**Tariff Barriers**

Tariff barriers indicate taxes and duties imposed on imports. Marketers of guest countries find it difficult to earn adequate profits while selling products in the host countries. Sometimes, to prevent foreign products and/or promote domestic products, strategically tariff policies are formulated that restricts international marketing activities. Frequent change in tariff rates and variable tariff rates for various categories of products create uncertainty for traders to trade internationally. Antidumping duties levied on imports and defensive strategies create difficulty for exporters.

Most trade barriers work on the same principle–the imposition of some sort of cost on trade that raises the price of the traded products. If two or more nations repeatedly use trade barriers against each other, then a trade war results.

International trade increases the number of goods that domestic consumers can choose from, decreases the cost of those goods through increased competition, and allows domestic industries to ship their products abroad. While all of these effects seem beneficial, [free trade](https://www.investopedia.com/terms/f/free-trade.asp) isn't widely accepted as completely beneficial to all parties.

It is important to recognize that the taxes owed on imports are paid by domestic consumers, and not imposed directly on the foreign country's exports. The effect is nonetheless to make foreign products relatively more expensive for consumers - but if manufacturers rely on imported components or other inputs in their production process, they will also pass the increased cost on to consumers. Often, goods from abroad are cheaper because they offer cheaper capital or labor costs, if those goods become more expensive, then consumers will choose the relatively costlier domestic product. Overall, consumers tend to lose out with tariffs, where the taxes are collected domestically.

Trade barriers are often criticized for the effect they have on the developing world. Because rich-country players call most of the shots and set trade policies, goods such as crops that developing countries are best at producing still face high barriers. Trade barriers such as taxes on food imports or subsidies for farmers in developed economies lead to overproduction and dumping on world markets, thus lowering prices and hurting poor-country farmers. Tariffs also tend to be anti-poor, with low rates for raw commodities and high rates for labor-intensive processed goods. The Commitment to Development Index measures the effect that rich country trade policies actually have on the developing world.