

Chapter 11

Implementing Namibian Horticultural Market Share Promotion Scheme Through Knowledge Management: A Case Study

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ABSTRACT

The application of Non-Tariff Measures (NTMs) and non-automatic import licensing schemes has been a source of intense debate to date. This case study research assessed the consistency of the implementation of the Namibian Horticultural Market Share Promotion Scheme (MSPS) under the Import Licensing Agreement of the World Trade Organisation (WTO). A Likert scale was used to gauge sentiments on the level of compliance regarding the exceptions enriched in the Agreement, while a reliability test was conducted with the use of SPSS Software to measure the credibility of responses. The chapter further identified problems associated with the administration of the Scheme, and proposed recommendations that are viewed to be responsive to competitive challenges facing industries in the 21st century. The chapter concluded that despite some setbacks, the scheme is generally well accepted in the business community and is compatible with most provisions of the WTO Agreement on Import Licensing Procedures. However, the chapter painted a bleak picture pertaining to the transparency thereof.

INTRODUCTION

The application of Non-Tariff Measures (NTMs) by developing economies to promote food security and related economic imperatives has been a recurring “bone of contention” at the World Trade Organisation (WTO) and by extension the Southern African region. Despite the substantial elimination of custom

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tariffs resulting from the conclusion of the General Agreement on Tariff and Trade in 1994 (GATT 1994) and negotiations under the WTO, NTMs have rapidly gained prominence in recent times as emerging alternative policy instruments for regulating trade in the 21st century. NTMs are often interpreted to mean the same as Non-Tariff Barriers (NTBs), though technically each has a different meaning. Basu, Rial, Rahman, Dumesnil, Abramowitz, and Keita (2010) documented the WTO definition of NTMs as policy measures, other than ordinary customs tariffs, that can potentially have an economic effect on international trade in goods, changing quantities traded, prices or both. While on the other hand, NTB is a form of NTMs that result in an obstacle to international trade.

In addition, Viljoen (2011) took a view that NTBs are mostly used to indicate policy interventions, except tariffs, which affect and distort the trade of goods, services and factors of production. In international trade, however, trade distortions exist when the price at the border differs from the domestic price due to measures like domestic regulations or administrative procedures that are imposed for various reasons. This may include ensuring food safety, product safety and addressing environmental issues. Viljoen (2011) further differentiated the two concepts by referring to NTMs as policy measures that limit trade, with no implied judgement on the legitimacy of the measures. Nevertheless, both concepts (NTMs and NTBs) cause distressing restrictions to trade, which is contrary to WTO trade liberalization ambitions. Therefore, throughout this chapter, the terms “NTMs” and “NTBs” are used interchangeably.

At the core of these NTMs are the non-automatic import licensing schemes. The latter claim is well confirmed by Kimani (2013) in his paper on “Overcoming NTBs to Regional Trade through Stakeholders Forum”. In the discussion paper, Kimani (2013) acknowledged that the available statistics on the Tripartite NTB Monitoring Mechanism shared by the Southern African Development Community (SADC); Common Market for Eastern and Southern Africa (COMESA); and the East African Community (EAC) shows that non-automatic import licensing are second on the list as the most frequently reported inconsistent NTMs. In the WTO framework, non-automatic import licensing schemes will be inconsistent if not implemented in accordance with the applicable provisions of the WTO Agreement on Import Licensing Procedures. This Agreement focuses on ensuring a simplified, transparent, fair and equitable administration of import licensing procedures. According to the Agreement, non-automatic import licenses are those whose approval of the application is not granted in all circumstances and that it is used to administer a quantitative restriction. In detail, the agreement requires that;

- All information regarding the implementation of trade policy measures must be published 21 days before the effective date of the requirement.
- Applicants must be treated fairly and without discrimination. This essentially means that if a permit is refused, the applicant, on request, should be given the reason for refusal, and shall have the right of appeal or review of the decision.
- The period for processing applications shall not be longer than 30 days or 60 days if applications are considered simultaneously.
- Permits should be given a reasonable duration to ensure a great validity of the permit. This effectively means that the duration of the permit should be such that it encourages imports, especially those from distant sources. Alongside, it should also encourage the full utilization of quotas, and the permits should be issued in economic quantities such as in “values” or “quantities”.

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