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## PROTECTIONISM IN CONDITIONS OF WORLD TRADE MULTIPOLARITY

### ABSTRACT

In terms of the formation of the world trade multipolar system, the issues concerning the implementation of a protectionist trade policy appear especially acute and are the primary focus of both theorists and practitioners. This paper primarily aims to explore trade protectionism in the global economy in conditions of multipolarity, to identify the vectors of the war in Ukraine's influence on policy in the sphere of food trade, to determine the origins of the WTO crisis in the system of multilateral regulation of international trade and to assess the prospects of further ensuring free trade doctrines, which is based on combinatorial approach and included the calculation of quantitative indicators of foreign trade restrictiveness and estimation of qualitative parameters of shifts in foreign trade policy. The empirical findings indicate high dynamism of increasing new trade restrictions, in particular export ones, caused at first by the COVID-19 pandemic and later by the war in Ukraine; slow but constant increase in import restrictions, so that at the end of 2022 9% of global import was affected by import restrictions; growth in export restrictive measures on food, feed and fertilizers as a response to food security challenges, caused by the war in Ukraine. The current paper reveals the necessity to take into account import dependence indicators and import capacity of export in formulating vectors of transformation of foreign trade policy towards national production support in the context of economic nationalism ideology. The authors emphasize the importance of the WTO dispute settlement system and the failures in its implementation call into question the possibility of organization functioning in the existing format, particularly as the number and spread of RTAs surged. Prospects for further research in this area are the assessment of macroeconomic effects and threats of the unilateral opening of the Ukrainian economy for imports against the background of the protectionist policy of "main players" of the world economy, determination of the potential of the protectionist policy of selective types of economic activity implementation in the conditions of post-war recovery.

**Keywords:** trade policy, protectionism, neo-protectionism, trade barriers, multipolarity, regional trade agreements, global trade

**JEL Classification:** F01, F13, F42, O19

### INTRODUCTION

The world is mired in a mega-crisis, which is the result of the COVID-19 pandemic, Russia's war in Ukraine, recession fears, high inflation and increasing debt distress. Economists assert that the 4th era of globalisation have peaked in 2008, and since then the world economy has been in an era of "slowbalisation". Brexit, the abandonment by the United States under President D. Trump of the Trans-Pacific Partnership, the China-US trade war, the disruption of global supply chains, and the disabling of the WTO's dispute settlement system is as well evidence of the slowing down the global economic integration processes and world trade development towards multipolarity. Characterizing the Davos Forum in 2022, J. Stiglitz noted that the "forum traditionally committed to championing globalization was primarily concerned with globalization's failures: broken supply chains, food- and energy-price inflation" (Stiglitz, 2022). The abovementioned trends lead to the transformation of trade policies among the world's leading economies by strengthening their protectionist sentiments, which has already caused significant changes in the dynamics and structure of foreign trade flows. The semi-open

nature of protectionism of the XXI century model does not fall under the classic manifestations of protectionism recorded in WTO documents.

The surge of protectionist measures began after the United States increased import tariffs from 1,6% to 16,6% on metal products, covering 12,7% of annual U.S. imports. Despite the fact that the WTO recognized violations in import duty's introduction, the US appealed to Section 232 of the Trade Expansion Act of 1962, which allows the president to restrict imports if they threaten national security. Current US President J. Biden has not cancelled Trump's tariffs and even initiated his own package of subsidies for industry, particularly the "Buy American" program. The changes concerned the protection of American jobs through government procurement: closing loopholes to bypass requirements for purchasing from local manufacturers, increasing-price preferences for domestic manufacturers, strengthening requirements for the level of localization etc. Furthermore, the J. Biden administration is preparing to spend USD 465 billion as part of programs to stimulate semiconductor production and support the "green" industry. Summarizing the reaction of other major players of the world economy to the new US strategy, The Economist states a basic game theory rule: "When one side breaks the rules, the others immediately break the rules as well. If you stand still, you lose the most" (The Economist, 2023).

The novelty of the research focus in the presented article reflects the author's view on the consequences of the final reversal of world economic leaders to protectionism, and WTO possibilities to regulate international trade against the background of the protectionist battle of the economic giants. Despite the prohibition of large-scale unilateral subsidies for local producers by the WTO rules, the absence of an effective appeals body makes it impossible to effectively appeal them.

The importance of issues raised in the article is increasing due to the war in Ukraine, igniting a new crisis in food and energy markets and worsening food insecurity in many developing economies. According to UN forecasts, world output growth is projected to decelerate from 3% in 2022 to 1,9% in 2023, while the volume of global trade in goods and services will stagnate in 2023, contracting slightly by 0,4% (United Nations, 2023). However, any short-term economic outlook remains highly uncertain due to persisting economic and geopolitical risks.

## LITERATURE REVIEW

The authors of the paper share the widespread approach to the paradoxical impact of globalization on the development of open economies. It is a complex interaction of multidirectional processes: on the one hand, integration and internationalization (Irwin, 2019; Fajgelbaum et al., 2020), and on the other, regionalization, fragmentation and localization (Tsygankova et al., 2022; Dadush, 2022; Wei & Bu, 2019; Gilbert et al., 2023). However, despite the efforts of multilateral trading system institutions and regional trade unions, the list of protectionist barriers preventing the movement of goods, services, capital and people across national borders is increasing. Protectionism, which was traditionally implemented by customs-tariff or budget-tax policy tools (Ganelli & Tervala, 2012; Kalyuzhna & Storozhchuk, 2020), is increasingly being supplemented by new instruments of protective, stimulating, discriminatory and restrictive origin (Dadush, 2022; Mazaraki & Melnyk, 2021; Panchenko & Reznikova, 2017) aimed at acquiring new comparative advantages as a determinant of countries economic strength. The number of deviations from WTO-proscribed behaviour and global trade imbalances confirms that the global trade system of the past four-five decades is characterized as unbalanced, distorted and protectionist (Pettis, 2023). Experts characterize modern protectionism as neo-protectionism, although the combination of protective tools remains traditional (Patel et al., 2021; Panchenko & Reznikova, 2017).

The range of scientific views regarding the consequences of foreign trade liberalization extends from the recognition of the positive impact of economic openness on economic growth both globally (Irwin, 2019; Patel et al., 2021) and for a country (Mazaraki & Melnyk, 2021; Ganelli & Tervala, 2012), to acceptance of contradictory consequences of foreign trade liberalization. Supporters of protectionism argue that poor countries develop more slowly in free market conditions and cannot catch up with economically developed countries. However, a significant amount of recent quantitative research suggests that since the mid-1990s, developing countries have been catching up with advanced economies, albeit slowly (Patel et al., 2021). The results of D. Irwin's research acknowledge the fact, that trade liberalization provides an average of 1-1,5% additional economic growth (Irwin, 2019). Debates about a "middle-income trap" also appear anachronistic as middle-income countries have exhibited higher growth rates than all others since the mid-1980s (Patel et al., 2021). The argumentation of protectionist supporters about the sustainability of the economy and national security does not always stand up to criticism, because it creates a dichotomy between sustainability and efficiency. The latest studies make an emphasis on the importance to combine trade openness and the reduction of a country's dependence makes it possible to assert that state intervention becomes an immanent characteristic of liberal policy (Schneider-Petsinger, 2021; Handley & Limao, 2022; Barattieri & Cacciatore, 2019).

World trade is characterized by shifts towards the weakening of the economic dominance of the so-called "traditional" transatlantic leaders (the USA, the EU, Great Britain) and the growing influence of rapidly developing countries, primarily China. This trend has started a debate about the transition to multipolarity in world trade (Thomas, 2018; Ostashko, 2021; Helleiner, 2021). The issue that is most discussed in the context of multipolarity in world trade is the future of the World Trade Organization and the principle of multilateralism in trade relations, on which the WTO is based (Baldwin, 2016). The impetus for intensifying discussions on the future role of WTO is the challenges caused by the development of digital trade, climate change and the COVID-19 pandemic. Professor R. Baldwin suggested as early as 2016 that the WTO will either be replaced by a multipolar system or transformed (Baldwin, 2016).

Currently, thought-provoking questions are how in the context of the 21st-century neo-protectionism will countries keep their commitments on mutual market access as members of WTO; what is the extent of the introduction of latent tools of protectionism to support the national producer, what is the place of WTO multilateral agreements in the context of world trade multipolarity. These issues are at the epicentre of the search for both expert theorists and practitioners. In this regard, scientific explorations are interesting, in which current foreign trade policy is revealed through particularities in countries with different levels of economic development (Barattieri & Cacciatore, 2019; Fajgelbaum et al., 2020; Schneider-Petsinger, 2021; Pettis, 2023). However, the discussions concerning the consequences of the introduction of protective measures for developed and developing economies, in the authors' view are important but insufficient as they lack taking into account new geopolitical and economic challenges the world faced in 2022.

Although there is already enough research in the literature on the manifestations of protectionism in trade policy (Patel, 2021; Melnyk et al., 2021; Panchenko & Reznikova, 2017), specifics of the transformation of the global trade system under the influence of protectionism processes (Kruger, 2022; Gilbert et al., 2023), in the authors' standpoint, their analysis has mostly a selective approach and the possibility of protecting economic interests of national producers in the context of world trade multipolarity, neo-protectionism and trade wars require in-depth research. According to the authors view, protectionist viewpoints, the COVID-19 pandemic and war in Ukraine will influence trade flows around the world in the foreseeable future.

## AIMS AND OBJECTIVES

This paper primarily aims to explore: trade protectionism in the global economy in conditions of multipolarity, which is based on an analysis of dynamics of measures facilitating trade, trade remedy actions, other trade and trade-related measures, regional trade agreements; vectors of the war in Ukraine influence on policy in the sphere of food trade; the origins of the WTO crisis in the system of multilateral regulation of international trade and prospects of further ensuring free trade doctrines.

## METHODS

In order to achieve the abovementioned aim, it was proposed to use an integrated approach that covers:

- methods and their quantitative indicators, particularly measures facilitating trade, trade remedy actions and other trade and trade-related measures during 2015-2022, provided by WTO statistics, which allows to assess the extent of trade protectionism in the global economy and to identify challenges facing the WTO in conditions of multipolarity;
- methods of estimation of import capacity of export, calculated on the basis of supply-output indicators, provided by OECD statistics, which allows to formulate vectors of transformation of foreign trade policy towards national production support in the context of economic nationalism ideology.

The argumentation in favour of the combinatorial approach proposed by the authors is as follows: first, the involvement of quantitative indicators allows to provide a detailed trade policy overview (2015-2022); second, the appeal to qualitative assessments and indicator of import capacity of export reflects the author's desire to show the contribution of import components, raw materials, details (intermediate consumption) in the value of export, which influence country's trade policy vectors.

## RESULTS

The active participation of the country in the international division of labour by entering the world economic space is a necessary precondition for the formation, development and rational use of the national economic potential. Economic

interaction with other countries is a catalyst for market transformations, forming an impetus for the activation of the development of institutions and mechanisms that were poorly developed, and the adaptation of the national economy to functioning in the conditions of market conjuncture instability.

International experience shows the contradictory influence of foreign trade on the economic growth of open economies. On the one hand, international trade can contribute to the strengthening of export-oriented economies, and therefore, foreign exchange income is increasing. On the other hand, the intensification of export-oriented industries' development can lead to the redistribution of financial, investment, and labour resources in favour of these industries and can cause washing out of sources of further development for other segments of the economy, which is known in world practice as the phenomenon of "Dutch disease".

If by the beginning of the XXI century, the policy of economic nationalism was spread mainly among Asian countries, which successfully use their status as developing countries to obtain significantly greater opportunities to support the development of their own industry, then from the beginning of the XXI century economic nationalism has already formed the basis of the trade policy of many developed countries of the world, as evidenced by BREXIT (December 31, 2020), the revision of the NAFTA agreement by the administration of US President D. Trump (2017–2021), the withdrawal of the United States from the TPP - TransPacific Partnership, US violation of WTO obligations. The EU's new trade policy of open strategic autonomy is also essentially a policy of economic patriotism, as it openly proclaims a stricter provision of EU countries' own rights and interests. Protectionism can be considered a component of the economic nationalism policy.

The increasing level of protectionism in current conditions is a paradox of the modern consumer society, in which few people buy a domestic product if a cheap and high-quality imported analogue is offered. Governments are often interested in protectionism, fearing that an uncontrolled import could lead to the bankruptcy of national enterprises, and a decrease in employment and tax revenues. In such circumstances, barriers make imports more expensive or unavailable at all, which expands the demand for domestic goods and creates prerequisites for domestic economic growth. Additionally, quarantine restrictions in the context of the COVID-19 pandemic have had a negative impact on established global supply chains and led to the worldwide trend of transition from free trade to protectionist policies.

In recent theoretical and empirical works concerning the issues of protectionism levels among different sectors of the economy, economists try to find an answer to the question of why certain industries receive trade protection and why some industries obtain protection to a greater extent than others. The central approach to the modelling of trade policy is the construction of economic and political models in which the state, taking a decision of establishing protective measures, is guided by their impact on the producers, consumers and overall public welfare. Protectionist models can be divided into several groups and vary according to factors that determine the level of restrictions in international trade. The main determinants of trade policy include lobbying of the economic interests of producers, the level of ownership concentration in the industry; the degree of penetration of imports into the domestic market, the ratio of exports and production in the industry, the country's place in the world community; the country's bargaining power, etc.

The authors of the paper maintain the issue, that state bodies when deciding on the establishment of protective measures (either tariff or non-tariff), proceed from the following criteria: the impact of protectionism on the producers targeted by the protective measures; the impact of trade barriers on consumers of final products and on overall social well-being. The state's assessment of trade policy impact on producers in general and on specific producers, in particular, depends on the power of lobbying possessed by certain interest groups. The tariff structure can also be the result of rent-oriented behaviour, which occurs when a third party deprives one of the participants of certain opportunities, turning a mutually beneficial transaction into a tool for receiving rent from the other party. Thus, politics plays an important role in determining the size of tariff and non-tariff restrictions in international trade.

It is possible to highlight the key determinants affecting the level of tariff protection: at the industry level – the elasticity of demand for imports at import prices and at the price of domestic items-substitutes; at the country level – characteristics of the ownership structure in the economy, such as vertical integration and inequality in income distribution.

Despite the efforts of multilateral trading system institutions and regional trade unions, the list of protectionist barriers preventing the movement of goods, services, capital and people across national borders is increasing. It includes traditional tariffs and quotas, technical restrictions on imports (for example, by introducing safety regulations or standards that differ from those practised by exporting countries), as well as fiscal, legislative and administrative barriers. In addition, freedom of movement is restricted through systems of state support, state procurement and state monopoly in certain sectors of the economy.

A total of 376 trade-facilitating measures were recorded for members of WTO from October 2021 to October 2022 (this figure also includes measures taken in response to the conflict and terminations of restrictive measures). Most of them are

on the import side (Table 1). The reduction or elimination of import tariffs (257 measures) makes up the bulk of trade-facilitating measures, followed by the simplification of export quantitative restrictions (38 measures) and import QRs (32 measures). The monthly average level of facilitating measures during October 2021 and October 2022 (31.3) was the highest since 2012.

**Table 1. Measures facilitating trade in 2015-2022.** (Source: conducted by the authors on the basis of WTO Trade Policy Review)

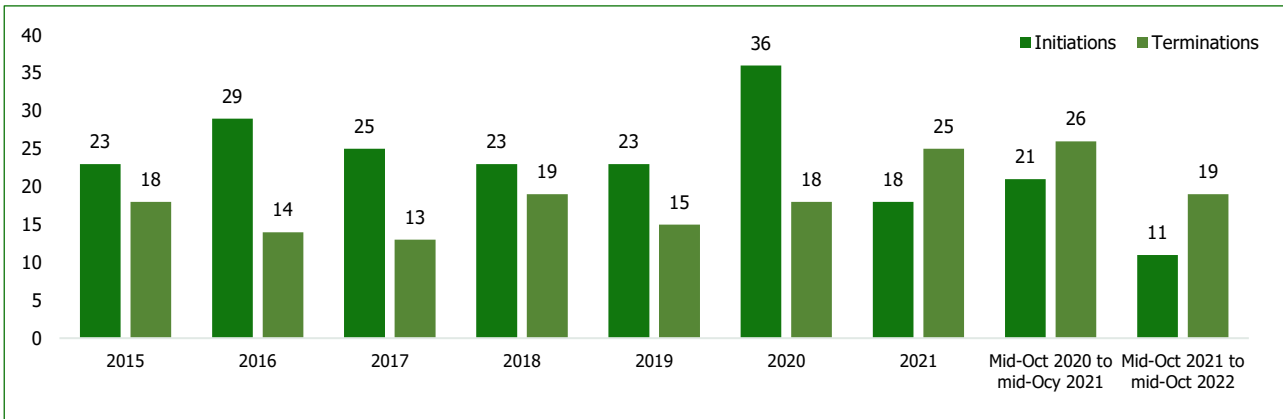
Type of measure	2015	2016	2017	2018	2019	2020	2021	Mid-Oct 2020 to mid-Oct 2021	Mid-Oct. 2021 to mid-Oct 2022
<b>Import</b>	205	148	113	144	100	96	136	117	324
▪ Tariff	154	112	93	119	85	84	112	100	257
▪ Customs procedures	30	27	17	15	2	3	6	5	21
▪ Tax	5	4	3	6	5	8	8	6	8
▪ QRs	5	1	0	3	1	1	8	6	32
▪ Other	11	4	0	1	7	0	2	0	6
<b>Export</b>	40	32	24	18	14	7	15	15	52
▪ Duties	18	5	1	6	10	5	11	11	12
▪ QRs	3	1	2	0	1	1	3	3	38
▪ Other	19	26	21	12	3	1	1	1	2
<b>Other</b>	4	3	0	0	1	1	2	3	0
<b>Total</b>	<b>249</b>	<b>183</b>	<b>137</b>	<b>162</b>	<b>115</b>	<b>104</b>	<b>153</b>	<b>135</b>	<b>376</b>

The trade coverage of the import-facilitating measures introduced during the period under review was estimated at USD 1038,4 billion, i.e., 4.7% of the value of world merchandise imports. Table 2 suggests, that during October 2021 and October 2022, 131 initiations and 222 terminations were recorded for members of the WTO. The trade coverage of all trade remedy investigations initiated during the period under review was 8,3 billion USD, i.e., 0.04% of the world merchandise imports. Figure 1 shows, that after reaching its highest peak in 2020, the average number of trade remedy initiations in 2022 was the lowest since 2012 - 11 per month. The monthly average of trade remedy terminations recorded during October 2021 and October 2022 was 19.

**Table 2. Trade remedy actions in 2015-2022.** (Source: conducted by the authors on the basis of WTO Trade Policy Review)

Type of measure	2015	2016	2017	2018	2019	2020	2021	Mid-Oct 2020 to mid-Oct 2021	Mid-Oct. 2021 to mid-Oct 2022
<b>Initiations</b>	277	343	298	273	281	433	213	248	131
▪ AD	229	298	249	202	215	355	186	214	103
▪ CVD	31	34	41	55	36	56	18	25	22
▪ SG	17	11	8	16	30	22	9	9	6
<b>Terminations</b>	212	171	158	225	184	216	302	311	222
▪ AD	167	141	129	201	167	186	258	275	199
▪ CVD	25	15	12	24	7	12	23	23	16
▪ SG	20	15	17	0	10	19	21	13	7

Among trade remedy actions taken during October 2021 and October 2022, the largest share of initiations of investigations is accounted for articles of iron and steel (HS 73) – 22.6%, miscellaneous chemical products (HS 38) – 18.6%, ceramic products (HS 69) – 7.6% and plastic (HS 39) – 7.5%.



**Figure 1. Trade remedies initiations and terminations in 2015-2022, the average number per month.** (Source: conducted by the authors on the basis of WTO Trade Policy Review)

A total of 214 new trade-restrictive measures were recorded for members of the WTO (Table 3), while most of them are export measures. It is worth noting, that it's for the first time the amount of export restrictions has outpaced import ones.

**Table 3. Other trade and trade-related measures in 2015-2022.** (Source: conducted by the authors on the basis of WTO Trade Policy Review)

Type of measure	2015	2016	2017	2018	2019	2020	2021	Mid-Oct 2020 to mid-Oct 2021	Mid-Oct. 2021 to mid-Oct 2022
<b>Import</b>	166	98	84	114	77	72	75	63	85
▪ Tariff	106	63	47	70	46	40	36	24	50
▪ Customs procedures	32	16	19	6	6	10	21	21	9
▪ Tax	10	6	9	13	6	6	5	6	0
▪ QRs	12	12	7	16	14	10	11	8	20
▪ Other	6	1	2	9	5	6	2	4	6
<b>Export</b>	44	20	18	18	19	27	66	62	129
▪ Duties	13	6	4	9	7	4	14	14	17
▪ QRs	7	10	8	4	3	11	27	23	96
▪ Other	24	4	6	5	9	12	25	25	16
<b>Other</b>	13	11	14	0	2	0	5	5	0
▪ - Local content	13	7	12	0	1	0	4	4	0
▪ - Other	0	4	2	0	1	0	1	1	0
<b>Total</b>	<b>223</b>	<b>129</b>	<b>116</b>	<b>132</b>	<b>98</b>	<b>99</b>	<b>146</b>	<b>130</b>	<b>214</b>

Thus, the current stage of global economic development is increasingly distinguished by the diversity of the positions of the international negotiation process participants, which are based on their rather pragmatic desire to protect their own national economic interests and the significant weakening of the influence of ideological factors in the identification of countries' positions in international trade policy issues.

The COVID-19 pandemic, supply chain disruptions, and climate changes had a negative impact on the global agriculture sector and caused the price increase even before the Russian invasion of Ukraine. Currently, Russia's war against Ukraine is causing additional pressure on global food security: drop-in food export from Ukraine and side effects that may further limit the world's food supply. As of 2021, Ukraine and Russia collectively account for about 34% of world export of wheat, 27% of barely, 17% of maize, 55% of sunflower oil, 81% of sunflower meal. FAO experts suggest that the war will cause an increase in world food prices by more than 20%. IGC Grains and Oilseeds Index (GOI) in March 2022 accounted for 357, its highest level during the period of index estimation. As of February 2, 2023, it accounted for 308 (International Grain Council, 2023).

The agreement for the grain shipping corridor, signed in July 2022 allows Ukraine to resume shipments of grain from 3 leading Ukrainian ports in the Black Sea (Odesa, Chernomorsk, Yuzhny). According to Humanitarian Data Exchange as of February 2 2023, a total of 19.9 mln tonnes of agricultural products were shipped, particularly to China (4.0 mln tonnes), Spain (3.5 mln tonnes), Turkey (2.2 mln tonnes), Italy (1.6 mln tonnes), Netherlands (1.1 mln tonnes). The commodity structure of exports consists of corn (9.3 mln tonnes), wheat (mln tonnes), sunflower oil and meal (1.2 and 1.1 mln tonnes respectively), etc. (The Humanitarian Data Exchange, 2023).

As a result of the war in Ukraine, the WTO has identified 72 trade-restrictive measures introduced by WTO members on essential agricultural commodities: food and feed (66 measures) and fertilizer exports (6 measures). 20 of these export restrictions have been phased out till October 2022 and as a result, the number of restrictions currently in force is 52. Changes in trade policy are a response to the growing food crisis and most of the export restrictions referred to domestic supply security and price stability.

Additionally, import-facilitating measures on food, feed, and fertilizers (58 measures) have been introduced as well since the beginning of the war in Ukraine. They took the form of import tariff reduction, increases in import quotas, and introduction of tariff-free quotas. These measures mostly targeted essential agricultural products, particularly vegetable oils, cereals, poultry, rice, meats as well as fertilizers.

The review of trade policy indicators during 2015-2022 allows to identify the following trends:

- since 2020 countries have increasingly implemented new trade restrictions, in particular export ones, because of the COVID-19 pandemic and in 2022 due to the war in Ukraine and the food insecurity;
- export restrictive measures on food, feed, and fertilizers cover nearly USD 56,6 billion of trade, which remains a cause for concern and was discussed during meetings of the WTO General Council and the G20 meetings;
- the slow but constant increase in import restrictions, so that at the end of 2022 9% of global import was affected by import restrictions and the failure to roll back these measures is detrimental to the efficient functioning of global trade;
- WTO ensure the policy of combating the COVID-19 pandemic by improving access to vaccines, therapeutics, diagnostics and other critical medical supplies.

Researchers are increasingly focusing attention on a specific aspect of the disintegration of production processes, particularly that imported goods and services are used in the process of producing goods and services for export. In this regard, it is worth reminding, that imports usually consist of three groups of goods: goods that are not produced in the country at all (do not have any negative impact on the national economy but contribute to the expansion of the market and the range of products), goods that do not satisfy domestic demand in terms of quantity and nomenclature (expands the supply on the markets, increases competition and can act as a catalyst for the elimination of inefficient productions), and goods related to the country's participation in international production cooperation (makes it possible to expand national production and integrate it more deeply into the system of the international division of labour). In this context, the authors of the paper consider the necessity to find the relationship between import flows, export activity and the level of trade restrictiveness.

The indicator of the import content of exports is a term proposed by American scientists D. Hummels, J. Ishii and K.-M. Yi and is defined as the share of imported inputs in total country exports and reflects the extent to which a country is a user of foreign inputs (Hummels et al., 2001). In the paper "The nature and growth of vertical specialization in world trade" the authors provided evidence of the growing importance of the international fragmentation of production in the world economy. Formula 1 represents the algorithm of estimation of import content of exports (i.e. import capacity of export).

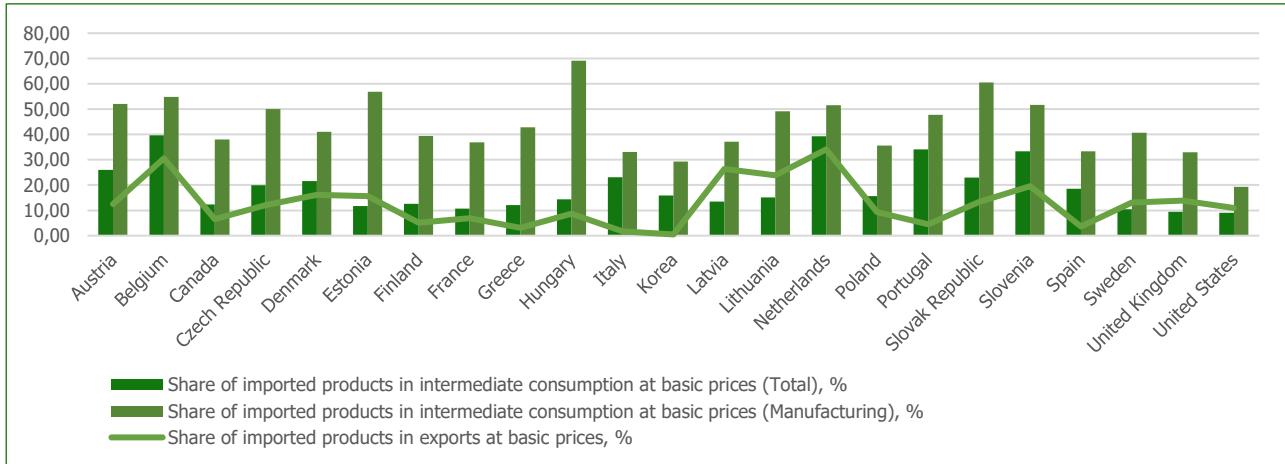
$$\text{Import content of export} = \frac{uAm(1-Ad)^{-1}Ex}{uEx} \quad (1)$$

where  $Am$  and  $Ad$  – input coefficient matrices ( $n$  sectors by  $n$  sectors) of imported and domestic goods and services respectively;  $Ex$  – the export vector;  $u$  is a ( $1$  by  $n$ ) vector with all elements equal to 1.

Estimation of the indicator relied on the GTAP (Global Trade Analysis Project) database, which is based on a set of harmonized national "expenditure-output" tables linked by aggregated trade flows. Data from WIOD (World Input-Output Database), international "expenditure-output" tables, conducted by OECD specialists.

Figure 2 shows a high level of import share in intermediate consumption in the economy in general and in manufacturing particularly: e.g., in Hungary (69,17%), Slovak Republic (60,52%), Estonia (56,86%), Belgium (54,82%), Austria (52,0%),

Slovenia (51,72%). The abovementioned countries are characterized by a high level of import capacity of export as well: in Belgium 30,58%, Slovenia – 19,51%, Estonia – 15,65%, Slovak Republic – 13,38%, Austria – 12,43%. It allows to assert that an effective customs and tariff policy of the state and instruments of non-tariff regulation should contribute to the realization of its national interests in the foreign trade sphere when the motivations of various institutional units (manufacturers, exporters, consumers, importers, government and business structures) are combined aimed at using competitive advantages in the context of the country's positioning in both traditional and new market segments.



**Figure 2. Share of imported products in intermediate consumption and exports in OECD countries, the average percentage in 2015-2021.** (Source: conducted by the authors on the basis of SUT Indicators OECD)

There is now widespread recognition that the effectiveness of global systems of world trade regulation is gradually decreasing in favour of regional and local instruments, which is confirmed by the growing number of regional trade agreements. Table 4 suggests, that in 2022 there were 355 active RTAs, while a total of 583 notifications were submitted by members of the WTO concerning RTA. Most of the RTAs (52,9%) relate to trade both in goods and services, while 46,5% - trade in goods, and only 0,6% - trade in services.

**Table 4. Dynamics of growth in the number of RTAs in 2000-2022.** (Source: conducted by the authors on the basis of Regional Trade Agreements Database)

Indicator	2000	2005	2010	2015	2016	2017	2018	2019	2020	2021	2022
Goods notification	11	13	16	11	10	9	3	8	7	42	1
Services notification	1	8	8	11	5	5	5	6	8	22	2
Accessions to an RTA	0	0	0	5	0	2	1	1	1	2	0
Cumulative Notifications of RTAs in force	98	187	320	443	458	474	483	498	514	580	583
Cumulative Number of RTAs in force	82	136	212	274	284	293	297	305	312	354	355

Furthermore, during the last years, RTAs have become more complex and a lot of provisions go beyond market access to goods and services. Based on the analysis of 355 RTAs currently in force, the key provisions include dispute settlement (94%); technical regulations, standards, and technical barriers to trade (87%); sanitary and phytosanitary measures (83%); competition (72%); intellectual property rights (72%); government procurement (66%). Thus, the key benefits of participating in RTA contain the ability to choose negotiation partners; the possibility to exclude sensitive sectors of the economy from the agreement; the application of the reciprocity principle, which in the case of RTA is more effective compared to WTO, etc.

Thus, in the conditions of development of multipolarity in world trade, in the future, either the reform of the WTO may take place in the direction of covering the issues of "XXI century trade", or these functions will rely on mega-regional trade agreements since currently, the large-scale reduction of customs tariffs takes place precisely within the framework of regional agreements on free trade. However not only do lower tariffs take a central place for the global value-added chains, but conditions for the protection of investments and intellectual property, as well as legal and regulatory measures to ensure the movement of goods, services and investments.

The authors include other factors of the development of the WTO crisis: the loss of dominant positions by the developed countries and the unilateral reduction of tariffs by developing countries; the loss of dominant positions in the WTO by the most developed countries due to the fact that these countries were the main beneficiaries of customs tariffs reduction within the framework of the GATT/WTO; the growth of the number of developing countries has changed the balance of power in the negotiations; the principle of consensus when making decisions in the WTO provide developing countries coalitions the ability to block the efforts of developed countries to open their most sensitive markets.

The methodology of state regulation of foreign trade activities should be based on the philosophy, principles and tools of modern macroeconomic regulation and forecasting, industry and regional indicative planning and program-target management. It provides both moderate protection by the state of domestic producers and promotion of their products to foreign markets, as well as stimulation of these producers to increase their competitiveness, as well as the orientation of import supplies to the development of the national economy and improvement of the quality of life of the population.

## DISCUSSION AND CONCLUSIONS

Current trade policy is characterized by the processes of regionalization of world trade, changes in its configuration due to economic expansion of rapidly developing countries, inhibition of multilateral trade liberalization processes within the framework of the WTO, and the spread of protectionism policy as a response to new geopolitical challenges. The systematization of views on the impact of free trade on economic growth made it possible to identify certain shifts towards blurring the unconditionality of the judgment about its benefits. The policy of free trade may not be "technically optimal", but at the same time it remains "pragmatically optimal", as, in the conditions of lack of information and problems inherent in any system of selective protectionism, free trade remains the policy that most likely results in the achievement of the highest possible level of economic efficiency. At the same time, the trends in the foreign trade relations of the key leaders of the world economy testify the intensification of anti-globalization and disintegration processes and the formation of new world trade configurations. The transition to multipolarity is accompanied by the strengthening of protectionist policy in world trade as a component of economic nationalism policy. The WTO crisis caused by the system's failure to implement disputes settlement of its functions calls into question the possibility of the organization functioning in the existing format, especially in conditions of regional trade agreement intensification. The coordination capacity of global trade institutions depends on the support of governments of countries that have ratified international agreements. However, the advisory nature of the agreements signed by the countries does not guarantee the mandatory implementation of their provisions by the latter and enables the implementation of national foreign trade policies on the basis of competition, but not cooperation. Prospects for further research in this area are the assessment of macroeconomic effects and threats of the unilateral opening of the Ukrainian economy for imports against the background of the protectionist policy of "main players" of the world economy, determination of the potential of the protectionist policy of selective types of economic activity implementation in the conditions of post-war recovery.

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## **ПРОТЕКЦІОНІЗМ В УМОВАХ БАГАТОПОЛЯРНОСТІ СВІТОВОЇ ТОРГІВЛІ**

В умовах становлення багатопольярної системи світової торгівлі проблематика реалізації протекціоністської торговельної політики постає особливо гостро й перебуває у фокусі уваги теоретиків та практиків. Основною метою статті є дослідження торговельного протекціонізму в глобальній економіці в умовах багатопольярності, ідентифікація векторів впливу війни в Україні на політику у сфері торгівлі продовольчою продукцією, визначення витоків кризи СОТ у системі багатостороннього регулювання міжнародної торгівлі та оцінка перспектив повернення до доктрин вільної торгівлі на основі комбінаторного підходу, що включає в себе розрахунок кількісних індикаторів обмеженості торгівлі та оцінку якісних параметрів змін зовнішньоторговельної політики. Емпіричні результати свідчать про: високий динамізм посилення нових торговельних обмежень, зокрема експортних, спричинених спочатку пандемією COVID-19, а згодом війною в Україні; перманентне зростання імпорتنних обмежень, а відтак станом на кінець 2022 р. вони охопили 9% світового імпорту; зростання обмежувальних заходів щодо експорту продуктів харчування, кормів та добрив у відповідь на виклики продовольчій безпеці, спричинені війною в Україні. У статті визначено необхідність урахування індикаторів імпортозалежності та імпортомісткості експорту при формулюванні векторів трансформації зовнішньоторговельної політики в частині підтримки національного виробництва в площині економічного націоналізму. Автори підкреслюють важливість системи врегулювання суперечок у рамках СОТ, а її недієвість ставить під сумнів можливість функціонування СОТ в існуючому форматі, у тому числі як результат поширення регіональних торговельних угод. Перспективами подальших досліджень у цьому напрямі є оцінка макроекономічних ефектів та загроз для економіки України від односторонньої лібералізації у сфері імпорту на фоні протекціоністської політики «головних гравців» світової економіки, визначення потенціалу використання політики захисту селективних видів економічної діяльності в умовах післявоєнного відновлення.

**Ключові слова:** торговельна політика, протекціонізм, неопротекціонізм, торговельні бар'єри, багатопольярність, регіональні торговельні угоди, глобальна торгівля

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