Good example of how have countries applied trade-manipulating instruments over th...

Business, Marketing

Application of Trade Manipulating Instruments in the Year 2013/2014

Countries have adopted various trade regulatory instruments in order to ensure that there trade flourishes in the international market. Essentially, in the international market it is difficult for all countries to subscribe to free trade because each country has interests to accomplish. Coupled with the financial challenges and the desire to achieve national development, most countries seem to have adopted the protectionism as a means of surviving in the wavy unbalanced international market. For instance, in Africa, Nigeria has been in the forefront of protectionism especially targeted to limit agricultural imports from other countries. Effective from the year 2013, the laws enacted by the Nigerian parliament have provided a clear indication of changing trade policies intended to shield countries against stiff competition in the international market.

The legislation enacted by the Nigerian government over the year financial year 2013/ 2014 are pertinent in supporting the protectionist trade policy. In essence, prohibition of imports has focused on agricultural products like grains, vegetables, grains, meat and fish. Notably, the pervasive prohibition of imports in Nigeria in the year 2013/2014 has been designed to promote local industries; balance of payments and employment in relation to import substitution- industrialization strategy. The key elements of the trading regime include increasing quotas to discourage imports.

Often, any trade policy generates losers and winners even if the general impact may be positive. Essentially as a means of discouraging imports, the Nigerian government has increased tariffs and quotas. However, on the external front, countries that export their products to Nigeria have opposed the prohibition of imports by the Nigerian government. Further, the world bodies as World Bank, WTO and IMF that are mandated to exercise policy surveillance have threatened to impose punitive measures against the illiberal trading regime adopted by the Nigerian government.

Locally, the import ban has created implications much felt by consumers of goods because of the higher prices due to unavailability of cheaply imported products. in contrast, the local producers have benefited from the import bans because they sell their goods at higher prices due to lack of completion from the cheaply imported goods.

The import ban in Nigeria and their justification based on balance of payments has triggered countermeasures from other nations. For instance, Japan has also reduced rubber imports from Nigeria and increased import quotas on manufactured goods such as motor vehicles. The counter restrictions on trade threaten to limit access of goods by the citizens of individual countries. Obviously, the prices for some goods, not locally produced will increase.

Alternatively, with the increasing protectionism trade regimes by countries in the world, access of goods in terms of variety will reduce. in essence, the trend in the international trade seems to follow mercantilist theory where every country addresses its concerns without accommodating other country’s needs. Obviously, countries have different endowments in terms of natural resources. In fact, the likely implication of increasing subsidies, tariffs and quotas are that most countries whose resource endowments are scarce ought to lose. Most countries have formed regional blocks within which a new approach of protectionism is centered. The regional integration policies are oppressive to the rest of the world and non-members in particular.