

TARIFF AND NON-TARIFF BARRIERS IN AGRICULTURAL EXPORTS



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TARIFF AND NON TARIFF BARRIERS IN AGRICULTURAL EXPORTS



Trade Barriers

Trade Barriers:

The restrictions imposed on the movement of goods between import and export.

Purpose:

It is to promote domestic goods than exported goods and there by safeguard the domestic industries.

Trade Barriers:

Tariff Barriers

Non Tariff barriers.

Tariff Barriers

- ❑ Trade tariff means tax or duty.
- ❑ Tariff barriers are the tax barriers or the monetary barriers imposed on international traded goods.

Important Tariff Barriers

❑ **Specific Duty:**

It is based on the physical characteristics of the goods. A fixed amount of money can be levied on each unit of imported goods regardless of its price.

❑ **Ad Valorem tariffs:**

This tax is flexible and depends upon the value or the price of the commodity.

❑ **Eg: Imposing tax of 5 USD for a 50 USD shoe and 10 USD for a 100 USD shoe.**

❑ **Combined or compound duty:**

It is a combination of specific and ad valorem duty on a single product for instance there can be a combined duty when 10 % of value (ad valorem) and 2 usd per kilogram (specific tax) are charged on any item.

❑ **Sliding scale duty:**

The duty which varies along with the price of the commodity is known as sliding scale duty or seasonal duties. These duties are confined to agricultural products as their prices frequently vary because of natural and other factors.

Trade Barriers

□ **Countervailing duty:**

It is imposed on certain imports where it is being subsidised by exporting governments. As a result of the government subsidy, imports become more cheaper than domestic goods to nullify the effect of subsidy, this duty is imposed in addition to normal duties.

□ **Revenue tariff:**

A tariff which is designed to provide revenue or income to the home government is known as revenue tariff Eg. High tariff on import on luxury goods.

Trade Barriers

- **Anti Dumping Duty:**
- **An anti-dumping duty is a protectionist tariff that a domestic government imposes on foreign imports that it believes are priced below fair market value.**
- **In order to protect their respective economy, many countries impose duties on products they believe are being dumped in their national market; this is done with the rationale that these products have the potential to undercut local businesses and the local economy.**
- **While the intention of anti-dumping duties is to save domestic jobs, these tariffs can also lead to higher prices for domestic consumers.**

Trade Barriers

- **Protective tariffs:**
- **Tariffs that are enacted with the aim of protecting a domestic industry.**
- **They aim to make imported goods cost more than equivalent goods produced domestically, thereby causing sales of domestically produced goods to rise, supporting local industry.**

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Trade Barriers

- A single column tariff **has a uniform rate levied on all imported commodities** and is also known as a uni-linear tariff system. A common external tariff is uniformly applied by a common market or customs union.
- A Double Column Tariff is **a tariff system which has two different duty rates for a particular product**. Here, the import tax on the product depends on the country of its origin. The rate is assessed by the importing country's trade relationship with the exporting country.
- Triple-Column Tariff Schedule **Countries which have close political ties with other countries or which have colonial possessions, may have a lower level of tariffs for goods from their affiliated countries**. This preferential system is used by, for example, the members of the British Commonwealth.

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Non Trade Barriers

- Any barriers other than tariff.
- It is meant for constructing barriers for the free flow of the goods.
- It do not affect the price of the imported goods.
- It affects the quality and quantity of the goods.

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Non Trade Barriers

1. **Licenses**: Licenses is granted by the government and allows the importing of certain goods to the country.
2. **Voluntary export restrictions**: These type of barriers are created by the exporting country rather than the importing one. These restrains are usally levied on the request of the importing country.
 - Eg. Brazil can request Canada to impose VER on export of sugar to Brazil and this helps to increase the price of sugar in Brazil and protects its domestic sugar producers.

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Non Trade Barriers

3. **Quotas**: Under this system a country may fix in advance, the limit of import quantity of commodity that would be permitted for import from various countries during a given period. This is divided into the following categories:

- **A Tariff quota**: Certain specified quantity of imports allowed at duty free or at a reduced rate on import duty.
- **B. Unilateral Quotas**: The total import quantity is fixed without prior consultations with the exporting countries.
- **C. Bilateral quota**: here quotas are fixed after negotiations between the quota fixing importing country and the exporting country.
- **D. Multi lateral quota**: A group of countries can come together and fix quotas for each country.

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Non Trade Barriers

4. Product standard: Here are imposing country imposes standards of goods. If the standards are not met, the goods are rejected.

5. Domestic content requirements: Government imposes DCR to boost domestic production.

6. Product labelling: Certain country insists on specific labelling of the products.

Eg. EU insists on products labelling in major languages in EU.

7. Packaging requirements: Certain nations insists on particular type of packaging of goods.

Eg. EU insists on packaging with recycle materials.

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Non Trade Barriers

4. Foreign exchange regulations: The importer has to ensure that adequate foreign exchange is available for import of goods by obtaining a clearance from exchange control authorities prior to the concluding of contract with the supplier.

5. State trading: In some countries like India certain items are imported or exported only through canalising agencies like MMTT (Minerals and metals trading corporation of India)

6. Embargo: Partial or complete prohibition with any particular country, mainly because of political tensions.

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Other Non Trade Barriers

- **Health and safety regulations.**
- **Technical formalities**
- **Environment regulations**

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Tariff analysis of India's Mango export

Indian Mango Production

According to National Horticulture Board India is one of the top mango producing country in the world.

| Production in (000)MT | | |
|-----------------------|------------|-----------|
| State | 2023-24 | |
| | Production | Share (%) |
| Uttar Pradesh | 5,990.53 | 26.75 |
| Andhra Pradesh | 4,985.28 | 22.26 |
| Bihar | 1,580.43 | 7.06 |
| Karnataka | 1,457.03 | 6.51 |
| Gujarat | 1,115.14 | 4.98 |
| Madhya Pradesh | 965.84 | 4.31 |
| Tamil Nadu | 949.45 | 4.24 |
| Telangana | 939.23 | 4.19 |
| Odisha | 888.34 | 3.97 |
| West Bengal | 882.27 | 3.94 |
| Total Production | 19,753.54 | |

Source: National Horticulture Board.

Commercial varieties of Mango in India

| | |
|-------------------------|--|
| Andhra Pradesh | Banganapalli, Suvarnarekha, Neelum and Totapuri |
| Bihar | Bombay Green, Chausa, Dashehari, Fazli, Gulabkhas, Kishen Bhog, Himsagar, Zardalu and Langra |
| Gujarat | Kesar, Alphonso, Rajapuri, Jamadar, Totapuri, Neelum, Dashehari and Langra |
| Haryana | Chausa, Dashehari, Langra and Fazli |
| Himachal Pradesh | Chausa, Dashehari and Langra |
| Karnataka | Alphonso, Totapuri, Banganapalli, Pairi, Neelum and Mulgoa |
| Madhya Pradesh | Alphonso, Bombay Green, Dashehari, Fazli, Langra and Neelum |
| Maharashtra | Alphonso, Kesar and Pairi |
| Punjab | Chausa, Dashehari and Malda |
| Rajasthan | Bombay Green, Chausa, Dashehari and Langra |
| Tamil Nadu | Alphonso, Totapuri, Banganapalli and Neelum |
| Uttar Pradesh | Bombay Green, Chausa, Dashehari and Langra |
| West Bengal | Fazli, Gulabkhas, Himsagar, Kishenbhog, Langra and Bombay Green |

Source: APEDA

Table 3 Productivity Profitability of Mango

| Sr. No | Products | Productivity in India (ha/ton) | Highest Productivity in the world (ha/ton) | Difference | Area (a) | Existing Production (tones) (b) (a *21) | Potential Production with increase in productivity (tones) (c) (a*30) | Increase in production (tones) (d) (b-c) | Present Export value per unit (e) (US\$1000) | Increase in value (\$1000) (f) (d*e) |
|--------|----------|--------------------------------|--|------------|----------|--|--|---|---|---|
| 2 | Mangos | 6.50 | 15.83 | 9.33 | 2312000 | 15026000 | 21570960 | 6544960 | 1.04 | 6855720 |

Source: Based on FAO data calculated by Researcher.

Indian Mango Exports

| Sr No. | Country | Qty (MT) | Value (Lacs) |
|--------|---------------|-----------|--------------|
| 1 | U Arab Emts | 16,567.22 | 14,286.80 |
| 2 | U K | 4,356.26 | 6,761.57 |
| 3 | U S A | 1,095.42 | 3,056.49 |
| 4 | Oman | 3,636.81 | 2,756.97 |
| 5 | Qatar | 2,744.95 | 2,740.20 |
| 6 | Nepal | 11,975.04 | 2,451.14 |
| 7 | Kuwait | 1,170.85 | 1,605.08 |
| 8 | Saudi Arab | 1,517.39 | 1,299.53 |
| 9 | Bangladesh Pr | 3,038.11 | 903.51 |
| 10 | Singapore | 687.55 | 735.86 |

Applicable Tariff rates for Mango into importing countries

| Sr no | Country | Import duty |
|-------|------------|---|
| 1 | Malaysia | 5% (Most Favoured Nation Tariff) |
| 2 | Indonesia | 5%(Most Favoured Nation Tariff) |
| 3 | Iran | 55% (Basic Custom duty) |
| 4 | Egypt | 45% (Most Favoured Nation Tariff) |
| 5 | Saudi Arab | 0% (Most Favoured Nation Tariff) |
| 6 | UAE | 0% (Most Favoured Nation Tariff) |
| 7 | USA | 6.6 dollar/per kg(Most Favoured Nation Tariff) |
| 8 | UK | 0% (Most Favoured Nation Tariff) |
| 9 | Canada | 0% (Most Favoured Nation Tariff) |
| 10 | Kuwait | 0% (Most Favored Nation Tariff) |

Source: India Trade Portal

Tariff Duty for India's Competitor into Importing Countries for Mango Exports

| India's Competitor in Mango Exports | Tariff rate applicable into Malaysia for Exporting countries | Tariff rate applicable into Indonesia for Exporting countries | Tariff rate applicable into Iran for Exporting countries | Tariff rate applicable into Egypt for Exporting countries | Tariff rate applicable into Saudi Arab for Exporting countries |
|-------------------------------------|--|---|--|---|--|
| China | 5% | 0% | NA | 45% | 0% |
| Thailand | 5% | 0% | NA | 45% | 0% |
| Mexico | 5% | 10% | NA | 45% | 0% |
| Indonesia | 5% | ----- | NA | 45% | 0% |
| Pakistan | 5% | 10% | NA | 45% | 0% |
| Brazil | 5% | 10% | NA | 45% | 0% |
| Egypt | 5% | 10% | NA | 45% | 0% |
| Bangladesh | 5% | 10% | NA | 45% | 0% |
| Nigeria | 5% | 10% | NA | 45% | 0% |

Source: WTO Database

Tariff Duty for India's Competitor into Importing Countries for Mango Exports

| India's Competitor in Mango Exports | Tariff rate applicable into for UAE Exporting countries | Tariff rate applicable into USA for Exporting countries | Tariff rate applicable into UK for Exporting countries | Tariff rate applicable into Canada for Exporting countries | Tariff rate applicable into for Kuwait Exporting countries |
|-------------------------------------|---|---|--|--|--|
| India | 0% | NA | 0% | 0% | 0% |
| China | 0% | NA | 0% | 0% | 0% |
| Thailand | 0% | NA | 0% | 0% | 0% |
| Mexico | 0% | NA | 0% | 0% | 0% |
| Indonesia | 0% | NA | 0% | 0% | 0% |
| Pakistan | 0% | NA | 0% | 0% | 0% |
| Brazil | 0% | NA | 0% | 0% | 0% |
| Egypt | 0% | NA | 0% | 0% | 0% |
| Bangladesh | 0% | NA | 0% | 0% | 0% |
| Nigeria | 0% | NA | 0% | 0% | 0% |

Source: WTO Database

Tariff disadvantages in Indonesia market for India in Mango Exports

| India's Competitor | Applicable Import Duty | Extra duty paid by India over competitors. |
|--------------------|------------------------|--|
| India | 5% | |
| China | 0% | +5% |

Applicable Tariff rates for Mango Pulp into importing countries

| Sr no | Country | Import duty |
|-------|------------|--|
| 1 | Malaysia | 5% (Comprehensive Economic Cooperation Agreement Tariff) |
| 2 | Indonesia | 5% (Most Favoured Nation Tariff) |
| 3 | Iran | 55% (Basic Custom duty) |
| 4 | Egypt | 45% (Most Favoured Nation Tariff) |
| 5 | Saudi Arab | 0% (Most Favoured Nation Tariff) |
| 6 | UAE | 0% (Most Favoured Nation Tariff) |
| 7 | USA | 6.6¢/kg (Most Favoured Nation Tariff) |
| 8 | UK | 0% (Most Favoured Nation Tariff) |
| 9 | Canada | 0% (Most Favoured Nation Tariff) |
| 10 | Kuwait | 0% (Most Favoured Nation Tariff) |

Source: India Trade Portal

Applicable Tariff rates for Mango Pulp into importing countries

| Sr no | Country | Import duty |
|-------|------------|--|
| 1 | Malaysia | 5% (Comprehensive Economic Cooperation Agreement Tariff) |
| 2 | Indonesia | 5% (Most Favoured Nation Tariff) |
| 3 | Iran | 55% (Basic Custom duty) |
| 4 | Egypt | 45% (Most Favoured Nation Tariff) |
| 5 | Saudi Arab | 0% (Most Favoured Nation Tariff) |
| 6 | UAE | 0% (Most Favoured Nation Tariff) |
| 7 | USA | 6.6¢/kg (Most Favoured Nation Tariff) |
| 8 | UK | 0% (Most Favoured Nation Tariff) |
| 9 | Canada | 0% (Most Favoured Nation Tariff) |
| 10 | Kuwait | 0% (Most Favoured Nation Tariff) |

Source: India Trade Portal

Tariff Duty for India's Competitor into Importing Countries for Mango Pulp Exports

| India's Competitor in Mango Pulp Exports | Tariff rate applicable into Malaysia for Exporting countries | Tariff rate applicable into Indonesia for Exporting countries | Tariff rate applicable into Iran for Exporting countries | Tariff rate applicable into Egypt for Exporting countries | Tariff rate applicable into Saudi Arab for Exporting countries |
|--|--|---|--|---|--|
| India | 5% | 5% | 55% | 45% | |
| China | NA | 0% | NA | 45% | 0% |
| Thailand | NA | 0% | NA | 45% | 0% |
| Mexico | NA | 10% | NA | 45% | 0% |
| Indonesia | NA | 10% | NA | 45% | 0% |
| Pakistan | NA | 10% | NA | 45% | 0% |
| Brazil | NA | 10% | NA | 45% | 0% |
| Egypt | NA | 10% | NA | 45% | 0% |
| Bangladesh | NA | 10% | NA | 45% | 0% |
| Nigeria | NA | 10% | NA | 45% | 0% |
| Philippines | NA | 0% | NA | 45% | 0% |

Source: India Trade Portal

Tariff Duty for India's Competitor into Importing Countries for Mango Pulp Exports

| India's Competitor in Mango Pulp Exports | Tariff rate applicable into for UAE Exporting countries | Tariff rate applicable into USA for Exporting countries | Tariff rate applicable into UK for Exporting countries | Tariff rate applicable into Canada for Exporting countries | Tariff rate applicable into for Kuwait Exporting countries |
|--|---|---|--|--|--|
| China | 0% | 6.6¢/kg | 0% | 0% | 0% |
| Thailand | 0% | NA | 0% | 0% | 0% |
| Mexico | 0% | NA | 0% | 0% | 0% |
| Indonesia | 0% | NA | 0% | 0% | 0% |
| Pakistan | 0% | NA | 0% | 0% | 0% |
| Brazil | 0% | NA | 0% | 0% | 0% |
| Egypt | 0% | NA | 0% | 0% | 0% |
| Bangladesh | 0% | NA | 0% | 0% | 0% |
| Nigeria | 0% | NA | 0% | 0% | 0% |
| Philippines | 0% | NA | 0% | 0% | 0% |

Source: WTO Data Base

Tariff disadvantages in Indonesia market for India in Mango Pulp Exports

| India's Competitors | Applicable Import Duty | Extra duty paid by India over competitors. |
|---------------------|------------------------|--|
| India | 5% | |
| Thailand | 0% | +5% |
| China | 0% | +5% |
| Philippines | 0% | +5% |

Key Points

- **India's present mango productivity is 6.50 tones/ha which is quite low as compare to highest mango productivity in the world.**
- **If India increases productivity of Mangos up to 15.83 tones/ha which is highest in the world then there will be added production of 6544960 tons which can be exported with competitive prices in international market.**
- **China is the competitor for mango export in Indonesia market however, China get nil duty access, whereas, India have been charged 5% import duty. It made impact on price competitiveness of mango in Indonesia market.**
- **Therefore, government of India may have trade negotiations with Indonesia government and try to get nil duty access like China in Indonesia Mango Export Market.**

Key Points

- **Egypt is important export market for Indian mango however due to lack of any trade agreement with respect of Mango export, India have been charged tremendous import duty. Its heavy burden on export price.**
- **India does not have tariff disadvantages in Egypt Mango export market over other competitors. However, India may negotiate import duty with Egypt government to bring down to acceptable limit. Egypt is important export market for Indian Mango Pulp however due to lack of any trade agreement with respect of Mango Pulp export, India have been charged tremendous import duty.**
- **Its heavy burden on export price. India does not have tariff disadvantages in Egypt Mango Pulp export market over other competitors. However, India may negotiate import duty with Egypt government to bring down to acceptable limit.**
- **Indonesia has free trade duty rates agreement with China, Thailand and Philippines under which they get nil duty access in Indonesia market. Whereas, India has been charged 5% import duty in Indonesia market.**
- **India has tariff disadvantage in Indonesia market of paying extra duty of 5% % over China, Thailand and Philippines. India may have trade negotiations with Indonesia market and try to get nil duty access like other countries.**