

A Comprehensive Exploration of Trade Protectionism in the 21st Century

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Abstract

Trade policy is based on the view that the world is made up of many distinct national economies, which are continuously interacting at an arm's length. The World Trade Organization controls the operation of a system of rules designed to maintain integrity between these economies, in relation to the realm of trading and business.

In case a trade dispute between governments breaks out, it steps in as the globe's trade referee and acts as a platform for member states to work their way to trade agreements in order to completely resolve the issue.

The trade liberalization accomplished since its establishment in 1995 has raised global income by around \$510 billion. But its mission of economic integration has lately been under great threat from protectionist policies globally, and without reform, is currently at a risk of being cast aside in the course of the modest magnitude of the new protectionism.

The paper seeks to examine the potential behind free trade, the rationale behind the concept of trade protectionism and the subsequent repercussions on international trade, which prove harmful to the economies. It studies the gradual shift in global trade, from a pure mercantilist mindset to a newer modus operandi wherein the imposition of trade barriers is becoming harder to detect, with special focus on nations with the world's highest GDPs.

Keywords : Free Trade, Protectionism, International Agreements, Trade Barriers, Trade Liberalization, World Economy

I. INTRODUCTION

Trade protectionism refers to policies that seek to shield local businesses from unfair foreign competition, through the creation of trade barriers. The concept of protectionism is in contradiction to the idea of free trade, wherein governments usually allow their citizens to conduct trade of their goods and services within other markets, without interfering by creating obstacles or unnecessary constraints.

The fundamental aim of undertaking such measures by countries is to protect their national interests in terms of the economy, including their most vital local industries, the production process, and the generation of workforce employment. Protectionism in a particular area causes an effect on other areas as well and wherein a smooth operation of

international trading has to be secured, it is important to preserve liberalism in the related areas as well.¹

Free trade, however, promotes the idea of domestic consumption on a larger scale, along with an optimal utilization of the resources available. It strives towards economic growth and the enhancement of wealth creation inside the borders of the country.

The main objective of the WTO is the encouragement of such free trade through an impartial approach that clarifies the rights and

¹ Matsushita, M., (2004). Basic Principles of the WTO and the Role of Competition Policy. *Washington University Global Studies Law Review*, 363.

obligations of the respective member states.² The process is carried out through negotiated agreements which have been signed by a majority of trading nations spread across the globe. By means of these agreements, WTO members receive assurance that their exports would be considered in a fair and consistent manner in the foreign market. The members also undertake to do the same for imports into its own market, by lowering the barriers put forth by them.³

II. WHY IS TRADE PROTECTIONISM ADOPTED?

Numerous reasons have been listed to justify why a nation adopts policies which are protectionist in nature. Theoretically as well as practically, it is sometimes believed that protectionism can be advantageous. It can reallocate wealth, balance the subsidies that have been provided by foreign governments to their industries as well as counter other systems of unfair international competition, protect domestic industries, decrease the existent trade deficits, and assist industries which have recently emerged.⁴ It is often perceived as providing huge benefits to a lesser people', while only causing only a slight loss to a much larger group of consumers.

II.A. Arguments Supporting Protectionism

II.A.I. Protection of domestic jobs and industries

The most prominent argument for trade protectionism takes a standpoint from the perspective of the livelihood of unorganized, domestic workers. It demonstrates how the protection of industries and firms which hire these workers are important to boost the country's economic growth and security. Even

² World Trade Organization, Understanding the WTO: What we stand for (WTO Publications, Geneva) Retrieved from https://www.wto.org/english/thewto_e/whatis_e/what_stand_for_e.htm.

³ Bagwell, K. & Staiger R., (2010). The World Trade Organization: Theory and Practice.

⁴ Jones V., (2012). Trade Remedies: A Primer. Congressional Research Service.

the basic principle lays down that the country would end up losing age-old industries which initially made the product in the particular nation, without trade protectionism. It would ultimately cause a loss in jobs thus rising unemployment and resultant decrease in the country's gross domestic product (GDP).

II.A.II. Protection of consumers

Domestic producers, consumers and policy-makers have claimed that internationally manufactured goods may not conform to the product safety requirements in the process of production and distribution. It could lead to sicknesses, risky products, or even death of the consumer in some rare, possible case. In order to safeguard the consumers from harmful products which have been imported, various safety obligations and production requirements have been imposed by the government and have to be followed by mandatorily.

II.A.III. Development of Infant Industries

In 1791, Alexander Hamilton had initially put forth the concept of infant industries.⁵ It puts forth the reality about how newer manufacturers have an exceptionally difficult experience, while in a competition against well-established and sufficiently funded companies which tend to accrue huge profits in countries which are more developed. However, these manufacturers who have recently come into existence in developing countries may lack financial as well as technological resources, the substantial equipment, expertise in the field of research and development while competing against long standing, established corporations.

For these newer businesses to attain a decent share in the market and gain a competitive edge as opposed to the recognized companies, the government will have to support these infant industries for a short term until they reach a stage where they become capable of managing competition put forth by the foreign industries. A developing nation should especially support

⁵ Hacker, L., (1957). Report on Manufacturers. *Alexander Hamilton Bicentennial Commemorative Issue*, Taylor & Francis Ltd.

such infant industries with their trade, in order to diversify its economy.

II.A.IV. National security

Another important political stance taken for the continued use of trade protectionist policies include national security. The industries involved in the production of defence-related products include companies contributing in the making of weapons, high technology firms and food producers. The main reason put forth includes the fact that industries like aerospace, advanced electronics and armoury are essential elements of a nation's defence strategy and reliance on foreign manufacturers could bring about grave danger in times of war. With ammunitions and other defence products being manufactured within the borders, trade protectionism avoids foreign competition and becomes essential for the existence of a state.

Not applying certain barriers results in the increase of cheap imports which is made possible at the expense of domestic producers from developing countries, who do not have the capacity to compete with subsidised products. These vulnerable workers then face huge tariff rates in the foreign markets of developed nations. Thus, a lot of theories support the idea of protectionism as an important tool in the creation of domestic economic stability.⁶

III. THE DIRECT FORMS OF PROTECTIONISM

Huge portions of global trade are still not within the purview of the obligatory regulations of the WTO. This is due to the fact that countries have not made a formal commitment to the cause, or that their actual trade policy so far has been more liberal than the commitments made by them – which implies that they could even increase their protectionist measures and yet continue to be well within their legal limits.

These disciplines are barely a part of the legal backdrop, and are extremely different from national and regional laws of the specific

countries, which influence trade and play an essentially complementary role.⁷

III.A. Tariffs

Tariffs basically refer to the imposition of a tax or a duty on imported products from foreign markets. It is usually implemented to increase the product cost for consumers, with the purpose of making them either of equal cost, or more expensive than the locally produced goods and services. It increases the price of imports, causing a reduction in domestic demand with excess domestic supply. In cases of imposition of such tariff, the government seeks to limit the import of foreign goods into the country and shield its local businesses and industries which manufacture similar items, that could not otherwise have competed with foreign producers.

Owing to the fact that a tariff is sort of a tax, the government ordinarily observes an increase in revenue, especially when the imported products come into the local market. Even the domestic industries observe a massive decrease in competition, while the prices of such imports inflate artificially due to the tariffs. But from the standpoint of the consumers, the products that are not locally manufactured, imply higher prices for the products due to higher import prices.

III.A.I. Common Agricultural Policy of the European Union

In spite of multiple modifications and a significant decrease in the tariff rates, the European Union still imposes an extensive tariff on various agricultural industries. The main objective is to cause a raise in the prices for the local farmers to cause an improvement in their income.

As per the WTO Trade Policy Review of the EU in 2019, tariffs on agricultural products are prominent due to comparatively higher rates, a wide tariff range, their usage of *non-ad valorem* tariff rates as well as import quotas. The

⁶ Dadush U., et al., (2011). Is Protectionism Dying?. Carnegie Endowment for International Peace/

⁷ Hertel T., (1997). Global Trade Analysis: Modelling and Applications. Cambridge University Press.

complexity makes it challenging to obtain the protective effect of these measures.

III.B. Import Quotas

Quotas are direct restrictions on the quantitative limits (volume) of specific goods and products which may be allowed to enter a nation through imports, within a specific time period. The main objective behind the entire idea of quotas is to diminish the number of competitive products in domestic markets which in return, increase the demand for local products. Instead of creating barriers which make it tougher or costlier to allow the trading of goods, quotas tend to restrict the quantity of products that enter a country. Foreign producers are often unable to avoid these quotas.

III.C. Subsidies

Governments also give subsidies (state aid) to domestic businesses which have been facing financial problems, in order to help decrease the cost of production and allowing them to gain status in foreign markets. Such assistance can be given in various forms, including cash payments, loans with low interest rates, tax exemptions and ownership of common government stock in domestic companies, to prevent imports. These include various examples.

III.C.I. European Airlines Subsidy

European airlines are often slammed for having a lot of unfair support from their government, while the simple response was that the Government was only assisting the airline to avoid them from becoming bankrupt.

III.C.II. Chinese Automobile Subsidy

The car industry in China has often been provided assistance by their Government. In the year 2012, a complaint was filed by the United States, alleging that given excess subsidies were given to the car industry in China, which gave it an unjust competitive advantage. At least a billion dollars in subsidies have been made accessible to exporters of automobiles and auto-parts in China, from the years 2009 to 2011.

III.C.III. Indian Sugar Subsidy

Being the world's second largest producer of sugar, the Government of India announced the introduction of a subsidy for exporting raw sugar. It would involve incentives for exporting 1.4 million tonnes surplus sugar as a start.

Thus, high-income nations, like the U.S., Canada, EU countries and Japan highly subsidize their local farmers collectively with almost \$360 billion per annum. In comparison, the total sum of foreign assistance from these nations to the developing countries and the LDCs, is only around \$70 billion per annum, which is close to only 20% of their national subsidies.

IV. NON-TARIFF BARRIERS

Apart from tariffs, quotas and subsidies, there are numerous other barriers that may be used by national governments in order to restrict imports or promote exports. In spite of the proportional success of the WTO in urging international negotiation agreements to decrease tariff barriers, and to resolve disputes, various kinds of barriers exist till date, and are becoming harder to detect, because they are hidden from direct view. These measures may be seen in the following manner:

IV.A. ANTI-DUMPING MEASURES

'Dumping' happens when a company happens to export a product at prices which are substantially lower than the normal charge in the domestic market. The goods are sold at a price lower than the 'fair market price', due to excess supply with the purpose of gaining an extensive share of that nation's domestic market. It could flood any market with low-priced imports, making it difficult for local companies to stay in business.

The Anti-Dumping Agreement allows governments to take action in cases where dumping is genuine, and such policies include regulations to prevent the sale of products at prices far below the actual cost, in a foreign market. It may include tariff barriers or even non-tariff barriers.

IV.B. RED TAPE BUREAUCRACY

Red Tape policies comprise of stringent laws, rules and regulations, administrative requirements, obtaining of unnecessary licenses, approval of decisions through onerous paperwork and other excessive, formal rules which are usually considered redundant and bureaucratic. These rules associated with the process of import and export have been designed so as to create serious difficulties for an importer within a specific nation, thus hindering quick decision-making and preventing ease and speed in the importer's affairs. For instance, products may deliberately be held back at ports or airports, with complicated and unnecessary paperwork which does not even concern such an international transaction.

The Bureau of Indian Standards requires a certificate in case of cement⁸ which has been imported from Pakistan. It takes a lengthy period of six to clear such certification, whereas only three weeks are required in theory. Laboratory reports which are produced from Pakistan to establish compliance to the procedure of the required certification are usually not recognized.

IV.C. EXCHANGE RATE CONTROLS

Monetary protection often includes countries which deliberately undervalue their exchange rate in order to promote exports and lessen imports. The *controls on exchange rates* are often utilized to cheapen the goods of a country overseas, by reducing the currency's value in the foreign-exchange market. These controls work with the main idea being that a country would sell the currency within the market until it loses its original value against other currencies.⁹

It causes the value of imported products to increase while decreasing the expenditure of its exports. It helps the country improve its chance

⁸ Bureau of Indian Standards. (2019.), Product Manual for Composite Cement. PM/ IS 16415 /2/October 2019.

⁹ Shatz, H., & Tarr D., (2000). Exchange Rate Overvaluation and Trade Protection: Lessons from Experience. *World Bank*.

to expand the sale of its products within the foreign markets. Such currency manipulation makes the exports cheaper and much more competitive and may result in retaliation.

Some countries with the heavily managed exchange rates for their currency, beginning with China, show a lot of extreme trade tension.

IV.D. On The Grounds Of Health And Safety

Different governments have distinct ideas as to the extent of satisfactory health and safety standards within their country. There may either be beneficial regulations made applicable in good faith, or intentional restrictions to distinguish between imported products and it can be extremely difficult to ascertain the actual overall spirit behind these measures.

IV.D.I. The U.S. - Indonesia Dispute Relating to the Sale of Clove Cigarettes¹⁰

In the year 2009, the U.S. enacted a law named the *Family Smoking Prevention and Tobacco Control Act*.¹¹ A provision under the act banned all kinds of cigarettes in public interest, which utilized flavours except menthol.¹² It included *kretek* cigarettes, made of clove.

Consequently, Indonesia, the country which exports more than ninety percent of *kretek* cigarettes in the whole world, filed a case with the WTO, stating that the ban placed by the U.S. Government was a protectionist measure, as menthol cigarettes were exempted under it.

In favour of Indonesia, the WTO held that both the cigarettes, *kretek* as well as menthol, were 'similar products.' Thus, the ban against imports was found to be biased, as majority of menthol cigarettes were produced on a domestic level and nearly all *kretek* cigarettes were acquired through foreign trade. Notwithstanding the ruling of the WTO, the U.S. overlooked this decision and did not lift

¹⁰ Appellant Body Report, United States - Measures Affecting the Production and Sale of Clove Cigarettes, WTO Doc. WT/DS406/17.

¹¹ Family Smoking and Prevention and Tobacco Control Act, Pub. L. No. 111-131 (2009).

¹² Family Smoking and Prevention and Tobacco Control Act, 2009, § 907.

their ban, thus causing huge losses to *kretek* exporters from Indonesia.

IV.D.II. The US - EU Beef Hormone Dispute¹³

In 1989, American and Canadian cattle having growth hormones were banned by the EU, expressing concern over public health due to the practice. The WTO allowed the bans since there existed sufficient evidence backed by science and technology, in order to corroborate health concerns which had resulted in the bans. In 1997, both U.S. and Canada challenged the decision, with WTO ruling in their favour, stating that the scientific evidence submitted during the dispute settlement did not substantiate the health concerns associated with the growth hormones. It then permitted the countries at dispute to levy tariffs in retaliation to the European Union for the purpose of trading.

The Mad Cow Scare that struck in the year 2003 resulted in the EU imposing even more limitations on using growth hormones in cattle. An appeal was preferred against the aforementioned decision of the WTO and fresh scientific evidence was submitted in support of their case. However, the WTO upheld its decision in favour of U.S. and Canada again, quoting FDA studies which implied how the amounts of hormones found were not excessive enough to pose as a threat towards human life. Despite of the decision, Europe has still maintained its ban on the cattle.

Informal trade barriers on similar grounds comprise of an examination of every product entering a country, to check for any kind of a disease or other suspicious content. It thus takes a lot of time and energy, and often ends up causing severe damage to the item under inspection. Administrative policies may often include high-level health and safety standards which have been set purposely and such impositions cannot be disputed, as every country is entitled to decide what constitutes the best interest of its people.

¹³ Appellant Body Report, European Communities - Measures Concerning Meat and Meat Products (Hormones), WTO Doc. WT/DS26/29.

IV.E. On the Ground Of Negative Effect On Human rights¹⁴

Human rights are the utmost fundamental requirement to live a life with dignity and respect. Humanity in our world has still not arrived at its anticipated destination where human rights and fundamental freedoms are finally valued and apprehended.

IV.E.I. The Shrimp Exports Case¹⁵

A case was filed by Southern Shrimp Alliance in 2004, a U.S. based domestic shrimp industry at the International Trade Commission (ITC), disputing the dumping of Thai shrimp from various countries like China, Brazil, India, Thailand, Ecuador and Vietnam after being produced through forced labour. The human element of forced labour was observed in the case, wherein the products were acquired through the oppression of a large number of poor and unskilled labours.

After the investigation was complete, it was found that the imports of such Thai shrimp were actually less than fair value (LTFV) and consequently caused substantial injury to the domestic shrimp industry of the U.S. over a period of three years, apart from the violation of basic human rights of the marginal labourers. Thus, the U.S. Government imposed anti-dumping measures on the exports from those countries on the grounds of the negative effects on human rights.

IV.E.II. The Chinese Garlic Case

Forced labour relating to the garlic industry in China persists to be a problem, causing the U.S. Customs and Border Patrol¹⁶ to hold back the shipments of garlic arriving from Chinese even in 2017. The dispute was resolved in 1994, after the garlic producers failed to provide sufficient

¹⁴ Van Hees F., (2004). Protectionism v. Protectionism: The Use of Human Rights Arguments in the Debate for and against the Liberalisation of Trade.

¹⁵ U.S. I.T.C. Pub. No. 3748, Certain Frozen and Canned Warmwater Shrimp from Brazil, China, Ecuador, India, Thailand, and Vietnam, Inv. No. 731-TA-1063--1068 (2005).

¹⁶ U.S. Department of Homeland Security, U.S. Customs and Border Protection.

data regarding the trade records and the Department of Commerce (U.S. DOC) stated that the garlic imported from China was not fairly priced due to forced labour.

The U.S. hiked the tariff rates applicable on garlic imported from China, and these rates were increased from 10% to 25% to reduce imports and was considered as a fair imposition.

IV.E.III. The Indian Carpet Industry

The carpet manufacturing companies in India demonstrate extremely horrific inhuman working conditions wherein men, women, and children are forced to work, enduring physical and verbal abuse, constant underpayment, grave illnesses and many other hardships.

Carpet weavers, particularly children, underwent severe sicknesses like malnutrition, deformation of the spine, loss of vision, cuts, infections and injuries due to sharp instruments apart from the psychological trauma because of the unsafe working conditions and severe labour exploitation wherein they were made to work for more than 12 hours daily and not given proper meals.

The European Commission Document¹⁷ on Trade and Worst Forms of Child Labour thus ensured that such imports were discontinued and was considered as a measure undertaken to prevent the violation of human rights.

Imposition of protectionist policies to curb or reduce the violation of these rights totally depends on humanitarian grounds and cannot be contested, as they reduce abuse against people.

IV.F. Local Content Requirements (LCRs)

Governments usually set strict quality standards which may be difficult for foreign producers to comply with. ***Requirement of Local Content*** can also be made mandatory by countries which seek to reduce the quantity of products imported by putting in place a production requirement wherein a particular portion of the product will have to be locally added.

¹⁷ European Commission, Trade and Worst Forms of Child Labour (Commission Staff Working Document, Brussels, 2013).

In the EU, video streaming platforms like Netflix and Amazon are burdened to conform with requirements wherein the services must assign a minimum of 20 percent of their catalogues to content that is based on Europe.

The U.S. picture industry in China has also had to familiarise itself with compulsory quotas on the number of international films that have been released, the agreements relating to the profit-sharing aspect and the obligation to sell its rights to local companies.

Apart from the afore-mentioned major non-tariff barriers, there exist a lot of other ways in which a regional government can put forth obstacles to free trade, which is a subtle case, more political than it seems.¹⁸ Some of them are as follows:

IV.G. Voluntary Export Restraint

A VER is said to be enforced when two specific nations form an agreement which limits the quantity of exports to each other, within a mutually agreed time period. The USA had enforced a VER with Japan during the late 1980s.

IV.H. Preferential Policies Of State Procurement

The government of a particular country can protect the domestic producers by employing public procurement policies, wherein local firms are supported. In such scenarios, the government finalizes the state spending on locally bought products, like infrastructure projects or the purchase of equipment for defence, or for medical purposes.

IV.I. Technical Barriers To Trade

The requirement of unnecessary technical details like the rules on product labelling or strict standards of sanitation. Such barriers increase the cost of compliance, which large businesses can cope up, unlike many LDCs

¹⁸ Krugman P., (1993). The Narrow and Broad Arguments for Free Trade. *American Economic Association*.

which do not possess the required level of technical sophistication to overcome such barriers.

IV.J. Hidden Protectionism

When the government measures cause discrimination against foreign traders, manufacturers and investors in an indirect manner, it is known as hidden protectionism. A subsidy paid by the government only in cases where consumers agree to buy domestic products, would count as an example. Deliberate interference in the functioning of other markets also comes under this category.

V. THE EFFECTS OF PROTECTIONIST POLICIES

V.A. Protecting infant industries might result in the expenditure of a significantly large quantity of financial resources to the Government. It can promote incompetence in the industry supported, owing to the fact that they would have no encouragement to invest efficiently, in long-term plans, as they are borrowing funds and are supported by the Government. It interferes with the vital process of maturation of the industry, and decreases the probability of the business successfully competing in the foreign market with a comparative advantage.

V.B. Exchange rate controls cause a long-lasting inflation, because the domestic nation has reserved a low value of its own currency. By doing so, it may be able to sell its products at lower prices globally and foreign products which are sold in that market would actually observe a rise in prices. In such scenarios, consumers are compelled to pay prices which are unnecessarily higher even for basic products that are required for survival. The country anticipates its industries being competitive in the global market, whereas its own citizens would have to pay higher prices in their own country.

V.C. Trade Wars: The biggest problem that lies is that countries tend to reciprocate the

imposition of unfair protectionist policies. If nations are unable to sell their products in their usual targeted markets, they retaliate by imposing counter tariffs, import quotas, government subsidies or exchange rate controls, irrespective of them being political or military allies.

For instance, the U.S. and Japan which happen to be allies ever since the World War ended, have both imposed tariff rates and other protectionist measures against the other. It implies higher import costs as the producers face increased prices for equipment and other foreign markets. It affects the real growth of the nation's GDP.

The most prominent retaliation in the past happened with the enactment of the Smoot-Hawley Act¹⁹ in 1930. The president of U.S. passed a bill that increased taxes on various products, resulting in retaliation by other countries. Even though the act aimed to shield American industries, it raised tariffs by approximately 20% on at least 20,000 imported products. Consequently, it resulted in a 67% drop in the global trade and U.S. exports fell by 75%.

V.D. Effect on Consumers: Protectionist policies which are aimed at safeguarding the interest of domestic industries and jobs, in reality imply that the final consumers have a limited number of options when it comes to the quality, quantity, type and availability of the product that they require. They would have to spend to a greater extent on the poorer, restricted number of products instead of the quality or opt to not buy the product at all. Local businesses would face a financial blow as they themselves would need to buy the manufacturing elements and put together the final goods, thus passing on the hike in prices straight up to the final consumer.

¹⁹ Smoot-Hawley Act, 1930, Pub.L. 71-361.

VI. RECOMMENDATIONS

Robust and supportive financial measures relating to trade, are in immediate demand by countries which seek to overpower the fall in global trade. Not doing so could bring about a segregation between countries and avoid the growth of the advantages of open and free trade.

VI.A. Personal Undertaking By The Countries

It is essential for countries to open up their trading systems to free trade and reduce the negative effects of protectionist policies. They must come to a standstill on their decision of raising the tariffs applied along with the other forms of protection. Globalisation must be reinforced with national discipline and supervision.

Apart from the regulations of the WTO, there must be National trade tribunals established, which would help in preventing protectionism at a domestic level. Such tribunals can devise a procedure for the local firms to oppose protectionist measures which are associated with their country and support them in getting their trade practices recognized at a larger scale. In order to conserve open economies, regional governments must be required to show that there are sufficient mechanisms and resources that can urge the economy to keep increasing at a positive rate, with all the safeguards necessary in developing economies.

VI.B. Regional Arrangements

The world has seen an overflow of regional trading agreements in the recent years. Some of these are just for the sake of formalities, while the others have specific goals set for the reduction in tariffs, quotas and other nontariff barriers.

Member nations must make good their commitment on free trade, through such arrangements which will help in reducing political pressure regarding protectionism. Collective action undertaken in a particular region can help the distinct governments work together towards implementing policies where

the rights and interests of all Member nations are protected.

Such methodology helps in the creation of a healthier balance between inclusiveness of all members and positive productivity during decision-making. It safeguards the WTO and its entire structure of multi-lateral rules and regulations, which are relevant even in the 21st century.

VI.C. Declaration

Where imports are banned due to genuine but corrigible reasons, some kind of assurance must be given by the exporter, addressing the issue, either in the form of an official announcement or a declaration by the concerned ministry.

In 2018, the international trade fair held at Germany for the natural-stone industry saw a declaration by the Indian consul general. He stated that the NCPCR (The National Commission for Protection of Child Rights) and the UNICEF, with the assistance of an investigative mission, had discovered that India's granite quarries saw no possibility of child labour. It was stated by the investigating authority that all processes in the granite industry were entirely mechanical.

Thus, European importers and their prospective customers were assured that they could continue purchasing slabs, gravestones and products for renovating kitchens which were created from granite in India, without being responsible for even minutely supporting the practice of child labour.

VII. CONCLUSION

Trade protectionism has re-emerged as an extremely controversial topic among political representatives and legislators while trying to advance the country's economic development. Even though it is usually imposed with the goal of assisting the country to pull through an economic slump, in many cases, an opposite result follows, wherein not only one, but multiple countries undergo financial setbacks like recessions or even depressions in grave situations. The international economy may go into a precarious new era wherein individual economic authority may overpower

international law, if nations keep on abusing the immunity of ‘national security’ to validate their trade restrictions.

Trade remedies in such cases must be lawfully followed as per the WTO rules, which prove to be necessary safety valves which discharge economic and political tensions – which otherwise tend to endanger the basic agreement to free trade of the WTO’s member nations.²⁰ The agreements regulated by WTO ensure that all nations abide by the rules and aim to create a world where trade liberation triumphs over unnecessary trade protectionism.

Currently, more than anything else, a strong and approachable WTO, willing to adapt as per the need of the hour, will help the global policy-makers confine protectionism. Not only should the members endure the desire of imposing protectionist policies during a global economic slowdown like the present one, but take steps to promote free trade.

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