

Overview of technical barriers to trade (tbt)



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With the development of economy, globalization has become an irreversible trend. For developing countries, the globalization of trade has a dual character, not only can provide an unprecedented opportunity for them but also bring them a lot of challenges. Carbon tariffs can using supply and demand to changed developing countries' industrial structure also can inhibit the development due to the huge expenses. Technical barriers to trade (TBT) can promote trade or restrict trade in developing countries including market assess, price competitive and technological innovation factors. Apart from that,

Internal problems such as weak economic foundation, low labor productivity, low industrial added value ratio and over-reliance on developed countries technology will serious to impact development countries global industrial trade. They should develop strategic and taking specific actions to improve their global industrial trade. If developing countries want to keep a foothold during the global industry trade, should take active measures to enhance their international competitive and be skilled in using of trade barriers to protect their domestic markets.

Carbon tariffs can using supply and demand to changed developing countries' industrial structure also can inhibit the development due to the huge expenses. A carbon tariff is a tax imposed on imported goods from countries that do not curb their emissions of greenhouse gases (Hall S and Media D, 2012). The first carbon tariffs was came up for the EU by the Sarkozy administration and revived by French minister for industrial revival named Arnaud Montebourg. Supporters argue that carbon tariffs can affect <https://assignbuster.com/overview-of-technical-barriers-to-trade-tbt/>

the supply and demand of developing countries. From the demand perspective, the carbon tariffs caused high-polluting products price increased so that demand for imports of this products will decrease. From the perspective of supply, high-polluting products price increases will give more pressure on produce high-polluting products companies. Due to the increasing cost of production so that this products international competitiveness will be decreased. Therefore impose carbon tariffs should be able to play a modest reduction in high energy and high emission products production so that will inhibit Greenhouse gases emissions. This way will promoting global environmental protection work (Frank J, 2007). Opponents argue that this is unfair to developing countries because of higher cost and limitations of its development. In fact, the carbon tariff is another hit after the economic crisis on developing countries. The United States using their strengths to proposed carbon tariffs in order to limit developing countries products standard for carbon emissions (Hall S and Media D, 2012). On the other hands, The United States itself does not produce high-energy-consuming products specially imported from these have cheap labor countries especially in China and India, which both increased carbon emissions in developing countries but also reduce the carbon emissions of their own country, making their products more competitive than others (Jakob M, 2012). Low-carbon economy is an inevitable trend of the current socio-economic development, and therefore the manufacturing sector in developing countries impose carbon tariffs would have a profound impact.

Unlike tariffs and other non-tariff barriers (NTBs), Technical barriers to trade (TBT) can promote trade or restrict trade in developing countries. TBT

develop trade by offering to consumers of importing countries with confidence on the quality, safety, and other health related concerns of the imported products. On the other hand, governments of importing countries can use TBT to restrict imports even if the import products are safe and catch the standard imposed (Qiu L, 2012). Some opponents argue that technological barriers to trade will affect market access for developing countries. The implementation of technical barriers to restrict China's exports of the country main focused on the United States, Japan and the EU. 40% of companies were restricted by EU, 27% restricted by the United States and 25% restricted by the Japanese. They are making many rules and developing their technical standards to let export country difficult to meet the standards of especially for China and India. As a result, high standard led developing countries sales reduce or even withdraw from the foreign market (Hong S, 2009). For example, Chinese exports toy cars, tanks, planes to the US, because of hard sharp edges easily hurt children and high lead content in paint were banned exports. Apart from that, Exports of ceramic products due to addition of lead and cadmium content is prohibited exports to the US the other opponents argue that TBT affecting developing countries price competitive. From the above discussion we can see that TBT substantially increased the cost of production of export products, thereby increasing their prices so that will affect the price competitiveness of developing countries products. However, supporters believe that technological innovation can overcome developing countries technical barriers. For example, China Haier, the world's number one Major Appliances brand, has been recognized by Fast Company as the world's fourth most innovative company in China (Haier Company Website). Those which enterprises can technological innovation,

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not only increasing the production capacity but also strengthened export products all over the world. In summary, in developing countries adapt to TBT process, whether it is the current beneficiaries or losers, the initial experience of the process must be painful. But in the long run, high standards also laid the foundation for developing countries sustainable development.

Developing countries in the global industry trade including weak economic foundation, low labor productivity, low industrial added value ratio and over-reliance on developed countries technology problems led their economy growth slowly. Here has some embarrassing data about China's industrial trade development. China's steel production is already the No. 1 all over the world, but in recent years high-tech varieties of steel also need to import millions of tons per year. Ranking the world's top 500 enterprises in China which has 11 companies short-listed but none of a manufacturing enterprise in 2001. In addition, China's Galanz microwave oven has become the world's largest producer, but its key components of the magnetron is still dependent on imports. Despite China's manufacturing industrial added value has been ranked fourth in the world, but still far away about before top three. 2001 China Manufacturing (all industrial enterprises) industrial added value of approximately \$ 453. 1 billion, only catch United States 31. 16% of year 1998, Japan in 50. 16 percent of year 1998, close to Germany 1998 levels. Although China have many products with high quantity but its technical content and added value remain low. It can be said that the current Chinese manufacturing industry is big but not strong (Technology for Development Series). They have severe problems as below:

Firstly, developing countries as a result of weak economic foundation is still raw materials and sales markets of developed countries. After World War II despite some economic development in developing countries, but comparison with developed countries there still have a big gap. For example in 1996 the world's total imports of the developed capitalist countries accounted for 60 percent of the world total, while foreign trade accounted for 85 percent of total world trade in developed countries. Obviously the proportion of trade in developing countries is far lower than the proportion of trade in developed countries (Technology for Development Series). However, developing foreign trade accounted for very high proportion of their GNP, far greater than the level of developed countries. Besides, during the global industrial trade, developing countries are serious relying on developed countries which makes developed countries small changes in the international market will have a huge impact on developing countries. In fact, economic growth in developing countries more dependent on the international market but unable to dominate the international market.

Secondly, labor productivity and industrial added value ratio is ramming low (Daniel H, 2013). China's manufacturing labor productivity and industrial value added rate compared with United States, Japan and other industrialized countries still have considerable gap. In 2001, China's manufacturing labor productivity was \$ 5, 607 / person-years for the 1994 US 51. 8%, Japan 51. 4% in 1993, 71. 3% in Germany in 1994. In 2001 China's manufacturing industry increase rate was 26. 14% while in 1994 the United States was 49. 131%, in 1993 was 38. 101 percent in Japan, in 1994, Germany was 48. 144%(Huang J, 2010). Stay in the intensive phase of the overall level of product technology content and added value low (Daniel H, <https://assignbuster.com/overview-of-technical-barriers-to-trade-tbt/>

2013). In summary, Industry trade as a core component of the national economy and competitive ability is the key factors to obtain the international competitive advantage. China's industrial trade to shorten the gap with advanced countries in the world need to develop a strategic and taking specific action to improve China's competitive of manufacturing industry trade.

In summary, global industrial trades can affect economic development for several factors including external factors such as Carbon tariffs, Technical barriers to trade (TBT) and internal factors such as weak economic foundation, low labor productivity, low industrial added value ratio and over-reliance on developed countries technology. A low-carbon economy is the future development trend and will has a profound impact for global industrial trade. Actually, developed countries imported products from development countries such as China and India. They are using of cheap imported products, at the same time request them to impose carbon tariffs it is unreasonable. As a beneficiary of carbon products, they directly reduce their carbon emissions from importing developing countries so they should also take responsibility for carbon tariffs. Besides, during the global industrial trade progress technologic trade barriers brings developing countries negative impact on higher spending. But from a long-term, technological trade barriers also promotes developing countries technological innovation and productivity efficiency. On the other hands, although developing countries' global industrial trade growth than ever before, but compared with developed countries is still have a significant gap. In order to be a good

development country should develop strategic and taking specific action to improve their global industry trade.

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