Commercial Trade Policies

• There are other rules/regulations that can be imposed to limit trade flows and deviate away from free trade.

Section 301: US policy that states it can impose barriers to trade depending upon how US exporters are treated (Section 301 of the 1974 Trade Act)

Escape Clause: measure in US trade laws that allows for temporary Protection against fairly trade foreign imports
  US President may alter trade policies to avoid/eliminate Damage to domestic protection (5 year maximum)

Dumping

• Dumping is a form of international price discrimination where firms sell in a foreign market at a price that is lower than in the domestic market

Different types of dumping:
  1) Predatory dumping
  2) Seasonal/cyclical dumping
  3) Persistent dumping
Retaliation Against Dumping

1) Reciprocal Dumping

2) Antidumping duties — imposed on those goods that are being dumped into your country

Export Subsidies

- Exports are often subsidized rather than taxed.

Issues surrounding export subsidies:
1) Why favor exports rather than domestically sold products?
2) Why do some countries subsidize exports and restrict imports?

Export subsidies – GATT rules them “unfair competition”

Countervailing duties – import duties placed on goods that receive export subsidies

Other NTBs

1) Government Procurement Policies

2) Health/Safety Standards

3) Domestic Content Requirements – “Rules of Origin”

4) Intellectual Property Rights
Protection
• Why do we impose barriers to trade?
• Are there valid reasons for protection?

Reasons often used to validate protection:
1) Patriotism       2) Employment
3) Infant Industry Protection 4) Fair/Foul Play
5) Preservation of home market 6) Government Revenue
7) Income redistribution 8) National Defense

Are any/all of these valid reasons for protection? Why or Why not?