
Impact Of International Trade Barriers On Employment And Economic Growth

According to Mustafa, Qayyum and Hera (2018), setting trade barriers to correct trade deficits and then solve domestic employment problems has always been the main reason for trade protection in developed countries. As for its effects, the theory and empirical research of trade economics in the last century has been concluded: trade barriers can alleviate the trade balance and unemployment of an industry, but cannot solve the unemployment problem. In the new century, the role of traditional trade barriers in employment has further weakened.

In the manufacturing industry of the last century, the United States has successively started industrial division and trade based on its comparative advantages with developing countries such as Japan, Germany, and emerging industrial countries. US exports of capital and technology-intensive products, importing labor-intensive products. As a result of free trade, labor-intensive industries in the United States are shrinking. Workers in these industries, mainly low-skilled workers, lose jobs and their incomes fall accordingly (Meyer, 2017). After the mid-1980s, technological advances led to more and more standardized manufacturing processes and parts, and industries such as electronics, clothing, and automobile manufacturing separated labor-intensive production links through foreign direct investment or offshore outsourcing. Go to production in developing countries where labor is cheap. As a result, the demand for low-skilled workers in the United States has further declined, the unemployment of low-skilled workers has intensified, wages have declined relative to high-skilled workers, and domestic income inequality has increased (Meyer, 2017).

Although setting import barriers can increase employment in the above-mentioned industries, it will increase the cost of export industries and foreign trade retaliation, thus creating new unemployment problems. In view of the employment impact of the import industry brought about by trade liberalization, the common practice is to adopt domestic policies rather than foreign policies (Berry-Ottaway and Jennings, 2016). Since the 1970s, the United States has established a trade adjustment plan for unemployment through trade legislation, and provides income subsidies and reemployment support for unemployed workers. Such as re-employment training programs, job search assistance, credit or training programs to improve entrepreneurial ability, employment subsidies, etc. In addition, developed countries have generally adopted the social security system reform and labor market policies to help the unemployed to transfer jobs, and through the redistribution policy to narrow the income gap. According to experience, the adjustment of domestic policies is lower than the cost of trade protection measures, and the effect of solving employment is better. However, after entering the new century, especially after the financial crisis, the new generation of information technology revolution, such as the Internet, has promoted the widespread use of artificial intelligence, Internet of Things, big data and other technologies. The production methods and the global division of labor are undergoing major changes, exacerbating employment and income inequality (Choi, Mancuso Tradenta and Tombazos, 2019).

The study of Li and Beghin (2017) revealed that new information technologies and their extensive innovations (such as electronic information exchange platforms, Internet of Things, mobile APP) on the one hand have caused the cost of cross-border transmission of various

information to plummet; on the other hand, more and more workflows or tasks are no longer limited. In specific locations (such as programming, data analysis, procurement, training, medical diagnosis, banking services), more and more practitioners do not have to work in fixed locations (such as factory technicians, after-salesmen, trainers, designers, programming Staff, doctors, lawyers). In the past, education, legal, consulting, and financial services that could not be exchanged internationally due to transportation costs, information transfer technology, and cost constraints are now tradable goods. Like product parts, they can be subcontracted offshore to lower cost countries.

Fan (2019) stated that the decline in the cost of information transmission and the tradability of services has increased the scope of unemployment while expanding the field of international trade. The trade sector has expanded in almost all industries, whether it is an internationally competitive export industry, an import industry, or even a non-tradable service industry, with different levels of off shoring outsourcing. Internationally, there is no longer a major exchange of goods and components, but an exchange of tasks. Providers of programming, consulting, finance, management, education, etc. are different from those in labor-intensive industries and labor-intensive production sectors. They are usually intermediate-skilled workers who have received high school education or even college or university education. After a large number of tasks are outsourced offshore, a considerable number of intermediate skilled workers in all walks of life have lost their jobs. However, this does not mean that globalization is the root cause of unemployment and inequality.

The main reason for the increase in unemployment in the United States and the increase in domestic income inequality is not globalization but technological progress. According to the research on the relative wages of low-skilled workers in the United States since the mid-to-late 1980s, technological progress is the primary factor among the various influencing factors, with a contribution rate of 30%. Trade and globalization can only explain about 10%-15. %. This is because the advancement of IT technology and the popularity and use of computers have greatly increased the productivity of all industries, and the demand for low-skilled workers has generally declined. The results of recent related research are similar (Coffin et al., 2016). The widespread application of new information technology and artificial intelligence technology is the main reason for the decline in income of low- and medium-skilled workers. Globalization has amplified this mechanism of influence.

Due to the endless innovation and application of new information technologies, production, consumption and exchange are undergoing rapid changes. As production tends to be intelligent, transactions tend to be platformized, and consumption becomes shared, more and more jobs are replaced by machines, more and more tasks can be traded, more and more people are surrounded by globalization, and global values Chains are becoming more complex and diverse. The impact is so extensive, deep, and rapid that people have no time to make professional adjustments. The US government has also intentionally or unintentionally not introduced domestic measures aimed at smoothing the gap. Setting up trade barriers may be a simple and easy-to-use political strategy that is conducive to gaining popular support. It is by no means a solution to the globalization- enhanced employment problem brought about by technological advancement (Mustafa, Qayyum and Hera, 2018).

In the context of the financial crisis, the protection of international trade in services is undoubtedly a short-term behavior of “drinking thirst and quenching thirst”, causing disastrous consequences for the depressed world economy and reducing the total volume of world trade.

At present, service trade has accounted for 20% of global trade. Service trade in developed countries accounts for 60% of world trade in services, and trade in services is an aid to trade in goods (Fan, 2019). Therefore, barriers to trade in services have not only reduced the total amount of world trade in services, but have also reduced the total volume of world trade in goods to some extent. The increase in the intensity of protection of trade in services has delayed the liberalization of trade in services. Under the influence of the new trade protectionist policy, the government's intervention and coordination of foreign trade activities and the operation of bilateral and regional multilateral trading systems are clearly discriminatory and exclusive, making the GATT a free and open core. The international multilateral trading system has been weakened.

Solutions to Deal with International Trade Restrictions

The world's major economies have lowered their import tariffs on trade agreements, but have created rather sophisticated and difficult to identify trade and investment barriers. The main solution is the creation of a barrier investigation mechanism to identify and classify these barriers to trade. The model is inspired by the procedures used by the United States and the European Union to map and eliminate obstacles to their products in foreign markets.

To eliminate barriers and reduce the cost of products abroad, the mechanism will require technical expertise, good engagement between the government and the private sector, and transparent and predictable processes for removing these restrictions. The creation and implementation of the barrier investigation mechanism requires a joint effort from various ministries and the private sector. It is recommended that it be coordinated by the Foreign Trade Chamber. Thus, the private sector may ask to investigate a trade barrier, but to do so it will have to meet minimum requirements, such as proving with technical data that it is an illegal barrier (Neary, 2016).

It is also recommended that the elimination of taxes on the payment of specialized services related to support to the dispute settlement system. Another proposal is the creation of the Trade and Investment Barriers Committee to the identification, monitoring and overcoming trade barriers.

Conclusion

In the nut shell, even the trend is moving towards the disappearance of obstacles to international trade, the truth is that there are still many measures aimed at improving the balance of payments (some more or less covert). Barriers to foreign trade are obstacles that a company has to face if it wants to internationalize. Therefore, a good logistics training will provide us with all the information we will need.