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The Future of Foreign Trade Policy: Addressing the Challenges of Protectionism and Uncertainty

Pranav Saketh Chedella*
Jain International Residential School, India

Dr. Abhishek Pratap Singh Sachan**
PIBM, India

Abstract:

Global trade has undergone significant changes over the past 20 years, moving from liberalization and multilateral agreements to increased protectionism and uncertainty, particularly among the U.S., China, and India. This research examines the rising protectionist measures and non-tariff barriers, questioning whether these trends signal a retreat from globalization and a threat to international trade governance. Key issues have emerged from recent global events, such as the U.S.-China trade war, the COVID-19 pandemic, and geopolitical tensions, leading to a noticeable rise in trade restrictions. These occurrences have initiated a phase of "deglobalization," prompting a closer look at the future of trade policy. The primary objective is to determine if current trade dynamics indicate a shift toward protectionism or a temporary adjustment post-shocks. The study explores how countries can create adaptive trade policies that balance domestic interests with multilateral trade systems. It also analyzes how emerging economies navigate short-term advantages while pursuing long-term globalization goals. A meta-analytical approach is used, synthesizing data from empirical studies, policy records, and statistical datasets from the WTO and other sources. The literature was selected for its empirical strength and relevance. Historical case studies provided insight into evolving trade patterns and adaptability.

The findings reveal that while non-tariff barriers have increased, average applied tariff rates have remained stable or even declined. Trade volumes among the major economies continue to grow, indicating resilience despite geopolitical tensions. However, there is a noticeable shift toward protective measures aimed at economic independence. The study highlights increased use of regulatory protectionism, digital trade regulations, and localization strategies that comply with WTO standards. This trend reflects a strategic adjustment to new economic realities rather than outright global protectionism, suggesting countries engage in selective protectionism while maintaining some level of international cooperation.The study advocates for a future trade policy that is adaptive, transparent, and cooperative to enhance economic certainty. It recommends reforms for institutions like the WTO, improved governance of non-tariff barriers in free trade agreements, and support for international trade in the service sectors. Regulatory-aligned and innovation-friendly policies are essential for emerging economies to access global value chains while protecting strategic sectors.

Keywords: Trade Protectionism, Foreign Trade Policy, Global Uncertainty, Non-Tariff Barriers, Multilateral Trade Agreements.

Introduction:

Historically, a country's foreign trade policy has reflected its role in the global economy. For the majority of the latter 20th and early 21st centuries, international trade shifted towards liberalization, influenced by institutions such as the World Trade Organization (WTO), regional trade agreements, and economic diplomacy, which promoted the integration of the free market. Albeit in recent years, this trend has begun to unravel. The global economy is currently experiencing a surge in protectionist policies, with governments imposing tariffs, subsidies, and regulatory barriers to shield and incentivize the development of domestic industries. This transformation in global trade trends has resulted from geopolitical and economic uncertainty, caused by trade wars, pandemics, and technological disruptions. As the global economy transitions into a new form of globalization — often labeled "deglobalization" —the importance of reforming foreign trade policies has never been higher.

Protectionism is not a recent development. Often, a consequence of economic crises or political shifts, protectionism has taken different forms throughout history. The complexity and unpredictability are inimitable to contemporary trade protectionism. Unlike earlier eras, where tariffs were a pivotal instrument in protectionism, today, protectionist policies include non-tariff barriers. The evolution of the global economy has given rise to policies, including export controls, digital trade regulations, localization requirements, and strategic investments in domestic supply chains, which aim to limit dependence on foreign markets and indirectly decrease global trade. These policies are often substantiated under the pretense of economic sovereignty. Although these arguments carry merit, especially following the COVID-19 pandemic, they also pose a threat to the collaborative orientation of global trade, creating an atmosphere where retaliatory measures and uncertainty undermine trade relations.

This uncertainty in foreign trade policies has a significant impact on international businesses, foreign supply chains, economic growth, and diplomatic alliances. An example is the U.S.-China relationship, which highlights the vulnerability of this form of relationship and reveals how the global economy has evolved into a more interdependent one. Moreover, the weaponization of trade (through sanctions, embargoes, and export bans) has unintentionally added a layer of complexity, similar to geopolitical strategies, to what was once a straightforward economic decision.

Regarding this context, a challenge for modern trade policies is to maintain global cooperation while also addressing concerns about domestic industries, strategic autonomy, and fairness. This paper addresses that challenge by asking: What should the future of foreign trade policy look like in an era flooded by protectionism and uncertainty? Specifically, the paper will investigate how countries can establish policies that protect national interests without reverting to isolation of the domestic market. Policies that are designed to encourage innovation without compromising international regulations.

This study utilizes a wide range of sources to investigate: contemporary policy documents, trade data, and case studies from heterogeneous economic contexts. The study will identify and analyze the drivers of trade protectionism. Next, it will evaluate the current trends in trade protectionism, which include forms of non-tariff barriers ranging from bilateral trade deals to policies such as the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), as well as multilateral reforms to the WTO. Finally, the paper will propose a policy that is adequate and tailored to current policy trends, emphasizing resilience, transparency, and cooperation.

Research Objectives:

1. To investigate the increase in non-tariff barriers, such as technical standards and subsidies, affect the way international trade rules and agreements are managed as countries prioritize economic security?
2. To enquire whether emerging economies face a challenge between taking advantage of short-term opportunities from shifting production due to US-China tensions and the risk of losing out if production later returns to advanced economies?

Methodology:

This research paper employs a meta-analytical approach to investigate the evolving landscape of foreign trade policy, particularly in light of the recent rise in protectionism and uncertainty. Meta-analysis is a method of synthesizing data based on existing empirical research, allowing for the aggregation of results across numerous publications and studies to identify patterns, variations, and potential effects of policy changes, with an emphasis on the challenges of protectionism and uncertainty. Given the unpredictable and often contradictory nature of trade policy outcomes across different lenses, such as periods and economic conditions, meta-analysis provides a robust framework for identifying general trends and synthesizing conclusions from a wide range of literature.

The methodology involves several key steps: (i) literature selection, (ii) data extraction, (iii) statistical analysis of the data, and finally (iv) using the analysis to synthesize a conclusion about the research objectives. The primary objective is to evaluate how different countries and institutions have responded with changes in trade protectionism and uncertainty. Furthermore, another key aim is to identify which policies have proven to be the most adaptive under the conditions where trade protectionism pressure and uncertainty are high.

The first step involves a comprehensive and systematic search of recently published working papers, policy briefs, and trade reports. Databases such as JSTOR and Google Scholar will be used to locate appropriate literature via the use of keywords such as "future foreign trade policy', "protectionism", "trade uncertainty". The criteria for inclusion of previous studies are: (a) provide empirical data on trade policy outcomes, (b) offer substantial methodological transparency, and (c) analyze policy responses of various countries to one of the following: rising protectionism or trade uncertainty. Studies that focus mainly on conceptual and theoretical models are excluded unless justified by empirical data.

Although meta-analysis enables a structured synthesis of a broad range of studies, the quality and the scope of the findings are entirely based on the consistency of the empirical data. Differences in methodology and timeframes across research papers may pose variability in the findings and the meta-analysis. However, to mitigate the problems of the validity of the meta-analysis, this study will carefully select empirical data.

Literature Review:

Review of Alan O. Sykes' "Regulatory Protectionism and the Law of International Trade"

The study on international trade law increasingly emphasizes the complex role of regulatory protectionism, where domestic regulations are employed to disadvantage foreign competitors under the impression of legitimate policy objectives. Skyes (1999) offers an examination of how such policies, often more discreet than traditional tariffs or quotas, can lead to greater economic inefficiencies and distortions. Utilizing concepts from welfare economics and public choice theory, Skyes contends that regulatory protectionism — defined as regulatory policies that impose unnecessary additional costs on foreign firms — generates welfare losses that surpass those resulting from conventional protectionist tools.

A prominent theme within this study is the difficulty in identifying authentic regulations from those motivated by protectionist intentions. The well-documented EU-U.S. disagreement over hormone-treated beef highlights these complexities: while the EU stated that hormone-treated beef poses a public health concern, which aims to justify the ban, the World Trade Organization (WTO) ultimately concluded that the ban was unjustified and overly protectionist. Sykes emphasizes that these regulatory barriers often persist even as tariffs and quotas are reduced through multilateral trade agreements, as evidenced by the current presence of agricultural subsidies and tariffs within the WTO's framework.

Legal publications, including the contributions of Sykes and various other referenced authors, investigate the justifications for why sophisticated trade agreements, such as the WTO, NAFTA, and the EU, impose significantly more stringent bans on regulatory protectionism compared to other forms. The primary justification is that the high societal or external costs generated by regulatory barriers, especially when lacking justification, necessitate a robust legal framework to mitigate these costs. Nevertheless, the literature also acknowledges that legitimate policy aims, despite having a trade-restrictive nature, are generally permitted, given that trade agreements eschew applying "balancing tests" for regulatory benefits related to trade impacts.

In conclusion, the scholarship reviewed by Sykes highlights that regulatory protectionism is an enduring and complex challenge to the principle of free trade. It promotes vigilant legal frameworks and thorough economic evaluations to prevent regulatory measures from serving covert protectionist ends, therefore enabling trade liberalization and the enhancement of global welfare.

Review of Nicolás Albertoni's "A Historical Overview of 21st-Century Protectionism"

Nicolás Albertoni's paper provides a profound insight into the historical analysis of protectionism in the twenty-first century, situating it within the broader context of the stagnation of multilateral trade systems and the resurgence of protectionist tendencies. The study delves into the transition from the trade liberalization of the post-World War II era to the establishment of the WTO in 1995. Although the WTO introduced binding resolution mechanisms, it posed a threat to national sovereignty and the exclusive nature of "green room" negotiations, which oppressed the developing countries of that era. The Doha Round, which premiered in 2001, sought to rectify this marginalization; however, negotiations failed by 2008 due to developed countries' unwillingness to provide agricultural and industrial market access, further bolstered by the U.S.'s waning support for multilateralism.

The rising number of emerging economies, such as Brazil, India, and China, has significantly changed the trend in global trade dynamics. However, their participation has rarely resulted in dominant leadership roles. China's accession to the WTO in 2001 marked a pivotal event, encouraging reforms in tariffs, global trading practices, and sector-specific trade liberalization, such as in telecommunications and banking, which contributed to an annual increase in trade gains of $41 billion. However, Albertini emphasized that escalating tensions between the U.S. and China, preceding the 2008 Global Financial Crisis (GFC), symbolize the "resurrection of protectionism". This period witnessed an 11% increase in trade-restrictive measures by the end of 2016. Furthermore, the COVID-19 pandemic exacerbated pressures on multilateralism by revealing the dependence on global supply chains and accelerating trends towards regionalism, as evidenced by the rise of mega-regional trade agreements.

Albertoni observes a transition toward a multipolar global framework, wherein previously less influential economies are increasingly contesting the supremacy of established powers. Nonetheless, he warns that unreliable global governance may mirror the detrimental protectionist errors that followed World War II. The paper concludes by emphasizing the importance of adopting a historical lens in resolving current trade disputes, particularly as geopolitical divisions challenge the durability and effectiveness of international institutions such as the WTO.

Review of Kamala Dawar's "Protectionism and International Diplomacy"

Since the end of the Cold War, international trade literature has increasingly examined the tensions between multilateralism and rising protectionism. Dawar's (2018) report situates this period within the context of significant geopolitical shifts, where economic policy and foreign diplomacy are more closely aligned. Originating from the post-World War II Bretton Woods institutions and the evolution of GATT into the WTO in 1994, the WTO initially reduced tariffs and encouraged trade liberalization. However, its consensus-based structure and agenda have revealed limitations, namely, as membership has exceeded 160 countries with varied interests.

Dawar's analysis highlights the shortcomings of the Doha Development Agenda, primarily due to the WTO's structural limitations, including its binding dispute mechanisms. These factors have led to a halt in policy development and an increase in dependence on bilateral and regional trade deals, as explained by various studies that show the multilateral system struggles to adapt to contemporary economic realities. Political forces, primarily the "America First" movement in the U.S. and European populism, as evident in Brexit, are prompting countries to shift away from global trade agreements and adopt trade protectionism.

Countries like China benefit from globalization through projects like the Belt and Road Initiative. The report highlights China's pivotal role in the global economy, while also raising concerns about global economic governance. Dawar's literature review reveals a deteriorating liberal trading order; instead, economic governance is steering towards protectionism and nationalism. The combination of trade and foreign policy has led to an increase in uncertainty, often subjecting economic logic to political goals. The report urges economies to enforce adaptive governance and a strengthened commitment to multilateralism to meet current challenges.

Review of Junyu Shang's "The Impact of Rising Trade Protectionism on the Global Business Environment"

Recent literature has increasingly focused on the consequences of rising trade protectionism for the global business environment. Shang (2024) places this trend within the context of post-financial crisis stagnation, rising inequality, and the rapid growth of emerging economies, making numerous references to Rodrik's (2018) analysis of the origins of protectionist policies. Studies consistently find that protectionist measures, such as tariffs and non-tariff barriers, may offer short-term relief to domestic industries but result in reduced global economic efficiency, innovation, and disrupt resource allocation (Grossman & Helpman, 2021).

Empirical research, such as Li et al. (2020), provides evidence on the decline in U.S.-China trade volumes preceding the imposition of tariffs, while Hua (2019) and Zhan & Lu (2021) show that such measures have altered trade patterns and encouraged countries like China to further their ties with Belt and Road partners. The literature also highlights the expansion of trade frictions into new areas, including tertiary and quaternary sectors, with disputes like the U.S.-China trade war exacerbating global uncertainty (Qiu et al., 2023).

A majority of the body of work examines how multinational corporations (MNCs) are adapting to changing environments. Gereffi & Fernandez-Stark (2022) consider the preference for diversified supply chains ("China + 1" strategies) and the increased localization of production and R&D (Kutlina-Dimitrova & Lakatos, 2019). Branstetter et al. (2021) further elaborate on how MNCs establish independent R&D centers to avoid the technology transfer regulations. Digital transformation, leveraging big data, AI, and blockchain, has also become crucial in managing supply chain risks and ensuring global competitiveness.

The literature emphasizes the opportunities arising from the shift in trends toward trade protectionism, particularly for industrial upgrading in some emerging economies, although protectionism poses numerous challenges. To create a more open and robust trade system, the article suggests collaboration amongst governments, businesses, and international organizations.

Review of "Murky Protectionism"

The literature on trade policy during economic crises has grown significantly in response to the global financial crisis of 2008–2009, with particular emphasis on the sudden, synchronized collapse of world trade and the emergence of "murky protectionism." Baldwin and Evenett's (2009) volume combines leading research and policy perspectives, highlighting how the complexity of international supply chains and the drying up of trade finance amplified the downturn's effects on global commerce. As Yi (2009) and Baldwin (2008) demonstrate, the modern secondary sector is dependent on intricate cross-border production networks; hence, a drop in final demand in one country triggers a domino effect on global trade flows contractions. This dependency explains both the speed and depth of the trade collapse, as well as the rapid transmission of shocks that transcend geographical areas and industries.

A central theme in the literature is the shift from overt, 1930s-style protectionism to subtler, "murky" forms of trade discrimination. Rather than openly violating WTO rules, governments increasingly exploit legal gray areas, such as antidumping measures (Bown, 2009), health and safety regulations, and domestic preferences in stimulus packages that favor local firms and workers. Gamberoni and Newfarmer (2009) provide empirical evidence of the rising incidence of such measures during the crisis, warning that these actions, while often technically WTO-compliant, risk undermining the spirit of open trade and could trigger retaliatory cycles.

The literature also underscores the critical role of trade finance. Auboin (2009) acknowledges that the global credit crunch severely restricted the availability of trade finance, leading to an exponential contraction in trade volumes. Experts agree – despite the lack of reliable trade credit data – that restoring trade finance is pivotal to the global recovery. Policy recommendations throughout the volume necessitate G20 leadership in enhancing regulations of protectionist measures, while simultaneously sustaining a strong commitment to multilateralism and ensuring the flow of trade finance.

Contributions from policymakers and scholars, including Zedillo (2009) and Bhagwati (2009), as well as Crean, highlight the risks of a protectionist spiral, which could derail macroeconomic recovery efforts. The risk of a protectionist spiral, which could derail macroeconomic recovery, is highlighted by both policymakers and scholars, such as Zedillo (2009), Bhagwati (2009), and Crean. They advocate for renewed international cooperation and a commitment to open markets, as well as robust monitoring of trade measures. The consensus is clear: although international trade was the chief casualty of the crisis, it was not the cause of it, and the proliferation of murky protectionism poses a persistent threat to the integrity and resilience of the global trading system.

In summary, the literature reviewed in Baldwin and Evenett's volume exposes that the global financial crisis reveals vulnerabilities in the structure of international trade and the governance of trade policy. As a result, the paper advocates for vigilant and coordinated responses to safeguard open markets during periods of heightened uncertainty.

Dr. Sam Amadi's lead paper, "Critical Political Economy Models: A Solution to Emerging Social and Political Problems in Nigeria," from the Journal of Contemporary Issues, Vol. 5, September 2024.

The literature on critical political economy and its relevance to social transformation in Africa is deeply intertwined in the works of pioneering studies that have challenged the conceptual and practical foundations of social science. Claude Ake's seminal critique, Social Science as Imperialism, forms a cornerstone of this discourse, arguing that Western social science often acts as a hegemonic force, restricting the development of African societies by imposing frameworks that result in dependency and underdevelopment, tracing back to the African underdevelopment's historical and structural roots to colonial exploitation and the continued dominance of Western ideologies, aligning closely with the perspective of Walter Rodney's influential thesis in How Europe Underdeveloped Africa.

However, the literature also acknowledges the transformative potential of social science. Amadi's paper highlights the versatility of social science as both a tool of domination and a tool of liberation. The trajectory of the evolution of human rights discourse is marked by debates between naturalists, who assert the existence of universal moral rights, and legal positivists, such as Jeremy Bentham and David Hume, who deny the legitimacy of rights outside of positive law. Despite such skepticism, the anthropological work of scholars like Margaret Mead and Clifford Geertz provided empirical evidence of complex moral orders in non-Western societies, helping to generalize the concept of human rights.

The literature further explores the role of social capital and institutions in economic development. Shipping Tang's recent work, The Institutional Foundations of Economic Development (2022), is cited to underscore the importance of institutional factors in economic growth. This builds on a tradition of economic thought that spans classical, neoclassical, and neoliberal theories, and now incorporates the "third generation" of growth models, such as those researched by Paul Romer and Ken Arrow. These models underscore the significance of knowledge, innovation, and institutional quality in shaping the trajectories of economic development.

Combined, the referenced literature highlights the importance of engaging with economic theories and methodologies. It promotes an adaptive approach that recognizes the limitations of existing patterns based on previous data. The works of Ake, Rodney, Mead, Geertz, and Tang, among others, provide an intellectual foundation for reevaluating development and governance in Africa. To truly understand and pave the path for societal change, we need models that are deeply rooted in historical context and are adapted to institutional specifications.

In summary, the literature reviewed in Amadi's paper reflects a dynamic field that addresses questions of power, knowledge, and agency. As a means of identifying and resolving the persistent social and economic disruptions facing Nigeria and the broader African continent, the paper calls for a revised commitment to critical political economy.

Review of Bernard Hoekman and Laura Puccio's "EU Trade Policy and the Global Trade Regime: Recent Developments"

The literature on EU trade policy has increasingly emphasized the interaction between global economic shifts, rising protectionism, and internal political challenges. Hoekman and Puccio (2019) situate their analysis within the context of heightened trade tensions, particularly preceding the United States' adoption of protectionist measures and the challenge to multilateralism. This shift, as supported by Evenett and Fritz (2017), resulted in a problem for the EU's balance of payments due to foreign trade distortions since 2009. The literature further highlights that many of these new barriers, such as safeguard tariffs and regulatory measures, are only partially addressed by the present WTO framework, necessitating the need for the adoption of an updated multilateral framework.

Internally, the literature points to a complex landscape for EU trade policy. While Eurobarometer surveys encourage free trade among Europeans, the public also raises significant concerns regarding the effects of globalization on the labor market, inequality, and regulatory standards. This duality is reflected in public opposition to agreements like TTIP and CETA, where concerns about regulatory sovereignty and investor protection have been highlighted. Researchers assert that such concerns are often rooted in misunderstandings about trade agreements. However, they also highlight the importance of addressing regulatory and social agendas within trade policy.

Studies by Cîrlig and Puccio (2018) emphasize the complexities of renegotiating trade commitments, rules of origin, and regulatory alignment between the EU and UK following the

Brexit situation. The uncertainty resulting from Brexit introduces complexities to the EU's external trade relationships and its ability to maintain a unified policy stance.
Externally, the EU faces both challenges and opportunities. This paper underscores the EU’s efforts to resist U.S. protectionism via litigation in the WTO and safeguard measures. In addition to combating U.S. protectionism, the EU actively participates in negotiating new agreements and engaging in trilateral initiatives with the U.S. and Japan to address China’s trade practices. Through highlighting the high stakes of the current policy choices, the research by Demertzis and Fredriksson (2018) warns that a trade war could result in a detrimental decline in the GDP of the EU
Overall, the literature reviewed suggests that the EU should lead the revitalization of the multilateral trading system, enhance transparency, and ensure that trade policy remains both economically and politically sustainable.

Review of Simon Evenett’s “Protectionism, State Discrimination, and International Business since the Onset of the Global Financial Crisis”
Since the Global Financial Crisis of 2008-2009, the literature on trade protectionism has evolved significantly, with a focus on the complex forms of state discrimination that affect multinational enterprises (MNEs). Evenett (2019) states that governments have increasingly used specialized, often opaque measures—such as subsidies, export incentives, and regulatory interventions that favor domestic firms —instead of resorting to 1930s-style across-the-board tariff hikes. After just 4 years preceding the Global Financial Crisis, 70% of global goods exports were exposed to some form of crisis-era trade distortion. This finding contests the ideals of restrained protectionism in the post-crisis period.
Earlier studies (Eichengreen & Irwin, 2010; Irwin, 2011) defined protectionism as a result of economic downturns, with macroeconomic policy choices (such as exchange rate regimes) resulting in the adoption of import restrictions like tariffs and non-tariff barriers. However, recent studies, such as Rose (2013), have discovered minimal evidence of rising protectionism during the aftermath of war-torn regions. Conversely, Brown and Crowley (2013) identify countercyclical increases in contingent protectionism during the GFC, which affected only a small portion of global trade. Bagwell, Bown, and Staiger (2016) state that enhanced multilateral monitoring was the cause for limiting protectionism, and Drezner (2014) challenges that the international trade regime was primarily aimed at preventing a surge in protection during the time 2009–2010, where numerous economies were still recovering from the GFC.
Evenett’s analysis, leveraging the Global Trade Alert database, exposes that much of the literature underestimates the impact of state discrimination. He highlights the continuous use of "export mercantilism" and selective subsidization, as well as doubts about the equitable treatment of foreign direct investment (FDI), contradicting optimistic assessments in successive World Investment Reports. The paper also notes the lack of attention to policy changes affecting MNEs in leading international business journals since the GFC, emphasizing the concerns raised by Ghemawat (2011) and Buckley et al. (2017) about the disconnect between empirical evidence and research papers.
Overall, the literature reviewed by Evenett highlights the need for improved data and a more in-depth analysis of protectionism's evolving forms, as well as their implications for international business strategy and policy.

Review of “The Future of Canadian Trade Policy: Three Symposia on Canada’s Most Pressing Trade Policy Challenge”
Recent research has shown that Canada's trade policy has paralleled the dramatic changes in the global economy over the last two decades. As we have seen with the policy changes, national trade policy continues to face challenges presented by technological innovation,

evolving trade policies, and changes in geopolitical situations. Beaulieu et al. (2019) note that Canada, being a small open economy, has historically benefited from a multilateral framework (as in GATT, WTO, NAFTA) to resolve policy challenges. These challenges have been reshaped by digitally driven forms of economic activity, including increases in cross-border data flows and a greater emphasis on the "servicification" of trade (Baldwin, 2016; Meltzer, 2019).

The literature demonstrates that technological shifts have ambiguous effects on productivity, employment, and inequality, resulting in increased uncertainty. While some scholars contest this claim, stating that new technologies can promote productivity and wage growth. However, others warn that the income disparity may be further exacerbated, predominantly among unskilled labour (Autor, 2014). Autor et al. (2017) also discuss the rise in “superstar” firms in the digital economy, which further concentrates wealth and market power among high-net-worth individuals, raising new policy questions about competition and redistribution of income. The WTO and G20 reports highlight the increase in anti-dumping measures and trade barriers within major economies. The reports follow a core theme of trade protectionism. Rodrik’s (2011) trilemma is frequently cited to illustrate the tensions between deep economic integration, national sovereignty, and democratic politics, suggesting that not all forms of liberalization are compatible with domestic political stability. Rodrik (2011) suggests that not all forms of trade liberalization are successful with domestic political stability. This was demonstrated by the trilemma, often cited to depict the dissonance between economic integration, national sovereignty, and democratic politics. The Canadian case is further complicated by existing supply management systems that (while charged as protectionist) have survived as politically valuable propositions and become seeds for partial liberalization in CETA and CPTPP.

Ultimately, the literature emphasizes the importance of policymakers considering adaptive responses. Scholars argue for system governance and international cooperation to address the reactive uncertainty stemming from ongoing uncertainties related to economic activity, products of the digital economy, and changes in trade policies. Additionally, education policies are considered essential for mitigating the disruptive effects of technological advancements on the Canadian economy.

In summary, the literature considered by Beaulieu et al. advocates for a sophisticated, future-proofed Canadian trade policy that strikes a balance between trade liberalization and domestic priorities in a world characterized by rapid technological advancements, shifting political dynamics, and increasing trade protectionism.

Review of Julien Chaisse’s “The Future of International Trade Governance in a Protectionist World”

International trade governance has come under strain recently, as international institutions, particularly the WTO, struggle to contain a resurgence of protectionism and failed multilateral negotiations. Chaisse and Chakraborty (2021) locate their contribution within the broad post-Uruguay Round reform of international trade governance, where the WTO was meant to establish a rules-based and stable, transparent, and predictable regime of trade relations (Anderson, 2016). The binding of tariffs and the expectation of periodic adjustments to be ever lower were expected to hold back tendencies towards protectionism. However, reforms have been slow, and the overhang of tariffs (the gap between bound and applied tariffs that countries can raise in times of economic distress) persists (Foletti et al., 2011; Klein-Bernard & Huerta-Goldman, 2012).

Little progress has been made on key fronts, in particular, in multilateral negotiations over NAMA and agricultural reforms (Laborde & Martin, 2015; Dufour & Pavot, 2020). Scholars have highlighted the differences between the interests of developed and developing countries, particularly regarding the "coefficient" in the formula used for tariff reductions (Rolland, 2010).

Other authors note the attractiveness of regional and mega-regional trade agreements (TPP, TTIP, RCEP), in part as alternative platforms for trade liberalization that could damage the primacy of the WTO in multilateral negotiations (Urata, 2016).
There is also a growing focus on the increasing use of trade remedy measures, including anti-dumping and countervailing duties, by both developed and emerging countries (Bhala, 2020). These measures, which were historically reserved for advanced economies, have now become common among emerging countries to defend local industries against a sudden surge in imports (Campa, 2016).
Finally, other studies note the reversal of globalization and the renewed attractiveness of protectionism as a response to economic crises (James, 2018; Fajgelbaum et al., 2020). Studies indicate that the WTO's capacity to govern global trade will be impacted by the overhang effect and the use of regional agreements that fragment the global trade regime.
Overall, the literature reviewed by Chaisse and Chakraborty highlights the complexity of achieving new multilateral agreements in a protectionist era and the necessity of adaptive governance to maintain the relevance and effectiveness of international trade institutions.

Data Analysis with Trade Volume Growth Statistics

The subsequent section presents empirical data from the WTO's tariff statistics and trade volume growth figures for the period from 2005 to 2023. The analysis's objective is to reveal trade patterns between the economies of the US, China, and India, offering insight into how protectionist or liberal these economies have remained despite the rise in uncertainty due to rising geopolitical and regulatory tensions.

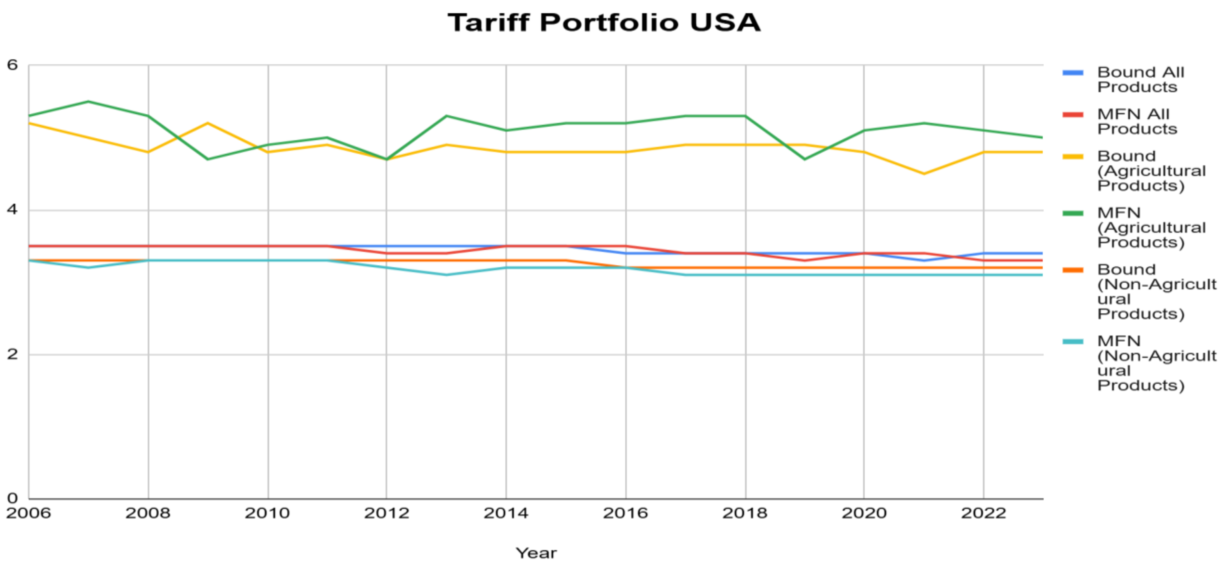

Figure: 1 Year wise distribution of tariff distribution portfolio of USA for different product category

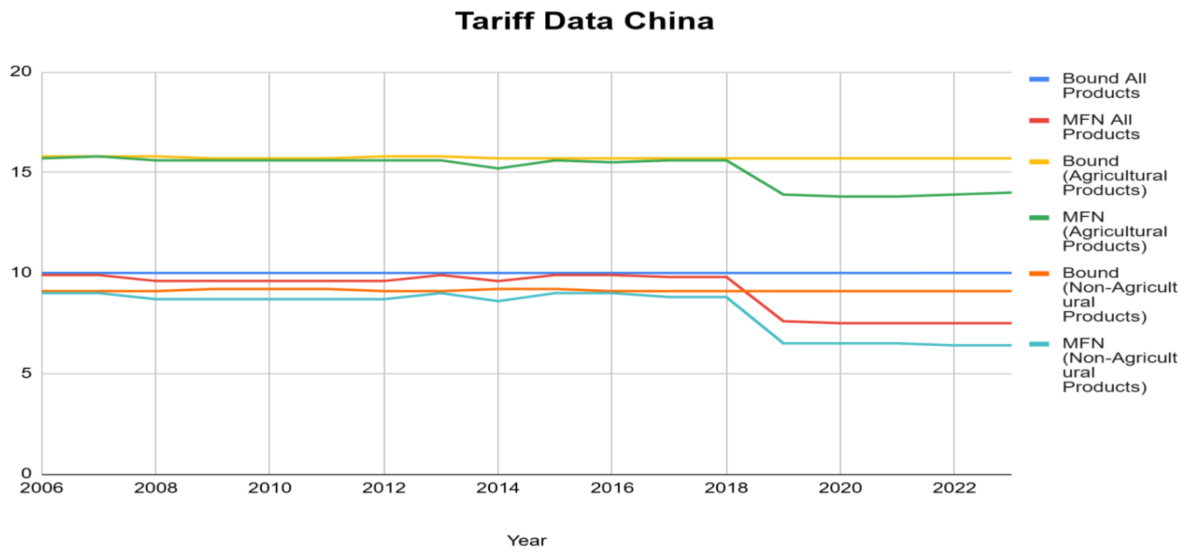

Figure:2 Year wise distribution tariff distribution portfolio of China for different product category

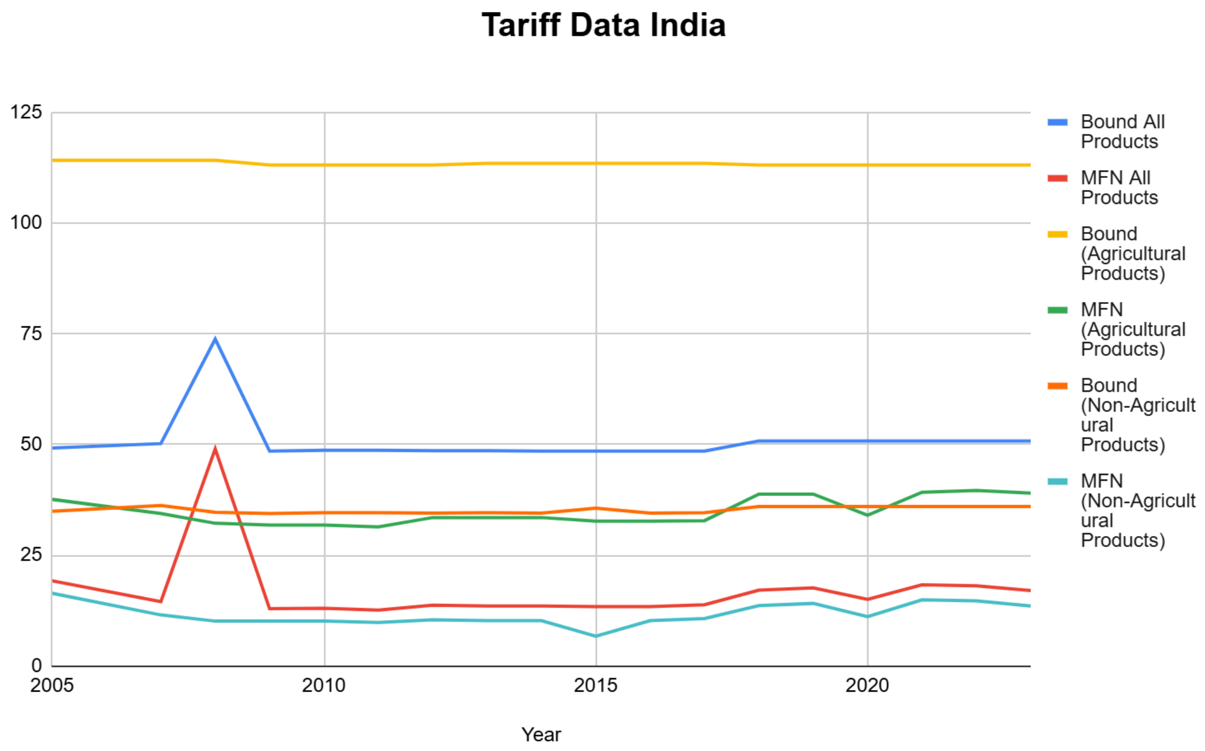

Figure:3 Year wise distribution tariff distribution portfolio of India for different product category

The WTO tariff data from 2005/2006 to 2023 for the United States, China, and India reveal distinct patterns in tariff policies and their impact on trade flows, as shown in Figures 1, 2, and 3. Trade volume growth statistics provide empirical data on how those policies have aligned with sustained trade flows.

The U.S. has lofty bound tariffs that have been mostly stable and low. The applied tariffs of the U.S. closely followed the bound tariff commitments of the U.S. Total U.S. trade in goods with China, as reported by the U.S. Census Bureau and the U.S. Department of Agriculture's Foreign Agricultural Service (Agricultural and Trade USA), grew significantly from approximately $284 billion to about $575 billion between 2005 and 2023, nearly doubling. In other words, this U.S. trade growth has occurred despite episodic increases in tariffs, indicating that trade liberalization has generally persisted. Additionally, U.S. imports from India have also increased, reaching approximately $83.8 billion in 2023, suggesting that U.S. trade ties with India are growing. The World Bank recently reported that trade has comprised approximately 25% of the U.S. GDP, indicating the significant extent of integration.

China's bound tariffs are at a higher level than the U.S., but applied tariffs have been lowered, especially in non-agricultural sectors. The import tariffs are in alignment with the growth in trade activity as the economy transitions to a higher level of trade liberalization and increased trade volumes. From 1970 to 2023, Asia's trade volume increased by 385%, which was significantly faster than that of Europe or any other region. China was the main driver of this trade growth. From 2001 to 2023, the trade volume relationships (highly contentious) between the U.S. and China increased from around $100 billion in total trade in 2001 to over $400 billion in goods imports from China by the U.S. by 2023. The sheer growth of these trade volumes indicates that China is increasingly playing a bigger role in Global trade, despite the rising trade tensions.

Among the three countries, India has the highest bound tariffs, but the applied tariffs can be significantly lower, suggesting that there is room for policy space to reduce protectionism. The trade volume also demonstrates rapid growth in India's trade with both the U.S. and China. Bilateral trade between India and China expanded by over 90% from 2015 to 2022, with an average annual growth rate of just over 13%, resulting in $136 billion in 2022. From India's perspective, the U.S. market has seen increased imports from India over several years, which is a positive reflection of steadily growing trade volumes. However, the large trade deficit suggests that India faces significant structural issues in its trade with China.

Conclusion:

While many observers may believe that economies around the world are largely retreating from trade liberalization and turning to protectionism, examining WTO tariff data and trade volume data from 2005 to 2023 presents a more nuanced picture. The United States, China, and India have less varying but generally stable tariff policies, as many of the applied tariffs remain at or below bound rates. The data shows that these traders are committed to trade openness, rather than wholesale retreat from protectionism.

The U.S. generally applies low tariffs, a hallmark of its liberal trade policy, despite some recent hikes and associated protectionist measures. China has continued its pattern of applying lower tariffs, with a particular emphasis on non-agricultural tariffs. Thus, China is on a long-term trajectory to integrate into global markets and is not currently moving inward as a distinct transition into protectionism. India has higher bound tariffs but applies and sets lower rates, and targets protectionism when more selective, balancing domestic protection (and hence development) relative to its involvement in global markets.

Worryingly, NTBs have increased compared to tariffs; however, non-tariff barriers are frequently seen as targeted regulatory standards, and not a fundamentally expansive step back toward broader protectionism. For example, NTBs may take the form of new regulatory requirements related to health and safety or environmental standards, which are both legitimate regulatory concerns and somewhat consistent with liberalizing reform. Additionally, deep trade agreements are starting to introduce NTB disciplines about trade measures adopted by countries, which indicates that countries continue to adapt, rather than fragment, their trade governance.

Recent empirical work and economic analysis have validated this view in the context of national-level trade policies. Relative to U.S. trade policy, the American Enterprise Institute has highlighted that U.S. protectionist acts—namely, Section 301 and the tariffs—have largely failed to achieve their anticipated economic outcomes, and free trade continues to provide improvements in productivity, growth, and consumer surplus. By comparison, UNCTAD's 2025 Global Trade Update indicates that while tariffs remain an important trade policy tool, particularly for developing countries, as noted, it does not suggest a deterioration in trade liberalization. They highlight that trade tensions are evident. Although tariffs have increased globally, this does not necessarily indicate that the world has turned toward protectionism; trade growth continues, albeit slowly, to move forward. Moreover, even the World Bank and CEPR have noted that tariffs have increased, and trade tensions persist; however, this has not resulted in the world turning towards broad protectionism [i.e., protectionism operates in parts - perhaps small parts, but in different sectors].

Overall, this evidence suggests that while protectionism is frequently mentioned, a dominant trend among large economies is limited engagement with global trade, considering all factors of economic security and liberalization. Emerging economies will also face numerous challenges, but if they adopt affirming tariff policies and regulatory alignment (as opposed to protectionism), they can maintain a wider level of integration into global value chains. Overall, a trade policy will likely consist of a gradual process, rather than a de-liberalization process, as it adjusts to changing economic and security realities.

Limitations:

While the research paper comprises a comprehensive meta-analysis of the transformation of foreign trade policy during a time of rising protectionism and uncertainty, it is essential to acknowledge several limitations.

Firstly, this study significantly relies on secondary data, particularly from the sources, which currently limits the scope of the findings in the meta-analysis. The accuracy of the information provided throughout the paper depends on the accuracy and integrity of the statistical reports from the WTO. Consequently, any discrepancies in the WTO statistical data may affect the reliability of the conclusions synthesized in this paper.

Secondly, Meta-analysis as a methodology introduces challenges due to the variation in research designs, geographical context, and time periods across the chosen literature. The variations lead to inconsistency while analyzing and identifying trends in foreign policy or while aggregating data. This limitation is further exacerbated in a global trade environment that is highly dynamic in nature and context-specific.

Thirdly, this study places a strong emphasis on macro-level indicators, including trade volumes, tariffs, and non-tariff barriers. However, microeconomic indicators need to be accounted for since micro-level firm behavior, intra-industry trade patterns, and supply chain adaptations are not explored in-depth. This limitation hinders an understanding of how businesses adapt to evolving and dynamic trade conditions.

Furthermore, there is limited consideration of political interest that will ultimately influence trade policy, such as populist electoral pressures or changes in the labor market. Trade policy decisions are often influenced by and in accordance with non-economic factors, which have not been taken into consideration in this paper.

Lastly, the paper does not provide equally detailed insights into regional or smaller economies. However, it offers a thorough comparative approach among the US, China, and India, thus not providing a broader, generalized statement.

While the findings presented in the paper are derived from credible empirical sources and supported by current literature, their validity is constrained by methodological, contextual, and data-based procedures.

Future Prospects:

The findings of this paper hold considerable potential for use in policy formulation and business strategy over the next decade. For governments, the analysis facilitates a more streamlined design process for adaptive trade policies that strike a balance between national economic security and the maintenance of globalization. Policy makers can use the findings in this paper to reevaluate tariff strategies, strengthen multilateral engagement, and develop specific non-tariff barriers that target specific parts of the global market to better comply with international norms set by institutions like the WTO, while addressing legitimate concerns regarding the domestic economy.

In the business realm, at the microeconomic level, companies, especially MNCs, can apply the research to forecast regulatory risks and adjust their global supply chain configurations. This enhances producer certainty across all economies, thereby improving the overall performance of the business and the economy. As protectionist trends evolve, firms may increasingly rely on “China + 1” strategies, which ultimately foster regional diversification and lead to greater investment in digital trade infrastructure to mitigate cross-border shocks.

Furthermore, non-tariff measures, as a crucial tool used in modern protectionism, offer a detailed understanding of compliance strategies and innovative policy configurations, which is pivotal information for exporters in both emerging and advanced economies.

Future research may build on these findings by integrating real-time trade data, microeconomic-level responses to protectionist measures, and the evolving role of technology in shaping regulatory frameworks, thereby ensuring a holistic and progressive approach in the design of foreign trade policy.

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