

SANCTIONS AND PROTECTIONISM AS A NEW REALITY OF THE WORLD ECONOMY

D.A. Kievich

University of Economics, Prague, diana.kievich@yandex.ru

We live in an amazing time, when the diverse and numerous trade unions concluded in the 2000s are crumbling, and a period of trade wars that will only bring losses to their participants is coming, but everyone hopes that he has enough reserves to endure when opponents go bankrupt. At the same time, the United States, as the largest economy with the largest external public debt, which is nominated in its own currency, has the greatest chances to endure “bankruptcy” of its opponents, and the largest military potential perfectly complements this economic power of the US and enables it to lead themselves aggressively in foreign policy issues. And while the scenario in which the events unfold, confirms this version [1].

For example, today China is faced with the problem of protectionism and economic restrictions in the context of a trade war with the United States. During 2018, Washington introduced trade duties against China in several rounds. Chinese imports of more than \$ 250 billion came under restrictions. During the last round, Washington imposed import duties for \$ 200 billion at once and Trump promised that in case of a response from Beijing, the US would impose tariffs on all Chinese imports (\$ 505 billion). The PRC, in turn, responded with mirror measures, raising duties on the importation of American goods [2].

Meanwhile, the leading global financial institutions warn that the deployment of trade wars is fraught with not only problems for two leading economies: China and the United States. It will also affect third countries - satellites, affect the dynamics of Asian and American stock markets, and then take over other trading platforms [3].

The World Bank, in its review of “Global Economic Perspectives”, warned that after 2019 the situation in the global economy can be very alarming due to the slowdown in the global economy: if in 2017-2018 global GDP added about 3.1% per year, by 2020 this rate will drop to 2.9% per year, primarily due to protectionist policies [4].

Three “clouds” hung over the world economy, IMF head Christine Lagarde warned at the end of May 2018. And "the darkest cloud", in her words, is protectionism, "the desire of some to break the system that which carried out the leadership of the trade relations." Meanwhile, the United States has already announced a new wave of customs restrictions on Chinese goods. [5].

The “trade war,” in which China was drawn in thanks to the United States, has become the largest “trust killer” for the global economy, the Chinese Foreign Ministry said. The Foreign Ministry of China also noted that the whole world will resist if the United States continues to be “intractable” [6].

As we see, the fundamental principles of globalization - it was supposed to promote peace and stability by creating international economic networks that make countries more dependent on each other - badly violated. America militarized this dependence, turning, for example, SWIFT into a personal weapon, which allows strangling opponents. Other powers can do the same, undermining the influence of the United States, creating alternative world payment systems.

That is why the US needs cooperation with Europe if they want to put pressure on Iran or Russia. The EU may not have an army, but it is an economically powerful region. Previously, this power was implemented jointly with the United States, but it may soon turn against them. So, European regulators are already threatening to introduce billions in fines against Google and Facebook. Moreover, European politicians have long been concerned about the overwhelming influence of the US dollar. Now they have the opportunity to present the euro as a viable competitor.

At the same time, the Trump administration hates the situation in which it is forced to feel the pressure of its allies. However, the US administration “can’t understand” that the economic influence of the United States directly depends on the consent of other countries to be part of the US-led financial system. And if it do not take this into account, the authority and influence of the United States can be completely undermined.

At that time, it is also impossible to exclude the danger that senior European officials are under pressure to force them to violate international law for fear of being in prison on next trip to the United States. It is not surprising that the Europeans are discussing again the correctness of the application of sanctions.

In a recent commentary in the Handelsblatt newspaper, German Foreign Minister Heiko Meuse went so far as to demand the creation of an independent European payment system. It seems that even the strongest supporters of the transatlantic union from among the EU member states are forced to create an alternative to the dollar regime, even if this alternative is not yet visible. The threats to European institutions and their personnel must be met with threats of proportionate countermeasures. This, unfortunately, is the only diplomatic language that Trump seems to understand. [8].

As for Russia, the head of the Russian government during a speech in China (he spoke to representatives of 130 countries who gathered at the opening of the first China International Exhibition of Imported Goods in Shanghai) acknowledged that protectionism and sanctions had become “a reality of the modern world”. Dmitry Medvedev advocated the liberalization of the world economy and the protection of the principle of free competition [9]. According to him, the principles of free competition and free movement of goods, works and services should be at the heart of world trade. Speaking about the development of trade relations with China, the head of the Russian Federation Cabinet of Ministers supported the de-dollarization of mutual settlements. He confirmed that Moscow intends to move along the path of mutual settlements in national currencies. This, according to Dmitry Medvedev, creates the basis for the development of trade, economic and investment ties between the two countries. He particularly stressed the importance of partnership relations between Moscow and Beijing for the expansion of mutual settlements in national currencies. And even earlier, the first deputy head of the government office in Russia, Sergey Prihodko, said that the Russian Cabinet of Ministers was exploring the possibility of creating new mechanisms for mutual settlements with China in national currencies. According to him, US sanctions were the impetus for this.

Obviously, in a situation where the US is playing a difficult game, sometimes blaming partners for all mortal sins or promising joint prosperity, it is necessary to look for a common strategy and reduce dependence on alien interests.

Список использованных источников:

1. Киевич А.В. Программа вновь избранного президента США как олицетворение изменений на макроэкономическом уровне глобальной экономики. / А.В. Киевич. // Современные аспекты экономики. 2016. № 11(231). С. 12-24.
2. URL: Электронный ресурс. Доступно на: <https://www.rbc.ru/economics/05/11/2018/5bfd4129a7947d350f0cc67?from=main>.- Дата доступа: 18.01.2019 г.
3. Киевич А.В. Распродажа долгового рынка как ожидание нисходящего тренда глобальной экономики. / А.В. Киевич, В.С. Кивачук, Н.П. Четырбок // Экономические науки. 2018. № 159. С. 61-66.

4. URL: Электронный ресурс. Доступно на: <https://www.gazeta.ru/business/2018/07/05/11827219.shtml>. – Дата доступа: 18.01.2019 г.

5. Там же

6. URL: Электронный ресурс. Доступно на: – Дата доступа: 18.01.2019 г.

7. Там же

8. URL: Электронный ресурс. Доступно на: <https://www.vestifinance.ru/articles/109624>. – Дата доступа: 18.01.2019 г.

9. Киевич А.В. Дедолларизация мировой экономики как объективная реальность. / А.В. Киевич. // Вопросы экономики и права. 2017. № 108. С. 33-37.