

Globalisation vs. Protectionism: A Critical Comparison

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Protectionism refers to measures that disadvantage foreign companies in a state's internal market such that national companies receive a distortive advantage in comparison to foreign companies. These measures include import duties and trade restrictions. Regulatory provisions prevent national market entry for foreign companies, and foreign companies are excluded from government procurement processes. Export subsidies are also used. Protectionism includes taking measures in the trade in services and in international investments. If the demand for foreign products is reduced by customs, the price on the world market drops and the products can be obtained from the domestic market at a cheaper price. That foreign country can then respond to the domestic country with similar measures. This disrupts production and consumption structures in both the domestic and the foreign country. Under President Trump, the US economy appears to be protectionist in many areas.

According to information released by the WTO, the European Union has free trade agreements with 64 partner countries, including Canada, South Africa, Mexico and Turkey. Around 8 percent of the world's gross domestic product comes from the European Union's free trade agreements. By contrast, the United States only has 20 agreements and China has 24.

The discussion about the European Union's trade tariffs and free trade agreements with the United States and Canada raises the fundamental issue of the global exchange of services and goods between countries. The European Union follows a cooperative approach to reducing excess capacity and reforming the WTO. Compared to the United States and China, it is cooperative. Still, there is still a tendency in Europe to respond to the protectionism seen in the United States and China with isolation. Europe demands a free market abroad and should also guarantee this at home. There should be positive reciprocity in a global market.

References: Felbermayr, Gabriel (2019): Die EU und der Freihandel. Schaf unter Wölfen? ('The EU and Free Trade: A Sheep Among Wolves?'), in: Aus Politik und Zeitgeschichte (the 'Politics and Contemporary History' supplement), Bonn, 4-5/2018 (updated)



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