

## CHAPTER I

### INTRODUCTION

#### 1.1 Research Background

Trade relations between China and Australia are among the most significant in the Asia-Pacific region. This is marked by a strong economic interdependence, particularly in commodities such as coal, natural gas, iron ore, and agricultural products. Australia is a country with substantial power and influence, especially in the southern Pacific region.<sup>1</sup> Several countries in the Pacific region rely heavily on Australia for their economies. Besides Australia, China also plays a crucial role in the Asia-Pacific region.

With its rapidly growing economy, China has become one of the world's largest economic powers. China has also established diplomatic relations with countries in the Asia-Pacific region. This is part of China's efforts to enhance and strengthen trade relations, improve infrastructure, and develop natural resources. As a result, trade relations between China and Australia, as two major powers in the Asia-Pacific region, remain strong due to their mutual interdependence.<sup>2</sup>

Although they have strong economic ties, political tensions between the two countries also exist, which can impact the economy, particularly trade.<sup>3</sup> Import restrictions on several Australian products by China, as a response to political tensions,

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<sup>1</sup> Richard J. Culas, 'China-Australia Free Trade Agreement: Implications for Australian Agriproducts Trade and Farm Economies', in *The Australasian Agricultural and Resource Economies* (presented at the 63rd AARES Annual Conference, Agecon Search, 2019), pp. 1–37.

<sup>2</sup> Siti Nadjiha, 'Persaingan China-Australia Dalam Perebutan Pengaruh Di Kawasan Pasifik', *Jurnal Asia Pacific Studies*, 4.1 (2020), pp. 33–45.

<sup>3</sup> Ade Maman Suherman, 'Dispute Settlement Body-WTO Dalam Penyelesaian Sengketa Perdagangan Internasional', *Jurnal Hukum Dan Pembangunan*, no. 1 (2012), pp. 1–28.

can also impact various industries in Australia.<sup>4</sup> This occurred during China's anti-dumping dispute over Australian barley imports. One example of a dumping practice can be seen in China's imposition of anti-dumping duties on Australian barley imports. In 2020, Australia and China were involved in a trade dispute related to anti-dumping measures on barley (a type of grain) exported from Australia to China.<sup>5</sup> Barley is a type of cereal crop that is commonly processed into food, animal feed, and used as a raw material for beer and whiskey.<sup>6</sup>

The dispute began when the Chinese government accused Australia of selling its barley exports below market prices, a practice known as dumping, and claimed that this had harmed local farmers and the barley industry in China. In May 2020, China imposed an 80.5% import duty on Australian barley, consisting of a 73.6% anti-dumping duty and a 6.9% countervailing duty. This decision was made following an investigation by China's Ministry of Commerce into Australia's barley industry.<sup>7</sup> This measure taken by China had a significant impact on Australia's barley exports, the majority of which were directed to the Chinese market.<sup>8</sup> Australian barley farmers and the country's agricultural industry experienced severe economic impacts due to a significant decline in orders and barley prices.<sup>9</sup>

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<sup>4</sup> Deutsche Welle, 'Hubungan China-Australia Memanas Akibat Tarif Ekspor Jelai', *Detik News*, 2020 <<https://news.detik.com/dw/d-5297343/hubungan-china-australia-memanas-akibat-tarif-ekspor-jelai>>.

<sup>5</sup> Jingyi Liu, 'China-Australia Trade Relations and China's Barley Imports', *Agriculture*, 13.1469 (2023), pp. 1–13.

<sup>6</sup> M. Khoirun Ferdiansyah, 'Pengaruh Konsumsi Serat Pangan Barley Pada Metabolisme Lipid', *Jurnal Ilmu Pangan Dan Hasil Pertanian*, 2.1 (2018), pp. 72–82.

<sup>7</sup> Liu, 'China-Australia Trade Relations and China's Barley Imports'.

<sup>8</sup> Ross Kingwell, 'The Changing Trade Landscape in Asian Grain Markets: An Australian Perspective', *Cereal Foods World*, 65.5 (2020).

<sup>9</sup> Jingyi Liu, 'Impact of Extreme Weather Disasters on China's Barley Industry Under the Background of Trade Friction-Based on the Partial Equilibrium Model', *Foods*, 11.1570 (2022), pp. 1–15.

The dumping originated from a price gap between imported products and domestic products. The price of dumped imported products was 11 yuan/kg in 2014, 2.12 yuan/kg in 2015, 1.67 yuan/kg in 2016, 1.55 yuan/kg in 2017, and 1.83 yuan/kg in 2018. In contrast, the price of similar products in the domestic industry was 2.14 yuan/kg in 2014, 2.01 yuan/kg in 2015, 1.96 yuan/kg in 2016, 1.90 yuan/kg in 2017, and 1.97 yuan/kg in 2018. During the investigation process, the data showed fluctuations in prices; however, the price disparity between dumped imported products and similar domestic products remained evident.<sup>10</sup>

China's implementation of anti-dumping measures is considered a form of protectionism for its domestic commodities.<sup>11</sup> Protectionism is one of the phenomena in international trade that has become a prominent issue in the era of globalization. Protectionism is an economic policy in which a country imposes import restrictions to protect domestic industries from foreign trade competition.<sup>12</sup> Protectionism can take various forms of policies, including high import tariffs, import quotas, and other regulatory measures.

The phenomenon of protectionism usually arises due to global economic pressures, such as trade imbalances, the protection of vulnerable economic sectors, and those considered non-strategic.<sup>13</sup> Protectionism often triggers retaliatory measures from other countries in response to the policies implemented, even though its primary goal is

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<sup>10</sup> 中华人民共和国商务部公告2020年第14号 (Ministry of Commerce of the People's Republic of China, 2020) <<http://m.mofcom.gov.cn/article/zcfb/zcwg/202006/20200602972127.shtml>>.

<sup>11</sup> Rizmawati Darmawan, 'Penerapan Kebijakan Anti-Dumping WTO Sebagai Bentuk Tindakan Proteksi', *Jurnal Riset Hukum*, 1.1 (2021), pp. 32–38.

<sup>12</sup> Yulianto Syahyu, *Sistem Hukum Anti Dumping Di Indonesia*, 1st edn (CV.Literasi Nusantara Abadi, 2022).

<sup>13</sup> Khairani Alawiyah Matondang, 'Pengaruh Kebijakan Proteksionisme Terhadap Hubungan Dagang Antar Negara', *Innovative: Journal of Social Science Research*, 4.3 (2024), pp. 4742–55.

to protect the domestic economy. Such retaliations can lead to trade wars, disrupting the smooth flow of international trade.<sup>14</sup>

Protectionism is a common practice since every country faces significant economic pressures. As an economic safeguard, countries strive to restore economic stability by prioritizing domestic production. However, in the long run, exports will inevitably be needed, and eventually, the country will reopen itself to international trade. Protectionism can also be understood as a form of government support to enhance and improve the economic system by optimizing domestic production.<sup>15</sup> With government support, domestic products have the opportunity to compete with foreign products. As a result, improvements in the quantity and quality of products will contribute to the growth of the economic sector.<sup>16</sup>

Trade relations between China and Australia grew significantly when China became Australia's primary trading partner. However, in addition to Australia's dumping of barley exports to China, other factors also prompted China to impose anti-dumping measures. One of these factors was Australia's demand for an investigation into the origins of COVID-19 in Wuhan. As a response to this investigation, China imposed extensive anti-dumping duties on Australian barley imports, which was one of Australia's key export commodities to China.<sup>17</sup> Therefore, the imposition of anti-dumping duties on Australian barley imports is a form of protectionism by China, aimed at protecting

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<sup>14</sup> Meity Estetika, 'Analisis Dinamika Perdagangan Internasional Dan Pengaruhnya Terhadap Kebijakan Perdagangan Proteksionisme Amerika Serikat', *Sriwijaya Journal of International Relations*, 2.2 (2022), pp. 42–69.

<sup>15</sup> Ernawati Batubara, 'Kebijakan Proteksionisme Amerika Serikat Terhadap Republik Rakyat Cina', *JOM FISIP*, 6.2 (2019), pp. 1–13.

<sup>16</sup> Yandi Suprpto, 'Penerapan Kebijakan Anti-Dumping Terhadap Ekspor-Impor Kertas A4 Di Indonesia Oleh Australia', *Seiko: Journal of Management & Business*, 6.1 (2023), pp. 627–33.

<sup>17</sup> Ron Wickes, 'Economic Coercion by China: The Impact on Australia's Merchandise Exports' (Institute for International Trade, 2021).

domestic products and serving as a response to Australia's diplomatic actions regarding the investigation into the origins of COVID-19.<sup>18</sup>

This study aims to analyze the dispute over China's imposition of anti-dumping measures on Australian barley from the perspective of protectionism. Protectionism was implemented due to the discovery of dumping practices in Australian barley. The purpose of this protectionist policy is to safeguard China's domestic commodities, particularly local barley, from the impact of dumping. International trade is most effective when it is mutually beneficial for both countries involved. However, if fraudulent practices harm one party, international trade becomes ineffective, as is also the case in Islam.<sup>19</sup> In Arabic, the practice of dumping is called *siyasah al-ighraq*.<sup>20</sup> In Surah An-Nisa, verse 29, Ibn Kathir explains that a sale and purchase transaction is not valid unless it is conducted with an *ijab* and *kabul*, as without these, the transaction lacks mutual consent. Therefore, the author aims to discuss the implementation of anti-dumping policies on Australian barley imports by China as a form of protectionism to prevent unfair trade practices.

## 1.2 Research Question

Why did China implement protectionism by imposing anti-dumping measures in the case of dumping Australian barley imports in its country?

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<sup>18</sup> Verensia Vista Monzalsha, 'Australia-China Trade Tensions During the Covid-19 Pandemic: Australia's Reaction to China Trade Sanctions', *International Journal of Multicultural and Multireligious Understanding*, 10.2 (2023), pp. 154–69.

<sup>19</sup> Nita Anggraeni, 'Dumping Dalam Perspektif Hukum Dagang Internasional Dan Hukum Islam', *Mazahib*, 14.2 (2015), pp. 159–69.

<sup>20</sup> Thoha Yasin Utsman, 'Praktik Dumping (Siyasah Al-Ighraq); Pandangan Imam Suyuthi Perspektif Ekonomi Islam', *Moderasi*, 2.1 (2022), pp. 99–122.

### **1.3 Research Purpose**

This study aims to analyze the reasons why China implemented protectionism in the dispute over the imposition of anti-dumping measures on Australian barley imports in China.

### **1.4 Research Benefit**

#### **1.4.1 Academic Benefit**

The benefits of this research for academics include:

- a. Contributing to knowledge and sharing information regarding the dispute over the imposition of anti-dumping measures on Australian barley imports in China from the perspective of protectionism.
- b. Providing additional knowledge for scholars of international relations, especially those interested in international trade theory and free trade.

#### **1.4.2 Practical Benefit**

It is hoped that the findings of this research will be useful and beneficial for all parties involved in the issue being studied, as well as the subject discussed, such as government policy recommendations.

### **1.5 Literature Review**

#### **1.5.1 Previous Research**

The first discussion focuses on beer consumption and barley imports in China, where barley serves as a raw material for beer production. In the journal by Qingbin Wang, Catherine Chan Halbrendt, and Helen H. Jensen, titled **"China's Beer Consumption and Barley Imports"** it is explained that since 1978, beer production in China has continuously increased from 0.4 million metric tons to 14.2 million tons in 1994. Consequently, the number of domestic breweries also grew, reaching

approximately 1,100 at that time. China became the second-largest beer producer after the United States. With this market stability, domestic demand for barley beer also increased, considering that barley is a key ingredient in beer production. Due to this demand, barley production also rose. In the 1980s, China's annual barley production fluctuated around 4.0 million tons; however, most of the domestic production did not meet the quality standards required for beer production.<sup>21</sup> Previous studies focused more on beer production and explanations regarding the increase in China's barley imports. In contrast, this research focuses on China's imposition of anti-dumping measures on barley imports from Australia.

The second discussion focuses on the relationship between China and Australia, particularly in barley imports. In the journal **"China-Australia Trade Relations and China's Barley Imports"** by Jingyi Liu, Xiande Li, and Junmao Sun, it is explained that China and Australia are two major actors in international trade, especially in the Asia-Pacific region. There is a significant interdependence in exports and imports between the two countries. The high reliance on barley imports by China makes its barley import trade sensitive to tariff policy adjustments. In 2020, China implemented anti-dumping and anti-subsidy policies on barley imports from Australia, which was its largest source of barley imports. In 2017, the domestic market price of barley reached 1.2 times the price of imported barley, causing a significant negative impact on Chinese barley farmers. The lower price of imported barley from Australia resulted in long-term losses for China's domestic barley industry. As a response, in 2018, China's Ministry of Commerce decided to launch an investigation into Australian barley imports. The investigation found that between 2014 and 2018, Australian barley imports caused material damage to China's

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<sup>21</sup> Qingbin Wang, 'China's Beer Consumption and Barley Imports', *Agribusiness*, 13.1 (1997), pp. 73–84.

domestic barley industry and that dumping and subsidies on Australian barley imports were the main causes of this damage. Therefore, in 2020, China's Ministry of Commerce decided to impose an anti-dumping duty of 73.60% and a countervailing duty of 6.9%, bringing the total tariff to 80.50%. Each year, China's barley production continues to decline, making it unable to meet domestic barley consumption demand, as China heavily relies on imports for its barley supply.<sup>22</sup> Previous studies have some similarities in analyzing China's imposition of anti-dumping measures on Australian barley imports. However, there are also differences, as this paper examines the case from the perspective of protectionism.

The third discussion focuses on WTO policies related to anti-dumping, which is legalized as a form of protection. In the journal by Rizmawati Darmawan and Irawati, titled **"Implementation of WTO Anti-Dumping Policies as a Form of Protection,"** it is explained that protectionism is implemented to safeguard a country's domestic products under the assumption that these products need to be protected and developed to prevent being displaced by foreign products that easily enter through exports and imports, potentially competing in the global market. In international trade agreements, if a country sells a product abroad at a lower price than in its domestic market, this practice is considered dumping. To protect and minimize losses from dumped products, a country may impose anti-dumping duties. Anti-dumping measures can be applied if there is material damage to domestic industries or if there is a threat of significant harm to domestic products. Indirectly, the primary goal of anti-dumping policies is to alleviate the economic burden caused by dumping. Therefore, the WTO legitimizes the implementation of such measures to allow affected countries to recover from economic

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<sup>22</sup> Liu, 'China-Australia Trade Relations and China's Barley Imports'.

losses caused by unfair trade competition.<sup>23</sup> Previous research has primarily focused on WTO policies related to dumping practices and the implementation of anti-dumping measures as a form of protectionism by a country. In contrast, this study focuses on anti-dumping measures from the perspective of protectionism, with a case study on China's imposition of anti-dumping duties on Australian barley imports.

The fourth discussion explains various perspectives on protectionism as a phenomenon of political economy. In the journal by Rafael Reuveny and William R. Thompson titled **"Explaining Protectionism: 17 Perspectives and One Common Denominator,"** several perspectives on protectionism are presented. One of these perspectives is foreign policy manipulation. Since the era of mercantilism, the idea that trade policy reflects foreign policy has existed. Trade policy and foreign policy are interconnected due to mutual dependence. The greater the benefits gained from trade, the more significant the impact when trade is disrupted, which in turn affects the relationship between the two trading partners.<sup>24</sup> Previous research focused more on the 17 perspectives of protectionism, one of which is foreign policy manipulation, which suggests the possibility of political motives behind international trade disputes. In contrast, this study focuses more on the perspective of protectionism regarding the imposition of anti-dumping duties on Australian barley imports by China.

The fifth discussion addresses anti-dumping policies implemented as a protection measure for domestic products. In the journal by Muhammad Sood, Mahmuluddin, and Zulkarnaen, titled **"Regulation of Anti-Dumping in International Trade to Protect**

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<sup>23</sup> Darmawan, 'Penerapan Kebijakan Anti-Dumping WTO Sebagai Bentuk Tindakan Proteksi'.

<sup>24</sup> Rafael Reuveny, 'Explaining Protectionism: 17 Perspectives and One Common Denominator', *Global Society*, 15.3 (2001), pp. 229–49, doi:<http://www.tandfonline.com/action/showCitFormats?doi=10.1080/13600820120066249>.

**Domestic Products,"** it is explained that there are international laws regulating anti-dumping, namely the Agreement on Implementation of Article VI of GATT and the Agreement on Subsidies and Countervailing Duties. Anti-dumping laws are essential to protect domestic industries from practices that could harm industries producing similar goods. Several dumping criteria are regulated under Article VI of GATT 1994, including products sold by one country to another at a lower price than their normal value, price discrimination that causes material harm to domestic industries, and a causal link between the importer selling goods at lower prices and the resulting losses suffered by the importing country. In Indonesia, there is the Indonesian Anti-Dumping Committee (KADI), which has been working to address dumping through law enforcement. These efforts include preventive measures (preventing dumping practices) and repressive measures (imposing sanctions). Various government policies, such as anti-dumping regulations on certain commodities that harm domestic industries, serve as a form of commodity protectionism to safeguard local industries from unfair competition.<sup>25</sup> However, previous studies have focused more on the criteria for determining dumping and the various efforts and policies implemented by the government, particularly the Indonesian government, which has established the Indonesian Anti-Dumping Committee (KADI). In contrast, this study focuses on the perspective of protectionism itself regarding anti-dumping, specifically in the case of China's imposition of anti-dumping measures on Australian barley.

The final discussion in the journal by Shinta Nurhidayati Salam, titled "**Legal Review of Dumping Practices by China in Various Countries, Including Their**

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<sup>25</sup> Muhammad Sood, 'Pengaturan Anti-Dumping Dalam Perdagangan Internasional Dalam Rangka Melindungi Produk Industri Dalam Negeri', *Jurnal Kompilasi Hukum*, 9.1 (2024), pp. 1–15.

**Domestic and International Implications,"** explains that globalization has led to increasing interdependence among countries. However, this interdependence has also given rise to trade competition between nations. Dumping practices are usually carried out by developed countries, one of which is China. Dumping is one of the international trade disputes that arise due to unfair competition by an industry aiming to expand its market by selling its products abroad at a relatively lower price than the domestic price in the target country.<sup>26</sup> Previous studies have focused more on the legal review outlined in GATT regarding anti-dumping policies and the implications that arise both domestically and internationally. In contrast, this study aims to explore anti-dumping from the perspective of protectionism, with a case study on China's imposition of anti-dumping measures on Australian barley imports.

This study offers novelty in discussing the imposition of anti-dumping measures on Australian barley imports by China. The author will link the discussion to the perspective of international relations, particularly from a protectionist standpoint, as anti-dumping measures are implemented in response to dumping, which constitutes unfair trade and causes harm to one of the parties involved. This protectionism is reflected in the imposition of an anti-dumping duty of 73.60% and a countervailing duty of 6.9%, resulting in a total anti-dumping tariff of 80.50%. These measures were taken because the dumping of Australian barley imports caused material damage to the local barley industry and reduced domestic farmers' enthusiasm for growing barley.

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<sup>26</sup> Shinta Nurhidayati Salam, 'Tinjauan Hukum Mengenai Praktek Dumping Oleh Cina Ke Berbagai Negara Termasuk Implikasinya Yang Ditimbulkan Baik Dari Dalam Maupun Luar Negeri', *Jurnal Kewarganegaraan*, 6.3 (2022), pp. 4876–86.

## 1.6 Conceptual Framework

### 1.6.1 Unfair Trade

International trade occurs due to the awareness of the importance of cross-border cooperation, resulting in strong interdependence between countries. A characteristic of international trade is the existence of trade relations bound by a system that aims to achieve common goals.<sup>27</sup> The general objective of trade is to maximize profit. With globalization, it is expected to provide benefits to meet national needs and foster mutually beneficial economic cooperation.<sup>28</sup>

Although international trade offers many benefits, it also has negative impacts on a country. Competition among producers from different countries is necessary, but intense competition can sometimes lead to unfair trade practices.<sup>29</sup> Unfair competition often leads to disputes between countries engaged in trade agreements. This can strain diplomatic relations between nations. Such unfair trade practices are commonly referred to as unfair trade.

Unfair trade in international trade refers to unjust or fraudulent practices carried out by businesses or countries to gain profit at the expense of others. These practices create unfair competition and can disrupt the balance of the global market. Forms of unfair trade include illegal export subsidies, price discrimination, and intellectual property rights violations.

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<sup>27</sup> Wahono Diphayana, *Perdagangan Internasional* (Deeppublish, 2018).

<sup>28</sup> Venita Sri Hadirianti, *Langkah Awal Memahami Hukum Perdagangan Internasional Dalam Era Globalisasi*, 2nd edn (Grafindo, 2019).

<sup>29</sup> Eunike Trisnawati, 'Implikasi Pencegahan Dumping Sebagai Unfair Trade Practices Terhadap Negara Berkembang', *Journal of International Law*, 1.3 (2020), pp. 254–76.

Illegal export subsidies occur when a government provides financial assistance to local producers to export their products at lower prices, creating market distortions. Price discrimination involves setting different prices for different customers or markets without a legitimate basis, aiming to eliminate competitors. Intellectual property rights violations include the production and distribution of counterfeit or pirated goods that infringe on patents, trademarks, or copyrights of other parties.

Dumping is a form of price discrimination, where a company or a country exports its products or goods to another country at a lower price than the normal price in its domestic market.<sup>30</sup> The main objective is to dominate the target market by offering lower prices, which ultimately harms local producers in that country. Producers from different countries must compete to expand their market share, but increasing competition often leads to unfair practices and trade disputes between nations. As a result, producers in certain countries may irrationally lower their prices.<sup>31</sup>

It is stated in Article VI of the General Agreement on Tariffs and Trade (GATT) that dumping is considered a form of unfair trade because it can cause material harm to the importing country's domestic industry. To protect domestic industries from the negative effects of dumping, many countries implement anti-dumping policies. These policies allow importing countries to impose additional tariffs on products suspected of being sold at dumping prices. The goal is to restore fair competition and prevent further losses for local producers.

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<sup>30</sup> Kerr W.A, 'Dumping One of Those Economic Myths', *The Estey Centre Journal of International Law and Trade Policy*, 2010, pp. 211–20.

<sup>31</sup> Trisnawati, 'Implikasi Pencegahan Dumping Sebagai Unfair Trade Practices Terhadap Negara Berkembang'.

To address unfair trade practices, the World Trade Organization (WTO) has established various agreements and dispute settlement mechanisms designed to ensure that international trade operates fairly and transparently. One of these is the anti-dumping agreement, which provides guidelines for member countries in implementing anti-dumping measures following the agreed provisions.<sup>32</sup>

Australia has been proven to have engaged in dumping on the barley it exported to China, as there was a significant price decline in imported Australian barley in the Chinese market. In other words, Australia has engaged in unfair trade practices that are not permitted in commerce. This dumping by Australia has had negative impacts on China. In response, China has imposed anti-dumping measures on barley imports from Australia.

#### **1.6.2 Protectionism**

Protectionism is an economic perspective that supports government intervention to protect domestic products from foreign trade competition.<sup>33</sup> The purpose of protectionism is to safeguard domestic industries from unfair international trade competition, such as dumping and other practices. Additionally, it aims to develop domestic industries, maintain employment, and reduce dependence on imported products.<sup>34</sup>

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<sup>32</sup> Ukas, 'Unfair Trade Practices Dan Anti-Dumping Code', *Jurnal Cahaya Keadilan*, pp. 64–74.

<sup>33</sup> Drs. Riza Noer Arfani, MA, *Praktek New-Protectionism Dalam Perdagangan Dunia: Pemanfaatan Isu Lingkungan Dalam Perdagangan Kayu Indonesia-Amerika Serikat*.

<sup>34</sup> Yuli Heriyanti, 'Dampak Globalisasi Ekonomi Pada Produk Kertas Indonesia Yang Dikaitkan Dengan Tuduhan Dumping Oleh Negara Korea Selatan', *Jurnal Pahlawan*, 1.2 (2018), pp. 22–28.

Protectionism can take the form of various policies, such as regulations, import tariffs, and quotas.<sup>35</sup> Supporters of protectionism argue that without it, domestic industries would be vulnerable and unable to compete with foreign companies, which are usually more established and highly capitalized, potentially harming the national economy. Additionally, protectionism is seen as a way to maintain economic stability and sovereignty by ensuring that a country does not become overly dependent on imports.<sup>36</sup>

Based on the nature of its policies, Philip I. Levy, in *"Imaginative Obstruction: Modern Protectionism in the Global Economy,"* categorizes protectionism into three types: Intentional Protectionism, Incidental Protectionism, and Instrumental Protectionism. Intentional Protectionism is the most effective and transparent form of protectionism, explicitly supporting domestic businesses over imports. Incidental Protectionism is nearly as effective as Intentional Protectionism but has indirect effects. Meanwhile, Instrumental Protectionism is a type of protectionism used as a tool to support foreign policy. For example, if a country opposes the policies or actions of another country, an alternative to military force is the implementation of trade sanctions.<sup>37</sup>

There are several proponents of protectionism, including Alexander Hamilton and Friedrich List. According to List, liberalism and free trade create power imbalances between countries. For free trade to function properly, there must be an equal distribution of power between both countries or at least one country with greater power must be willing to accept various consequences, including both the benefits and burdens

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<sup>35</sup> Anggara Aji Nugroho, 'Perkembangan, Penerapan, Dan Tantangan Huku Anti-Dumping Di Indonesia Ditinjau Dalam Kerangka Hukum WTO', *Dharmasisya*, 2.3 (2022), pp. 1075–90.

<sup>36</sup> Ni Putu Ayu Andika Sari, 'Proteksionisme Uni Eropa Terhadap Impor Panel Surya Tiongkok Tahun 2013', pp. 1–12.

<sup>37</sup> Philip I Levy, 'Imaginative Obstruction: Modern Protectionism in the Global Economy', *Georgetown Journal of International Affairs*, 2009.

associated with free trade.<sup>38</sup> In the resurgence of economic nationalism, protectionist policies such as tariffs and import subsidies are essential if a newly emerging industry wants to compete with established industries.<sup>39</sup>

According to Friedrich List in his book "*National System of Political Economy*," protectionism is an economic policy that restricts international trade by imposing import tariffs, providing subsidies, and setting quotas on imported products. The list also mentioned the possibility of using national legal instruments to reduce import levels in a country. In his book, List supports policies that impose high tariffs on imported goods and state intervention to accelerate industrialization.<sup>40</sup> According to List, there are three main ideas of protectionism: *infant industry* and *national interest*. However, among these, the imposition of anti-dumping measures on Australian barley imports to China primarily encompasses the aspects of *infant industry* and *national interest*. Protectionism can be seen as an action to achieve national interests. In the case of anti-dumping measures on Australian barley imports to China, protectionism is implemented through anti-dumping policies aimed at protecting domestic producers by increasing the price of imported products through additional tariffs. In this case, the measure was taken to reduce the losses of local farmers caused by excessively low and non-competitive barley prices in the international market.

In the dispute over China's imposition of anti-dumping duties on Australian barley imports, the protectionist perspective can be seen in China's strategic efforts to protect and strengthen its domestic industry from what is perceived as unfair foreign

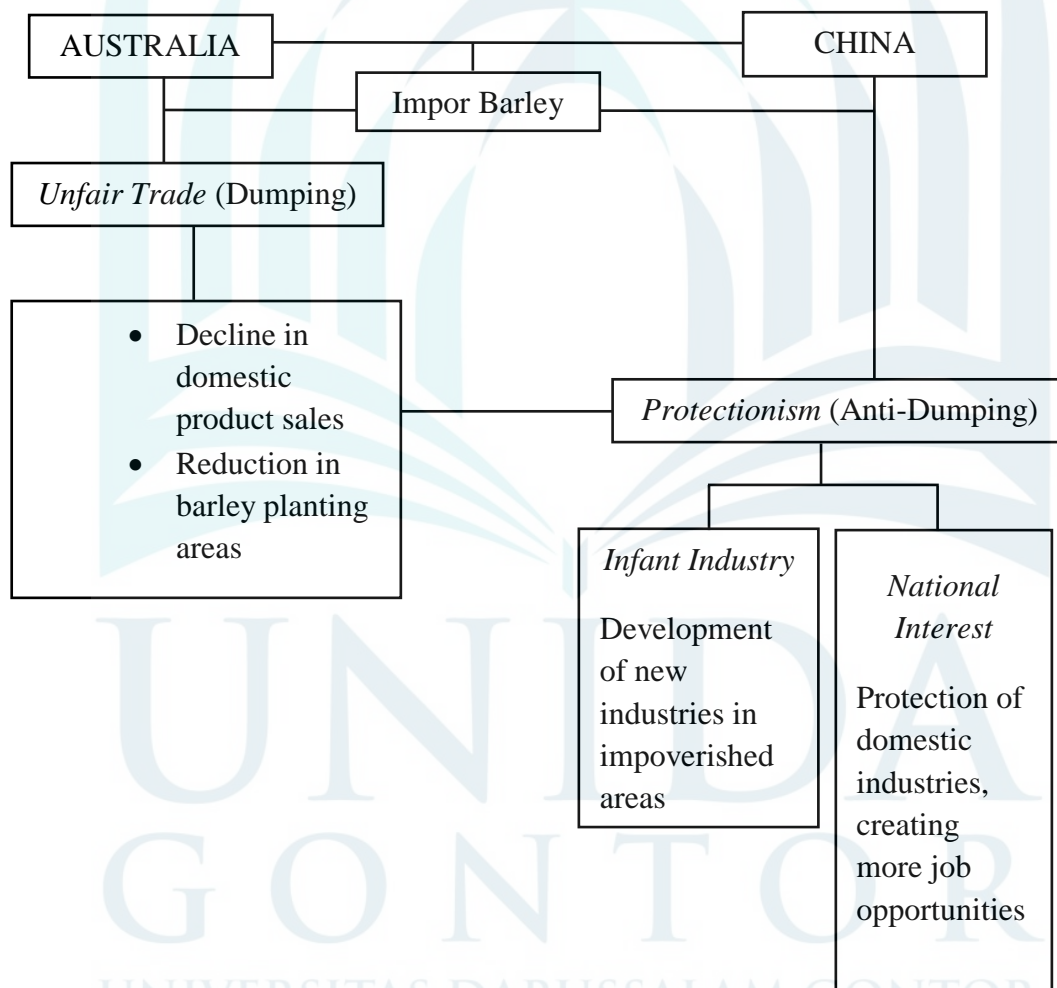
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<sup>38</sup> Mehdi Shafaeddin, 'What Did Frederick List Actually Say? Some Clarifications on the Infant Industry Argument', *UNCTAD Discussion Papers*, no. 149, p. 2000.

<sup>39</sup> Umar Suryadi Bakry, *Ekonomi Politik Internasional*, 2nd edn (Pustaka Pelajar, 2019).

<sup>40</sup> Friedrich List, *National System of Political Economy* (J. B. Lippincott & co., 1856).

competition.<sup>41</sup> China's anti-dumping measures are seen as a form of industrial protectionism against foreign competition. In addition to protectionism, government intervention is also considered crucial for national economic stability.<sup>42</sup> By imposing anti-dumping duties on imported barley from Australia, China seeks to reduce its dependence on imports and promote domestic product consumption. Additionally, this action reflects China's desire to maintain a strong trade surplus and enhance the capacity of its domestic industry.<sup>43</sup>



<sup>41</sup> Pak K. Lee, 'Local Economic Protectionism in China's Economic Reform', *Development Policy Review*, 16 (1998), pp. 281–303.

<sup>42</sup> Bjorn Hettne, 'Neo-Mercantilism The Pursuit of Regionness'.

<sup>43</sup> Paul Belesky, 'Chinese State Capitalism and Neomercantilism in the Contemporary Food Regime: Contradictions, Continuity, and Change', *The Journal of Peasant Studies*, 2018, pp. 1–24.

## 1.7 Hypothesis

China implemented anti-dumping as a protectionist measure because dumping by Australia had a negative impact on China due to dumping being an unfair trade action by Australia. According to Friedrich List, there are three key ideas of protectionism: *infant industry*, *forced capital investment*, and *national interest*. This case primarily encompasses two of these concepts: *infant industry* and *national interest*.

China seeks to protect its *infant industry*, as various scientific research institutions in the country are working to develop its domestic industry, particularly by promoting industrial growth in impoverished areas. Additionally, China implements *protectionism* to achieve its *national interest*, which includes maintaining domestic market stability, ensuring the well-being of farmers, and creating more job opportunities, especially in the barley industry.

## 1.8 Research Method

### 1.8.1 Research Design

The method used for this research is qualitative research with a case study approach. According to Saul McLeod, the case study method is an in-depth investigation of an individual, group, event, or society.<sup>44</sup> Data is typically collected from various sources using multiple methods. This research adopts a deductive reasoning model. In qualitative research, deductive reasoning refers to an approach that begins with an existing theory or hypothesis, followed by data collection and analysis to test the validity

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<sup>44</sup> Umar Suryadi Bakry, *Metode Penelitian Hubungan Internasional*, 3rd edn (Pustaka Pelajar, 2019).

of that theory or hypothesis. In a deductive approach, the researcher aims to either refute or confirm the theory or hypothesis using the obtained data.<sup>45</sup>

This research uses a deductive approach because it begins with pre-existing theories or concepts of protectionism. Here, the author examines why China implements protectionism by imposing anti-dumping measures on Australian barley imports. Data is then collected to test whether the hypothesis is valid or not. The research can also be conducted over a long period, allowing for the study of processes and developments as they occur.<sup>46</sup> This research will analyze the protectionist perspective on the imposition of anti-dumping measures, using the case study of China's anti-dumping duties on Australian barley imports.

### **1.8.2 Research Object**

The research object will focus on the reasons why China implements anti-dumping measures as protectionism on Australian barley imports in China.

### **1.8.3 Data Collection Techniques**

In this study, the researcher employs data collection methods through literature review and secondary data to obtain the necessary information. The literature review technique includes gathering data from various sources such as scientific journals, books, websites, e-books, newspapers, and other official documents. Additionally, the researcher collects data from various official documents and reports related to the imposition of anti-dumping measures on Australian barley imports by China, as well as protectionism policies. Once the data is collected, a filtering and selection process is conducted before

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<sup>45</sup> Sugiyono, *Metode Penelitian Kuantitatif Kualitatif Dan R&D*, 2nd edn (Alfabeta cv, 2020).

<sup>46</sup> Bakry, *Metode Penelitian Hubungan Internasional*.

categorizing it in the discussion phase. This study will then provide a comprehensive overview of how protectionist perspectives relate to the imposition of anti-dumping measures on Australian barley imports by China.

#### **1.8.4 Data Analysis Techniques**

The data analysis technique used in this study follows the Miles and Huberman model, which consists of three stages: data reduction, data display, and data conclusion drawing/verification.<sup>47</sup> In the first stage, the researcher will collect data from various sources such as books, scientific journals, reports, websites, e-books, reports, and news articles. After gathering data relevant to the study, the researcher will select or reduce the data, focusing on the research problem. Finally, the selected or reduced data will be presented in the form of paragraphs or descriptions, which will then be summarized to address the research problem statement. The results of this analysis will then be used to draw conclusions based on the questions formulated in the problem statement, which will be concisely presented in Chapter 4 as part of the conclusion.

#### **1.9 Writing Systematics**

The writing of this research is divided into four structured parts, this is done so that the research problems can be discussed carefully and in detail.

### **CHAPTER I: INTRODUCTION**

As an opening chapter, chapter one contains the background of the research, problem formulation, research objectives, research benefits, hypotheses, research methods, concepts, and theories used. Chapter one briefly explains the history of trade relations between China and Australia and a brief chronology of China's dumping dispute

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<sup>47</sup> *Metode Penelitian Kuantitatif Kualitatif Dan R&D.*

against Australian barley imports. Chapter one also briefly explains the protectionist perspective used to analyze the anti-dumping dispute.

## **CHAPTER II: AUSTRALIA'S DUMPING OF BARLEY EXPORTS TO CHINA AS UNFAIR TRADE**

In chapter two, the author will discuss in more depth the trade relationship between China and Australia and also explain the dumping actions carried out by Australia. The Chinese government began to suspect in 2017 when the price of local Chinese barley reached 1.5 times the price of imported barley. Therefore, the Chinese Ministry of Commerce conducted an investigation and then found dumping practices that were unfair trade by Australian barley imports since 2014, which harmed China's domestic industry. In 2020, China finally imposed an anti-dumping duty policy on Australian barley imports.

## **CHAPTER III: CHINA'S ANTI-DUMPING IMPLEMENTATION OF AUSTRALIAN BARLEY IMPORTS REVIEWED FROM A PROTECTIONISM PERSPECTIVE**

In this section, the author will present the findings of the study. The author will discuss the imposition of anti-dumping duties on Australian barley imports by China which is reviewed from a protectionist perspective, where the imposition of anti-dumping duties by China is a form of protectionism of its domestic producers from foreign competition using three Friedrich List protectionist ideas, namely infant industry, forced capital investment, and national interest. However, this study refers more to the ideas of infant industry and national interest. In addition, in this chapter, the author also explains the practice of dumping from an Islamic perspective.

#### **CHAPTER IV: CLOSING**

Chapter Four presents the conclusions of the findings from the author's research on the imposition of anti-dumping duties on Australian barley imports by China from a protectionism perspective. It also provides recommendations for future research.

