

# TRADE POLICIES IN THE ATMOSPHERE OF PROTECTIONISM

**Gregory L. Domingo**

Former DTI Secretary  
Senior Adviser, SM Investments Corp.



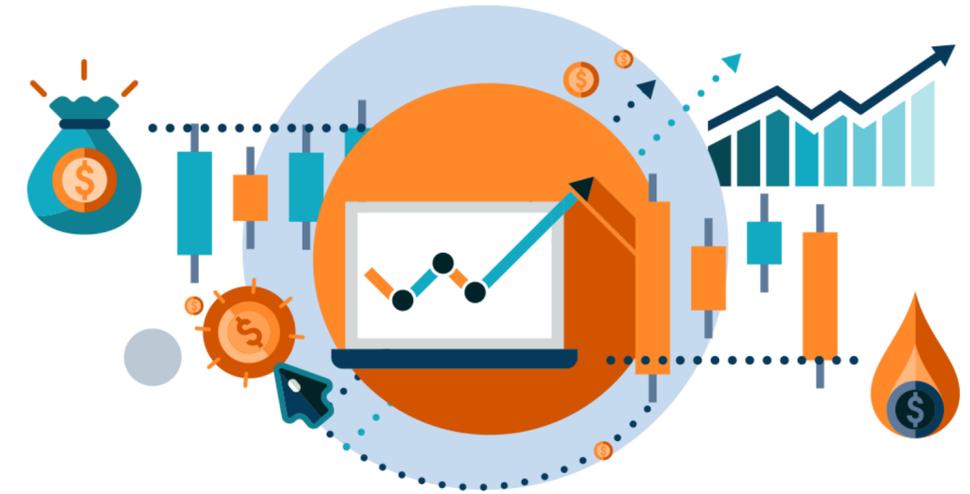
# TRADE TENSIONS

**US vs China**

**Does This Affect PH?**

**What Can PH Do?**

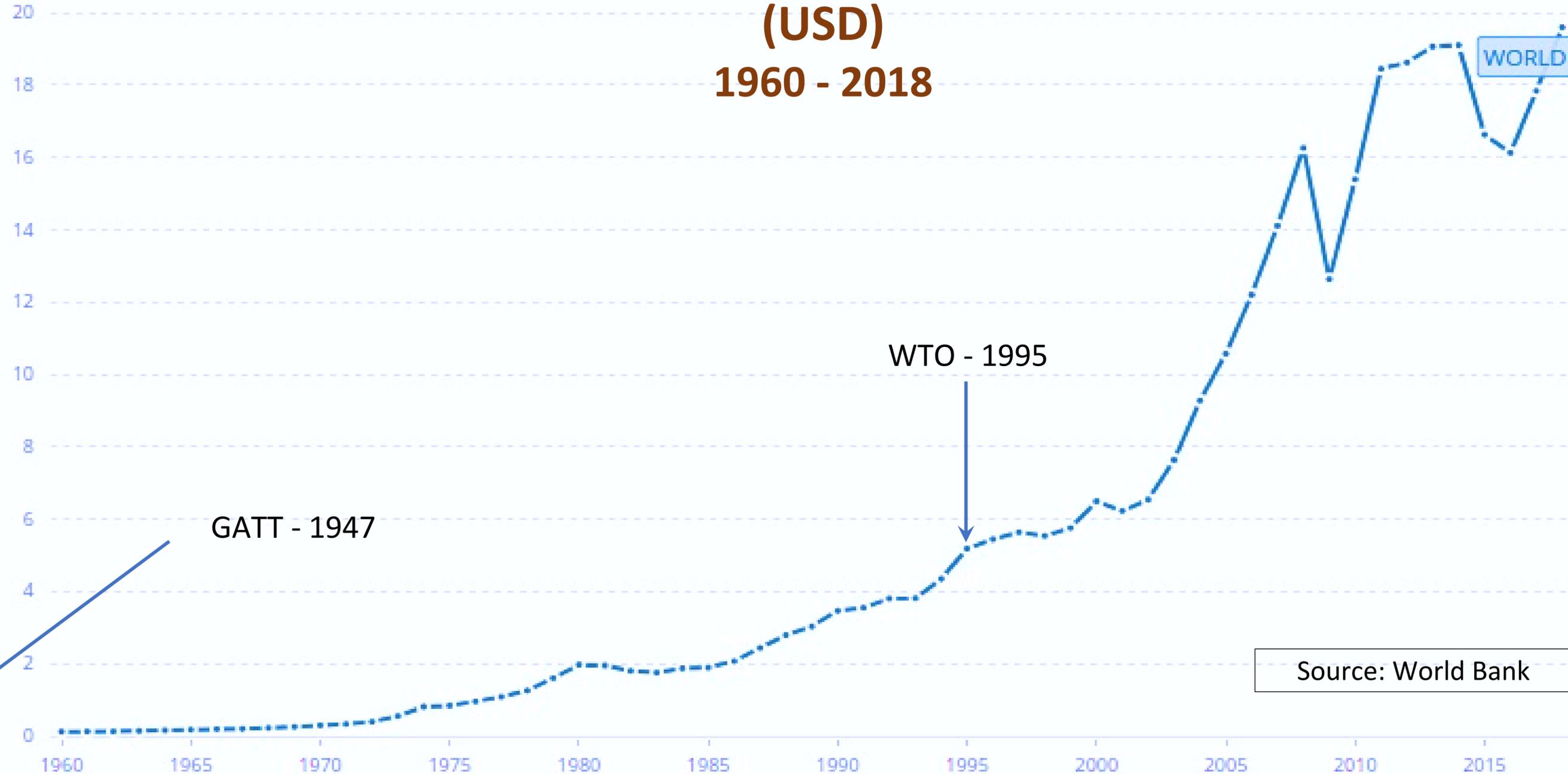
- **the answer to this depends on whether we believe in free trade or not**



# Has Free Trade Worked?

# World Merchandise Exports (USD) 1960 - 2018

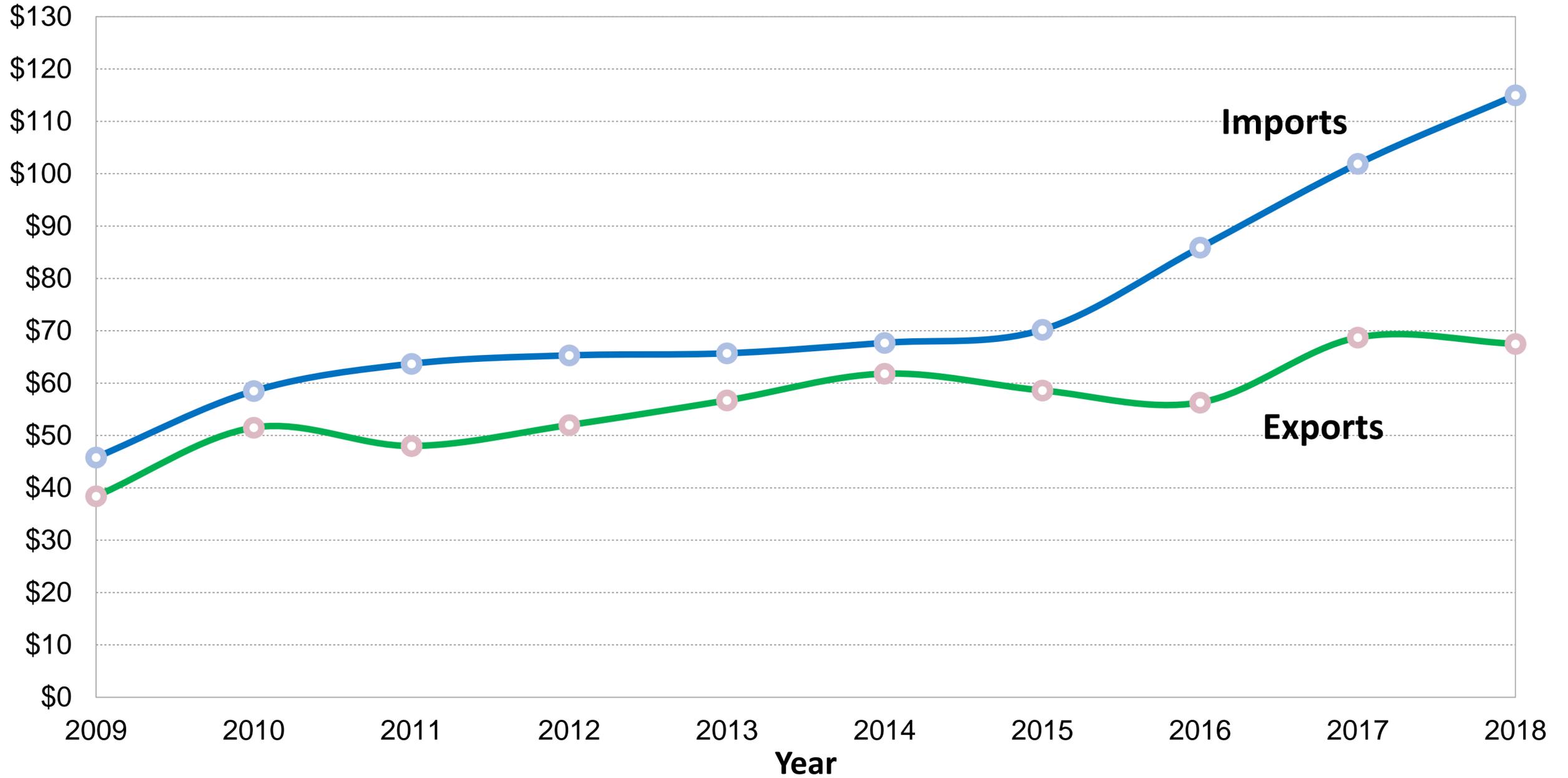
Trillion



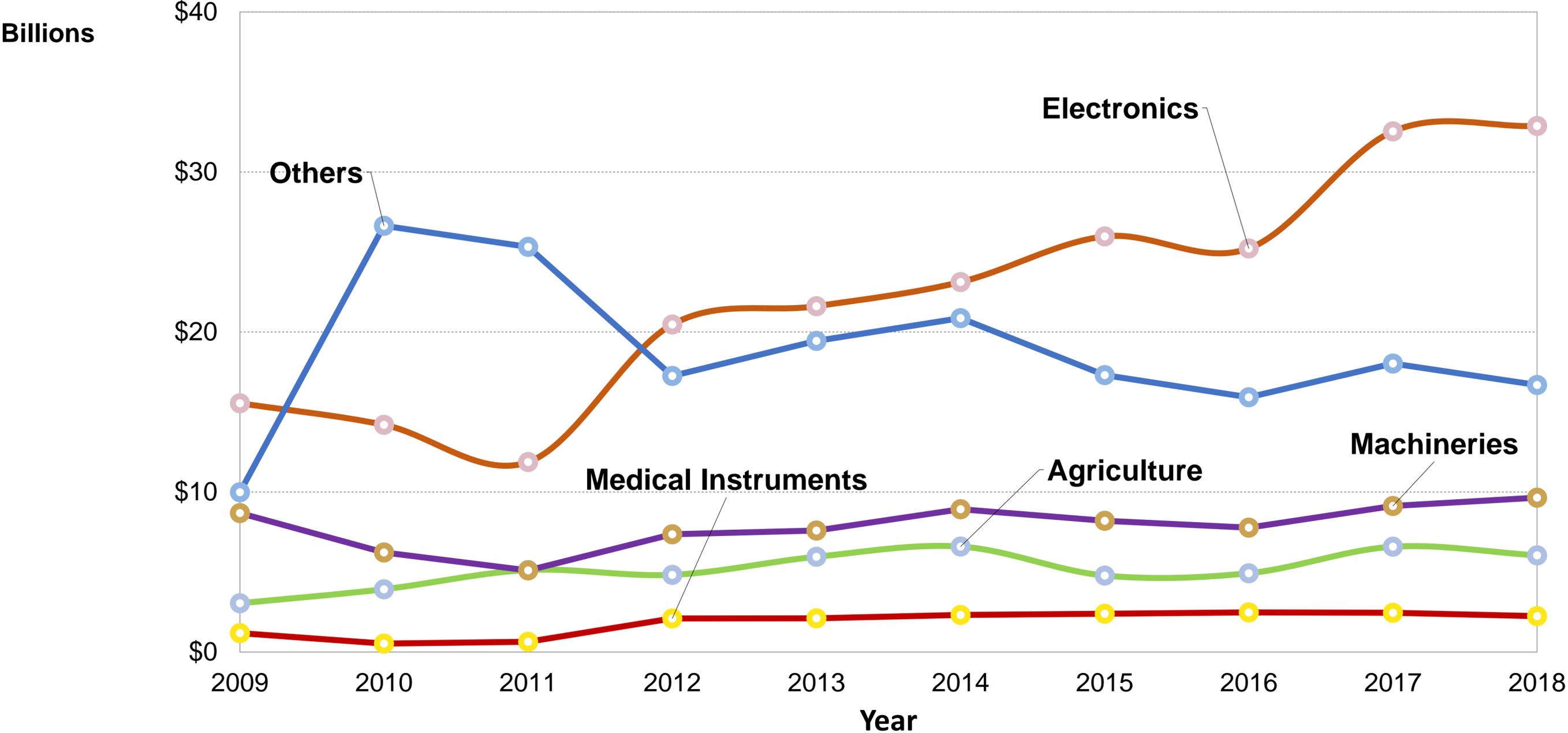
Source: World Bank

# Philippine Merchandise Exports and Imports

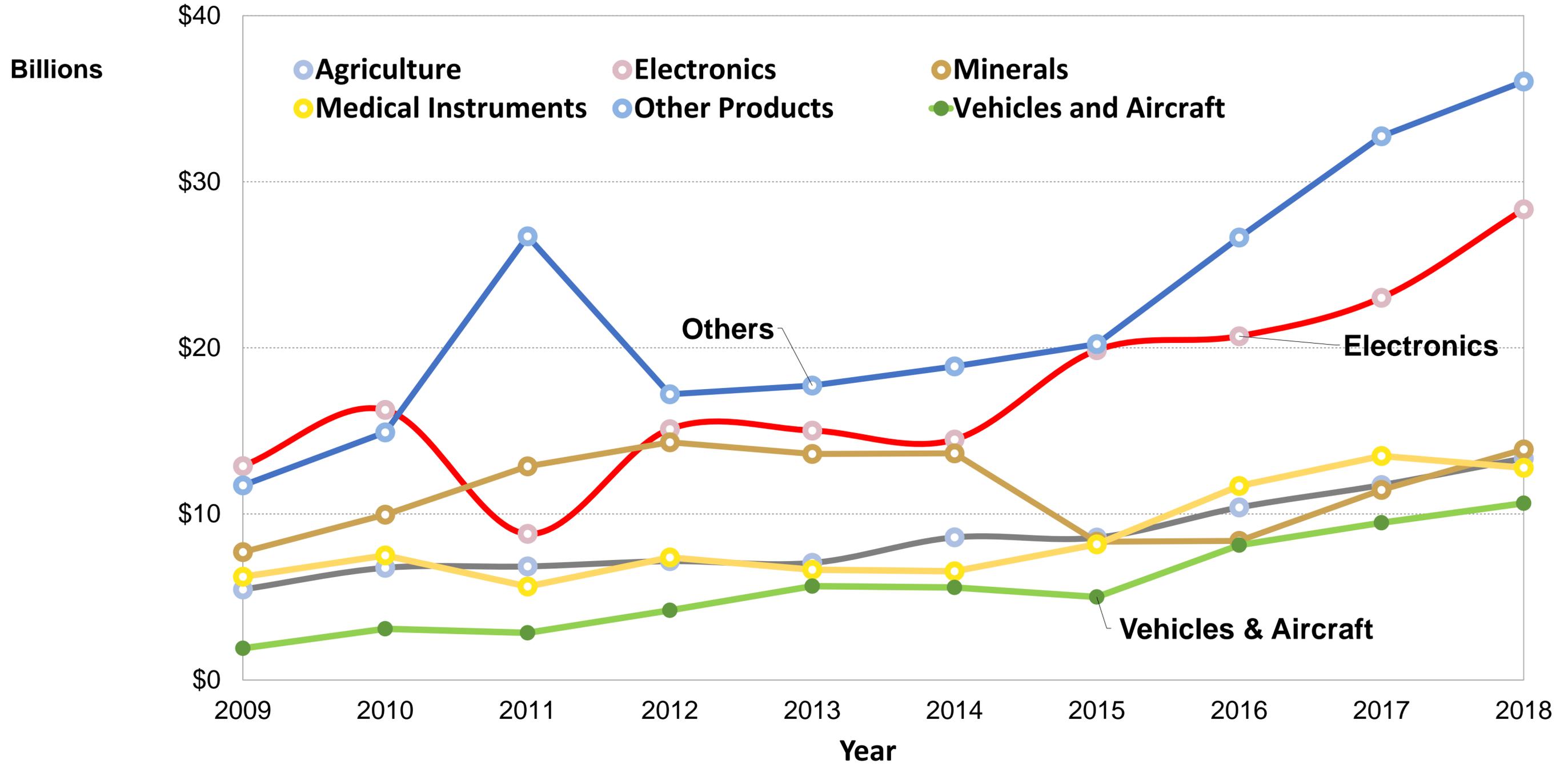
Billions



# Philippine Merchandise Exports by Category

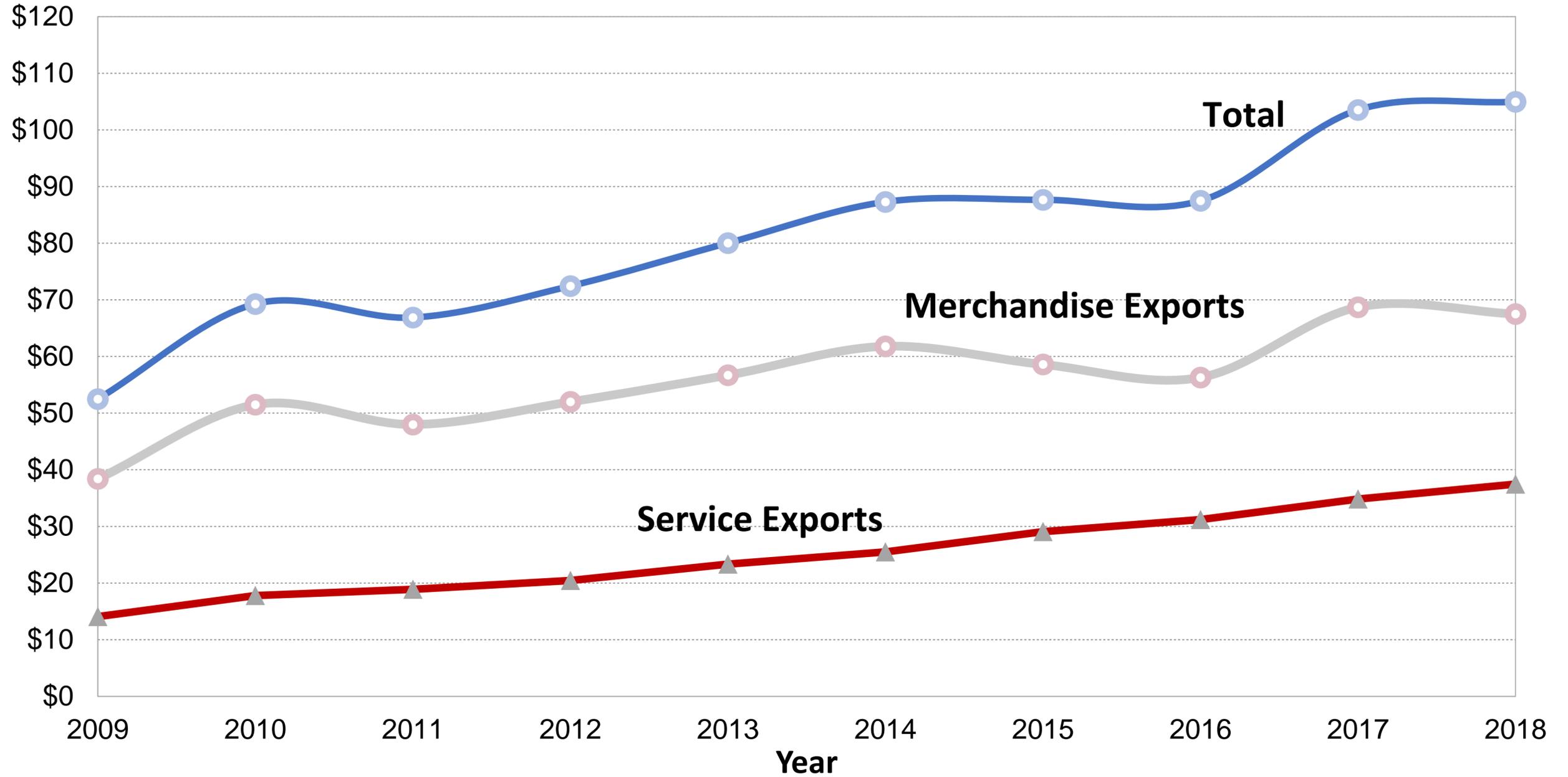


# Philippine Merchandise Imports by Category



# Philippine Merchandise And Service Exports

Billions



# Has Free Trade Worked?

**Yes ...**

- ❖ **Trade grew fast when trade was most open**
- ❖ **As a result economies grew fast**
- ❖ **As a result poverty levels went down**
- ❖ **Lower cost of products to consumers**
- ❖ **PH participated in the benefit**

# Has Free Trade Worked?

**No ...**

- ❖ **Industrialized countries and China disproportionately benefited relative to developing countries**
- ❖ **Multinationals and large companies primarily benefited from free trade**
- ❖ **MSMEs resented free trade due to importation of competing products while export markets were beyond reach**
- ❖ **Non-tariff barriers are the the biggest problem**

# Is Trade Protectionism New?

**No!**

# REASONS FOR PROTECTIONISM



- **Protect sunrise industries**
- **Protect sunset industries**
- **Protect strategic industries**
- **Protect non-renewable resources**
- **Deter unfair competition**
- **Save jobs**
- **Help the environment**
- **Limit over-specialization**

Source: Unknown

# Recap And Other Thoughts On Trade

- 1. Free trade is generally beneficial (1+1 = 3)**
- 2. Free trade works if there is quid pro quo**
- 3. Free trade works if everybody benefits (MSMEs,etc.)**
- 4. Even with free trade, there will always be areas to protect**
- 5. Free trade is associated with lower tariffs but bigger problem is NTBs**
- 6. At the end of day, to benefit from free trade we must have a world competitive product or service to offer**

# Insights For Trade Policy

- **Protectionism is not new**
- **What is new? - Change in supply chain network given US-China situation. Need to study closely the realignment of supply chains**
- **Trade policy cannot work by itself. Focus on fundamentals and continue to improve education, infrastructure, and governance which are primary determinants of a nation's competitiveness**
- **Calibrate trade policy given PH current level of development**
- **Continue to protect certain industries through safeguard and anti-dumping measures and other means**
- **Continue to fight for export access of MSMEs by bringing down NTBs**

# Play Smart! Fight Smart!

**Thank You!**

