Non-tariff barriers [1]

What is a non-tariff barrier?

A non-tariff barrier is any measure, other than a customs tariff, that acts as a barrier to international trade.

These include:

- **regulations:** Any rules which dictate how a product can be manufactured, handled, or advertised
- **rules of origin:** Rules which require proof of which country goods were produced in
- **quotas:** Rules that limit the amount of a certain product that can be sold in a market.

Why do they matter?

Non-tariff barriers can be more restrictive for trade than actual tariffs. During the second half of the 20th century, multilateral trade rounds dramatically reduced tariffs. In 1949 [2], the US charged an average tariff of 33.9%. Today [3] it is 3.5%. The EU's is 5.3%, while China's is 9.5%.

With the exception of a few sensitive products where tariffs remain high, it is non-tariff barriers that are the real impediment to international trade today. A 2009 study of the trade policies of 91 countries found that non-tariff barriers were equivalent to a 12% tariff barrier across the sample [4]. The UN Conference on Trade and Development found [4] non-tariff barriers contribute more than twice as much as tariffs to overall market access trade restrictiveness.

Can these non-tariff barriers be removed?

Trade deals such as the Comprehensive Economic and Trade Agreement (CETA) and the Transatlantic Trade and Investment Partnetship (TTIP) increasingly focus on reducing non-tariff barriers, such as regulation and intellectual property requirements, as well as reducing tariffs.

For example, during the TTIP negotiations, the EU aimed to remove the US's 1.25% tariff on cars. But more important were the non-tariff barriers, which added 26–27% to the cost of selling cars to the US. The EU's view was that a comprehensive trade deal, such as TTIP, should reduce these costs to 15%.

What non-tariff measures might apply to the UK's new relationship to the EU?

Most of the potential new UK-EU relationships will involve new non-tariff barriers to trade with the EU. One of the advantages cited of leaving the EU is the freedom not to adhere to certain EU regulations. But regulatory divergence from the EU may make it harder to trade goods, introducing non-tariff barriers. If the UK signed a free trade agreement, but left the EU customs union [5], any goods crossing the border would have to meet rules of origin requirements to prove that they did indeed come from the UK – introducing paperwork and non-tariff barriers.

Are non-tariff 'measures' the same as non-tariff 'barriers'?

Technically the two are different, though in practice these terms are often used interchangeably.

Some non-tariff measures are not actually barriers; instead they can increase the volume of trade. For instance, a country might require that all food items have to be labelled in a certain way. While this might introduce an administrative burden (and a cost) on imported goods, it might also give consumers more confidence to buyif they can see that foreign products conform to local standards.

List of non-tariff barriers

The UN Conference on Trade and Development classifies [6] 16 types of non-tariff barrier, ranging from measures favouring domestic industries to intellectual property to measures on plant and animal health:

Non-tariff barrier	What this means
Sanitary and phytosanitary measures	Plant and animal health regulations
Technical barriers to trade	Regulations on the contents of products, the process by which they were manufactured, their labelling, etc.
Pre-shipment inspection and other formalities	Requirements that goods be checked or licenses secured before they can be imported
Contingent trade-protective measures	Policies that protect the economy from the impact of certain imports, such as anti-dumping measures, safeguards for agriculture, etc.
Non-automatic licensing, quotas, prohibitions and quantity control, measures other than for SPS or TBT reasons	Policies that limit the total number of imports of a certain good, such as quotas, rules stating that imported goods can only be used in certain industries or temporary bans on certain products
Price-control measures, including additional taxes and charges	Charges or taxes (other than tariffs) that change the price of imports, for example, by ensuring that imports do not undercut the price of domestically-produced goods
Finance measures	Policies that regulate access to foreign exchange for imports, for example, by requiring deposits to be paid in advance, or that customs duties must be paid ahead of time
Measures affecting competition	For example, compulsory requirements to use national services, or use of a single state-owned importer for some goods
Trade-related investment measures	Requirements that goods should contain a certain proportion of locally-produced content, or policies that limit imports based on the performance of exports
Distribution restrictions	Measures which make it harder to sell imported goods in all parts of a market, for example, by stating that goods can only be sold in areas that meet certain conditions
Restrictions on post-sale services	Policies stating that post-sales services (customer services, repair services, etc.) must be provided by a local company
Subsidies	Money from government for domestic producers, making it harder for importers to compete
Government procurement restrictions	Ensuring that governments buy goods from domestic producers
Intellectual property	Ensuring that imports comply with patents, trademarks, industrial designs, copyright, geographical indications
Rules of origin	Rules requiring products to be able to demonstrate in which countries they were produced, often so that it can be determined whether the good can benefit from preferential access under a bilateral free trade agreement
Export-related measures	Policies undertaken by the exporter's government, for example, to limit exports to a certain country through trade embargos, or to reduce exports to keep domestic prices low

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