



# PROFIT

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for investment and trade

## **Tariffs, quotas & NTBs**

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# Tariffs, quotas and NTBs

## 1. Introduction

Many countries seek to discourage imports through the imposition of tariffs, quotas and non-tariff barriers (NTBs) though they may agree to make concessions to selected countries, usually in exchange for some sort of trade agreement.

## 2. Tariffs

A tariff is a custom duty or form of tax imposed by a country on merchandise imports or, less frequently, exports. Often the aim of import tariffs is to protect or encourage domestic production though tariffs are also a useful source of revenue for government. Tariffs can be a fixed amount per unit of import or can vary with the value of the import (ad valorem). Tariffs are set according to the HS code of the import – and many of the codes leave considerable scope for argument.

You can check on tariffs with your country's customs authority though the World Trade Organisation now has online facilities that will give at least an indication of the likely level of tariff, which may be good enough for your initial research.

Countries that conclude free trade agreements remove tariffs from most or all of their imports in a reciprocal arrangement.

## 3. Quotas

Quotas are an alternative way of restricting the level of merchandise imports. Quite simply, they limit the volume of imports, possibly by number of units or, quite typically, by weight of commodity.

Sometimes governments impose both tariffs and quotas, so that there is a tariff to pay, but only so much of the product allowed into the country. Sometimes, governments allow a certain amount of a product to be imported at a low or nil tariff and then all further imports pay a higher rate of tariff. These approaches can make it difficult to plan as the quotas are usually made available on a 'first come, first served' basis.

## 4. Non-tariff barriers

Governments also impose a wide range of non-tariff barriers, mostly in the form of technical regulations or health and food-safety requirements. These are described in the PROFIT factsheet on *Standards*. A complicated form of NTB arises from rules of origin which say how much of a product must be made in a specified country in order to count as an import from that country. Some products require an import licence.

## 5. Next steps

Since tariffs, quotas and non-tariff barriers vary so much across sectors and between countries, it is not possible in a short note to give more than a brief introduction. The key step is for you to check out your own products, based on where you hope to export them, and then check out the requirements.

## 6. Further information

World Trade Organisation: Tariff Analysis Online and Tariff Download Facility

[https://www.wto.org/english/tratop\\_e/tariffs\\_e/tariff\\_data\\_e.htm](https://www.wto.org/english/tratop_e/tariffs_e/tariff_data_e.htm)

World Trade Organisation: NTBs and import licensing -

[https://www.wto.org/english/tratop\\_e/implic\\_e/implic\\_e.htm](https://www.wto.org/english/tratop_e/implic_e/implic_e.htm)

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