

Protectionism in india, china and brazil



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Trade relations among the world's major industrial nations have taken a turn for the worse during the past two decades and are now threatened by new and more dangerous forms of trade restrictions, collectively known as the "new protectionism." This phrase, coined in the mid 1970s, refers to the revival of "mercantilism" whereby nations, particularly the industrial nations, attempt to solve or alleviate their problems of unemployment, lagging growth, and declining industries by imposing restrictions on imports and subsidizing exports. The instruments by which imports are restricted are also somewhat different from and less transparent than traditional import tariffs, and are called non-tariff barriers (NTBs). These refer to "voluntary" export restraints, orderly marketing arrangements, anti-dumping measures, countervailing duties, safeguard codes, and so on. Thus, at the time when tariffs were being reduced as part of the successive rounds of trade liberalization sponsored by the GATT (General Agreement on Tariff and Trade) and they are presently very low on most industrial goods, the number and importance of NTBs have grown rapidly since the mid 1970s and they have now become more important than tariffs as obstructions to international trade. As much as 50 percent of world trade is now affected by this new protectionism.

This new protectionism now represents the greatest threat to the fairly liberal world trading system that has been so painstakingly put together over the past half a century and which has served the world so well since the end of the Second World War

Reasons for engaging in international Trade:

Because no one country have all the sources what are the sources they don't have want to get from another countries.

They excess of sources want to give needed countries it could make economic profit.

The country have a chance to grow the international value.

Want to grow in global economic.

It give chance grow relationship between countries.

Trade is usually beneficial to both countries. goods are getting from trade it lower the opportunity costs.

Advantages of International trade:

Get the knowledge from each others & get the new ideas .

for example Japan is advance in the field of consumer electronics so countries like USA directly purchase goods from them and also learn about the new technology is being discovered on the other side of the world.

In some countries have lots of labours but don't have resources so take resources from another countries make the industries in own countries it will economic growth to both countries & most important it reduce the employment problem.

For example in India Reliance petroleum industries get the resources in UAE & USA use the Indians manpower to run the industries.

Different countries use different currencies, in the international trade involves an exchange of currencies . It takes place to foreign exchange market , it may chance to increase the currency value.

One product can produce lower opportunity cost compare to the other countries.

Yet another important reason is if country believe in one economy if it collapses, the country will fall. If trading internationally , country economy will balance because it relay on one country to another countries so it creates balance amongst them.

Disadvantage of international Trade:

One country dealing with most of the countries if that country fall in economic it suffer all dealing countries.

For example recently economic collapse in European union.

It slightly reduce the own country cultural identity .

For example Coco-Cola, mc donalds , Star Bucks, Pizza hut , Western Cloths all sell products that symbolize American values & it reflect American corporate culture it reduce the own country identy.

Some political problem, rules & government change in act it affect the international trade.

For example two countries start a war the countries applied trade barriers like (Vietnam & USA) practiced but it removed in 2001.

Protectionism:

The protectionism means the country want to protect with global competitors. The country want to develop own domestic market . It is usually politically motivated.

In domestic view of global trade indicates why most nations of the global are inclined to implement in trade protection policies. because all nation want to exports exceeding the imports, they are inclined to implement policies that restrict imports & promote exports. mostly government use three trade policies are tariffs, guotas and subsidies. They are given below.

TARIFFS: Commonly used trade policy is the tariffs it is simply taxex applied for imports. Taxes value is added to the import goods price government force the importers to sell the products with tax included price rate . For example in USA Ferrari 458 italia price is USD\$ 225, 325 we want to import this car in India need to spend USD\$ 471, 454 the difference is USD\$ 246, 129 it is import tax pay to Indian government.

The importers goods price is high compare to the domestic good so people want to buy the domestic goods because of the lowest price. moreover domestic producers can also increases the price they charge their goods.

The diagram below shows the welfare consequences of imposing an import tariff

welfare consequences of imposing an import tariff

QUOTAS: An alternative of tariffs is to simply reduce the quantity of imports coming in a country. Technical term for this is an import quota. The

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government only allow to specific number of products for imports & sell in domestic economy . mostly domestic producers would likely prefer the import quota at zero, preventing the all foregn imports any restriction is appreciated with fewer imports entering the domestic economy, more domestic production is sold, and in all likelihood, at higher prices.

SUBSIDIES: A third policy is for the domestic government to subsidize a domestic industry facing cometition from imports that means government pays the domestic producers for each goods they produced. It is simply payments got from the government to the business or individuals without any expectation of receving any production in exchange. Domestic producers usually encorage he use of government subsidies through competitive with lower cost foreign imports. It useful to domestic producers produce their good at lower price presumbly it reduce number of imports into the country.

I choose India, Pakistan & Brazil I given below how they do protectionism and way they do protectionism:

How India Carry out protectionism:

In India recently protectionism in retail super market. India avoid the global competitor in the retail supermarket.

In Foreign Companies like I. T company , Automobile industry want to start business in India. They must use the Indian employees . Import & Export be done in tax basis.

For example Hyundai India exports are made by taxes this all are profit for government

India mainly export rice, manga, onion, cotton yarn, silk, jute, minerals to china, usa,

India import automobiles parts, electronic items, petroleum from china, usa.

India has initiated anti-dumping investigations against imports of bus and truck tyres from China and Thailand.

Indian government introduced provisional tariffs ranging from 57% to 116% on the silk imports from China.

Why India carry out protectionism:

Why India avoid the global supermarket sectors . The global giants wall-mart, Tesco are enter in the India it affect all the domestic retailers.

India Avoid the import petroleum from Iraq because America want to cut import from Iraq. If India against USA. USA support Pakistan its not good for India.

How Pakistan carryout protectionism:

How the Pakistan is get imports from USA like Military items & developing fund and many . Pakistan nothing important exports to USA but America helps Pakistan because America needs Pakistan help to want a space for military base to made a war against Afghanistan.

In pakistan have tough subsidies and 70 % tax on agricultural items for export.

Why Pakistan carryout protectionism:

Pakistan is weak in military power compare to India and USA is wealthy country in economically and military power.

Pakistan want against to defeat the terrorist .

In pakistan cultivating land is low so they reduce of exporting on agricultural items.

How Brazil carryout protectionism:

Brazil is one of the top protectionism country . most of the have the angry on brazil because of protectionism.

In brazil have high tariff on most of the import items.

Rcently brazil announce increase tariffs on 100 import goods.

Brazil federal tax applies rates set regularly by the government. That ranges from 0% to 300% . is determaind by tne HS code of the product.

Cotton-harvesting in Brazil, which successfully argued that US subsidies made it much harder for Brazil's cotton farmers to earn a profit on their export

Why Brazil carryout protectionism:

Brazil government higher income in import tariff.

Brazil Believe liberalization affect the domestic economic growth.

Recently USA, European countries affect the economic problem but Brazil economic not affect because of protectionism.

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Foreign Minister Antonio de Aguiar Patriota replied in a letter on Thursday that the currency effects of U. S. monetary stimulus had forced Brazil to confront “ a flood of imported goods at artificially low prices.

USA pay \$147 million annually subsidies to the brazilian cotton farmers fund.

This is a Federal tax applied to all the business revenues at a rate of 1.65% it is used to fund unemployment insurance for workers that earn less than two times the minimum wage (currently R\$622 per month)