



Models of Trade Policy Liberalization: A Comparative Analysis of International Experience

A.G. Kornilov¹¹ Russian Foreign Trade Academy (Moscow, Russia)

Abstract

This study provides a comparative analysis of trade policy liberalization models based on eight country case studies covering fundamentally different institutional, political, and economic conditions. The study aims to identify the key determinants of the success or failure of trade reforms, including the effects of the initial level of protectionism, the presence of institutional anchors, and the type of political regime. The methodology is based on comparative case study analysis. The empirical basis comprises eight country cases grouped by reform trajectory: full liberalization (Chile, Switzerland), reforms in transition economies (Russia, Poland), openness without democratization (Singapore, Vietnam), and reform reversal (Argentina, Indonesia). The analysis includes a historical review of reforms, an assessment of their macroeconomic consequences and institutional context, and draws on a broad range of Russian and international academic literature. The study yields four key conclusions. First, it confirms the asymmetry of transition costs: a radical reduction of barriers when initial tariffs are high generates large-scale shocks, whereas liberalization under already low tariffs minimizes costs. Second, the presence of an external institutional anchor significantly enhances the sustainability and legitimacy of reforms. Third, the type of political regime is not a determinant of trade openness; authoritarian systems can integrate effectively into the global economy. Fourth, a return to protectionism is a response to macroeconomic crises and, in the long term, constrains the renewal of the productive base. The originality and significance of the findings lie in synthesizing dispersed empirical evidence into a unified analytical framework. The study challenges a number of established assumptions, in particular the presumed direct link between democratization and economic prosperity. The proposed typology of liberalization models and the findings on the role of institutional factors provide public authorities and the expert community with a practical tool for diagnosing optimal reform strategies and assessing the risks of retreat from trade openness.

Keywords: trade reforms, protectionism, transition economy, institutional anchor, tariff policy, non-tariff barriers

For citation:

Kornilov A.G. (2026). Models of Trade Policy Liberalization: A Comparative Analysis of International Experience. *Strategic Decisions and Risk Management*, 17(2): 239-247. DOI: 10.17747/2618-947X-2026-2-239-247. (In Russ.)

贸易政策自由化模式：国际经验的比较分析

A.G. Kornilov¹¹ 全俄对外贸易学院（俄罗斯，莫斯科）

摘要

本研究基于八个国家案例，对贸易政策自由化模式进行比较分析。这些案例涵盖了制度、政治和经济条件存在根本差异的国家情境。研究旨在识别贸易改革成败的关键决定因素，包括初始贸易保护水平、制度锚的存在以及政治体制类型的影响。研究方法采用比较案例分析法。经验基础由八个国家案例构成，并按照改革轨迹类型进行分组：全面自由化（智利、瑞士）、转型经济体中的改革（俄罗斯、波兰）、未伴随政治民主化的贸易开放（新加坡、越南）以及改革逆转（阿根廷、印度尼西亚）。分析内容包括改革的历史回顾、宏观经济后果评估和制度背景分析，并参考了大量俄罗斯国内外学术文献。研究结果提出四项核心结论。第一，转型成本的不对称性得到确认：在初始关税较高的条件下大幅降低壁垒会产生大规模冲击，而在关税已经较低的条件推进自由化则可将成本降至最低。第二，外部制度锚的存在显著提升改革的可持续性与正当性。第三，政治体制类型并非贸易开放的决定因素；威权体制同样能够有效融入全球经济体系。第四，向保护主义的回撤是对宏观经济危机的反应，但从长期来看会抑制生产基础更新。本研究的原创性与意义在于将分散的经验材料整合为统一的分析框架。研究挑战了若干既有观点，尤其是关于民主化与经济繁荣之间存在直接联系的假设。本文提出的自由化模式类型学以及关于制度因素作用的结论，为政府部门和专家共同体诊断最优改革战略、评估贸易开放回撤风险提供了实用分析工具。

关键词：贸易改革，保护主义，转型经济体，制度锚，关税政策，非关税壁垒

引用格式：

Kornilov A.G. (2026). 贸易政策自由化模式：国际经验的比较分析. *战略决策与风险管理*, 17(2): 239–247. DOI: 10.17747/2618-947X-2026-2-239-247. (俄文)

Introduction

Trade policy liberalization is one of the main instruments of economic transformation. The term generally refers to a set of measures aimed at reducing tariff and non-tariff barriers to trade, eliminating administrative restrictions on export and import operations, and facilitating the integration of the national economy into the global trading system. Trade policy liberalization, however, can be implemented under different institutional, political, and economic conditions and can take various forms, ranging from radical shock therapy to gradual, phased reforms. In some cases, liberalization policies are rolled back and new forms of protectionism are introduced.

This article provides a comparative analysis of liberalization models based on eight country case studies: Chile and Switzerland as examples of full or near-full tariff liberalization; Russia and Poland as cases of liberalization in transition economies; Singapore and Vietnam as examples of trade openness without political liberalization; and Argentina and Indonesia as cases of reversal of earlier reforms.

The study is guided by the assumption that the effectiveness and sustainability of trade policy liberalization are not determined solely by an ideological choice between speed, in the form of shock therapy, and gradualness, in the form of gradualism, but instead result from the complex interaction of the institutional context, initial economic conditions, and mechanisms for managing transition costs.

The article is structured as follows. The first section analyzes models of full or near-full tariff liberalization. The Chilean case is used to examine the experience of radical shock therapy in a high-tariff setting, while the Swiss case illustrates reform in a context of already low barriers. Comparing these cases allows the author to formulate the thesis of asymmetric transition costs. The second section examines the specific features of liberalization in transition economies. By comparing the Russian and Polish cases, the author demonstrates the critical importance of an external institutional anchor, namely the prospect of EU membership, in ensuring the sustainability and legitimacy of painful reforms. The third section analyzes trade openness without political liberalization. The cases of Singapore and Vietnam show that authoritarian political regimes can integrate effectively into the global economy when they have effective governance capacity. The fourth section addresses the phenomenon of reform reversal, or de-liberalization. By analyzing Argentina and Indonesia, the author shows that a return to protectionism is often a crisis-response measure adopted under pressure and, in the long run, constrains the renewal of the productive base. The conclusion summarizes the comparative analysis, presents the results in the form of four key findings,

and confirms the central hypothesis that the effectiveness of trade reform is determined less by ideology than by the institutional context and the capacity to manage transition costs.

1. Literature Review

Trade policy liberalization—the process of reducing or eliminating barriers to international trade, both tariff and non-tariff—has been one of the central topics in economics for several centuries. Whereas classical theory focused primarily on the static gains from specialization, contemporary literature treats liberalization as a complex, dynamic, and often politically shaped process. The shift from theoretical abstractions to the analysis of actual reforms required the development of multidimensional models that account for institutional, political, and temporal contexts.

Classical and Neoclassical Foundations

According to the classical paradigm, any country that removes trade restrictions gains access to cheaper goods and can concentrate its resources on producing the goods it can produce most efficiently. Neoclassical theory, represented by the Heckscher–Ohlin–Samuelson model, extended this analysis by linking trade patterns to countries' endowments of factors of production, namely labor, capital, and land [Ohlin, 1933; Samuelson, 1948].

Within these models, liberalization is treated as unequivocally beneficial, leading to a Pareto-optimal allocation of resources on a global scale. However, problems related to the distribution of gains were already identified at this stage: within a country, some groups, such as consumers and export industries, benefit, whereas others, such as uncompetitive producers, lose. Work by P. Krugman and J. Stiglitz emphasized that these redistributive effects generate strong political resistance to reforms, a point not captured by idealized models [Krugman, 1995; Stiglitz, 1999].

Second-Best Theory and Dynamic Effects

An important stage in the development of the theory was the critique of laissez-faire in the context of partial reforms. The theory of the second best, formulated by R. Lipsey and K. Lancaster in 1956, postulated that if distortions already exist in an economy, such as monopolies or taxes, then eliminating only one of them—for example, introducing free trade—does not necessarily increase welfare. This insight provided the basis for the arguments advanced by proponents of gradualism [Lipsey, Lancaster, 1956].

In parallel, a strand of literature developed that examined the dynamic effects of openness. Unlike the static gains from exchange, dynamic effects are associated with long-term productivity growth. Work by R. Lucas and P. Romer laid the foundations for the new growth theory, in

which trade serves as a channel for the diffusion of technology and knowledge, or spillover effects [Lucas, 1988; Romer, 1990]. Studies by G. Grossman, E. Helpman, and R. Barro empirically confirmed the link between economic openness and economic growth rates [Grossman, Helpman, 1991; Barro, 1996]. In this context, liberalization is regarded not merely as a single act of tariff reduction, but as a strategic instrument for stimulating innovation and structural transformation.

Sequencing and Speed of Reforms: Shock Therapy vs. Gradualism

The collapse of the socialist bloc in the late 1980s and early 1990s confronted economists with the task of choosing an optimal strategy for the transition to a market economy. The debate between proponents of shock therapy, such as D. Sachs and A. Aslund, and gradualism, such as J. Stiglitz and G. Kolodko, became central in the literature on transition economies.

Shock therapy entails the rapid and simultaneous implementation of all key reforms: price liberalization, trade liberalization, privatization, and macroeconomic stabilization. Its theoretical basis is the idea that the faster market institutions are created, the sooner the economy will begin to grow. The reforms in Poland, known as the Balcerowicz Plan, and in Russia, known as the Gaidar reforms, represented practical implementations of this model. The literature emphasizes the inevitability of short-term shocks, such as a decline in output and rising unemployment, as the cost of rapid transition.

Gradualism advocates a phased approach in which reforms are introduced gradually, allowing the economy to adapt to new conditions. Proponents of this approach point to the experience of China and Vietnam, particularly the policy of “reform and opening up,” where gradual trade liberalization was accompanied by the preservation of strong state control over key sectors. Work by Stiglitz criticizes shock therapy for ignoring the institutional prerequisites of markets [Stiglitz, 1999].

Comparative analysis of these approaches, for example [Rodrik, 1989], shows that the success of reforms depends less on the speed of implementation than on the quality of initial institutions and the availability of compensatory mechanisms for groups adversely affected by reform.

The Institutional Approach: The Role of Reform Anchors

One of the most influential concepts of recent decades has been D. Rodrik’s theory of dynamic inconsistency in trade policy [Rodrik, 1989]. It explains why governments often fail to adhere to announced liberalization plans: before elections or during crises, political pressure from protected industries forces them to retreat from reforms.

This problem can be addressed by creating institutional anchors. An external anchor is a commitment made to

an international organization or trade bloc, such as membership in the WTO or an association agreement with the EU, that makes retreating from reforms costly. A classic example is the experience of Poland and other Central European countries, where the prospect of EU accession served as a powerful incentive for undertaking painful trade reforms.

An internal anchor is the creation of independent domestic institutions, such as tariff commissions or antimonopoly authorities, that make decisions on the basis of objective criteria rather than short-term political considerations.

The Political Economy of Liberalization

Contemporary literature widely uses the analytical tools of public choice theory to analyze protectionism. The Grossman–Helpman model [Grossman, Helpman, 1994] has become a standard framework for explaining the formation of trade policy as the result of lobbying by different interest groups. According to this model, the level of protection afforded to an industry is determined by its political organization and its ability to offer political “inducements” to politicians in the form of votes or campaign financing.

Work by K. Milner [Milner, 1988] develops this theme by examining the conditions under which governments can overcome lobbying pressure and pursue liberalization. The key factors are the presence of a strong leader with a clear mandate for reform or a severe economic crisis that makes the status quo unacceptable.

The Asymmetry of Transition Costs

Empirical literature on the so-called asymmetry of transition costs has made an important contribution to understanding the liberalization process. Studies of Chile and later research on Russia [Edwards, Cox Edwards, 1987; Gaddy, Ickes, 1998] show that the depth of the economic downturn after liberalization depends directly on the initial level of trade protection.

A radical reduction of tariffs from prohibitive levels, as occurred in Chile in the 1970s and Russia in 1992, leads to the large-scale collapse of uncompetitive production and a sharp short-term increase in unemployment. At the same time, liberalization under already low tariffs, such as the recent reform in Switzerland, causes virtually no economic shocks and delivers long-term benefits by reducing administrative costs and improving the efficiency of resource allocation.

Liberalization without Democratization

The traditional view linked economic openness to political liberalization. However, the experience of the “Asian Tigers” refuted this rigid relationship. P. Evans’s concept of “embedded autonomy” [Evans, 1995] captures the Singaporean model well: an authoritarian

state with a highly competent bureaucracy uses economic openness as an instrument for attracting investment and promoting structural modernization, while also ensuring a high level of social provision in order to legitimize its authority.

Vietnam followed a similar path through the Doi Moi policy, whereby a one-party system successfully integrated the country into global value chains through the phased reduction of barriers without political democratization. These cases demonstrate that the type of political regime is not a determinant of trade openness; the key factor is the functional quality of governance.

The Problem of Reform Reversal (De-liberalization)

The literature on liberalization would be incomplete without an analysis of processes of reversal, that is, the return to protectionism. Classical theory assumed a unidirectional movement toward free trade. Experience, however, has shown that this process can be cyclical.

Studies of Argentina show that trade restrictions often become an instrument of crisis-response policy under macroeconomic instability, for example after the 2001 default, when the government lacks access to traditional fiscal or monetary policy tools.

Indonesia's experience illustrates the phenomenon of "resource nationalism." Seeking to maximize domestic value added, the government imposes production localization requirements on foreign investors in the automotive and telecommunications sectors. In [Amiti, Konings, 2007], the contradictory nature of such measures is demonstrated: they may stimulate job creation in low-productivity sectors, but at the same time they constrain the renewal of the productive base by limiting access to foreign intermediate goods and technologies.

Thus, the literature review suggests that contemporary theory of trade policy liberalization has evolved from simple models of comparative advantage to complex, multidimensional frameworks. It is now understood that there is no universal model of liberalization. The effectiveness of reforms is determined by the complex interaction of initial economic conditions, including the level of tariffs, institutional quality, including the presence of anchors, the political regime, and the state's capacity to manage transition costs.

2. Methodology and Case Selection

On the basis of the literature review, the following research hypotheses are formulated.

H1: The initial level of trade protection is the main factor determining the depth of the transition shock: reducing tariffs from prohibitive levels inevitably leads to the destruction of part of industrial capacity, whereas liberalization under low tariffs minimizes costs.

H2: The presence of an external institutional anchor is a critical condition for overcoming political time incon-

sistency and ensuring long-term commitment to reform.

H3: The type of political regime is not a determinant of trade openness; illiberal regimes can successfully carry out liberalization, provided that governance is functionally effective.

H4: A reversal of reforms, that is, a return to protectionism, is not an ideological turn but a crisis-response measure adopted under pressure in conditions of macroeconomic instability; in the long run, it constrains the renewal of the productive base.

To address these hypotheses, comparative case study analysis was selected as the main research method to compare liberalization models across eight country cases representing different trajectories of trade liberalization. The selected cases were grouped by type in order to identify common patterns and differences depending on the reform context.

In the second stage, each group of countries was examined through an in-depth historical and economic analysis of processes of liberalization and protectionism using the case study method. The analysis covered macroeconomic indicators, including GDP and unemployment, tariff dynamics, institutional changes, and political conditions.

In addition, the role of institutions was assessed on the basis of retrospective event analysis.

3. Full Liberalization of Trade Policy: Chile and Switzerland

The Chilean Experience:

Shock Therapy and Its Consequences

The military coup in Chile took place on September 11, 1973. By that time, the trade-weighted average tariff had reached 105%, while tariffs on certain product groups were as high as 700%. The trade system included direct export restrictions, a system of import deposits, and a multiple exchange-rate system with 15 rates [Edwards, Cox Edwards, 1987]. Under the 1974–1979 program, the goal was to reduce tariffs to a uniform rate of 10% [Corbo, Fischer, 1994]. By the end of this stage, the average tariff had fallen to 3.6%, and the gap between the minimum and maximum rates was only 6 percentage points. At the same time, a capital market was established, foreign investment was liberalized, central bank independence was secured, and greater labor-market flexibility was introduced [Edwards, Cox Edwards, 1987].

In the short term, the reforms generated GDP growth of 7% per year and reduced unemployment from 13.5% to 11% by 1981. However, by 1982, a recession had begun. By 1986, 35% of the enterprises operating in 1979 had ceased operations; these enterprises had accounted for 25% of industrial employment, 13% of investment, and 16% of industrial output [De la Cuadra, Hachette, 1991]. Economic growth during the Pinochet period was lower than in structurally similar countries; a notable acceleration occurred only after the transition to democracy in

1989 [Ffrench-Davis, 2002]. This case clearly illustrates the key problem of shock liberalization: transition costs associated with reducing tariffs from prohibitive levels are concentrated in the short term and pose a threat to the industrial base.

The Swiss Reform of 2024: Liberalization under Low Tariffs

Effective January 1, 2024, Switzerland eliminated tariffs on all industrial goods falling under Chapters 25–97 of the customs tariff schedule, with the exception of certain agricultural and processed agricultural products¹. The number of tariff lines was reduced from 6,172 to 4,592, thereby reducing administrative costs by 20%.² The country's initial average tariff was 1.8%; therefore, the abolition of duties altered price conditions by less than 2 percentage points. The overall welfare gain was estimated at more than CHF 860 million per year, including savings from tariff elimination, administrative relief, and additional indirect effects such as productivity gains. Separately, lower consumer prices were estimated to generate savings for consumers of approximately CHF 350 million.³

A comparison of the two cases confirms the thesis of asymmetric transition costs: the higher the initial level of tariff protection, the more painful liberalization becomes in the short term. The Swiss reform did not generate significant economic shocks, whereas the Chilean reform led to a large-scale industrial downturn.

4. Liberalization in Transition Economies: Russia and Poland

Russia: Shock Liberalization and Its Consequences

In the USSR, the state monopoly on foreign trade completely isolated domestic producers from world prices [Gaidar, 2007]. In January 1992, the government of Yegor Gaidar abolished this monopoly, granted enterprises the right to carry out export and import operations independently, eliminated most non-tariff restrictions, and introduced a low import tariff [Sachs, Woo, 1994]. The reform was carried out as part of the shock therapy recommended by Western economists and supported by the IMF.

One of the first consequences of this reform was a sharp import shock: in 1992–1993, consumer imports rose severalfold, while domestic producers were not prepared for competitive pressure [World Economic Outlook, 1993]. At the same time, a situation known as “Dutch disease” emerged: revenues from commodity exports strengthened the ruble, reducing the competitiveness of non-commodity sectors. In mechanical engineering, electronics, and the

machine-tool industry, output fell by 40–60% in 1992–1994 [Aslund, 1995; Gaddy, Ickes, 1998]. By 1993, the government was gradually raising tariffs and introducing non-tariff barriers in key sectors [Tarr, 1994]. The 1998 financial crisis and the depreciation of the ruble paradoxically proved to be a more effective mechanism for restoring production than industrial policy [Kharas et al., 2001; Isakova, Plekhanov, 2011].

Poland: European Integration as an Institutional Anchor

Poland's economy was relatively more open. The country had a well-developed private agricultural sector, as well as experience with market transactions and contacts with Western creditors [Balcerowicz, 1995]. The program launched by Minister Balcerowicz on January 1, 1990, included price and subsidy liberalization, the introduction of zloty convertibility, the abolition of the state monopoly on foreign trade, and the replacement of quantitative restrictions with moderate tariffs of 12–13% [Michalopoulos, Tarr, 1997]. The short-term shocks were painful: GDP fell by 11.6% in 1990 and by another 7% in 1991, while unemployment rose to 11.8% [Blanchard, 1997]. Nevertheless, the depth of the decline was significantly smaller than in most post-socialist economies [Roland, 2000].

The decisive event was the association agreement with the EU, signed in December 1991 and entered into force in 1994 [Ners, 1995], which provided for the creation of a free trade area with asymmetric market opening. Strategically, the agreement functioned as an external institutional anchor. The risk that Poland could lose its prospect of EU membership addressed the problem of dynamic inconsistency [Rodrik, 1989] by making retreating from reforms extremely costly. Support for reforms in Polish society correlated with support for EU accession [Kolodko, 2000]: citizens accepted the costs of liberalization as an acceptable price for the long-term benefits of integration. On May 1, 2004, Poland joined the EU and transferred authority over trade policy to the supranational level.

5. Trade Liberalization Without Political Liberalization: Singapore and Vietnam

Singapore: Embedded Autonomy and Productive Authoritarianism

Since 1965, Singapore's trade policy has been based on three principles: zero or minimal tariffs, with a zero rate currently applied to approximately 99% of tariff lines⁴, the active pursuit of free trade agreements, with more than 27 such agreements in place

¹ Abolition of Industrial Tariffs (2023). Swiss Customs Administration. https://www.bazg.admin.ch/bazg/en/home/topics/aufhebung_industriezoelle.html.

² Reduction of Tariff Lines (2023). SECO. https://www.seco.admin.ch/seco/en/home/Aussenwirtschaftspolitik_Wirtschaftliche_Zusammenarbeit/Wirtschaftsbeziehungen/warenhandel/aufhebung_industriezoelle.html.

³ Welfare Gains from Tariff Elimination (2023). SECO. <https://www.admin.ch/gov/en/start/documentation/media-releases.msg-id-99580.html>.

⁴ Trade Policy Review: Singapore (2024). WTO. https://www.wto.org/english/tratop_e/tp_r_e/tp_rep_e.htm?country=SGP.

by 2024⁵, and the use of openness as an instrument for attracting multinational corporations. At the same time, through the Economic Development Board, the state actively shaped the economy's sectoral structure, successively directing investment into labor-intensive manufacturing, then into electronics and oil refining, and later into financial services and biomedicine.⁶ In the literature, this model is described as embedded autonomy, following P. Evans's concept [Evans, 1995].

Unlike Chile under Pinochet's authoritarian model, the Singaporean state provided high-quality education, health care, and housing, thereby creating the material basis of the social contract. GDP per capita rose from approximately USD 500 in 1965 to more than USD 65,000 in 2023;⁷ this calls into question the thesis that political democratization and economic prosperity are necessarily linked.

Vietnam: Phased Integration While Preserving a One-Party System

The Doi Moi policy, adopted in December 1986, marked the transition to a “socialist-oriented market economy” amid an acute crisis: hyperinflation exceeded 700%, there were food shortages, and the system of subsidized exports to CMEA countries was collapsing [Dolar, 1994; Fforde, de Vylder, 1996]. Trade liberalization unfolded in stages. During the first stage, from 1986 to 1995, the state monopoly on foreign trade was dismantled while high import tariffs of 30–35% were preserved.⁸ During the second stage, from 1995 to 2007, the country successively joined ASEAN, signed a bilateral trade agreement with the United States, with exports to the United States increasing from USD 822 million in 2001 to USD 6.9 billion in 2004,⁹ and acceded to the WTO in 2007. The third stage, beginning in 2007, involved new-generation agreements: the EU–Vietnam Free Trade Agreement (EVFTA), the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), and the Regional Comprehensive Economic Partnership (RCEP) [Menon, 2009].

Vietnam participates in all major regional trade arrangements while maintaining a one-party political system. Together with the Singapore case, this demonstrates that the type of political regime is not a determining factor in trade openness: illiberal regimes can participate effectively in the liberal trade architecture when effective mechanisms for implementing economic policy are in place.

6. Reversal of Liberalization: Argentina and Indonesia

Argentina:

Protectionism as a Crisis-Response

Liberalization in the 1990s under President Menem was carried out within the framework of the Convertibility Plan, which pegged the peso to the U.S. dollar. The regime achieved stabilization, but subsequently increased external vulnerability: the appreciation of the dollar and the devaluation of the Brazilian real in 1999 undermined export competitiveness [Galiani, Somaini, 2018]. The crisis of 2001–2002 destroyed the previous model: the debt default totaled USD 141 billion, GDP fell by 10.9%, unemployment reached 21.5%, and more than 45% of the population was below the poverty line.¹⁰ Under these conditions, trade restrictions became a substitute for unavailable macroeconomic instruments [Kiguel, Levy-Yeyati, 2009]: the number of items subject to non-automatic licensing increased from four in 1999 to approximately 600 by 2012, accounting for 17% of imports by value [Nogues, 2011].

From February 2012 to December 2015, a system of Advance Sworn Import Declarations (Declaraciones Juradas Anticipadas de Importación, DJAI) was in force and functioned as a discretionary mechanism for allocating access to imports. In January 2015, in disputes DS438, DS444, and DS445, the WTO found that the DJAI system violated Article XI of GATT 1994.¹¹ The economic outcomes of protectionism were contradictory: a 10 percentage point increase in the share of a firm's imports subject to non-automatic licensing was associated with a 6% reduction in exports and an approximately 2% reduction in employment [Gutierrez, Ianchovichina, 2014]. The growth of capital goods imports after restrictions were lifted under Macri confirmed that the previous regime had constrained the renewal of the productive base [Berrettoni, Polonsky, 2016].

Indonesia:

Resource Nationalism and Localization Requirements

After the Asian crisis of 1997–1998, Indonesia liberalized under IMF pressure, reducing the trade-weighted average tariff to 3–4%. Since the mid-2000s, however, the country has consistently expanded protectionist instruments. The 2021 regulations established the neraca komoditas system—a national production and trade balance used to approve or reject import applications.¹² Localization requirements are applied in telecommunications,

⁵ Free Trade Agreements (2024). MTI Singapore. <https://www.mti.gov.sg/Trade/Free-Trade-Agreements>.

⁶ Economic Development History (2023). EDB Singapore. <https://www.edb.gov.sg/en/about-edb/our-history.html>.

⁷ GDP per capita, current USD: Singapore. World Development Indicators (2024). World Bank. <https://data.worldbank.org/indicator/NY.GDP.PCAP.CD?locations=SG>.

⁸ Trade Policy Review: Vietnam (2003). Geneva, United Nations.

⁹ U.S.–Vietnam Bilateral Trade Agreement (2004). Washington, USTR.

¹⁰ Encuesta Permanente de Hogares (2002). Buenos Aires, Instituto Nacional de Estadística y Censos.

¹¹ Dispute Settlement Reports: DS438, DS444, DS445 (2015). WTO. https://www.wto.org/english/tratop_e/dispu_e/cases_e/ds438_e.htm.

¹² Постановления Индонезии № 28/2021 и № 29/2021 о системе neraca komoditas.

with a minimum threshold of 30%, and in electric vehicle production, where the threshold is 35% [Negara, 2016]. The Mining Law introduced a requirement to process raw materials domestically; the ban on nickel ore exports, reinstated in January 2020, attracted foreign direct investment in processing.¹³

At the same time, the results are mixed: more than 70% of heavy mining equipment is imported from China [Patunru, Rahardja, 2015], while key processing technologies are largely controlled by foreign partners. Restrictions on foreign direct investment in 2006–2016 generated an approximately 10% increase in employment, but mainly in small, low-productivity enterprises [Tijaja, Faisal, 2014]. Since access to foreign intermediate inputs is an important source of productivity [Amiti, Konings, 2007], localization requirements risk undermining the very goals for which they are adopted.

Conclusion

The comparative analysis of the models examined in this article leads to four principal conclusions.

First, the findings confirm hypothesis H1: the outcomes of liberalization are determined by the initial level of tariff protection. A radical reduction of barriers under high initial tariffs, as in Chile and Russia, generates large-scale transition costs; liberalization under already low tariffs, as in Switzerland, causes minimal disruption while delivering comparable long-term gains.

Second, hypothesis H2 is confirmed: the presence of an external institutional anchor substantially increases the sustainability of reforms. The Polish experience shows that the prospect of EU membership functioned as a commitment device, addressing the problem of dynamic inconsistency and ensuring the political legitimacy of the reforms.

Third, hypothesis H3 is confirmed: the type of political regime is not a determinant of trade openness. Singapore and Vietnam show that authoritarian systems are capable of implementing effective openness policies, provided they have functionally effective governance and mechanisms for managing the social consequences of reforms.

Fourth, hypothesis H4 is confirmed: a retreat from liberalization is generally a response to constraints on macroeconomic policy instruments during a crisis. In the short term, protectionist measures may support employment in specific sectors. In the long run, they lead to costs that outweigh the initial gains, constrain the renewal of the productive base, and weaken export potential.

Taken together, the cases considered in this article confirm the theoretical proposition that the conditions under which liberalization is carried out largely determine its outcomes. The effectiveness of trade reform is shaped primarily by the institutional context, the pace of implementation, the presence of compensatory mechanisms, and the state's capacity to manage transition costs.

References

- Amiti M., Konings J. (2007). Trade Liberalization, Intermediate Inputs, and Productivity: Evidence from Indonesia. *American Economic Review*, 97(5): 1611–1638. <https://doi.org/10.1257/aer.97.5.1611>.
- Aslund A. (1995). *How Russia Became a Market Economy*. Washington, DC, Brookings Institution Press.
- Balcerowicz L. (1995). *Socialism, Capitalism, Transformation*. Budapest, Central European University Press.
- Barro R.J. (1996). Determinants of Economic Growth: A Cross-Country Empirical Study. *NBER Working Paper*, 5698. <https://www.nber.org/papers/w5698>.
- Berrettoni D., Polonsky M. (2016). *Argentina: Trade Liberalization under Macri. Policy Brief*. Buenos Aires, Consejo Argentino para las Relaciones Internacionales.
- Blanchard O. (1997). *The Economics of Post-Communist Transition*. Oxford, UK, Oxford University Press.
- Corbo V., Fischer S. (1994). *Lessons from the Chilean Stabilization and Recovery*. Washington, DC, Brookings Institution.
- De la Cuadra S., Hachette D. (1991). Chile. In: Papageorgiou D., Michaely M., Choksi A. (eds.). *Liberalizing Foreign Trade*. Oxford, Basil Blackwell: 155–231.
- Dollar D. (1994). Macroeconomic Management and the Transition to the Market in Vietnam. *Journal of Comparative Economics*, 18(3): 357–375. <https://doi.org/10.1006/jcec.1994.1021>.
- Edwards S., Cox Edwards A. (1987). *Monetarism and Liberalization: The Chilean Experiment*. Cambridge, MA, Ballinger Publishing.
- Evans P. (1995). *Embedded Autonomy: States and Industrial Transformation*. Princeton, Princeton University Press.

¹³ Indonesia Nickel Export Ban: Economic and Trade Implications (2023). Washington, World Bank.

- Fforde A., De Vylder S. (1996). *From Plan to Market: The Economic Transition in Vietnam*. Boulder, CO, Westview Press.
- Ffrench-Davis R. (2002). *Economic Reforms in Chile: From Dictatorship to Democracy*. Ann Arbor, University of Michigan Press.
- Gaddy C., Ickes B. (1998). Russia's Virtual Economy. *Foreign Affairs*, 77(5), 53-67. <https://doi.org/10.2307/20049050>.
- Gaidar Y. (2007). *Collapse of an Empire: Lessons for Modern Russia*. Washington, DC, Brookings Institution Press.
- Galiani S., Somaini P. (2018). Path-Dependent Import-Substitution Policies: The Case of Argentina. *Latin American Economic Review*, 27(1). <https://doi.org/10.1007/s40503-017-0047-8>.
- Grossman G.M., Helpman E. (1991). *Innovation and Growth in the Global Economy*. Cambridge, MA, MIT Press.
- Grossman G.M., Helpman E. (1994). Protection for Sale. *American Economic Review*, 84(4): 833-850. <https://www.jstor.org/stable/2118033>.
- Gutierrez E., Ianchovichina E. (2014). Are Argentina's Provincial Budgets Sustainable? *World Bank Policy Research Working Paper*, 6926.
- World Economic Outlook* (1993). International Monetary Fund, Research Dept., 1993/001. <https://doi.org/10.5089/9781557752864.081>.
- Isakova A., Plekhanov A. (2011). Tradable Sectors and Exchange Rate Crises. *EBRD Working Paper*, 130.
- Kharas H., Pinto B., Ulatov S. (2001). An Analysis of Russia's 1998 Meltdown: Fundamentals and Market Signals. *Brookings Papers on Economic Activity*, 1: 1-68. <https://doi.org/10.1353/eca.2001.0005>.
- Kiguel M., Levy-Yeyati E. (2009). Back to the Future: Argentina's Relapse into Currency Board Vulnerabilities. *CEMA Working Paper*, 404.
- Kolodko G.W. (2000). *From Shock to Therapy: The Political Economy of Postsocialist Transformation*. Oxford, Oxford University Press.
- Krugman P.R. (1995). Growing World Trade: Causes and Consequences. *Brookings Papers on Economic Activity*, 1: 327-377. <https://doi.org/10.2307/2534577>.
- Lipsey R.G., Lancaster K. (1956). The General Theory of Second Best. *Review of Economic Studies*, 24(1): 11-32. <https://doi.org/10.2307/2296233>.
- Lucas R.E. (1988). On the Mechanics of Economic Development. *Journal of Monetary Economics*, 22(1): 3-42. [https://doi.org/10.1016/0304-3932\(88\)90168-7](https://doi.org/10.1016/0304-3932(88)90168-7).
- Menon J. (2009). Dealing with Multiple Currencies in Southeast Asia. *ADB Working Paper*, 170.
- Michalopoulos C., Tarr D. (1997). The Economics of Customs Unions in the Commonwealth of Independent States. *Post-Soviet Geography and Economics*, 38(3): 125-143. <https://doi.org/10.1080/10889388.1997.10641036>.
- Milner H.V. (1988). *Resisting Protectionism: Global Industries and the Politics of International Trade*. Princeton, Princeton University Press.
- Negara S. D. (2016). Indonesia's Ambitious but Challenging New Industrial Policy. *ISEAS Perspective*, 2016/48.
- Ners K. (1995). *Assistance to Transition*. Warsaw, Institute for East-West Studies.
- Nogues J.J. (2008). The Domestic Impact of Export Restrictions: The Case of Argentina. *IPC Position Paper, Agricultural and Rural Development Policy Series*. Rome, International Food & Agricultural Trade Policy Council.
- Ohlin B. (1933). *Interregional and International Trade*. Cambridge, MA, Harvard University Press.
- Patunru A., Rahardja S. (2015). *Trade Protectionism in Indonesia: Bad Times and Bad Policy*. Sydney, Lowy Institute for International Policy.
- Rodrik D. (1989). Promises, Promises: Credible Policy Reform via Signalling. *Economic Journal*, 99(397): 756-772. <https://doi.org/10.2307/2233769>.
- Roland G. (2000). *Transition and Economics: Politics, Markets, and Firms*. Cambridge, MIT Press.
- Romer P.M. (1990). Endogenous Technological Change. *Journal of Political Economy*, 98(5): S71-S102. <https://doi.org/10.1086/261725>.
- Sachs J., Woo W.T. (1994). Structural Factors in the Economic Reforms of China, Eastern Europe, and the Former Soviet Union. *Economic Policy*, 9(18): 101-145. <https://doi.org/10.2307/1344459>.

- Samuelson P.A. (1948). International Trade and the Equalisation of Factor Prices. *Economic Journal*, 58(230): 163-184. <https://doi.org/10.2307/2225933>.
- Stiglitz J.E. (1999). Whither Reform? Ten Years of the Transition. *Annual World Bank Conference on Development Economics*: 27-56. <https://documents.worldbank.org/en/publication/documents-reports/documentdetail/541801468741342195>.
- Tarr D. (1994). The Terms-of-Trade Effects of Moving to World Prices on Countries of the Former Soviet Union. *Journal of Comparative Economics*, 18(1): 1-24. <https://doi.org/10.1006/jceec.1994.1001>.
- Tijaja J., Faisal M. (2014). Industrial Policy in Indonesia: A Global Value Chain Perspective. *Asian Development Bank Economics Working Paper*, 411.

About the Author

Alexander G. Kornilov

Master's Student, Russian Foreign Trade Academy (Moscow, Russia).

Research interests: comparative political economy of trade policy, liberalization and protectionism in transition and developing economies, and institutional factors in trade reforms, government foreign economic policy, integration into the multilateral trading system.

sundy.kornilov@gmail.com

作者信息

Alexander G. Kornilov

全俄对外贸易学院硕士研究生（俄罗斯，莫斯科）。

研究领域：贸易政策的比较政治经济学、转型经济体和发展中经济体中的自由化与保护主义、影响贸易改革的制度因素、国家对外经济政策、融入多边贸易体系。

sundy.kornilov@gmail.com

The article was submitted on 21.05.2026; revised on 10.06.2026 and accepted for publication on 16.06.2026. The author read and approved the final version of the manuscript.

文章于 21.05.2026 提交给编辑。文章于 10.06.2026 已审稿。之后于 16.06.2026 接受发表。作者已经阅读并批准了手稿的最终版本。