МІНІСТЕРСТВО ОСВІТИ І НАУКИ УКРАЇНИ УЖГОРОДСЬКИЙ НАЦІОНАЛЬНИЙ УНІВЕРСИТЕТ

Факультет міжнародних економічних відносин Економічний факультет

ІНСТИТУТ ДЕРЖАВНОГО УПРАВЛІННЯ ТА РЕГІОНАЛЬНОГО РОЗВИТКУ

AKADEMIA POLONIJNA w CZĘSTOCHOWIE

МАТЕРІАЛИ ДОПОВІДЕЙ МІЖНАРОДНОЇ НАУКОВО-ПРАКТИЧНОЇ КОНФЕРЕНЦІЇ

«СУЧАСНІ МОЖЛИВОСТІ ЗАБЕЗПЕЧЕННЯ СОЦІАЛЬНО-ЕКОНОМІЧНОГО РОЗВИТКУ КРАЇН»

16 вересня 2017 року

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Сучасні можливості забезпечення соціально-економічного розвитку С 91 країн матеріали доповідей Міжнародної науково-практичної конференції (м. Ужгород, 16 вересня 2017 року) / За. заг. ред.: М. М. Палінчак, В. П. Приходько, А. Krynski. –Ужгород. – Ужгород: Видавничий дім «Гельветика», 2017. – 188 с.

ISBN 978-966-916-348-6

У збірнику викладено матеріали доповідей учасників Міжнародної науковопрактичної конференції «Сучасні можливості забезпечення соціальноекономічного розвитку країн» (16 вересня 2017 року, м. Ужгород), у яких розглядаються проблеми економічної теорії та історії економічної думки, світового господарства і міжнародних економічних відносин, економіки та управління національним господарством, економіки та управління підприємством та інші питання.

> УДК 330.34(063) ББК 65.011я43

PROTECTIONISM: A MODERN ANTI-CRISIS TREND

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At the current phase in the development of international economic relations, the arsenal of developed countries is dominated by the instruments of hidden protectionism, implemented mostly by methods of domestic economic policy. Developing countries are seeking to utilize the capacities of sectoral protectionism, whereas the policy of economic sanctions conforms indirectly to the idea of selective protectionism directed against certain countries or certain commodity groups. The economic background of hidden protectionism is associated with domestic taxes and duties, government purchases, requirements to use components of local origin in manufacturing finished goods [1]. Yet, the most common requirements are ones about keeping with national standards, sanitary or ecological norms.

Non-tariff restrictions were applied to nearly 18% of the global trade in 2000 s [2]. Developed countries used non-tariff restrictions for 17% of imports, including 44% of agricultural products, 50% of basic metals, 25% of textiles, and 30% of transport vehicles. Non-tariff restrictions were used even more intensively by developing countries. Non-tariff instruments covered above 40% of their imports, including 50% of agricultural products, and nearly 37% of finished products in manufacturing industry. This large-scaled use of non-tariff restrictions can be explained by their capacities enabling direct interventions of governments in the process of foreign economic exchange, contrary to tariff instruments. Also, because even a high import duty cannot guarantee high quality of imports, governments seek for broader use of non-tariff methods for regulation of foreign trade.

In the latest decades non-tariff methods have been extensively used by a major part of countries with different economic performance. More than 12 thousand cases of non-tariff restrictions used by developed and developing countries at the level of 4-digit commodity positions of the Harmonized Commodity Description and Coding System of the Customs Cooperation Council were recorded in the database on non-tariff restrictions at early 80s of the past century [3].

Various kinds of restrictive trade and economic measures were designed mainly for protecting domestic manufacturers from foreign competitors. However, while in earlier times the output of a foreign company used to originate from the territory of a respective foreign country, now a large share of the output is accounted for transnational corporations whose manufacturing facilities are located in many countries. This situation is more specific for the industrial sector.

The use of non-tariff measures is often restricted by norms or rules of trade organizations. However, the so called "grey zone" measures exist, i. e. non-classified non-tariff measures that are formally beyond the regulatory competence of WTO. Once used, they harm domestic manufacturers, given that they cannot be easily detected and identified. The practice of non-tariff regulation allows for flexible and purposeful policy regarding selected countries or groups, or selected commodity

categories. Today, the whole range of non-tariff instruments permitted by WTO is extensively used, their use being often apparently dependent on political factors.

Of the wide diversity of non-tariff measures, technical barriers are the most numerous ones, because nearly 2/3 of international trade is regulated by a certain type of technical barriers. Price control and quantitative restrictions are applied to about 20% of the global trade. Classification of non-tariff measures by five broad categories (technical barriers, sanitary and phytosanitary measures, pre-shipment inspections, quantitative restrictions, price control), with frequency index (the share of commodity groups subject to non-tariff restrictions) and coverage ratio (the share of trade subject to non-tariff regulation) defined for each.

The frequency of use of non-tariff restrictions varies by region of the world. Sanitary or phytosanitary measures and technical barriers are widely used by all the countries. Basically, technical barriers prevail in international trade. Their coverage ratio is especially high (0.65) in high income countries. In African countries technical barriers prevail, but their coverage ratio is far lower (0.37) [4]. The coverage ratio for pre-shipment inspections is 0.25. Quantitative restrictions are used most often in Asian and Latin American countries.

The leaders in use of non-tariff restrictions in international trade are U.S., Japan and EU. One of the most common methods for non-tariff regulation is embargo. It means ban on imports and/or exports. These measures are compulsory; they are recognized by international practice; they can take open or disguised form. The examples of embargo: ban on imports from Iraq and Yugoslavia; ban on imports from Israel, imposed by Arab countries; ban on trade with Cuba, imposed by U.S.

A kind of embargo is partial unconditional bans on imports of specific commodities capable to harm various spheres of life in a country. Iran, for example, banned imports of commodities subject to restrictions imposed by religious rules; bans on imports of pork and alcohol were imposed on Syrian Arab Republic, Libya or Pakistan. Disguised bans include restrictions on entries of foreign ships in coastal waters or restrictions on distribution of selected commodities by wholesale networks. For example, according to the U.S. laws on trade fleet, all the cargo transportations in the coastal domestic trade shall be made by ships built in U.S.

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