



Promoting the Phaseout of Anticompetitive Market Distortions Worldwide

Possible US initiatives to make competition, trade, and property rights reinforce one another

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Anticompetitive market distortions, or ACMDs, are government measures—and in some cases government-backed private arrangements—that give selected firms or groups artificial advantages over actual or potential rivals. They include discriminatory licensing, local-content rules, state-owned enterprise privileges, selective subsidies, protectionist procurement, regulatory exemptions, price controls, weak intellectual-property protection, and government tolerance of private restraints that cannot realistically be challenged through ordinary competition law. The defining question is not whether a government has regulated, but whether the intervention materially impairs competition on the merits and voluntary exchange without being justified by a legitimate objective pursued through a less restrictive means.¹

ACMDs are common because their benefits are concentrated and politically visible while their costs are dispersed among consumers, workers, entrepreneurs, and trading partners. They also have developed in a space that neither traditional trade law nor domestic antitrust law reaches reliably. Trade agreements have historically emphasized tariffs, quotas, and explicit discrimination. Competition laws generally target private conduct, and sovereign-action doctrines, jurisdictional limits, and comity concerns make them awkward tools for reviewing government-created restraints. The result is a persistent incentive for organized beneficiaries to preserve distortions while presenting them as industrial policy, national security, social regulation, or administrative necessity.²

The ACMD framework developed by Shanker Singham and coauthors offers a way to bring these disparate measures into a common economic discussion. Its central intuition is that trade

liberalization without competitive domestic institutions leaves much of the expected gain unrealized. The framework emphasizes three pillars: (1) international competition or trade openness; (2) domestic competition, including procompetitive regulation; and (3) protection of property rights. A panel-data econometric model links the pillars to GDP per capita. A newer probabilistic model, drawing on agent-based methods and analogies to quantum mechanics, tries to capture the dynamic and uncertain frequency of mutually beneficial exchanges. These tools should be viewed as diagnostics rather than oracles, but they direct attention to the right policy question: How much wealth-creating exchange is blocked by government-created friction?³

The country evidence is mixed. China has reportedly increased scrutiny of local protectionism and administrative monopolies while continuing to rely on national industrial subsidies and state-firm advantages. The European Union disciplines some state aid and foreign subsidies but also generates substantial regulatory and industrial-policy burdens. The United States has begun to examine its own anticompetitive regulations. India combines private-conduct antitrust enforcement with a mixed record on licensing, state ownership, localization, price administration, and investment restrictions. Russia appears to be moving toward more extensive state control and price management. These differences counsel against a single global checklist or automatic sanctions based on a composite score.⁴

The United States should therefore consider pursuing six mutually reinforcing initiatives: (1) Establish a transparent ACMD diagnostic within the US Trade Representative and integrate it with the National Trade Estimate. (2) Negotiate tailored ACMD chapters in bilateral and plurilateral trade agreements. (3) Make tariff and regulatory relief conditional on measurable, staged reforms while avoiding tariffs that unnecessarily injure US consumers. (4) Build a coalition of willing partners and use the Organisation for Economic Co-operation and Development, International Competition Network, the World Trade Organization, Asia-Pacific Economic Cooperation, and the G20 as platforms for soft convergence. (5) Provide technical and financial assistance to reform-minded developing countries. (6) Maintain a visible domestic reform program. Such a strategy can turn ACMD reduction from a zero-sum demand into a source of mutual growth. Before turning to possible US initiatives and the challenges involved in implementing ACMDs, this brief examines what ACMDs are, why they proliferate, their economic significance, and how they differ across major economies.⁵

What Are ACMDs?

The term anticompetitive market distortions describes a hybrid problem. It is not limited to a tariff or quota, although either may qualify. Nor is it limited to conduct that a competition authority could prosecute under a conventional abuse-of-dominance or cartel provision. An ACMD exists when government action changes the competitive conditions of a market in a way that empowers a favored interest to obtain or retain an artificial advantage over rivals, foreign or domestic. In economic terms, it changes the cost, access, information, or legal-risk environment confronting

market participants and thereby prevents some mutually beneficial transactions or redirects them toward politically preferred actors.⁶

This definition is deliberately narrower than a general critique of government. Governments must protect health, safety, the environment, national security, and the integrity of legal institutions. Those functions can require rules that constrain some transactions. The ACMD inquiry asks whether the rule is designed or applied in a way that favors a particular incumbent or class of firms, whether it has a material effect on competition, and whether the stated goal could be achieved through a less anticompetitive alternative. A neutral rule that imposes costs uniformly and addresses a genuine externality is not necessarily an ACMD. A nominally neutral rule that selectively exempts incumbents, denies entry, requires duplicative testing, or makes a competitor dependent on a protected intermediary may be an ACMD.⁷

The ACMD framework identifies several recurring categories: laws or practices that eliminate competition; rules that lessen competition; differential application or selective exemptions; state-owned enterprise distortions; action or inaction by competition agencies; and state aid or other support that materially favors selected firms. The categories overlap. A government may, for example, provide cheap credit to a state-owned firm, exempt it from bankruptcy law, reserve procurement for it, and use licensing rules to keep rivals out. The economic harm is not merely the subsidy itself. It is the resulting misallocation of capital, reduced competitive pressure, diminished innovation, and forgone exchange in related markets.⁸

Why ACMDs Proliferate Under the Radar

Public-choice dynamics explain much of the persistence of ACMDs. The beneficiaries of a market restriction can identify themselves, organize, and lobby for its continuation. The costs are spread across millions of buyers and prospective entrants, each of whom has little incentive to master a technical rule or organize against it. A protected incumbent can therefore describe an exclusionary licensing regime as quality assurance, a domestic-content rule as resilience, a subsidy as strategic investment, and a state monopoly as a public service. Each label may contain a legitimate concern; none answers the competition question by itself.⁹

ACMDs also evade traditional enforcement because they are often embedded in a chain of measures. An individual licensing requirement may look modest. A procurement preference, a local certification rule, and a state-owned distributor may each be defensible in isolation. Together they can raise rivals' costs, prevent scale, and make entry commercially irrational. Cross-border effects may then appear only as reduced exports, lost investment, or a missed innovation path rather than as a discrete border violation. The affected foreign government may lack jurisdiction over the conduct, and the home government may be reluctant to challenge a partner's ostensibly domestic policy.¹⁰

Existing trade rules do address important slices of the problem. The World Trade Organization (WTO) Technical Barriers to Trade Agreement, for example, disciplines unnecessary obstacles and disguised restrictions while preserving room for legitimate regulation.¹¹ State-trading and subsidy provisions also provide relevant principles. But many ACMDs are not discriminatory on their face, do not fit neatly into an existing commitment, or produce a cumulative effect too subtle for dispute settlement. Earlier work by Abbott and Singham concluded that the WTO had limited ability to address the broader category and suggested competition advocacy as a near-term complement to a longer-term agreement.¹²

This institutional gap matters because private competition can erode a private restraint, but it cannot easily erode a restraint backed by law. New entry cannot compete against a license that the government will not grant, a procurement rule that excludes outsiders, or a state firm that receives capital on terms unavailable to private rivals. Only political and legal change can remove the barrier. That makes measurement and diplomacy important: Reform-minded officials need a credible way to show their own constituents that dismantling a distortion can create broad gains even when a politically connected beneficiary loses a privilege.¹³

The Economic Case and the Measurement Challenge

The ACMD perspective builds on a simple complementarity among trade, competition, and property rights. Open borders expand the set of possible suppliers and customers. Domestic competition ensures that those opportunities are not captured by protected incumbents. Property rights give entrepreneurs, investors, and creators confidence that they can retain the returns from successful effort. Weakness in any one pillar can reduce the yield from the other two. Tariff reduction, for example, will not produce its full benefit if a foreign firm still cannot obtain a license, use its intellectual property, bid on equal terms, or obtain a fair hearing in court.¹⁴

The standard Singham-Rangan-Bradley (SRB) model and later iterations use country-level data and regression techniques to associate GDP per capita with measures of international competition, domestic competition, and property rights. Singham's 2025 white paper reports that the SRB 2010–2019 panel covering 118 countries finds statistically significant relationships across all three pillars and assigns the largest weight to domestic competition. It reports, in particular, an estimated 11.2 percent increase in GDP per capita for a one-point improvement in the domestic-competition pillar.¹⁵ The point is not that a regulator can mechanically generate 11.2 percent growth by changing a score. The point is that the largest economic gains may lie inside the border, where traditional trade negotiations have devoted comparatively little attention.¹⁶

A newer quantum-inspired model, introduced in 2025, is best understood as a probabilistic extension of that insight. Buyers and sellers are treated as agents whose interactions occur with varying frequency and intensity. The three pillars act like forces that make mutually beneficial

exchanges more or less likely. When regulatory friction, insecure property rights, or restricted market access increases, fewer transactions occur and fewer ideas move from conception to production. The model is not a claim that economies literally obey quantum mechanics. It is an attempt to represent uncertainty, feedback, and dynamic interaction that a static cross-country regression may miss.¹⁷

These models should inform, not replace, institutional judgment. Cross-country indices can suffer from measurement error, omitted variables, reverse causality, and difficulty separating a harmful distortion from a legitimate policy that happens to affect competition. The 2019 Centre for Economics and Business Research agent-based model similarly illustrates the scale of possible losses while acknowledging that it is a stylized first look. Its illustrative result that a 25 percent within-country distortion could reduce global output by about 14 percent should be read as a model experiment, not as a measured global fact. A credible US program should therefore publish confidence ranges, disclose assumptions, invite replication, and use sector-specific evidence before imposing a remedy.¹⁸

What the Country Evidence Suggests

Having described the nature and magnitude of ACMDs, I now turn to the status of ACMDs in certain major jurisdictions, including the United States. An understanding of the types of ACMDs that are prevalent in leading nations with different politico-economic systems suggests particular strategies that the US government may wish to pursue as part of an ACMD reduction trade negotiations strategy. The country-specific descriptive summaries in the table 1 below provide a useful starting map for policymakers. They should be treated as tentative characterizations, because the form and intensity of market-distortionary government interventions differ across legal systems, and because progress in reforming one ACMD category can coexist with deterioration in another. Still, applied to five major jurisdictions (China, the European Union, the United States, India, and Russia), the comparison shows why a successful anti-ACMD strategy must be country specific and must address both the distorter and the trading partner that bears the external cost (see table 1).

Several lessons follow. First, ACMD reduction is not synonymous with deregulation. China may attack provincial barriers while strengthening national industrial direction; the European Union may police foreign subsidies while enlarging its own regulatory architecture; and the United States may remove federal entry barriers while maintaining other measures that foreign partners view as discriminatory. Second, the same policy instrument can be procompetitive or anticompetitive depending on design. Mutual recognition can remove duplicative testing, but a common standard can also become a cartelized barrier if outsiders cannot participate. Third, the most promising negotiations will identify concrete measures and concrete beneficiaries rather than accuse an entire country of being nonmarket.¹⁹

TABLE 1. Suggested US strategies for ACMD reduction by country

Jurisdiction	Illustrative ACMD pattern	Implication for US engagement
China	Local protectionism, discriminatory procurement, licensing bottlenecks, and administrative monopolies coexist with national industrial subsidies and state-firm advantages. These policies are mutually reinforcing: Administrative barriers shelter domestic and state-backed firms at home, while national industrial support gives favored firms the scale and financial capacity to compete abroad. ^a	Separate useful internal antitrust activism from persistent state favoritism; seek transparency and competitive neutrality where leverage exists.
European Union ^b	State-aid control and the Foreign Subsidies Regulation address selective support, while complex common rules, industrial policy, and digital regulation may create entry and compliance barriers. ^c	Pursue mutual recognition, nondiscrimination, and disciplined subsidy transparency without treating all regulation as illegitimate.
United States	The federal system itself contains licensing, procurement, and regulatory rules that can shelter incumbents or raise entry costs. Empirical research on US federal regulation finds fewer new-firm births and greater protection for incumbents in heavily regulated industries, while procurement scholarship documents how regulatory controls can impede entry into government-supplier markets. Executive Order 14267 makes review explicit. ^d	Domestic reform is a credibility condition for asking partners to reduce their own distortions.

Sources: Supplied comparative materials and public sources cited in the lettered notes that follow. The examples are illustrative and do not imply that every listed measure is an ACMD.

^a See Stanford Center on China's Economy and Institutions, "Mapping Two Decades of China's Industrial Policies," SCCEI, *China Briefs* (July 1, 2025); Hanming Fan, Ming Li, and Guangli Lu, "Decoding China's Industrial Policies," NBER Working Paper 33814 (July 2026), https://www.nber.org/system/files/working_papers/w33814/w33814.pdf.

^b See Juan Jorge Piernas López, "The Foreign Subsidies Regulation: An Ambitious Instrument That Raises Significant Challenges," *CPI Antitrust Chronicle* (May 2023); Nikita Divissenko, "From Draghi Report to the European Commission's Regulatory Agenda: Regulatory Transformation or Deregulation?," *European Law Blog* (Mar. 26, 2025).

^c See Juan Jorge Piernas López, "The Foreign Subsidies Regulation: An Ambitious Instrument That Raises Significant Challenges," *CPI Antitrust Chronicle* (May 2023); Nikita Divissenko, "From Draghi Report to the European Commission's Regulatory Agenda: Regulatory Transformation or Deregulation?," *European Law Blog* (Mar. 26, 2025).

^d See James B. Bailey & Diana W. Thomas, "Regulating Away Competition: The Effect of Regulation on Entrepreneurship and Employment," *Journal of Regulatory Economics* 52, no. 3 (December 2017): 237, doi: 10.1007/s11149-017-9343-9 (using data on US federal regulations across 215 industries, the authors find that heavier regulation is associated with fewer new-firm births, slower employment growth, and greater protection for large incumbent firms); William E. Kovacic, "Regulatory Controls as Barriers to Entry in Government Procurement," *Policy Sciences* 25, no. 1 (February 1992): 29, doi: 10.1007/BF00144631 (Kovacic directly explains how regulatory controls in government procurement can impede new suppliers' participation and reduce rivalry for public contracts).

TABLE 1. Suggested US strategies for ACMD reduction by country (continued)

Jurisdiction	Illustrative ACMD pattern	Implication for US engagement
India	The record is mixed: Active private-conduct enforcement and procurement scrutiny coexist with state-owned enterprise advantages, localization, licensing, price controls, and investment restrictions identified in prior studies. ^e	Offer technical assistance and phased commitments that reward measurable opening while recognizing administrative capacity and development needs.
Russia	ACMDs have worsened in recent years, during which the Russian economy has seen expanded price administration, state consolidation, and wartime intervention, with limited movement toward competitive neutrality. ^f	Use targeted security and supply-chain tools; expect little near-term ACMD bargaining where state control is itself a strategic objective.

Sources: (continued)

^e See OECD, *Annual Report on Competition Policy Developments in India* (2023), DAF/COMP/AR(2023)45; Office of the US Trade Representative, *2025 National Trade Estimate Report on Foreign Trade Barriers: India chapter*.

^f See Iwona Wiśniewska, “The Costs of War Are Driving the Economy: Russia’s Economic Situation in 2024,” *OSW Commentary* (Feb. 28, 2025) (documenting wartime budget expansion, preferential loans, subsidies, state-directed defense procurement, state-owned-enterprise investment, and administratively set defense-industry prices); Roza Nurgozhayeva, “Corporate Governance in Russian State-Owned Enterprises: Real or Surreal?,” *Asian Journal of Comparative Law* 17, no. 1 (2022): 24–50, doi: 10.1017/asjcl.2022.3 (describing Russia’s “reverse transition,” growing state influence, state-appointed SOE management, and persistent state interference inconsistent with competitive neutrality); Oksana S. Karashchuk and Alexey I. Boldiasov, “The Impact of State Procurement Interventions on the Income of Wheat Producers in Russia,” *Proceedings of Voronezh State University: Economics and Management*, no. 3 (2024): 35–48, doi: 10.17308/econ.2024.3/12281.

Possible US Initiatives

1. Create a transparent ACMD diagnostic and diplomacy function

Congress or the executive branch should give the US Trade Representative a formal ACMD mandate, supported by a small interagency unit drawing on the departments of Commerce, State, and the Treasury; the Office of Management and Budget; the US International Trade Commission; and the competition agencies (the Federal Trade Commission [FTC] and the US Department of Justice). The unit should not turn the FTC or Justice into a global regulatory court. Its role should be to translate business complaints, embassy reporting, national trade estimate entries, and economic evidence into transparent country and sector dossiers. The annual *National Trade Estimate Report* from the Office of the US Trade Representative already provides an institutional home: The 2026 report describes significant barriers facing US exports, investment, and electronic commerce. A new ACMD annex could classify measures by the three pillars and identify the likely mechanism of harm.²⁰

The diagnostic should include a two-stage screen. The first stage would identify a government measure, government-backed private restraint, or selective failure to enforce rules. The second would assess material competitive effect, legitimate objective, less restrictive alternatives, and likely domestic and cross-border welfare consequences. Scores should be aids to prioritization, not automatic findings of wrongdoing. Each entry should state who benefits, who bears the cost, what evidence supports the classification, what the country says in response, and what reform would be sufficient. This procedure would reduce the risk that ACMD language becomes a rhetorical substitute for analysis.²¹

2. Negotiate ACMD chapters in trade agreements

Every new bilateral or plurilateral trade agreement should include an ACMD chapter tailored to the partner's institutional structure. The Competere Foundation's sample chapter and the Singham-Abbott work point toward a useful architecture: a standstill obligation for new distortions; transparency regarding subsidies and state enterprises; competitive neutrality in procurement, licensing, taxation, and regulation; nondiscriminatory access to services and investment; and a consultation process that can escalate when a measure materially impairs the agreement's benefits.²²

The chapter should not attempt to constitutionalize one country's preferred regulatory model. It should instead establish outcomes and processes. A partner could meet a competitive-neutrality commitment through privatization, independent regulation, open procurement, nondiscriminatory licensing, or a different method that preserves equal opportunity. Legitimate public-service obligations should be identified, costed, separately accounted for, and compensated in a transparent and proportionate way. National-security exceptions should be real but bounded: They should address genuine security risks, not provide a general label for protectionism.²³

3. Pair reciprocal liberalization with measurable reform

Trade leverage is most defensible when it is linked to a credible reform path and when the United States is also willing to liberalize. The 2026 United States–Argentina Agreement on Reciprocal Trade and Investment illustrates the possible template. It combines tariff schedules with provisions on import licensing, standards and conformity assessment, intellectual property, services, digital trade, state-owned enterprises, subsidies, investment, and implementation. The agreement shows that ACMD reduction can be drafted as a set of operational commitments rather than as a general demand that a partner become more like the United States.²⁴

A future arrangement could use staged tariff or regulatory relief: A partner receives an initial concession for adopting a transparent rule, a further concession when the rule is implemented, and a final concession after independent verification. The United States should avoid using the trade deficit as a stand-in for the quantum of distortion. A deficit can reflect comparative advantage, savings and investment patterns, or efficient specialization. Conversely, a country can suppress US

exports through domestic barriers without generating a large bilateral deficit. A better approach is to use the estimated domestic and cross-border opportunity cost of specific ACMDs as a negotiating guide, with error bands and periodic review.²⁵

This approach also requires attention to US consumers. A tariff imposed to obtain foreign reform may protect a favored domestic industry or raise the cost of imported inputs, creating a new ACMD at home. Any contingent measure should therefore be narrow, time limited, transparent, and suspended when the partner meets the commitment. Relief for essential inputs and products with no practical domestic substitute should be considered from the outset.²⁶

4. Build a coalition of willing partners and use existing institutions for soft convergence

A global treaty negotiated all at once is unlikely. The United States should begin with countries that already have independent competition agencies, transparent procurement systems, or political constituencies committed to market opening. The United Kingdom, Australia, Japan, Korea, Canada, Mexico, Chile, and selected European and Indo-Pacific partners could form an initial compact. India should be engaged as a major potential participant, with commitments sequenced to account for regulatory capacity and development objectives. The point of a coalition is not to create a new trading bloc against every country that retains an ACMD. It is to demonstrate that mutual reform can produce visible gains and to create a template that outsiders can join.²⁷

The compact could provide mutual recognition of conformity assessments, open and transparent procurement, competitive neutrality for state-owned enterprises, protection against discriminatory digital and investment measures, and a process for identifying third-country distortions that spill into the coalition. It should include a preference for international standards where suitable as well as participation rights for foreign firms in standard setting. Over time, the compact could become a plurilateral WTO agreement or a module that is incorporated into existing agreements.²⁸

The International Competition Network is especially valuable because it can expose harmful public restraints without immediately converting every disagreement into a state-to-state dispute. Its advocacy function can publish model practices, conduct peer reviews, and help domestic competition agencies explain the costs of licensing barriers, procurement favoritism, and state-created monopolies to their own ministries. The OECD provides complementary tools: Its “Competition Assessment Toolkit” offers a method for screening rules, and its competitive-neutrality recommendation calls for a level playing field between state-owned and private firms, transparent exceptions, and periodic review.²⁹

The WTO should remain part of the strategy, but expectations should be realistic. The United States can seek improved notifications and discussions of subsidies, state trading, technical barriers, and regulatory restrictions; support a plurilateral code on public restraints; and use existing

technical barriers to trade, sanitary and phytosanitary services, and intellectual-property committees to surface cumulative barriers. A WTO-based agreement would offer legitimacy and predictability, but a coalition or bilateral agreement can move faster. The two tracks are complements, not substitutes.³⁰

5. Support reformers in developing countries

Many ACMDs survive not only because incumbents lobby for them but also because governments lack the administrative capacity to replace them. The United States should incorporate competition assessment, procurement transparency, property-rights administration, and regulatory simplification into technical assistance offered through the Millennium Challenge Corporation, the Development Finance Corporation, US Agency for International Development, the Export-Import Bank, and cooperation with the World Bank and regional development banks. Assistance should be linked to measurable institutional improvements but should not demand that low-income countries immediately adopt the most complex rules used by high-income economies.³¹

The Indian case study is instructive because it maps reforms across property rights, domestic competition, and international competition and treats the resulting GDP estimate as an upper bound rather than a forecast. A similar method could help reforming governments choose a small number of high-return changes: Open a licensing channel, end a procurement preference, recognize foreign conformity assessments, separate a regulator from a state-owned competitor, or improve the enforceability of contracts and intellectual property. Small, credible reforms can weaken the political argument that liberalization is an abstract concession to Washington.³²

6. Lead by reducing US ACMDs

The United States cannot credibly demand that other countries remove anticompetitive regulation while defending every domestic rule that benefits a politically salient industry. Exec. Order No. 14267 provides a useful starting mechanism. It directs agencies to identify regulations that create or facilitate de facto or de jure monopolies, impose unnecessary entry barriers, limit competition, unduly restrict licensing or accreditation, burden procurement, or otherwise distort the free market. That review should be made transparent, completed with economic analysis, and followed by legislation or rulemaking where executive authority is insufficient.³³

Domestic consistency is economically valuable as well as diplomatically useful. It can lower costs for American entrepreneurs, improve the productivity of US supply chains, and make it easier for foreign officials to argue that an ACMD agreement is reciprocal. The United States should also scrutinize its own subsidies, local-content mandates, trade remedies, licensing rules, and state-supported financing. A program that targets only foreign distortions will invite retaliation and encourage every partner to demand an exception. A program that reduces net distortions on all sides has a better chance of expanding the gains from trade.³⁴

Obstacles to Be Overcome

Implementing an ACMD reform program will face several major challenges. These obstacles should be acknowledged up front to manage expectations and to inform government reform efforts.

The largest obstacle is political. Incumbent beneficiaries are likely to resist disclosure and to characterize reform as surrendering sovereignty or abandoning social goals. The response should be to make the domestic gains explicit and to offer substitutes that achieve legitimate objectives with less damage to competition. In some cases, targeted income support or a transparent public-service contract will be preferable to a market-closing license or an opaque subsidy.³⁵

The second obstacle is measurement. ACMDs are heterogeneous, interactions among them are complex, and data are imperfect. The US government should not make an automatic tariff decision from a single model or index. It should use model outputs to prioritize investigation, then test the result with sector evidence, consultations, counterfactual analysis, and an assessment of less restrictive alternatives. Uncertainty in publishing will make the program more credible, not less.³⁶

The third obstacle is legal and institutional. Trade agreements must respect congressional authority, existing WTO commitments, and constitutional limits. Competition agencies should not be asked to adjudicate foreign regulatory systems without clear statutory authority. The US government should also recognize that some partners will view competitive-neutrality obligations as disguised industrial-policy constraints. Carefully drafted exceptions, due process, independent review, and sunset provisions can reduce those concerns.³⁷

The fourth obstacle is geopolitical. Some states use subsidies, state ownership, capital controls, and price administration not as temporary instruments but as elements of a political system. Negotiation may therefore be possible with Argentina, India, or an OECD partner in ways that it is not with a government committed to centralized economic control. The United States should distinguish between persuadable partners, partners needing technical assistance, and strategic competitors requiring security-based risk management. ACMD diplomacy cannot substitute for export controls, investment screening, or supply-chain diversification when the underlying problem is security rather than ordinary market access.³⁸

Finally, the United States must avoid re-creating the problem in the name of solving it. Broad tariffs, domestic purchasing mandates, discretionary exemptions, and opaque retaliation can themselves favor organized interests and reduce voluntary exchange. The objective is not managed trade for its own sake. It is a more open and competitive trading system in which governments agree to remove rules that prevent willing buyers and sellers from dealing on the merits, while preserving transparent and proportionate measures that serve genuine public purposes.³⁹

Conclusion

ACMDs are a neglected source of economic loss. They are found in every major economy, but their form ranges from subtle regulatory discrimination to comprehensive state control. Their persistence reflects a combination of concentrated political benefits, dispersed social costs, institutional gaps, and the absence of a common way to describe and measure behind-the-border restraints. The work of Singham, Abbott, and their coauthors supplies such a vocabulary and proposes tools for estimating the growth that may be released when the three pillars of trade openness, domestic competition, and property rights are strengthened.

The United States should use that framework pragmatically. It should document ACMDs without pretending to mathematical precision, use trade agreements to secure specific and reciprocal reforms, employ tariff or regulatory leverage sparingly and conditionally, build coalitions that demonstrate mutual gains, support soft convergence through international institutions, and reduce its own distortions. Successful agreements would benefit US exporters, but their deeper value would be broader: lower prices, more innovation, stronger property rights, better allocation of capital, and higher productivity in the countries that remove the restraints.

The political difficulty is real, and some governments will not cooperate. Yet the potential reward justifies sustained effort. If governments can move from defending favored interests to competing for investment, innovation, and consumer trust, the result will not merely be a fairer and more efficient distribution of existing trade. It will be a larger world economy. Mutual reduction of ACMDs can make trade policy a vehicle for expanding the gains from voluntary exchange and, over time, for restoring the growth that has been lost behind the border.

About the Author

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Notes

1. Alden F. Abbott and Shanker Singham, "Enhancing Welfare by Attacking Anticompetitive Market Distortions," *Concurrentes*, no. 4 (2011): 1–3; Shanker Singham, Robert Bradley, and U. Srinvasa Rangan, "The Effect of Anticompetitive Market Distortions (ACMDs) on Global Markets," *Concurrentes*, no. 4 (2014).
2. See Abbott and Singham, "Enhancing Welfare by Attacking Anticompetitive Market Distortions," 2–5, which discusses Kodak-Fuji, Mexico telecommunications, state-trading enterprises, and the limits of existing World Trade Organization disciplines.

3. Shanker A. Singham and Alden F. Abbott, *Trade, Competition and Domestic Regulatory Policy: Trade Liberalisation, Competitive Markets and Property Rights Protection* (Routledge, 2023); Shanker A. Singham, *International Trade, Regulation and the Global Economy: The Impact of Anti-Competitive Market Distortions* (Routledge 2026) (the 2025-era materials cited in this brief describe the book as forthcoming; the current publisher listing identifies the 2026 edition); Shanker A. Singham, “Trade Policy in the Trump Administration: Advancing Reduction of Anti-Competitive Market Distortions” (Growth Commission white paper, August 2025), 4, 21–25. The white paper reports a panel analysis of 118 countries for 2010–2019 and states that a one-point improvement in the domestic-competition pillar is associated with an estimated 11.2 percent increase in GDP per capita. These are model results and correlations, not automatic causal estimates.
4. Exec. Order No. 14267, Reducing Anti-Competitive Regulatory Barriers, 90 Fed. Reg. 15629 (April 15, 2025); European Commission, “State Aid Overview,” accessed September 24, 2026, https://competition-policy.ec.europa.eu/state-aid/overview_en, which explains the general prohibition on selective advantages that distort competition, subject to compatibility exceptions; European Commission, “Foreign Subsidies Regulation,” accessed September 24, 2026, https://competition-policy.ec.europa.eu/foreign-subsidies-regulation_en, which explains that the FSR began to apply July 13, 2023, and addresses foreign subsidies affecting procurement and concentration. See also State Administration for Market Regulation, “Anti-Monopoly Law of the People’s Republic of China (Chinese text),” effective August 1, 2008, and updated February 24, 2021, https://www.samr.gov.cn/zw/zfxxgk/fdzdgknr/fgs/art/2023/art_f0fae9eb3a684fc39e84d89eabfc2caa.html (for English text, see https://english.www.gov.cn/services/doingbusiness/202102/24/content_WS6035f1ddc6d0719374af97b6.html), and the supplied background materials, “Anticompetitive Government Distortions: China, EU, US, and India Comparisons” (September 3, 2026), 1–9; “Anticompetitive Government Distortions: Russia Plus Comparison of Major Countries” (September 3, 2026), 1–7. The Russia discussion is presented as a policy characterization, not as an independent estimate of the Russian economy’s distortion burden. See also, Competition Commission of India, “Antitrust,” last updated October 5, 2026, <https://cci.gov.in/public/antitrust>; Singham, “Trade Policy in the Trump Administration,” 7–12.
5. Office of the United States Trade Representative, *2026 National Trade Estimate Report on Foreign Trade Barriers* (2026); Shanker Singham, “Anti-Competitive Market Distortions: A Sample Chapter for Trade Agreements” (Competere Foundation, February 2024); United States–Argentina Republic Agreement on Reciprocal Trade and Investment (February 2026), arts. 2.1–2.12, 3.1–3.3, 5.1–5.2, 6.4; Alden Abbott, “From Buenos Aires to the World: Trading Away Distortions,” *Truth on the Market*, February 11, 2026.
6. See Abbott and Singham, “Enhancing Welfare by Attacking Anticompetitive Market Distortions”; and Singham et al., “The Effect of Anticompetitive Market Distortions (ACMDs) on Global Markets.”
7. See Singham and Abbott, *Trade, Competition and Domestic Regulatory Policy*; WTO (World Trade Organization), Agreement on Technical Barriers to Trade, preamble and arts. 2, 5, 13–14, https://www.wto.org/english/docs_e/legal_e/17-tbt_e.htm; OECD (Organisation for Economic Co-operation and Development), “Recommendation of the Council on Competitive Neutrality,” May 31, 2021.
8. See Singham et al., “The Effect of Anticompetitive Market Distortions (ACMDs) on Global Markets”; and Singham and Abbott, *Trade, Competition and Domestic Regulatory Policy*.
9. See Abbott and Singham, “Enhancing Welfare by Attacking Anticompetitive Market Distortions”; and Singham et al., “The Effect of Anticompetitive Market Distortions (ACMDs) on Global Markets.”
10. See Abbott and Singham, “Enhancing Welfare by Attacking Anticompetitive Market Distortions,” 2–5.
11. WTO, Agreement on Technical Barriers to Trade, preamble and arts. 2, 5, 13–14.
12. Abbott and Singham, “Enhancing Welfare by Attacking Anticompetitive Market Distortions,” 4–5, which proposes a rough welfare metric and competition advocacy through the International Competition Network as a near-term complement to a longer-term binding agreement.
13. See Abbott and Singham, “Enhancing Welfare by Attacking Anticompetitive Market Distortions,” 2–5.
14. See Singham and Abbott, *Trade, Competition and Domestic Regulatory Policy*; and Singham, “Trade Policy in the Trump Administration.”

15. Singham, "Trade Policy in the Trump Administration," 4, 21–25.
16. See Singham, *International Trade, Regulation and the Global Economy*.
17. Singham, *International Trade, Regulation and the Global Economy*; Singham, "Trade Policy in the Trump Administration."
18. Cebr (Centre for Economics and Business Research), "An Agent-Based Model of Trade: Market Distortions and Output" (2019), 4–7; Singham, "Trade Policy in the Trump Administration," 4, 21–25.
19. See Singham, "Trade Policy in the Trump Administration"; Exec. Order No. 14267, 90 Fed. Reg. 15629; European Commission, "State Aid Overview"; European Commission, "Foreign Subsidies Regulation"; State Administration for Market Regulation, "Anti-Monopoly Law of the People's Republic of China"; Competition Commission of India, "Antitrust"; and "Anticompetitive Government Distortions: Russia Plus Comparison of Major Countries."
20. Office of the US Trade Representative, *2026 National Trade Estimate Report on Foreign Trade Barriers*.
21. See Abbott and Singham, "Enhancing Welfare by Attacking Anticompetitive Market Distortions," 4–5.
22. See Singham, "Anti-Competitive Market Distortions"; and Abbott and Singham, "Enhancing Welfare by Attacking Anticompetitive Market Distortions," 2–5.
23. OECD (Organisation for Economic Co-operation and Development), "Recommendation of the Council on Competitive Neutrality" (OECD/LEGAL/0462, 2021, updated publication 2025), <https://legalinstruments.oecd.org/api/print?id=665&lang=en>; and 2021 version.
24. See United States-Argentine Republic Agreement on Reciprocal Trade and Investment; Abbott, "From Buenos Aires to the World: Trading Away Distortions."
25. See Singham, "Trade Policy in the Trump Administration"; Office of the US Trade Representative, *2026 National Trade Estimate Report on Foreign Trade Barriers*.
26. See Singham, "Trade Policy in the Trump Administration"; and Abbott, "From Buenos Aires to the World: Trading Away Distortions."
27. See Singham, "Trade Policy in the Trump Administration"; and Singham, "Anti-Competitive Market Distortions."
28. See Singham, "Anti-Competitive Market Distortions"; and WTO, Agreement on Technical Barriers to Trade, preamble and arts. 2, 5, 13–14.
29. OECD (Organisation for Economic Co-operation and Development), "Competition Assessment Toolkit: Principles, Version 2.0 (2025)," https://www.oecd.org/en/publications/competition-assessment-toolkit-principles-version-2-0-volume-i_9c0a92de-en.html; OECD, "Recommendation of the Council on Competitive Neutrality," 2025; and Abbott and Singham, "Enhancing Welfare by Attacking Anticompetitive Market Distortions," 4–5.
30. See WTO, Agreement on Technical Barriers to Trade, preamble and arts. 2, 5, 13–14; and Abbott and Singham, "Enhancing Welfare by Attacking Anticompetitive Market Distortions," 2–5.
31. Shanker A. Singham et al., "Anti-Competitive Market Distortions and Their Impact: A Case Study of India" (Legatum Institute, May 2016). The paper describes its factor-of-four GDP estimate as an upper-potential illustration, not a forecast. See also OECD, "Competition Assessment Toolkit: Principles, Version 2.0."
32. See Singham et al., "Anti-Competitive Market Distortions and Their Impact."
33. See Exec. Order No. 14267, 90 Fed. Reg. 15629.
34. See Abbott and Singham, "Enhancing Welfare by Attacking Anticompetitive Market Distortions"; Singham, "Trade Policy in the Trump Administration."
35. See Abbott and Singham, "Enhancing Welfare by Attacking Anticompetitive Market Distortions"; OECD, "Recommendation of the Council on Competitive Neutrality," 2021.

36. See Cebr, “An Agent-Based Model of Trade”; Singham, *International Trade, Regulation and the Global Economy*; and Singham, “Trade Policy in the Trump Administration,” 4, 21–25.
37. See OECD, “Recommendation of the Council on Competitive Neutrality,” 2025; United States-Argentine Republic Agreement on Reciprocal Trade and Investment, arts. 2.1–2.12, 3.1–3.3, 5.1–5.2, 6.4; and WTO, Agreement on Technical Barriers to Trade, preamble and arts. 2, 5, 13–14.
38. See Singham, “Trade Policy in the Trump Administration”; “Anticompetitive Government Distortions: Russia Plus Comparison of Major Countries”; and United States-Argentine Republic Agreement on Reciprocal Trade and Investment, arts. 2.1–2.12, 3.1–3.3, 5.1–5.2, 6.4.
39. See Abbott and Singham, “Enhancing Welfare by Attacking Anticompetitive Market Distortions”; Singham, “Trade Policy in the Trump Administration”; and Abbott, “From Buenos Aires to the World.”