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O.V. Bulatova, V.G. Panchenko

NEO-PROTECTIONISM AS A CHALLENGE TO THE LIBERAL REGULATION

The empiric analysis is used to demonstrate that at the current phase of the development of international economic relations the arsenal of developed countries is dominated by instruments of hidden protectionism, implemented mainly by methods of internal economic policy. The economic basis of hidden protectionism is related with internal taxes and duties, public procurement, requirements to use local components in manufacturing of finished products. The disguised or semi-open character of neo-protectionism does not fall under classical manifestations of protectionism, fixed in WTO documents. Neo-protectionism, being an instrument for gaining a segment of the global market and protecting national economic interests, involves modification of economic policy instruments towards the strengthening of its protective forms, and synthesizes both classical and novel forms of protectionism.

Key words: protectionism, neo-protectionism, new normal of global economy, economic growth.

Economic neo-dependence of countries, being an objective reality in the current spiral of globalization, signals a radically new phase in the development of international economic relations, involving transformations of the destructive symbiosis dependence into the balanced synergetic interdependence of countries, which is seen as a process of building up a complex meta-system of mutual relations in space and time with its specific features: the ramified structure having components with a wide spectrum of diverging relations, subordinated at global and regional level; a set of economic controversies that are implicit in global economic entities and constitute the objective basis for emerging new forms of cross-country interactions in the conditions of globalization; rise and spread of new forms of economic interdependences, immanent in the diffusion wave of globalization. Transformation of the dependence-based relations has had predictable effects for the rise of neo-protectionism as an instrument for gaining a global market segment and protecting national economic interests [16, p.31].

In the globalization process, protectionism has transformed from the trade policy based on tariff restrictions and later on non-tariff protection instruments into a sophisticated and comprehensive policy mechanism for enhancing the competitiveness of a national economy in the globalization process, which we call neo-protectionism. The articles' objective is to explore the immanent features of protectionism embedded in economic policies of both developed countries and the ones that have to develop in the conditions of the rising "new normal" in the global economy.

Neo-dependence demonstrates a novel paradox, when no country is capable of taking on the responsibility for securing public welfare required for orderly operation and preservation of the global economy and effective monitoring of international institutes that are deemed responsible for maintaining openness of the trade system, sustaining stability of the monetary system and proper operation of global financial markets [17, p.174].

G. Kolodko [10] rightly emphasizes that at the beginning of 21 century the global economy entered a complex and turbulent period of the evolution. It was the recent past, namely the earliest years of the new century, that marked the aggravating contradictions between the cosmopolitanism of capital and the sovereignty of a national state as a form for

social organization, between the processes of globalization, based on liberalization of various forms of social and economic dialogue, their harmonization and unification, and the political power still concentrated by the state. The balance between traditional state institutes charged with decision making and new centers controlling the resources and economic processes required for their operation has been broken. But the need for supranational regulation is still ignored by the egoism of national states.

Resource and technological, economic and geographical, socio-cultural, institutional and economic policy factors recombine the existing and potential competitive advantages of countries, thus visualizing the need in rethinking the role of the state in stimulation of the economic activity and reconfiguration of the existing institutional superstructure. According to H. Kolodko [10], globalization will inevitably lead to re-institutionalization of the global economy: building up new and globally rational principles of operation or a new pragmatic economic order. The changed weight of each of the five factors in determining the dominants of economic growth depending on the countries' grouping as developed or developing ones, with their content components revised, constitute the immanent feature of "new normal".

The contemporary economics is inseparable from a phenomenon such as institutional vacuum. Institutional vacuum refers to absence of actors and necessary "rules of the game" in given spatial and time coordinates, which would secure progressive development of the social system. Institutional vacuum is often equalized with institutional chaos as a coexistence of old and new rules and business norms in transitional economies, which does not seem to be reasonably right.

As argued by N. Roubini [13], we are no longer live in the world of "Big 20", although the group of 20 still continues to position themselves as a central actor in the regulation of international economic relations. This transformation occurred when the last financial crisis declined and incompatible political and economic values of countries were revealed. Today, the U.S. is lacking the capacities to remain the main producer of the global social benefits. Europe is being busy rescuing the eurozone. Japan is being plunged in its domestic political and economic problems. Today, these countries have neither time nor resources nor internal political capital to become new international centers of force. China, too, is not inclined at take on the burden of responsibility of the global leader. Also, international challenges of today cannot be faced without direct participation of developing countries such as Brazil or India, which, being busy with domestic development problems, are not eager to seek for solutions of vital global problems.

Today, as rightly emphasized by N. Roubini, we live in the world of "Big Zero", in which neither countries nor groups of countries have political and economic levers or will to solve significant international problems. It can result in the aggravating international conflicts in all-important issues like macroeconomic coordination at global level, reform of financial regulation, trade policy or climate change. The concept of "new normal" was proposed by Mohamed A. El-Erian [3], one of the directors of an investment company, in 2009.

The signs of "new normal" will occur as a consequence of crisis.

1) The explicitly slower rates of economic growth compared with the previous decade. In fact, "new reality" is being formed as a result of the global crisis, encompassing not only the economy, but all the essential walks of life of the contemporary society. The leading countries of the world are entering a new trajectory of growth. It involves rates of growth, factors of growth, and quality of growth. Many criteria used to measure the development dynamics at late 20 and early 21 century call for revisions. New technologies and disseminated innovations, including ones implemented by small companies, have radical and efficient effects across markets and industries. This determines the market behavior in a new manner, including approaches to implementation of large long-term projects. In the contemporary world industry-specific criteria like "progressiveness" or "backwardness" are

abandoned: the innovation capacities are available across industries. This raises the importance of issues associated with search for optimal mechanisms for enhancing diversification and innovativeness at industry level, in order to adapt the existing economic structure to the challenges of the time.

2) High rates of unemployment and ageing in OECD countries and rapidly growing developing countries.

Demographic gaps between OECD and non-OECD countries are likely to have long-term effects for key macroeconomic variables. This tendency forms but the vicious circle of dependence of new jobs creation on the total demand that is dependent on the attempts of the global economy to eliminate the recession-specific drawbacks that obviously reflect structural deficiencies of national economies. The problem of low labor productivity in the era of technological and innovation advancements in the industry deforms the perception of a human as the carrier of qualifications and skills. The global financial crisis has affected the market performance in EU countries, where the unemployment rate, being 7.1% in 2008, rapidly grew to as high as 9% in 2009 and 9.6% in 2010. The unemployment rate, being 10.1% in I quarter of 2012, grew up to 10.7% in IV quarter of this year. The unemployment rate, growing in 2013, declined in IV quarter 2014 to 10%. On the other hand, unemployment data for Greece and Spain, which markets were hit much harder from the global crisis, are much higher compared with other EU countries. Actually, the unemployment rate in Greece was 21.9% in I quarter 2012 and 28% in III quarter 2013. In Spain, it was about 27% in I quarter 2013 [12].

The boosting unemployment and the loss of workforce due to the economic crisis resulted in the parallel growth of competition for limited government resources and tensions between social groups. This situation incited protest moods of the indigenous populations against citizens of non-EU countries, the latter being seen as potential competitions at the labor market. The risk of displacement of the indigenous population by immigrants caused reductions in salaries and wages in a number of industries, sometimes being a trigger for nationalistic movements. These fears obviously led to protests against immigrants.

Thus, in Great Britain, native factory workers protested in February 2009 against Portugal and Italian ones with slogans like “British jobs for British workers”. The even stronger demand of trade unions that foreign workers must not be allowed to work in Great Britain is an indicator of the growing protectionist tendencies. Like in Great Britain, Irish came out to another massive protest against Polish workers. Once Poland was admitted to EU in 2004, nearly 300 thousand Polish workers set out to Ireland, where the construction industry was creating new jobs. However, due to the crisis of 2008, thousands of Polish workers were forced to return to the home country, which caused collapse of the Irish real estate market. Yet, the Irish came out to strike against the Polish who remained in Ireland and, therefore, competed with domestic workers in time the crisis.

The problem of unemployment, which rate grew in EU countries due to the crisis, caused fears of the future, being the most important reason for the expansion of protectionist measures, such as hiring of only indigenous citizens. Also, it became harder to implement policies aiming to protect domestic workforce independently from external markets.

3) Inclusive development as an ideological imperative for economic growth of countries. Principles of trade regulation were in focus of discussions as globalization processes developed, their reason being, inter alia, the impact of trade globalization on labor markets of the countries affected by socio-economic consequences of demographic transition. Use of trade protection instruments became increasingly important as the ideological meaning of principles of economic growth was rethought as the goal of policy implementation. The inclusive dominant overshadowed extensive principles of economic operation and prioritized the search for optimal ways of coexistence of national and global interests [15, p.68].The

announced change in the emphasis by redirecting it to a human not only predictably excused the use of anti-cyclic stimulating measures of macroeconomic policy, but called for search for ways of structural transformations in developing countries' economies and revisions of economic policies pursued by developed countries.

4) Unbalancing of the global trade or, in the G20 wording, "the Global Trade Disorder". According to scientists, its signs are "distortions or warping of trade practices". As shown by the analysis of XVII report "Conditions of the global trade", the "distortions" in trade are caused mostly by fiscal stimuli for exports of goods that are competitive at markets of third countries, and they have stronger effects for trade volumes than import restrictions. Therefore, fiscal instruments, according to the document, have become the priority ones in protecting domestic producers. The most widespread forms of trade distortion over the latest seven years have been measures against dumping and subsidized imports, measures to restrict imports in case of their rapid growth, and providing subsidies and refinancing.

5) Aggravation of debt problems. This peculiarity of "new morn" originates in the unemployment and ageing problem. It was demonstrated that the country's capability to pay back its debts declines in parallel with aging of its population. Because the period of gaining potential benefits from access to international markets becomes shorter, elder people will prefer the solution in favor of default on sovereign debt. Yet, pensioners are interested in public welfare and social support, which amounts may be reduced due to paying back the external debt. Creditors, therefore, will prefer to reduce the amount of new loans to a country with ageing population.

6) Considerable market uncertainty and further refocus of the global economic activity towards the countries with emerging markets [8]. The long process of globalization, the deepening international integration of economic markets and the blurring trade borders have forced countries to protect the markets that were becoming the increasingly more liberal. Although free trade had existed before the liberalization process started, it became especially important with the beginning of the financial liberalization process in 1970s. As a central objective of many countries in our time is to create favorable conditions for eliminating any potential barrier to international trade, the number of bilateral and regional agreements on free trade is increasing. However, in times of economic crises, when GDP declines and unemployment grows, even the strongest advocates of free trade would offer a number of arguments in favor of protectionist policies, especially in the developing economies that may not be ready to the global competition. The problem of choice between free trade and protectionism is being put forward once and again, becoming an issue in the agendas of G20 summits and discussions of domestic economic policies in both developed and developing countries.

There are three visions of protectionism in the post-crisis period. The first one argues that the international system for free trade protection has worked well: WTO could implement the measures to counteract protectionism, and multilateral import restrictions like ones practiced in 1930s could be eliminated. According to the second one, sings that the problems with protectionism were aggravating could be observed in 2009, but thanks to the concerted effort of countries they could be "nipped in the bud". Yet, the optimism of these arguments can be easily refuted, which is confirmed by the analysis of the quarterly cumulative number of the so called "distortions of trade practices" beginning with November of 2008.

Governments' attempts to introduce protectionism are called by scientists "distortions or warping of trade practices". As shown by the analysis of XVII report on "Conditions of the global trade", the "distortions" in trade are caused mostly by fiscal stimuli for exports of goods that are competitive at markets of third countries, and they have stronger effects for trade volumes than import restrictions. Therefore, fiscal instruments, according to the document, have become the priority ones in protecting domestic producers. The experts

advocating this statement argue that the G20 contribution is more fundamental than the WTO efforts [5; 6; 7]. Prior to G20 summit of 2013 it was assumed that protectionist measures used intensively by countries beginning with 2009 would lose their importance with time passage. However, the optimistic conclusions articulated by high government officers were not confirmed over time. According to the third vision, protectionism in time of the crisis was necessary from the political point, but it was an interim measure and, therefore, would be declining.

S. Evennet and J. Fritz in XVIII report “Conditions of the global trade”, presented in the Global Trade Alert, defined three phases in the post-crisis stage of the protectionist measures implementation. The first phase begins with the boosting numbers of protective measures taken as a response to the shrinking global trade in I quarter 2009, when 263 trade restrictions were introduced across the world, with the subsequently reduced number of complementary trade restrictions till III quarter 2010.

Trade protectionism, competitive devaluations, monetary expansion, and tax stimuli constitute instruments of the so called “destruct neighbor” policy. Financial aid, measures of trade protection, import tariffs etc. have different effects for the trade. Financial aid and subsidies to the industries not engaged in exports stimulate firms to keep production capacities, in order to have the country’s imports declined through pursuing the import substitution strategy, reducing in this way the trade balance deficit. Apart from this, they allow for stimulating the domestic demand through the increased earnings of local residents, resulting from new jobs created on line of stabilization or stimulation programs.

It should be recognized that developing countries and industrially development countries use different methods to protect domestic industries. While developed countries tend to use subsidies and financial aid to domestic companies, developing countries (not considering the practices of China, India or South Korea) had neither budgets sufficient to cover subsidies nor money sufficient to cover debts of domestic companies. Developing countries, therefore, preferred to increase tariffs and use other preventive measures of non-financial nature.

It should be noted that the rules of global grade per se allow countries to use preventive measures like custom duties, when the amount of imports puts pressures on operation of domestic companies. On the other hand, countries cannot increase customs fees above a certain level due to the obligations adopted in WTO. This can excuse preventive measures like non-tariff restrictions, import quotas or various kinds of import subsidies. Unlike tariffs, non-tariff restrictions can be considerably changed in time, because they are flexible and dependent on administrative decisions.

It can be noted, however, that while the protective measures used by developed countries are characterized by flexible neo-protectionist instruments, measures of developing countries are often confined to protection from imports. The most widespread method of protection from imports, not contradicting to WTO rules, is non-tariff restrictions. Protectionism is conventionally used to protect domestic producers from foreign competition. Non-tariff measures are so commonly used today because customs tariffs cannot be increased by countries. Four European countries – France, Germany, Italy, and United Kingdom – as early as before the crisis ranked just after the U.S. in the list of countries imposing the majority of tariffs, by number and by ratio of measures called “compensation fees”. They are followed in the list by major trade countries: Canada, Australia, and Japan. The countries of Old Europe have used the conventional policy of neo-protectionism against non-EU countries, in order to eliminate or prevent negative effects of the crisis. This policy included import quotas and non-tariff measures, as well as new protectionist strategies such as export quotas, invisible trade barriers, government loans to companies in strategic industries etc.

Thus, a major part of leading EU countries used the policy protecting their strategic sectors through compensation fees against non-EU countries. The analysis of the number of protectionist policy measures adopted after 2008 shows that protectionist policies had the prevailing impact on agriculture and horticulture (233 protectionist measures), chemical industry (225), and transport equipment (193). At the second phase, the number of trade restrictions per quarter continued to rise and reached 160–170 till IV quarter 2011. At the third phase, quarterly totals reached the level of the first half of 2013, with the extreme of 225 trade restrictions in a quarter. The most significant compensation measures adopted in EU were measures of trade protection (484), measures of government assistance (476), and tariff measures (232). The most effective measures were export subsidies (with effects for 198 trade partners of EU), public assistance (194), and export fees or restrictions (183). Restrictions in public procurement, adopted by European Parliament at the beginning of 2014, have the important role, as non-EU countries are banned from taking part in public purchases if the access to market is not reciprocal. These restrictions have affected 137 trade partners of EU, including Canada, the U.S., Korea and Mexico [5; 6; 7; 8].

Although S. Evennet and J. Fritz are convinced that the declining quarterly figures of implemented trade restrictions beginning with 2014 signal the occurrence of the fourth phase, characterized by the lowering protectionist rhetoric in international economic policies, we are sure that the protectionism of 21 century has more flexible and extensive instruments of influence, which cannot be identified only by analyses of the imposed barriers. It follows that the chronology of waves of protectionism in the world, proposed by S. Evennet and J. Fritz, cannot be regarded as a representative one.

Conclusions. Measures stimulating economic development against recession tendencies in the global economy, announced in macroeconomic policies of developed and developing countries, fall under the concept of “neo-protectionism”. Unlike “classical” protectionism focused on protection of domestic producers depending on their significance and political force of stakeholders, neo-protectionism is equipped with instruments to respond on new challenges of “new normal”. In the up-dated form, the emphasis on goal setting is changing: to stimulate economic activity in response to the shrinking total demand rather than protect domestic businesses from foreign competition inside a country. The goals related with defending of economic sovereignties (for developing countries) or fighting for maintaining (for developed countries) or expanding of economic influences (for developing countries) are, therefore, becoming the dominants of transformation of classical protectionism into no-protectionism. Neo-protectionism involves modification of economic policy instruments towards the strengthening of its protective forms, and synthesizes both classical and novel forms of protectionism. This makes the term “new protectionism” invalid, because it has to be radically different by meaning from “classical” one associated with tariff protection.

At the current phase of the development of international economic relations, the arsenal of developed countries is dominated by instruments of hidden protectionism, implemented mainly by methods of internal economic policy. Developing countries are trying to exploit the potential of sectoral protectionism, and implementation of the policy of economic sanctions correlates with idea of selective protectionism used against individual countries or individual commodities. The economic basis of hidden protectionism is related with internal taxes and duties, public procurement, requirements to use local components in manufacturing of finished products. As the disguised or semi-open character of neo-protectionism does not fall under classical manifestations of protectionism, fixed in WTO documents, further hybridization of its forms raises the importance of their classification, to draw attention of the scientific community to new challenges to global regulation of the system of international economic relations.

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О. Булатова, В. Панченко

НЕОПРОТЕКЦІОНІЗМ ЯК ВИКЛИК ЛІБЕРАЛЬНОМУ РЕГУЛЮВАННЮ

На основі емпіричного аналізу продемонстровано, що на сучасній стадії розвитку міжнародних економічних відносин в арсеналі розвинених країн переважає використання інструментів прихованого протекціонізму, спрямованих на регулювання внутрішньої економічної політики. Економічна основа прихованого протекціонізму пов'язана з внутрішніми податками та митами, державними закупівлями, вимогами щодо використання місцевих компонентів у виробництві готової продукції. Замаскований або напіввідкритий характер неопротекціонізму не підпадає під класичні прояви протекціонізму, закріплені в документах СОТ. Неопротекціонізм, будучи інструментом відвоювання частки світового ринку та захисту національних економічних інтересів, передбачає зміну інструментів економічної політики на зміцнення її захисних форм і синтезує в собі як класичні, так і нові форми протекціонізму.

Ключові слова: протекціонізм, неопротекціонізм, нова норма світової економіки, економічний ріст.

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В.М. Мацука

ОЦІНКА КОНКУРЕНТОСПРОМОЖНОСТІ УКРАЇНИ НА СВІТОВОМУ ТУРИСТИЧНОМУ РИНКУ

Розкрито теоретичні та практичні аспекти формування конкурентоспроможності туризму, проаналізовано сучасний стан ринку туризму України порівняно з тенденціями світового туристичного ринку, визначено конкурентні переваги країни в галузі, обґрунтовано напрями підвищення конкурентоспроможності України на світовому туристичному ринку.

Ключові слова: туризм, туристичні потоки, світовий туристичний ринок, конкурентоспроможність, індекс конкурентоспроможності країн у сфері туризму й подорожей.

Постановка проблеми. Туризм сьогодні в авангарді глобальних тенденцій перш за все тому, що як вид економічної діяльності він відіграє значну роль у системі світогосподарських зв'язків. Забезпечення конкурентоспроможності на світовому туристичному ринку для багатьох країн сьогодні постає як стратегія їх розвитку. Стратегічною метою розвитку туризму в Україні є створення конкурентоспроможного на світовому ринку національного туристичного продукту, збільшення в'їзних та виїзних туристичних потоків, збереження навколишнього природного середовища та відродження національної культурної спадщини, сприяння розвитку туризму і курортів.