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NEO-PROTECTIONIST ECONOMIC DOCTRINES: THEORY AND PRACTICE

The aim of this study was to analyse how modern neo-protectionist economic doctrines, including neo-mercantilism, neo-infant industry protection, and economic nationalism, have been implemented in developing and advanced economies, with a specific focus on Georgia. The study evaluates the impact of these doctrines on economic performance, national security, and industrial policy, considering instruments such as tariffs, subsidies, digital service taxes, and non-tariff barriers. Through a quantitative-comparative method, empirical data from 2018 to 2025 were analysed, demonstrating how these protectionist strategies were adopted by both developed economies, such as the United States and the European Union, and developing countries, including Georgia, India, and Turkey. The research reveals that while advanced economies primarily use high tariffs and subsidies to support strategic industries, developing economies adapt these tools to local contexts to foster industrial growth, reduce dependence on foreign imports, and stimulate innovation. In Georgia, government support for agriculture and the promotion of information and communication technologies (ICT) have led to substantial economic growth, with the ICT sector contributing significantly to GDP and employment. Comparable cases from India, including a 60% telecom import substitution program, and Turkey's cybersecurity investments, underscore the success of selective protectionism in strengthening domestic value chains, fostering innovation, and improving resilience in the face of geopolitical instability. Additionally, the study examines the political-economic drivers behind the

adoption of protectionist measures, such as national security concerns, the need for industrial autonomy, and pressures from global competition. The implications of neo-protectionist trends for global trade governance, including the sustainability of the World Trade Organization and the rise of regional trade blocs, are also discussed. The study emphasizes the growing importance of strategic trade policies and non-tariff barriers in shaping the future of global trade, as countries navigate the tension between globalization and economic self-reliance. By combining theoretical analysis with empirical evidence, this article contributes to an understanding how neo-protectionism is reshaping global trade dynamics and offering valuable insights for policymakers in Georgia and other developing economies facing similar challenges. This research also highlights the need for a balanced approach to protect domestic industries while ensuring continued engagement in the global economy.

Keywords: trade protection, state intervention, industrial strategy, digital regulation, strategic policy, economic sovereignty

JEL classification: ***F13, L52, O19***

Метою цього дослідження було проаналізувати, як сучасні неопротекціоністські економічні доктрини, включаючи неомеркантилізм, нео-захист молодих галузей та економічний націоналізм, були впроваджені в країнах, що розвиваються, та розвинених країнах, з особливим акцентом на Грузію. Дослідження оцінює вплив цих доктрин на економічні показники, національну безпеку та промислову політику, розглядаючи такі інструменти, як тарифи, субсидії, податки на цифрові послуги та нетарифні бар'єри. За допомогою кількісно-порівняльного методу було проаналізовано емпіричні дані з 2018 по 2025 рік, що демонструє, як ці протекціоністські стратегії були прийняті як розвиненими економіками, такими як Сполучені Штати та Європейський Союз, так і країнами, що розвиваються, включаючи Грузію, Індію та Туреччину. Дослідження показує, що хоча розвинені економіки переважно використовують високі тарифи та субсидії для підтримки стратегічних галузей промисловості, країни, що розвиваються, адаптують ці інструменти до місцевих умов, щоб сприяти промисловому зростанню, зменшувати залежність від іноземного імпорту та стимулювати інновації. У Грузії державна підтримка сільського господарства та просування інформаційно-комунікаційних технологій (ІКТ) призвели до значного економічного зростання, причому сектор ІКТ зробив значний внесок у ВВП та зайнятість. Порівняльні випадки з Індії, включаючи програму заміщення імпорту телекомунікацій на 60% та інвестиції Туреччини в кібербезпеку, підкреслюють успіх вибіркового протекціонізму у зміцненні внутрішніх ланцюгів створення вартості, сприянні інноваціям та підвищенні стійкості перед обличчям геополітичної нестабільності. Крім того, у дослідженні розглядаються політико-економічні рушійні сили, що стоять за вжиттям протекціоністських заходів, такі як проблеми національної безпеки, необхідність промислової автономії та тиск з боку глобальної конкуренції. Також обговорюються наслідки неопротекціоністських тенденцій для управління глобальною торгівлею, включаючи стійкість Світової організації торгівлі та зростання регіональних торговельних блоків. У дослідженні підкреслюється зростаюча важливість стратегічної торговельної політики та нетарифних бар'єрів у формуванні майбутнього світової торгівлі, оскільки країни долають напруженість між глобалізацією та економічною самостійністю. Поєднуючи теоретичний аналіз з емпіричними даними, ця стаття сприяє розумінню того, як неопротекціонізм змінює динаміку світової торгівлі, та пропонує цінні ідеї для політиків у Грузії та інших країнах, що розвиваються, які стикаються з аналогічними викликами. Це дослідження також підкреслює необхідність збалансованого підходу до захисту вітчизняних галузей промисловості, забезпечуючи при цьому постійну участь у світовій економіці.

Ключові слова: захист торгівлі, державне втручання, промислова стратегія, цифрове регулювання, стратегічна політика, економічний суверенітет

JEL classification: ***F13, L52, O19***

Introduction. The resurgence of neo-protectionist economic strategies between 2018 and 2025, amid deepening globalization and growing geopolitical uncertainties, highlighted the urgent need to reassess the balance between market liberalization and state economic sovereignty. Traditional frameworks of classical protectionism no longer sufficiently explained the complex mechanisms through

which states sought to safeguard strategic industries, national competitiveness, and value-chain security. Modern approaches combined selective intervention with integration into the global economy, expressed through neo-mercantilism, neo-infant industry protection, strategic trade policies, and economic nationalism reinforced by regulatory non-tariff barriers. Despite increasing scholarly attention, research gaps remained. Few studies systematically compared the theoretical evolution of neo-protectionism with its empirical implementation in different political and economic contexts, especially in developing economies. Existing literature largely focused on the United States, the European Union, China, and South Korea, leaving countries like Georgia underexplored, despite their growing reliance on targeted industrial support and non-tariff-barrier-based regulation to integrate into global markets. Addressing these gaps was critical for anticipating the future trajectories of global trade governance, including the regionalization of trade blocs and the resilience of the World Trade Organization (WTO) framework.

Contemporary research confirmed that modern protectionism differed fundamentally from classical forms: it is flexible, often covert, and aligned with national innovation and security goals. J. Douglas and T. Fairless [1] demonstrated that countries such as the USA, China, and India have used export incentives, capital controls, and sovereign funds to enhance economic leverage, which has resulted in measurable growth of strategic sectors.

Neo-infant industry protection, originating from Friedrich List, has regained prominence in high-tech sectors. Studies by S. Singh and Sh. Acharya [2] and S. Barik [3] confirmed that subsidies, temporary tariffs, and innovation funding have increased domestic production capacity and improved technology transfer in India and Vietnam, thereby reducing their dependency on external suppliers. Strategic trade theory legitimized state intervention in globally competitive sectors. R. Cherif et al. [4] and L. Rotunno and M. Ruta [5] revealed that selective subsidies in aerospace and semiconductor industries allowed the EU, the USA, and South Korea to secure long-term market shares and stimulate domestic innovation. Research on Georgia demonstrated similar tendencies in a small open economy. N. Taktakishvili [6] and G. Giguashvili and T. Makasarashvili [7] showed that state-supported programs in information and communications technology, agricultural exports, and real estate development increased national export capacity and created conditions for participation in regional value chains. Economic nationalism and regulatory non-tariff barriers represented another dimension of neo-protectionism. J. Caragher [8] and M. Jefferson and A. Serwin [9] documented how health, safety, and cybersecurity standards were embedded into trade regulations in India, Turkey, and Poland, producing measurable benefits for domestic producers and enhancing supply-chain security.

The aim of this study was to analyze how neo-protectionist doctrines were implemented in developing economies – particularly Georgia – and to evaluate their economic outcomes in the 2018-2025 period. To address this aim, the study pursued the following objectives:

- to develop the contemporary theoretical framework of neo-protectionist doctrines and distinguish them from classical protectionism;
- to categorize and analyze the practical applications of neo-mercantilism, neo-infant industry protection, strategic trade theory, and non-tariff barriers-driven economic nationalism in selected case studies, with emphasis on Georgia;
- to identify the political-economic drivers behind the adoption of these doctrines, including national security, industrial policy, and global competition pressures
- to evaluate the economic outcomes of these policies in terms of trade balance, sectoral growth, and integration into regional value chains;
- to assess the implications of neo-protectionist trends for the future of

global trade governance, including World Trade Organization sustainability and the rise of regional trade blocs.

By combining literature synthesis with empirical evidence, this article contributes to the understanding of how developing economies navigate the tension between globalization and economic self-reliance, offering practical insights for policymakers in Georgia and similar states.

Materials and Methods. This research was conducted between June and July 2025 and combined a theoretical framework analysis with an empirical document-based study, tracing the evolution of protectionist doctrines from classical mercantilism of the 16th century to contemporary neo-protectionist strategies of the 21st century. The methodology was designed to assess how neo-mercantilism, neo-infant industry protection, strategic trade theory, and economic nationalism manifest in practice, with a focus on regulatory non-tariff barriers as instruments of selective state intervention. Eight countries were selected for the comparative analysis: the United States, China, India, Vietnam, South Korea, Poland, Turkey, and Georgia. The selection was based on three criteria:

• documented implementation of neo-protectionist measures between 2018 and 2025, including tariffs, subsidies, sector-specific incentives, and non-tariff-barrier-based restrictions;

• availability of official policy documents and legal acts in national or verified international repositories;

• diversity of economic scale and institutional context.

The inclusion of both large economies (United States, China, India) and smaller open or transitional economies (Georgia, Poland, Vietnam) allowed an assessment of how these doctrines are adapted under different capacities for state intervention, with a specific emphasis on developing states such as Georgia. The empirical analysis relied primarily on official legal and policy documents, complemented by secondary academic sources for interpretation. Key materials included Section 232 of the Trade Expansion Act [10], which authorizes import restrictions on national security grounds; the CHIPS and Science Act [11], aimed at promoting domestic semiconductor production; India's Production-Linked Incentive Scheme, providing sector-specific subsidies for domestic manufacturing; and the Telecommunications Act of the Republic of Poland [12], which reflects non-tariff-barrier-based protection in critical infrastructure sectors. Georgia was examined as a unique case of strategic trade theory application in a small open economy, relying on policy publications and academic analyses provided by BTUAI Georgia [13] and other peer-reviewed journal sources.

Quantitative data were obtained from UN Trade and Development (2025a; 2025b) trade reports, which were used to identify and classify protectionist trade measures adopted since 2020. Policy instruments were categorized into three groups: industrial protection (tariffs, subsidies, import quotas), strategic promotion (sectoral aid, research and development funding, export-linked incentives), and regulatory control (non-tariff-barriers framed as health, environmental, or cybersecurity requirements). This categorization allowed the study to assess the functional role of each policy tool in the context of neo-protectionist doctrine. All legal texts and government documents were sourced from official national repositories or international databases and cross-verified through secondary academic interpretations to ensure contextual accuracy. Only policy acts with official legal status or government confirmation were included. This combined approach of theoretical and document-based empirical analysis enabled a systematic evaluation of how neo-protectionist doctrines are expressed in practice across different economic and institutional settings.

Results. Protectionism has a long and developing history in economic consideration, stretching from early mercantilist doctrines of the 16th and 17th centuries, which emphasized state control over trade and the accumulation of national wealth, through classical liberalism of the 18th and 19th centuries, which advocated for free markets

and comparative advantage, to more detailed interpretations such as strategic trade theory, neo-mercantilism, neo-infant industry protection, and economic nationalism with regulatory non-tariff barriers. Each of these theoretical frameworks has provided expressive justification for the protection of domestic industries and the strategic regulation of international trading [14]. Particularly, modern approaches emphasize the role of market drawbacks, technological gaps, and unequal distribution of power in global trading, which can require active state intervention [15]. For this reason, the exploration of the foundational theories that have formalized the protectionist economic mentality and have, in varying forms, affected the development of what is now called neo-protectionism is necessary. The analysis begins with the earliest economic doctrines and processes and extends to present-day theoretical frameworks that clearly or ambiguously justify state intervention in international trade.

Classical mercantilism, which dominated European economic considerations from the 16th to the 18th centuries, was rooted in the belief that state power derived directly from wealth, especially precious metals. It evolved into a combination of policies aimed at maximizing exports and minimizing imports to achieve a consistent trading surplus. The doctrine highlights state control over trading flows and economic planning as a method to provide geopolitical dominance [16]. In general, "protectionism" includes "mercantilism," with the differences between them lying in their approaches. Interesting ideas of gratuitous government protectionism are discussed in Shota Rustaveli's (12^{th}-13^{th} centuries) "The Knight in the Panther's Skin" [17].

Such protectionist practices have had and continue to have a significant impact on global economic trajectories, particularly in the context of rising neo-protectionism [18]. Neo-mercantilism, as a subsequent adoption of this approach, refocuses the purpose from bullion accumulation to industrial competitiveness and macro-financial sustainability. It contributes one-sided protectionist measures – namely, across-the-board tariffs, selective export encouragement, import restrictions, and managed currency regimes – to:

- reduce trade and current account deficits;
- restore domestic manufacturing capability;
- minimize dependence on strategic imports (e.g., semiconductors, critical minerals, etc.);
- enhance sovereign economic autonomy [1].

In contradistinction to mercantilism, which relied considerably on colonial trading monopolies, neo-mercantilism operates within the globalized economy and international legal frameworks (World Trade Organization, etc.), often justifying intervention under advocacy or anti-dumping pretexts. It has gained relevance in the context of post-COVID supply chain fragility, geopolitical rebalancing, and strategic disconnection from rival economies. The renaissance of neo-mercantilism is clearly visible in current global trading policy trends, notably in the actions of advanced economies such as the US economy. Thus, in April 2025, the United States implemented a broad 10% universal import tariff, which became the most comprehensive general tariff since the 1930s. This was accompanied by targeted increases, namely: 34% on imports from China (including electronics, batteries, and steel); 20% on European Union products (in particular, luxury vehicles, wine, and pharmaceuticals); 25% on automized imports from North American partners, specifically Canada and Mexico [19] (Fig. 1), referring to "national industrial security" in accordance with Chapter 232 of the Trade Expansion Act [10].

These actions elevated the US average effective tariff ranking to approximately 24%, which had not been observed since the Smoot-Hawley Tariff Act of 1930, when the tariff was elevated to 40%, but simultaneously applied to far fewer items. The current regime affects imports worth over USD 1.8 trillion and introduces non-tariff mechanisms such as local content rules, foreign investment

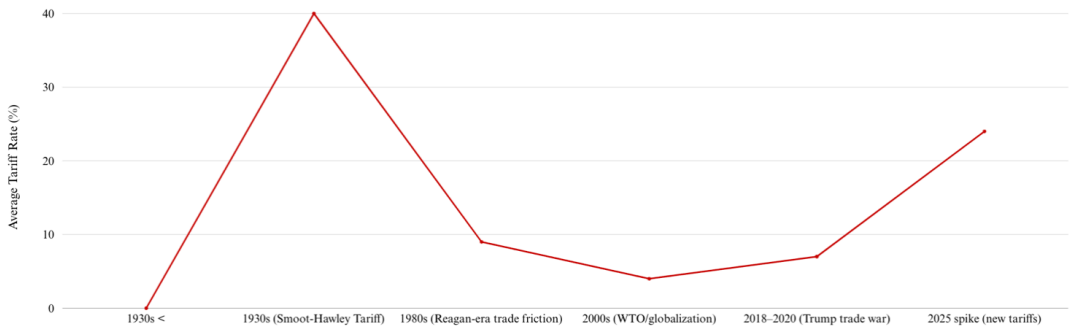

Fig. 1. US average tariff rates, 1930-2025, and the return of neo-mercantilism

Notes: from 1950 to 2000 US tariffs steadily declined from around 15% to 4% as multilateral trade agreements under GATT and later the World Trade Organization promoted liberalization. In 2018 trade tensions with China caused a modest rise in tariffs to approximately 6-7%, representing a temporary departure from the long-standing liberal trading trends.
Source: compiled by the authors in accordance with UN Trade and Development [19].

restrictions, and countervailing subsidy systems. According to data from Global Trade Alert as of March 2025, there were more than 4,650 active import-restrictive measures across G20 nations (a staggering 75% growth compared to 2016) [20]. This includes not only tariffs, but also technical barriers to trade, safeguard investigations, domestic purchase preferences, and state assistance programs for import-substituting industries [21, 22]. Furthermore, the current account balance of the US, which was 2.6% of GDP, showed signs of recovery in early 2025, decreasing to 1.4% of GDP by Q1 2025, which indicates a short-term improvement in trade flows because of reduced imports and the impact of regional outsourcing (nearshoring) [23]. U.S. protectionist policy contributes to the restructuring of global supply chains and the emergence of new regional trade hubs, which are directly linked to nearshoring processes [24]. Similarly, states like India have expanded or are still expanding neo-mercantilist instruments. Thus, in 2025, India announced plans to apply 1,100 product-specific tariffs, maintain tight quantitative restrictions on digital goods and manures, and mandate 70% local sourcing in public procurement for infrastructure [25]. The reappearance of neo-mercantilism is also legitimized by strategic trade concerns, notably concerning China's state capitalism system and vulnerabilities of supply chains, which appeared during the COVID-19 pandemic. Policymakers are increasingly convinced that protectionist actions are necessary for economic sovereignty, sustainability, and security of supply, even though these concepts are not strictly economic, but still dominate trade discourse [26].

An equally significant neo-protectionist economic doctrine is neo-infant industry protection, which builds on the classic infant industry argument first articulated by Alexander Hamilton and later developed by Friedrich List. This doctrine holds that emerging domestic sectors often lack the economies of scale, technological expertise, and market depth necessary to compete with established foreign competitors. To bridge these gaps, temporary protection through tariffs or targeted government support is considered essential until these industries become competitive [27]. List also argued that free trade benefits primarily those countries that have already achieved industrial maturity. Protecting "infant" industries enables them to reach a level of development where they can compete on equal footing in the international arena. Without such support, industrialization may

be slowed by the early collapse of developing sectors under pressure from more advanced foreign competitors. In the 20th century, the infant-industry argument was subsequently formalized in economic models by scholars such as Ha-Joon Chang, who has particularly noted the hypocrisy of development states that advocate free trade while simultaneously protecting their own industries, which has occurred historically. In his research, Chang provides empirical evidence that virtually all industrialized countries, namely the USA, Germany, Japan, and South Korea, relied heavily on protectionist measures during their development periods. Contemporary adaptations of the infant-industry argument do not rely exclusively on tariffs. The updated industrial policy plays a key role in their support, combining traditional protectionist measures with innovative incentive mechanisms [28]. Instead, they advocate for targeted industrial policy, including:

- production-linked incentives and direct subsidies;
- local content requirements, which mandate a certain share of domestic input;
- export incentives and tax holidays for strategic sectors;
- state-funded R&D, particularly in tech and green energy;
- temporary non-tariff barriers such as licensing quotas or environmental standards [29, 30].

These tools are justified on the basis of dynamic comparative advantage – the idea that comparative advantages are not fixed and can be developed through policy intervention. Furthermore, proponents of this idea argue that global market failures (i.e., information asymmetries, coordination problems, or first-mover advantages) justify public support during the early stages of industry formation.

One of the most notable modern implementations of the infant-industry principle is India's Production-Linked Incentive Scheme, launched in 2020 and expanded in 2022. With a budget exceeding USD 26 billion, the program provides targeted subsidies and performance-based incentives across more than 14 sectors, including electronics, solar photovoltaics, pharmaceuticals, advanced battery manufacturing, food processing, telecom, and electric vehicles. By June 2024, the Production-Linked Incentive Scheme had secured approximately INR 1.28 lakh crore (about USD 155 billion) in committed investments, generating confirmed output worth INR 10.9 lakh crore (USD 136 billion) and projecting total output of INR 14 lakh crore (USD 163 billion) [31]. In FY2024 alone, the scheme facilitated exports valued at INR 4 lakh crore (USD 49 billion). Notably, in electronics trade with the USA, India moved from a trade deficit of -USD 0.6 billion in FY2017 to a surplus of +USD 8.7 billion in FY2024 [32]. Investments in food processing reached INR 8,910 crore across 213 locations, creating approximately 289,000 jobs and directly benefiting over 900,000 farmers by increasing domestic procurement and rural incomes. The telecom and electronics sectors experienced rapid growth, with mobile phone value addition rising to 20% within three years – surpassing Vietnam's 18% over 15 years – and achieving around 60% import substitution in telecom products [2, 3]. Job creation remains a central success metric, with over 700,000 direct and indirect jobs generated, about 36% of the five-year target (Fig. 2). Additionally, INR 26,000 crore was allocated in mid-2024 to the electric vehicle sector, aiming to create 750,000 direct jobs and position India as a competitive hub for next-generation mobility manufacturing [33].

Despite some sectoral successes, India's Production-Linked Incentive Scheme has faced significant challenges. As of October 2024, only USD 1.7 billion of the allocated USD 23 billion had been disbursed, and actual output achieved just 37% of initial targets, indicating delays in implementation. Sectoral performance varied, with electronics and pharmaceuticals exceeding expectations, while the steel and solar energy sectors underperformed [34]. Manufacturing's share of India's GDP declined slightly from 15.4% in 2020 to 14.3% in 2024, raising concerns about the program's structural impact. The observed difficulties largely reflect scenarios

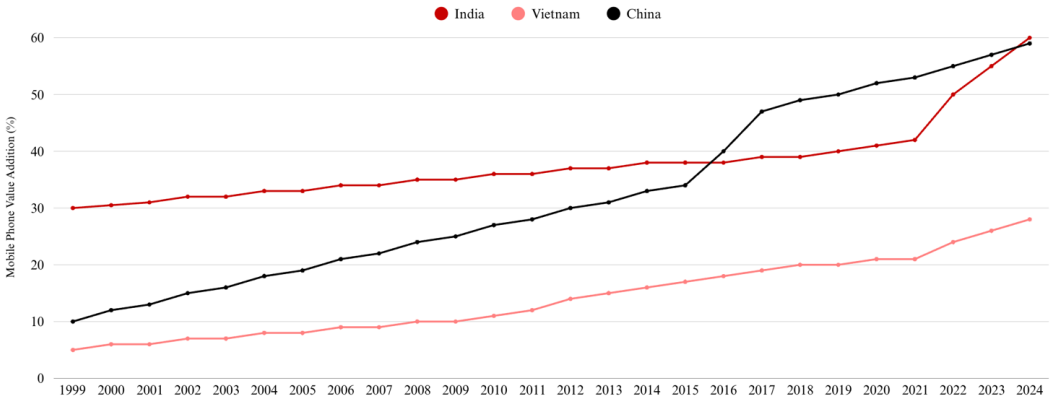

Fig. 2. Longitudinal analysis of mobile phone value addition in India, Vietnam, and China (1999-2024)

Note: India's value addition remained around 30–40% until 2020, then surged to 60% by 2024. Vietnam increased steadily from 5% in 1999 to 28% in 2024. Between 2015 and 2024, China's mobile phone value addition increased from 34% to 59%, demonstrating steady growth over this period.

Source: created by the authors in accordance with S. Singh and Ch. Acharya, S. Barik.

of protectionist policy and its consequences [35]. Consequently, the scheme will not expand beyond the original 14 sectors, and alternative mechanisms are being explored [2]. These mixed outcomes reflect broader global patterns observed in the countries analysed in this study:

• South Korea successfully used strategic trade policies in the automotive and clean energy sectors during the 1980s and onwards, achieving significant export growth and innovation [3];

• China's "Made in China 2025" initiative, focusing on robotics and renewable energy, catalyzed rapid industrial transformation and green technology dominance [2];

• In contrast, prolonged protectionism in other developing economies has sometimes led to inefficiency and dependency (these cases are excluded from the main analysis) [36].

Strategic trade theory, emerging in the 1980s through the work of economists like Paul Krugman and James Brander, argues that government intervention can alter competitive dynamics in oligopolistic industries with increasing returns to scale. Governments may use targeted policies – such as export subsidies, R&D support, and preferential financing – to help domestic firms overcome market entry barriers and achieve global competitiveness, potentially enhancing national welfare [4, 37]. The United States exemplifies this through the CHIPS and Science Act [11], which allocated USD 52 billion to semiconductor manufacturing and R&D, aiming to raise domestic production from 12% to 28% of the global advanced chip supply by 2032. This comprehensive approach includes subsidies, tax credits, and workforce development to compete with East Asian producers. In South Korea, strategic trade interventions in the automotive sector led to a twelvefold increase in vehicle exports since the late 1980s. Clean-energy vehicle exports surged by 160% from 2020 to 2024, reaching 707,853 units, while Hyundai-Kia's vehicle exports in 2024 were valued at USD 53.36 billion, representing 7.8% of total exports [38]. China's green technology sector grew rapidly, with a 40% year-on-year growth in clean-energy investments reaching CNY 6.3 trillion (USD 890 billion) in 2023. The sector contributed 40% of China's GDP growth,

supported by substantial solar and wind capacity expansions and global leadership in solar panels and electric vehicles [5, 38]. A significant case within the study is Georgia, which adopted a small-scale strategic trade approach focused on the information and communications technology and telecom sectors. Between 2020 and 2023, information and communications technology turnover rose from GEL 185 million to GEL 2.4 billion, with exports reaching USD 892 million [6]. Employment grew sixfold to over 30,000, and average IT wages doubled, well above the national average, stimulating broader economic growth and contributing 7.5% to real GDP expansion in 2023 (Fig. 3).

In 2020-2024, the following increased: foreign revenues of the Georgian IT sector by 9.3 times; the number of employees by twofold; the average salary by 2.1 times. The information and communications sector plays an important role in the growth of the Georgian economy. In 2024, its share in GDP was 6.4% [39, 40, 41].

In practice, economic nationalism uses digital services taxes as another regulatory tool. Currently, 18 countries (including Turkey (7.5%), Poland, France, and Canada) have imposed digital services taxes targeting multinational digital firms like Google and Amazon. These taxes help governments recover revenues from companies operating without a physical presence while protecting domestic digital firms [42]. In addition, one of the most prominent examples of this doctrine in action is the USA–China tech decoupling. Since 2018, the USA has imposed tariffs on Chinese electronics, reaching up to 145%, affecting a bilateral trade volume of USD 582 billion by 2024. During this time, China's share of US imports declined by 8 percentage points, and Chinese foreign direct investment into the US dropped by 16% to USD 44 billion in 2023. The US Entity List, which restricts technology exports to Chinese companies, expanded from 130 entities in 2018 to over 530 in 2022, focusing on such significant companies as Huawei, ZTE, and SMIC [43]. Additionally, the USA and the EU have implemented stricter investment evaluation, targeting Chinese ventures in AI, biotech, and quantum computing. The economic effect of these measures is significant. US exporters have lost USD 130 billion in market capitalization due to supply chain disruptions linked to export controls. Globally, digital trade output has fallen by 7%, productivity by 2.9%, and prices have risen by 1.5% over five years due to these barriers [44, 45].

Poland's embrace of economic nationalism, in its own turn, in the digital

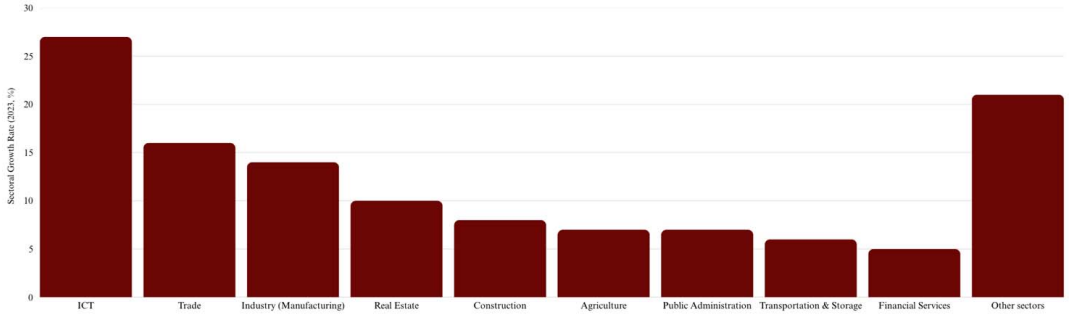

Fig. 3. Georgia's sector performance in 2023

Note: beyond the standout performance of the information and communications technology sector, several other industries contributed significantly to Georgia's economic expansion in 2023. Trade and industry grew by 16% and 14% respectively, followed by real estate (10%), construction (8%) and agriculture (7%). Moderate growth was also recorded in public administration, transportation and financial services, reflecting broad-based economic activity across diverse sectors.

Source: created by the authors in accordance with BTUAI Georgia [13].

and telecommunications sphere reflects a strategic turn towards neo-protectionism grounded in state sovereignty and national security. Based on regulatory precedents across Europe, Poland enforces data localization, cybersecurity standards, and investment assessment to protect against external threats, which reflect global 'friend-shoring' trends aimed at reducing dependence on external risks [46]. The doctrine holds that protecting sensitive digital infrastructure is as significant as traditional defense; this prospect is sharpened by regional geopolitical tensions. By October 2024, Poland had committed to spending nearly PLN 10 billion (approximately EUR 2.3 billion) on cybersecurity over the following two years. Earlier, in mid-2024, the government launched a "Cyber Shield" initiative, allocating over PLN 3 billion (roughly EUR 700 million/USD 760 million), with PLN 1.5 billion dedicated to local government systems and PLN 2.8 billion for collaboration with state banks to strengthen digital infrastructure [9] (Fig. 4). These investments demonstrate the practical application of industrial policy, which requires a balanced approach [47]. Complementing these state-directed efforts, the US-based Microsoft committed an additional USD 700 million to its 2020–2023 EUR 1 billion data centre buildout, to bolster Poland's cybersecurity and cloud infrastructure. The scale of threats justified these investments. In 2023, Poland reported over 150,000 cybersecurity incidents, a 45% YoY increase, causing PLN 2.8 billion in direct financial losses. In 2024, the monitoring agencies recorded roughly 100,000 hacking attempts, with critical sectors like utilities facing over 2,000 weekly attacks, compared to the EMEA-wide average of 1,679 [48].

Legally, Poland enforced strict data retention rules as predicted by its Telecommunications Act of the Republic of Poland (2004), obligating providers to store metadata for 12 months domestically. This aligns with the EU's GDPR framework and the upcoming NIS2 Directive, which empowers regulators to sanction "high-risk" infrastructure and suspend operations deemed insecure, namely a critical non-tariff barrier influencing sensitive technology access [49]. Nevertheless, Poland redirected PLN 30 billion (EUR 7.2 billion) from EU recovery funds to establish a comprehensive Security & Defence Fund, focusing on cybersecurity, dual-use technology, and critical infrastructure modification [9]. These comprehensive legislative and financial efforts demonstrate Poland's strategic approach to securing its digital and physical infrastructure against emerging threats, laying a foundation for resilient national security frameworks and establishing long-term sustainability [50].

Thus, protectionism and its forms (neo-mercantilism, infant industry protection, and economic nationalism) remain significant instruments of state policy. They demonstrate that free trade and globalization do not always provide equal benefits for all countries. Even advanced economies actively employ tariff and non-tariff measures to support strategic industries, reduce import dependence, and safeguard national security. Neo-protectionism is shaping a new architecture of global trade, where economic, technological, and geopolitical interests are closely intertwined. Moving forward, this analysis transitions into a broader discussion of how such protective measures interact with international trade dynamics and technology access in an increasingly interconnected world.

Discussion. The practical disclosures of neo-protectionist doctrines analysed in this research offer compelling evidence that globalization is undergoing a strategic adjustment rather than a linear decline. States are reasserting agency over trade regimes, industrial development and technological infrastructure. This trend is not exclusive to large economies but indicates a structural adjustment of global economic governance. One critical insight derived from this study is the transformation of protectionist logic from reactionary to anticipatory. Policies once used responsively (for shielding industries from immediate shocks) are now increasingly applied preventively to secure long-term strategic advantages. To illustrate, the US Trade Expansion Act,

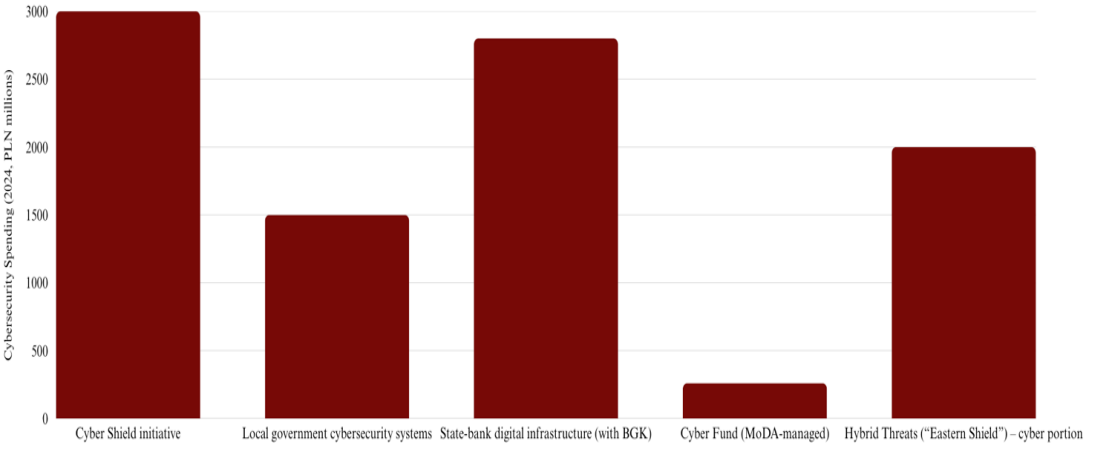

Fig. 4. Poland's cybersecurity and digital infrastructure investment in 2024

Note: in 2024, Poland dedicated PLN 260 million through the MoDA Cyber Fund for cyber incident response and infrastructure protection, alongside PLN 2 billion for cyber defense within the Eastern Shield hybrid threats program. Together, all these efforts form part of a PLN 6.26 billion investment, emphasizing Poland's commitment to strengthening digital security and resilience amid evolving geopolitical challenges.

Source: created by the authors in accordance with M. Jefferson and A. Serwin.

Section 232 has been mobilized not only to oppose immediate trade imbalances, but also to redefine national security in economic terms. Similarly, the CHIPS and Science Act marks a paradigmatic shift in US policy. Its provisions go beyond simple industrial support, reflecting the strategic trade theory's statement that a country's support in oligopolistic high-technology sectors is not only economically beneficial but often necessary. This research supports and expands upon H.-J. Chang's finding that such targeted intervention can shift global competitive dynamics, particularly in sectors with increased returns to scale.

In terms of strategic trade theory, the results confirm that its practical application is both flexible and institutionally embedded. In the USA, China, and South Korea, strategic trade instruments are used to support domestic champions and to shape the global regulatory and technological environment. China's "Made in China" and dual circulation strategies follow a similar logic, though with a more state-centric foundation. This research contributes to the growing consensus among scholars such as L. Rotunno and M. Ruta and A. Zabłocka-Abi Yaghi and T. Tomaszewski, who argue that strategic trade theory has shifted from a niche model to a mainstream policy framework under global competition. In the case of Georgia, the application of strategic trade thinking is modest but significant. Based on BTUAI Georgia and other sources, this study finds that Georgia has prioritized sectors where global competition is relatively low but growth potential is high – particularly logistics, construction, agriculture, and digital services. The study highlights targeted tax exemptions, simplified export procedures, and support for high-skilled labor training as the main tools employed. While Georgia lacks the fiscal scope of larger economies, it reflects a strategic consideration aligned with the theory: identifying comparative advantage niches and building national capability around them. This supports recent thinking by N. Taktakishvili, who asserts that smaller economies can adapt strategic trade doctrine through regulatory innovation rather than financial expenditure. The study also

strongly confirms the relevance of economic nationalism and the spread of regulatory non-tariff barriers. In the USA, Turkey, France, Canada and Poland non-tariff barriers serve as both protective and normative tools. The Telecommunications Act of the Republic of Poland, as an example, formalizes technical standards that functionally restrict Chinese hardware producers without directly invoking security discourse. Similarly, in the USA export bans on advanced chips and AI technologies targeting China are couched in national security language but clearly align with industrial protection goals. Turkey's cultural certification practices, while presented as consumer protections, also signal a renewed emphasis on identity in economic policymaking. These developments support the central claim of this study: neo-protectionist doctrines do not represent a retreat from globalization but rather a recalibration – redirecting openness toward selective and strategic engagement based on national interests and long-term sustainability.

One striking insight from the results is that non-tariff barriers are now deployed proactively. Rather than acting simply as defensive mechanisms, they serve to structure market entry in ways that privilege domestic firms. This contradicts the long-standing narrative of non-tariff barriers as protectionist distortions and instead shows that they are evolving into instruments of state economic policy [8, 51]. Furthermore, non-tariff barriers often escape World Trade Organization scrutiny because they are grounded in legitimate public policy objectives, such as safety, ethics, or consumer protection. The research confirms that these justifications, although strategic, are increasingly aligned with real governance challenges, including digital privacy, health risk management, and environmental standards. The overlapping use of different doctrines within a single country suggests a flexible approach to economic sovereignty. States now combine instruments depending on their sectoral goals and institutional capacity [52]. The US, for example, applies neo-mercantilism in macro-trade balances, infant industry protection in semiconductors, strategic trade in clean technology, and non-tariff barriers in digital infrastructure. China follows a similar pattern but with more centralized execution. This layered approach indicates that modern protectionism is not about isolation but about selective integration, where openness depends on national priorities [53]. Equally important, the research highlights a trend in how states communicate and legitimize protectionist measures. Increasingly, governments present such measures not as narrow nationalist tactics, but as frameworks for sustainability, inclusion, and long-term competitiveness. This change in rhetoric, reflected in official policy documents of multiple countries, helps to build broader political support for interventionist trade policies. The implication is that neo-protectionism is not hidden or apologetic; it is reframed as an essential strategy for navigating global complexity and technological risks.

Conclusions. This research has demonstrated that neo-protectionist economic doctrines are not transitional policy anomalies, but integral tools of contemporary economic governance across advanced, emerging and mobile economies. The empirical examination of neo-mercantilism, neo-infant industry protection, strategic trade theory and economic nationalism reveals a paradigm shift in global trading structure. These doctrines, although diverse in implementation, share a common rationale, namely the strategic preservation and advancement of national economic interests under the pressures of global interdependence and multipolar competition. In the case of neo-mercantilism, the research identified ongoing patterns across China, the USA, India. These states employ export promotion domestic industrial subsidies and targeted currency strategies not simply for protection, but to shape global market positions. Far from being defensive, such strategies reflect a proactive logic aimed at securing long-term comparative advantages. Neo-infant industry protection, analysed through cases such as the USA, South Korea, China, Vietnam, and India, illustrates

how historically and contemporary powers develop key sectors through time-bound but targeted interventions. This approach fosters the transition from technological imitation to innovation leadership, validating classical economic assumptions about dynamic comparative advantage in industrial catch-up. The study also sheds light on the evolution of strategic trade theory from abstract models into concrete policies in the USA, China, South Korea, the EU, and notably Georgia. In Georgia's case, the integration of academic insights from local institutions and policy frameworks grounded in strategic sector development illustrates how even smaller economies operationalize these theories to recalibrate their global economic positioning. Regarding economic nationalism and regulatory non-tariff barriers, the findings underscore how countries use non-tariff tools (ranging from digital services taxes and data localization laws to cultural regulations and investment assessment) as instruments for both market control and value system protection. The examples of Turkey, Poland, the USA, and China reveal that these non-tariff barriers are neither accidental nor simply reactive. Rather, they constitute a deliberate recalibration of sovereignty in the context of digital and technological globalization.

The practical significance of this study lies in its integrated comparative approach, which emphasizes the adaptability and cross-regional relevance of neo-protectionist instruments. Methodologically, it demonstrates that national strategies, although shaped by unique domestic contexts, now converge in their proactive engagement with the global economic system. However, the study faced certain limitations, including restricted availability of disaggregated policy impact data, especially from the Global South – which constrained quantitative analysis. Additionally, rapid technological and geopolitical changes mean some findings may soon require updating. Future research could expand by examining how neo-protectionist frameworks intersect with environmental policy, labor markets, and digital sovereignty, as well as exploring their social costs and distributive effects to better assess long-term sustainability. Overall, the study reaffirms that contemporary states remain central actors in shaping global trade dynamics – not through isolation, but via strategic engagement.

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NEO-PROTECTIONIST ECONOMIC DOCTRINES: THEORY AND PRACTICE

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The aim of this study was to analyse how modern neo-protectionist economic doctrines, including neo-mercantilism, neo-infant industry protection, and economic nationalism, have been implemented in developing and advanced economies, with a specific focus on Georgia. The study evaluates the impact of these doctrines on economic performance, national security, and industrial policy,

considering instruments such as tariffs, subsidies, digital service taxes, and non-tariff barriers. Through a quantitative-comparative method, empirical data from 2018 to 2025 were analysed, demonstrating how these protectionist strategies were adopted by both developed economies, such as the United States and the European Union, and developing countries, including Georgia, India, and Turkey. The research reveals that while advanced economies primarily use high tariffs and subsidies to support strategic industries, developing economies adapt these tools to local contexts to foster industrial growth, reduce dependence on foreign imports, and stimulate innovation. In Georgia, government support for agriculture and the promotion of information and communication technologies (ICT) have led to substantial economic growth, with the ICT sector contributing significantly to GDP and employment. Comparable cases from India, including a 60% telecom import substitution program, and Turkey's cybersecurity investments, underscore the success of selective protectionism in strengthening domestic value chains, fostering innovation, and improving resilience in the face of geopolitical instability. Additionally, the study examines the political-economic drivers behind the adoption of protectionist measures, such as national security concerns, the need for industrial autonomy, and pressures from global competition. The implications of neo-protectionist trends for global trade governance, including the sustainability of the World Trade Organization and the rise of regional trade blocs, are also discussed. The study emphasizes the growing importance of strategic trade policies and non-tariff barriers in shaping the future of global trade, as countries navigate the tension between globalization and economic self-reliance. By combining theoretical analysis with empirical evidence, this article contributes to an understanding how neo-protectionism is reshaping global trade dynamics and offering valuable insights for policymakers in Georgia and other developing economies facing similar challenges. This research also highlights the need for a balanced approach to protect domestic industries while ensuring continued engagement in the global economy.

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