

# Difference Between Tariff And Non Tariff Barriers



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Updated on Mar 6, 2025 14:33 IST

Tariff and non tariff barriers are two commonly used methods terms in trade. However, many people are perplexed whether these words are related in any way. In this article, we will look at the difference between tariff and non tariff barriers.



Before understanding the difference between tariff and non-tariff barriers, we first must understand what a trade barrier is. So what exactly is a trade barrier? So, **a trade barrier is a governmental restriction on the movement of international products or services.**

Trade is critical to eradicating global poverty. Nations open to foreign commerce tend to grow quicker, innovate, enhance productivity, and give their citizens higher incomes and more possibilities. Tariffs and non-tariff barriers are the two types of trade barriers.



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*Must read: [What is the Difference Between Trade and Commerce?](#)*

Now, we know that there are two types of trade barriers, let's quickly go through the differences between them after going through the topics listed in the table of contents we will cover in this article.

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## Difference Between Tariff And Non-Tariff Barriers

To understand the difference between these two barriers in a better way, let's go through the differences in a tabular format:

Parameter	Tariff Barrier	Non Tariff Barrier
<b>Meaning</b>	The government imposes tariff barriers in the form of taxes or duties on its imports.	Non-tariff barriers cover all the restrictions other than taxes imposed by the government on its imports,
<b>Reason for imposing</b>	To protect its domestic companies and increase government revenue.	To protect domestic companies and discriminate against new entrants.
<b>Nature</b>	Explicit	Implicit



<b>Barrier are imposed in the form of</b>	Taxes and duties	Regulations, requirements, conditions, etc.
<b>Government receives the revenue</b>	Yes	No
<b>Affects the quantity of the imported goods</b>	No	Yes
<b>Price is charged by</b>	Government	Monopolistic organization
<b>Profits generated by importers can be handled</b>	Yes	No
<b>Chance of making huge profits</b>	Less	High
<b>Time taken to implement changes made to the trade barrier</b>	Less	More in comparison to a tariff barrier
<b>Example</b>	Import quotas, compound duties, etc.	Licensing, anti-dumping duties, etc.

GPY	79.0400	79.0200	79.0000
/CHF	0.8160	0.8152	0.8144
/USD	1.6153	1.6156	1.6158
R/USD	1.4173	1.4172	1.4172
D/USD	1.0740	1.0744	1.0750
		0.9582	0.9512

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## What is a Tariff Barrier?



**Tariff barrier definition: A tariff barrier is a type of barrier a country uses to protect its domestic consumers and producers from foreign competition.**

To put it in simpler terms, a tariff is a tax imposed on all commodities imported from other countries. You may also think of it as a 'border tax.'

When two countries trade in commodities, the country where the goods are entered charges a tax to generate money for the government while also raising the price of foreign goods so that domestic firms can compete with foreign things. The tariff barriers frequently aid in lowering reliance on imported goods and increasing self-sufficiency.

The major reasons for implementing a tariff barrier are:

- Defending domestic producers
- Increasing prices to limit imports of products and services
- In retribution for partner countries' unjust trade practices.

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## Advantages of Tariff Barriers

There are various tariff barriers advantages, and some of those advantages are listed below:

- The tariff barrier acts as a source of government revenue.
- They encourage domestic production growth.
- Tariff barriers are a way to prevent unfair competition in international trade.
- Tariff barriers may also be a starting point for international negotiations and agreements.



# What is a Non-Tariff Barrier?

**Non tariff barrier definition:** *A non-tariff barrier restricts the import or export of products by means other than tariffs.*

In simpler terms, they are any measures that limit imports or exports into a country that are not customs tariffs. Some of the most common and popular non tariff barriers are licenses, quotas, import deposits, embargoes, foreign exchange restrictions, etc.

These barriers could include:

- **Regulations:** Any rules governing how a product is created, handled, or advertised.
- **Rules of origin:** Rules requiring verification of where things were manufactured.
- **Quotas:** Regulations that limit the quantity of a certain product that can be sold in a market.

## Advantages of Non-Tariff Barrier

There are various non tariff barriers advantages, and some of those advantages are listed below:

- They protect new or strategic industrial developments.
- Non-tariff policies are more effective in limiting import volumes.
- Due to non tariff barriers, there is a decline in the import of goods. The decline in imports diverts demand for domestic products and thus creates jobs.



## Conclusion

Tariff and non-tariff barriers are two types of restrictions or difficulties in international trade. In this article, we examined the significant differences that are worth comprehending.

Now that you understand the distinction between tariff and non-tariff barriers, you can grasp the types of restrictions imposed.

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## FAQs

What is the distinction between tariff and non tariff barriers? →

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What is the significance of non-tariff barriers? →

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What is the main advantage of a tariff barrier?



What is tariff barriers?

