МИРОВАЯ ЭКОНОМИКА И МЕЖДУНАРОДНОЕ СОТРУДНИЧЕСТВО

Международный научно-практический журнал "Вестник МИРБИС" ISSN 2411-5703 http://journal-mirbis.ru/
№ 3 (11)' 2017 http://cs.journal-mirbis.ru/-/w9A0WivkbN-VBuqjuRf6jw/sv/document/0b/a3/aa/521295/188/3_2017_VM.pdf?1508940113
URL статьи: http://cs.journal-mirbis.ru/-/JQ4Q0baxwSu3cEQtgm2SWw/sv/document/e0/94/e5/521295/175/6-13.pdf?1508940113
Статья опубликована: 20.10.2017

Ссылка для цитирования этой статьи: Онохова Ю. О. Protectionism growth in world economy [Электронный ресурс] // Вестник Московской международной высшей школы бизнеса (МИРБИС). – 2017. №3(11). С. 6-13. – Библиогр.: с. 6-7 (14 назв.). – URL: http://cs.journal-mirbis.ru/-/JQ4Q0baxwSu3cEQtgm2SWw/sv/document/e0/94/e5/521295/175/6-13.pdf?1508940113 (доступ свободный). Загл. с экрана. Яз. рус., англ.

УДК 339.5

Юлия Онохова[1]

РОСТ ПРОТЕКЦИОНИЗМА В МИРОВОЙ ЭКОНОМИКЕ

Аннотация. Международная торговля является одной из основных движущих сил экономического развития, это сфера международных экономических связей, формирующаяся из внешней торговли товарами, услугами, продуктами интеллектуального труда всех стран мира. Сегодня это 80% всех международных отношений.

Международная торговля подразумевает обмен товарами и услугами между странами. Это основа мировой экономики, в которой цены, или предложение и спрос, влияют и подвержены влиянию глобальных событий. Торговля во всем мире дает потребителям и странам возможность получить товары и услуги, недоступных в их собственных странах. В то же время Международная торговля является одним из наиболее спорных областей экономики, так как она сталкивается с интересами импортеров и экспортеров. Поскольку народное хозяйство всех стран в той или иной мере зависит от внешней торговли, государство законодательно устанавливает определенные правила и условия внешнеторговой политики, что сводится к двум подходам: протекционизм и либерализм (свободная торговля).

Ключевые слова: МЭО, международная торговля, протекционизм, защита рынков, национальная торговая политика.

1 **Онохова Юлия Олеговна** – студент магистратуры, кафедра национальной экономики, экономический факультет, Российский Университет Дружбы Народов. 117198, Российская Федерация, Москва, ул. Миклухо-Маклая, д. 6 Email: julisumerful@gmail.com

Литература

1. Антипова А. М., Ахматалиева А. А., Демченко С. К. Преимущества и недостатки открытой экономики и политики протекционизма // Новое Слово в Науке: Перспективы Развития, 2016, № 3(9), с. 149-150.
2. Кадочников П. А. Протекционизм и либерализация внешней торговли в России и ведущих странах мира // Российский Внешнеэкономический Вестник, 2015, № 3, с. 3-13.
3. Черников С. Ю. Особенности торгово-инвестиционного взаимодействия России с Китаем // Вестник Университета (Государственный Университет Управления), 2016, № 3, с. 114-118.
4. Чернова В. Ю. Транснационализация как фактор привлечения иностранных инвестиций и диверсификации экономики России // Экономика: Вчера, Сегодня, Завтра, 2016, № 8, с. 222-233.
5. Черников С. Ю. Особенности маркетингового потенциала российских промышленных товаров на рынках Индии // Вестник Университета (Государственный Университет Управления), 2016, № 1, с. 122-126.
6. Фомина Э. А. Протекционизм в условиях глобализации мировой экономики // Известия Санкт-Петербургского Государственного Экономического Университета, 2016, № 3(99), с. 155-158.
7. Evenett S.J. The Global Trade Disorder. The 16th GTA Report. CEPR. 2014. 149 Pages. URL: http://www.globaltradealert.org/16th_GTA_report (Accessed 17/06/2017).
8. WTO Report on G-20 Trade Measures (mid-May 2014 to mid-October 2014). 73 Pages. URL: http://www.wto.org/english/news_e/news14_e/g20_wto_report_oct14_e.pdf (Accessed 21/12/2016)
9. Database of the United Nations Conference on Trade and Development (UNCTAD). URL: http:// unctadstat.unctad.org/wds/ReportFolders/reportFolders.aspx?sCS_ChosenLang=en (Accessed 14/02/2017)
10. Key Statistics and Trends in Trade Policy 2014. UNCTAD. 25 Pages. URL: http://unctad.org/en/PublicationsLibrary/ditctab2014d3_en.pdf (Accessed 17/06/2017)
11. Non-Tariff Measures to Trade: Economic and Policy Issues for Developing Countries. UNCTAD. 124 Pages.

URL: http://unctad.org/en/PublicationsLibrary/ditctab20121_en.pdf (Accessed 17/06/2017)
12. Tariffs: More Bindings and Closer to Zero. URL: https://www.wto.org/english/thewto_e/whatis_e/tif_e/agrm2_e.htm (Accessed 07/07/2017)
13. WTO. Differences remain on deadlines and forums for post-Bali work on agriculture. URL: https://www.wto.org/english/news_e/news14_e/agcom_16sep14_e.htm (Accessed 07/07/2017)
14. WTO. Members and Observers. URL: https://www.wto.org/english/thewto_e/whatis_e/tif_e/ org6_e.htm (Accessed 07/07/2017)

УДК 339.5

Julia Onokhova[1]

PROTECTIONISM GROWTH IN WORLD ECONOMY

Abstract. International trade is one of the main driving forces of economic development. International trade is the sphere of the international economic relations and is formed from the foreign trade in goods, services, products of intellectual labor of all world countries. Today it is 80% of all international relations.

International trade is the exchange of goods and services between countries. This type of trade gives rise to a world economy, in which prices, or supply and demand, affect and are affected by global events. Trading globally gives consumers and countries the opportunity to be exposed to goods and services not available in their own countries. Almost every kind of product can be found on the international market.

At the same time international trade is one of the most disputed areas of the economy. It facing the interests of importers and exporters. As the national economy of all countries in one way or another dependent on foreign trade, the state legislatively establishes certain rules and conditions of the foreign trade policy. There are two approaches of this policy: protectionism and liberalism (free trade).

Keywords: international economic relations, international trade, protectionism, protection of markets, national trade policies.

Protectionism refers to government actions and policies that restrict or restrain international trade, often done with the intent of protecting local businesses and jobs from foreign competition. Typical methods of protectionism are tariffs and quotas on imports and subsidies or tax cuts granted to local businesses. The primary objective of protectionism is to make local businesses or industries more competitive by increasing the price or restricting the quantity of imports entering the country. At the end of the 1960s, the trend toward a more open trade, especially among the Western nations, was reversed. As trading conditions have grown increasingly unstable, other national and international economic problems have become more difficult to deal with, and the level of acrimony in international relations has risen.

"Unfortunately, as the recession gets worse, protectionist forces will become stronger. A perverse cycle of feedback between recession and protectionism is no longer an historical reminiscence of the 1930s but a possible scenario now-hopefully still with a low probability-in the months and years to come" (Baldwin at al, 2009; 12, line 6-10).

Mexico Ernesto Zedillo. Since the finical crisis in 2008 the world have seen a rise in protectionism all over the globe. In fact, a very large proportion of international trade is under some kind of nontariff restraint and moves only with the permission of the governments concerned, not in spontaneous response to market demand or at market-determined prices. This is a result of policies pursued by all governments. Widespread belief to the contrary not with standing, it is impossible to show that Japan is noticeably more protectionist than many other industrial countries; what can be shown is that Japan has accepted more restrictions on its exports than it has imposed on its imports. The trade restrictive and regulatory policies in force are so detailed and complex that their total effects on each nation are beyond the comprehension even of politicians, let alone of the public.

The levels of this protection cannot be measured in any strict sense of the word, and even the very rough quantitative estimates that have been formed of them are not very meaningful. This research based on the two sources of protectionism measures data: GTA Report and WTO Report on G-20 Trade Measures.

Most people think of protection against imports almost exclusively in terms of tariffs. Tariffs are, however, only a minor part of the problem, as I shall try to show. Far more important are quantitative restrictions, devices by which governments determine a given amount the limit of imports allowed to enter the national market. Tariffs are the weak, quantitative restrictions, the strong form of government interference with international trade.

1 **Onokhova Julia O.** – International Business master student, National Economics Chair, Department of Эconomics, Peoples' Friendship University of Russia (PFUR). Ul. Miklukho-Maklaya, 6, Moscow, 117198, Russian Federation. E-mail: julisumerful@gmail.com

The proportion of total world trade that moves under some kind of quantitative restraint is estimated at between 30 to 50 percent. Approximately one-fifth of world trade in manufactured products is similarly restrained. These estimates will appear surprisingly large to most readers and, if we are to draw reasonable conclusions from them, we must discuss their defects.

The main defect of these estimates is that they do not tell us anything about the actual degree of trade restriction caused by each of the protectionist devices in place. The estimates aggregate abroad range of traded products known to be under some kind of restraint. The values of the restrained trade flows are simply added up and their sum divided by the value of total world trade, or world trade in manufactured products. An incidental shortcoming of this procedure is that it cannot tell us about developments over time. If the restrictions really curtail trade, while the world total keeps growing, the proportion of trade under restriction should decline even though the restrictions themselves might be expanding in number and coverage. A constant proportion of restrained trade in a growing total might indicate either that restrictions are multiplying or that the existing restrictions are being relaxed, in the sense that increasing quantities of imports are being allowed to enter under them. In 1981, for example, the governments of the United States and Japan agreed that for the next three years the Japanese automobile industry would limit its exports to the United States to 1.68 million units a year. In 1982, however, the United States entered a deep recession; the car market was weak, and the Japanese automakers actually sold less than the maximum amount allowed. Does that mean that the restraint was without effect? Certainly not; the knowledge that a restraint was in force changed the behavior of both sellers and buyers.

Foreign trade connects national price systems into an international price system. Economics cannot even estimate how much of our present prosperity we owe to the ability to buy abroad what would cost more to produce at home. How great that contribution must be is brought home by reflecting on the extent to which investment decisions in any economy depend on such international cost comparisons. The international price system as an information system is indispensable for its efficiency. To concentrate on the trade taking place under restrictions greatly underestimates the effects of protection on the price system. Although only a particular trade flow in a given product category may be restricted--typically, the flow from the cheapest source--all trade in that category is transacted at distorted prices. In this context, the estimates of restricted trade take no account of subsidies, which are at present an almost equally important cause of price distortion in international trade.

National trade policy that promotes export competitiveness must find ways to increase the ability to sell domestically produced goods and services on global markets. I have examined examples of some G20 members, in order to analyze influents of protectionism on world economy.

Brazil

Brazil's share of G20 trade-restrictive measures introduced since 2008 was around 9%, making it the fourth most protectionist country of the group. As the country's economy continues to stagnate, Brazil has kept in place the bulk of its existing protectionist measures. Such restrictions have so far significantly prevented companies in specific sectors from exporting to Brazil and discriminated against foreign companies, e.g. through the provision of low-cost credit lines and other forms of concessional financial support for domestic operators by the national development bank of Brazil (BNDES), or through the complex tax benefit system based on localization requirements.

Over 2013-14, Brazil, like Argentina, amended its list of 100 exemptions from the MERCOSUR Common External Tariffs, resulting in an import tariff increase from 2% to 16% for certain demonstrational goods and from 0% to 4% for joint cement. Further behind-the- border measures were introduced by Brazil, however in lower number with respect to previous years. As exporting to Brazil remains extremely problematic and following the unsatisfactory consultations with Brazil on 31 October 2014, the EU decided to request the establishment of a panel concerning Brazilian discriminatory taxation schemes41; the outcome is pending. Over the last year, Brazil also introduced some trade-facilitating measures.

Canada

Canada's approach to food trade is highly protectionist. In the past the EC often mentioned Canada among the countries that repeatedly resorted to protectionist measures with a potentially harmful effect on EU business. The dairy sector44 is among those significantly affected by such trade restrictions. However, Canada's share of trade-restrictive measures accounts for barely 1% of the total implemented by G20 countries since 2008. On 26 June 2013 the Investment Canada Act was amended and resulted in increased uncertainty for foreign investment in Canada by State Owned Enterprises.

China

China is known to be a difficult market for foreign operators. In particular, behind-the-border market regulation and discriminatory market practices have de facto restricted market access for foreign investors, with sector- differentiated impacts. Until June 2013 the EC had reported about trade- restrictive measures, mainly in the form of behind-the-border restrictions. China's overall contribution to G20 protectionist arrangements until 2013 was about 6.3%. This percentage increased to 8.4% according to the measures reported in the latest EC report. The shift towards greater protectionism occurred in concomitance with a weakening in China's growth.

Despite its discrete effort towards trade liberalization, over the 2013-14 period China implemented a further 23 trade-restrictive measures, ranging from border to behind-the-border measures and stimulus packages.

China applies a number of behind-the-border measures, affecting some sectors more than others. Regarding the food industry for instance, on 1 May 2014, new requirements on the import of dairy products entered into force, including the obligation of registration for all companies wanting to export dairy products (and infant formula) to China. Other trade-obstructing provisions affect the medical sector. On 1 June 2014 the Chinese basic regulation on medical devices entered into force, which put in place more stringent requirements for foreign medical device companies.

Public procurement is also a problematic sector, where the situation continues to deteriorate. Issues center around the interpretation of legal provisions - such as "domestic goods" - by central and local authorities, which often goes beyond the already strict requirements of the law. In some cases local content requirements reached 70%, in others foreign companies were completely cut out of the bidding process. In June 2014, the Ministry of Finance (MOF) and Civil Administration of China (CAAC) issued a notice that states a preference for domestic airlines in the purchase of tickets for government personnel travelling for business purposes and that foreign companies wanting to bid must partner with a Chinese company.

Burdensome technical requirements have also entered the sector of IT products and services, with a new required testing procedure regarding the security of products and services used for government procurement.

Some issues have also recently arisen regarding patent protection and standards. In some cases Chinese courts did not recognize the terms of certain licenses and imposed new licensing on foreign companies, claiming the Chinese antimonopoly law had been breached.

The Chinese anti-dumping/anti-subsidy investigation on imported wine initiated in June 2013 - in response to the EU antidumping case on solar panels - was terminated on 21 March 2014 with an agreement involving technical cooperation and exchanges between the EU and China.

India

India singled itself out from the other BRICS countries in terms of growth by the end of 2014 and growth prospects for the two forthcoming years. Its recently embraced programme of economic reform aims to further push the progressive integration of the country in the global economy as a growth strategy. Yet India's trade regime and regulatory environment remain comparatively restrictive, as pointed out by the European Commission, and India maintains substantial tariff and non-tariff barriers that undermine the potential development of its trade relations with the EU as well as with other partners. India holds 7% of the trade-restrictive measures introduced since 2008 by the G20 group, predominantly import restrictions.

As pointed out by the WTO, India's tariff regime is based on a complex structure of customs tariffs and fees, characterized by a "lack of transparency in determining net effective rates of customs tariffs, excise duties, and other duties and charges". Indeed there is a large gap between the average bound tariff rates (48.6%) and the most favoured nation (MFN) applied rates charged at the border (13.7%). This large disparity generates uncertainty and this negatively affects India's relations with its trading partners. Despite its integration efforts, India has not systematically reduced its basic customs duties in the past five years, which remain very high on a number of goods, including agricultural products, whose average tariff rate is 118.3%. Also, over 30% of India's non-agricultural tariffs are unbounded, i.e. there is no WTO ceiling on the rate. India is also known for its non- tariff barriers, which mainly take the form of quantitative restrictions, import licensing, mandatory testing and certification for a large number of products, as well as complicated and lengthy customs procedures.

Japan

In general Japan's tariffs on goods are considered low, although they remain quite high in those sectors where the EU is a major global exporter (agriculture and processed food and beverages). Certain long-standing problems persist in market access in a range of sectors, e.g. chemicals, automotive, medical devices, processed foods, transport equipment, telecommunication and financial services. This is coupled with some cross-sectorial issues (public procurement restrictions and IPR issues).

In the period 2008-2014, Japan introduced only 14 potentially trade-restrictive measures according to the EC. This is under 2% of the total potentially trade- restrictive measures introduced by G20 countries since 2008.

Indeed, in the light of on-going negotiations for an FTA with the EU and a TPP (Trans-Pacific Partnership) within the Asia-Pacific Economic Cooperation (APEC) region, Japan has committed itself to dramatically reducing the bulk of its regulatory and technical barriers. As a matter of fact, no further restrictions were introduced by Japan in the areas of services and investment or in public procurement, which are among the most sensitive sectors in the negotiations. Some changes have occurred instead following the introduction of stimulus packages and other export support measures.

Russia

Among G20 countries, Russia is in second position (after Argentina) in terms of the number of trade restrictions imposed since 2008. potentially trade-restrictive measures were reported by the EC, which is equal to almost 20% of the total trade restrictions imposed by G20 members since 2008.

Despite its difficult investment climate and the status of the economy, on 22 August 2012 Russia joined the WTO. Radical changes were expected in order for Russia to comply with the rules of this multilateral trade system, yet, the country still does not respect all its WTO commitments.

There are increased concerns that Russian Customs contribute to inhibiting trade. USTR reports that Russia does not publish all regulations, judicial decisions, and administrative rulings of general application to customs matters. Russian customs officials discretionally apply higher import values, and hence higher duty payments; the documentation requirements are unpredictable and inconsistent, and vary from port to port; the system of advance payment requirement for duties and taxes on some products (e.g. alcoholic products) requires a bank guarantee and deposit and often refunds of these guarantees are delayed by several months. These issues are especially emphasized by the Transnational corporations, operating at Russian markets.

In a number of sectors such as pharmaceuticals and healthcare Russia discriminates against foreign exporters in favour of domestic producers. For instance Russia proposed a ban on government procurement of certain medical devices manufactured outside the CU or by companies not complying with the requirement of localisation of production in Russia.

With reference to the June 2013 to June 2014 period, Russia reported the highest number of new trade restrictions according to the EC (32 new measures). The great majority of those (17) were border measures at import. Nevertheless Russia also applied other instruments to variously protect Russian interests via trade, e.g. non-border barriers like technical regulations, foreign investment restrictions, etc. When Russia occupied Crimea in February 2014, the situation deteriorated. According to GTA's estimates, Russia has applied 1,349 new protectionist measures since the last GTA pre-summit report.

At the end of 2013 Russia introduced an array of import restrictions on various kinds of meat and agricultural products: tariff quotas on imported beef, pork, poultry meat, and certain types of whey powders. In addition, in January 2014 Russia banned the import of live pigs, pork and other products originating in the EU. As a consequence, in October 2014 the EU filed a case against Russia regarding its breach of WTO commitments. EU complaints about the lack of implementation of Russia's WTO commitments also concern the case of higher ad valorem duty rates on some products, e.g. on paper and paperboard goods (between 10 and 15% instead of the agreed 5%) and the imposition of special duties on palm oil, refrigerators and combined refrigerators-freezers. The EU alleged that Russia's applied duties in excess of bound rates had a negative impact on European products worth EUR 600 million a year. Despite holding consultations on 28 November 2014, the EU and Russia were not able to resolve the dispute.

Besides these import border restrictions, Russia also restricts exports (e.g. duties on tungsten ores). On 12 December 2013 the government drafted a proposal to limit duty-free e-commerce (imposing a 10% fee on parcels being imported into Russia) and online purchases.

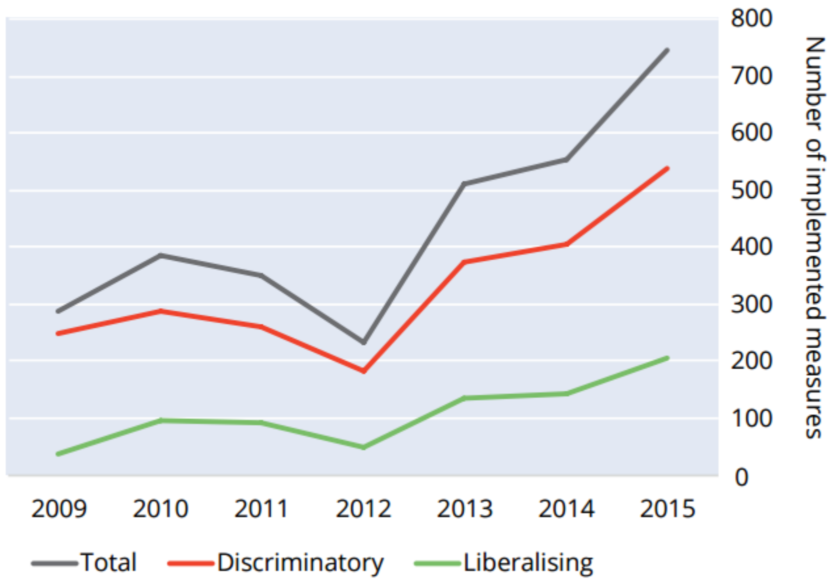


Chart №1 *– Measures reported by GTA up to 31 October in year of implementation*

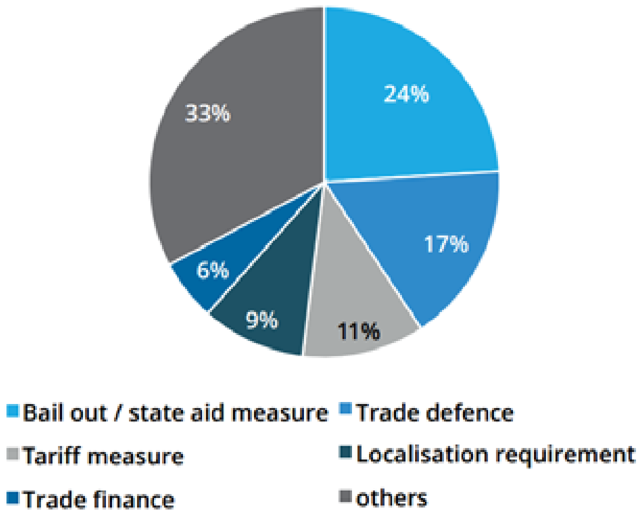
Russia has also adopted some technical provisions that increase the burden for importers to comply with regulations. For instance Russia recently introduced a complicated conformity assessment requirement regarding chemical substances in certain kinds of garment.

Important changes have been introduced by Russia in the area of public procurement. Russia decided to grant contract price preferences of 15% to bidders that comply with the local content requirement (i.e. that supply goods originating in Russia, Belarus or Kazakhstan). The provision entered into force on 31 December 2015.

In total, between 1 January and 31 October 2015, a total of 539 measures were taken by governments worldwide that harmed foreign traders, investors, workers, or owners of intellectual property. In no previous year have we found so many trade distortions so quickly (see *Chart №1*). Bearing in mind that our initial totals have tended to be revised up substantially over time,1 finding so many trade distortions in 2015 so soon is troubling.

The five most frequently used trade distortions in the year to date are summarised in a pie chart (see Chart №2). Two-thirds of all trade distortions implemented this year are accounted for by just five types of policy instrument: bailouts/subsidies, trade defence, tariff increases, localisation requirements, and dubious trade finance initiatives.

2015 saw a resurgence in the resort to subsidies. A total of 170 bailouts and subsidies have been given during the first ten months of this year – almost all of them by G20 governments. These subsidies slow down adjustment in sectors where there is overcapacity, such as aluminium, steel, and shipbuilding. Unlike targeted trade defence measures, bailouts and subsidies tend to distort much more trade as they can alter pricing and investment decisions in foreign as well as home markets. Resort to the second and fourth most commonly used measures – namely, trade defence and localisation requirements – is running at similar



levels to last year. In contrast, there has been less resort to tariff increases in 2015 compared to 2014.

Chart №2 *– Bailouts and subsidies account for a quarter of trade distortions this year*

The country hit most often by foreign protectionism is China – its commercial interests have suffered 2,429 blows in the seven years from November 2008 to October 2015. Just under half of all protectionism implemented since the crisis began has harmed China's commercial interests.

The second most hit are the 28 members of the European Union. Since the crisis began, these nations have seen their commercial interests harmed 2,297 times. Interestingly, 256 of those hits involve measures where one EU member state has harmed another EU member.

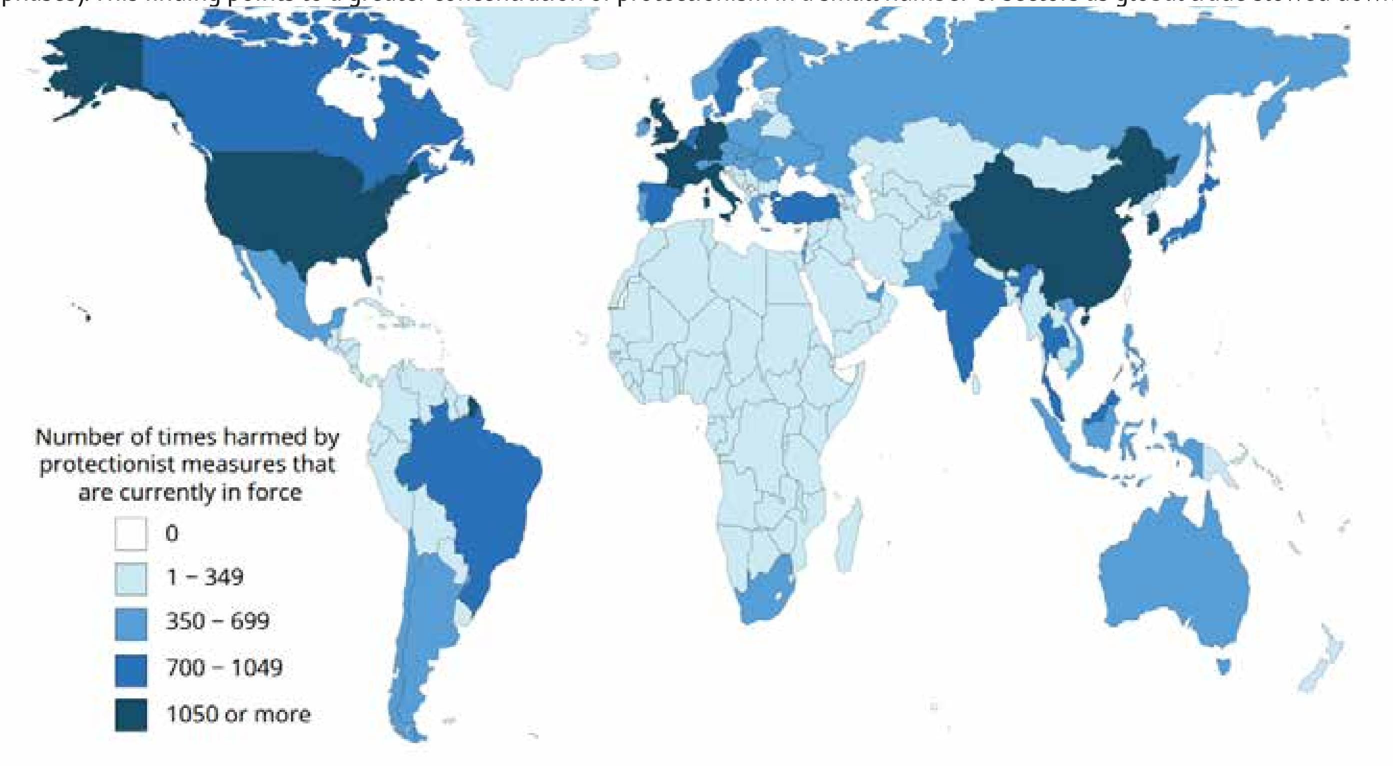
The third most hit jurisdiction is the United States, whose commercial interests have taken 1,790 hits in the seven years since the first crisis-era G20 summit in November 2008. This year these three most hit jurisdictions have seen their commercial interests hit 286, 272, and 212 times, respectively.

The Map №1 reveals the number of hits to their commercial interests faced by every nation since the crisis began.

While attention in the run up to G20 summits is often on the largest economic powers, the harm done to other nations should not be overlooked. For example, with the latest revision to our database the number of measures harming the commercial interests of the Least Developed Countries (LDCs) has risen to 756. At the end of 2014 that total was 494, suggesting that previous estimates of the harm done to LDC commercial interests may need to be revised upwards.

Since the crisis began, five sectors have seen their commercial interests hit more than 500 times (more than any other trade sectors). These five sectors are agriculture, basic chemicals, basic metals, special purpose machinery, and transport equipment. Of the harmful measures implemented since the crisis began, 40% harm one of these five sectors. Together these sectors account for a quarter of global trade.

In the third phase of crisis-era protectionism that began in 2012, each of these five sectors has been hit approximately 200 times. In this phase, over 44% of all harmful measures imposed affected these five sectors (as opposed to 38% for the first two phases). This finding points to a greater concentration of protectionism in a small number of sectors as global trade slowed down



and then fell.

Map №1 *– The global incidence of protectionism, 2008-2015*

Having said that, this finding is not to be confused with the proposition that sectors with larger shares of global trade necessarily get hit with more protectionism. This relationship appears to break down in sectors accounting for more than 4% of global trade. For example five sectors, each of which generates more than 4% of global trade, account for less than 3% of global protectionism. These sectors are radio, TV, and communications equipment; wastes and scrapes; office machinery and computers; dairy products; and crude petroleum. It is noteworthy that three of these five sectors are inputs to production processes and that protectionism directed towards such inputs may raise the costs and compromise the performance of downstream buyers, some of whom may compete on world markets.

In general, most modern economists agree that protectionism adversely affects world trade, and allocate following its shortcomings:

1. Protectionism creates favorable conditions for the development and support of internal monopolies in commerce, industry, the financial sector, due to the restriction of competition.

2. Protectionism slows economic growth. Tariffs lead to reduce the volume of international trade in general, negatively impacting on the world economy and on the country's welfare. Protection of domestic producers could lead to the country's self-imposed isolation, preserving backward costly productions. Protectionism negates the formation of the country's specialization. With free trade, each country has the opportunity to select and develop the least-cost and most competitive industries, realizing the different benefits more fully (eg, geographic location). Protectionism prevents this, because We have to reallocate resources between more and less efficient production, to meet the diverse needs of the domestic market.

3. Protectionism, often leads to trade wars and undermining international trade. Country, introducing unilateral import tariffs to protect domestic producers from the influx of cheap goods from their competitors, risks to experience the response of its trading partners and the imposition of duties of its main export products.

4. Protectionism is not conducive to lower prices. Imported products are more expensive due to the tariff. There is a general increase in prices. Tariffs lead to the fact that consumers buy local products at higher prices, because protectionism is not conducive to lower costs, and hence the cost. Finally, protectionism favored by national monopolies, which are also interested in increasing prices.

5. Protectionism indirectly undermines the country's exports. By reducing the income of other countries in the protection of

the internal market by their manufacturers, the state reduces their income and the ability to export, including its products. Also, in many countries export products include imported components, and prices lead to increased production costs. This leads to price increases, a drop in the competitiveness of national products.

Protectionism, an economic policy of restraining trade between nations, through methods such as tariffs on imported goods, restrictive quotas, and a variety of other restrictive government regulations is designed to discourage imports, and prevent foreign take-over of local markets and companies. This policy is closely aligned with anti-globalization

Based on the analysis of protectionism several arguments were formulated against protectionism. Firstly, protectionism raises prices to the consumers and producers of the imports. Secondly, It leads to less choice for consumers. Thirdly, competition would diminish and domestic firms would become inefficient (innovation may also be reduced). Fourthly, comparative advantage is distorted leading to inefficient use of world resources. Finally, economic growth will be reduced.

We can see the evidence of the influence of this factors by looking on today's world economy. World trade volume has been virtually stagnant in the 12 months ended mid 2013. Zero growth in world trade is normally a sign of impending global recession, not of sluggish expansion. Many discussions of the global trade slowdown, including in the latest WTO monitoring report on trade measures (WTO 2015), focus on data on export volumes, that is, nominal measures of world trade corrected for changes in exchange rates and prices. Slowdown of global trade was caused by the increase of protectionism as Global Trade Alert and World Trade Organization notes in their reports.

References

1. Antipova A.M., Akhmatalieva A.A., Demchenko S.K. Advantages and disadvantages of open economy and protectionism policy // *Novoe Slovo v Nauke: Perspektivy Razvitiya,* 2016, No. 3 (9), p. 149-150.
2. Kadochnikov P.A. Protectionism and Liberalization of Foreign Trade in Russia and the World's Leading Countries // *Rossijskij Vneshneehkonomicheskij Vestnik*, 2015, No. 3, p. 3-13.
3. Chernikov S.Yu. Peculiarities of trade and investment cooperation between Russia and China // *Vestnik Universiteta* (State University of Management), 2016, No. 3, p. 114-118.
4. Chernova V.Yu. Transnationalization as a Factor of Attracting Foreign Investments and Diversifying the Russian Economy // *Ekonomika: Vchera Segodnya Zavtra*, 2016, No. 8, p. 222-233.
5. Chernikov S.Yu. Peculiarities of the marketing potential of Russian industrial goods in the Indian markets // *Vestnik Universiteta* (State University of Management), 2016, No. 1, p. 122-126.
6. Fomina E.A. Protectionism in the Globalization of the World Economy // Izvestiya Sankt-Peterburgskogo Gosudarstvennogo EHkonomicheskogo Universiteta, 2016, No. 3 (99), p. 155-158.
7. Evenett S.J. The Global Trade Disorder. The 16th GTA Report. CEPR. 2014. 149 Pages. URL: http://www.globaltradealert.org/16th_GTA_report (Accessed 17/06/2017)
8. WTO Report on G-20 Trade Measures (mid-May 2014 to mid-October 2014). 73 Pages. URL: http://www.wto.org/english/news_e/news14_e/g20_wto_report_oct14_e.pdf (Accessed 21/12/2016)
9. Database of the United Nations Conference on Trade and Development (UNCTAD). URL: http:// unctadstat.unctad.org/wds/ReportFolders/reportFolders.aspx?sCS_ChosenLang=en (Accessed 14/02/2017)
10. Key Statistics and Trends in Trade Policy 2014. UNCTAD. 25 Pages. URL: http://unctad.org/en/PublicationsLibrary/ditctab2014d3_en.pdf (Accessed 17/06/2017)
11. Non-Tariff Measures to Trade: Economic and Policy Issues for Developing Countries. UNCTAD. 124 Pages. URL: http://unctad.org/en/PublicationsLibrary/ditctab20121_en.pdf(Accessed 17/06/2017)
12. Tariffs: More Bindings and Closer to Zero. URL: https://www.wto.org/english/thewto_e/whatis_e/tif_e/agrm2_e.htm (Accessed 07/07/2017)
13. WTO. Differences remain on deadlines and forums for post-Bali work on agriculture. URL: https://www.wto.org/english/news_e/news14_e/agcom_16sep14_e.htm (Accessed 07/07/2017)
14. WTO. Members and Observers. URL: https://www.wto.org/english/thewto_e/whatis_e/tif_e/ org6_e.htm (Accessed 07/07/2017)

Vestnik MIRBIS, 2017, no. 3 (11), pp. 6-13