TARIFF AND NON TARIFF BARRIERS IN AGRI EXPORTS

    

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Building sustainable partnerships

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TARIFF AND NON TARIFF BARRIERS IN AGRI 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 in 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 fro 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 slinding 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 trariff 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.**

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.

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.

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 varous countries during a given period. This is divided into the following catagories:

- A Tariff quota: Certain specified quantity of imports allowed at duty free or at a reduced rate om import duty.
- B. Unilateral Quotas: The total import quanitity 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.

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 lime 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**

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.

Sr No.	State	Production (000 tones)	Share (%)
1	Uttar Pradesh	4,551.83	20.89
2	Andhra Pradesh	4,373.61	20.07
3	Bihar	2,443.47	11.22
4	Karnataka	1,760.60	8.08
5	Tamil Nadu	1,234.00	5.66
6	Gujarat	1,207.78	5.54
7	Telangana	1,080.14	4.96
8	West Bengal	918.35	4.22
9	Orissa	805.77	3.70
10	Maharashtra	791.36	3.63
	Total	19166.91	

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 iin 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 for Malaysia 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 for Saudi Arab 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%
Banglades h	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	6.6Â¢/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	6.6Â¢/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 for Malaysia 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 for Saudi Arab 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%	6.6Â¢/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%

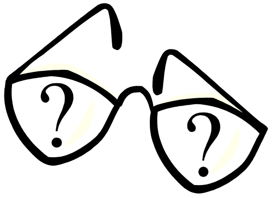
Key Points

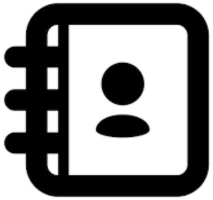
- **India's present mango productivity is 6.50 tones/ha which is quite low as compare to highest mango productivity in the world.**
- **If India increases productivity of Mangos up to 15.83 tones/ha which is highest in the world then there will be added production of 6544960 tons which can be exported 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 likc 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.**

Thank you!! 

Questions please... 



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