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Non-Tariff Trade Barriers: Non-Tariff Trade Barriers and New Protectionism

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Non-Tariff Trade Barriers and New Protectionism

- Import Quota
- VER (Voluntarily export Restraints)
- Technical, administrative (Phytosanitary and sanitary measures)
- International cartels
- Dumping
- Export subsidies

Import Quota

- Direct quantitative restriction on the traded commodity. Can be imported or exported commodity.
- Usually used for protection of Nascent industries, crucial domestic industries and to boost economic growth (inclusive growth) .
- WTO has banned quantitative restrictions.

VER (Voluntarily Export Restraints)

- Under VER, the importing country urges/induces the exporting nation to restrict the exports of a particular commodity, under the threat of high tariffs and other barriers if not complied.
- Uruguay round prohibited imposition of VER.
- Is there a loophole in this?

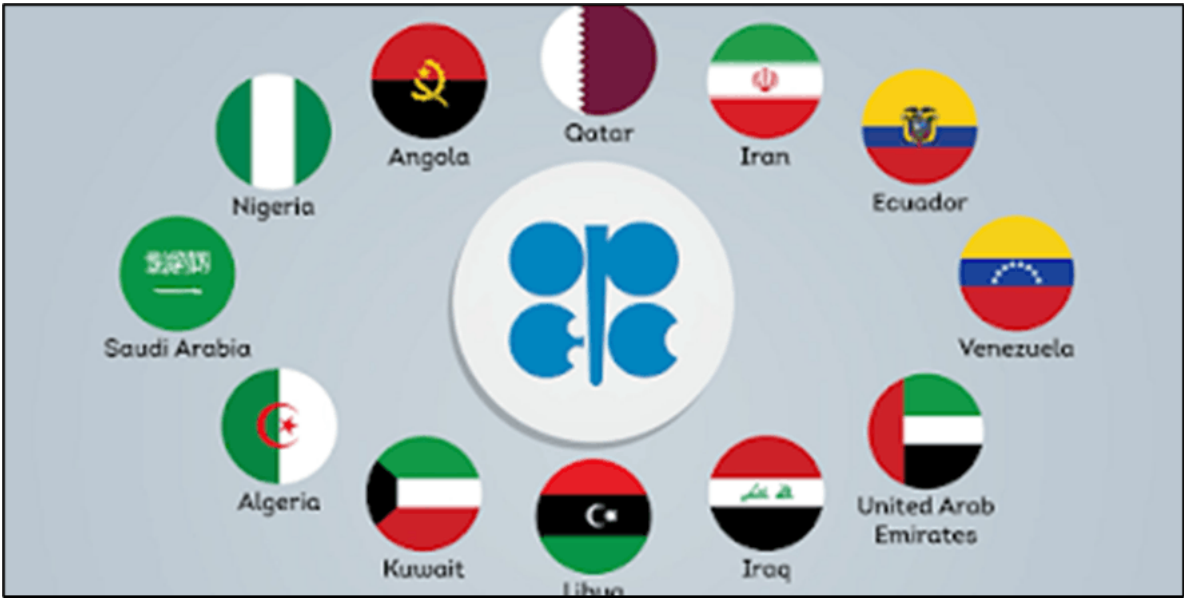
Technical, Administrative Regulations

- Sanitary, Phytosanitary measures.
- Labelling requirements, packaging.
- Export and Import permits.



International Cartels

- When the suppliers in the International market form a cartel to restrict the supply. Example: Crude Oil (OPEC) .
- Fails when one or more nation are not part of it, as they fill the supply gap.



Export Subsidy



Export Subsidies

- Benefits to the exporters by the nations in order to stimulate exports.
- Can be in terms of tax relief, tax rebate, LoC, interest free loans, free storage facilities on harbour, lower unloading and loading charges etc.
- E. g. : India: Duty free imports for exporters and SEZ*.
- Bangladesh: Cheap LoC, Duty drawback*, special bonded warehouse.

Dumping

- It means selling the commodity at a lower price in the International market, than domestically. The costs are much lower than the lowest cost foreign producer.
- 3 types: Persistent, Predatory and Sporadic dumping.
- Persistent dumping: Commodity sold at a higher price in the domestic market and at a lower price in the International market.
- Predatory Dumping: to acquire monopoly by driving out the foreign producer.
- Sporadic dumping: occasional sale of commodity (unforeseen surplus) .