Rising Protectionism Add to Asia's Economic Uncertainties

Discussion > Advanced 9

Exercise 1 – Vocabulary

protectionism	The practice of protecting a country's own industry by taxing foreign goods.
[noun]	*Ex: **Protectionism** is widely demanded by anti-globalization activists.*

ramification	One of the large number of complicated and unexpected results that follow an action or a decision.
[noun]	*Ex: The new tax will have wide social **ramifications**.*

spur	To encourage an activity or development or make it happen faster.
[verb]	*Ex: The recent reduction in interest rates may **spur** property sales.*

thrive	To grow, develop, or be successful.
[verb]	*Ex: The new company is already **thriving** in its first year of operation.*

outsourcing	The process of arranging for somebody outside a company to do work or provide goods for that company.
[noun]	*Ex: The **outsourcing** of IT work to private contractors has become a regular business practice.*

Exercise 2 – Reading

Read the text aloud with your tutor and discuss the key points.

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Asian economies, already facing weak growth in exports, are bracing for more challenges amid growing protectionism, with wider ramifications for key economies such as Vietnam and Malaysia, economists say.

The recently released United Nations report, the World Economic Situation and Prospects 2017, says East Asian growth has been moderately positive, with China's economy stabilizing at about 6.5 percent forecast growth in 2017. It says export growth in Asia remains weak, in line with global trends, but that domestic demand, spurred by private and public investment, "remains the key driver to regional growth." Multilateral trade and commerce, and particularly access to the U.S. market, have long been driving forces for Asia's economies.

But economists say a climate of protectionism raises concerns over the outlook, even as export trade has been a driving force lifting millions out of poverty across the region. The latest warning came this week following President Donald Trump's decision to withdraw the U.S. from the 12-member Trans Pacific Partnership (TPP).

Amornthep Chawla, head of research office at CIMB Thai Bank, said a U.S. administration policy to promote domestic U.S. growth may come at the expense of emerging Asia — especially exports in Asia.

"Countries like Malaysia and Singapore, even to some extent the Philippines, they export something that could compete with things produced in the U.S. So I would say that problems or some slowdown in exports will come from Malaysia and Singapore," Chawla said.

Pavida Pananond, a professor of international business studies at Thammasat University, expressed similar concerns about protectionism in global trade and business.

"The rising protectionism that could possibly happen if [Trump] indeed put in tariffs on imports from other countries, so that would certainly be one direct impact on international trade," Pavida told VOA.

Outside of trade, a U.S. policy to promote American employment would impact the Philippines, which has thrived on business process outsourcing (BPO), a sector that has accounted for about 10 percent of national output (GDP).

"It has been estimated that around three quarters of total revenue from the sector comes from U.S. companies," Capital Economics said.

Exercise 3 – Discussion

Discuss the following questions with your tutor.

1. What is your take on protectionism?

2. Would you agree for your country to limit international trade as much as possible?

3. Are you generally pleased with the quality of the products manufactured in your country?

4. Could Asian countries find other buyers for their products if the U.S. adopts a protectionist policy?

5. Why do you think that the U.S. market is sought after by so many nations?

6. Do many foreign companies invest in your country? Why or why not?

7. What do you think are the main factors that reinforce economic growth?

8. What would you change about the way in which your country's economy functions? Why?