

## Corrigendum/Explanation SFG 2026 Level 2 Test 7

There is 1 change in today's paper (Q.47). The correct answer of Q.47 is Option c.

Q.47) A doubt was raised whether anti-dumping duty is a tariff barrier or a non-tariff barrier.

**Exp) Antidumping duty is a non-tariff barrier.** The answer to the question is incorrectly marked.

Non-tariff measures (NTMs) are policy measures other than tariffs that can potentially have an economic effect on international trade in goods. As per the UN Trade and Development (UNCTAD) examples of non-tariff measures include Contingent Trade protective measures, which include anti-dumping duty as well as counter-vailing duty.

### For Future Reference:

Q.47) Consider the following:

- I. Anti-dumping duty
- II. Local Content Requirement
- III. Custom duty
- IV. Import Quota

How many of the above can be considered as non-tariff barriers in International trade?

- a) Only one
- b) Only two
- c) Only three
- d) All the four

Ans) c

**Exp) Option c is the correct answer**

Non-tariff barriers are trade restrictions that **do not involve the imposition of taxes on imports** but still affect the volume of trade. In other words, Non-tariff barriers refer to **policy measures other than tariffs that restrict or distort international trade in goods and services.**

As per UN Trade and Development (UNCTAD), Non-Tariff Measures are policy measures other than ordinary customs tariffs that can potentially have an economic effect on international trade in goods, changing quantities traded, or prices or both.

**Option I is correct: Anti-dumping duty is considered a non-tariff barrier to international trade.**

Measures implemented to counteract particular adverse effects of imports in the market of the importing country are contingent upon the fulfilment of certain procedural and substantive requirements.

- Country A imposes an anti-dumping duty on imports of biodiesel products from country B, to offset an injurious dumping by country B found to exist via an investigation.
- Country A imposes a countervailing duty on imports of semiconductors from country B, to offset the subsidies granted by country B on the production of semiconductors found to exist via an investigation

**These two are included under Contingent Trade protective measures, which is a Non-Tariff measure.**

**Option II is correct:** Instead of placing a quota on the number of goods that can be imported, the government can require that a certain percentage of a good be made domestically (known as **Local Content Requirement**). The restriction can be a percentage of the good itself or a percentage of the value of the good. **It is a non-tariff barrier in International trade.**

**Option III is incorrect: Custom duty is considered as a tariff barrier to international trade.** Custom Duty is a tax imposed by a government on goods that are imported into or exported out of the country. The basic purpose of imposing customs duty are Protection of Domestic industries, the regulation of trade etc.

**Option IV is correct: Import Quota is considered as non tariff barriers to international trade.** An import quota is a quantitative restriction on imports. Under it the government fixes the maximum amount of a product that can be imported within a given time.

Source:)

<https://unctad.org/topic/trade-analysis/non-tariff-measures/NTMs-classification#:~:text=Examples%20of%20NTMs&text=Measures%20that%20are%20applied%20to,disease%2Dcausing%20organisms%20in%20food.&text=Measures%20referring%20to%20technical%20regulations,with%20technical%20regulations%20and%20standards.&text=Measures%20implemented%20to%20counteract%20particular,to%20exist%20via%20an%20investigation.>

**Q.14)** A doubt was raised whether net exports of a country include net exports and imports of goods and services or only goods.

**Exp)** The net exports of a country will include both exports and imports in goods and services. For a better understanding of the concept, kindly refer to the discussion of the test where Sir has explained the concept in detail.