Hidden Protectionism? Evidence from Non-Tariff Barriers to Trade in the United States

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Abstract:
Is stricter enforcement of product standards protectionism in disguise? This paper estimates the costs of non-compliance with U.S. product standards, using a new database on U.S. import refusals from 2002 to 2014. We find that import refusals decrease exports to the United States. This trade reducing effect is driven by developing countries and by refusals without any product sample analysis, in particular during the Subprime Crisis and its aftermath. We provide evidence that given product standards have been more strictly enforced during the crisis, which is consistent with the existence of counter-cyclical, hidden protectionism due to non-tariff barriers to trade in the United States.