

### Tutorial TARIFF

#### 1) Effective rate of protection

Let us consider the case in which we import wool to produce jersey (that happens also to be imported). In order to produce a jersey we are using one unit of labour and one unit of wool. Then,

Price(jersey)= Cost(wool) + value added

Let us consider that the cost of the wool is 30€ and the VA 60 €.

Then compute the nominal and effective tariff protection in the following cases:

- a) We introduce a tariff on the jersey import (5%).
- b) We introduce a tariff on the jersey import (5%) and on the wool import (7%).
- c) We introduce a tariff on the wool import (7%) but not on the jersey import.

#### 2) Tariffs

2.a) Consider the following data related to an import operation

Imported Quantity: 1000 units  
Custom Value: 100€ (per unit)  
Ad-valorem tariff: 10%  
Specific tariff: 5€/ unit

If the importer pays 10000€, which kind of tariff has been applied to this transaction?

2.b) Determine the total tariff an importer has to pay when we consider the following situation:

Imported Quantity: 25,000 liters.  
Custom Value: 150,000 € (total)  
Ad-valorem tariff: 40%  
Specific tariff (1): 0.8€/ liters  
Specific tariff (2): 2€/ liters