on imports

- **Value added tax (VAT)**: 10 %
- **Customs clearance fee (CCF)**: 50.000 IDR (approx. 4 €) per procedure.

14.2 Specific requirements :

- Producer Importer's Identification Number (APIP)
- General Importer's Identification Number (APIU)
- Masterlist
- Inspection Order for Ceramic

14.3 WTO Notification G/TBT/N/IDN/37

- On 24 March 2010, Indonesia notified to the WTO Committee on Technical Barriers to Trade (TBT-Committee) a new possible trade barrier, i.e. the requirement for imported tableware (CN 6911 and 6912), ceramic tiles (CN 6907 and 6908) and sanitaryware (CN 6910) to comply with a **mandatory Indonesian standard (SNI standard)**. Cerame-Unie will consult its members to see if this will be a concern for them.

14.4 Import duties CN 6907 and 6908: 20% (MFN)

15. IRAN

15.1 Ceramic tiles (CN 6907 and 6908): **Import duty** of 100 %[6], but not less than 28.000 IRR/kg (approx. 2.08 €/kg); not less than 40.000 IRR/kg (approx. 2.98 €/kg) for CN 6907.90.10 and CN 6908.90.10, i.e. glazed and unglazed “tile or ceramic with a water absorption capacity of less than 1 %”, categorized as “porcelain tile”.

15.2 Conformity Certification (VOC) for ceramic tiles

- From the 23rd July 2001 ceramic tile distribution in Iran is submitted to VOC certification, a **quality standard** established by the ISIRI (Iranian Institute for Standards and Industrial Research).

[6] In Iran, the 100 % MFN (“most favoured nation”) duty rate includes the 'basic duty', the commercial benefit tax as well as a general 4% rate which is composed of other duties and taxes at importation.

The certification should be obtained in the origin country via an authorized certification company (e.g. Intertek in Spain). The certification company then verifies the following:

- If the goods conform to the requirements indicated by the proforma invoice;
- If they are adequately packed for shipment;
- **Product test**: The inspection procedure will depend largely on the type of goods involved. It will normally be based on random selection procedures and standard sampling techniques. It does not replace the normal checks which any exporter is expected to make, and it does not relieve either the exporter or importer from any of their normal contractual obligations.

16. ISRAEL

16.1 In this country **only** the **import of first and second choice ceramic tiles** (CN 6907 and 6908) is allowed.

Moreover, each box of tiles must have a **label** with information about the producer/importer, the product, the choice (first or second quality) and its final destination.

16.2 Ceramic tiles: Import duties: CN 6907 and 6908 0% for EU imports. As for MFN:

CN Code	MFN (%)
6907.10	0
6907.90.11	8
6907.90.19	12
6907.90.90	8
6908.10	0
6908.90.10	12
6908.90.90	12

16.3 Indirect taxes and additional duties on imports

- **Value added tax (VAT):** VAT is levied at a rate of 16% of the duty paid value (including purchase tax, if applicable).

17. JAPAN

17.1 Import duties on ceramic tiles: CN 6907: 1.7%; CN 6908: 2.1%.

17.2 Consumption tax (CST): Consumption tax is levied at a rate of 5% of the duty paid value. A local consumption tax of 1% is included in the general tax rate.

18. JORDAN

18.1 Indirect taxes and additional duties on imports

- **General sales tax (GST)** is levied at a rate of 16 %.
- **Service fee (SVF)** is levied at a rate of 0.2 % of the invoice amount but not less than 10 JOD (approx. 10.56 €) and not more than 250 JOD (approx. 264.03 €) per declaration.

18.2 Import duties on ceramic tiles: CN 6907 and 6908: 8% (EU) and 20% (MFN).

18.3 Safeguard investigation on ceramic tiles (CN 6907 and 6908)

- On 28 November 2008, Jordan notified to the WTO (Notification G/SG/N/6/JOR/14) the initiation of another safeguard investigation on ceramic tiles, already the third investigation in just 6 years. On 31 January 2007 the Jordanian Authorities had initiated a (second) safeguard investigation following a complaint lodged by Jordan ceramics industries. Later, the Jordanian importers signed a **private agreement** with local manufacturers, which has been in force for 8 months and that forced the importers to pay 0.40 Dinars/m² of imported tiles (approx. 0.42 Euro/m²). Subsequently the complainant withdrew its application on 25 July 2007 and the Jordanian authorities officially closed the procedure because there were no reasons to impose any safeguard measure. Now Jordan has initiated a new safeguard investigation on ceramic tiles.
- DG Trade of the European Commission and Cerame-Unie met on 9 December 2008 to prepare a common strategy against this new trade barrier. The Spanish tile association ASCER and the Italian association Confindustria Ceramica were also represented in this meeting. Following this meeting, on 21 January 2009 the **European Commission submitted written comments** on the investigation to the Jordanian authorities. ASCER and the Kingdom of Spain also filed submissions and coordinated their actions with the Commission. All submissions agree that the safeguard investigation must not result in the imposition of a safeguard measure. The **preconditions of the WTO Safeguard Agreement are clearly not met**: Jordan is not able to demonstrate a “sudden and sharp surge of imports” which is the result of “unforeseen developments” and causes “serious injury” to the domestic industry. It is evident in this case that there has been no “sudden and sharp surge of imports” of ceramic tiles during the investigated period. Moreover, the weakness of the domestic industry is due to efficiency problems and not a rise in imports.
- On 11 March 2009, the Jordanian Ministry of Industry & Trade held a meeting in which the safeguard investigation on ceramic tiles was discussed. Representatives of the local industry, the importers, the Egyptian Government and industry, Spain and the European Commission Delegation to Jordan were there. The local industry basically disputed all other parties' submissions and argued that despite there is indeed a reduction of imports, it suffers from injury. The EC Delegation made a very strong political statement on the inappropriateness of the safeguard claim and encouraged Jordan to avoid launching such procedures. Finally, the Delegation was reassured that before any decision is taken Jordan will invite the EC for a meeting.
- However, in its **final safeguard investigation report of 13 July 2009**, the Jordanian Ministry of Industry & Trade decided to recommend safeguard measures as requested by the Jordanian tile industry, i.e. a specific fee of 250 Fils (corresponds to approx. 0.25 €) per m², to be gradually removed at a rate of 50 Fils (approx. 0.05 €)/m² per year; the duration shall be three years.

According to the report, this recommendation is given to the "Customs Tariff Council" which will prepare another recommendation which then still has to be adopted by the Jordanian "Council of Ministers" before the safeguard measure can finally come into effect.

- Overall, the final report of the Jordanian Ministry of Industry & Trade is **not very convincing**. On the positive side, it is confirmed that the **measure shall not apply to mosaic and porcelain tiles**, but only to all other types of tiles falling under HS Codes 6907 and 6908. In the part dealing with causality (cf. pages 51-65 of the translated version), the report scrutinizes **possible other reasons for the injury of the domestic industry**. In this part, the report contains many weak points and questionable explanations. For instance, on page 56 it is acknowledged that the domestic industry has significant efficiency problems and faces many technical difficulties; on page 64, it is admitted that the big rise in fuel prices has also contributed to the weakening of the domestic industry's competitiveness. However, in the following it is not explained why these two factors must not be seen as the main cause for the local industry's damage. Therefore the report's conclusion whereby increasing imports of tiles have caused the injury of the domestic industry remains largely unsubstantiated.
- On 11 August 2009, **bilateral consultations** between Jordan and the EU took place. The EU Delegation in Amman participated in the meeting, along with representatives from Spain and Italy. The EU side insisted on the immediate termination of the investigation, but Jordan announced that this would be unrealistic at this stage. So the EU focused on the mitigation of the measure, along the lines of a **compromise solution** developed with Cerame-Unie in a meeting on 20 May 2009. Thus the Commission informally proposed to limit the length of the measure to 2 years (instead of 3) and the amount of the additional tax to 0.20 €/m² for the first year and 0.15 €/m² for the second year. This proposal was not rejected outright and then further discussed internally within Jordan Ministries.
- However, on 19 March 2010 Cerame-Unie was finally informed by the European Commission that the Jordanian authorities (according to the EU-Jordan bilateral agreement) have notified the European Commission that the Ministry of Industry & Trade has **decided to impose a safeguard measure on the imports of ceramic tiles amounting to a specific surcharge of 0.75 Jordanian Dinar (JD) per square meter for a period of 3 years and subject to annual liberalization of 0.25 JD**. The **exclusion of mosaic and porcelain tiles has been confirmed**. Unfortunately, the level of the measure proposed is **3 times higher than before and no justification** of such increase has been provided so far. The Commission has announced that, in the framework of the EU-Jordan bilateral agreement, it will ask for further information and conduct formal consultations with the Jordanian authorities to **contest** the procedural and substantial weaknesses of this case.
- On the basis of this new information, Confindustria Ceramica prepared a first **estimation of the likely impact** of the safeguard measure on Italian tile exports to Jordan. The estimation showed that the impact on Italian exporters will be rather limited, due to the exclusion of mosaic and porcelain tiles (which account for approx. 70 % of Italian tile exports to Jordan). Moreover, Italian export volumes to Jordan are not very high. The **impact on Spanish exporters, however, will be much more significant**. Spanish export volumes are higher and the share of porcelain tiles is much lower. According to an estimation of the Spanish tile association ASCER, its member companies exporting to Jordan could face **additional costs of approx. 5.2 million €** over the next three years, if the safeguard measure should be implemented as foreseen.

18.4 Compulsory ISO 13006 certificate for **ceramic tiles** exports to Jordan

- Jordanian customs offices have started to request ISO 13006 certification (otherwise an internationally voluntary standard) for ceramic tiles. Every package must be **labelled** according to the criteria specified in ISO 13006, and a Jordanian laboratory carries out a **product test at any customs clearance**, even if the product to be exported to Jordan has the very same technical characteristics (in fact, it is the same product) as products already exported previously by the same company. The purpose of this norm is to permit the entrance of first choice ceramic tiles only.

19. KENYA

19.1 Indirect taxes and additional duties on imports

- **Value added tax (VAT)** is levied at a rate of 16 % of the customs value plus customs duties, excise taxes or other applicable taxes and charges, excluding the VAT itself.
- **Import declaration fee (IDF)** is levied at a rate of 2.25% for imports originating in countries which are not member of the East African Community (EAC).

19.2 Import duty of 25 % on **ceramic tiles** (CN 6907 and 6908).

19.3 Conformity Certification (PVoC) for ceramic tiles

- Ceramic tile distribution in Kenya is submitted to PVoC Certification, a **quality standard** established by KEBS (Kenyan Bureau of Standards);
- The certification should be obtained in the origin country. KEBS has appointed Société Générale de Surveillance S.A. (SGS) and Intertek to operate the PVoC process. The processing fee is 0.475 % of the FOB value of the goods but with a minimum of 180 USD. The exporter must additionally bear the costs of product testing if required.

20. LEBANON

20.1 Indirect taxes and additional duties on imports

- **Value added tax (VAT)** is levied at a rate of 10 %.
- **Customs clearance fee (CCF)**: Import entries are subject to a processing fee of 70 000 LBP (approx. 34.20 €), also referred to as customs receipt.

20.2 Ceramic tiles (CN 6907 and 6908): 10.4 % **import duty**, but not less than 1,560 LBP/m^2 (approx. 0.74 €/m^2).

20.3 Imports of **second choice ceramic tiles** are subject to arbitrary and extremely severe controls at the Lebanese customs causing important delays (and costs).

20.4 Certificate of Conformity (pre-shipment inspection plus laboratory test) for **ceramic tiles**

- The Industrial Research Institute (IRI) has recently included ceramic tiles in the list of products subject to certification of conformity in order to clear customs in Lebanon.

IRI offers **two ways of certification**:

- If the export company sends, before the customs clearance, a certificate issued by Bureau Veritas, IRI doesn't submit the product to any control upon arrival to Lebanon;
- The other possibility is that the export company sends 10 pieces of each product model to IRI for assessment. The product test takes 1 week and costs 210 $.

21. MALAYSIA:

21.1 **Ceramic tiles** (CN 6907 and 6908): **Extremely different import duties**, depending on the sub-code:

- CN 6907.10.00.10: 50 %
- CN 6907.10.00.90: 5 %
- CN 6907.90.00.10: 50 %
- CN 6907.90.00.90: 10 %
- CN 6908.10.00.10: 60 %
- CN 6908.10.00.90: 5 %
- CN 6908.90.10.10: 60 %
- CN 6908.90.10.90: 10 %
- CN 6908.90.90.10: 60 %
- CN 6908.90.90.90: 10 %.

An **additional sales tax** (STX) is levied at a rate of 10 % on CN 6907 and 6908.

21.2 Since 12th February 2004, the import of **ceramic tiles** (CN 6907 and 6908) to Malaysia must be accompanied by a **certificate of approval** issued by or on behalf of the Chief Executive of the Construction Industry Development Board (CIDB) certifying that the import conforms to **ISO 13006** standards. This new obstacle has been passed under the Malaysian Customs Act of 1967.

22. MEXICO

22.1 **Indirect taxes and additional duties on imports**

- **Value added tax (VAT)** is levied at a rate of 16 %.
- A **customs clearance fee** (CCF) is levied at a rate of 0.8 %. In some cases a fixed rate of 222.90 MXN (approx. 12.10 €) is imposed instead, for example on goods originating in the European Union with valid certificate of origin.

22.2 **Import of ceramic tiles:** CN 6907 and 6908: 0% (EU) and 15% (MFN).

22.3 **Compulsory labelling** of each box of imported goods

- According to the Mexican **norm "050-SCFI-1994"** which came into force in 1997, the compulsory labelling of all products sold or distributed in Mexico is required (no distinction between local or imported products). Within Cerame-Unie, the **ceramic tiles** sector is particularly affected by these labelling requirements. We recall here the main characteristics of this obstacle:
  - The label must be fixed on every single product or box;

- Norm 050-SCFI-1994 states that the Spanish text for “made in” (“fabricado en”) must be added to the labelling;
- The address of the Mexican **importer or distributor** (including his VAT number) must be indicated;
- The dimension of the labels is also regulated, etc.

➢ Since the Norm 050-SCFI-1994 does not specify who has to fix the label (manufacturer, importer, distributor, etc.) there are **different choices** to comply with the Mexican request:

- Fixing or adding the labels in the **country of origin** (by the manufacturer) or
- Fixing the labels in the **country of destination (Mexico)**. There are two ways, although there is no clear regulation on this:

  (1) **“General Warehousing”**: Imported goods can be put in storage on those General Warehouses until all labels are fixed (by “specialised” workers). Cost, security and lasting of the procedure are unknown to us.

  (2) **“Verification Units”**: Labels can be fixed by the importer in his own warehouses or deposit, but after doing so a “Verification Unit” will have to check if labels comply with the Norm 050-SCFI-1994 specifications. Cost and lasting of the procedure are unknown to us.

Problems in this context:

- Packaging systems of ceramic tiles factories are **automatic**. That means that ceramic tiles are packaged when the manufacturer does not know where the goods will be exported. When ceramic tiles are mechanically packaged nobody knows if they will finally be delivered to Mexico or any other country.
- Sticking the labels in origin means an important extra cost in time and work, because ceramic tiles boxes must be “unpalletised”, then labels are fixed (box by box, a hand-made process) and finally the boxes are palletised once again (but in that case again hand made).
- Sticking the labels in Mexico through the mentioned systems of “General Warehouses” or “Verification Units” means an **extra cost**, **more time** and a **new bureaucratic step** before the goods will finally be cleared.

➢ In December 2009, DG Enterprise of the Commission asked Cerame-Unie for a **confirmation** of the problems outlined above. The Spanish tile association ASCER and other Cerame-Unie members confirmed that EU ceramic exports to Mexico (and ceramic tile exports in particular) are still affected. It was also made clear once again that the **main problem is still that it is not sufficient to provide basic information on the labels (e.g. name, address and logo of the manufacturer). In addition, specific product characteristics and importer data (name, address etc.) need to be included.**

➢ DG Enterprise also reported on a recent meeting in Mexico City between the EU Delegation and Mexican authorities. Following this meeting, the Commission provided responsible Mexican officials with an ASCER position paper that provides a concise summary of the case. It seems that Mexican authorities are now more willing to engage in discussions with the EU on the improvement of the situation.

➢ Finally, the issue was also discussed during the **Market Access Advisory Committee meeting** in Brussels on 10 December 2009. Cerame-Unie and the representative of Spain stressed the importance of the problem for the EU ceramic tile industry. The matter was also added to the list of “key market access barriers in Mexico under the market access partnership" (cf. MAAC document 2009-080 of 3 December 2009).

22.4 **"Minimum prices"** for the import of **ceramic tiles** (CN 6907 and 6908)

- According to Mexican legal requirements, the importers have to open so-called **"Deposit customs´ accounts"** to settle the amounts` differences between the **"minimum prices"** and what is stated in the commercial invoice. This norm came into force on 1 October 2000, while up to this moment the way to settle the amounts´ differences was the "guarantee" - less expensive and more flexible-acting than the "Deposit customs´ account".
- The amount on the account is paid back to the importer when the Mexican Financial Authority has verified that the commercial invoice is correct what may last more than 6 months.

The main problem is the **minimum price level**:

- Floor tiles: 0.43 US $ per kilogram;
- Wall tiles: 0.40 US $ per kilogram.

23. MOROCCO

23.1 **Indirect taxes and additional duties on imports**

- **Value added tax (VAT)** is levied at a rate of 20 %.
- **Parafiscal tax (PAT)** is levied at a rate of 0.25 %.

23.2 **Ceramic tiles** (CN 6907 and 6908): **Import duty** of 3 %. In the framework of the Euro-Mediterranean Partnership, import duties on all ceramic products have already been **reduced** significantly in the last years and should be gradually reduced to 0 % in the years to come.

However, for glazed ceramic tiles (CN 6908) an additional import duty of 1.5 MAD (approx. 0.13 €) per kilogram is levied when a quota of 11,000,000 square meters is exhausted. This additional import duty is levied in the context of the prolongation of the Moroccan safeguard measure on glazed ceramic tiles (cf. 21.3 below).

23.3 **Prolongation of the existing Safeguard Measure on glazed ceramic tiles (CN 6908)**

Original safeguard measure (2006-2008)

- Between 26 January 2006 and 30 November 2008, Morocco applied a Safeguard Measure on **glazed ceramic tiles** (CN 6908) in the form of **contingents** for individual countries which exported glazed tiles to Morocco. The contingent distribution for this period has been as follows:

Safeguard Measure from 26 January 2006 to 30 November 2008

	26/01/06- 30/11/06	01/12/06-30/11/07	01/12/07-30/11/08
EU	6.000.000 m²	6.600.000 m²	7.200.000 m²
China	650.000 m²	715.000 m²	780.000 m²

Tunisia	100.000 m²	115.000 m²	130.000 m²
UAE	90.000 m²	104.000 m²	118.000 m²
Other countries	60.000 m²	66.000 m²	72.000 m²
TOTAL	**6.900.000 m²**	**7.600.000 m²**	**8.300.000 m²**

- All imports of glazed tiles which exceeded the allocated contingent were subject to an additional tax of 1.5 Dirhams/kg (0.13 €/kg). For the Spanish tile industry (given a conversion rate of 1 m² = 17 kg), this is equal to an **additional tax of 2.32 €/m².** However, the ceiling of the EU contingent has never been reached as long as the Safeguard Measure has been in force.

<u>Provisional extension for 200 days</u>

- In November 2008, shortly before the expiry of the existing Safeguard Measure, Morocco initiated a new Safeguard Investigation which firstly extended the existing measure on a **provisional** basis for **200 days** (as of 1 December 2008 until 18 June 2009 with an EU contingent of now 4.200.000 m²). Secondly, it was announced that the existing Safeguard Measure shall be extended until 30 November 2012 (i.e. for another 4 years).
- DG TRADE, Cerame-Unie and ASCER discussed the matter on 9 December 2008. Following this meeting, DG TRADE submitted objections to the Moroccan authorities on 17 December 2008; ASCER and the Spanish Ministry of Industry also send comments. Moreover, ASCER as well as a number of Spanish exporting companies have filled out and submitted the Moroccan Safeguard Investigation questionnaire.
- In all these submissions, it was stated that the prolongation of the Moroccan Safeguard Measure violates a number of provisions of the WTO Safeguard Agreement. The Moroccan authorities failed to comply with WTO rules **in terms of procedure** as well as in terms of **substance**. In terms of procedure, Morocco was not entitled to impose provisional measures at the end of the period of application of an existing Safeguard Measure (cf. Article 6 of the WTO Safeguard Agreement) as this is only possible at the beginning of a procedure. Moreover, there was no prior investigation (cf. Article 7.2), no immediate notification (Article 12.1) and no prior consultation (Art. 12.3). The WTO Safeguard Agreement is also violated in terms of substance as the prolongation was not "necessary to prevent or remedy serious injury" (cf. Article 7.2). There was no injury for the domestic industry which has been able to increase its production by 25 % over the last years. Remaining problems of the Moroccan tile industry are **not caused by imports**, but by the inefficiency of Moroccan production methods, for instance the continued use of propane gas.
- Finally, the EU industry finds that it has been discriminated as regards the contingents allocated for the period of provisional extension (1 December 2008 - 18 June 2009); the EU contingent has been reduced dramatically from 7.200.000 m² to 4.200.000 m² whereas the contingent for the United Arab Emirates (UAE) has been increased substantially (from 118.000 m² to 700.000 m²). ASCER believes that the sharp increase in the UAE contingent is due to successful lobbying by the company RAK, one of the major ceramic tile producers in the UAE. For all these reasons, **Morocco should have terminated the ongoing Safeguard Investigation without prorogation of the existing Safeguard Measure**.

<u>Extension until 31 December 2011</u>

- On **22 April 2009**, there was a meeting between Moroccan authorities and parties interested in the Safeguard Investigation. The **Delegation** of the European Commission in Morocco attended this meeting and represented the EU's position. Cerame-Unie and DG TRADE of the European Commission met on 9 December 2008, 20 May and 23 June 2009 to discuss the issue and develop a strategy to tackle the issue.
- However, on **11 June 2009 the Moroccan Ministry of Trade decided to maintain the existing safeguard measure and to prolong it until 31 December 2011**. This decision was justified by the ministry by claiming that the measure "continues to be necessary to prevent […] serious injury". It was also claimed that there would be "evidence that the industry is adjusting" in order to be able to withstand international competitive pressure. In our view, this decision is **not justified and violates several provisions of the WTO Safeguard Agreement, both in terms of procedure and in terms of substance** (see above).
- On 17 June 2009, the Moroccan Ministry of Trade published the **quota allocation for the period 19 June – 31 December 2009**. The overall EU contingent was fixed at a level of 5.8 million m² (i.e. approx. 11 million m² annually). In December 2009, the quota allocation for 1 January – 30 June 2010 was published (avis N° 07/09 of the Moroccan Ministry of Trade) with an overall EU contingent of 5.5 million m² which adds to a **level of 11 million m² on an annual basis**. An **additional import duty of 1.5 MAD (approx. 0.13 €) per kilogram** is levied when the EU quota of 11 million m² is exhausted. As mentioned above, for the EU tile industry this is equal to an **additional tax of 2.32 €/m²** (given a conversion rate of 1 m² = 17 kg).
- For the same period, the other quota allocations are as follows: China 550.000 m², Tunisia 91.500 m², United Arab Emirates 916.500 m², all other countries: 144.000 m². It is expected that the EU quota will stay at the same level until the end of 2011. Compared to the original safeguard measure (running from 2006 to 2008) the **EU quota has thus been increased by more than 60 %**.

Specific problem: EU contingent distribution

- Cerame-Unie met with DG TRADE on 20 May and 23 June 2009 to discuss not only the safeguard measure as such, but also the **specific problem of the EU contingent distribution**. In cooperation with DG TRADE, ASCER and Cerame-Unie elaborated the following position on this specific issue:
  - *Quota allocated to traditional importers:*

    The quota should be **limited to the average of actual imports of the last 3 years** (i.e. 2006-2008, period of the original Safeguard Measure) which means that the **percentage of the non-used quota should be deducted from the granted quota**. However, **then this remaining quota should be increased by 50 %** in accordance with the general increase of the EU quota: On average, the EU was granted a quota of 6.6 million m² of tiles for the period January 2006 to 30 November 2008, compared to 10 million m² per year as of 19 June 2009 - this equals an increase of approx. 50 %. As a result, the quota for each traditional importer should be increased respectively in order to avoid an undue preferential treatment of new importers.

    Example: If a company had an average import quota of 50.000 m² for 2006-2008, but has on average only used 30.000 m² during this period, the new quota will be limited to 30.000 m² plus a 50 % increase thereof, i.e. 30.000 m² + 15.000 m² = 45.000 m².

- *Quota allocated to new importers:*

  Morocco has proposed a 10 % share of non-traditional importers in the new EU quota, i.e. 1 million m² per year. However, given the fact that many traditional importers have not fully exploited their quota during the period of the original Safeguard Measure (2006-2008) and in view of the 50 % increase of the EU quota, it should be possible to allocate a higher percentage of the overall EU quota to new importers, at least **20-25 %, i.e. 2 to 2.5 million m²** of tiles. In fact, once the quotas for all traditional importers have been determined, **new importers should be granted the complete remainder of the overall EU quota of 10 million m²**.

  The quotas for new importers should be distributed on a **pro-rata basis** following their requests. For instance, if the overall EU contingent for new importers should amount to 2 million m² and 5 newcomer companies ask for a 300.000 m² quota while 5 other newcomers request 200.000 m², each applicant would receive 80 % of the requested quota, i.e. 240.000 m² for the first group and 160.000 m² for the second group.

  However, in order to avoid positive discrimination in favour of a few large importers, we suggest that **each new importer may only ask for a quota which does not exceed 25 % of the total EU quota for newcomers**.

- *Prevention of license trading:*

  In order to prevent license trading, it should be specified that the **license is not transferrable**.

- *Additional duty for all tile imports exceeding the allocated quota:*

  Currently, all tile imports which exceed the allocated quota are subject to an **additional customs duty of 1.5 Dirhams per kg** of imported tiles. Unfortunately, this high extra duty can put a heavy burden on importers of EU tiles once the allocated quota is exploited. We thus proposed to **reduce the extra duty to 1 Dirham/kg**.

➢ The European Commission submitted this position to the Moroccan Ministry of Trade. The Ministry then decided that, as of the second half of 2009, the share of new importers ("newcomers") in the overall EU contingent will be **raised from 5 % to 15 %** (which is an increase of 200 %). What is a more, **individual quota of new importers were increased** from 3.684 m² to 13.618 m² (which represents a 270 % increase). This means that we were at least **partially successful** with our requests regarding the specific issue of EU contingent distribution.

<u>Presentation of the case at the European Council's Trade Questions Working Party meeting on 10 February 2010</u>

➢ On 10 February 2010, Cerame-Unie was given the opportunity to present the case at the **informal "Trade Questions Working Party" meeting of the European Council** in Brussels. The case was explained to 27 trade counsellors of the Permanent Representations of EU Member States. Moreover, Cerame-Unie was also able to participate in the following, more general discussion on trade defence investigations of third countries. Overall it was an excellent chance to discuss some of our most important trade concerns with trade counsellors of EU Member States.

23.4 Compulsory ISO 13006 certificate for exports of **ceramic tiles** to Morocco

➢ Since late January 2005, Moroccan customs authorities have started to demand compliance of ceramic tile imports with the **ISO 13006 standard** (otherwise an internationally voluntary standard), without previous notice to

WTO member countries. Every package must be **labelled** according to the criteria specified in ISO 13006, and a Moroccan laboratory carries out a **product test at any customs clearance**, even if the product to be exported to Morocco has the very same technical characteristics (in fact, it is the same product) as products already exported previously by the same company.

- The purpose of this norm is to permit the entrance of first choice ceramic tiles only, without any reason of public health or national security. As Morocco has not developed any information system to properly inform all the parties involved about this new requirement, its implementation is causing great damage to the European tiles industry.

24. NIGERIA

24.1 Indirect taxes and additional duties on imports

- **Value added tax (VAT)** is levied at a rate of 5 %.
- **ETLS** (ECOWAS trade liberalisation scheme) levy is charged at a rate of 0.5 %.
- **Surcharge (SCH)** of 7 % is levied on the customs duty.
- **Comprehensive import supervision scheme levy (CISS)** of 1 % is levied on the FOB (“Free on Board”) value of the goods.

24.2 Ceramic tiles (CN 6907 and 6908): 20 % **import duty**.

24.3 A **Certificate of Quality (SONCAP)** is required as of late 2005 to commercialise **ceramic tiles** in the domestic market of Nigeria.

25. PERU

25.1 Indirect taxes and additional duties on imports

- **Value added tax (VAT)** is levied at a rate of 18 %. This rate includes a 2 % municipal promotion tax.
- **Insurance tax (INT)** is levied at a rate of 3 %.

25.2 Many **administrative difficulties**, for instance:

- Very detailed customs declaration (e.g. exact specifications regarding materials, height, shape etc.).
- Boxes are opened frequently by costums authorities in order to verify if goods correspond with the information given on the invoice. Any irregularities lead to severe penalties.
- It is up to the customs inspector’s discretion whether an imported article needs to have a **certificate of origin**. Such a certificate is often required if the delivery contains goods originating from a third country. The respective national rules are quite unclear and ambiguous.
- All goods destined for the end consumer have to be furnished with specific **labels** (UVP Peru).

25.3 However, one should keep in mind that the European Commission is currently **negotiating a region-to-region Association Agreement** with the Andean Community (Peru, Colombia, Bolivia, and Ecuador) which would also include

mutual trade liberalization. Five rounds of trade negotiations have taken place from January to July 2009. Negotiations for a trade agreement with Peru (and Colombia) were concluded in February 2010. Contacts are maintained to explore the possibility to include Ecuador and Bolivia in the trade deal. The Commission proposals for decisions on signing and conclusion of the Trade Agreement have been adopted and transmitted to the Council of the EU.

26. PHILIPPINES

26.1 Indirect taxes and additional duties on imports

- **Value added tax (VAT)** is levied at a rate of 12 %.

26.2 **Ceramic tiles** (CN 6907 and 6908): **Import duty** of 10 %.

26.3 **Compulsory ISO 13006 certificate** for imports of **ceramic tiles** to the Philippines

- Since late 2007 Philippines' customs authorities have started to demand compliance of imported ceramic tiles with ISO 13006 standards (otherwise an international voluntary standard).
- Every package must be **labelled** according to the criteria specified in ISO 13006, and a **Philippines laboratory carries out a product test at any customs clearance**, even if the product to be exported to the Philippines has the very same technical characteristics (in fact, it is the same product) as products already exported previously by the same company. The purpose of this norm is to permit the entrance of first choice ceramic tiles only.

27. QATAR

27.1 **Ceramic tiles** (CN 6907 and 6908): **Import duty** of 5 %.

27.2 Certificate of Quality for ceramic tiles

- As of 1st January 2002, Qatar customs authorities request a Certificate of Quality at any construction materials´ customs clearance. It must be issued in English, or in Arabic, and it must contain the recent **tests** carried out. In case this certificate was issued in the country of origin of the merchandise, it is compulsory to prove that the laboratory is an officially appointed one.

28. RUSSIA

28.1 Indirect taxes and additional duties on imports

- **Value added tax (VAT)** is levied at a rate of 18 %. Medicinal goods or goods intended for medicinal purposes are subject to a rate of 10 %.
- **Customs clearance fee (CCF)** is levied according to the dutiable value of the goods:
  - Goods having a dutiable value not exceeding 200,000 RUB[7] are subject to a customs clearance fee of 500 RUB
  - Those having a dutiable value exceeding 200,000 RUB but not exceeding 450,000 RUB are subject to a rate of 1,000 RUB

[7] 1 € = 41.8304 RUB (checked on 21 November 2011)

- Goods having a dutiable value exceeding 450,000 RUB but not exceeding 1,200,000 RUB are levied with a rate of 2,000 RUB
- Those of a dutiable value exceeding 1,200,000 RUB but not exceeding 2,500,000 are subject to a customs clearance fee of 5,500 RUB
- A customs clearance fee of 7,500 RUB is raised on goods of a dutiable value exceeding 2,500,000 RUB but not exceeding 5,000,000 RUB
- Goods having a dutiable value exceeding 5,000,000 RUB but not exceeding 10,000,000 RUB are levied with a rate of 20,000 RUB.
- A customs clearance fee of 50,000 RUB is applied to goods of a dutiable value exceeding 10,000,000 RUB but not exceeding 30,000,000 RUB
- Goods of a dutiable value exceeding 30,000,000 RUB are subject to a rate of 100,000 RUB.

28.2 For **all EU ceramic exports to Russia**, there are many **administrative difficulties** and **delays in obtaining necessary import certificates**. For instance, the British Ceramic Confederation informed Cerame-Unie in April 2010 that some of its member companies have reported delays of six months to obtain necessary GOSS and other specific import certification.

28.3 **Ceramic tiles** (CN 6907 and 6908): **Import duty** of 15 %, but not less than 0.06 €/m².

28.4 The **labelling** in Russian language of **each box** of **ceramic tiles** is **compulsory**.

28.5 A **Certificate of Conformity** according to the Russian norms **GOST R**, and issued by the Certification State Committee (GOSSTANDARD) or authorized agents, must accompany **ceramic tiles** sold in Russia. The compliance with international norms is not sufficient to obtain this certificate. It is valid for a period of one year.

28.6 A **Sanitary Certificate** is another obligatory document for **ceramic tile** imports. This certificate has to confirm that the product complies with sanitary standards applied in the Russian Federation. This certificate is to be applied for by the importer at the competent regional inspection and has to be prepared in the Russian language.

28.7 Sometimes the Russian customs authorities request a **radioactivity certification for ceramic tiles** and stop European trucks until this certification is issued. The Italian Trade Commission in Moscow confirms the possibility for local authorities to request such a certification but there is no information on the underlying norm.

28.8 A **Certificate of Quality** is also requested to sell **porcelain tiles** in Russia, issued only by **GOSSTROY**, a Russian body in charge of construction issues. This Certificate is also valid for one year.

28.9 **Russia's accession to the WTO:** The Working Party on the Accession of the Russian Federation was established on 16 June 1993. The accession package was adopted in the Working Party on 10 November 2011. The Working Party will send its accession recommendation to the 15 - 17 December 2011 Ministerial Conference, where Ministers are expected to approve the documents and accept Russia as a WTO Member.

28.10 Customs Union between Russia, Belarus and Kazakhstan

- Russian, Belarus and Kazakhstan created a Customs Union as of 1 January 2010. This means that the three countries now have a **common Customs Union tariff rate**. In December 2009, Cerame-Unie was informed by DG

Trade of the Commission that in the framework of the new Customs Union **import duties on certain specific ceramic products** (Ceramic wares for laboratory, chemical or other technical uses, HS/CN 6909; ceramic sanitaryware, HS/CN 6910) will be **lowered as of 1 January 2010**. The following table provides more detailed information on the relevant tariff lines:

HS code	Russian tariffs until 31 December 2009	Common Customs Union Tariff rate, 2010
6909 11 000 0	10	5
6909 12 000 0	10	5
6909 19 000 9	10	5
6909 90 000 0	10	5
6910 10 000 0	20, but not less than 0.24 €/kg	15, but not less than 0.24 €/kg
6910 90 000 0	20, but not less than 0.24 €/kg	15, but not less than 0.24 €/kg

29. SAUDI ARABIA

29.1 **Ceramic tiles** (CN 6907 and 6908): **Import duty** of 12 %, except for sub-codes CN 6907.90.90 and CN 6908.90.90 where a duty rate of 5 % applies.

29.2 **Taxes and additional duties:** No indirect taxes are applied at importation into Saudi Arabia.

29.3 **Testing and certification of ceramic tiles for conformity with Saudi Arabian Standards**

- Such testing and certification requirements were ordered by SASO, the "Saudi Arabian Standards Organisation", although tiles are not listed in the official "Test Index". This is happening regularly since 1998 after a series of warnings and intermittent threats to European exporters and their importers. Currently the goods can not be cleared unless the **Certificate of Conformity (CoC)** is presented.
- **Tests**: They are in some aspects even more restrictive than European (EN) or international (ISO) tests for ceramic tiles and force all tiles imported to be 1st class according to the norm, something which should only be a voluntary service to the client in order to secure some characteristics of durability and resistance depending on the destiny of the tile.
- The test methods and the sorts of tiles which are subject to testing are determined by SASO Approved Laboratories (the testing itself, however, may be carried out by EU laboratories according to SASO instructions). Due to the lack of specialised knowledge this does not happen according to constant principles, but **arbitrarily**. So, for example, it is also demanded that different colours of a series (which have the same technical properties) are tested separately (i.e. one test for each colour).

- Supposedly, the test regulation is “strictly applied” only in the case of non-Arabian manufacturers.
- For containers which carry a large number of items (for a swimming pool a number of more than 100 different articles is nothing unusual) countless tests are required. Additional costs for containers with many items can be up to 8.000 €.
- The testing period may be up to five weeks (this alone results in the loss of quite a lot of potential orders), the test certificates are valid only for three months (and then must be renewed again).
- **Labelling**: To obtain the CoC it is compulsory to label “each box” in Arabian according to specific instructions, with specific information. This causes high costs as it forces the manufacturer to label boxes “one by one”.
- **Marking**: Tiles are to be marked on their backside with the country of origin.
- The CoC is said to be “voluntary” and not compulsory: the SASO list of compulsorily regulated products does not include ceramic tiles. However, customs ask for the certificate as an **obligation** to import tiles. The alternative (already suffered by several members of the Spanish tile association ASCER) is to have the goods stopped for weeks while the Arabian labs carry out the tests and inspections for weeks. The situation leads to a **serious discrimination of non-Arabian manufacturers** and constitutes a severe trade barrier.

30. SENEGAL

30.1 Indirect taxes and additional duties on imports

- **Value added tax (VAT)** is levied at a rate of 18 %.
- **Statistical levy (STL)** is charged at a rate of 1 %.
- **Solidarity levy (SOL)** is charged at a rate of 1 %.
- **ETLS levy (TLS)**: ECOWAS Trade Liberalisation Scheme levy is charged at a rate of 0.5 %.
- **Port fee (PTF)** is levied at a rate of 0.2 % for imports by sea.

30.2 Pre-shipment inspections (applicable on all imported products)

- Shipments worth more than 3 million francs CFA (1 € = 655 francs CFA; 3 million francs CFA = approx. 4.600 €) are submitted to **pre-shipment inspection**, as well as full loads worth more than 1 million francs (approx. 1.500 €). Although the inspection should be made in the origin country, its request and payment is the responsibility of the importer. The only authorized company by Senegal to carry out the inspections is *Cotecna*.

30.3 Ceramic tiles (CN 6907 and 6908): Import duty of 20 %.

31. SYRIA

31.1 Political barriers to trade

- According to the British Ceramic Confederation, some of its member companies reported difficulties in trading with Syria if they also trade with USA. More substantial information on this political barrier to trade is needed.

31.2 Ceramic tiles (CN 6907 and 6908): Import duty of 20 %; CN 6908.10: import duty of 50%.

31.3 Specific requirements: Validation Opinion Report and Certificate of Conformity.

31.4 Compulsory ISO 13006/ EN 14411 certification for ceramic tiles

- In June 2008, Cerame-Unie has been informed by ASCER that Syria has started to request ISO 13006 or EN 14411 certification for imported ceramic tiles. ASCER regrets that these voluntary standards have been made **compulsory** by Syria.
- Cerame-Unie met DG TRADE of the Commission on 18 August 2008 to discuss the matter. In the wake of this meeting, the EC Delegation in Syria contacted the respective Syrian authorities in order to get some clarifications. Syria argued that the demand for the EN or ISO standard was meant as a move to open up the Syrian tiles market for EU exporters (due to the fact that previously EU companies had to fulfil a respective Syrian standard and were not allowed to deliver EN or ISO certificates). ASCER, on the other hand, still takes the view that the EN 14411 and ISO 13006 standards should be voluntary by nature. What is more, the new system would hamper or even disrupt the import of second and third quality tiles as the respective ISO/EN standards only apply to first quality tiles.
- For the time being, the matter has been **put on hold** as some additional, official documents (to be delivered by the tiles industry) would be needed to take further action with the Syrian authorities. DG TRADE has offered its support in case these documents can be procured.

32. TANZANIA NEW!

32.1 Indirect taxes and additional duties on imports

- **Value added tax (VAT) is levied at a rate of 10 %.**

32.2 Specific requirements: New pre-shipment verification: "Pre-Export Verification of Conformity (PVoC) to Standards Programme". **(www.intertek.com).**

32.3 Ceramic tiles (CN 6907 and 6908): Import duty of 25 %.

33. UKRAINE

33.1 Indirect taxes and additional duties on imports

- **Value added tax (VAT)** is levied at a rate of 20 %.

33.2 Specific requirements: Preliminary Customs Import Declaration; Declaration of Conformity; Technical Certificate for Construction Materials.

33.3 Ceramic tiles (CN 6907 and 6908): **Import duty** of 5 %, except for sub-codes CN 6908.10.10 and 6908.10.90 where a duty rate of 10 % applies.

33.4 Radiological border control on ceramic tiles

- A document is needed that certifies imported goods have been subjected to the **mandatory radiological border inspection** in accordance with Ukrainian health standards. It has to be prepared in the Ukrainian language.

33.5 **Compulsory certification** according to **GOSSTANDARD** norms **for some types of ceramic tiles** (CN 6907.90 and 6908.90)

- If GOS certification is not presented, then the customs can block the goods, forbidding the sale of the products until the certificate is obtained. The process to obtain the certification is **very slow and expensive**. **Certificates issued by EU-based laboratories are not accepted**.
- **Tests**: There are three types of tests: for glazed wall tiles, for glazed floor tiles and unglazed floor tiles. Tests can only be carried out by a few Ukrainian laboratories, with no possibility of recognition of other tests so far. Samples must be sent to the Ukraine.
- **Factory visits**: In order to obtain a certification valid for one year, it is necessary that a team of experts from the Ukrainian laboratory visits the factory for one or two days. According to our experience these visits are merely a routine in which very little can really be assessed. Travel expenses must be paid by the companies, apart from the cost of certification.
- **Damage to the exporter**: Obviously, this obstacle to trade is unjustified and is intended to create new incomes for a number of old fashioned and unprepared laboratories, and, of course, it puts further barriers to the import of tiles. In the first place, a GOS certificate shouldn't be compulsorily imposed to allow imports. The costs for every factory are very high in economic terms (costs of tests, of invitation of the technical team, etc.), but also in logistic terms, with considerable delays in export operations. However, it should be noted that this barrier is said to be a **completely biased** one, since there are companies that are clearing their goods with no need to deliver the certificate, whilst others are obliged to do it.
- Negotiations on a **Free Trade Area** (which shall be an integral part of a comprehensive EU-Ukraine Association Agreement) were officially launched on 18 February 2008. Within this framework, the European Commission aims at a **regulatory approximation** between Ukraine and the EU. The Ukraine has already indicated its intention to substantially adopt the Community rules (acquis communautaire). Therefore it is expected that existing regulatory burdens for EU operators will be abolished or at least mitigated; moreover, import tariffs may decrease in the future.
- DG TRADE of the Commission and Cerame-Unie met on 8 October 2008 for a discussion on Ukraine. According to DG TRADE officials involved in the negotiations, talks with the Ukraine are on a good way, but the take-over of the EU acquis by Ukraine appears to be a rather **lengthy** process. The Ukrainian **political situation is highly volatile** so that there is not always a strong commitment towards the EU. Nevertheless the action plan for the approximation of Ukrainian law to EU standards is being implemented step by step. The Construction Product Directive (and the new **Construction Product Regulation** which is to be adopted soon) is included in the trading goods chapter, but the transition period is still unclear at the moment.
- The matter was discussed again with DG TRADE during a meeting on 7 January 2009. Cerame-Unie still insists on the removal of existing Ukrainian market access barriers, in particular as regards the refusal of Ukraine to accept certificates issued by European laboratories. It should also be verified if formal **TBT action** against Ukraine may be taken if the situation doesn't improve.

34. USA

34.1 Indirect taxes and additional duties on imports

- **Merchandise processing fee (MPF)** is levied at a rate of 0.21 %, but not less than 25 $ and not more than 485 $.
- **Harbour maintenance fee (HMF)** is levied at a rate of 0.125 %.

34.2 Ceramic tiles (CN 6907 and 6908): Import duty of 10 % of FOB.

34.3 As regard the import of **all ceramic products: Information to be attached** and **compulsory labelling** rules:

- Bill of Lading
- Factory or sellers invoice
- Packing list
- Weight certificate
- **Certificate of origin**
- Delivery ticket

34.4 As regard the import of **all ceramic products: Sanitary Certificate** for **wooden packing** and the right mark of the stamp

- Exports to the USA that **contain in their packing any wooden material** (for example: pallets), must be **fumigated and disinfected** before the entrance in the country. It is important to have the right mark of the stamp that justified the previous fumigation and allows the inspectors to check it. This regulation is causing extraordinary financial costs to the importers and damages their commercial relationship with European exporters. In addition there are **long delays**. The measures are very dangerous for our members' export operations, some of which are threatened to be suspended by the importers.

34.5 As regard the import of **all ceramic products: Imposition of ISF "10+2" Importer Security Filing and Additional Carrier requirements**

- The US Bureau of Customs and Border Protection (CBP) adopted new rules on Importer Security Filing (ISF) which also establish additional requirements for carriers. The new system is **applicable since 26 January 2009** and calls for the **submission of online data on the cargo and personnel involved in the shipment**. At least parts of the required information have to be provided to CBP no later than 48 hours after the carrier's departure from the last foreign port. In any case, the ISF system has become more burdensome for EU operators.

34.6 New "Porcelain Tile Certification Agency"

- This new US agency undertakes **porcelain tiles testing** (concerning water absorption criteria for porcelain) in accordance with **US "ASTM" standards** which are **differing** from respective ISO and EN standards. Although PCTA certification for porcelain tiles is completely **voluntary** at the moment, Cerame-Unie is concerned that it could become mandatory first for US producers and later also for imported porcelain tiles. What is more, US clients of EU tiles manufacturers could start to ask for PCTA certification.
- Cerame-Unie will monitor the situation closely to see if plans will be developed in the US to **make PCTA certification mandatory as of 2010/2011 or later**. The Spanish tile association ASCER as well as the Italian association Confindustria Ceramica will use their good contacts with the US

Ceramic Tile Distributors Association (CTDA) and the Tile Council of North America (TCNA) to receive future information as early as possible.

34.7 Pest inspections at US ports for shipments of ceramic tiles (CN 6907 and 6908) **from Spain and Italy**

- In April 2009, Cerame-Unie has been informed that most of the EU ceramic tile freight containers are submitted to pest inspections at U.S. ports. These tests have been **intensified** recently, following a study of the Florida State Plant Health Inspection Service on the Italian and the Spanish tile cargos in the years 1999, 2000, 2001 and 2002. According to a report prepared by the U.S. Department of Agriculture's (USDA) International Services and Plant Protection and Quarantine (PPQ), Italian and Spanish tile maritime cargos are considered as **high-risk shipments**.
- The main problem is that the inspection cost is charged to the exporter not only when the shipment has a pest or disease problem but **also when it is free of any type of pest or disease**. As these pests are usually located in the front and midway sections of the sea freight containers, the inspection requires full cargo exams (unloading and so on) and its **cost is really high**, 900 $ on average (from 400 $ to 1400 $). If we take into account that the average ocean freight cost for a 20" container from Spain to US is about 1.500 $, the cargo inspection increases by more than 60 % this cost. And if we consider that a 20'' container can be loaded with up to 15.000 kg (around 800 m² of glazed tiles), this means an extra cost per square meter of 1.12 $. The Spanish average export price to USA is 11 $/m², which means an extra cost due to the inspection fee of more than 10% of the product value.
- In order to avoid a detrimental effect on the competitiveness of EU imported tiles, the **inspection cost should be reduced or only charged to the shipments with pest problems**. Nowadays more than 50 % of the EU tile shipments to the USA are submitted to inspections and therefore charged with this 10 % pest inspection extra cost. It is noteworthy that the USA is a **key market** for the Spanish tile industry that exported more than 91 million € to this country in 2008. For Italy, the USA is also a very important export market

34.8 EU-US Transatlantic Economic Council (TEC): The TEC was set up in 2007 to guide and stimulate the work on transatlantic economic convergence

- The TEC is currently the only EU-US high level forum in which economic issues can be discussed in a coherent and coordinated manner. It brings together the wide range of ongoing economic cooperation activities and provides for a platform to give political guidance and direction to this work. At the same time, the TEC provides for a political forum for discussing strategic global economic questions. Overall, the – so far untapped – potential of the TEC is considerable: it can serve as an important strategic and economic tool in the creation of a transatlantic market place. The TEC is one of the most important projects in transatlantic relations.
- Three 'advisory' groups have been set up to help guide the work of the TEC: the Transatlantic Legislators' Dialogue, the Transatlantic Consumer Dialogue and the TransAtlantic Business Dialogue. In addition, civil society at large is consulted on the TEC's objectives and debriefed after its annual meetings. The reports of TEC meetings are available to the public.

35. VENEZUELA

35.1 Indirect taxes and additional duties on imports

- **Value Added Tax (VAT)** is levied at a rate of 12 %.
- **Customs fee (CUF)** is levied at a rate of 1 %.

35.2 Many **administrative difficulties with customs clearance**

- Importers have to deal with **various import documents** required by customs authorities. A major German ceramics producer reports that Venezuelan authorities aim at protecting the national industry at any price, thus they **constantly introduce new administrative barriers**. It is also reported that many problems are rooted in the extreme left-wing Venezuelan government. For instance, the import of luxury articles is definitely not appreciated.
- **Pre-shipment inspection** to verify if goods conform to the requirements indicated by the proforma invoice.
- Importers have to exchange their national currency for US Dollars by using the “parallel market”. As the exchange rate on this market is much higher (official exchange rate: 1 US $ = 4.300 Bolivares), this increases the price of imported ceramic products significantly.

35.3 **Ceramic tiles** (CN 6907 and 6908): **Import duty** of 15 %.

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