

# Non- Tariff Barriers to Trade: Role of Firm's Characteristics

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**Abstract:** Developed countries are the accuser to Non-Tariff Barriers and the developing countries are the followers. The market access of a country is denied by such kind of measures which are diverse and less transparent but reflect as barrier which is complex and country specific. They are formulated in a way it makes the producers to compete and gradually it constitutes as a trade barrier. Green trade barriers are the emerging trade impediments for exports especially for food products. Hence, this attempt is to bring out the perception on Non-Tariff Barriers of Agriculture and Processed food exporters of Tamilnadu and their relevance to their firms' characteristics. The ANOVA results show clearly that perception of barriers does not differ significantly according to the variation in firms' characteristics.

**Keywords:** Non-Tariff Barriers, Firm's characteristics, Green Trade Barriers, Exporters, ANOVA

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## I. INTRODUCTION

Despite the tariff reductions, many developing countries are paralyzed to substantially increase their participation in global trade. Extended Non-Tariff Barriers (NTBs) and its effects hold back their stake. It becomes essential to understand such export barriers which are attitudinal, operational, structural impediments that hinder a firm's ability to develop or retain in the international market (Leonidou, 1995). By grouping such barriers as factors under six major heads from 100 cyprus based exporters revealed that export competitiveness and inability to offer satisfactory prices were greatest obstacles for trade (Leonidou, 2000). Further relevant studies found two more factors; export venture management and adapting to foreign market needs are identified as difficulties encountered in export (Craig and Ahemed, 2005). The export procedures were also a main reason for discouragement to export trade (Lall, 1991; Altintas etl. 2007). Similar studies brought out that the low capacity usage and poor technology of the home country affects the export business operations in long run (Owusu - Frimpong and Mmieh, 2007). The product specification in foreign markets was reported as a market barrier (Lall, 1991; Leonidou 2004; Julian and Ahmed 2005)

Further, it is widely acknowledged that technical measures such as standards related to food quality and Sanitary PhytoSanitary (SPS) measures are emerging impediments for trade (Spencer Henson and Rupert Loader, 2001; Kneller and pisu, 2011). The trade is associated and driven by such technical regulations and trade-related standards which the developed countries framed to guarantee consumer safety, increase transparency, facilitate product compatibility and finally the product met the needs of the consumer. Lack of transparency in procedures and regulations regarding technical specifications about products and its packaging, along with this the customs procedure and valuation rules are also identified as NTBs that impact the exports (World Bank, 2009). The technical requirement of minimum quality to guarantee the health safety of consumers that protects environment may raise the prices of the products which are equivalent to tariffs (Sangeetha Khorana and Kwok Tong Soo, 2005). The developed countries are the accuser to Non-Tariff Barriers and the developing countries are the followers. The market access of a country is denied by such kind of measures which are diverse and less transparent, ultimately reflects as barrier which is complex and country specific. They are formulated in a way it makes the producers to compete and gradually it emerge as a trade barrier.

The growing concern for the social and environment sustainability issues instigate need for the environment protection measures. A study on impact of environmental regulations on trade was done in 2009 which reveals that these regulatory measures on the products are termed as Green Trade Barriers, a trade related measures which includes all the restrictions imposed by a country or group on imports from other countries on environmental concern (Nguyen Viet Khoi and Le Thanh Thury, 2014). The global environment problems made the developed countries enact strict legislations and standards for foreign products making products under certain limitations ( Xu, 2012). The green barrier, in long term promotes the standard and quality process in production, whereas in short term, it acts as trade protectionism and shows a negative image in the minds of producers (Zou Yanjing, 2014). Hence, the Green trade barriers are the emerging trade impediments for exports especially for agriculture and food products, which are meant for human consumption.

### Problem focus

Major agricultural products are exported from developing countries which include fruits and vegetables, species, nuts, coffee (Jafee, 1999). The producers not only have to meet the demands of importer but also to maintain quality and safety standards (Spencer and Rupert, 2001). NTBs under various categories are

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