



# User Guide for the Methodological Tool:

## Identifying Opportunities Arising from Free Trade Agreements

Capacity-Building Project to  
improve countries' ability to make  
better use of trade agreements  
and to boost competitiveness in  
the agricultural sector.

2012





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## Identifying Opportunities Arising from Free Trade Agreements

Capacity-Building Project to improve countries' ability to make better use of trade agreements and to boost competitiveness in the agricultural sector.

This user guide for the Methodological Tool: Identifying Opportunities Arising from Free Trade Agreements, was prepared by Irvin Brenes Barquero, supervised and reviewed by Juana Icela Galván Murillo, Policy and International Trade in Agriculture Specialist at the IICA Centre for Strategic Analysis for Agriculture (CAESPA).

**2012**

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# Overview

# 2

The countries of the Americas embarked on a process of trade liberalization towards the end of the 20<sup>th</sup> century. Each country brought its own characteristic features and work continues on building and strengthening these features. Every year, these nations sign and put into force new regional or bilateral trade agreements that modify market access conditions for products being traded internationally.

Stakeholders in the productive sectors (exporters and importers), as well as national authorities, should play an active role in the task of making the best possible use of the opportunities enshrined in these agreements.

In order to support the member states in this endeavor, the Inter-American Institute for Cooperation on Agriculture (IICA) has been providing tools for capacity building in the areas of trade policy and administering trade agreements. On this particular occasion, the Institute's commitment to this undertaking has come in the form of a methodological tool geared primarily towards facilitating the process of identifying opportunities contained in free trade agreements. This will be done by compiling and presenting critical information from the agreements in a user-friendly manner. This information will be of use to various agricultural sector stakeholders as they pursue activities, investments and incentives geared towards trade expansion, based on negotiated market access.

This document, *“User guide for the Methodological Tool: Identifying opportunities arising from free trade agreements”* contains elements of the methodological tool that was developed as part of the project financed through the Competitive Fund for Technical Cooperation *“Capacity building to improve countries' ability to make better use of trade agreements and to boost competitiveness in the agricultural sector.”*

The Project was developed by a consortium of international specialists from two of IICA Technical Cooperation Programs and from four IICA country offices, as well as consultants and a student doing a supervised internship: Sacja Trelles for the IICA country office in Costa Rica; Dominique Villeda, for the IICA country office in Honduras; Hugo Vargas, for the IICA country office in Guatemala; Manuel Pérez and Alfonso Tercero, for the IICA country office in Nicaragua; Marcelo Núñez, for the Agribusiness and Marketing Program; Alejandra Díaz, for the Agricultural Health and Food Safety Program; Irvin Brenes, final year Foreign Trade and Customs Administration student from the University of Costa Rica (UCR); and Fiorella Bulgarelli, International Trade consultant. Juana Icela Galván Murillo was the working group coordinator. She is an expert in the area of Policy and Agricultural Trade from the IICA Centre for Strategic Analysis for Agriculture (CAESPA).

In each of the four pilot countries where the project was developed, there was a counterpart team made up of representatives from the public and private sectors. In the case of Costa Rica, it was: the Ministry of Agriculture and Livestock (MAG), through the National Animal Health Service (SENASA) and the National Phytosanitary Service (SFE), the Ministry of Health (MS), the Ministry of Economy, Industry and Commerce (MEIC), the Livestock Development Cooperation (CORFOGA) and the National Chamber of Agriculture and Agribusiness (CNAA). In Guatemala, participants included: the Ministry of Agriculture, Livestock and Food, through the Department of International Trade of the Guatemalan Planning Agency (DIPLAN) and the Guatemalan Exporters Agency (AGEXPORT), through the Department of Agriculture. In Honduras, the Ministry of Agriculture and Livestock participated, through the Agribusiness Unit and the Foundation for Investment and Development of Exports, FIDE. In Nicaragua, participants included: the University of Commercial Sciences (UCC), the National University of Agriculture (UNA), the Center for Exports and Investment (CEI) and the Ministry of Agriculture and Forestry (MAGFOR).



# Introduction

# 3

One of the objectives of the IICA Centre for Strategic Analysis for Agriculture (CAESPA) is to support countries' efforts to make the best use of benefits and to deal with challenges arising out of agriculture-related trade negotiations and resulting agreements.

In this vein, the Institute has often worked with its country offices, as well as public and private institutions, to support efforts aimed at identifying opportunities for agricultural products within the framework of trade agreements negotiated by the countries of the Americas. Experiences and lessons learned from these technical cooperation efforts led to the development of the project *“Capacity-Building to improve countries’ ability to make better use of trade agreements and to boost competitiveness in the agricultural sector.”*

The primary objective of this Guide is to provide countries with a methodological tool that will enable them to identify potentially viable opportunities for agro-food products within the framework of the conditions negotiated in free trade agreements.

The guide provides a general explanation of the issues that should be examined, the importance of the information contained in the methodology and potential beneficiaries. It then takes the users of the guide, in detail and step-by-step, through the methodological process to be followed and indicates the criteria for identifying market opportunities. There is also a section that deals specifically with how the compiled information is set out – the fact sheet method must be used for this purpose. The section also deals with the storage and potential use of the information.

Lastly, there are a few observations on the use of the methodology outlined in the document, in reference to the Agricultural Products Information System in Free Trade Agreements, resulting from the process of transferring the methodology to the digital domain.

Readers are invited to consult the glossary of terms and concepts, which was also prepared as another component of this project. This, along with the user guide, is available on the IICA web site.

# General information on the methodological user guide

# 4

## 4.1. Why is it important to have a methodology for identifying opportunities within the framework of free trade agreements?

Our experience in many countries shows that it is not enough to negotiate the entry of one country's products into another by eliminating tariff barriers through trade agreements. Additionally, productive sectors in our countries should receive incentives to encourage them to move towards the internationalization of trade using the elements that have been negotiated, so that the Agreements might translate into benefits for the countries.

Identifying whether there is an opportunity for a product, or not, based on what was negotiated in a free trade agreement is a painstaking task that may become tedious and complicated. The information is not concentrated in one place, and a comprehensive search is necessary. Quite possibly, the level of technicality of the information requires further explanation if it is to be used effectively by producers or authorities.

This is why it is important to create a methodology that makes it possible not only to find the information, but also to interpret it and make it available to users.

## 4.2. Who stands to gain from this tool?

We expect that, with the creation of a series of simple, but critical steps, agricultural producers, agricultural specialists from institutions in the countries of the Americas, and IICA officials themselves, will be able to identify opportunities as a regular part of their everyday work, with the new reality of agricultural trade in Latin America and the Caribbean.

## 4.3. Methodological purpose of the tool

The methodological tool outlines the process of seeking out opportunities in free trade agreements negotiated for specific products and is not intended as a market survey for agricultural products.

Even though this methodology involves some use of market statistics and data in order to identify opportunities, this is not in-depth information. Its purpose is therefore more that of a complementary tool for providing a better perspective on the products under review. Subsequently, once opportunities have been identified within free trade agreements, it is advisable to proceed with a more in-depth study of the market with which access has been negotiated.

The conditions negotiated in different free trade agreements are therefore the main focus of the methodology, irrespective of what they are called. These conditions provide an element of market access that can facilitate trade between the parties to the agreement.

# Methodological process

# 5

This section contains the methodological process itself, i.e., the steps to be followed for identifying opportunities for agricultural products in free trade agreements (henceforth FTAs) and how the results are presented.

It should be understood that, as a general rule, the primary sources of the information to be reviewed are the key official sources in each country. This includes information provided by ministries, trade promotion agencies, statistical bodies, central banks, *inter alia*. If the primary sources do not yield the required information, international agencies with relevant information on the topic are the next option.

The recommended international institutions will figure throughout this methodological user guide, as sources of additional user support.

## 5.1. Product pre-selection

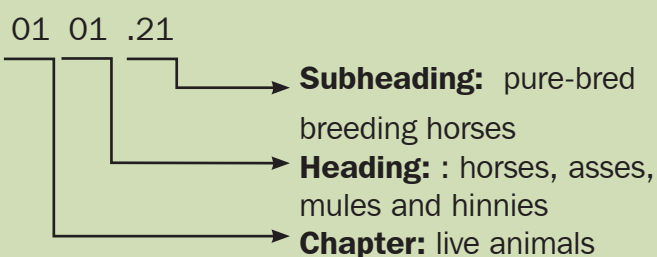
Given that a large number of products are classified as agricultural products, it is advisable that the category to be used in this methodological tool be accurately defined.

Agricultural products will be defined as all products classified in chapters 1 through 24 of the Harmonized Commodity Description and Coding System (HS), as well as products that are classified under any of the headings in

chapters 33, 35, 38, 41, 43, 44, 45, 47, 48, 50, 51, 52 and 53. Chapter 03, which deals with marine products, however, is not included. (See Table 1) This definition is in keeping with the World Trade Organization (WTO) definition used in agriculture-related negotiations. This is how we demarcate the universe of products that fall within the purview of this methodology.

**Table 1.** What is the Harmonized Commodity Description and Coding System (HS)?

The HS is the coding system administered by the World Customs Organization. There is a standard six-digit code for all countries, which may be extended, as necessary, for each country (to eight (8) or even ten (10) digits). It is used in the classification of goods to be traded and for the collection of import taxes, hence the designation tariff code. It is structured as follows:



For further information, please refer to the Training Module.

### 5.1.1. Pre-selection criteria

The methodology results from the application of a set of criteria for creating a long list of products, which will then be assessed in accordance with the steps outlined below. Any product shortlisted as a result of this process will be one that exhibits high export opportunity. Below are the criteria to be utilized in this pre-selection methodology.

- **National production.** Pre-selected products must be those that are actually produced or can foreseeably be produced in the territory. Many products negotiated under FTAs receive very beneficial preferential treatment. In spite of this, where there are agro-ecological, climatic or technological limitations associated with the production of these products within the country of origin, this translates into the absence of a definite product offer for export purposes.

Production information can be accessed via the ministries of agriculture, central banks or statistical institutions. In some Latin American and Caribbean countries it is difficult to obtain this information. In such cases, using other official sources of international data is recommended, such as FAOSTAT, the data and analysis portal of the Food and Agriculture Organization of the United Nations (FAO) (see Table 2). There are also regional organizations that gather production data that might prove useful.

- **Exportable offer.** The range of products that the country exports to different destinations or has the actual capacity to export is referred to as the exportable offer. The products that should be preselected, then, must be those that are either included in the exportable offer or have the potential to be included in this group.

One example of how to use the actual exportable offer to the best advantage is to seek out opportunities for these products in new and unexplored markets with which there are FTAs.

- **Non-traditional product.** A non-traditional agricultural product is one that differs from those that historically have made up the bulk of the agricultural exports in each of the countries of origin.

If they are to be successful, non-traditional products usually need several layers of support in international markets. As a result, these tools can prove to be very useful in identifying opportunities for them in new markets with which an agreement has been negotiated. A good criterion for pre-selection, then, could be that the product should be considered to be non-traditional.

## Table 2. What is FAOSTAT?

FAOSTAT is the statistical portal of the FAO: “It provides time series and cross-sectional analysis data on hunger, food and agriculture for approximately 245 countries and 35 regions, from 1961 to the present.” (FAO2012).

Please be advised that information on this portal is not always current, since extensive analysis and oversight of data is carried out before publication.

Access FAOSTAT via the link below: [http://faostat3.fao.org/home/index\\_es.html?locale=es#HOME](http://faostat3.fao.org/home/index_es.html?locale=es#HOME)

Organización de las Naciones Unidas para la Alimentación y la Agricultura - para un mundo sin hambre

english | français | español

**FAOSTAT**

PAGINA INICIAL | VISUALIZAR Datos | DESCARGAR Datos | COMPARAR Datos | BUSCAR Datos | ANÁLISIS | MÉTODOS & NORMAS

Visualizar datos por Área temática, País/Región, Clasificaciones

Descargar datos todas las áreas temáticas de FAOSTAT

Buscar Datos Buscador gratuito de texto (ej. Arroz)

FAOSTAT Análisis Cree su propia información

**Bienvenido a FAOSTAT**

FAOSTAT provee series cronológicas y datos cruzados relacionados con el hambre, la alimentación y la agricultura para aproximadamente 245 países y 35 áreas regionales, desde 1961 al presente. También ofrece una herramienta innovadora, FAOSTAT Análisis, para análisis estadísticos básicos de los datos. Ofrece al usuario:

- una exhaustiva colección global de estadísticas sobre la agricultura;
- una herramienta de análisis comparativa de sectores, productos, países y regiones;
- fácil descarga y visualización de datos e indicadores.

**Destacados**

10101 FAOSTAT 11010

0101 1010

Data collected worldwide are validated and quality controlled

**Últimos Dominios**

Precios

- Índices de precios agrícolas al productor (Agosto 2012)
- Precios al Productor (Agosto 2012)

Recursos

- Plaguidas (comercio) (Julio 2012)

Forestal

- Forestal Producción y Comercio (Julio 2012)
- Flujos del comercio (Julio 2012)

Balances Alimentarios

- Balances Alimentarios (Junio 2012)

Suministro alimentario

**Acontecimientos**

Comisión de Estadísticas Agrícolas para Asia y el Pacífico... 23

La Comisión de Estadísticas Agrícolas para Asia y el Pacífico es un órgano estatutario de la FAO que reúne a oficiales estadísticos superiores de los Estados Miembros de la FAO de la región de Asia y el Pacífico responsables de la elaboración de estadísticas agrícolas en sus respectivos países.

El Reino Unido dona 25 millones de dólares para mejorar las estadísticas agrícolas

El Departamento para el Desarrollo Internacional del Reino Unido (DFID) ha firmado un acuerdo con la FAO para donar 16 millones de libras esterlinas (25 millones de dólares EEUU) en apoyo de una nueva alianza mundial que mejorará las estadísticas agrícolas [...]

Anuario estadístico de la FAO 2012

El anuario, la colección más importante y punto de referencia de estadísticas agrícolas mundiales.

Exención de responsabilidad ©FAO 2012 Dirección de Estadística AsFAOSTA



It is possible to access information on these export products via export promotion institutions, ministries of foreign trade, central banks or other institutions responsible for trade statistics. If it cannot be found via national institutions, international foreign trade databases, such as the International Trade Centre's (ITC) Trade Map or the United Nation's UN Comtrade, may be consulted. (See Tables 3 & 4).

- **Previously conducted studies.** One criterion that allows for expeditiously establishing certain products for pre-selection is the availability of agricultural studies previously conducted by various institutions on the issue of export promotion in the countries. These studies provide a detailed account of the current status of certain agricultural products, including the possibility of their being included in the exportable offer. Access to such documents, enables us to make good use of the knowledge generated by other institutions for the implementation of the methodology.
- **Feedback from trade authorities and agro exporters.** Where possible, agro exporting groups, private entities (chambers of commerce or associations) and public entities that promote the agroindustry sector of the country may be consulted with regard to the products and markets to which they wish to gain access and the need to establish whether or not an opportunity exists.
- **Importance to society.** This criterion refers to the application of the methodology to products that are generally beneficial to the wider society. Starting from this premise, products on which communities or groups of producers are dependent may be chosen. This will help in determining the likelihood of internationalizing such businesses.

### Table 3. What is UN Comtrade?

United Nations Commodity Trade Statistics Database (UN Comtrade) is the trade statistics data system of the United Nations. It contains import and export statistics reported by more than 200 countries or territories since 1962, making it the database the system with the most comprehensive data on foreign trade. It boasts approximately one billion data records. To keep the database updated, the United Nations Statistics Division is provided with data from each reporter country, standardizes them and enters them into the system.

Given the size of the system and the diverse origins of the data, UN Comtrade makes it clear that there may be some data that are not in line with others. It is therefore recommended that the information be used judiciously.

Access UN Comtrade via the link below:  
<http://comtrade.un.org/db/default.aspx>

The screenshot shows the UN Comtrade website interface. At the top, it says "UN comtrade" and "United Nations Commodity Trade Statistics Database | Statistics Division". Below this is a navigation menu with links like "Home", "Data Query", "Data Availability", "Metadata & Reference", "Subscription & Support", and "Fast tracks".

The main content area features a "Shortcut Query" section with a search form. It includes dropdown menus for "Show" (set to "Import"), "of" (set to "Type commodity code"), "in the year" (set to "recent years"), "to" (set to "Austria"), "from" (set to "Bonaire"), and "in" (set to "any"). There is a "classification" dropdown and a "Search" button.

Below the search form, there is a "Trade In Graph" section with a list of top trading partners:

- 1. **Japan** (27.99%)
- 2. **Rep. of Korea** (11.93%)
- 3. **India** (4.73%)
- 4. **China** (4.13%)
- 5. **Other Asia, nes** (3.88%)
- 6. **Others** (47.32%)

There is also a "Data Availability" section with the text: "Fields and Subtotals, processed (other than motor spirit) (BEC Code 322) was reported by 200 countries between 1968-2011 with 151107 records." and a "General disclaimer" section.

On the right side of the page, there are several sidebar sections: "Work on IMTS" with links to "Methodology IMTS", "Analytical Tables", "Int. Coop. & Workshops", and "Newsletter"; "Upgrade of UN Comtrade"; "NOW AVAILABLE UN Monthly Comtrade"; "UNdata"; "Help / Guideline / FAQ"; and "Released data" with a table showing the number of country periods for different time intervals.

At the bottom of the page, there is a footer with links: "Portal | Search | Database | Knowledge Base | Web Services / APIs | Live Help", "Methodology IMTS | Analytical Tables (Publication) | International Cooperation and Workshops (IMTS)", "Read Me First | UN Comtrade License Agreement | Copyright © United Nations, 2010 | Contact Us".

## Table 4. What is Trade Map?

Trade Map was developed by the International Trade Centre UNCTAD/ WTO (ITC).

“It provides indicators on export performance, international demand, alternative markets and the role of countries as competitors.

Trade Map covers 220 countries and territories and 5300 products of the Harmonized System. Trade data is also available per tariff line and per participating country for more than 150 countries and on a quarterly and monthly basis for more than 90 countries.” (ITC, 2012)

Access Trade Map (prior registration is required) via the link below:  
<http://www.trademap.org/Index.aspx>

**TRADE MAP**  
 Trade statistics for international business development  
 Over 5300 products traded by over 220 countries and territories. Import & export values, volumes, growth rates, market shares, graphs...

Not registered yet? [Create your account here](#) or visit the [Trade Map light version](#).

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**Latest trends available in Trade Map**  
 Most important evolutions for Brazil's exports  
 between the third quarter 2011 and the third quarter 2012

**Destination of products exported by Brazil\***

Belarus	US\$ 32 millions	+973%
Kazakhstan	US\$ 40 millions	+970%
Sudan	US\$ 4.2 millions	-83%
Luxembourg	US\$ 3.5 millions	-81%

**Products exported by Brazil\***

Miscellaneous articles of base metal	US\$ 313 millions	+104%
Cereals	US\$2174 millions	+75%
Zinc and articles thereof	US\$ 23 millions	-57%
Copper and articles thereof	US\$ 127 millions	-55%

\* Threshold value : US\$ 1 million

Market Analysis and Research, **International Trade Centre (ITC)**; Palais des Nations; CH-1211 Geneva 10; Switzerland  
 Tel.: +41 (0)22 730 02 34; Fax: +41 (0)22 730 05 77; [marketanalysis@itctracn.org](mailto:marketanalysis@itctracn.org)  
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### 5.1.2. Other applicable criteria

In developing this methodology, various criteria have been considered to assist users wishing to identify opportunities for a product.

Previously mentioned criteria should be followed, as they assist in identifying products, though other criteria may be added, as the need arises.

This is the only point at which subjectivity may be applied to the methodology process. Once this data have been integrated into the next steps, adding any further criteria may mean that the results produced by the tool may not be those that were anticipated.

It is important to remember that at this pre-selection stage a products potential ability to benefit from a free trade agreement, in a given market, still has not been determined.

Displayed below is the matrix used for setting out the pre-selection data. Products may simultaneously meet several criteria, and this is why organizing this information properly is so important.

Product	Pre-selection criteria							
	National production	Exportable offer	Non-traditional product	Previously conducted studies	Feedback from authorities	Other		

## 5.2 Product selection

From this point onwards, pre-selected products are subject to a filtering process, which ensures that at the end of the process only products with the greatest potential within the framework of an FTA are selected. Below is a step-by-step description of the selection process.

## 5.2.1. Products and destination markets

### ○ Destination markets

This section will assist in defining the most appropriate destination market for the products in question. Again, we underscore that the methodology is designed for markets with which the country of origin has a free trade agreement.

The methodology enables the interested party to cross-reference information on a product destined for various markets with which there is an FTA. In certain cases, it will be necessary to establish opportunities for all products destined for one single market, as a way of determining which one offers the greatest export opportunity. In other cases, one product may be assigned several markets, the objective being to establish where the greatest export opportunity lies. Finally, a combination of both formats could be used. To recap, then, there are three possible applications from which to choose, depending on the user's objective:

- All products destined for a single market;
- One product destined for several markets;
- Various products destined for various markets;

Once the destination markets for the product have been defined, the product code and tariff description in the destination country must be determined.

The following table will be used for the step-by-step incorporation of the data, and for gradually obtaining the final result. As we progress, the table will change to accommodate this data.

Product	Market

### ○ Description and tariff coding in the destination market

As was mentioned earlier, the tariff code is a code used in the classification of goods to be traded. Determining the correct tariff classification within

the destination country is a critical function of the customs and revenue authorities.

Tariff codes are available from most customs authorities, under the term “tariff”. It is very important to be assigned the correct tariff classification as this impacts customs procedures and the identification of preferential treatment based on FTAs.

At this stage, the table will be expanded to include the relevant description and tariff code of the products under consideration:

Product	Tariff code	Product description	Market

Once the tariff coding has been correctly defined, it is now possible to enter the documents negotiated in the FTA and to identify the tariff treatment negotiated.

### 5.2.2. Tariff treatment and base tariff in the FTA

One of the cornerstones of trade negotiations is negotiating the reduction of import taxes (duties) on goods. To do so with the greatest advantage, negotiating countries or regions create tariff reduction categories, outlining the tax reduction timeline and process. Once these categories have been negotiated, the products are incorporated into the reduction programs, where the type of reduction and the base tariff is indicated. Any reductions are then based on this information.

Information pertaining to categories of reduction and tariff treatment for each product can be found in the relevant FTA annexes, i.e., in the lists of reductions that are usually a part of the annexes. Both the main text and the

annexes can be found in ministries and institutions responsible for foreign trade in the country of origin and the destination country. It is also possible to use the Foreign Trade Information System (SICE) of the Organization of American States (OAS).

## Table 5. What is SICE?

“The Foreign Trade Information System of the Organization of American States (SICE) focuses on information pertaining to trade policy in the Americas. On the SICE web site will be found, among other matters, full texts of existing trade agreements for OAS Member States, news on trade negotiations, information on national legislation on trade issues, and links to international, regional and national sources of information related to trade policy. SICE, having been online for more than ten years, seeks to provide relevant, up-to-date information to OAS Member States and for the public in general.

You can visit SICE via the link below:  
[http://www.sice.oas.org/default\\_s.asp](http://www.sice.oas.org/default_s.asp)

The screenshot shows the SICE website interface. At the top, there is a header with the SICE logo and the text 'FOREIGN TRADE INFORMATION SYSTEM OAS - SEDI - DEDTT'. Below the header is a navigation menu with tabs for 'Agreements', 'Disciplines', 'Trade Policy Developments', 'Countries', and 'Resources'. The main content area is divided into several sections:

- TRADE AGREEMENTS and RELATED SECTIONS**: This section includes sub-sections for 'Trade Agreements' (Multilateral, Customs unions, Free trade, Partial preferential), 'Trade Policy Developments' (Background and negotiating history, Announcements, Updates, Other trade-related news), 'Trade Disciplines' (National legislation, National authorities and contact points, Additional information), and 'Investments' (Bilateral investment treaties, National legislation and sources).
- WHAT'S NEW?**: This section features a 'Trade Policy Documents' image and a list of recent trade agreements:
  - United States-Panama Trade Promotion Agreement entered into force on 31 October 2012
  - Australia to pursue free trade area of the Asia-Pacific
  - Colombia and Costa Rica: Third round of negotiations for a free trade agreement
  - Canada-Jordan Free Trade Agreement entered into force on 1 October 2012
- TRADE IN THE AMERICAS**: This section provides 'Trade policy documents, trade agreements and other trade information by country'.
- RESOURCES**: This section includes links to 'Trade glossaries', 'Trade-related links', 'Trade data', 'Trade and gender', and 'Caribbean Trade Reference Centre (CTRC)'.

At the bottom of the page, there is a 'Follow us' section with social media icons for Facebook, Twitter, YouTube, and RSS. The footer contains the text 'Copyright © 2012 SICE'.

## ○ Tariff treatment and base tariff as selection criteria

Tariff treatment fulfills an important role as one of the selection criteria. Tariff payment benefits/concessions obtained through FTAs provide a product with an advantage in terms of price and access conditions with respect to other providers. It is therefore critical to begin to eliminate pre-selected products based on how their tariff status impacts market access.

The table below will be used to set out the pre-selected products with their respective reduction categories and their base tariff.

Product	Tariff code	Product description	Market	Tariff treatment	Base tariff	Selection

Having identified the products with their corresponding data, a first selection is made. This will be done based on the results shown in the table, as for each product there will be different tariff treatments and base tariffs. The question then arises: How do we determine whether product opportunity exists or not? Below, is a list of points that will help us to make that decision:

### *High opportunity product*

- The product has been tariff-free since the FTA (Free Trade Agreement) came into force.
- The tariff on the product has been substantially decreased (more than 50%) as a result of the agreement.

### *Medium-opportunity product*

- The product will be tariff-free after the third year of the FTA entering into force.
- Upon entry into force of the FTA, the tariff levied on the product was reduced by 30 or 40% relative to the base tariff.



- By the fifth year of the tariff elimination schedule, the product will be tariff-free, with an ad valorem base tariff of up to 20%.
- The product enters the country tariff-free if it falls within its assigned quota.

### *Low-opportunity product*

- The tariff on the product is reduced by less than 20% ad valorem on a base tariff exceeding 40% ad valorem.
- The tariff elimination program extends beyond five years.
- With a base tariff exceeding 40% ad valorem, the product will be tariff-free as of the fifth year of the tariff elimination program.
- If the product falls within its assigned quota upon entry into the country, the tariff levied is lower than the base tariff.

### *Product with no immediate opportunity*

- The product will be tariff-free after eight or more years into the tariff elimination program, with a base tariff exceeding 40% ad valorem. This may mean that it is a sensitive product for the target market; hence it may be subject to this or other protectionist measures.
- The product is excluded from the FTA and from any other preferential scheme and must pay the most favored nation (MFN) tariff, that is, the normal tariff.

The product opportunity is determined and a comparison made between all products. Having assessed the products for opportunity and having made a comparison between them, those with the greatest opportunity are selected for the next phase. For this purpose, the table will again serve to indicate the products selected and how to proceed:

### **5.2.3. Rules of origin**

The following filter to which the products must be subjected is directly related to a classification which is a part of the negotiation process: the standards or rules of origin.

In an FTA, these rules represent the criteria which a product must satisfy in order to be categorized as originating from any of the signatory parties. If

a product does not meet the relevant rule of origin, it cannot be eligible for preferential treatment and will not enter the destination country’s market under more favorable conditions than any other trading partners. The rules of origin are determined based on the manner in which the product is obtained or its production process.

The rules of origin differ from one FTA nation to another, since each nation negotiates according to its unique circumstances and consequently this has an impact on the results obtained. Similarly, there is no single way of drafting these rules, and this has resulted in the development of complicated methods of drafting and interpretation. It is recommended that the training module, which complements this methodological guide, be consulted so as to facilitate a correct interpretation and utilization of the rules of origin.

The rules of origin as well as any other information used in this methodology are included in the annex to the normative part of the FTA. Moreover, they are organized according to the HS.

### ○ Rule of origin as a criterion for selection

The following table will demonstrate the correlation between the products that have passed through the first selection criteria along with their respective rules of origin and a section for the corresponding interpretation (in accordance with the manner in which the information appears in the training module).

Tariff code	Product description	Market	Tariff treatment	Base tariff	Rule of origin	Interpretation of rule of origin	Selection

Once the corresponding rule of origin has been identified, it should be interpreted and then included in the above table. An evaluation would then be possible, using the following opportunity criteria.

### *High-Opportunity Product*

- The product, in its present condition, complies fully with the rules of origin.

### *Medium-Opportunity Product*

- The product will fully comply with the rule of origin if some changes are made in its production process.

### *Low-Opportunity Product*

- The product does not comply with the rule of origin and to do so substantial changes would have to be made in the production process.

### *Product without immediate opportunity*

- The product does not comply with the rules of origin, as it is restrictive and makes compliance impossible.

Once the products have been compared and their opportunity determined, those with the greatest opportunity will be selected, for the next stage of screening.

## **5.2.4. Import statistics**

Statistics are an important element of foreign trade, as was observed previously for the pre-selection of products. Next, import statistics on the destination markets that were chosen can now be used in the selection process. Product import statistics, relating to both volume and value, will be used. These are obtained by way of the tariff code.

Uniformity must be achieved in the variables (volume and value) in order to make the statistics comparable. The following table will be useful for adding the information gathered at this point to that obtained in previous steps.

Tariff code	Product description	Market	Tariff treatment	Base tariff	Rule of origin	Interpretation of rule of origin	Imports from destination country			Selection
							Year	Volume in kg	CIF Value US\$	

How many reference years should be used? As many as necessary, although it is advisable to use at least three years prior to the search date. In selecting periods for statistical analysis, one must take into account associated transitory elements or events which may have affected the selected destination markets at an international, regional or national level, since they are directly reflected in the foreign trade statistics and may have an impact on how market behavior is perceived.

It is important to point out that the statistical information provided on destination markets will only be used to complement the selection criteria. This information is not intended to be part of a market profile or a market study since that is not the purpose of this methodology.

### ○ Import statistics as selection criteria

Import statistics are not necessarily a true reflection of whether or not FTAs are being used to the best advantage. However, they serve as a yardstick to determine if the destination country is already importing those products that were selected utilizing the two aforementioned criteria. To determine export opportunities one must take into account the trade behavior of the products under study in the selected markets, whether it is constant growth, a slump or even stagnation in the imports reported by the country of destination.

Once the statistical information on each product has been identified and included in the table above, an evaluation can be done according to the opportunity criteria.

### *High-Opportunity Product*

- Growth in imports: the imports recorded over at least the last three years show an annual increase of more than one million United States dollars.

### *Medium-Opportunity Product*

- Emerging imports: imports recorded have both increased and decreased over at least the last three years. However, the trend is towards increasing over time, despite the fluctuations.
- Stable imports: imports recorded over at least the last three years grown by less than one million US dollars, but with a tendency to maintain growth.

### *Low-Opportunity Product*

- Stable minor imports: imports recorded over at least the last three years, not surpassing a value of one million US dollars, but with a tendency towards sustained growth.
- If the product is considered special, for example: ethnic, new, or a substitute, its importation is not indicated.

### *Product without immediate opportunity*

- Declining imports: imports recorded over at least the last three years which have consistently declined, both in value as well as in volume. A more detailed study will be required to determine the causes, if the product is of great interest to the user.
- Unstable minor imports: Imports recorded over at least the last three years with a value not surpassing a million US dollars and with no clear trend towards sustained growth.
- No imports are recorded for this product in any year.

Once the products have been compared and their opportunity determined, those with the highest opportunity, up to this point, relative to the other

products will be selected. Here again, the table will again serve to indicate products selected and how we should proceed.

This completes the selection on the basis of opportunities afforded under the FTAs.

Although the products with the greatest opportunity under the FTA have been identified from among the group of pre-selected products, there is still no assurance that these products have any real chance of being exported.

This is due to the fact that there is information that is not directly linked to the FTA that must be gathered. Without it, the product does not fully satisfy the requirements and its chances of being exported will be reduced. For this task, the “fact sheet” will be used and will therefore assist in making the final determination of opportunity.

## Products with opportunity within the FTA: summary

Products selected as opportunity products which successfully passed through the following stages based on the established parameters:

1. Products were pre-selected from a long list using diverse criteria and according to users' interests:
2. The pre-selected products are screened using the tariff treatment and base tariff based on the criteria of greatest reduction in tariff in the short term.
3. The remaining products are further screened according to the negotiated rules of origin that apply to them and according to whether or not they comply with said rules.
4. Finally, the products are further screened on the basis of import statistics. Using the criteria of sustained and stable growth, those with the greatest opportunity are selected.
5. The selected products with the greatest opportunity have now been identified on the basis of what has been negotiated under the free trade agreements. These products can now enter the fact sheet stage.

## 5.3. Preparing the fact sheet

### 5.3.1 What is the fact sheet?

The fact sheet is a pre-established template for arranging information used in this methodology. It is the final step in detecting products with possibilities for export.

The sheet is a simple and practical form for providing information already gathered. This information facilitates a comprehensive overview of the product's opportunity, since all the research is structured in the form of matrices, and data from country to country is inconsistent.

### 5.3.2. Why are the fact sheets important?

The fact sheets are important because they facilitate standardization of the available information, enabling a final determination of those products with export opportunity. Although this varies from product to product and from market to market, the use of one single template for arranging the information will enhance use and comprehension by end users.

This organized information will allow for a comparison to be made among the products assessed through this methodology and in this way a determination can be made of those with greater export opportunity as compared to others.

### 5.3.3. Format of the fact sheet

During the development of this methodology, a considerable period of application and improvement has transpired, evolving from a stage when sheets were not used at all to one in which various formats of this sheet have been created.

This methodological guide proposes the following template that organizes, in a simple manner, basic information on the conditions negotiated, market requirements and statistics related to the product and the market studied.

**Heading:** The sheet begins with a heading which indicates to the user the FTA and the product to which the information refers.

- 1. Access conditions for the product under the FTA.** Those elements used in the pre-selection and selection matrices should be organized and inserted in this space.
- 2. Entry requirements.** This segment includes the requirements necessary for entry into the destination market. Some of these requirements are general and others are specific to the product, hence the search must be meticulous.
- 3. Destination Country Information.** This section contains statistics (or information derived from them) of the destination country, such as product import data, average price, *inter alia*. Here again, some of the data were used in the selection of products.
- 4. Product information in the country of origin.** Last but not least, this segment includes any other information on the product in the country of origin such as production within the country, export procedures, *inter alia*. Some of this information was also collected in the initial stages of this methodology.

A model of the product sheet used for arranging the aforementioned sections is provided on the page below:



## Modelo de ficha de producto

Free <b>trade agreement with</b> [-----]			
<b>Fact Sheet for</b> [-----]			
<b>1. Access conditions for the product under the FTA</b>			
Product description			
Tariff code in the destination country			
Tariff treatment under the FTA			
Tariff in the absence of an FTA			
Rules of origin			
<b>2. Entry requirements</b>			
Sanitary/ Phytosanitary requirements			
Technical standards			
Packaging and crating requirements			
Customs procedures and import documents			
Other taxes			
<b>3. Destination country information</b>			
Product Imports: volume and total value	Year	Weight (kg)	CIF value in US\$
Average price			
Countries supplying the country of destination			
Benefits that the country of destination offers to the supplier countries			
Production and seasonality in the country of destination			
<b>4. Production information on the country of origin</b>			
Production in the country of origin : volume and territory	Year	Gross Volume (kg)	Territory
Other product information			
Export procedures in the country of origin			
Foreign trade institutions in the country of origin			

### 5.3.4. Preparing the fact sheet

*What information should be recorded in the appropriate spaces and how should it be presented so that the user can apply it effectively?*

This section outlines the points to be included on a sample fact sheet and indicates how to enter the information properly. It also makes reference, where possible, to sources from which information may be obtained.

#### Heading

Information	Definition	Data Entry Procedures	Sources
Free trade agreement with [----]	Indicate the FTA and the destination country or market that was selected for the product.	Although some FTAs are referred to by their acronyms, such as DR-CAFTA, NAFTA, FTA, TPA or AACAEU, it is advisable to indicate the country of destination to avoid confusion. This is even more important in the case of FTAs that have been partially or fully negotiated at a regional level.	Identifying markets is an essential part of this methodology, which is why it is included in the product selection matrix. Hence it is identified at this stage of the process. This information is available in the legal instruments of the FTA that can be sourced at institutions responsible for foreign trade in the country of origin.
Fact sheet for [----]	Write the name of the selected product	Enter the name of the product as it is referred to in the country of Origin and in the Destination country (common name), since it may vary from country to country. As the first point of reference for the fact sheet, it should be as clear as possible for all users. If the product has several common names, ideally the most popular ones in each country should be used.	Common names arise out of everyday language use. Consult agricultural specialists in the countries, producers and even institutions. Data bases such as the Encyclopedia of Life, ( <a href="http://eol.org/">http://eol.org/</a> ), may also contain this information.

## Access conditions for the product under the FTA

Information	Definition	Data Entry Procedures	Sources
<b>Product Description</b>	The description that appears for the selected product in the tariff code of the destination country, if possible based on the HS.	When entering this information, bear in mind that a detailed description of the product often does not appear in the HS, but it may be listed under the general sections. If this is the case, verify exactly how the product is classified.	<p>The correct classification is determined during the product selection process when the market and product are being identified. Thus, the classification has to have been done correctly.</p> <p>The best way to verify the Tariff Description is to look up the published tariff for the destination country, which is usually found on customs web sites.</p> <p>For further details on this topic, please consult the training module.</p>
<b>Tariff Code</b>	The code that accompanies the description in the previous section.	<p>As much as possible, the most detailed product code should be entered.</p> <p>Use the tariff code of the destination country, not of the country of origin. One cannot be substituted for the other, although they may be extremely similar.</p>	<p>The best way to find the tariff code is to search for the published tariff for the destination country, which in most cases can be found on customs websites.</p> <p>For further details on this topic, please consult the training module.</p>

<p><b>Tariff Treatment in FTAs</b></p>	<p>This is the pace and amount of reduction of the tariff applied to products, on the basis of what is negotiated in the FTA.</p>	<p>The treatment should be stated clearly, and therefore it should go above and beyond merely restating what is negotiated in the FTA.</p> <p>In this space, enter the letter for the category of tariff reduction, the interpretation, and if relevant, the tariff percentage that is being charged for the year in which the data sheet is being prepared.</p> <p>To make it more understandable for the user, the interpretation should indicate key years during the reduction period (for example, years when the percentage reduction changes) and particularly, the year of liberalization.</p> <p>For the products listed, should the base tariff from which the tariff elimination is derived be available, this figure may also be included.</p> <p>With respect to products for which quotas have been negotiated, in addition to the years, also indicate the unit of measurement, rate of growth and whether or not complete tariff elimination is applied.</p>	<p>The tariff treatment is used in the product selection process as the first criteria for selection, and therefore this information is already available from previous tables.</p> <p>In some cases, the categories and the tariff schedules can be found in the part of the agreement that refers to market access or generally in the FTA annexes. Remember that this information is organized in the FTAs according to tariff codes.</p> <p>In the case of a tariff that is being charged at the time when the fact sheet is being prepared, this may be calculated on the basis of available information. There are some customs authorities that take these figures into account as part of their tariffs, which will simplify the search. Another available resource is the Inter-American Development Bank's (IDB) INTradeBID tool -</p> <p>(<a href="http://www.iadb.org/int/intradebid/MenuSeleccion.aspx">http://www.iadb.org/int/intradebid/MenuSeleccion.aspx</a>), - which shows the tariff reduction for each year.</p> <p>In most FTAs, products with quotas are listed in the annexes or in specific sections within the text of the agreement.</p>
<p><b>Tariff without an FTA</b></p>	<p>This is a tariff that must be paid for the product if it is not subject to an FTA, in other words, not eligible for preferential treatment when it arrives in the destination country.</p>	<p>Simply indicate the percentage or quantity, expressed in units of measurement, which the exporter must pay when bringing the product into the destination market.</p>	<p>Here again we use the “tariff” published by each customs office. For each tariff code, the import tariff to be paid is indicated.</p> <p>The tariff reduction list is another document where this tariff can be found, since the base tariff used in the FTA is the same.</p>
<p><b>Rules of Origin</b></p>	<p>These are the criteria that a product must satisfy in order to be classified as originating from one of the signatory parties. If a product fails to satisfy the rule of origin assigned in the FTA, it cannot benefit from same.</p>	<p>Often, the rule of origin, exactly as it is found in the FTA annexes, is not easily understood by the user, and without correct interpretation, may lead to confusion.</p> <p>Therefore, the fact sheet should indicate the interpretation of the rule of origin corresponding to the product.</p> <p>The training module explains in detail how the rule of origin should be interpreted.</p>	<p>The rules of origin are found in the corresponding annex of the FTA, organized according to tariff code.</p> <p>At the time of the selection process discussed in this methodology, the rule of origin was already used and interpreted. Therefore, simply copy it into the appropriate space in the product fact sheet.</p>

## Entry requirements

Information	Definition	Data Entry Procedures	Sources
<p><b>Sanitary/ phytosanitary requirements</b></p>	<p>These are laws, decrees, rules, prescriptions or procedures relative to the final product or method of production; tests, inspections, certification and approval; quarantining and transportation of animals or plants; methods of risk-evaluation to protect health and human, animal and plant life.</p> <p>These are imposed by the countries and compliance with them is mandatory.</p>	<p>Indicate the requirements set out by the destination country, as well as the subject matter to which they refer.</p> <p>It is important to also include the contact information for the institution that is stipulating the requirement, so that users may gather more information on the issue.</p> <p>This does not summarize or explain the requirements, but merely makes reference to the requirements, the entity requesting them and where to find more information.</p>	<p>Sanitary and phytosanitary requirements may originate in different institutions.</p> <p>Sanitary or safety requirements may be imposed by Health ministries or Secretariats; and sanitary and phytosanitary requirements by animal and plant health institutions or by any other official body charged with this authority in the destination country.</p> <p>Institutions that are responsible for monitoring of drugs, pharmaceuticals, additives and other food components also have regulations that relate to this section.</p>
<p><b>Technical standards</b></p>	<p>These establish the characteristics that a product must satisfy or related production processes or methods that must be followed, including the applicable administrative procedures.</p> <p>These refer to quality, size, weight, content and other requirements that the destination country demands. These may be included in regulations, laws, rules or other judicial or administrative measures.</p>	<p>Indicate the requirements set out by the destination country, and the subject matter to which they refer.</p> <p>It is important to also include the contact information for the institution that is stipulating the standard, so that users may gather more information on the issue.</p> <p>This does not summarize or explain the requirements, but merely makes reference to the requirements, the entity requesting them and where to find more information.</p>	<p>The technical rules are imposed by the regulating or standardization body in the destination country.</p> <p>There are also regulations of this type that are imposed by entities such as trade ministries or secretariats.</p>

<p><b>Packaging and crating requirements</b></p>	<p>Information on labeling, types of packaging, and other requirements applicable to packaging, crating, pallets and containers that may enter the destination country.</p>	<p>Indicate the requirements set out by the destination country, and the subject matter to which they refer.</p> <p>It is important to also include the contact information for the institution that is enforcing the requirement, so that users may gather more information on the issue.</p> <p>This does not summarize or explain the requirements, but merely makes reference to the requirements, the entity requesting them and where to find more information.</p>	<p>These requirements are dictated by the regulating or standardization body of the destination country.</p> <p>Similarly, trade ministries or secretariats (that handle aspects of trade and consumer protection) also dictate requirements of this nature.</p>
<p><b>Customs procedures and import documents</b></p>	<p>All documentation that must be presented to customs or border control authorities in the destination country in order to gain entry into the territory.</p>	<p>List the documents to be submitted. Indicate if any of these documents is in electronic format.</p> <p>Include the contact information for the border control authority to obtain further information.</p>	<p>The customs or border control authorities of the destination country are the ones that set out the requirements to be satisfied. They may make requests that fall under the purview of another agency. However, the documents should be presented to them.</p>
<p><b>Additional levies</b></p>	<p>Taxes imposed on the product at the time of importation, other than the tariff (for example, sales taxes, document payments, inter alia.). Generally, domestic taxes are charged at that time.</p>	<p>Indicate the type of tax (if possible, the percentage) and the Internet source where the information was found and where further details can be found.</p>	<p>The customs or border control authorities of the destination country are those that impose import taxes, and therefore these are the institutions to consult.</p>

## Market information for the destination country

Information	Definition	Data Entry Procedures	Sources
<b>Importation of the product: volume and total value</b>	<p>Import statistics on the product reported by the destination country.</p> <p>This includes imports from around the world, to identify those nations that satisfy the current demand for the selected product.</p>	<p>List the figures for the previous three years at least, indicating the year, the weight in kilograms and the CIF value in U.S. dollars.</p> <p>Also relevant to this section is information obtained by increasing the number of years studied in order to better observe any trends.</p> <p>The source of this data is important for future reference.</p>	<p>As they have already been used as selection criteria, these figures appear in previous sections of the fact sheet, and therefore need only be transferred.</p> <p>These figures can be sourced in ministries that handle foreign trade and in central banks and other institutions with responsibility for collecting data on trade. If this information cannot be found in national institutions, international foreign trade institutions, such as the International Trade Centre's (ITC) Trade Map, may be consulted. See <a href="http://www.trademap.org/">http://www.trademap.org/</a> or the United Nations Comtrade at <a href="http://comtrade.un.org/db/">http://comtrade.un.org/db/</a>.</p>
<b>Average price</b>	<p>This price is obtained by dividing the average of the total value of imports during the selected period by the total volume of imports in this same period.</p>	<p>Indicate the result of the mathematical calculation (TOTAL VALUE/ TOTAL VOLUME)</p> <p>Please note that this is only a reference price, since it does not reflect price movements in the international market (in terms of features that are characteristic to agricultural products such as seasonality and quantity produced). It is used to get an idea of prices in the destination market and to compare them to production costs of the selected good.</p>	<p>For this space, please see the information in the previous cell and the results of the aforementioned formula.</p>
<b>Countries supplying the destination country</b>	<p>Statistically, those countries that are the primary providers of the product, as indicated on the fact sheet, are the supplying countries.</p>	<p>Ideally, indicate the primary supplier countries for the most recent years that were polled for the statistical period. Countries are always listed according to their level of imports.</p> <p>If possible, indicate the percentage of imports from each supplier nation.</p>	<p>The suppliers are listed alongside the import statistics that were used in this entire section of the fact sheet.</p> <p>These figures may be found in ministries that oversee foreign trade, central banks or other institutions in charge of collecting trade statistics. If this information cannot be found in national institutions, international foreign trade institutions such as Trade Map, of the International Trade Centre (ITC) may be consulted. See <a href="http://www.trademap.org/">http://www.trademap.org/</a> or the United Nations Comtrade at <a href="http://comtrade.un.org/db/">http://comtrade.un.org/db/</a>.</p>

<p><b>Benefits that the destination country offers to the supplier country</b></p>	<p>The principal suppliers may benefit from a FTA with the destination country, which affords them similar or greater benefits than those obtained by the country of origin, which is a fact that should be considered when evaluating opportunity.</p> <p>The benefit to be considered in this section is the tariff reference of the product in the FTA negotiated with the supplier country.</p>	<p>Having compiled a list of suppliers (from the previous cell), indicate the supplier country, the FTA (if it has one) and the benefit that this nation obtained within the framework of the agreement.</p> <p>In the event that it has received any benefit, this should also be indicated in this space.</p> <p>The source of the data is important for subsequent references.</p>	<p>For information on commitments undertaken by the country of origin, consult institutions that deal with foreign trade in the country of origin. The tariff treatment can generally be found in annexes to the primary FTA text under study. If a national source cannot be found, use the Foreign Trade Information System (SICE) of the Organization of American States (<a href="http://www.sice.oas.org/default_s.asp">http://www.sice.oas.org/default_s.asp</a>).</p>
<p><b>Production and seasonality in the destination country</b></p>	<p>If the destination country is also a producer of the selected product, at least at some point during the year, this information should be included in this space.</p>	<p>Indicate the quantity produced annually for at least three years (if it can be determined). Also, include the production zones and the times of year when production takes place.</p> <p>The source of this information must be noted for subsequent reference.</p>	<p>In this case, production information may be found in Ministries of Agriculture, central banks of these countries and in statistical institutions. If national sources cannot be found, use other official data sources, at an international level, such as FAOSTAT (<a href="http://faostat3.fao.org/home/index_es.html?locale=es#HOME">http://faostat3.fao.org/home/index_es.html?locale=es#HOME</a>).</p>



## Production information for the country of origin

Information	Definition	Data Entry Procedures	Sources
<b>Production in the country of origin: volume and territory</b>	These are the production figures reported by the country of origin of the product.	<p>List the figures for the last three years at least, indicating the year, production volume and the territory in which the good is produced.</p> <p>Also relevant to this section is information obtained by increasing the number of years studied in order to better observe any trends.</p> <p>The source of this data is important for subsequent reference.</p>	<p>In this case, production information may be found in Ministries of Agriculture, central banks of these countries and in statistical institutions. If national sources cannot be found, use other official data sources, at an international level, such as FAOSTAT</p> <p>(<a href="http://faostat3.fao.org/home/index_es.html?locale=es#HOME">http://faostat3.fao.org/home/index_es.html?locale=es#HOME</a>).</p>
<b>Other information</b>	This is a general section for adding any information considered to be useful for the user or for evaluating the product opportunity. Such would be the case with certain characteristics of the product to be exported, such as the production process, seasonality, variety cultivated, inter alia.	<p>Record any other information needed for the product in this space.</p> <p>It is not necessary for all products, but only when there is important information to be considered.</p> <p>The source of the information must be included.</p>	Specialized and reliable sources exist, such as some producer organizations and trade promotion offices, inter alia.
<b>Export procedures for the country of origin</b>	This refers to documents presented to customs or border control authorities, which are mandatory in order to exit the country of origin.	<p>List the documents to be submitted.</p> <p>If any of the documents is in electronic format, this should be indicated.</p> <p>The Internet link of the customs or border control authority should be listed in order to obtain more information.</p>	The customs or border control authorities of the country of origin are the ones that set out the requirements to be satisfied. They may make requests that fall under the purview of another agency. However, the documents should be presented to them.
<b>Foreign trade entities in the country of origin</b>	<p>The countries establish trade promotion institutions.</p> <p>These institutions collaborate with producers and organizations to foster increased exports.</p>	<p>List the institutions (public and private) that carry out this function in the country of origin.</p> <p>Include the internet link or contact information for each.</p> <p>If various institutions exist, it is best to indicate those that are most involved in export production.</p>	This can be obtained from institutions involved in foreign trade in the country of origin (ministries, secretariats, chambers of commerce or associations).

# 6

## Use of fact sheets

Fact sheets prepared according to this methodology reveal each product's export opportunity, since fully complying with all entry requirements for the country of destination will ensure that the product has the potential to be exported. It should be noted that the fact sheets are not equivalent to a market study, but constitute a first step to more in-depth research on the topic.

It is apparent that the fact sheets present a significant amount of information that final users may employ in different ways. Although they have been used in the preparation of export briefs, they have multiple applications, since they provide a general overview for a series of products. They could be used to create information portfolios for producers and data bases for agricultural institutions and agricultural training institutions to use in assessing the opportunities that have been negotiated. Even as paper-based forms, they may be used by extension officers to demonstrate to producers the route they must follow in order to take their business to an international level.

The very nature of the fact sheets makes them useful to assist in making certain decisions in terms of the promotion of agricultural products, market positioning, capacity-building and positioning oneself for the export market or in the face of new negotiations, *inter alia*.

# Certain basic aspects of information storage

# 7

The fact sheets are prepared on the basis of information from diverse sources and with different levels of accuracy. It should also be noted that fact sheets are not prepared for all possible products at one time, but are part of an ongoing process. Thus, storing the information for subsequent applications of the methodology is as important as recording the results at any one time.

In applying the methodology, we have used two mechanisms to store information: manual and electronic. Both follow the same logic – organizing information according to how it is needed and where it falls in the methodological process and in the FTA.

- **Paper-based storage.** The following information is kept in paper format:
  - a. Categories of tariff reductions of the destination country
  - b. Tariff schedule of the destination country
  - c. Specific rules of origin
  - d. Forms and entry and exit requirements that are paper-based and that have been located using the methodology
  - e. List of available information sources
  - f. Previously completed data sheets
- **Electronic storage.** Electronic storage may entail keeping the same paper-based documents, but in electronic format, enabling the creation of

a data base of Internet links to all the data found during the successive application of the methodology. The creation of this data base may be done using the matrixes and the model fact sheet as a template, with a view to indicating in each space, the internet links where information can be found to complete the section.

The decision on how to store the information will be determined by the user, as it will depend on the technological facilities available at the user's workplace and on the target audience.

# Information System for Agricultural Products in FTAs (SIPAALC)

# 8

Technological advances have allowed many human activities and processes to be simplified. The project that developed this methodological tool successfully translated this paper-based methodology into digital format, which led to the creation of the Information System for Agricultural Products in Free Trade Agreements, known by its Spanish acronym – SIPAALC.

## 8.1. What is SIPAALC?

SIPAALC is an electronic system that adapts the paper-based methodology, outlined in this entire guide, through the use of some automated processes. The following was achieved using this tool:

- Inputting and updating of information on trade agreements for the countries of the Americas.
- Simultaneous selection of products for a specific market to identify the products with the greatest potential for export.
- Consultations according to market and product to gain knowledge about the negotiated terms and the market access conditions.

However, the adaptation to electronic form produced some changes in the methodology, making it different from how it was conceived for a paper-based format, and therefore its use in SIPAALC must now be clarified.

## 8.2. Use of the methodology in SIPAALC

The most significant difference is the separation of users. The paper-based methodology is designed so that the user that collects the information could be the same person making the selection, since they are simultaneous processes. SIPAALC divides this process into two functions. Therefore, there is an initial user/ administrator in charge of inputting the information that goes into each fact sheet for all products in chapters 01 to 24. Another type of user is responsible for the selection process, using the information stored on the system by the first user. This means that the second user does not have to conduct the information search, but must apply the product opportunity criteria developed in this guide, since the information has already been located.

The selection process does in fact follow the same procedure, including using the filters to assess the goods in order to determine opportunity. The type of information available in SIPAALC can be less specific than can be obtained by the paper-based methodology. Moreover, SIPAALC has the following limitations when compared to the paper-based methodology:

- Not all the spaces in the SIPAALC fact sheet are identical to those in the model fact sheet. There are some differences as a result of the adaptation of the information tool.
- The tariff entries are limited to six digits, and not for each country, in order to be able to use the UN Comtrade statistical data base and to generate comparable statistical information.
- The entry requirements are more general and users are referred to the websites of the authorized institutions so that they may do a search to access more details.
- Only UN member countries may be selected as destination markets in the SIPAALC system, since its link to UN Comtrade means there would only be records for those UN countries.

Nonetheless, it does offer the following benefits:

- Fact sheets from SIPAALC are kept up-to-date because of the format in which the information is available and the ability to include Internet links.

- The statistical information is generated automatically, using the UN Comtrade data base.
- It includes all the products reviewed in this project (thereby reducing the time needed for information searches).
- SIPAALC allows for the inclusion of new FTAs and countries, as necessary.

Generally, the system is maintained according to the methodology contained in this guide. It is advisable to study the SIPAALC user manual, as it provides details on using the tool and exploiting it to the fullest.

We hope that this guide is useful for studying products with the potential for export to markets in which FTAs are in place.

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