

LIBERALIZATION AND PROTECTIONISM: COUNTERACTING TRENDS IN INTERNATIONAL TRADE

E. N. Khaliullina

Belarusian State University, Minsk;

katekhal32@gmail.com;

scientific advisor – G. N. Gavrilko, D. in Economics, Associate Professor

The purpose of this work is to investigate such directions and trends in the development of the state's foreign trade policy as liberalization and protectionism, as well as to suggest possible ways to develop international trade and economic relations of the Republic of Belarus. The issues of liberalization and protectionism in world trade are of particular importance in the context of globalization. There is a gradual movement towards the liberalization of international trade, the World Trade Organization sets itself the task of eliminating non-tariff barriers, various kinds of import restrictions, and liberalizing trade in services. This development trend raises the question of the Republic of Belarus about the nature of its foreign trade policy, as well as about the protection of domestic producers on the world stage.

Key words: Trade policy, international trade, trade restriction, developed countries, USA, European Union, China, Belarus.

In the process of global economic development, two approaches to the implementation of trade policy have emerged: free trade, in other words, liberalization, and protectionism. In order to identify the main trends of protectionism trade policy and free trade in practice, the USA, China and the countries of the European Union are studied in this research.

Since taking office, D. Trump has decided on a new policy aimed at solving an obvious problem for 2017 – reducing the trade deficit with the country's strategic trading partners (China, Canada, Mexico, Japan and Germany). If earlier the policy was a set of actions leading to liberalization, then in 2018 the protective measures introduced by the United States turned into a full-fledged trade war aimed primarily against China, the country with which the United States has the largest trade deficit [1].

The impact of the trade war on the world is a redistribution of trade flows. In general, the trade war not only redistributed trade flows, but also prevented the growth of global trade. Despite the complete reversal of the long-term global trend of tariff reduction towards protectionism, globalization, measured by export growth, does not stop. Since 2018, the United States has been characterized by the development of protectionist measures in trade policy, especially in relation to East Asian countries, restrictions towards which have an impact on the world community [2].

Europe trades in the absence of barriers between states, where quantitative restrictions on goods, customs duties have been abolished, a single customs

tariff has been introduced in relation to third countries, and there is no customs control. Economic growth in the European Union over the past decades has been characterized by relatively low rates precisely because of trade liberalization and free cross-border movement of capital. Thus, in the period from 2006-2018, world GDP increased by 52.5%, in developing countries – by 86.3%, and in the EU – by only 14.3%. The process of reducing restrictions on foreign trade, combined with the low cost of local labor, gives an advantage in low production costs of competitive goods. As a result, developing industries are transferring their capital to the least developed countries of the world, increasing their export potential and displacing both local and global producers located on the territory of highly developed countries. Statistics showed that exports from developing countries increased by 70% in the period from 2007-2018, and the share of exports from developed EU countries increased by 31% in the same period [3].

China's success can be traced through the prism of its trade policy. There is a restriction on the import of foreign equipment in order to preserve the competitiveness of Chinese manufacturers in the domestic market. The involvement of small and medium-sized businesses in the development of exports of goods produced in the PRC is observed, and the placement of high-tech products on the territory of the PRC is also stimulated, that is, the import of technologies is traced. Free economic zones are one of the most effective tools for the development of foreign trade flows, since they combine preferential tax, currency and customs regimes. It was the FEZ that became the first step of China on the path to economic openness.

Now China's economy is the first largest economy in the world, has come out on top in the world in terms of trade volume. Despite such an increase in the country's status and an increase in the average level of per capita income, a number of problems remain, including income inequality, the gap between savings and investment is growing, as well as unbalanced growth, which is more determined by investment and exports, rather than consumption [1].

Statistics of trade relations of the Republic of Belarus show little effectiveness of trade policy. The main problem that has had a negative impact on the level of the national economy for many years is the weak level of export diversification (about 60% of all deliveries as of 2020 are carried out to Russia), the small volume of growth of foreign investments in domestic production, the unattractiveness of their implementation [4]. It is impossible to improve the situation without creating innovative products, building a digital economy, and increasing the competitiveness of existing goods. This will contribute to increasing the degree of "survival" of Belarusian exports in existing markets and will create the basis for new competitive advantages and penetration into new ones. Organizations of the Republic of Belarus should expand partnerships

with foreign organizations to create joint ventures outside Belarus in order to study and master advanced technologies, release new products and sell them [5].

One of the leading goals for organizations remains to attract investments from foreign investors, which will allow the introduction of innovative technologies, equipment for the production of high-quality products, competitive not only in domestic but also foreign markets. Some similarity of the form of planning and regulation of China's economic indicators with the Belarusian one suggests the possibility of applying China's experience as a positive one to the economy of the Republic of Belarus. In comparison with the European Union, there is a positive trend of inclusion in international organizations and unions for the purpose of export diversity. The example of the USA justifies the use of protectionist measures in the economy, but it is not applicable to the realities of the Belarusian economy. The solution to the problem of international trade can be the weakening of protectionist measures in this area. The need for foreign policy reforms is obvious, but with the weakening of protectionist measures in the short term, negative effects are manifested, while positive ones are manifested only in the long term.

Literature

1. *Pak, S.-Ch.* US protectionism and the violation of the trade balance between the United States and the countries of Northeast Asia / S.-Ch. Pak // Bulletin of International Organizations: education, Science, New Economy. – 2018. – Vol.16, No. 2. – pp. 86–114.
2. Data and Statistics About the U.S. [Electronic resource]. – Access mode: <https://www.usa.gov/statistics>. – Access date: 01.03.2022.
3. Monthly statistics of International Trade (UN) [Electronic resource]. – Access mode: <https://trendeconomy.ru/data/monthly/UnitedKingdom>. – Access date: 01.03.2022.
4. Statistical Yearbook of the Republic of Belarus [Electronic resource] // National Statistical Committee of the Republic of Belarus. – Minsk, 2021. – Access mode: https://www.belstat.gov.by/ofitsialnaya_statistika/publications/izdania/public_compilation/index_41019/. – Access date: 09.03.2022
5. Daineko, A.E. Foreign trade and economic development of Belarus / A.E. Daineko, D.E. Beresnev // Science and Innovation. – 2019. - No. 9. – p. 4 – 9.