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Identifying Import Restrictions

Successful importing and exporting requires a thorough understanding of the various customs regulations that apply to international shipments. Some countries may have restrictions which prohibit items from being imported entirely, while others may impose taxes or require special licenses in order to trade products. Whether it is trade tariffs, duties, quotas or non-tariff barriers, almost every nation imposes some form of restriction in order to control and regulate foreign imports. It is important to take time to identify these restrictions before attempting to import foreign products or export to foreign markets.

Common Import Restrictions & Regulations

Among the most common forms of import restrictions are tariffs, subsidies, quotas and full-scale import bans. Each of these tools is used in certain situations where a government feels compelled to regulate the flow of goods into or out of the country. How does each one affect your operation? Let's break down the most common restrictions and what they are:

- **Tariffs**, also known as import taxes, are fees levied on an exporter for the privilege of shipping goods to a country. These taxes are usually a percentage of the total worth of the shipment. The exact percentage is calculated based on the nature of the goods being transported. For example, automobile imports may be subject to a 15% rate, while pork may be taxed at only 5%. Many governments impose some form of minimum tariff on all goods in order to generate income, though some countries collect little to no tax from exporters.

  Aside from supplying a source of revenue, tariffs may be used to protect vulnerable domestic markets from foreign competition. When domestic industries are threatened by an inexpensive supply of foreign goods, tariffs may be imposed to level the playing field. Since the exporter must now pay more money to access the market, they must also raise their selling prices to cover the new expenses.

- **Subsidies** are another form of trade barrier used to neutralize foreign competition that has an advantage over domestic suppliers. Though they deliver essentially the same results as tariffs, subsidies do not levy a fee – instead they provide financial assistance to certain businesses or industries in order to help them compete in the global market. For this reason, subsidies are considered by many to be a type of import restriction.

- **Quotas** are a form of quantitative import restriction which limits the amount of goods that can be imported during a given time period. If you are importing or exporting goods that are subject to a quota, you may have to compete with other buyers or suppliers that are attempting to negotiate similar deals. Absolute quotas allow imported goods on a first-come first-serve basis in most countries, so it's vital to identify them quickly in order to create an appropriate plan.

- **Import bans** and **embargoes** are an extreme form of import restriction which strictly prohibits the trade of a certain good or trade with a certain country. Import bans are used in a variety of different scenarios. During a disease outbreak for example, import bans may be imposed in order to prevent infection and protect public health.

  Countries may also institute bans and embargoes for political or ideological purposes. For example, the United States levied a total trade embargo against Cuba for their actions during the height of the Cold War, while Austria levied a massive tariff on tropical timber following an environmental conference held in Brazil in 1992. The 70% timber tariff, which was comparable to an outright ban, was imposed as a message from an Austrian government that was no longer willing to condone unchecked tropical deforestation.

These are the most common forms of restrictions you are likely to encounter during routine trading. However, this list is by no means exhaustive. There are many other barriers that may restrict your shipments including product standards, quality conditions, import/export licenses, and even the infrastructure of the country you are shipping to.

Identifying Applicable Import Restrictions & Trade Barriers

Nowadays, trade barriers and import restrictions are par for the course in most countries. This means that the success of your venture hinges in part on how well you can identify applicable restrictions and plan for them accordingly. Not doing your homework may result in unexpected forfeitures or fines where your goods are illegal or restricted!

The easiest way to identify applicable restrictions is by getting in touch with the embassy of the country you wish to do business with. Embassies have access to up-to-the-minute information regarding any regulations that you may be subjected to. If you are importing goods, contact the domestic customs agency in your country to inquire about tariffs, quotas or bans that might affect your shipments. Much of this information is now available on the Internet.

In addition to embassies, trade organizations often keep track of important information regarding regulations that may affect a broad number of businesses. If you trade solely within a certain industry, industry-specific groups or trade organizations may keep tabs on relevant developments that affect buyers and suppliers.

Coordinating your shipments through a customs broker is another way to navigate the landscape of trade restrictions. Brokers are experienced and well-versed in customs regulations and are usually among the first to know about new changes. Hiring a broker can save you time and trouble if you have any questions about restrictions potentially affecting your exports or imports.

No matter how you choose to identify applicable trade barriers, it will always be an important and necessary step for every venture. It's worth it to take the time to do it right so you won't have to pay the price later on down the line.

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