

Three charts on: G20 countries' stealth trade protectionism

Written by The Conversation

It is clear that trade protectionism is alive and well in the G20, whose countries [account for](#) 78% of global trade. But this protectionism isn't in the form of [tariffs](#), which are duties placed on imports, making imported goods and services more expensive than they would be otherwise. Instead, trade protectionism is being pursued through "[non-tariff barriers](#)" such as import quotas, restrictive product standards, and subsidies for domestic goods and services.

This shows that while countries are reducing the obvious barriers to trade, like tariffs, they are still pursuing stealth forms of trade protectionism through non-tariff barriers.

[Our research on trade protectionism](#) in the services sector shows that the lower the barriers to trade, the greater company profits. Lower trade barriers create a larger market for Australian goods and services.

We also found that increased domestic regulation leads to higher profits as standards improve across the sector. For Australia this is very significant because the services sector [employs four out of five Australians](#) and accounts for 20% of Australia's total exports.

[Eliminating trade protectionism](#) is also good for consumers, as it means a larger market for goods and services. This leads to lower prices and more choice of goods and services.

The World Trade Organisation uses the term "trade restrictive activity" for measures like the imposition of a tariff. "[Trade facilitation](#)" refers to the simplification of export and import processes, making it easier to trade across countries. "Trade remedies" refers to actions [taken by states](#) against certain imports that are hurting domestic industries.

For example, in 2016 [the Australian Anti-Dumping Commission slapped duties](#) on Italian tomatoes that were being sold in Australia for less than they sold in Italy.

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[The data show](#) that tariffs have been declining in the G20 over the past few years, while countries have been easing the processes of exporting and importing. However there have been a lot of trade remedies, as countries try to protect their domestic industries.

But looking at [data on non-tariff barriers to trade](#) tells a very different story.

Until 2015 there was a huge increase in non-tariff measures, which then sharply declined. Since then not many measures have been removed. This shows that non-tariff barriers are currently the major mechanism for trade restrictions in the most developed economies.

As in the case of technical standards and regulations, non-tariff barriers can be used as a form of covert trade protectionism.

Technical standards and regulations can be quite legitimate and necessary for a range of reasons. They could take the form of a [limit on what gases cars are allowed to emit](#) , [earthquake standards](#) in regions prone to seismic activity, and even [nutritional information on food and drinks](#)

But having too many different standards makes life difficult for companies that wish to access a market, as one product or service will need to comply with different standards in many countries.

What has occurred in Australia echoes what has happened throughout the G20. There has been little activity recently in tariffs, but a significant use of non-tariff and technical barriers to trade.

This is a huge shift in [Australia's economic policy](#) , which had until recently emphasised trade liberalisation as a recipe for growth.

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According to the [Australian Productivity Commission](#), trade restrictions directly raise the cost of both foreign and domestic goods and services, negatively impacting both Australian consumers and businesses.

Where to from here?

President Donald Trump's [trade agenda](#) aims to distance the United States from the World Trade Organisation, which [was setup](#) to remove barriers to international trade.

In response, companies in the United States are now filing a [huge number](#) of anti-dumping cases against foreign goods and services.

At first glance, Australia appears to be off the hook when it comes to Trump's hardline approach. We already have a [bilateral trade agreement](#) with the United States, not to mention a [US\\$28 billion trade deficit with the US](#).

But the [dangers of Trump's trade doctrine](#) could affect other countries and this disruption to global supply chains and financial security would eventually flow on to Australia.

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