Broken Promises: a G-20 Summit Report by Global Trade Alert

Edited by: Simon J.Evenett

"We underscore the critical importance of rejecting protectionism and not turning inward in times of financial uncertainty"

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CEPR

GLOBAL TRADE ALERT

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About Global Trade Alert (GTA)

Global Trade Alert provides information in real time on state measures taken during the current global economic downturn that are likely to discriminate against foreign commerce. Global Trade Alert is:

Independent: GTA is co-ordinated by the Centre for Economic Policy Research, an independent academic and policy research think-tank based in London, UK. GTA draws upon expertise and analysis from 7 independent research institutions around the world.

Comprehensive: GTA complements and goes beyond the WTO and World Bank's monitoring initiatives by identifying those trading partners likely to be harmed by state measures.

Accessible: The GTA website allows policy-makers, exporters, the media, and analysts to search the posted government measures by implementing country, by trading partners harmed, and by sector. Third parties will be able to report suspicious state measures and governments will be given the right to reply to any of their measures listed on the website.

Transparent: The GTA website allows policymakers, government officials, exporters, the media, and analysts to report discriminatory measures, but also will provide data for all stakeholders on the posted government measures by implementing country, by trading partners harmed, and by sector.

Timely: The up-to-date information and informed commentary provided by Global Trade Alert will help ensure that the G20 pledge not to "repeat the historic mistakes of protectionism of previous eras" is met, by maintaining confidence in the world trading system, deterring beggar-thy-neighbour acts, and preserving the contribution that exports could play in the future recovery of the world economy.

For further information, visit www.GlobalTradeAlert.org

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Foreword

The severe shocks experienced by the global financial system starting in 2007, and its near collapse in 2008 have brought in their wake a downturn in the real economy that is both exceptionally sharp and very widespread. As governments introduce measures to counter this downturn and repair the global financial system, they face temptations. The financial turmoil and its consequences for the real economy are unprecedented in recent times. Government responses have been unconventional as well: the impact of these policies, because they are unconventional and embody considerable discretion, is not well understood. As a result, even policies that are not intended to favour domestic firms and workers may in fact discriminate against foreign commercial interests. Unintentional discrimination would be worrying enough, but there is every reason to fear its more overt cousin. The real economy may now be shrinking at a slower rate, and a recovery may be in view, but unemployment will continue to rise for some time to come. Pressures to protect jobs at home will grow and governments will find these pressures difficult to resist.

For these reasons we welcomed Simon Evenett's proposal earlier this year to launch Global Trade Alert and have worked with him closely to implement this initiative. Global Trade Alert's mission is very clear: to provide real-time information on state measures taken during the current global downturn that are likely to affect foreign commerce, and to identify the trading partners likely to be harmed by these measures.

Global Trade Alert has achieved much since its launch in June. This would have not been possible without Simon's energy, enthusiasm and determination, and the support provided by CEPR, most notably by Viv Davies. We owe thanks as well to GTA's supporters: the Centre for International Governance Innovation, the German Marshall Fund of the United States, the International Development Research Center, the Trade Policy Unit of the Department for International Development and the Department for Business Innovation and Skills in the United Kingdom, and the World Bank. Their support has been generous and welcome, but they of course play no role in the operation of Global Trade Alert, nor do they necessarily endorse the opinions expressed in this Report.

Global Trade alert is an independent, non-official, and very "bottom up" initiative. It does not rely on governments for its information, though it makes full use of published official sources of information. Identifying and evaluating state measures is instead the task of the partner research institutes: the African Centre for Economic Transformation, the Centre for International Governance Innovation, the Gulf Research Center and the Latin American Trade Network. Much of the "heavy lifting" for the second GTA report was done by Simon's dedicated and hard working team at the Swiss Institute for International Economics and Applied Economic Research in St. Gallen: Johannes Fritz, Darya Gerasimenko, Malwina Nowakowska, and Martin Wermelinger.

Even though GTA has received very generous support, it cannot hope to enjoy the resources available to the official bodies engaged in similar exercises. Instead, it is designed to complement these official initiatives by attempting to gauge the impact of a government's measures on its trading partners; and by making it possible for anyone - be they individuals, firms or governments, to use the GTA website to report - anonymously - a state measure. GTA investigates these submissions and if appropriate, reports them on the website.

In this sense, then, GTA is a very different enterprise - bottom up, non-governmental and very much a product of the web age. This brings with it some very distinct and important advantages. At a presentation during the Brussels launch of GTA earlier this month, a complaint was voiced: "Isn't it very *annoying* that GTA is drawing attention to the EU subsidies to dairy farmers?"

Exactly so.

Stephen Yeo
Chief Executive Office, CEPR
17 September 2009

Executive Summary

Simon J. Evenett

University of St. Gallen and CEPR

When the full scale and depth of the global economic crisis became clearer last year the heads of dozens of governments, often coming together in important fora such as the G20, pledged to eschew protectionism. Such pledges have been repeated often since and nearly one year on after the first crisis-related G20 summit the question arises as to whether governments have broken their promises. This report provides a comprehensive portrait of contemporary protectionism and some of its observable consequences.

Global Trade Alert (GTA) has always operated on the assumption that in current circumstances the most practical approach to resisting protectionism is to combine peer pressure with high-quality, current information about state measures and their actual or potential effects on foreign commercial interests. Governments, the media, and civil society are the key sources of the former; the job of Global Trade Alert and other monitoring exercises is to provide the latter.

This report is being released one week ahead of the G20 Summit in Pittsburgh, USA, so as to inform deliberations to in the run up, during, and hopefully after the Summit. A joint monitoring report by the World Trade Organization (WTO), the Organisation for Economic Co-operation and Development (OECD), and the United Nations Conference on Trade and Development (UNCTAD) was also released this week, contributing further to the pre-summit deliberations.

How GTA built its extensive database on contemporary protectionism

Since GTA was launched on 8 June 2009 over 425 state initiatives have been investigated by our independent team of trade policy analysts located around the globe. These initiatives vary from packages of wide-ranging public measures with many implications for trade and investment policy instruments, to temporary tariff increases on single product lines. GTA's goal is to provide the most comprehensive online database of state measures taken since the first crisis-related G20 summit in November 2008 that might affect foreign commercial interests. The latter are broadly conceived by the GTA team to include not just trade flows and foreign investments but also intellectual property rights and migrant workers deployed abroad. It is through careful, multi-faceted investigations of these initiatives that a rich evidential base was built, from which the contours of contemporary protectionism can be discerned. Users can access this evidence at the website: www.globaltradealert.org

One of the most important steps in a GTA investigation is to establish whether the implementation of a state initiative has, or is likely, to alter the relative treatment of domestic and foreign commercial interests in the markets where the initiative's effects will be felt. In common parlance, GTA checks whether a state initiative tilts the playing field against foreign firms. GTA, therefore, does not opine on the WTO legality of a measure or whether a measure is "appropriate," "fair," "reasonable" or "crisis-related" (there being no agreed definition of these terms.)

State initiatives that almost certainly (or certainly) introduce or change asymmetries of treatment to the detriment of some foreign commercial interests are deemed by the Global Trade Alert to be contrary to the no-protectionism pledges made at the November 2008 G20 summit in Washington, DC, and elsewhere. In this Executive Summary, the phrases discriminatory and protectionist are used synonymously.

Without attempts to carefully enumerate the different types of state measures used and their various effects, any assessment of contemporary protectionism is likely to overlook key trends and is of diminished value to policymakers. That is why GTA goes beyond providing an assessment of the discriminatory impact of state initiatives. Examination of the tariff lines, sectors, and trading partners that are likely to be affected by each state initiative are carefully conducted so as to provide some indication of a public initiative's impact in what is still a relatively interdependent global economy.

No doubt purists will argue that a complete understanding of the consequences of crisis-era protectionism requires a detailed economic analysis of each state initiative. Such analyses could indeed be very useful, indeed the GTA team is and would gladly cooperate with experts interested in conducting such studies. But, leaving aside the question of resources and the availability of all the necessary data, quite frankly it is utopian to believe that over 425 such analyses could be conducted in the timeframe necessary to influence policymaking. In short, we should not make the perfect the enemy of the very good. GTA's investigations go a long way towards indicating the scale of an initiative's effects by making extensive use of publicly available trade, investment, migration, and other data. Still, the GTA team welcomes suggestions that will result in further improvements in the coverage and assessment of state initiatives.

The protectionist juggernaut continues

Having described GTA's approach, attention now turns to the main findings of this report; one of the most important of which, as detailed in section 2 of this report, is that the protectionist juggernaut has not lost any of its momentum. In each quarter of 2009 approximately 70 state initiatives have been implemented that contain measures which almost certainly discriminate against foreign commercial interests. Worldwide, since November 2008 the GTA team has found that of the 280 state initiatives that have actually been implemented, a total of 192 of them have tilted the playing field towards domestic commercial interests at the expense of foreigners or have discriminated between foreigners. Another 48 state initiatives have been implemented that are suspicious and are likely to discriminate against at least some foreign commercial interests.

It would be wrong, however, to take away the impression that every government initiative investigated by GTA has been deemed discriminatory. In 40 cases the GTA team concluded that the initiative in question involved the implementation of state measures that either liberalized international commerce, improved transparency about a trade regime, or involved no change in the treatment of foreign firms. Many of the national budgets passed by Sub-Saharan African economies, for which several reports can be found on the GTA website, involved tariff cuts on imports of equipment, parts, and components. Furthermore, on 11 different occasions governments have taken unilateral steps to loosen restrictions on foreign investors. This is in addition to the signing of bilateral investment treaties and the double taxation treaties that UNCTAD reports on a regular basis.

Having said this, the overwhelming picture is one of planned and implemented state initiatives that reduce foreign commercial opportunities and reverse the 25-year trend towards open borders. The GTA team estimates that worldwide the number of discriminatory measures being implemented outnumbers the liberalizing measures by five to one.

Worse, there is plenty more protectionism in the pipeline. GTA not only tracks measures that have been implemented but also those that have been announced but have not yet been implemented. There are a total of 140 of the latter measures, of which 134 will almost certainly discriminate against foreign commercial interests when implemented. Overhanging the world economy, then, is approximately half a year more of measures that discriminate against foreign commerce.[1]

Taken together, these findings imply that any notion that protectionism is abating should be set to one side. Whatever factors are driving the adoption of discriminatory state initiatives appear to be entrenched and this calls for continued vigilance by and peer pressure on governments.

The serial violation of the G20 pledge

Perhaps one of the most depressing findings in this report relates to the scale of the G20 members' violation of their pledge to eschew protectionism. These nations are responsible for implementing 172 of the state initiatives that have been investigated and reported in the GTA database. Of those initiatives, 121 were found to tilt the playing field against foreign commercial interests. Only 23 of those discriminatory measures related to the imposition of duties following anti-dumping, countervailing duties, and safeguards investigations, implying that resort to other means to close borders has been widespread.

Given that there have been approximately 300 days since the first crisis-related G20 summit in Washington, DC, these findings imply that, on average, a G20 member has broken the no-protectionism pledge every three days. No other statistic in this report better demonstrates the paucity of global leadership on contemporary protectionism.

The harm done by discriminatory state measures is widespread

Few products, economic sectors, and jurisdictions have emerged unscathed from the protectionism imposed in the months since last November: fewer than 5 percent of product categories, 20 percent of economic sectors, and a tiny number of trading

1 The 134 pending measures being equal to approximately twice the quarterly implementation rate of 70 measures.

jurisdictions have yet to be affected by any beggar-thy-neighbour state measures.

To better convey a sense of the widespread resort to, and harm done, by protectionist measures during the global economic downturn, a number of maps are reproduced at the end of this Executive Summary. Map 1.1 shows how many almost certainly discriminatory measures have been implemented by each jurisdiction since November 2008. There is considerable variation across countries. While a number of Sub-Saharan African countries have implemented no such measures, Russia has implemented the most (20).

Map 1.2. shows that the overwhelming majority of nations will find their countries' commercial interests harmed if the discriminatory measures in the pipeline are actually implemented. This demonstrates the collective interest that government leaders have in reining in protectionist dynamics.

Some government initiatives affect very few trading partners, others many. Map 1.3. reports the total number of trading partners that – on the basis of existing flows of goods, investments, and people across borders – are likely to have been harmed by the implementation of discriminatory measures. China, India, Indonesia, the United Kingdom, the United States, Russia, Germany, Spain, France, and Poland have already taken measures that harm 100 or more of their trading partners. Maps 1.4. and 1.5. report the number of product categories (4 digit tariff lines) and economic sectors affected by the discriminatory measures that have been put in place since the first crisis-related G20 summit in November 2008.

Maps were also generated for the number of times that each jurisdiction's commercial interests have been harmed by other country's discriminatory measures. Given the run-up to the Pittsburgh summit, Map 1.6. may be of particular interest. This map demonstrates the almost global reach of the harm done when G20 governments thought it wise to violate their own no-protectionism pledge. No one can claim that the damage done by the G20 members was confined to themselves.

Maps 1.7. and 1.8. provide more evidence against the propositions that contemporary protectionism is confined to a small number of implementing jurisdictions, that the harm is confined to a small number of jurisdictions, and that essentially the problem is localized. In fact, the high degree of interdependence revealed by these maps strongly suggests that many nations have a very strong interest in putting the break on the protectionist juggernaut.

Policy recommendations for the G20 leaders' summit

This report's central finding – that the protectionist juggernaut is still in full swing and its pain is being felt across large sections of the world economy – calls for trade policy to take its rightful place at the heart of the G20 agenda in Pittsburgh. Rather than issue another injunction to trade ministers to complete the Doha Round at some point in the future, steps should be to address the protectionist dynamics underway right now. Attention should be given to the two following initiatives.

First, **drain the protectionist pipeline- – and don't refill it.** Each G20 member should commit to publish and then review all of its major economic initiatives planned for the next 12 months. Outright discriminatory objectives should be disavowed. When a planned initiative's objective is benign, the G20 member responsible for it should verify publicly that the means chosen to attain the goals in question do so at the least possible cost to trading partners.

Second, **review and unwind trade-distorting measures** identified by major monitoring initiatives. Each G20 member should undertake a review every six months of each of the major crisis-related economic and financial programmes and trade policy initiatives implemented since the first G20 summit. Each review would:

- establish whether the initiative in question is still needed,
- establish whether all of the measures taken are necessary to attain the goals of the initiative,
- ascertain whether the measures can be replaced by other measures that attain the same goals but at lower cost to trading partners,
- be based on international best practices, where available,
- be evidence-based and reasoned,
- be made public on the G20 website.

Each review of a public initiative would result in a determination to either phase-out the initiative, retain the initiative in its current form (having demonstrated that its goals can be met at least cost with the current measures), or retain the initiative but replace excessively trade-distorting means with less-distortive ones. Such reviews would encourage evidence-based, transparent assessments of state initiatives that may have been put conceived of, and initially executed, in a fevered national policy-making process. In this manner the process of unwinding some of the crisis-related harm inflicted on trading partners would begin providing, in turn, much needed lifts to trading partners and ultimately to the world economy.

How this report is organised

The rest of this report is organized as follows. The large number of state measures investigated by the GTA team provide the evidential base upon which the emerging trends in contemporary protectionism can be delineated. An account of the relevant worldwide trends is provided in section 2. The perspective then shifts in section 3 from the global to the national, in particular to the G20 nations. For each G20 nation information is presented on the extent to which its commercial interests have been harmed by the actions of other countries. Symmetrically, information is presented on the extent to which a G20 nation's state measures have affected other trading partners. Maps are also employed to show the geographic spread of the impact of protectionist measures. In section 4 selected aspects of contemporary trade policy dynamics are given further scrutiny in seven short analyses by members of the GTA team.

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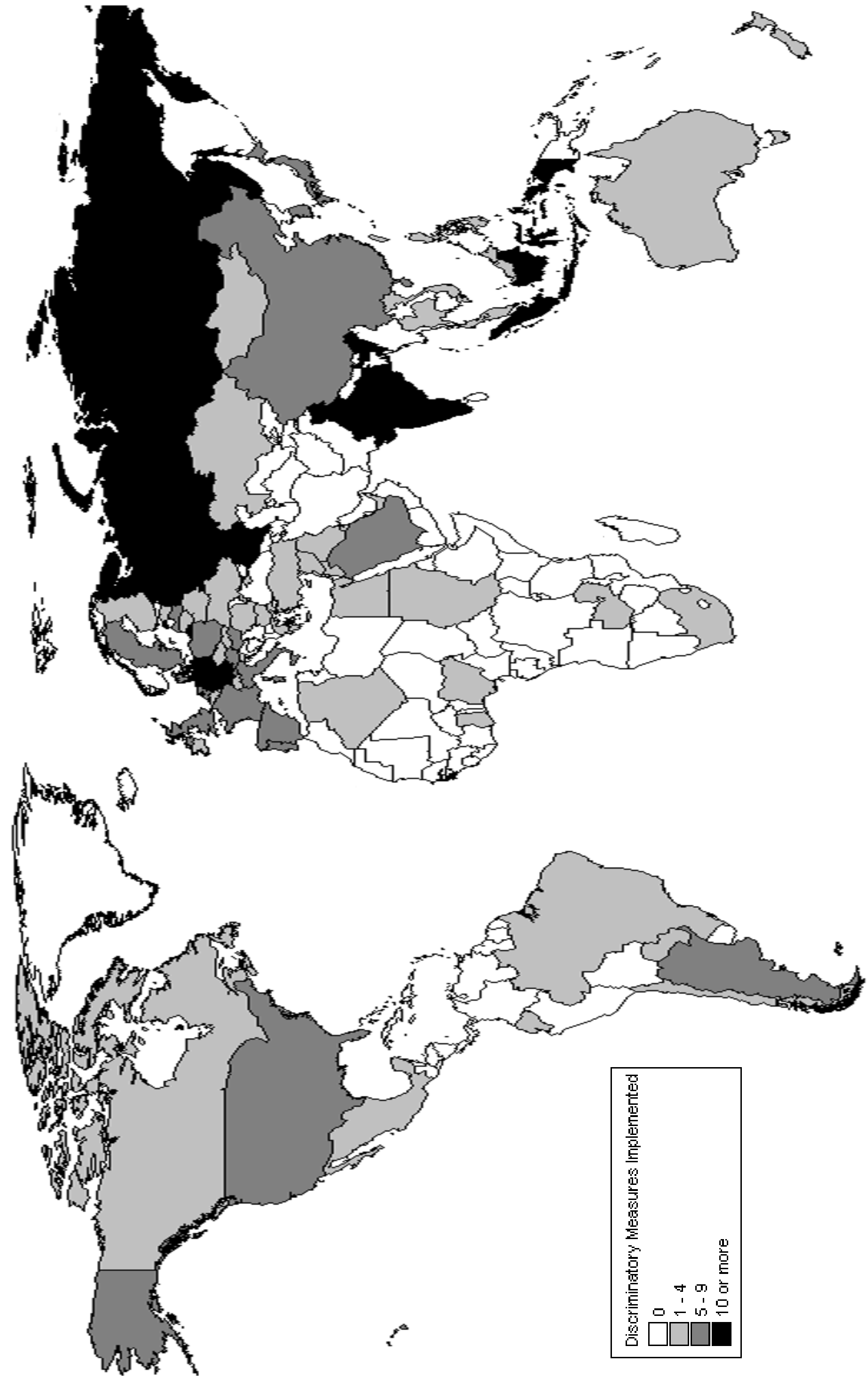
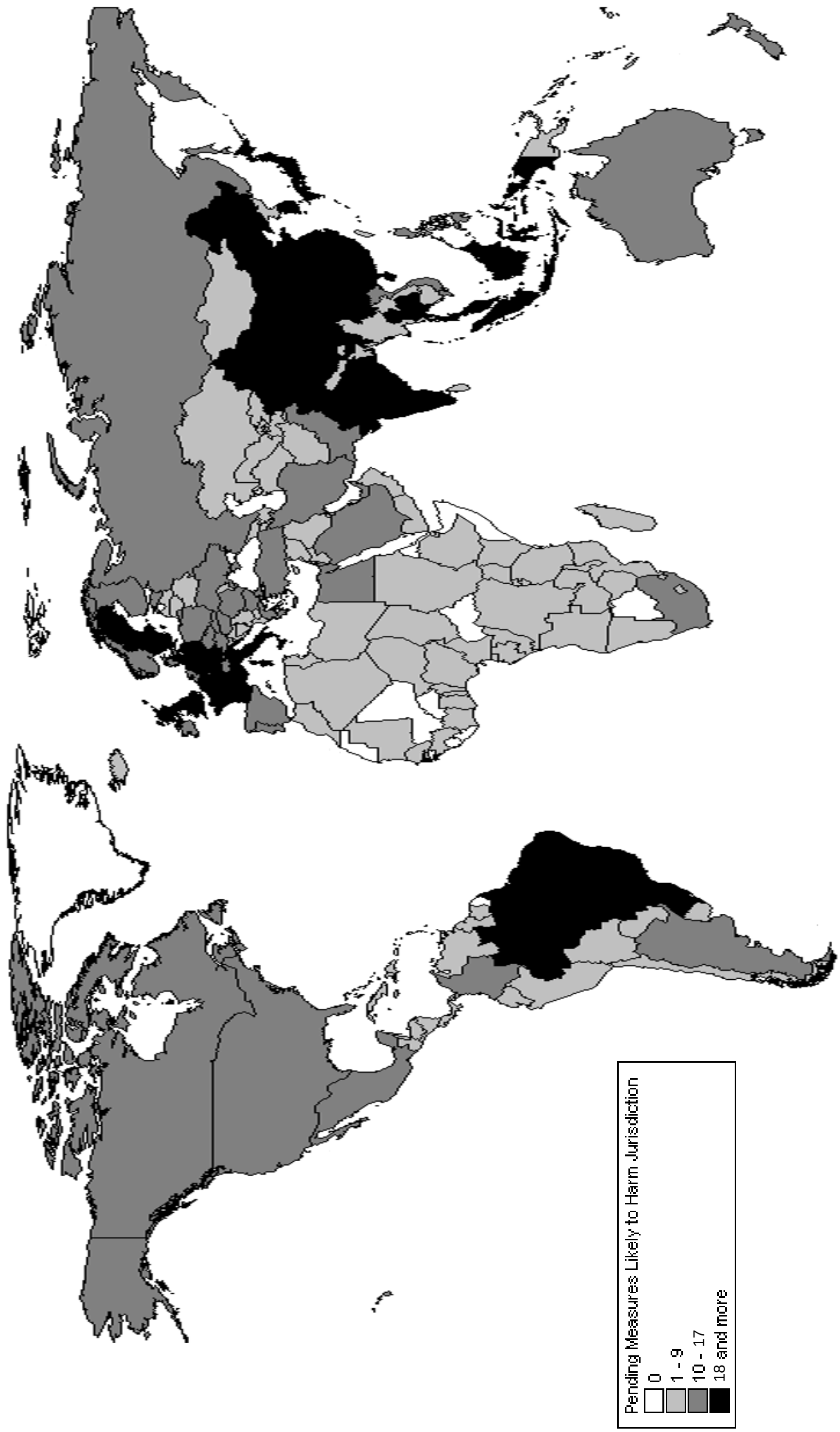
17 September 2009

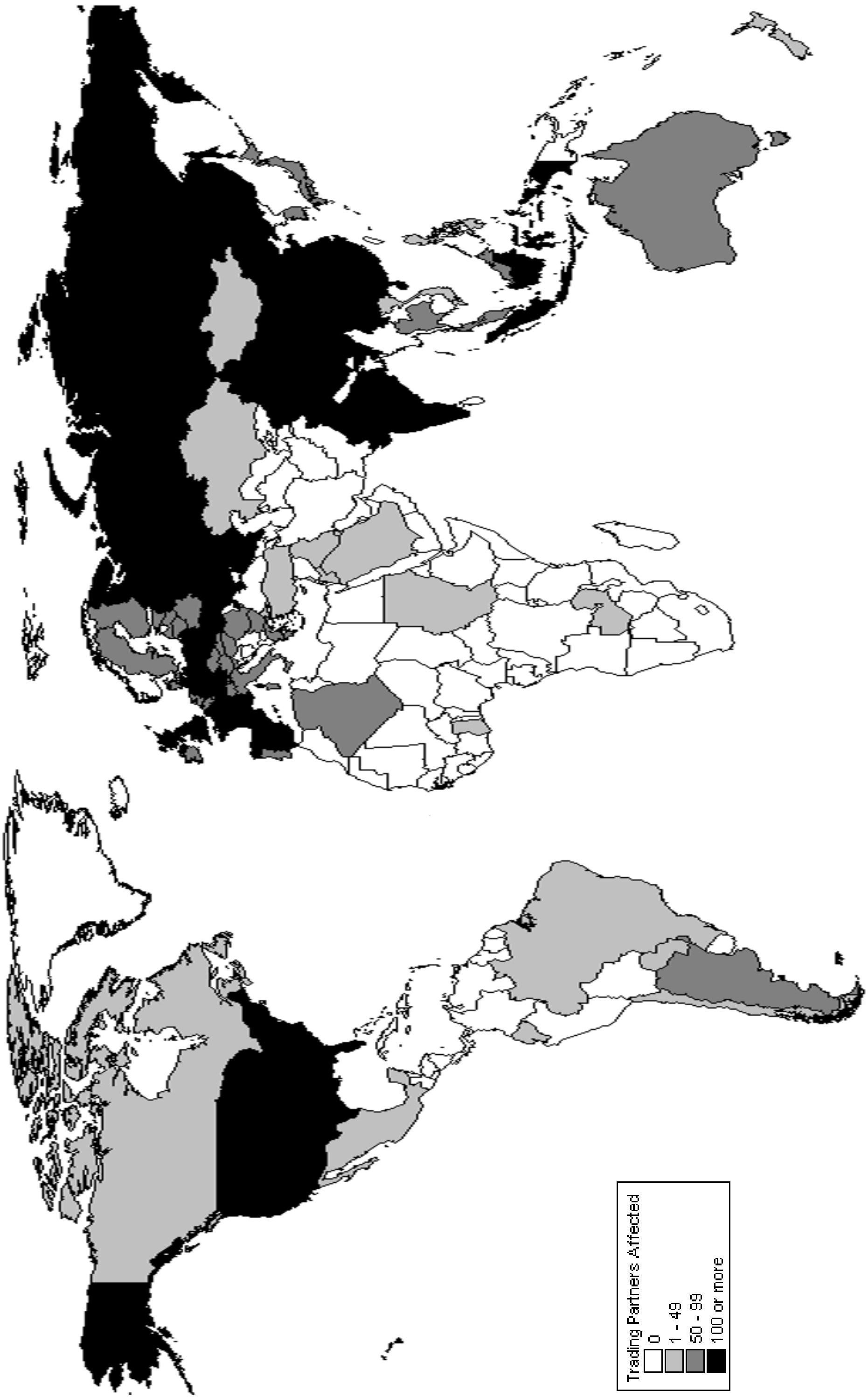
Map 1.1 Number of discriminatory measures implemented since the first G20 crisis related summit, ignoring measures in the pipeline



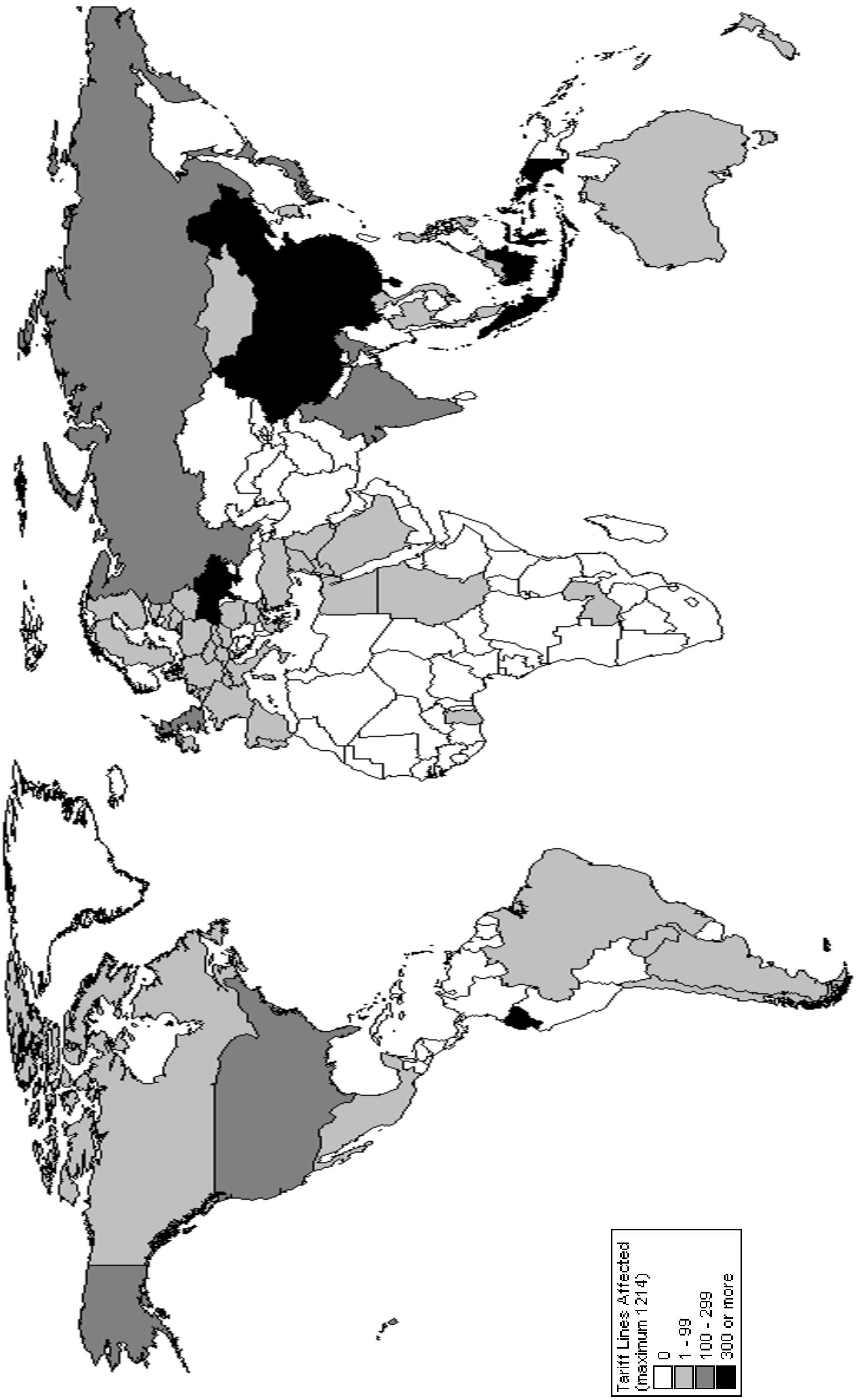


Map 1.2 Number of pending discriminatory measures likely to harm a jurisdiction

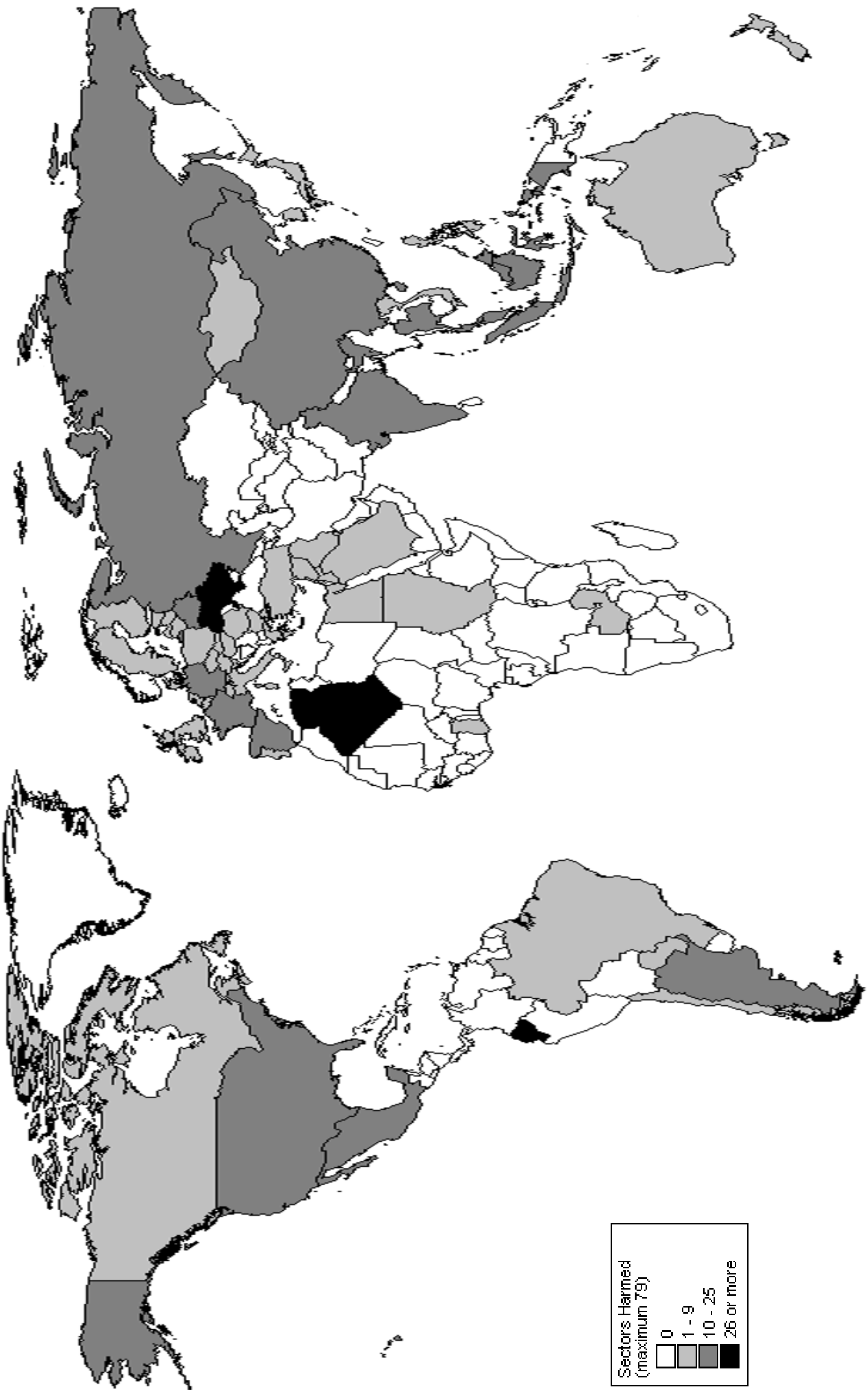
Map 1.3 Number of trading partners harmed by each jurisdiction's discriminatory measures



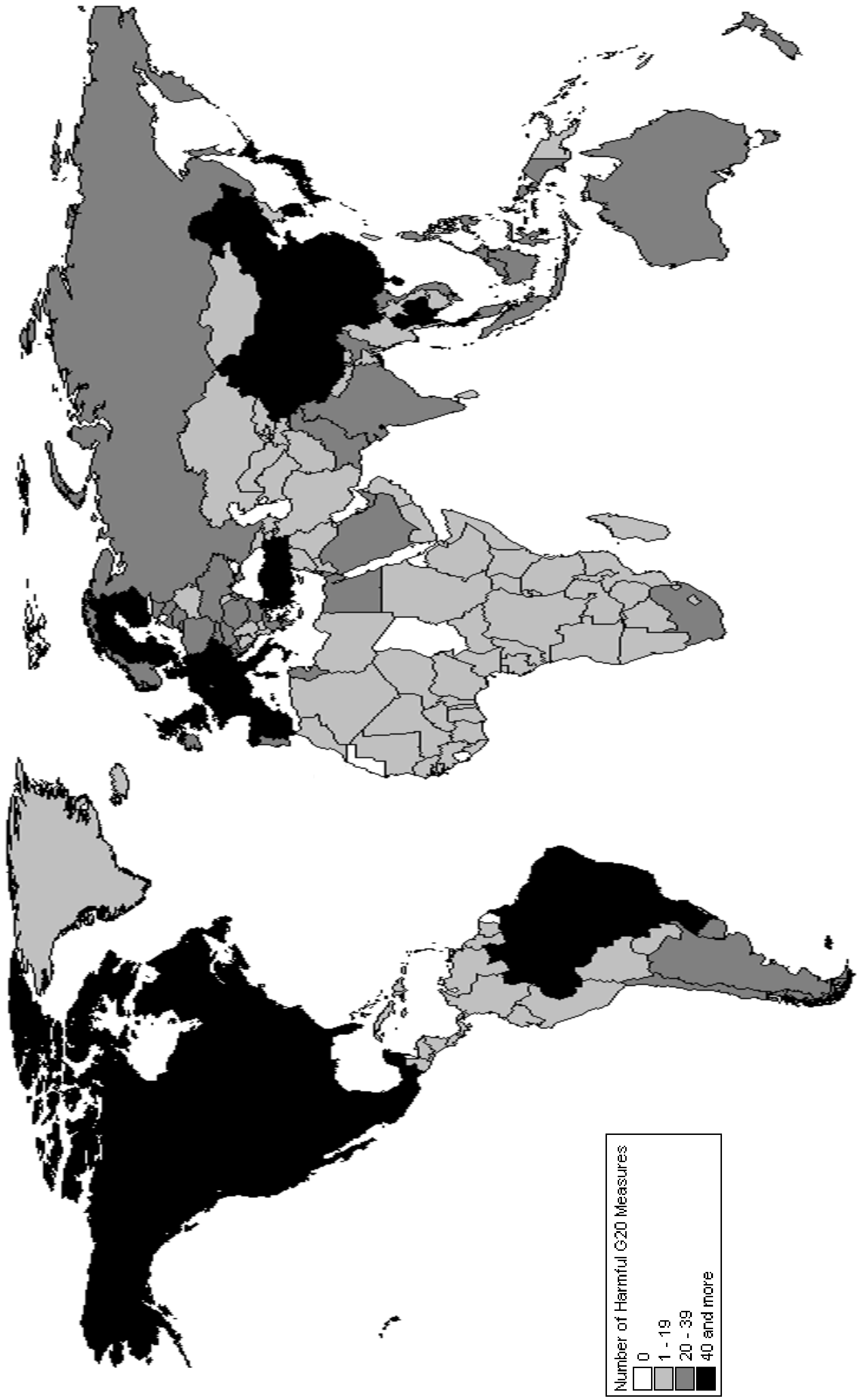
Map 1.4 Number of (4 digit) tariff lines harmed by each jurisdiction's discriminatory measures



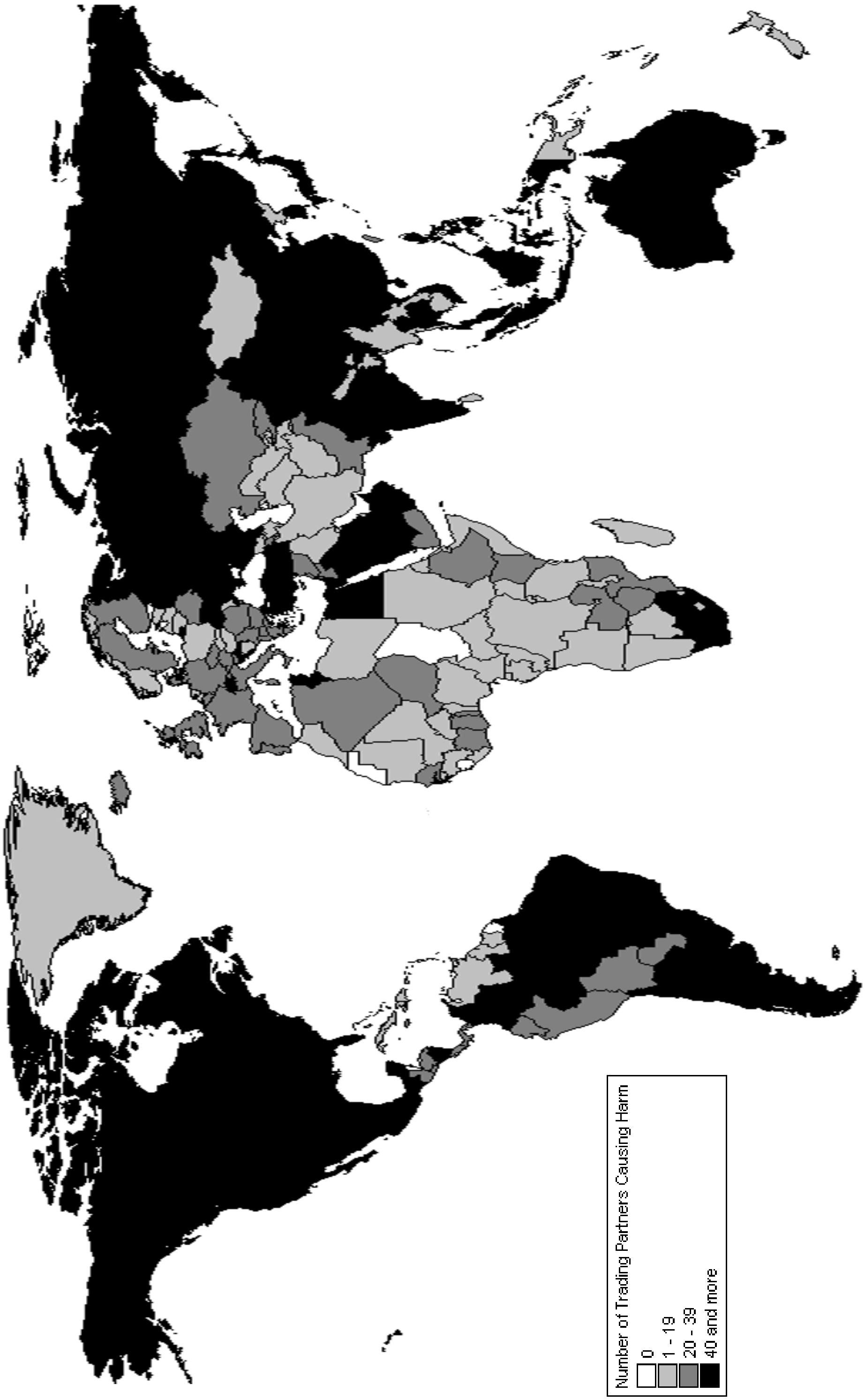
Map 1.5 Number of sectors harmed by each jurisdiction's discriminatory measures



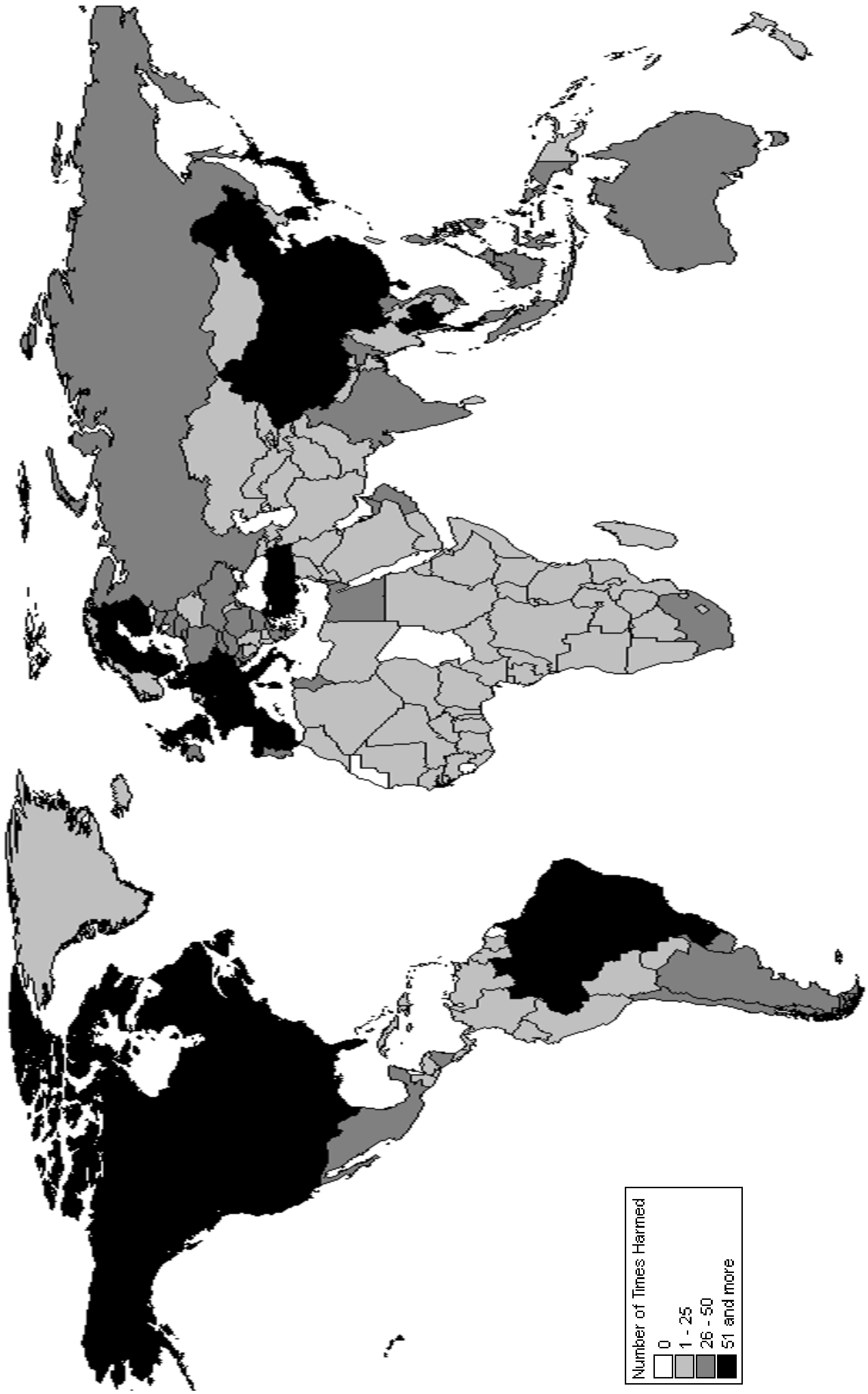
Map 1.6 Number of harmful measures implemented by G20 countries affecting each jurisdiction



Map 1.7 Number of trading partners harming each jurisdiction's commercial interests



Map 1.8 Number of times a jurisdiction's commercial interests are harmed by trading partners



The Emerging Contours of Crisis-Era Protectionism

Simon J. Evenett
University of St. Gallen and CEPR

Having investigated over the past three months more than 425 state measures, it should be possible to discern some of the principal features of contemporary protectionism and its consequences.[1] The purpose of this chapter is to present an overview of the main findings from the GTA database.

It ought to be possible to glean a better understanding of crisis-era protectionism because the GTA database does not just confine itself to records of state measures. Rather, examinations of the tariff lines, sectors, and trading partners that are likely to be affected by each state measure are carefully conducted so as to provide some indication of a measure's impact in what is still a relatively interdependent global economy.

To focus ideas, in what follows the main findings from the GTA database[2] are summarized, followed by the tables and figures that contain the raw data to substantiate each finding. Each finding described below is linked to at least one of those tables and figures. Readers are encouraged to augment the following account of contemporary protectionism with the maps reproduced at the end of the Executive Summary.

The worldwide impact of protectionism and the serial violation of the G20 pledge

1. Since the first G20 crisis summit in November 2008, the world economy has been hit by 192 beggar-thy-neighbour policy measures. Add in another 48 suspicious measures that are likely to have harmed some foreign commercial interests, the total could reach 240. **See Table 2.2.**
2. Worldwide, the number of blatantly discriminatory measures outnumbers liberalizing measures five to one. **See Table 2.2**.
3. Although there are a lot of anti-dumping, anti-subsidy and safeguard measures in the pipeline, they account for only 27 of the 192 harmful measures implemented since last November. **See Table 2.2**.

1 See Table 2.1 for a summary of the measures reported in the GTA and the number of measures that have been colour-coded green, amber, and red (the explanations for the colour-coding can be found beneath Table 2.1). Another finding in Table 2.1 is that there are a large number of state measures other than unfair trade and safeguard actions in the GTA database.

2 The GTA database includes reports on state measures that might have implications for foreign commercial interests, the latter being defined broadly to include trade flows, foreign investments, migrant populations, and intellectual property rights deployed abroad. To be included in the database a key decision about a measure must have been taken after the first crisis-related G20 summit meeting in Washington DC in November 2008.

4. Few products, economic sectors, and jurisdictions have emerged unscathed by crisis-era protectionism: fewer than 5 percent of product categories, 20 percent of economic sectors, and a tiny number of trading jurisdictions have yet to be affected by any beggar-thy-neighbour state measures. **See Table 2.2**.
5. After taking their no-protectionist pledge, the G20 members have implemented 121 blatantly discriminatory measures. **See Table 2.2 and Figure 2.1**.
6. Since last November a G20 member has broken the pledge every 3 days on average. **See Table 2.2.**
7. The scale of harm done by G20 measures is remarkable: three-quarters of all product categories and all economic sectors and 206 countries (including the G20 members themselves) have been hit by at least one discriminatory measure imposed by a country that took the no-protectionism pledge. **See Table 2.2**.

The protectionism in the pipeline will add significantly to the damage already done

8. Bearing in mind the current quarter is not over, the number of trade-distorting measures implemented by governments is running at around 70 per quarter in 2009. **See Figure 2.2.**
9. The number of suspiciously protectionist measures in the pipeline, 134 in total, is very worrying. If every one of them were implemented it would be equivalent to approximately half a year's more protectionism. **See Figure 2.2.**
10. Of the 134 pending measures that are of concern, 77 target China. If all of these measures were implemented, the number of times that China's commercial interests would have been harmed is estimated to rise 78%. For many of the large trading nations, implementation of these troubling pending measures would see their commercial interests hit 30% more. **See Figure 2.3. and Table 2.3**.

China is the most frequent target of crisis-era protectionism, but others are hit often too.

11. China is easily the most frequent target of blatantly protectionist measures, followed by the USA, Germany, France, Japan, Belgium, and other large exporters from the EU. **See Table 2.3.**
12. Fifty-six nations have taken 99 harmful measures against Chinese commercial interests. Only the USA and Japan come close in terms of suffering at the hands of so many trading partners. **See Table 2.3**.
13. Three of the top 5 nations to target Chinese commercial interests are other emerging markets (Indonesia, India, and Russia.) Germany and Spain are in the top 5 too. **See Table 2.4**.
14. Six EU member states have taken five or more measures that harm Chinese commercial interests. **See Table 2.4**.

The arsenal of protectionist measures is being used against Chinese commercial interests

15. While some nations (like India) frequently resort to unfair trade and safeguard investigations against Chinese imports, this is far from the full picture. Outright tariff increases (typically by developing countries with room to do so in their WTO tariff schedules), bailouts/state aids (implemented typically by North American and European nations), and resort to import licensing (by some developing countries) among other non-tariff barriers show the full reach of measures applied against Chinese commercial interests. **See Table 2.5**.

Which nations have inflicted the most harm?

16. Because protectionist acts can affect different numbers of products, sectors, and trading partners, there is no single metric to identify the worse offending nations. Still, whether it is number of harmful measures implemented, tariff lines affected, sectors affected, or trading partners affected, Indonesia is always in the top 5 worst offending nations. (Indonesia is a G20 member to boot!) **See Table 2.6.**
17. On all four metrics, China and Russia are always in the top 10 worst offending nations. **See Table 2.6**.
18. For three of the four indicators of harm, Germany and India are always in the top 10 worst offending nations. **See Table 2.6.**
19. The Ukraine has the dubious distinction of raising trade barriers against the most tariff lines (60 percent of all product categories.) Algeria takes the prize for affecting the most economic sectors; China for harming the most trading partners (163). **See Table 2.6.**
20. The commerce-restricting measures of ten nations, including six industrialized countries (UK, USA, Germany, Spain, France, and Poland), are estimated conservatively to have each harmed 100 or more of their trading partners. **See Table 2.6.**
21. Of the 18 nations in our four rankings of the worst 10 offenders, 12 took the G20 members no-protectionism pledge (Russia, Germany, India, Indonesia, Italy, UK, China, Argentina, Japan, USA, Mexico, and France.) **See Table 2.6**.

Which types of beggar-thy-neighbour policies are used the most

22. To date, in the GTA database, beggar-thy-neighbours bailouts and state aids (principally implemented by OECD nations) are the most frequently used source of discrimination against other nations' commercial interests. Over 30 percent of all discriminatory measures implemented since the first G20 summit were bailouts or forms of state aid. **See Table 2.7. and Figure 2.4.**
23. In the current global economic downturn bailouts have been found to cause harm twice as often as tariff increases, in stark contrast with the 1930s. **See Table 2.7. and Figure 2.4.**

24. The implementation of duties associated with trade defense investigations are the third most common form of protectionism. Given that a large number of such investigations are ongoing, trade defense measures will almost surely climb up the rankings in the next 12 months. **See Table 2.7. and Figure 2.5**.

25. Export taxes or restrictions, bailouts, export subsidies, buy national policies, tariff measures, and a rag-bag of non-tariff barriers imposed since November 2008 are each conservatively estimated to have harmed over 100 countries' commercial interests. **See Table 2.7.**

Which sectors are the beneficiaries of protectionism?

26. Despite all the talk about measures to bolster green industries, innovation, and future growth poles of the economy, the great majority of the discrimination is in favour of domestic firms is in smokestack, declining industries and in agriculture. **See Table 2.8.**

27. Other than the financial sector, the pattern of government interventionism has not changed much compared to previous upticks in protectionism. **See Table 2.8.**

Table 2.1 Total number of state measures reported in the GTA database

Statistic	All jurisdictions Total	All jurisdictions Total except unfair trade and safeguards investigations	G20 nations collectively Total	G20 nations collectively Total except unfair trade and safeguard investigations
Total number of measures in GTA database	428	281	293	172
Total number of measures coded green	54	46	34	29
Total number of measures coded amber	182	70	138	45
Total number of measures coded red	192	165	121	98

How does the GTA colour code measures?

Colour code	Criteria
Red	(i) The measure has been implemented and almost certainly discriminates against foreign commercial interests.
Amber	(i) The measure has been implemented and may involve discrimination against foreign commercial interests; *OR* (ii) The measure has been announced or is under consideration and would (if implemented) almost certainly involve discrimination against foreign commercial interests.
Green	(i) The measure has been announced and involves liberalization on a non-discriminatory (i.e., most favoured nation) basis; *OR* (ii) The measure has been implemented and is found (upon investigation) not to be discriminatory: *OR* (iii) The measure has been implemented, involves no further discrimination, and improves the transparency of a jurisdiction's trade-related policies.

Table 2.2. Measures implemented since first crisis-related G20 summit in November 2008, totals for all jurisdictions and for the G20 members.

Statistic	All jurisdictions Total	All jurisdictions Total except unfair trade and safeguards investigations	G20 nations Total	G20 nations Total except unfair trade and safeguard investigations
Total number of measures in GTA database	280	231	172	133
Total number of measures coded green	40	36	27	24
Total number of measures coded amber	48	30	24	11
Total number of measures coded red	192	165	121	98
Total number (%) of 4-digit tariff lines affected by almost certainly discriminatory measures	1157 (95%)	1141 (94%)	926 (76%)	921 (76%)
Total number (%) of 2-digit sectors affected by almost certainly discriminatory measures	63 (80%)	63 (80%)	58 (73%)	58 (73%)
Total number of trading partners affected by almost certainly discriminatory measures	217	203	206	193

Figure 2.1 The G20 members implement a higher share of beggar-thy-neighbor policies than other countries.

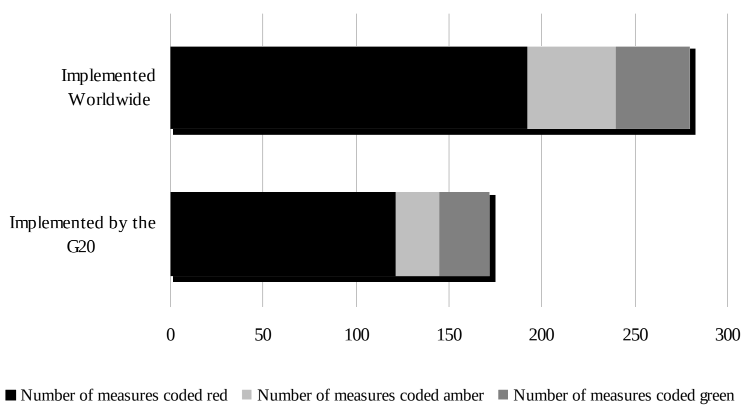
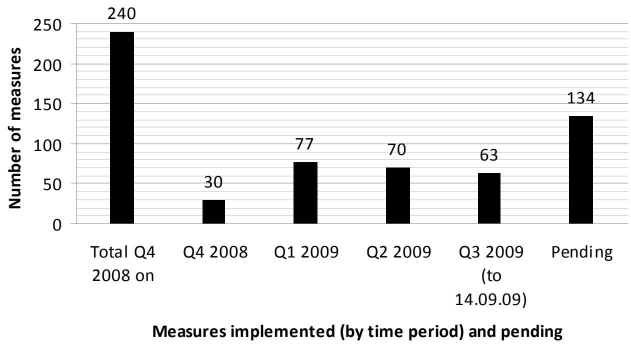


Figure 2.2 If the measures in the pipeline are implemented, the number of harmful measures will rise by more than half



Note: In Figure 2.2. a harmful measure is taken to be one which has been implemented since November 2008 and is almost certainly discriminatory (coded red) or likely to be discriminatory (coded amber).

Figure 2.3 Except China, the protectionism in the pipeline would increase the harmful measures felt by national commercial interests by approximately a third

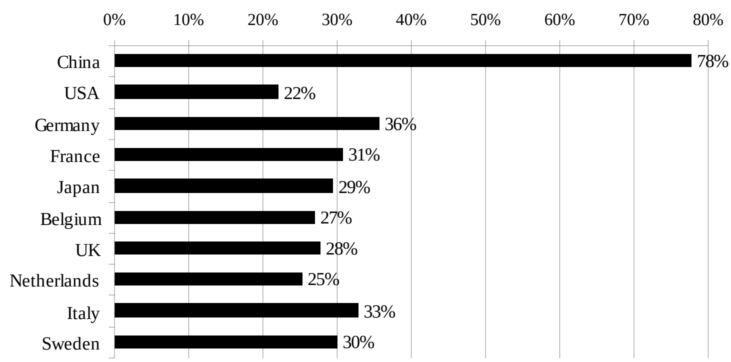


Table 2.3 Top 10 biggest targets of discriminatory measures

Target	Number of discriminatory measures imposed on target	Number of trading partners imposing discriminatory measures	Number of pending measures which, if implemented, would harm target too
1. China	99	56	77
2. USA	86	49	19
3. Germany	84	30	30
4. France	78	29	24
5. Japan	78	46	23
6. Belgium	78	28	21
7. UK	72	29	20
8. Netherlands	71	28	18
9. Italy	70	25	23
10. Sweden	70	23	21

Table 2.4 Countries imposing the largest number of harmful measures on Chinese commercial interests

Country imposing measures that harm Chinese commercial interests	Number of measures already imposed that are (a) almost certainly discriminatory or (b) maybe discriminatory
1. Russia	13
2. Indonesia	9
3. India and Germany (joint third)	8
5. Spain	7
6. France and United States (joint sixth)	6
8. Argentina, Italy, Poland and UK (joint eighth)	5

Table 2.5 Top 5 types of measures used against Chinese commercial interests

Type of measures	Number of times used against Chinese commercial interests
1. Tariff measures	31
2. Antidumping, anti-subsidy, and safeguards	26
3. Bailout/state aids	21
4. Non-tariff barriers (not otherwise specified)	12
5. Export subsidies	9

Table 2.6 Which countries have inflicted the most harm?

	Metric, Country in specified rank, Number			
Rank	Ranked by number of (almost certainly) discriminatory measures imposed	Ranked by number (percentage) of tariff lines (product categories) affected by (almost certainly) discriminatory measures	Ranked by percentage of sectors affected by (almost certainly) discriminatory measures	Ranked by number of trading partners affected by (almost certainly) discriminatory measures
1.	Russia (20)	Ukraine 733 (60%)	Algeria 54 (68%)	China (163)
2.	Germany (15)	China 329 (27%)	Ukraine 38 (48%)	India (141)
3.	India and Indonesia (10)	Ecuador 312 (25%)	Ecuador 30 (37%)	Indonesia (124)
4.		Indonesia 311 (25%)	Indonesia 25 (31%)	UK (123)
5.	Italy, Spain, and UK (9)	Russia 258 (21%)	Belarus and China 23 (29%)	USA (120)
6.		India 210 (17%)		Russia (117)
7.		Japan 133 (11%)	Mexico 22 (28%)	Germany (116)
8.	China (8)	UK 131 (11%)	Germany 21 (27%)	Spain (108)
9.	Argentina (7)	USA 124 (10%)	Russia and USA 19 (24%)	France (106)
10.	Japan (7)	Belarus 74 (6%)		Poland (100)

Note: There is no single metric to evaluate harm. Different policy measures affect different numbers of products, economic sectors, and trading partners. GTA reports four measures of harm.

Table 2.7 Ten most used state measures to discriminate against foreign commercial interests since the first G20 crisis meeting.

Ranked by number of discriminatory measures imposed

Rank and measure	Number of measures implemented by type	Number of discriminatory measures (classified red)	Number of countries that imposed these discriminatory measures	Number of countries harmed by these discriminatory measures	Percentage of tariff lines (product categories) affected by these discriminatory measures	Percentage of sectors affected by these discriminatory measures
1. Bail out/ state aid measure	66	62	35	150	12	25
2. Tariff measure	60	31	15	113	38	43
3. Trade defence measure (AD, CVD, safeguard)	50	28	40	101	24	39
4. Public procurement/ Buy National policy	16	12	11	133	30	34
5. Non tariff barrier (not otherwise specified)	17	11	7	109	22	36
6. Sanitary and Phytosanitary measures	11	10	8	17	1	8
7. Export subsidy	11	9	31	144	17	21
8. Migration measure	10	7	7	31	0	0
9. Export taxes or restriction	14	6	9	146	22	22
10. Import ban	6	6	5	34	10	27

Figure 2.4 Top 10 implemented measures used to discriminate against foreign commercial interests since the first G20 crisis meeting

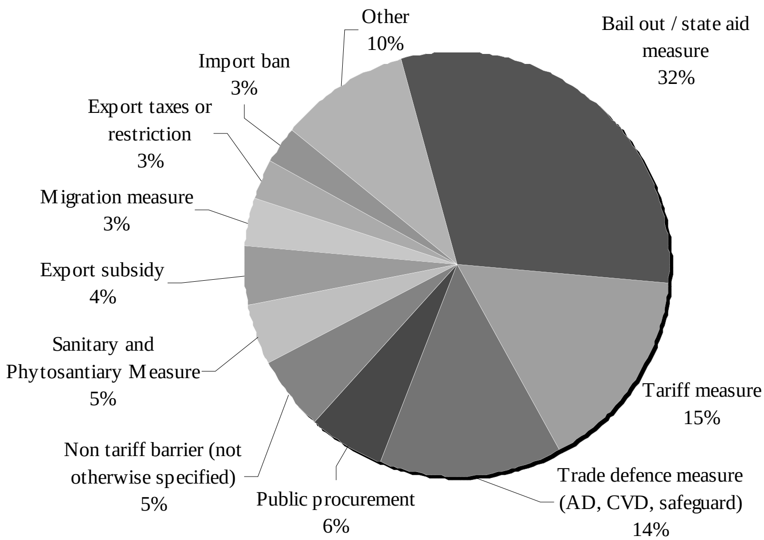


Figure 2.5 Top 10 pending measures that target foreign commercial interests.

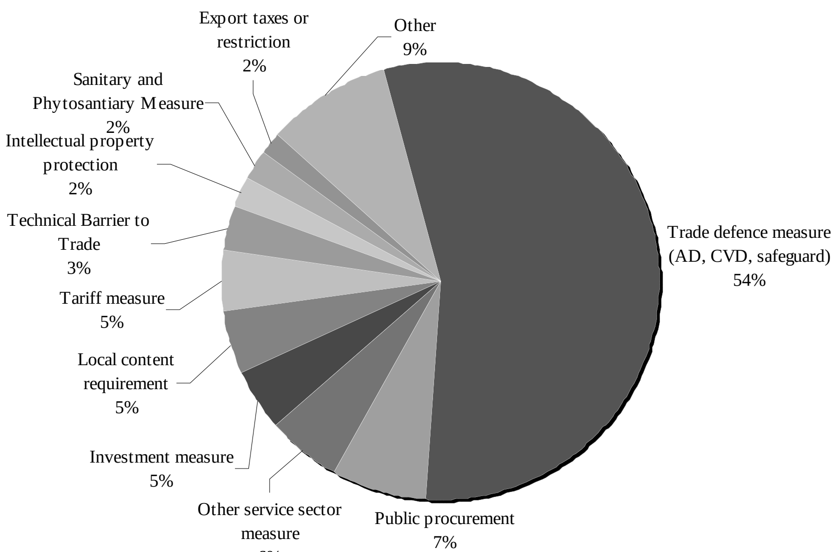


Table 2.8 Sectors most affected by discriminatory measures

Rank, CPC code, and sector description	Number of implemented measures affecting specified sector	Number of discriminatory measures harming commercial interest in this sector	Number of countries responsible for discriminatory measures taken in this sector	Number of pending measures affecting specified sector
1. 81 (Financial intermediation services and auxiliary services thereof)	31	29	13	1
2. 21 (Meat, fish, fruit, veg. etc)	40	25	16	5
3. 44 (Special purpose machinery)	52	25	16	11
4. 01 (Products of agriculture)	40	22	17	7
5. 23 (Grain mill products)	39	22	40	7
6. 41 (Basic metals)	65	22	38	27
7. 27 (Textile articles other than apparel)	36	19	13	7
8. 34 (Basic chemicals)	54	19	12	20
9. 42 (Fabricated metal products)	49	19	13	18
10. 49 (Transport equipment)	50	19	13	16
11. 38 (Furniture; other transportable goods n.e.c.)	30	18	13	5
12. 47 (Radio television and communication equipment and apparatus)	29	18	10	6
13. 22 (Dairy products)	27	17	40	5
14. 28 (Knitted or crocheted fabrics; wearing apparel)	28	17	12	4
15. 43 (General purpose machinery)	33	17	11	7
16. 02 (Live animals and animal products)	25	16	41	4
17. 29 (Leather and leather products; footwear)	24	15	11	2
18. 36 (Rubber and plastics products)	28	15	13	7
19. 46 (Electrical machinery and apparatus)	23	14	10	4
20. 26 (Yarn and thread; woven and tufted textile fabrics)	33	12	9	10

G20 Protectionism: A Country-by-Country Assessment

ARGENTINA

Table 3.1 Foreign state measures affecting Argentina's commercial interests

Summary statistic of foreign state measures affecting Argentina's commercial interests	All measures	All measures except anti-dumping, anti-subsidy, and safeguard actions.
Total number of measures affecting Argentina's commercial interests	72	67
Total number of foreign measures found to benefit or involve no change in the treatment of Argentina's commercial interests [1]	7	6
Total number of foreign measures that (i) have been implemented and are likely to harm Argentina's commercial interests or (ii) that have been announced but not implemented and which almost certainly discriminate against Argentina's interests [2]	21	18
Total number of foreign measures that have been implemented and which almost certainly discriminate against Argentina's interests [3]	44	43
Total number of implemented measures affecting Argentina's commercial interests	59	56
Total number of pending foreign measures likely to affect Argentina's commercial interests.	13	11
Total number of pending foreign measures that, if implemented, are likely to harm Argentina's foreign commercial interests	13	11
Total number of trading partners that have imposed measures that harm Argentina's commercial interests	47	46

Note: As the Global Trade Alert database is updated frequently, the above data will change.
Updates on the numbers in this table can be found by going to *http://www.globaltradealert.org/site-statistics*, and selecting "Argentina" in the "Affecting Trading Partner" and clicking the button "Get Stats".

[1] These measures are classified "green" in the Global Trade Alert database.
[2] These measures are classified "amber" in the Global Trade Alert database.
[3] These measures are classified "red" in the Global Trade Alert database.

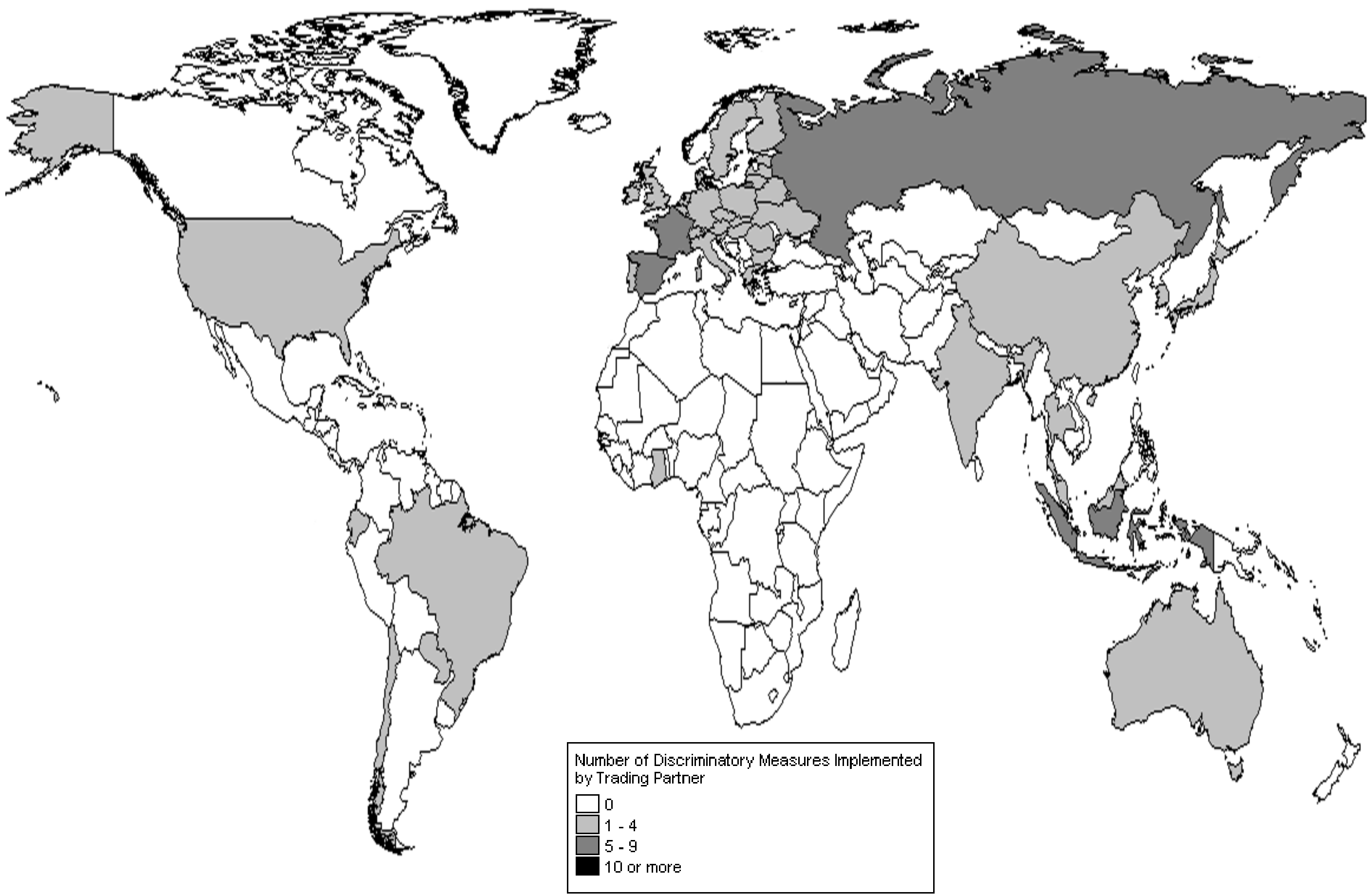
Table 3.2 Argentina's state measures affecting other jurisdictions' commercial interests

Summary statistic of Argentina's state measures affecting other jurisdictions' commercial interests	All measures	All measures except anti-dumping, anti-subsidy, and safeguard actions.
Total number of Argentina's measures affecting other jurisdictions' commercial interests	20	5
Total number of Argentina's measures found to benefit or involve no change in the treatment of other jurisdictions' commercial interests [1]	0	0
Total number of Argentina's measures that (i) have been implemented and are likely to harm commercial interests or (ii) that have been announced but not implemented and which almost certainly discriminate against foreign interests [2]	13	0
Total number of Argentina's measures that have been implemented and which almost certainly discriminate against foreign interests [3]	7	5
Total number of 4-digit tariff lines affected by measures implemented by Argentina that harm foreign commerical interests	73	73
Total number of 2-digit sectors affected by measures implemented by Argentina that harm foreign commerical interests	18	18
Total number of trading partners affected by measures implemented by Argentina that harm foreign commercial interests	53	53

Note: As the Global Trade Alert database is updated frequently, the above data will change.
Updates on the numbers in this table can be found by going to *http://www.globaltradealert.org/site-statistics*, and selecting "Argentina" in the "Affecting Trading Partner" and clicking the button "Get Stats".

[1] These measures are classified "green" in the Global Trade Alert database.
[2] These measures are classified "amber" in the Global Trade Alert database.
[3] These measures are classified "red" in the Global Trade Alert database.

Map 3.2 Argentina: Harm done to this G20 member's commercial interests by others



ARGENTINA

Map 3.1 Argentina: Worldwide incidence of harm done by this G20 member's discriminatory measures

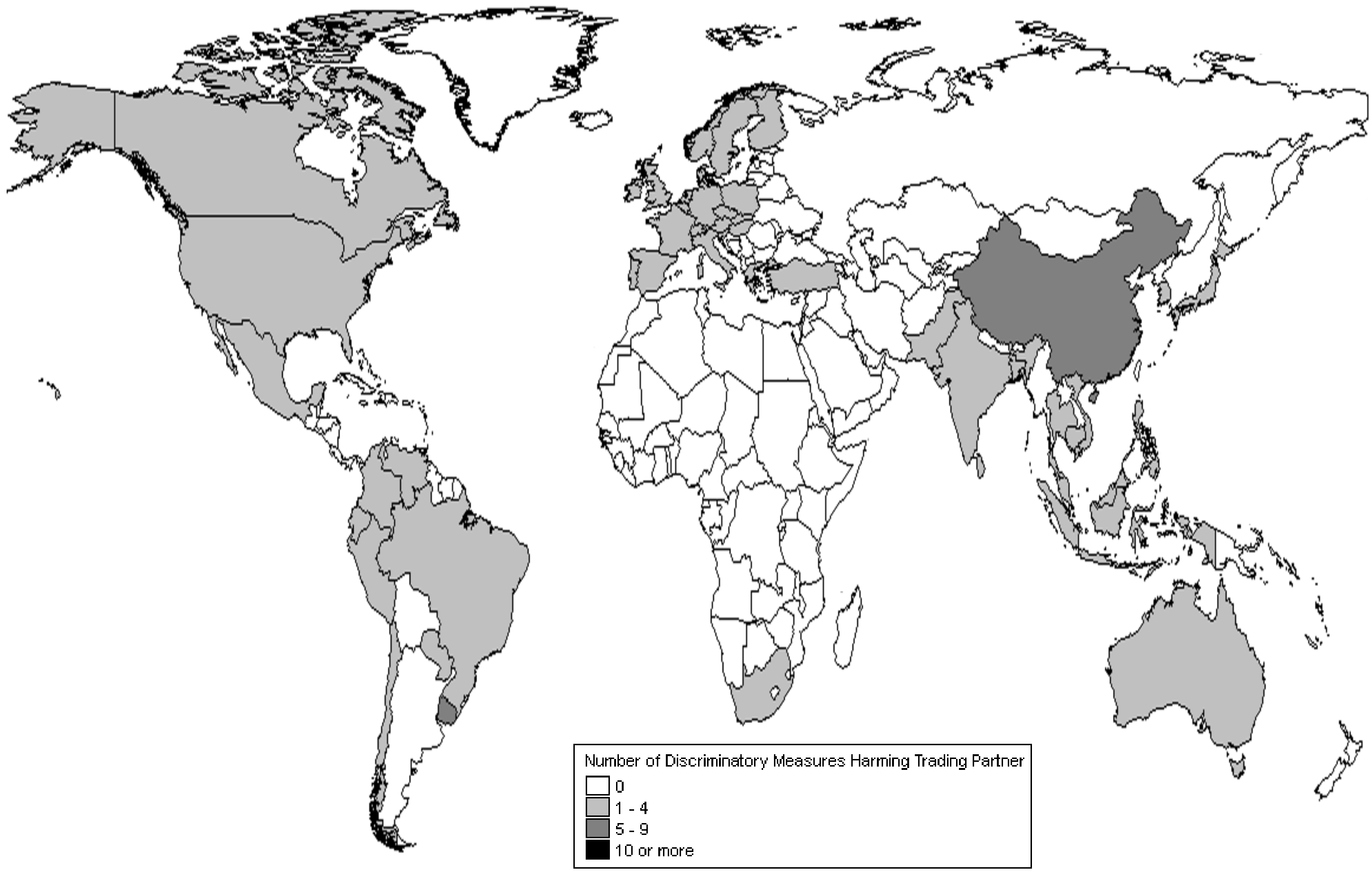
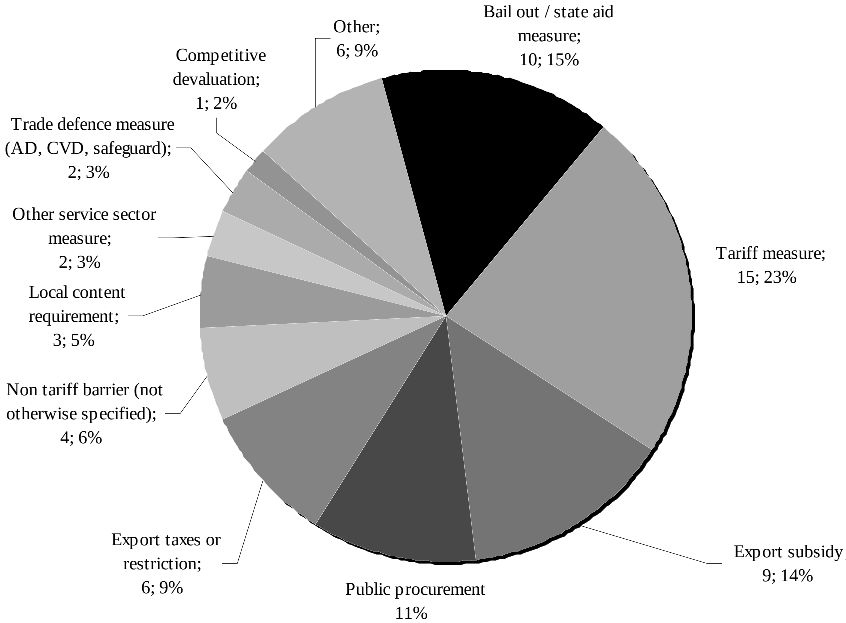
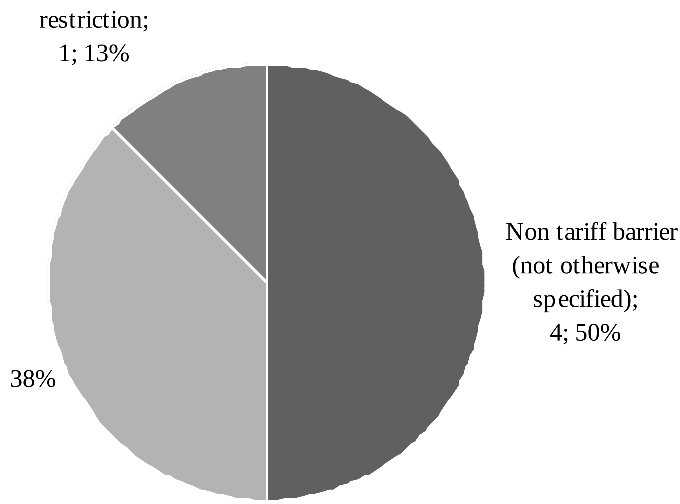


Figure 3.1 Implemented measures that harm Argentina's commercial interests, by type



Note: Harmful measures are those classified "red" or "amber"

Figure 3.2 Argentina's implemented measures that harm foreign commercial interests, by type



Note: Harmful measures here are those implemented measures classified "red" or "amber" in the GTA database.

AUSTRALIA

Table 3.3 Foreign state measures affecting Australia's commercial interests

Summary statistic of foreign state measures affecting Australia's commercial interests	All measures	All measures except anti-dumping, anti-subsidy, and safeguard actions.
Total number of measures affecting Australia's commercial interests	86	80
Total number of foreign measures found to benefit or involve no change in the treatment of Australia's commercial interests [1]	10	10
Total number of foreign measures that (i) have been implemented and are likely to harm Australia's commercial interests or (ii) that have been announced but not implemented and which almost certainly discriminate against Australia's interests [2]	27	23
Total number of foreign measures that have been implemented and which almost certainly discriminate against Australia's interests [3]	49	47
Total number of implemented measures affecting Australia's commercial interests	66	64
Total number of pending foreign measures likely to affect Australia's commercial interests.	20	16
Total number of pending foreign measures that, if implemented, are likely to harm Australia's foreign commercial interests	18	14
Total number of trading partners that have imposed measures that harm Australia's commercial interests	41	41

Note: As the Global Trade Alert database is updated frequently, the above data will change.
Updates on the numbers in this table can be found by going to *http://www.globaltradealert.org/site-statistics*, and selecting "Australia" in the "Affecting Trading Partner" and clicking the button "Get Stats".

[1] These measures are classified "green" in the Global Trade Alert database.
[2] These measures are classified "amber" in the Global Trade Alert database.
[3] These measures are classified "red" in the Global Trade Alert database.

Table 3.4 Australia's state measures affecting other jurisdictions' commercial interests

Summary statistic of Australia's state measures affecting other jurisdictions' commercial interests	All measures	All measures except anti-dumping, anti-subsidy, and safeguard actions.
Total number of Australia's measures affecting other jurisdictions' commercial interests	11	4
Total number of Australia's measures found to benefit or involve no change in the treatment of other jurisdictions' commercial interests [1]	4	2
Total number of Australia's measures that (i) have been implemented and are likely to harm commercial interests or (ii) that have been announced but not implemented and which almost certainly discriminate against foreign interests [2]	5	0
Total number of Australia's measures that have been implemented and which almost certainly discriminate against foreign interests [3]	2	2
Total number of 4-digit tariff lines affected by measures implemented by Australia that harm foreign commerical interests	8	8
Total number of 2-digit sectors affected by measures implemented by Australia that harm foreign commerical interests	3	3
Total number of trading partners affected by measures implemented by Australia that harm foreign commercial interests	50	50

Note: As the Global Trade Alert database is updated frequently, the above data will change.
Updates on the numbers in this table can be found by going to *http://www.globaltradealert.org/site-statistics*, and selecting "Australia" in the "Affecting Trading Partner" and clicking the button "Get Stats".

[1] These measures are classified "green" in the Global Trade Alert database.
[2] These measures are classified "amber" in the Global Trade Alert database.
[3] These measures are classified "red" in the Global Trade Alert database.

AUSTRALIA

Map 3.3 Australia: Worldwide incidence of harm done by this G20 member's discriminatory measures

Map 3.4 Australia: Harm done to this G20 member's commercial interests by others

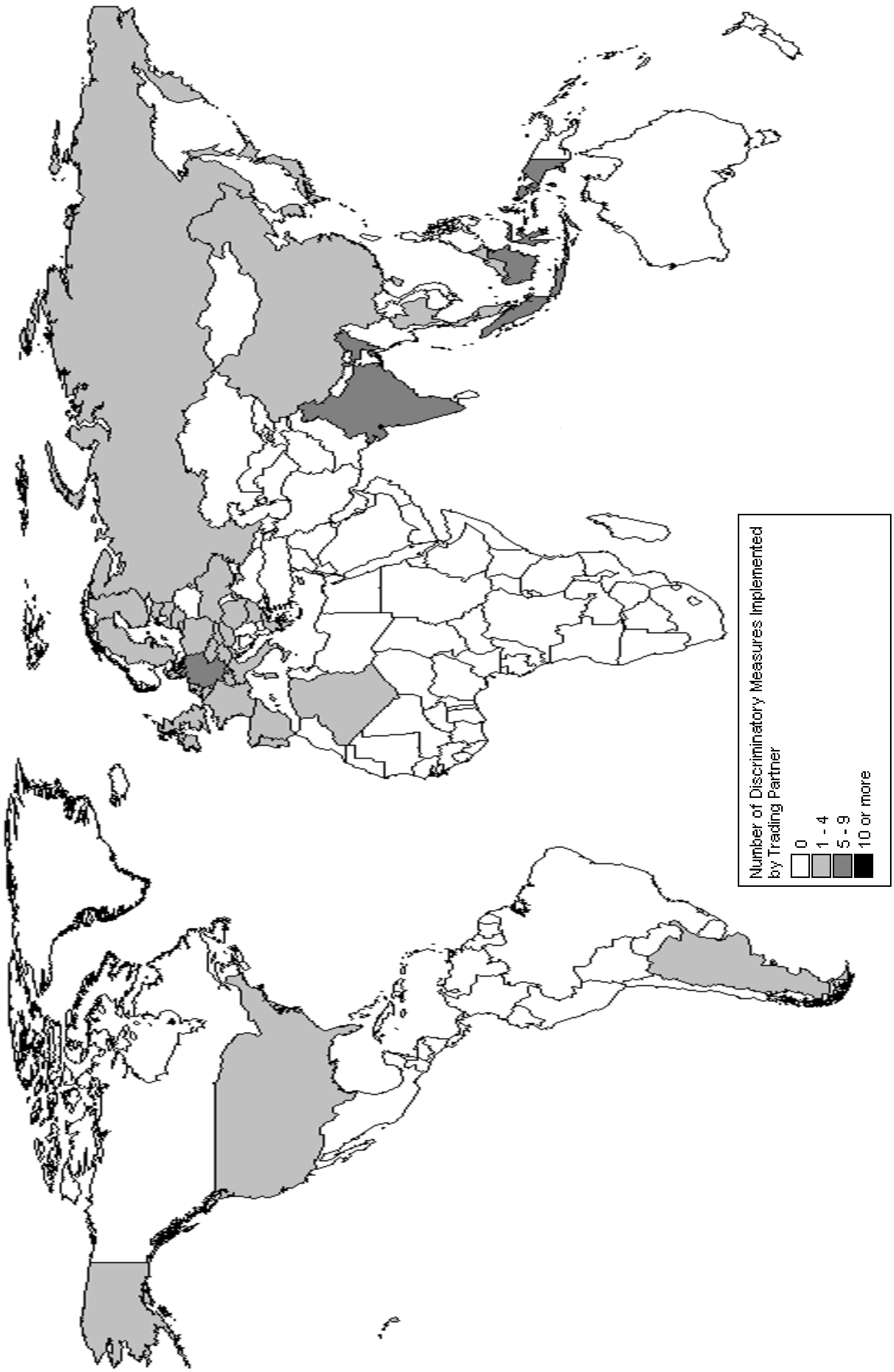
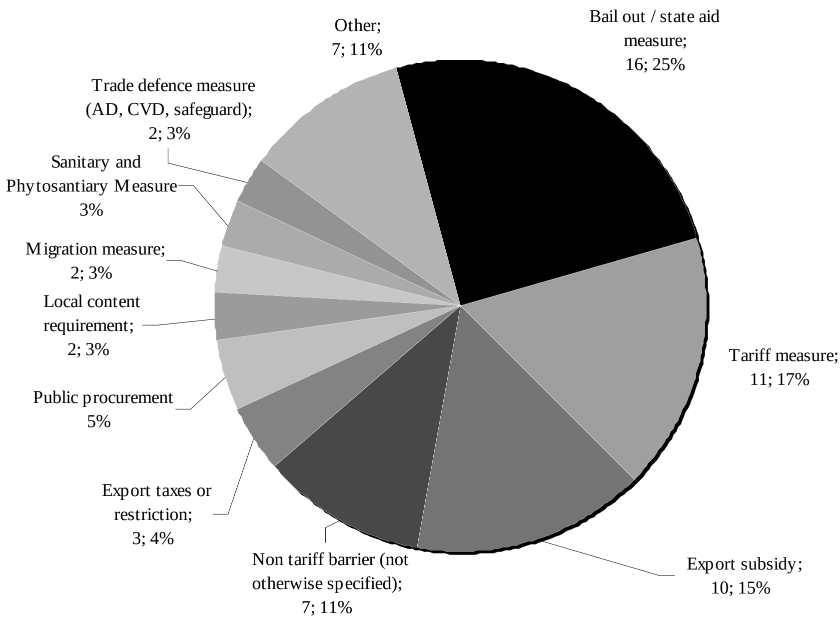
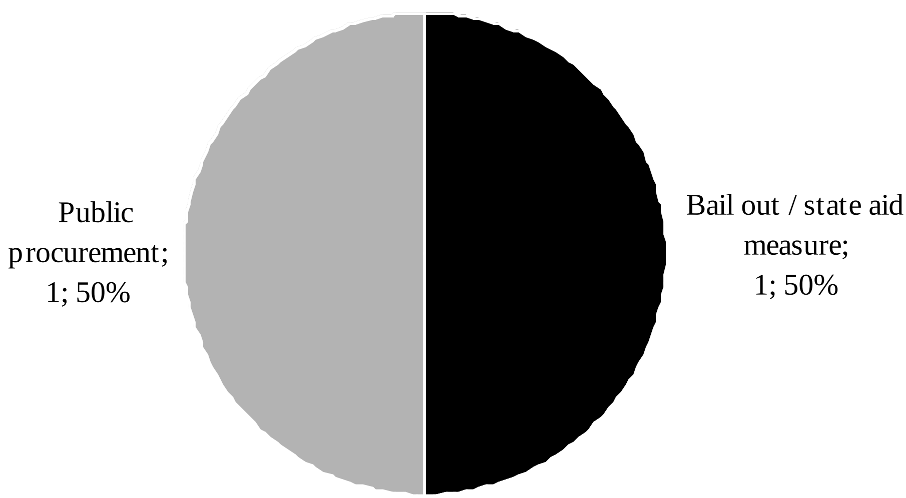


Figure 3.3 Implemented measures that harm Australia's commercial interests, by type



Note: Harmful measures are those classified "red" or "amber"

Figure 3.4 Australia's implemented measures that harm foreign commercial interests, by type



Note: Harmful measures here are those implemented measures classified "red" or "amber" in the GTA database.

BRAZIL

Table 3.5 Foreign state measures affecting Brazil's commercial interests

Summary statistic of foreign state measures affecting Brazil's commercial interests	All measures	All measures except anti-dumping, anti-subsidy, and safeguard actions.
Total number of measures affecting Brazil's commercial interests	99	86
Total number of foreign measures found to benefit or involve no change in the treatment of Brazil's commercial interests [1]	10	9
Total number of foreign measures that (i) have been implemented and are likely to harm Brazil's commercial interests or (ii) that have been announced but not implemented and which almost certainly discriminate against Brazil's interests [2]	30	21
Total number of foreign measures that have been implemented and which almost certainly discriminate against Brazil's interests [3]	59	56
Total number of implemented measures affecting Brazil's commercial interests	75	71
Total number of pending foreign measures likely to affect Brazil's commercial interests.	24	15
Total number of pending foreign measures that, if implemented, are likely to harm Brazil's foreign commercial interests	23	14
Total number of trading partners that have imposed measures that harm Brazil's commercial interests	44	44

Note: As the Global Trade Alert database is updated frequently, the above data will change.
Updates on the numbers in this table can be found by going to *http://www.globaltradealert.org/site-statistics*, and selecting "Brazil" in the "Affecting Trading Partner" and clicking the button "Get Stats".

[1] These measures are classified "green" in the Global Trade Alert database.
[2] These measures are classified "amber" in the Global Trade Alert database.
[3] These measures are classified "red" in the Global Trade Alert database.

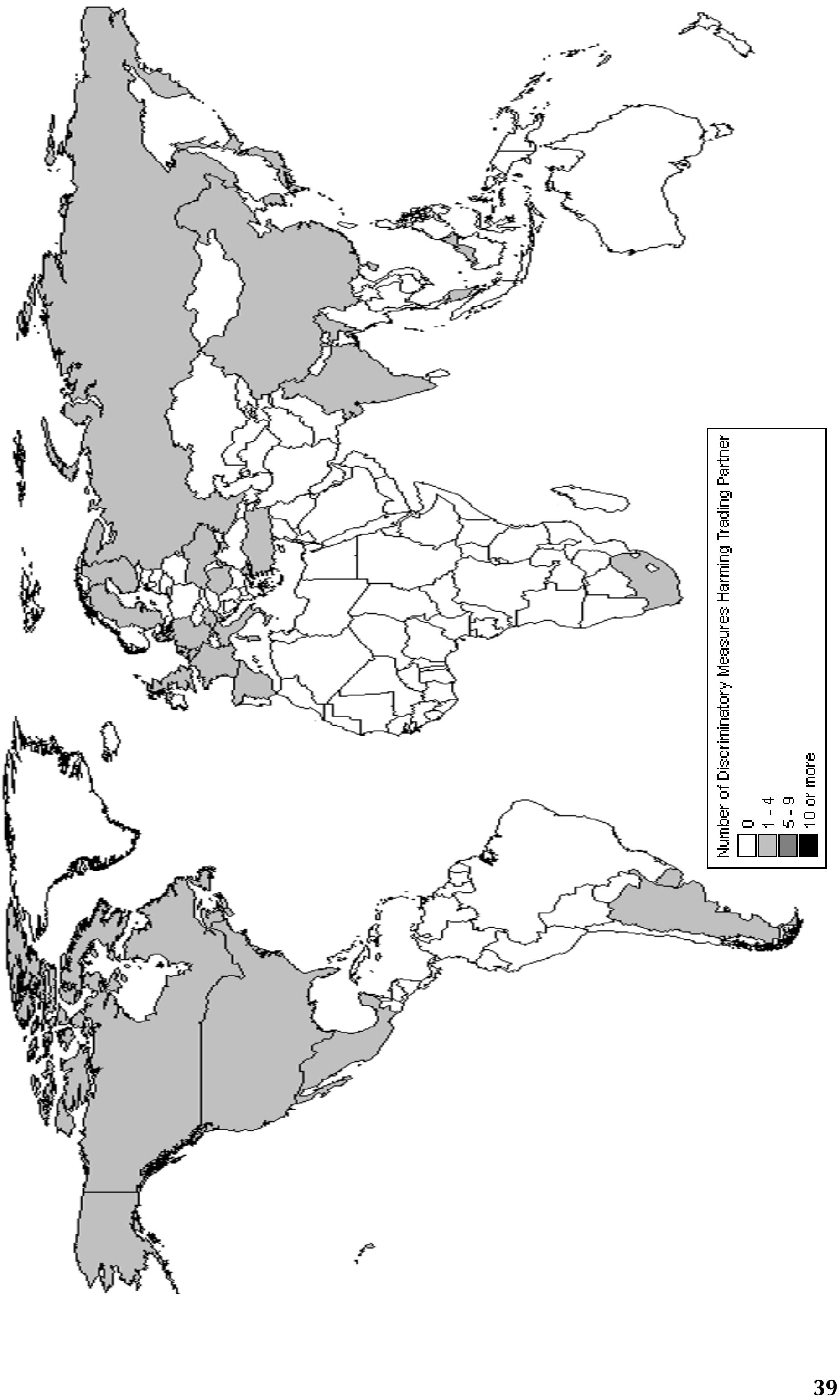
Table 3.6 Brazil's state measures affecting other jurisdictions' commercial interests

Summary statistic of Brazil's state measures affecting other jurisdictions' commercial interests	All measures	All measures except anti-dumping, anti-subsidy, and safeguard actions.
Total number of Brazil's measures affecting other jurisdictions' commercial interests	11	6
Total number of Brazil's measures found to benefit or involve no change in the treatment of other jurisdictions' commercial interests [1]	2	1
Total number of Brazil's measures that (i) have been implemented and are likely to harm commercial interests or (ii) that have been announced but not implemented and which almost certainly discriminate against foreign interests [2]	6	2
Total number of Brazil's measures that have been implemented and which almost certainly discriminate against foreign interests [3]	3	3
Total number of 4-digit tariff lines affected by measures implemented by Brazil that harm foreign commerical interests	6	6
Total number of 2-digit sectors affected by measures implemented by Brazil that harm foreign commerical interests	3	3
Total number of trading partners affected by measures implemented by Brazil that harm foreign commercial interests	28	28

Note: As the Global Trade Alert database is updated frequently, the above data will change.
Updates on the numbers in this table can be found by going to *http://www.globaltradealert.org/site-statistics*, and selecting "Brazil" in the "Affecting Trading Partner" and clicking the button "Get Stats".

[1] These measures are classified "green" in the Global Trade Alert database.
[2] These measures are classified "amber" in the Global Trade Alert database.
[3] These measures are classified "red" in the Global Trade Alert database.

Map 3.5 Brazil: Worldwide incidence of harm done by this G20 member's discriminatory measures



BRAZIL

Map 3.6 Brazil: Harm done to this G20 member's commercial interests by others

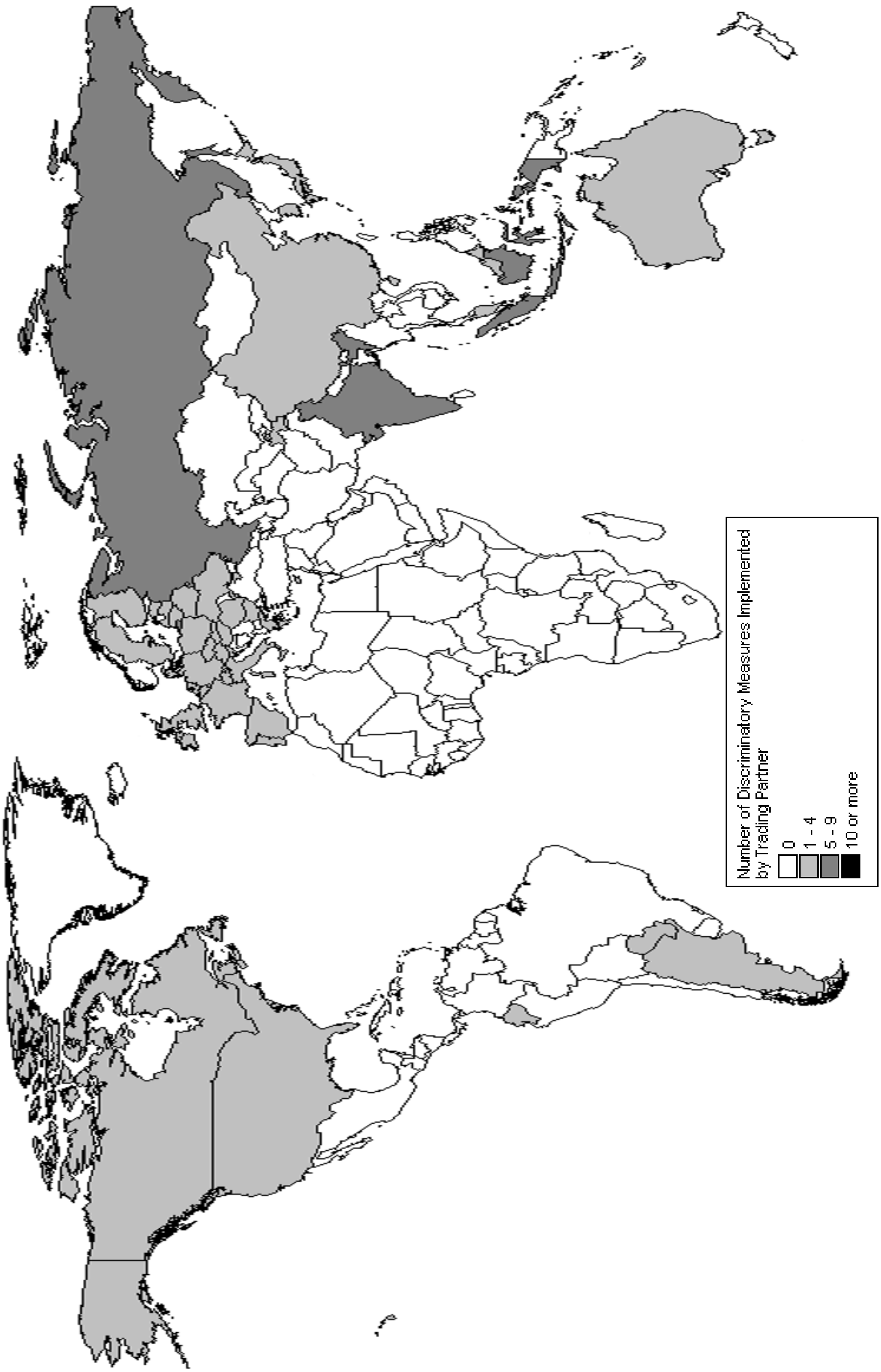
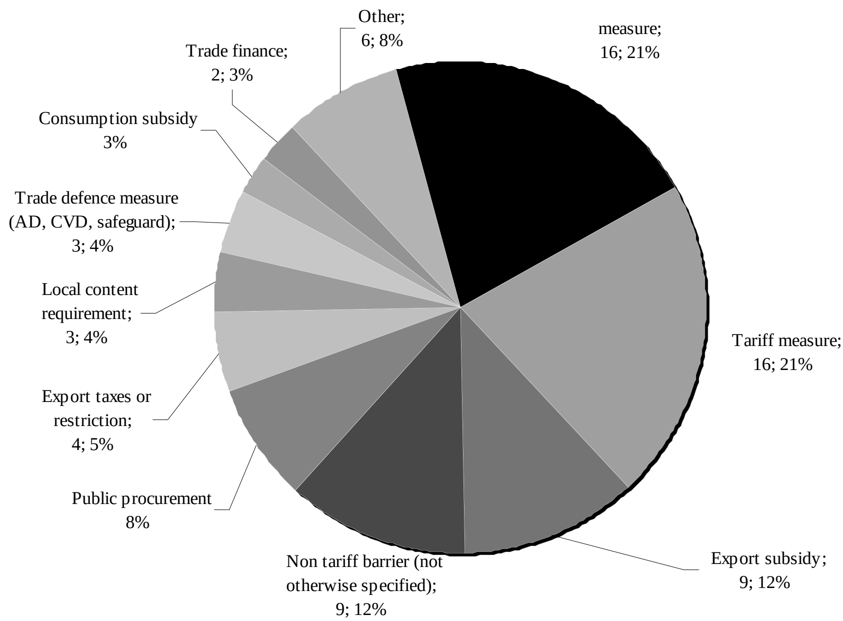
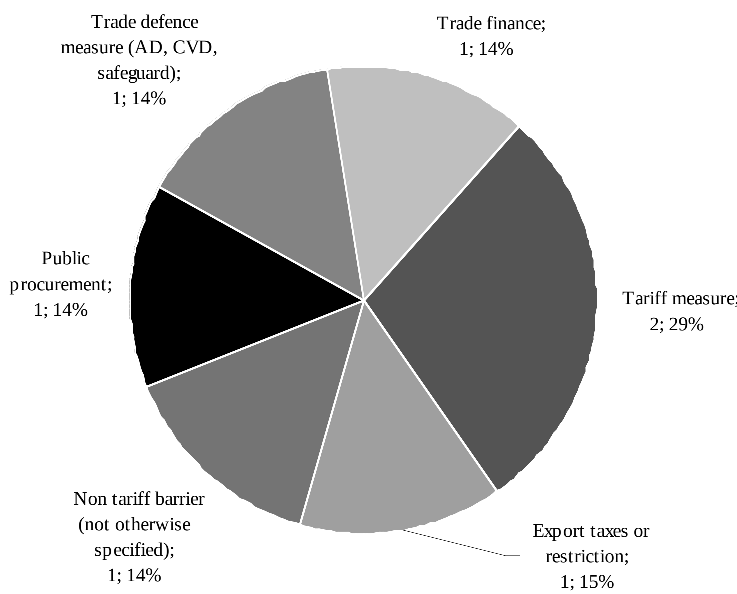


Figure 3.5 Implemented measures that harm Brazil's commercial interests, by type



Note: Harmful measures are those classified "red" or "amber"

Figure 3.6 Brazil's implemented measures that harm foreign commercial interests, by type



Note: Harmful measures here are those implemented measures classified "red" or "amber" in the GTA database.

CANADA

Table 3.7 Foreign state measures affecting Canada's commercial interests

Summary statistic of foreign state measures affecting Canada's commercial interests	All measures	All measures except anti-dumping, anti-subsidy, and safeguard actions.
Total number of measures affecting Canada's commercial interests	94	88
Total number of foreign measures found to benefit or involve no change in the treatment of Canada's commercial interests [1]	12	12
Total number of foreign measures that (i) have been implemented and are likely to harm Canada's commercial interests or (ii) that have been announced but not implemented and which almost certainly discriminate against Canada's interests [2]	27	22
Total number of foreign measures that have been implemented and which almost certainly discriminate against Canada's interests [3]	55	54
Total number of implemented measures affecting Canada's commercial interests	74	73
Total number of pending foreign measures likely to affect Canada's commercial interests.	20	15
Total number of pending foreign measures that, if implemented, are likely to harm Canada's foreign commercial interests	18	13
Total number of trading partners that have imposed measures that harm Canada's commercial interests	45	45

Note: As the Global Trade Alert database is updated frequently, the above data will change.
Updates on the numbers in this table can be found by going to *http://www.globaltradealert.org/site-statistics*, and selecting "Canada" in the "Affecting Trading Partner" and clicking the button "Get Stats".

[1] These measures are classified "green" in the Global Trade Alert database.
[2] These measures are classified "amber" in the Global Trade Alert database.
[3] These measures are classified "red" in the Global Trade Alert database.

Table 3.7 Canada's state measures affecting other jurisdictions' commercial interests

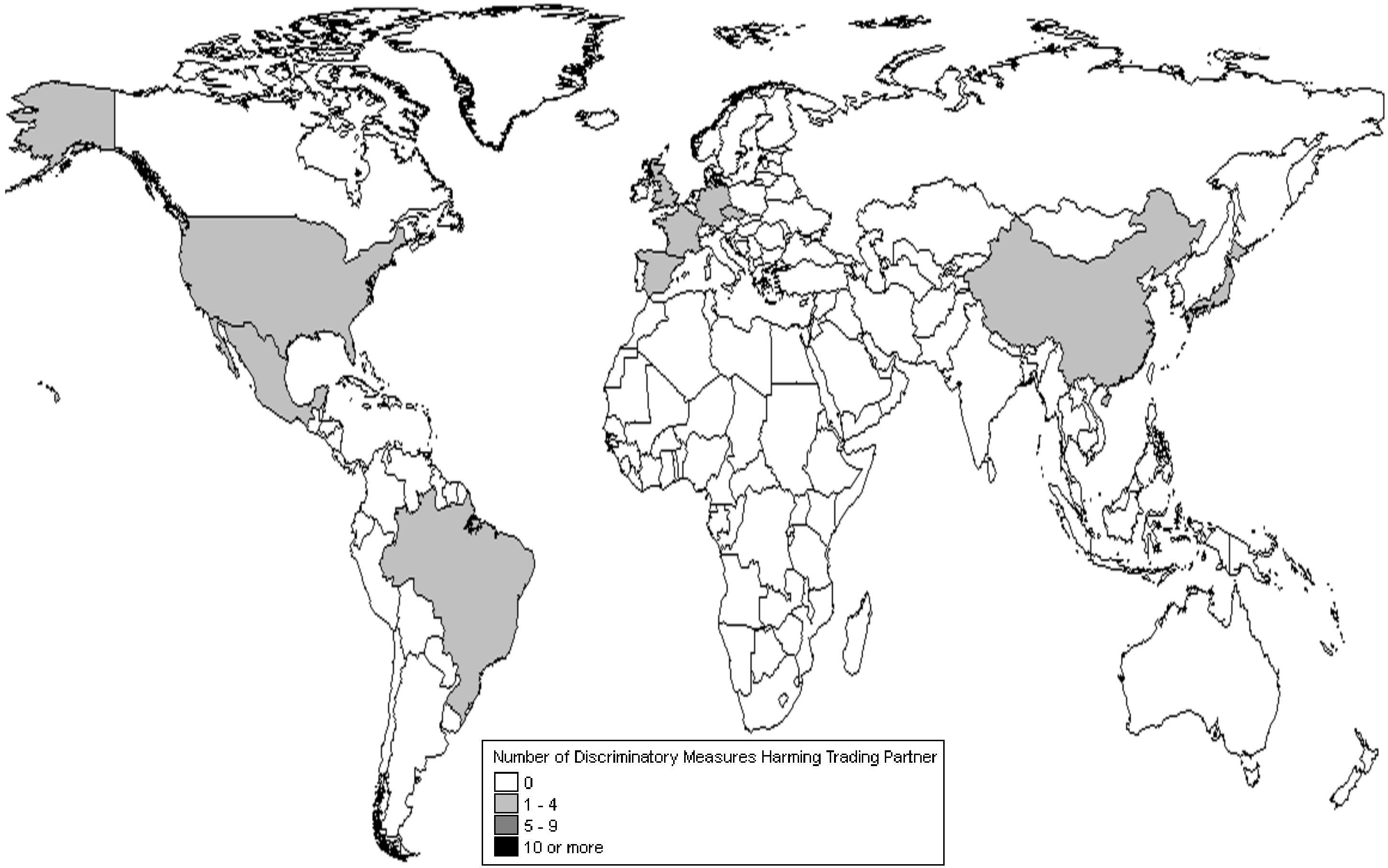
Summary statistic of Canada's state measures affecting other jurisdictions' commercial interests	All measures	All measures except anti-dumping, anti-subsidy, and safeguard actions.
Total number of Canada's measures affecting other jurisdictions' commercial interests	17	11
Total number of Canada's measures found to benefit or involve no change in the treatment of other jurisdictions' commercial interests [1]	2	2
Total number of Canada's measures that (i) have been implemented and are likely to harm commercial interests or (ii) that have been announced but not implemented and which almost certainly discriminate against foreign interests [2]	12	7
Total number of Canada's measures that have been implemented and which almost certainly discriminate against foreign interests [3]	3	2
Total number of 4-digit tariff lines affected by measures implemented by Canada that harm foreign commerical interests	3	1
Total number of 2-digit sectors affected by measures implemented by Canada that harm foreign commerical interests	2	1
Total number of trading partners affected by measures implemented by Canada that harm foreign commercial interests	10	9

Note: As the Global Trade Alert database is updated frequently, the above data will change.
Updates on the numbers in this table can be found by going to *http://www.globaltradealert.org/site-statistics*, and selecting "Canada" in the "Affecting Trading Partner" and clicking the button "Get Stats".

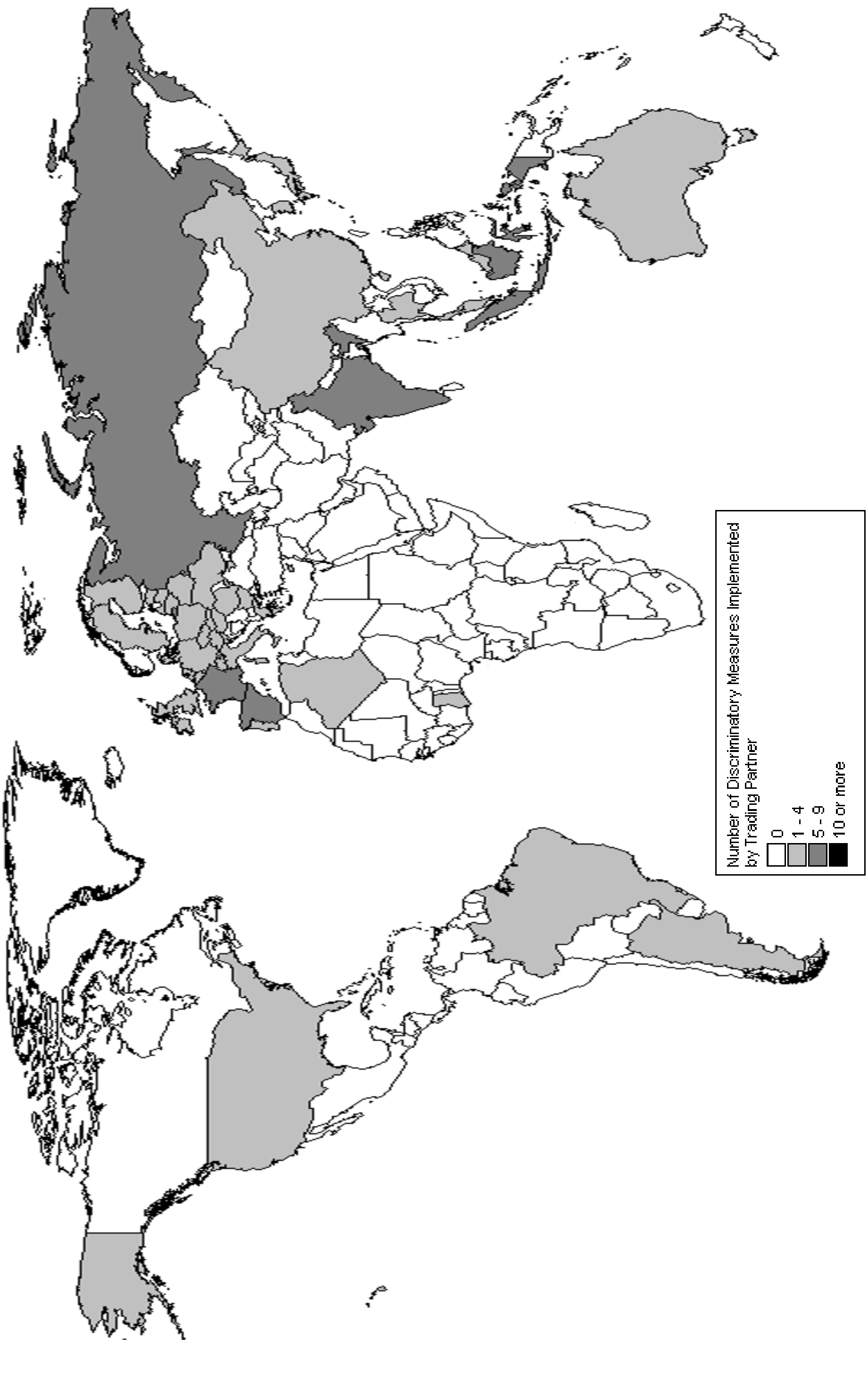
[1] These measures are classified "green" in the Global Trade Alert database.
[2] These measures are classified "amber" in the Global Trade Alert database.
[3] These measures are classified "red" in the Global Trade Alert database.

CANADA

Map 3.7 Canada: Worldwide incidence of harm done by this G20 member's discriminatory measures

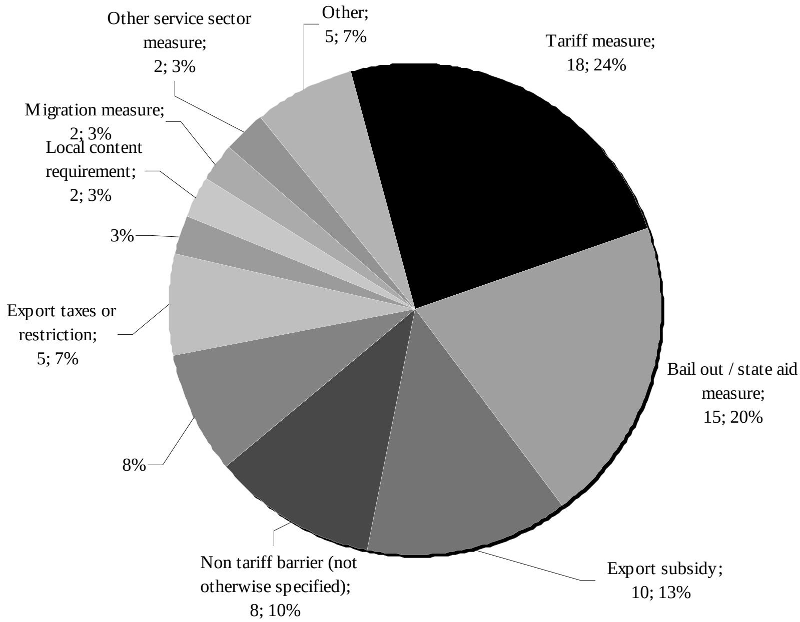


Map 3.8 Canada: Harm done to this G20 member's commercial interests by others



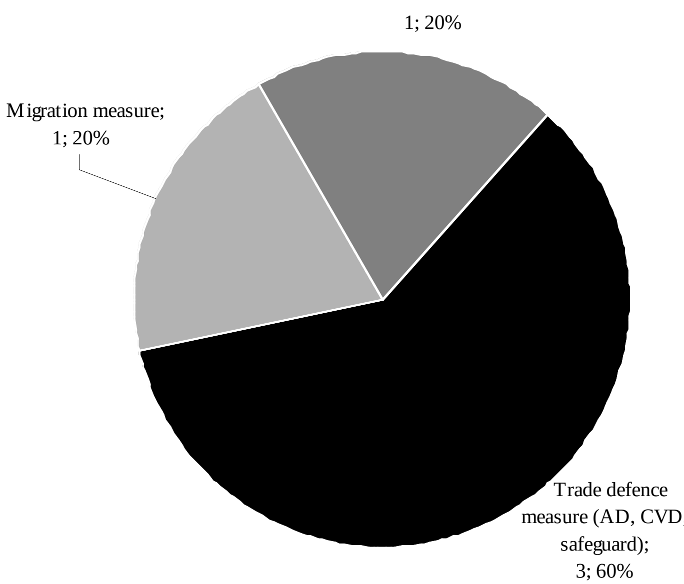
CANADA

Figure 3.7 Implemented measures that harm Canada's commercial interests, by type



Note: Harmful measures are those classified "red" or "amber"

Figure 3.8 Canada's implemented measures that harm foreign commercial interests, by type



Note: Harmful measures here are those implemented measures classified "red" or "amber" in the GTA database.

CHINA

Table 3.9 Foreign state measures affecting China's commercial interests

Summary statistic of foreign state measures affecting China's commercial interests	All measures	All measures except anti-dumping, anti-subsidy, and safeguard actions.
Total number of measures affecting China's commercial interests	224	138
Total number of foreign measures found to benefit or involve no change in the treatment of China's commercial interests [1]	21	18
Total number of foreign measures that (i) have been implemented and are likely to harm China's commercial interests or (ii) that have been announced but not implemented and which almost certainly discriminate against China's interests [2]	104	36
Total number of foreign measures that have been implemented and which almost certainly discriminate against China's interests [3]	99	84
Total number of implemented measures affecting China's commercial interests	144	116
Total number of pending foreign measures likely to affect China's commercial interests.	80	22
Total number of pending foreign measures that, if implemented, are likely to harm China's foreign commercial interests	77	20
Total number of trading partners that have imposed measures that harm China's commercial interests	56	51

Note: As the Global Trade Alert database is updated frequently, the above data will change.
Updates on the numbers in this table can be found by going to *http://www.globaltradealert.org/site-statistics*, and selecting "China" in the "Affecting Trading Partner" and clicking the button "Get Stats".

[1] These measures are classified "green" in the Global Trade Alert database.
[2] These measures are classified "amber" in the Global Trade Alert database.
[3] These measures are classified "red" in the Global Trade Alert database.

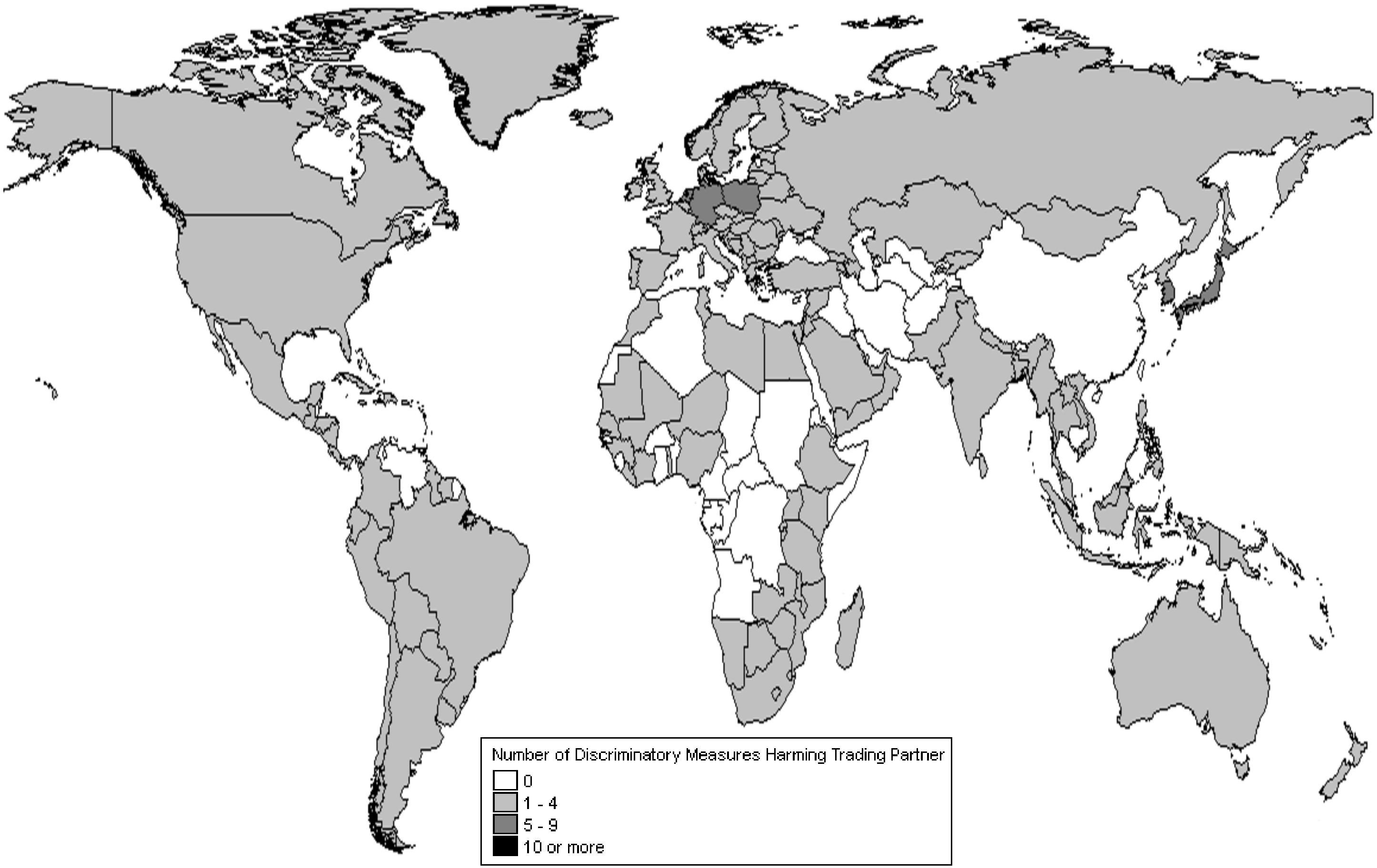
Table 3.10 China's state measures affecting other jurisdictions' commercial interests

Summary statistic of China's state measures affecting other jurisdictions' commercial interests	All measures	All measures except anti-dumping, anti-subsidy, and safeguard actions.
Total number of China's measures affecting other jurisdictions' commercial interests	23	12
Total number of China's measures found to benefit or involve no change in the treatment of other jurisdictions' commercial interests [1]	2	2
Total number of China's measures that (i) have been implemented and are likely to harm commercial interests or (ii) that have been announced but not implemented and which almost certainly discriminate against foreign interests [2]	13	6
Total number of China's measures that have been implemented and which almost certainly discriminate against foreign interests [3]	8	4
Total number of 4-digit tariff lines affected by measures implemented by China that harm foreign commerical interests	329	325
Total number of 2-digit sectors affected by measures implemented by China that harm foreign commerical interests	23	21
Total number of trading partners affected by measures implemented by China that harm foreign commercial interests	163	137

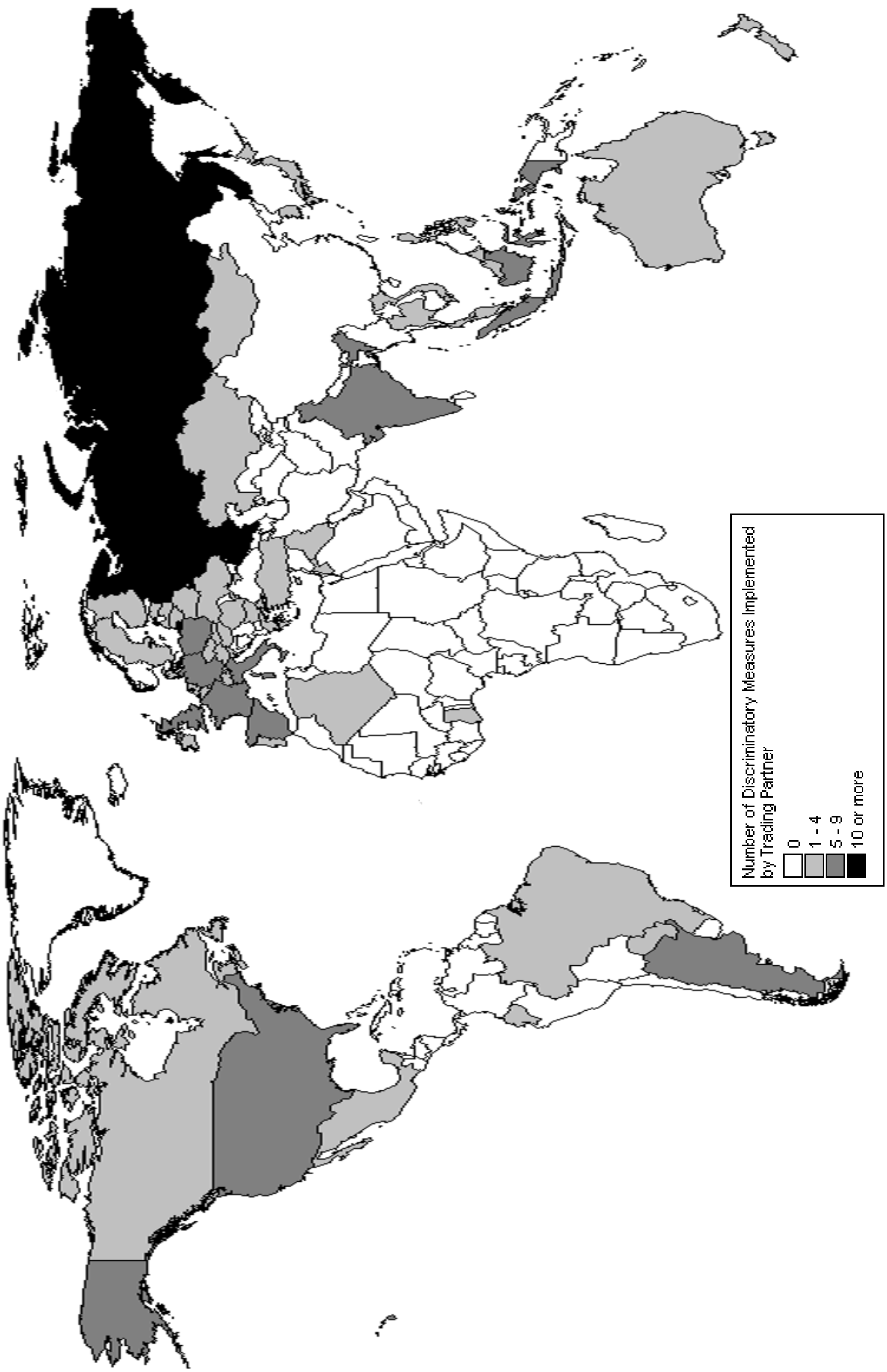
Note: As the Global Trade Alert database is updated frequently, the above data will change.
Updates on the numbers in this table can be found by going to *http://www.globaltradealert.org/site-statistics*, and selecting "China" in the "Affecting Trading Partner" and clicking the button "Get Stats".

[1] These measures are classified "green" in the Global Trade Alert database.
[2] These measures are classified "amber" in the Global Trade Alert database.
[3] These measures are classified "red" in the Global Trade Alert database.

Map 3.9 China: Worldwide incidence of harm done by this G20 member's discriminatory measures

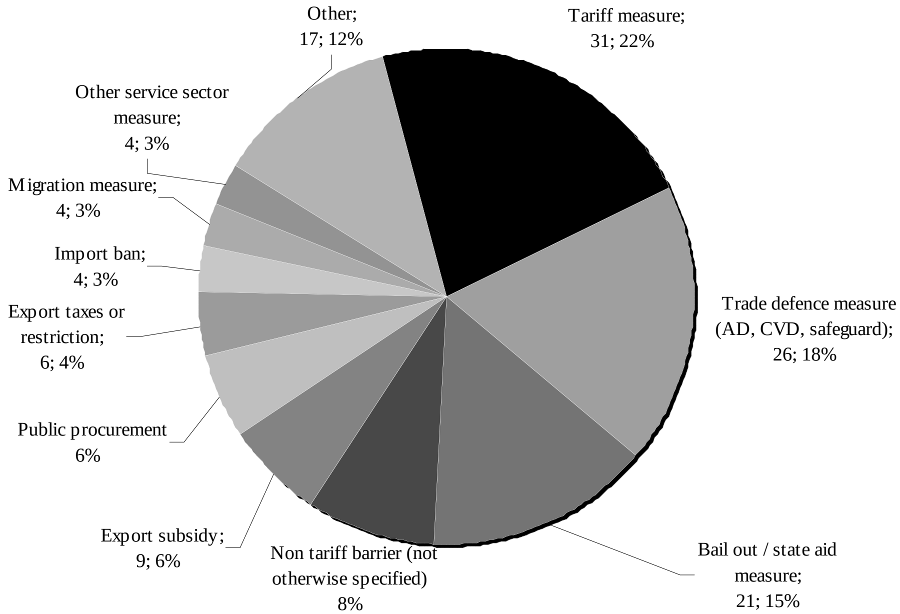


CHINA



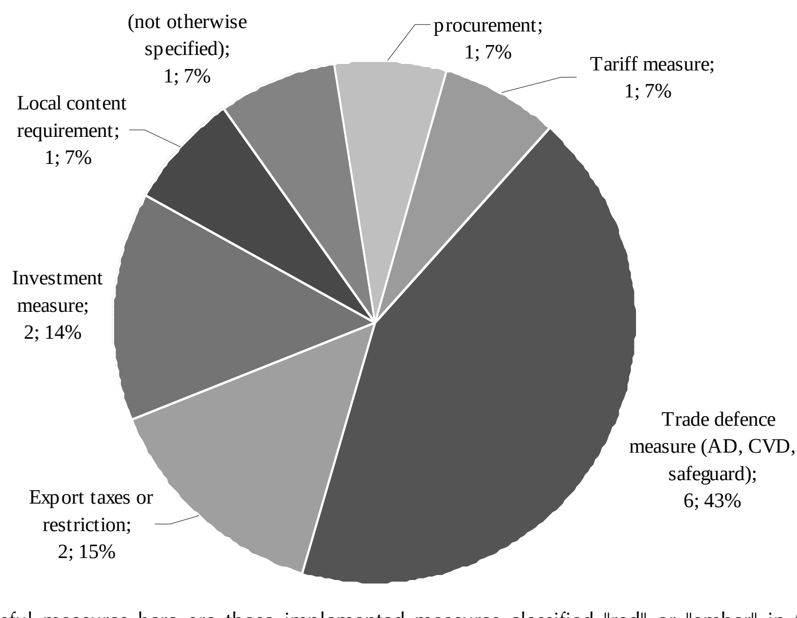
Map 3.10 China: Harm done to this G20 member's commercial interests by others

Figure 3.9 Implemented measures that harm China's commercial interests, by type



Note: Harmful measures are those classified "red" or "amber"

Figure 3.10 China's implemented measures that harm foreign commercial interests, by type



Note: Harmful measures here are those implemented measures classified "red" or "amber" in the GTA database.

CHINA

FRANCE

Table 3.11 Foreign state measures affecting France's commercial interests

Summary statistic of foreign state measures affecting France's commercial interests	All measures	All measures except anti-dumping, anti-subsidy, and safeguard actions.
Total number of measures affecting France's commercial interests	131	116
Total number of foreign measures found to benefit or involve no change in the treatment of France's commercial interests [1]	14	14
Total number of foreign measures that (i) have been implemented and are likely to harm France's commercial interests or (ii) that have been announced but not implemented and which almost certainly discriminate against France's interests [2]	39	29
Total number of foreign measures that have been implemented and which almost certainly discriminate against France's interests [3]	78	73
Total number of implemented measures affecting France's commercial interests	104	95
Total number of pending foreign measures likely to affect France's commercial interests.	27	21
Total number of pending foreign measures that, if implemented, are likely to harm France's foreign commercial interests	24	18
Total number of trading partners that have imposed measures that harm France's commercial interests	29	29

Note: As the Global Trade Alert database is updated frequently, the above data will change.
Updates on the numbers in this table can be found by going to *http://www.globaltradealert.org/site-statistics*, and selecting "France" in the "Affecting Trading Partner" and clicking the button "Get Stats".

[1] These measures are classified "green" in the Global Trade Alert database.
[2] These measures are classified "amber" in the Global Trade Alert database.
[3] These measures are classified "red" in the Global Trade Alert database.

Table 3.12 France's state measures affecting other jurisdictions' commercial interests

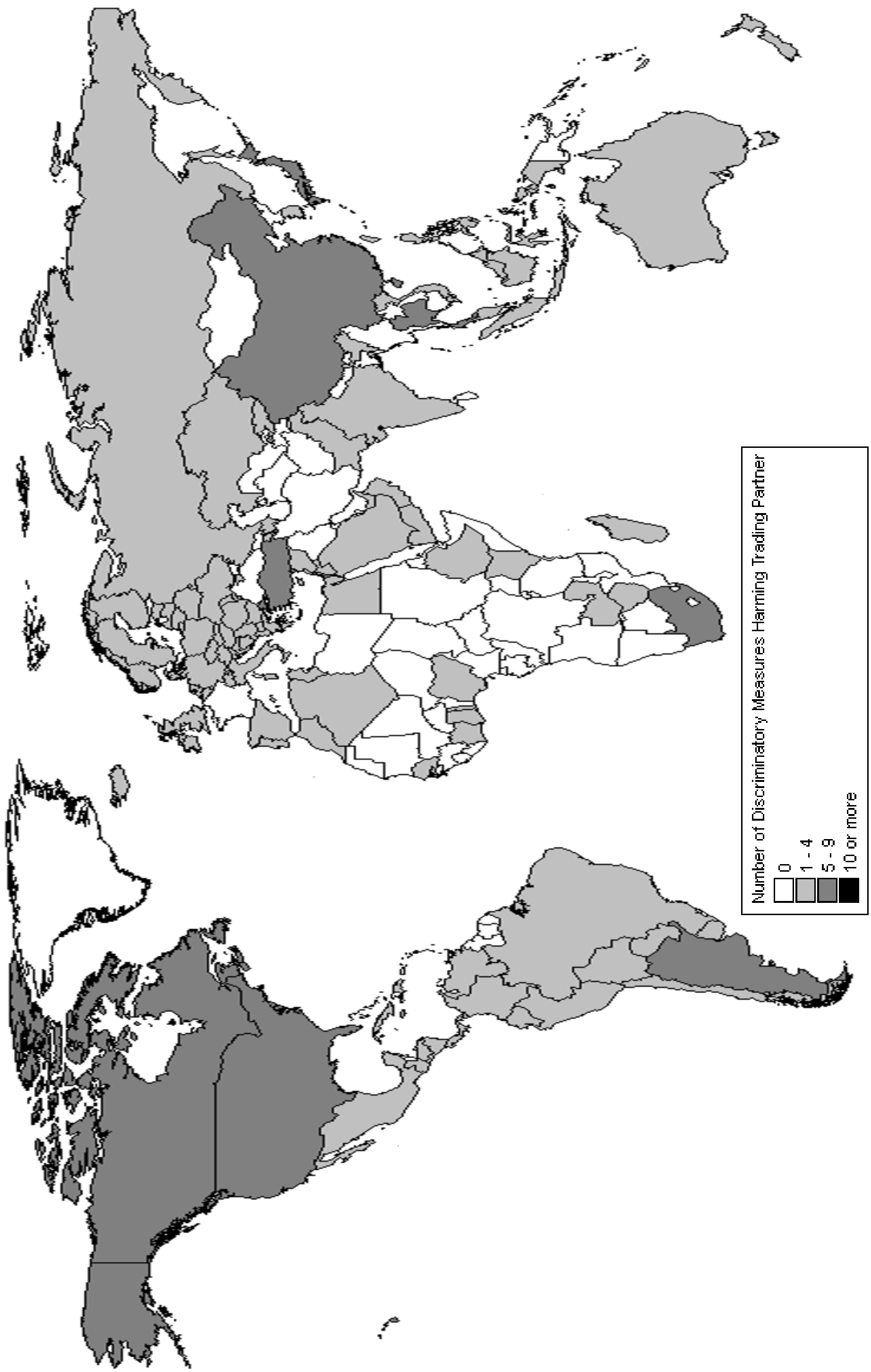
Summary statistic of France's state measures affecting other jurisdictions' commercial interests	All measures	All measures except anti-dumping, anti-subsidy, and safeguard actions.
Total number of France's measures affecting other jurisdictions' commercial interests	18	8
Total number of France's measures found to benefit or involve no change in the treatment of other jurisdictions' commercial interests [1]	2	1
Total number of France's measures that (i) have been implemented and are likely to harm commercial interests or (ii) that have been announced but not implemented and which almost certainly discriminate against foreign interests [2]	10	2
Total number of France's measures that have been implemented and which almost certainly discriminate against foreign interests [3]	6	5
Total number of 4-digit tariff lines affected by measures implemented by France that harm foreign commerical interests	38	38
Total number of 2-digit sectors affected by measures implemented by France that harm foreign commerical interests	13	13
Total number of trading partners affected by measures implemented by France that harm foreign commercial interests	106	105

Note: As the Global Trade Alert database is updated frequently, the above data will change.
Updates on the numbers in this table can be found by going to *http://www.globaltradealert.org/site-statistics*, and selecting "France" in the "Affecting Trading Partner" and clicking the button "Get Stats".

[1] These measures are classified "green" in the Global Trade Alert database.
[2] These measures are classified "amber" in the Global Trade Alert database.
[3] These measures are classified "red" in the Global Trade Alert database.

FRANCE

Map 3.11 France: Worldwide incidence of harm done by this G20 member's discriminatory measures



Map 3.12 France: Harm done to this G20 member's commercial interests by others

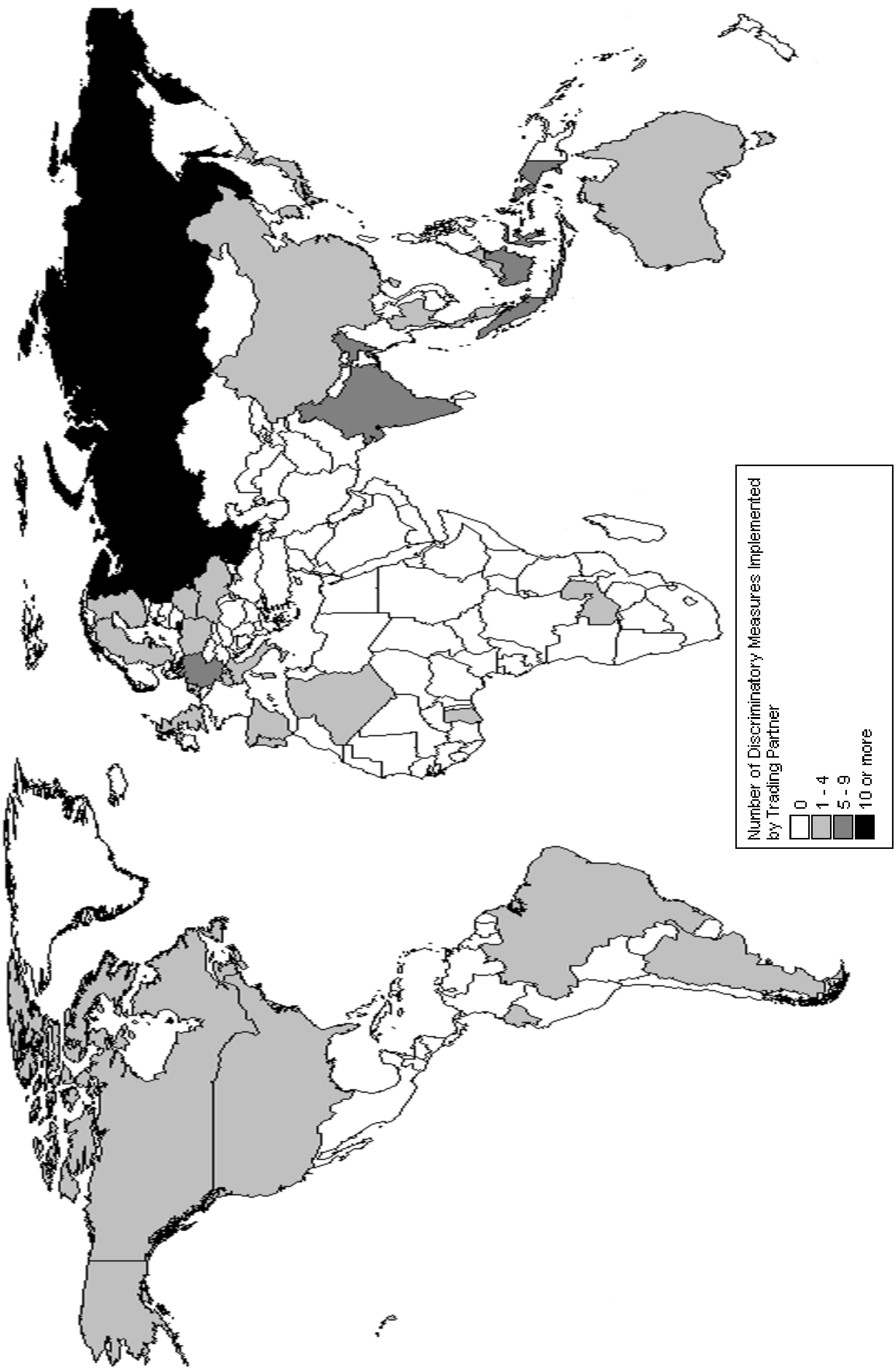
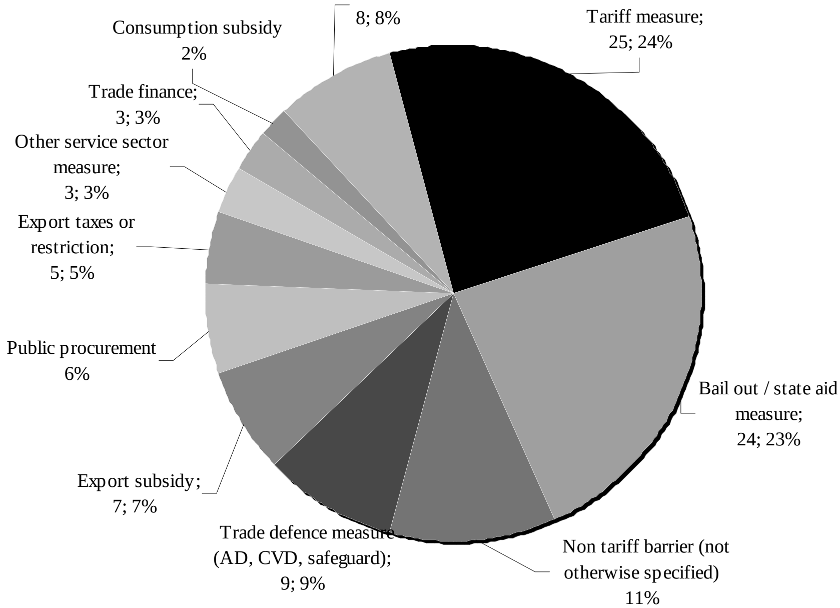
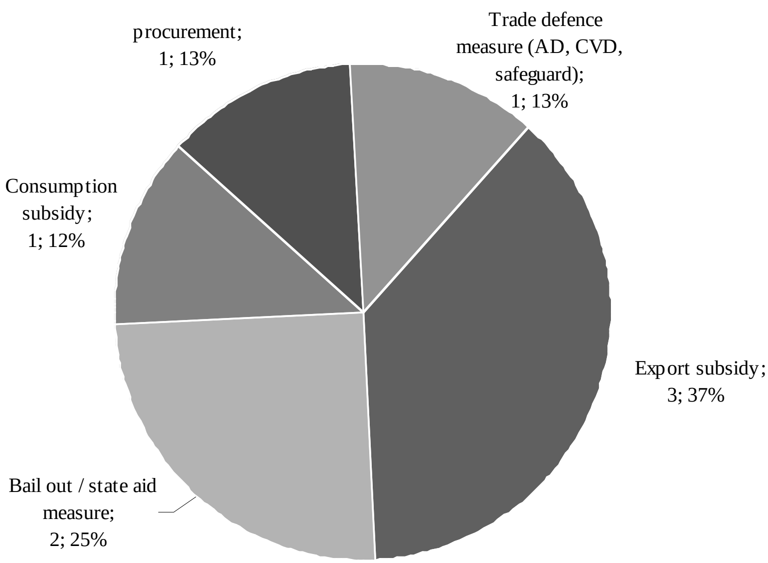


Figure 3.11 Implemented measures that harm France's commercial interests, by type



Note: Harmful measures are those classified "red" or "amber"

Figure 3.12 France's implemented measures that harm foreign commercial interests, by type



Note: Harmful measures here are those implemented measures classified "red" or "amber" in the GTA database.

FRANCE

GERMANY

Table 3.13 Foreign state measures affecting Germany's commercial interests

Summary statistic of foreign state measures affecting Germany's commercial interests	All measures	All measures except anti-dumping, anti-subsidy, and safeguard actions.
Total number of measures affecting Germany's commercial interests	152	131
Total number of foreign measures found to benefit or involve no change in the treatment of Germany's commercial interests [1]	18	18
Total number of foreign measures that (i) have been implemented and are likely to harm Germany's commercial interests or (ii) that have been announced but not implemented and which almost certainly discriminate against Germany's interests [2]	50	36
Total number of foreign measures that have been implemented and which almost certainly discriminate against Germany's interests [3]	84	77
Total number of implemented measures affecting Germany's commercial interests	119	108
Total number of pending foreign measures likely to affect Germany's commercial interests.	33	23
Total number of pending foreign measures that, if implemented, are likely to harm Germany's foreign commercial interests	30	20
Total number of trading partners that have imposed measures that harm Germany's commercial interests	30	29

Note: As the Global Trade Alert database is updated frequently, the above data will change. Updates on the numbers in this table can be found by going to *http://www.globaltradealert.org/site-statistics*, and selecting "Germany" in the "Affecting Trading Partner" and clicking the button "Get Stats".

[1] These measures are classified "green" in the Global Trade Alert database.
[2] These measures are classified "amber" in the Global Trade Alert database.
[3] These measures are classified "red" in the Global Trade Alert database.

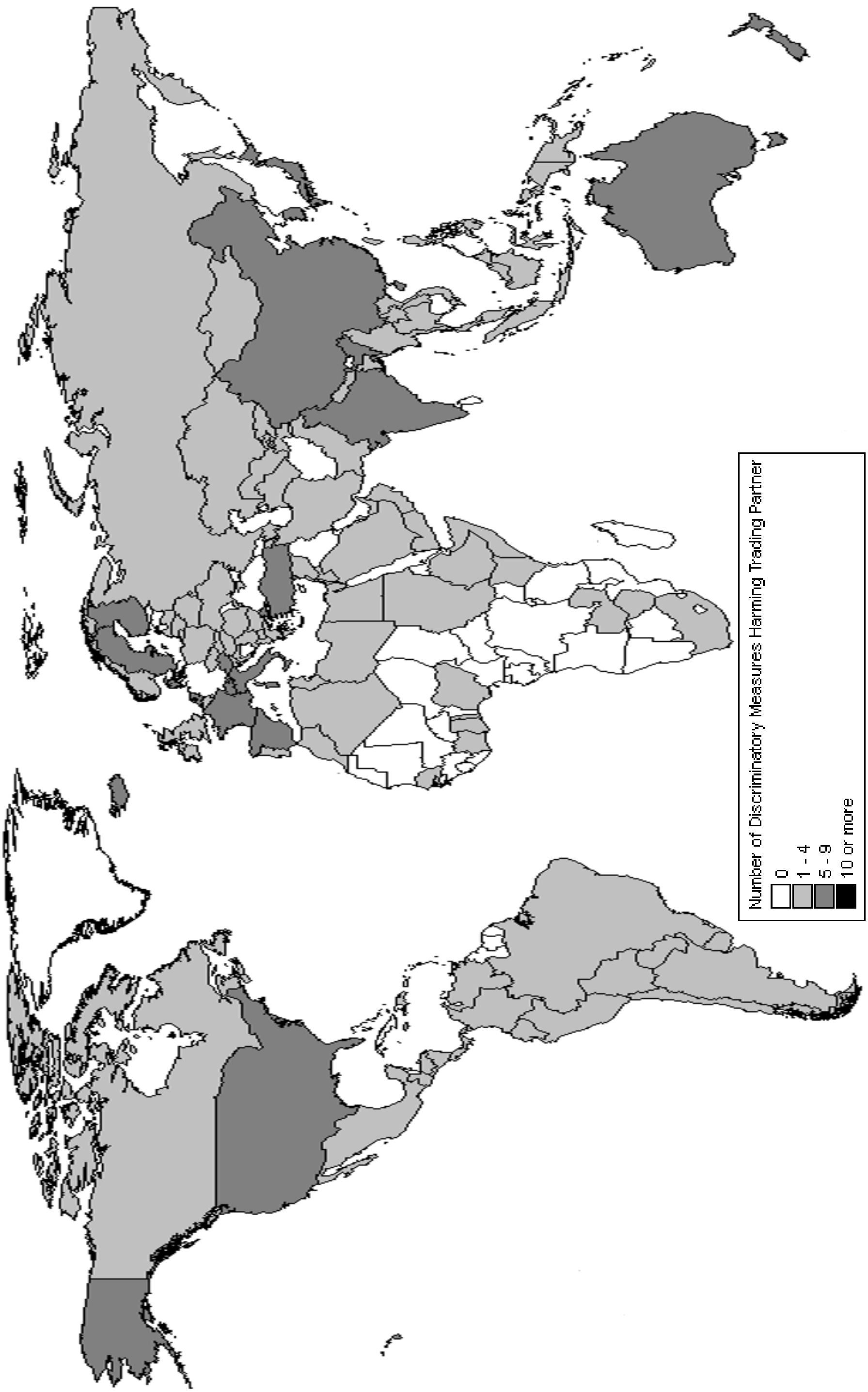
Table 3.14 Germany's state measures affecting other jurisdictions' commercial interests

Summary statistic of Germany's state measures affecting other jurisdictions' commercial interests	All measures	All measures except anti-dumping, anti-subsidy, and safeguard actions.
Total number of Germany's measures affecting other jurisdictions' commercial interests	28	18
Total number of Germany's measures found to benefit or involve no change in the treatment of other jurisdictions' commercial interests [1]	2	1
Total number of Germany's measures that (i) have been implemented and are likely to harm commercial interests or (ii) that have been announced but not implemented and which almost certainly discriminate against foreign interests [2]	11	3
Total number of Germany's measures that have been implemented and which almost certainly discriminate against foreign interests [3]	15	14
Total number of 4-digit tariff lines affected by measures implemented by Germany that harm foreign commerical interests	15	14
Total number of 2-digit sectors affected by measures implemented by Germany that harm foreign commerical interests	21	20
Total number of trading partners affected by measures implemented by Germany that harm foreign commercial interests	116	116

Note: As the Global Trade Alert database is updated frequently, the above data will change.
Updates on the numbers in this table can be found by going to *http://www.globaltradealert.org/site-statistics*, and selecting "Germany" in the "Affecting Trading Partner" and clicking the button "Get Stats".

[1] These measures are classified "green" in the Global Trade Alert database.
[2] These measures are classified "amber" in the Global Trade Alert database.
[3] These measures are classified "red" in the Global Trade Alert database.

Map 3.13 Germany: Worldwide incidence of harm done by this G20 member's discriminatory measures



GERMANY

GERMANY

Map 3.14 Germany: Harm done to this G20 member's commercial interests by others

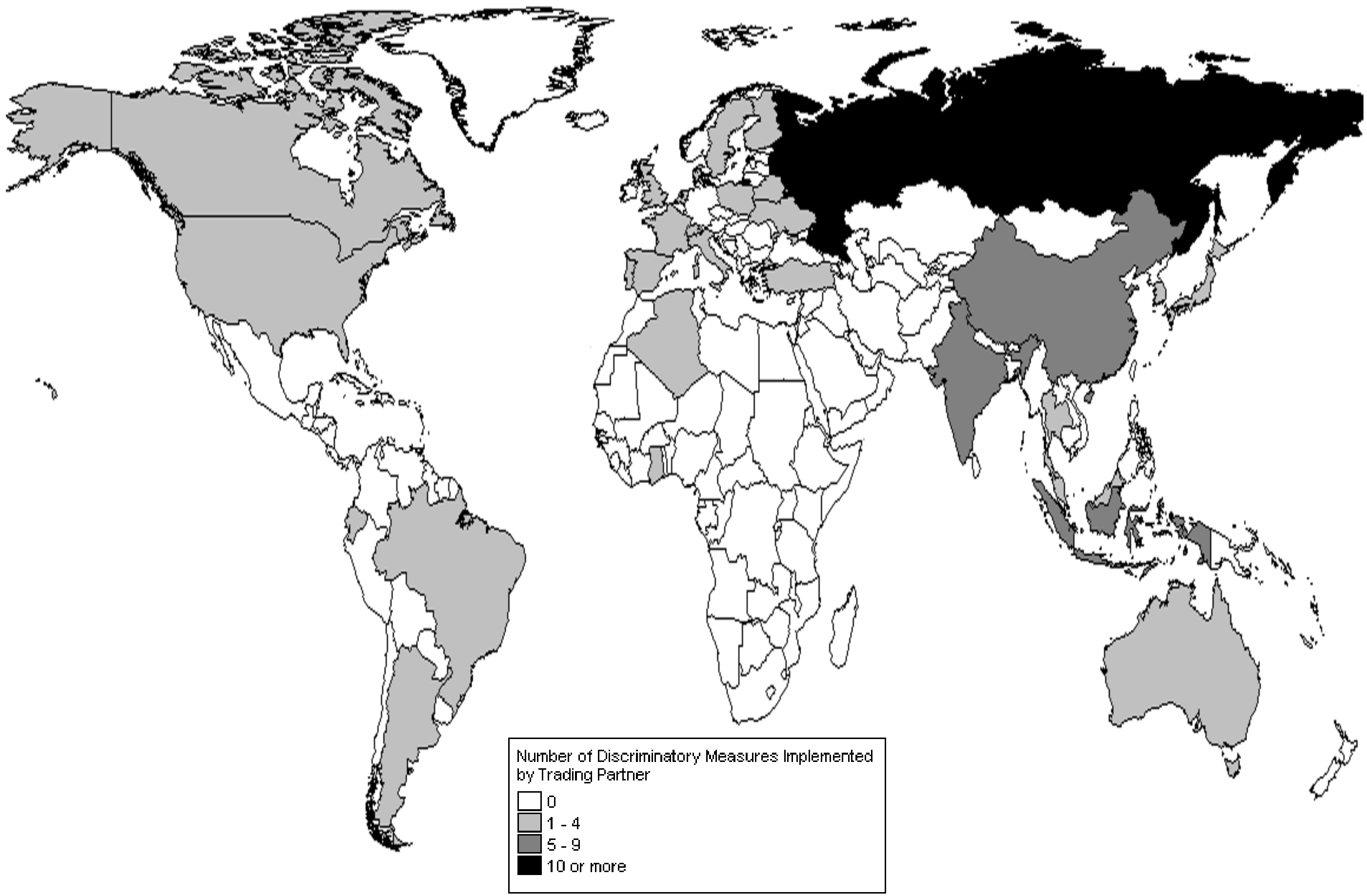
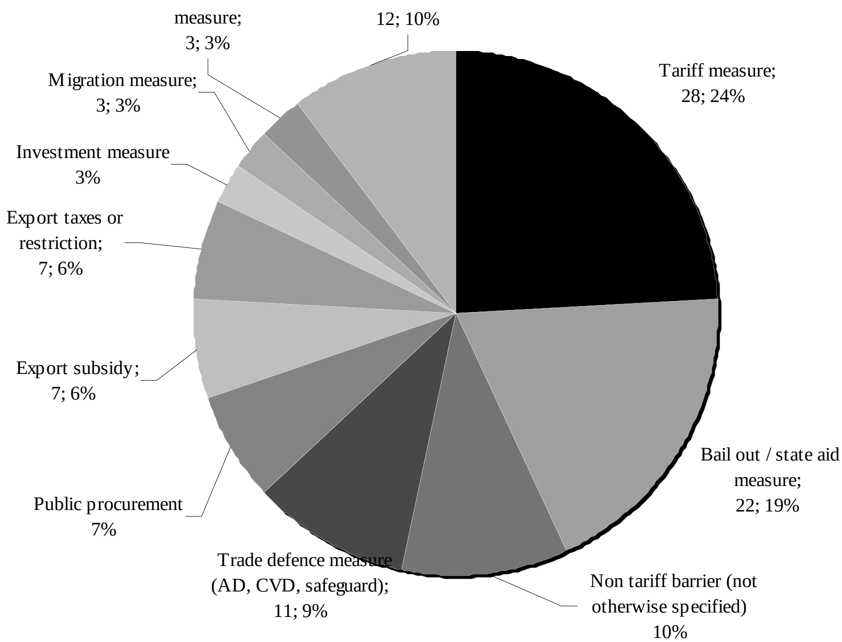
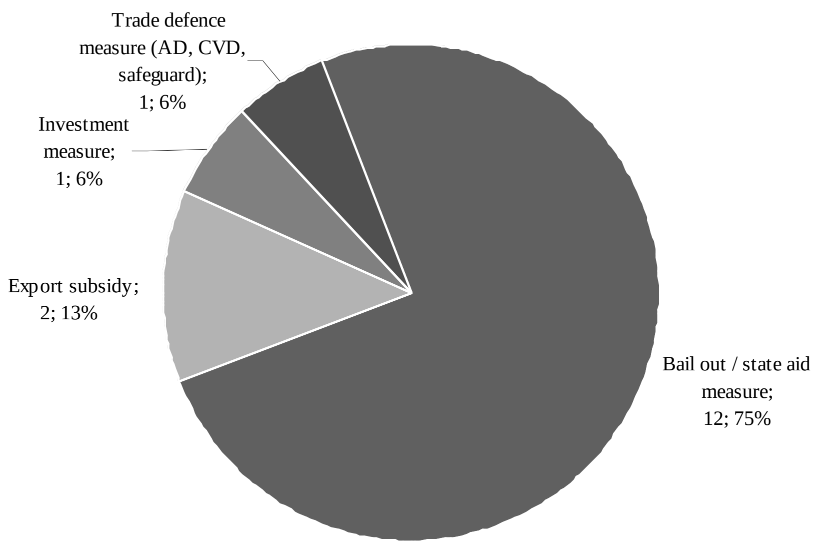


Figure 3.13 Implemented measures that harm Germany's commercial interests, by type



Note: Harmful measures are those classified "red" or "amber"

Figure 3.14 Germany's implemented measures that harm foreign commercial interests, by type



Note: Harmful measures here are those implemented measures classified "red" or "amber" in the GTA database.

INDIA

Table 3.15 Foreign state measures affecting India's commercial interests

Summary statistic of foreign state measures affecting India's commercial interests	All measures	All measures except anti-dumping, anti-subsidy, and safeguard actions.
Total number of measures affecting India's commercial interests	96	86
Total number of foreign measures found to benefit or involve no change in the treatment of India's commercial interests [1]	14	12
Total number of foreign measures that (i) have been implemented and are likely to harm India's commercial interests or (ii) that have been announced but not implemented and which almost certainly discriminate against India's interests [2]	34	26
Total number of foreign measures that have been implemented and which almost certainly discriminate against India's interests [3]	48	48
Total number of implemented measures affecting India's commercial interests	71	68
Total number of pending foreign measures likely to affect India's commercial interests.	25	18
Total number of pending foreign measures that, if implemented, are likely to harm India's foreign commercial interests	25	18
Total number of trading partners that have imposed measures that harm India's commercial interests	44	44

Note: As the Global Trade Alert database is updated frequently, the above data will change.
Updates on the numbers in this table can be found by going to *http://www.globaltradealert.org/site-statistics*, and selecting "India" in the "Affecting Trading Partner" and clicking the button "Get Stats".

[1] These measures are classified "green" in the Global Trade Alert database.
[2] These measures are classified "amber" in the Global Trade Alert database.
[3] These measures are classified "red" in the Global Trade Alert database.

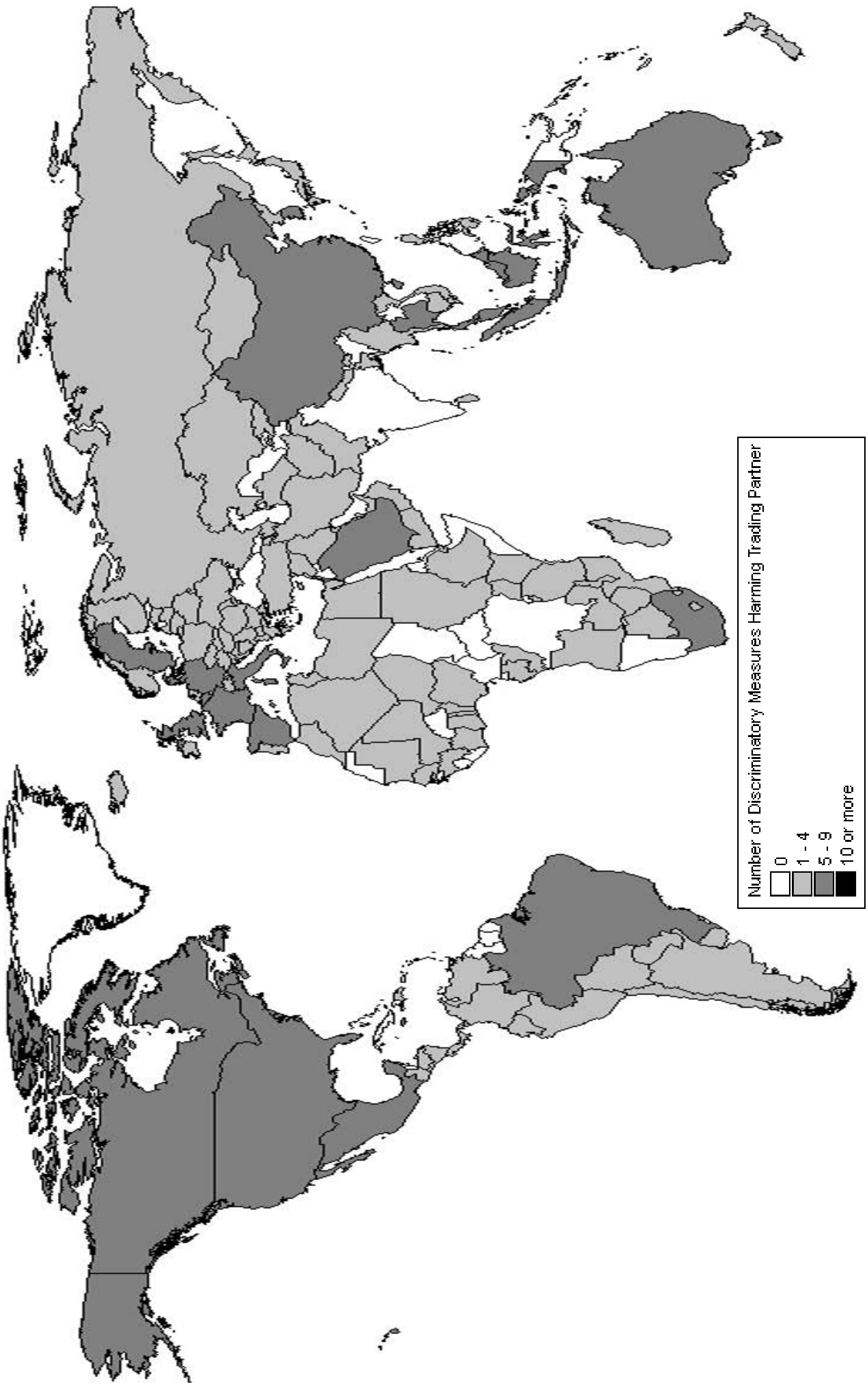
Table 3.16 India's state measures affecting other jurisdictions' commercial interests

Summary statistic of India's state measures affecting other jurisdictions' commercial interests	All measures	All measures except anti-dumping, anti-subsidy, and safeguard actions.
Total number of India's measures affecting other jurisdictions' commercial interests	43	11
Total number of India's measures found to benefit or involve no change in the treatment of other jurisdictions' commercial interests [1]	4	4
Total number of India's measures that (i) have been implemented and are likely to harm commercial interests or (ii) that have been announced but not implemented and which almost certainly discriminate against foreign interests [2]	29	2
Total number of India's measures that have been implemented and which almost certainly discriminate against foreign interests [3]	10	5
Total number of 4-digit tariff lines affected by measures implemented by India that harm foreign commerical interests	210	203
Total number of 2-digit sectors affected by measures implemented by India that harm foreign commerical interests	14	13
Total number of trading partners affected by measures implemented by India that harm foreign commercial interests	141	140

Note: As the Global Trade Alert database is updated frequently, the above data will change.
Updates on the numbers in this table can be found by going to *http://www.globaltradealert.org/site-statistics*, and selecting "India" in the "Affecting Trading Partner" and clicking the button "Get Stats".

[1] These measures are classified "green" in the Global Trade Alert database.
[2] These measures are classified "amber" in the Global Trade Alert database.
[3] These measures are classified "red" in the Global Trade Alert database.

Map 3.15 India: Worldwide incidence of harm done by this G20 member's discriminatory measures



Map 3.16 India: Harm done to this G20 member's commercial interests by others

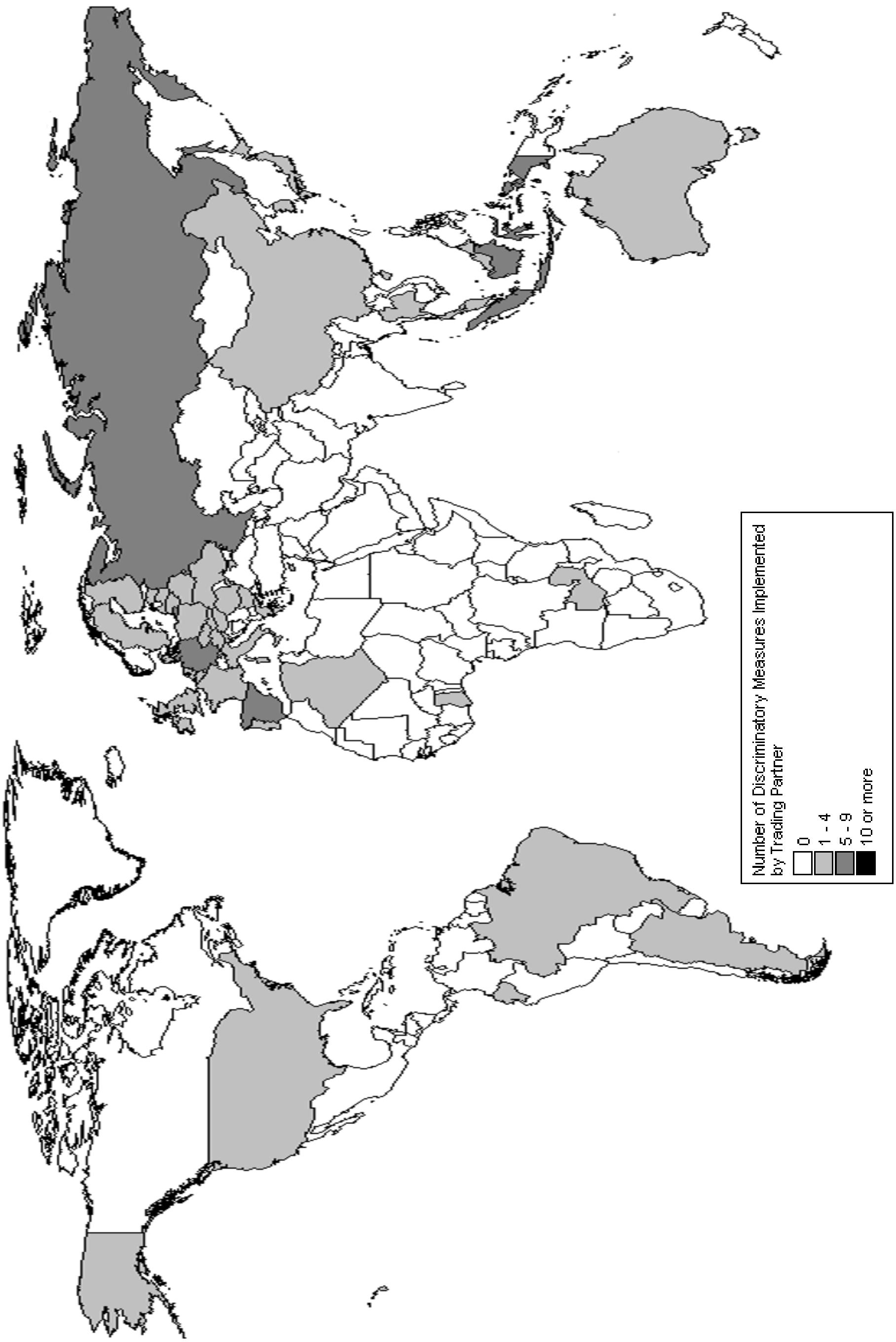
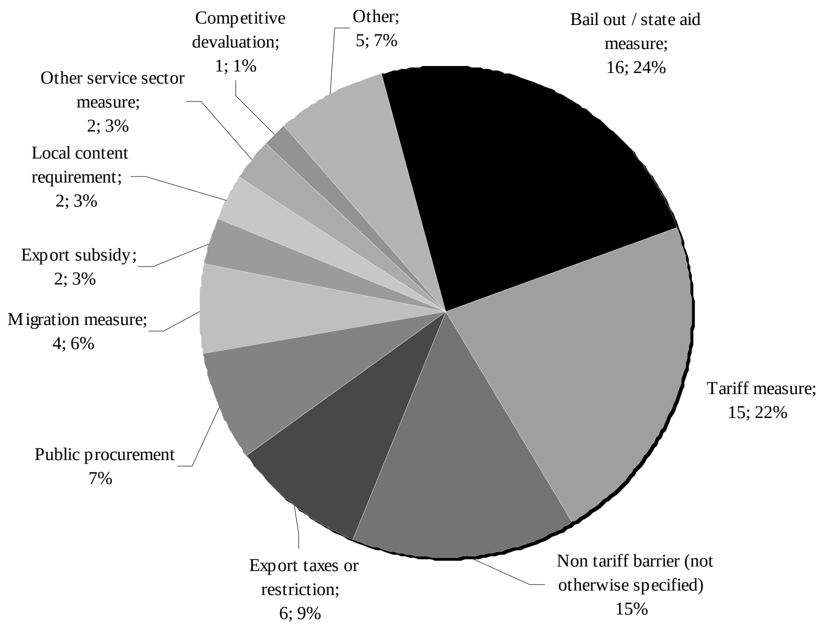
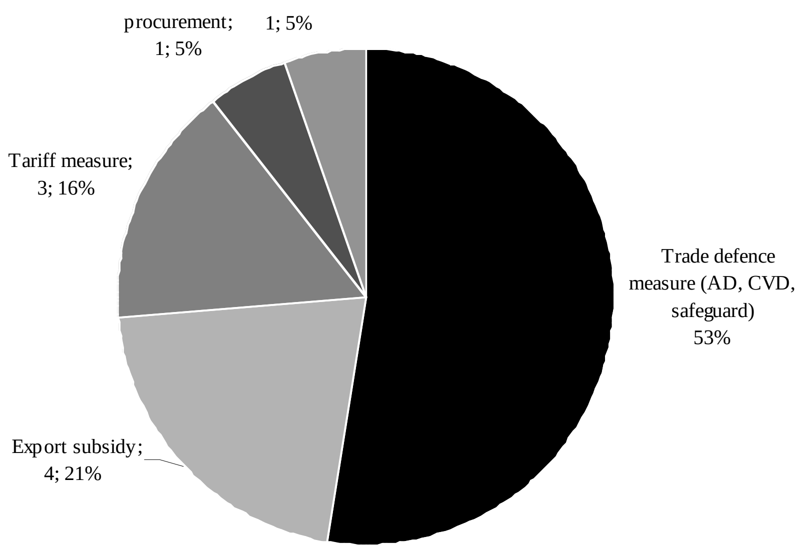


Figure 3.15 Implemented measures that harm India's commercial interests, by type



Note: Harmful measures are those classified "red" or "amber"

Figure 3.16 India's implemented measures that harm foreign commercial interests, by type



Note: Harmful measures here are those implemented measures classified "red" or "amber" in the GTA database.

INDONESIA

Table 3.17 Foreign state measures affecting Indonesia's commercial interests

Summary statistic of foreign state measures affecting Indonesia's commercial interests	All measures	All measures except anti-dumping, anti-subsidy, and safeguard actions.
Total number of measures affecting Indonesia's commercial interests	80	63
Total number of foreign measures found to benefit or involve no change in the treatment of Indonesia's commercial interests [1]	10	9
Total number of foreign measures that (i) have been implemented and are likely to harm Indonesia's commercial interests or (ii) that have been announced but not implemented and which almost certainly discriminate against Indonesia's interests [2]	34	21
Total number of foreign measures that have been implemented and which almost certainly discriminate against Indonesia's interests [3]	36	33
Total number of implemented measures affecting Indonesia's commercial interests	51	47
Total number of pending foreign measures likely to affect Indonesia's commercial interests.	29	16
Total number of pending foreign measures that, if implemented, are likely to harm Indonesia's foreign commercial interests	28	15
Total number of trading partners that have imposed measures that harm Indonesia's commercial interests	41	41

Note: As the Global Trade Alert database is updated frequently, the above data will change.
Updates on the numbers in this table can be found by going to *http://www.globaltradealert.org/site-statistics*, and selecting "Indonesia" in the "Affecting Trading Partner" and clicking the button "Get Stats".

[1] These measures are classified "green" in the Global Trade Alert database.
[2] These measures are classified "amber" in the Global Trade Alert database.
[3] These measures are classified "red" in the Global Trade Alert database.

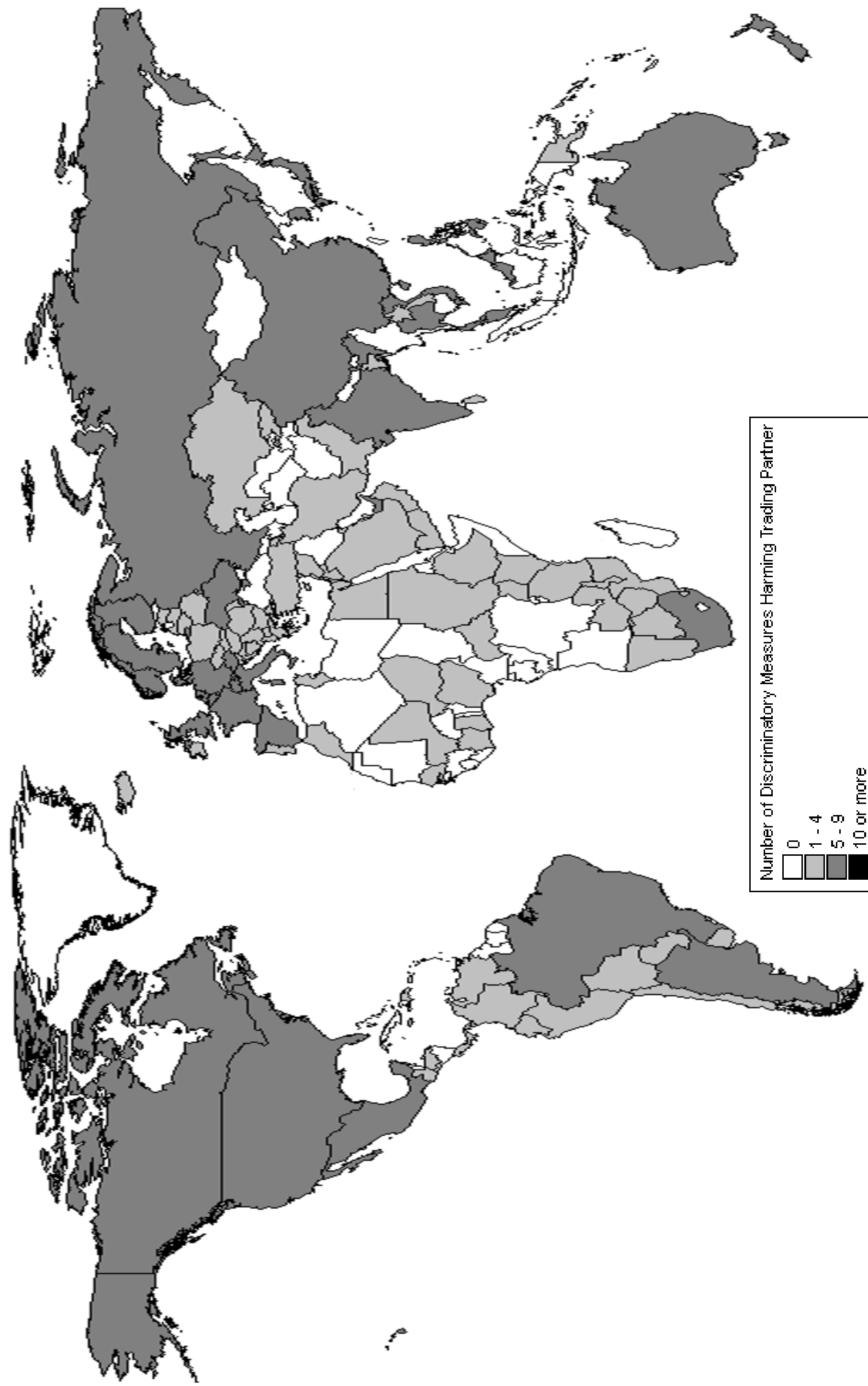
Table 3.18 Indonesia's state measures affecting other jurisdictions' commercial interests

Summary statistic of Indonesia's state measures affecting other jurisdictions' commercial interests	All measures	All measures except anti-dumping, anti-subsidy, and safeguard actions.
Total number of Indonesia's measures affecting other jurisdictions' commercial interests	14	13
Total number of Indonesia's measures found to benefit or involve no change in the treatment of other jurisdictions' commercial interests [1]	2	2
Total number of Indonesia's measures that (i) have been implemented and are likely to harm commercial interests or (ii) that have been announced but not implemented and which almost certainly discriminate against foreign interests [2]	2	1
Total number of Indonesia's measures that have been implemented and which almost certainly discriminate against foreign interests [3]	10	10
Total number of 4-digit tariff lines affected by measures implemented by Indonesia that harm foreign commerical interests	311	311
Total number of 2-digit sectors affected by measures implemented by Indonesia that harm foreign commerical interests	25	25
Total number of trading partners affected by measures implemented by Indonesia that harm foreign commercial interests	124	124

Note: As the Global Trade Alert database is updated frequently, the above data will change.
Updates on the numbers in this table can be found by going to *http://www.globaltradealert.org/site-statistics*, and selecting "Indonesia" in the "Affecting Trading Partner" and clicking the button "Get Stats".

[1] These measures are classified "green" in the Global Trade Alert database.
[2] These measures are classified "amber" in the Global Trade Alert database.
[3] These measures are classified "red" in the Global Trade Alert database.

Map 3.17 Indonesia: Worldwide incidence of harm done by this G20 member's discriminatory measures



INDONESIA

Map 3.18 Indonesia: Harm done to this G20 member's commercial interests by others

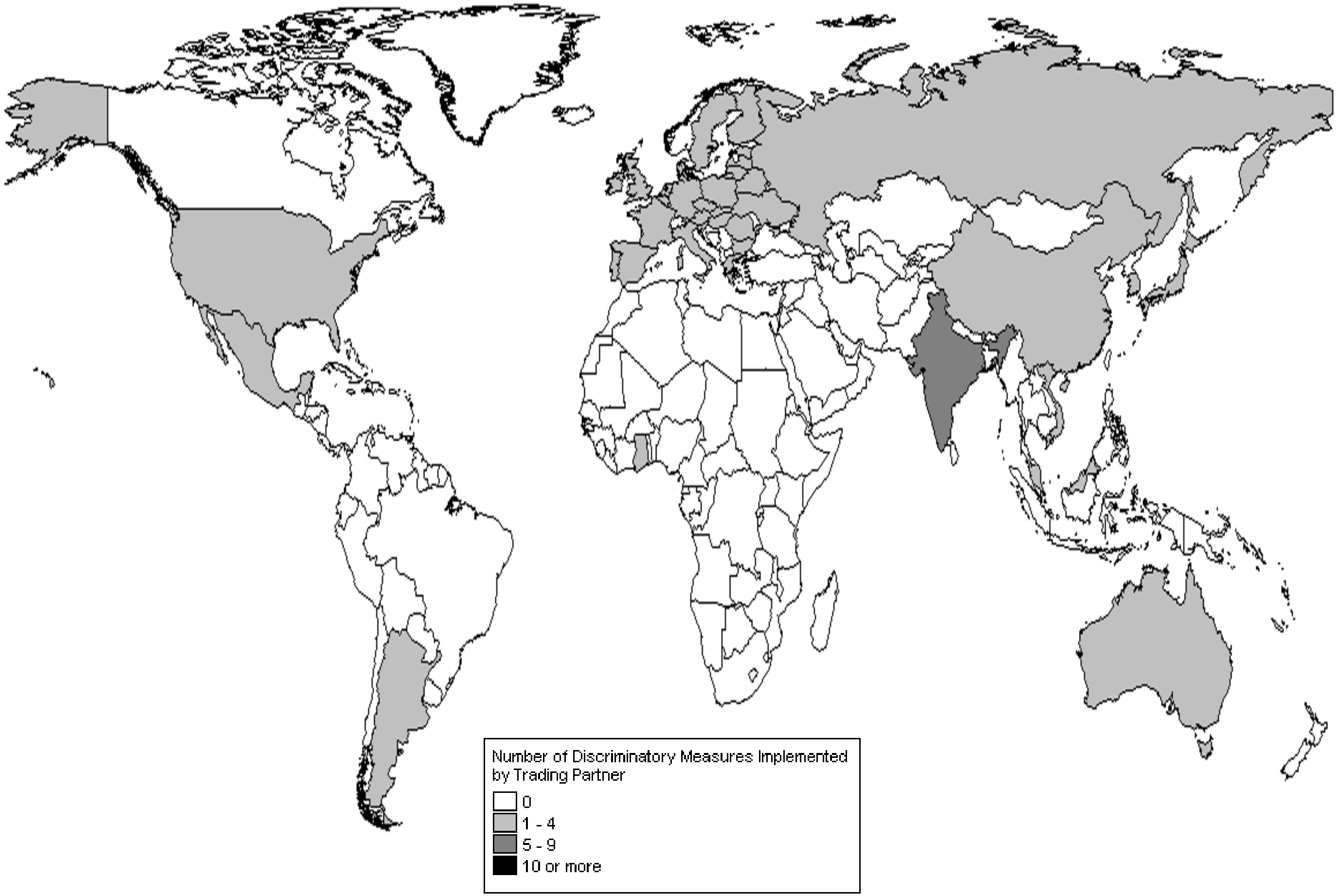
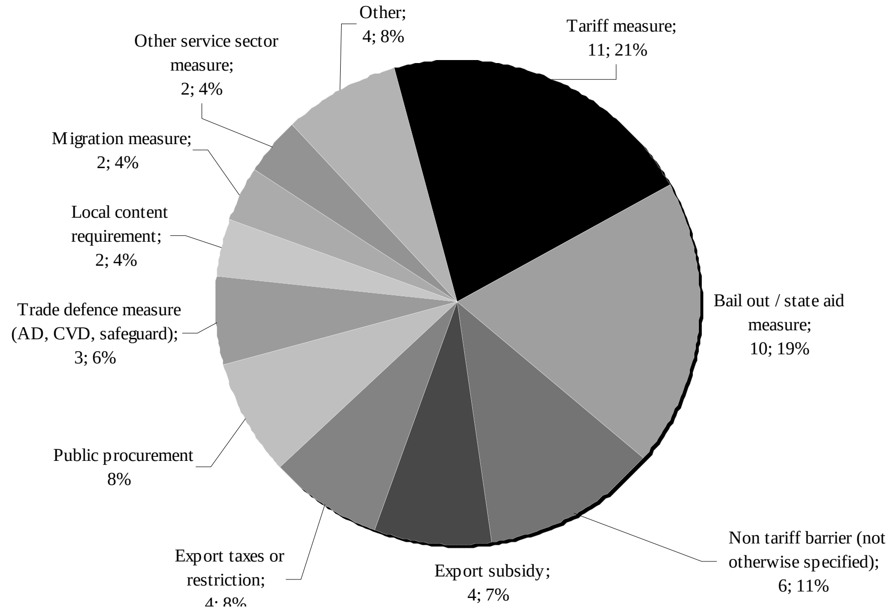
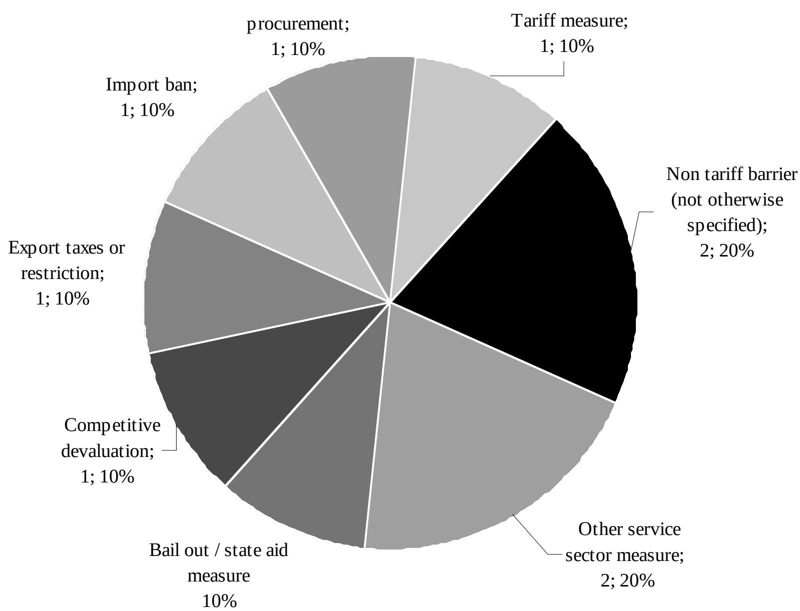


Figure 3.17 Implemented measures that harm Indonesia's commercial interests, by type



Note: Harmful measures are those classified "red" or "amber"

Figure 3.18 Indonesia's implemented measures that harm foreign commercial interests, by type



Note: Harmful measures here are those implemented measures classified "red" or "amber" in the GTA database.

INDONESIA

ITALY

Table 3.19 Foreign state measures affecting Italy's commercial interests

Summary statistic of foreign state measures affecting Italy's commercial interests	All measures	All measures except anti-dumping, anti-subsidy, and safeguard actions.
Total number of measures affecting Italy's commercial interests	128	111
Total number of foreign measures found to benefit or involve no change in the treatment of Italy's commercial interests [1]	15	15
Total number of foreign measures that (i) have been implemented and are likely to harm Italy's commercial interests or (ii) that have been announced but not implemented and which almost certainly discriminate against Italy's interests [2]	43	33
Total number of foreign measures that have been implemented and which almost certainly discriminate against Italy's interests [3]	70	63
Total number of implemented measures affecting Italy's commercial interests	102	89
Total number of pending foreign measures likely to affect Italy's commercial interests.	26	22
Total number of pending foreign measures that, if implemented, are likely to harm Italy's foreign commercial interests	23	19
Total number of trading partners that have imposed measures that harm Italy's commercial interests	25	23

Note: As the Global Trade Alert database is updated frequently, the above data will change.
Updates on the numbers in this table can be found by going to *http://www.globaltradealert.org/site-statistics*, and selecting "Italy" in the "Affecting Trading Partner" and clicking the button "Get Stats".

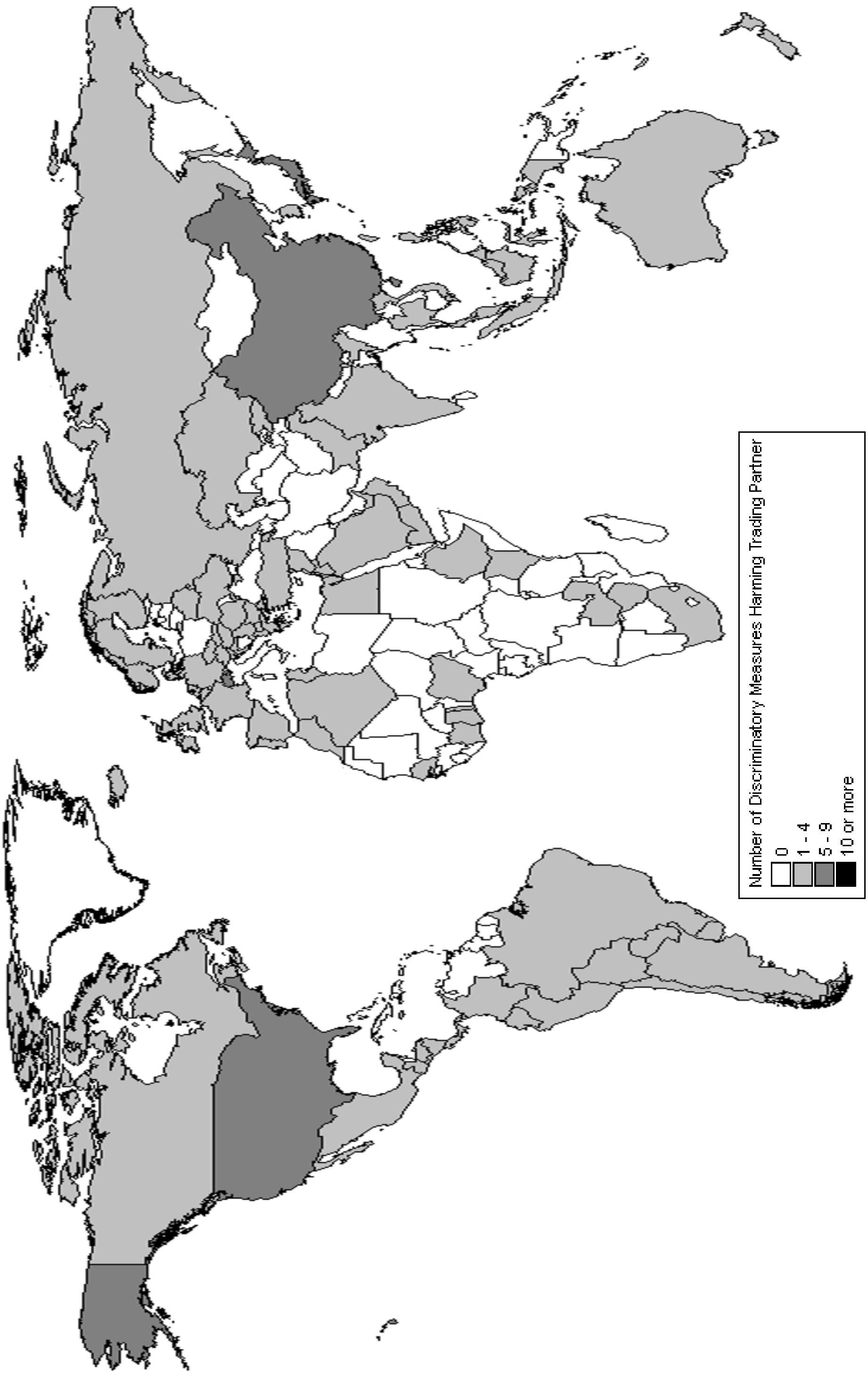
[1] These measures are classified "green" in the Global Trade Alert database.
[2] These measures are classified "amber" in the Global Trade Alert database.
[3] These measures are classified "red" in the Global Trade Alert database.

Table 3.20 Italy's state measures affecting other jurisdictions' commercial interests

Summary statistic of Italy's state measures affecting other jurisdictions' commercial interests	All measures	All measures except anti-dumping, anti-subsidy, and safeguard actions.
Total number of Italy's measures affecting other jurisdictions' commercial interests	19	9
Total number of Italy's measures found to benefit or involve no change in the treatment of other jurisdictions' commercial interests [1]	1	0
Total number of Italy's measures that (i) have been implemented and are likely to harm commercial interests or (ii) that have been announced but not implemented and which almost certainly discriminate against foreign interests [2]	9	1
Total number of Italy's measures that have been implemented and which almost certainly discriminate against foreign interests [3]	9	8
Total number of 4-digit tariff lines affected by measures implemented by Italy that harm foreign commerical interests	18	17
Total number of 2-digit sectors affected by measures implemented by Italy that harm foreign commerical interests	8	7
Total number of trading partners affected by measures implemented by Italy that harm foreign commercial interests	93	92

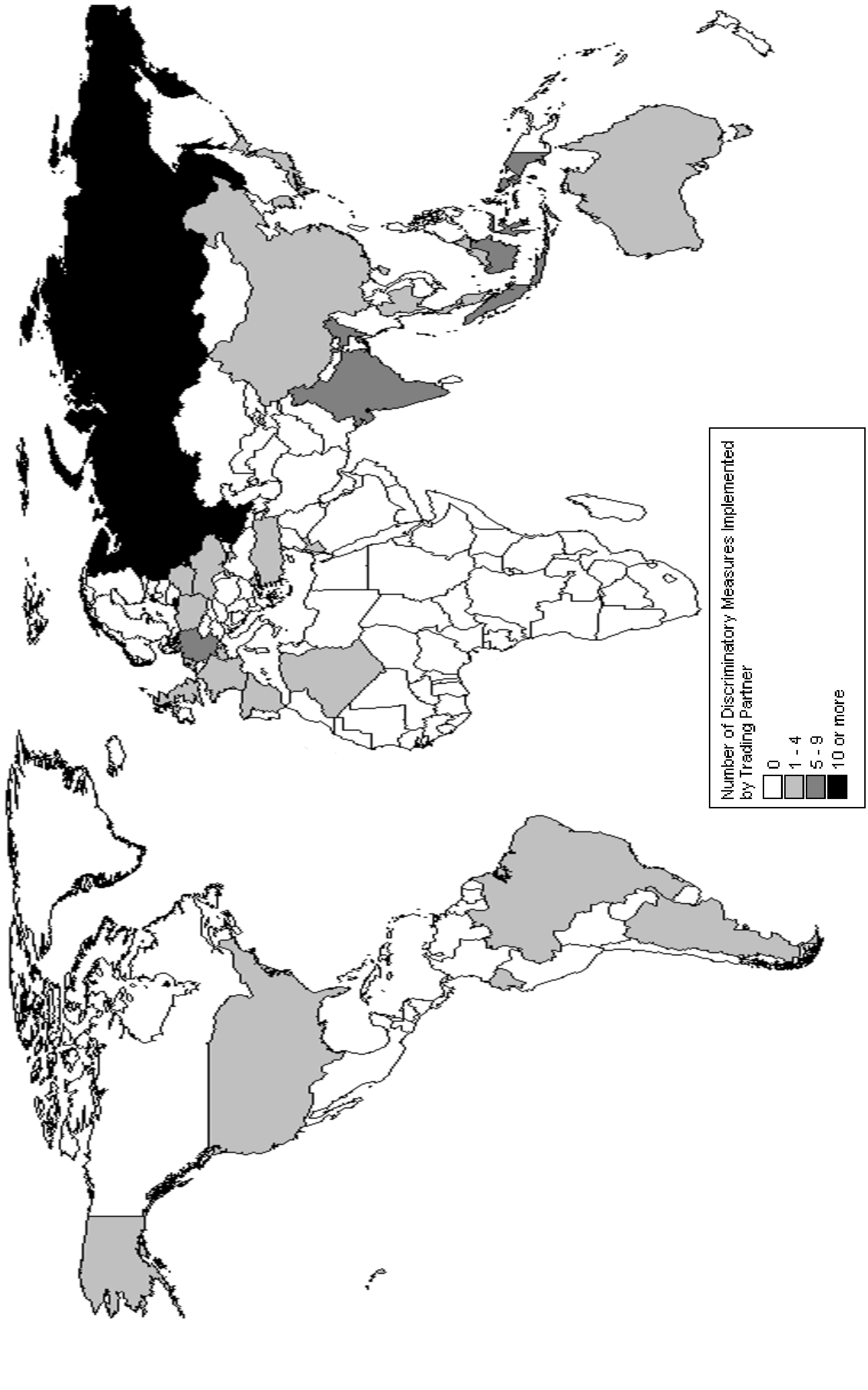
Note: As the Global Trade Alert database is updated frequently, the above data will change.
Updates on the numbers in this table can be found by going to *http://www.globaltradealert.org/site-statistics*, and selecting "Italy" in the "Affecting Trading Partner" and clicking the button "Get Stats".

[1] These measures are classified "green" in the Global Trade Alert database.
[2] These measures are classified "amber" in the Global Trade Alert database.
[3] These measures are classified "red" in the Global Trade Alert database.



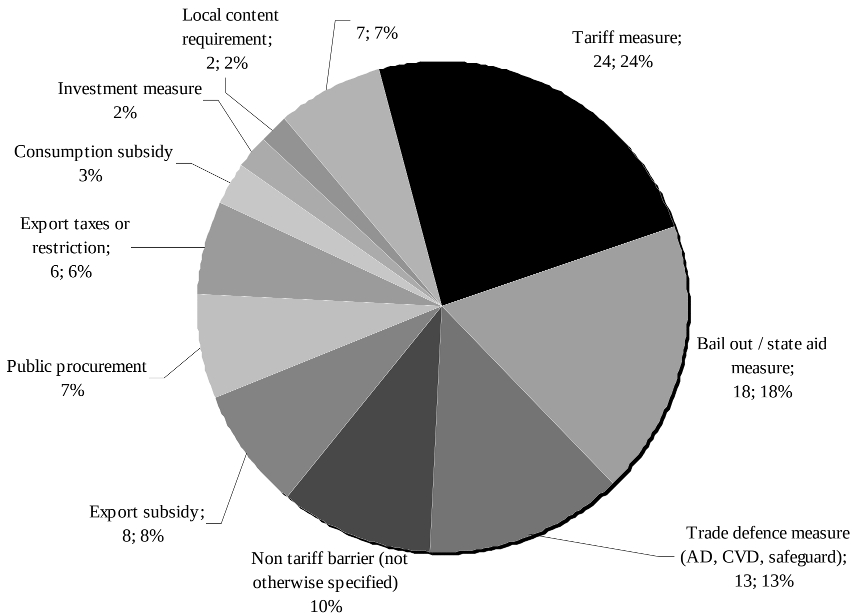
Map 3.19 Italy: Worldwide incidence of harm done by this G20 member's discriminatory measures

Map 3.20 Italy: Harm done to this G20 member's commercial interests by others



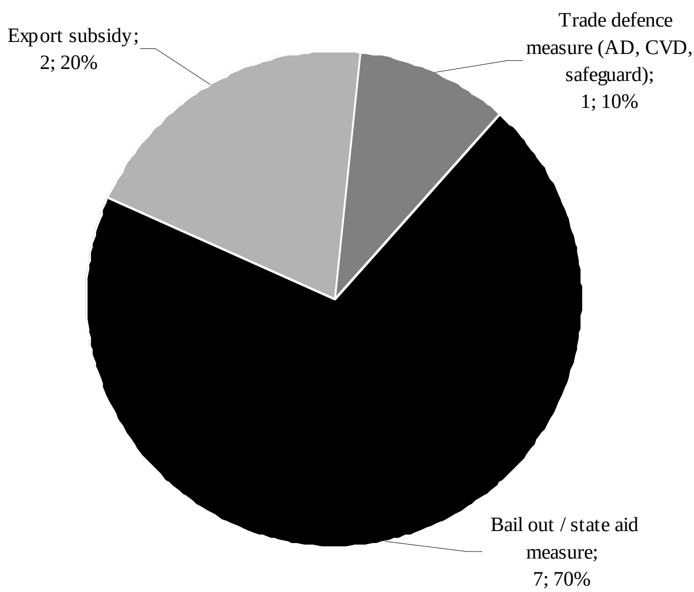
ITALY

Figure 3.19 Implemented measures that harm Italy's commercial interests, by type



Note: Harmful measures are those classified "red" or "amber"

Figure 3.20 Italy's implemented measures that harm foreign commercial interests, by type



Note: Harmful measures here are those implemented measures classified "red" or "amber" in the GTA database.

JAPAN

Table 3.21 Foreign state measures affecting Japan's commercial interests

Summary statistic of foreign state measures affecting Japan's commercial interests	All measures	All measures except anti-dumping, anti-subsidy, and safeguard actions.
Total number of measures affecting Japan's commercial interests	132	116
Total number of foreign measures found to benefit or involve no change in the treatment of Japan's commercial interests [1]	18	18
Total number of foreign measures that (i) have been implemented and are likely to harm Japan's commercial interests or (ii) that have been announced but not implemented and which almost certainly discriminate against Japan's interests [2]	36	27
Total number of foreign measures that have been implemented and which almost certainly discriminate against Japan's interests [3]	78	71
Total number of implemented measures affecting Japan's commercial interests	107	98
Total number of pending foreign measures likely to affect Japan's commercial interests.	25	18
Total number of pending foreign measures that, if implemented, are likely to harm Japan's foreign commercial interests	23	16
Total number of trading partners that have imposed measures that harm Japan's commercial interests	46	45

Note: As the Global Trade Alert database is updated frequently, the above data will change.
Updates on the numbers in this table can be found by going to *http://www.globaltradealert.org/site-statistics*, and selecting "Japan" in the "Affecting Trading Partner" and clicking the button "Get Stats".

[1] These measures are classified "green" in the Global Trade Alert database.
[2] These measures are classified "amber" in the Global Trade Alert database.
[3] These measures are classified "red" in the Global Trade Alert database.

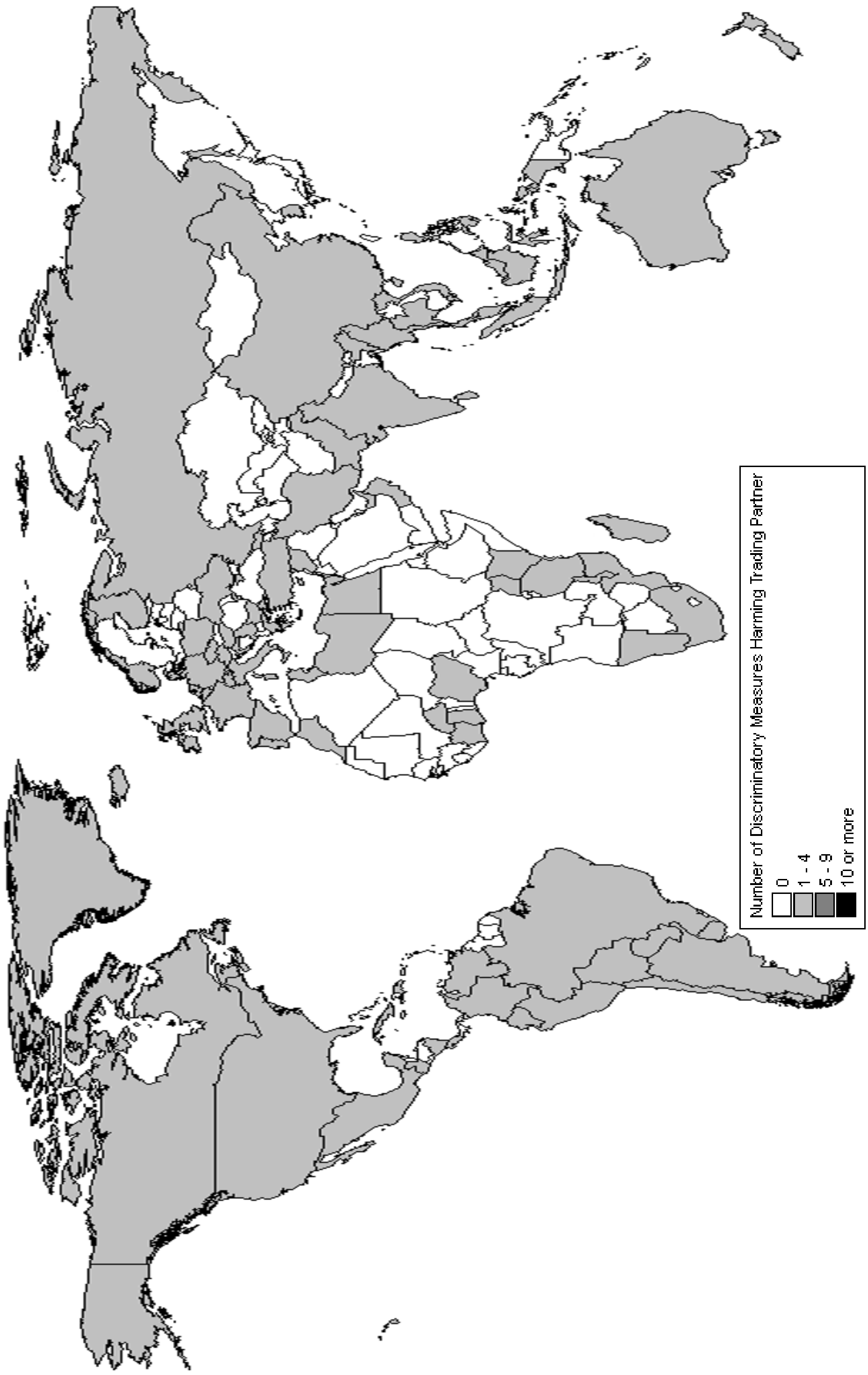
Table 3.22 Japan's state measures affecting other jurisdictions' commercial interests

Summary statistic of Japan's state measures affecting other jurisdictions' commercial interests	All measures	All measures except anti-dumping, anti-subsidy, and safeguard actions.
Total number of Japan's measures affecting other jurisdictions' commercial interests	9	4
Total number of Japan's measures found to benefit or involve no change in the treatment of other jurisdictions' commercial interests [1]	0	0
Total number of Japan's measures that (i) have been implemented and are likely to harm commercial interests or (ii) that have been announced but not implemented and which almost certainly discriminate against foreign interests [2]	2	2
Total number of Japan's measures that have been implemented and which almost certainly discriminate against foreign interests [3]	7	2
Total number of 4-digit tariff lines affected by measures implemented by Japan that harm foreign commerical interests	133	130
Total number of 2-digit sectors affected by measures implemented by Japan that harm foreign commerical interests	9	9
Total number of trading partners affected by measures implemented by Japan that harm foreign commercial interests	97	97

Note: As the Global Trade Alert database is updated frequently, the above data will change.
Updates on the numbers in this table can be found by going to *http://www.globaltradealert.org/site-statistics*, and selecting "Japan" in the "Affecting Trading Partner" and clicking the button "Get Stats".

[1] These measures are classified "green" in the Global Trade Alert database.
[2] These measures are classified "amber" in the Global Trade Alert database.
[3] These measures are classified "red" in the Global Trade Alert database.

Map 3.21 Japan: Worldwide incidence of harm done by this G20 member's discriminatory measures



JAPAN

Map 3.22 Japan: Harm done to this G20 member's commercial interests by others

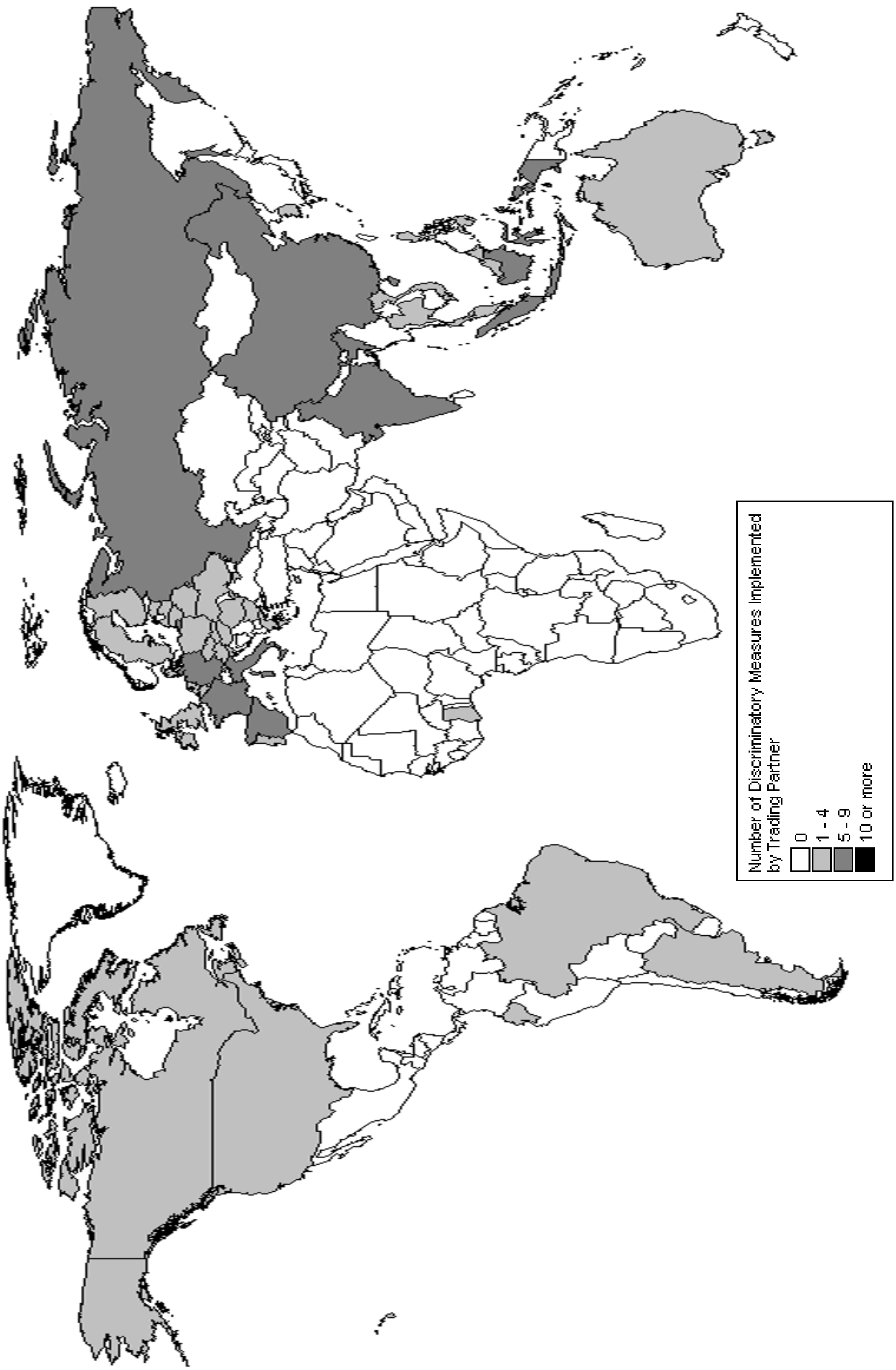
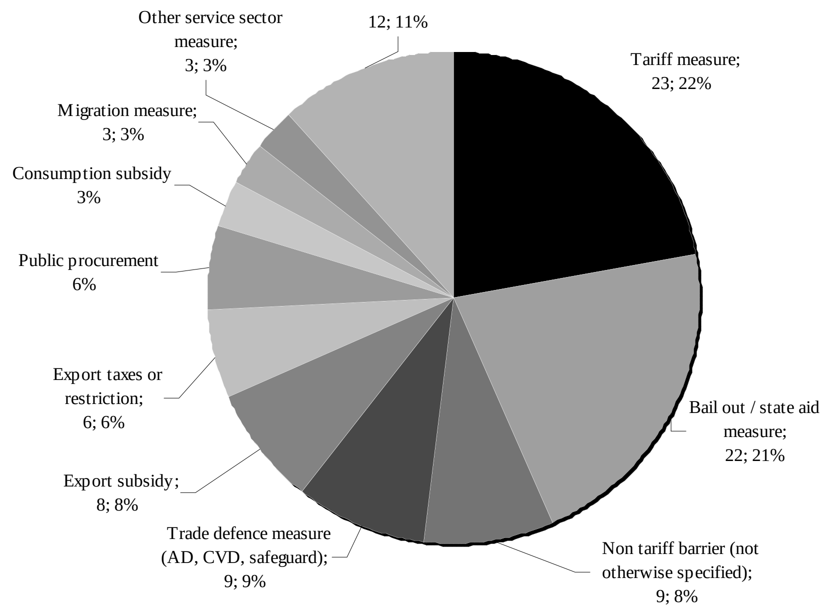
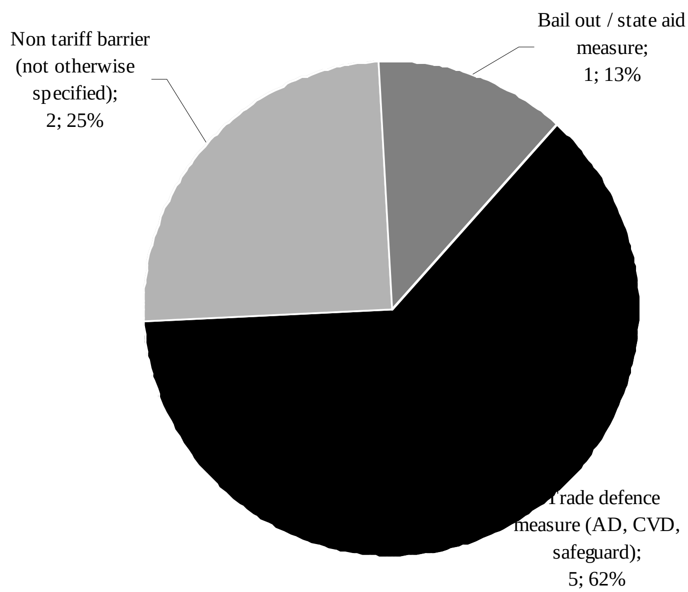


Figure 3.21 Implemented measures that harm Japan's commercial interests, by type



Note: Harmful measures are those classified "red" or "amber"

Figure 3.22 Japan's implemented measures that harm foreign commercial interests, by type



Note: Harmful measures here are those implemented measures classified "red" or "amber" in the GTA database.

MEXICO

Table 3.23 Foreign state measures affecting Mexico's commercial interests

Summary statistic of foreign state measures affecting Mexico's commercial interests	All measures	All measures except anti-dumping, anti-subsidy, and safeguard actions.
Total number of measures affecting Mexico's commercial interests	81	75
Total number of foreign measures found to benefit or involve no change in the treatment of Mexico's commercial interests [1]	9	8
Total number of foreign measures that (i) have been implemented and are likely to harm Mexico's commercial interests or (ii) that have been announced but not implemented and which almost certainly discriminate against Mexico's interests [2]	24	20
Total number of foreign measures that have been implemented and which almost certainly discriminate against Mexico's interests [3]	48	47
Total number of implemented measures affecting Mexico's commercial interests	64	61
Total number of pending foreign measures likely to affect Mexico's commercial interests.	17	14
Total number of pending foreign measures that, if implemented, are likely to harm Mexico's foreign commercial interests	16	13
Total number of trading partners that have imposed measures that harm Mexico's commercial interests	44	44

Note: As the Global Trade Alert database is updated frequently, the above data will change.
Updates on the numbers in this table can be found by going to *http://www.globaltradealert.org/site-statistics*, and selecting "Mexico" in the "Affecting Trading Partner" and clicking the button "Get Stats".

[1] These measures are classified "green" in the Global Trade Alert database.
[2] These measures are classified "amber" in the Global Trade Alert database.
[3] These measures are classified "red" in the Global Trade Alert database.

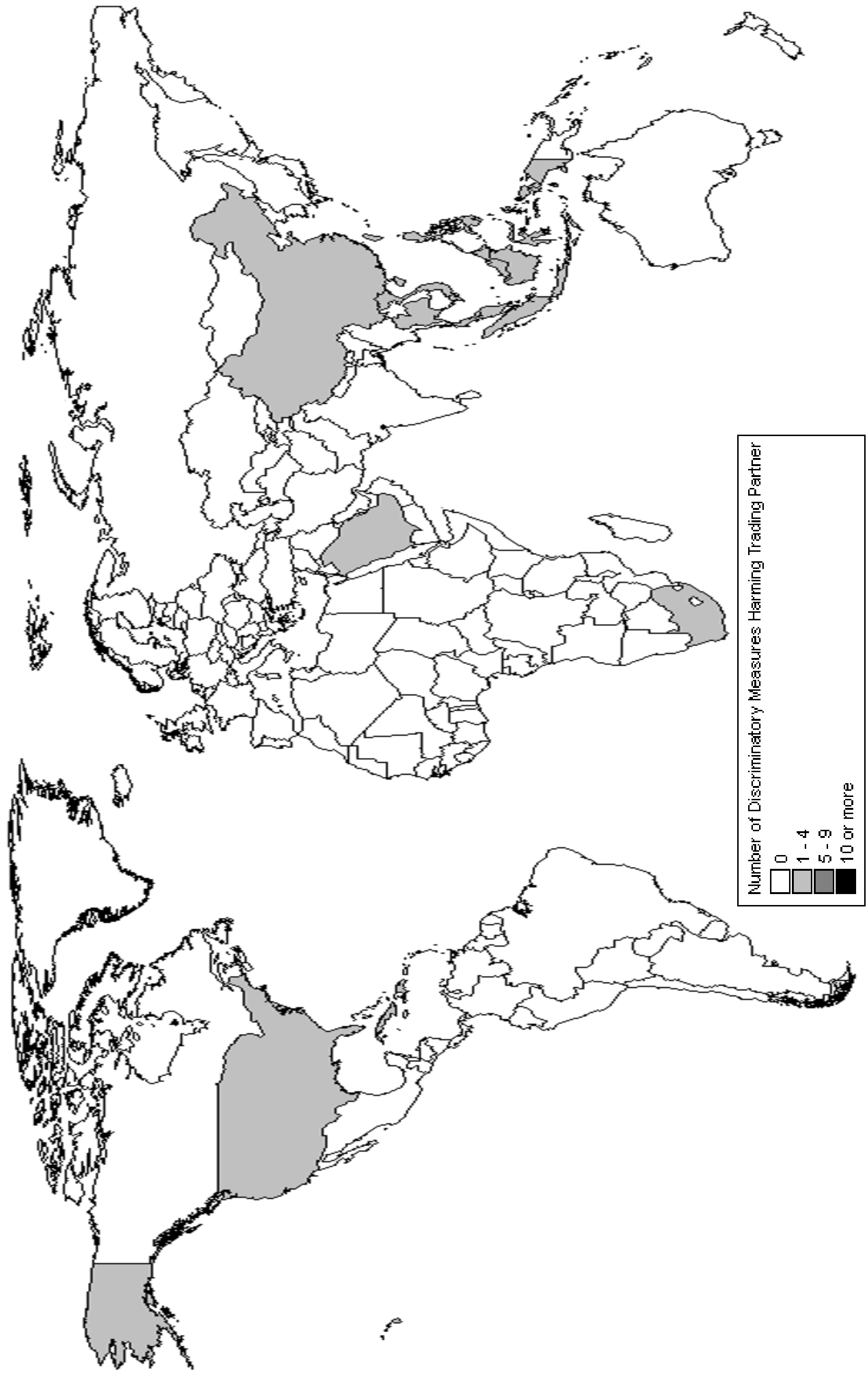
Table 3.24 Mexico's state measures affecting other jurisdictions' commercial interests

Summary statistic of Mexico's state measures affecting other jurisdictions' commercial interests	All measures	All measures except anti-dumping, anti-subsidy, and safeguard actions.
Total number of Mexico's measures affecting other jurisdictions' commercial interests	5	4
Total number of Mexico's measures found to benefit or involve no change in the treatment of other jurisdictions' commercial interests [1]	1	1
Total number of Mexico's measures that (i) have been implemented and are likely to harm commercial interests or (ii) that have been announced but not implemented and which almost certainly discriminate against foreign interests [2]	2	1
Total number of Mexico's measures that have been implemented and which almost certainly discriminate against foreign interests [3]	2	2
Total number of 4-digit tariff lines affected by measures implemented by Mexico that harm foreign commerical interests	57	57
Total number of 2-digit sectors affected by measures implemented by Mexico that harm foreign commerical interests	22	22
Total number of trading partners affected by measures implemented by Mexico that harm foreign commercial interests	12	12

Note: As the Global Trade Alert database is updated frequently, the above data will change.
Updates on the numbers in this table can be found by going to *http://www.globaltradealert.org/site-statistics*, and selecting "Mexico" in the "Affecting Trading Partner" and clicking the button "Get Stats".

[1] These measures are classified "green" in the Global Trade Alert database.
[2] These measures are classified "amber" in the Global Trade Alert database.
[3] These measures are classified "red" in the Global Trade Alert database.

MEXICO



Map 3.23 Mexico: Worldwide incidence of harm done by this G20 member's discriminatory measures

Map 3.24 Mexico: Harm done to this G20 member's commercial interests by others

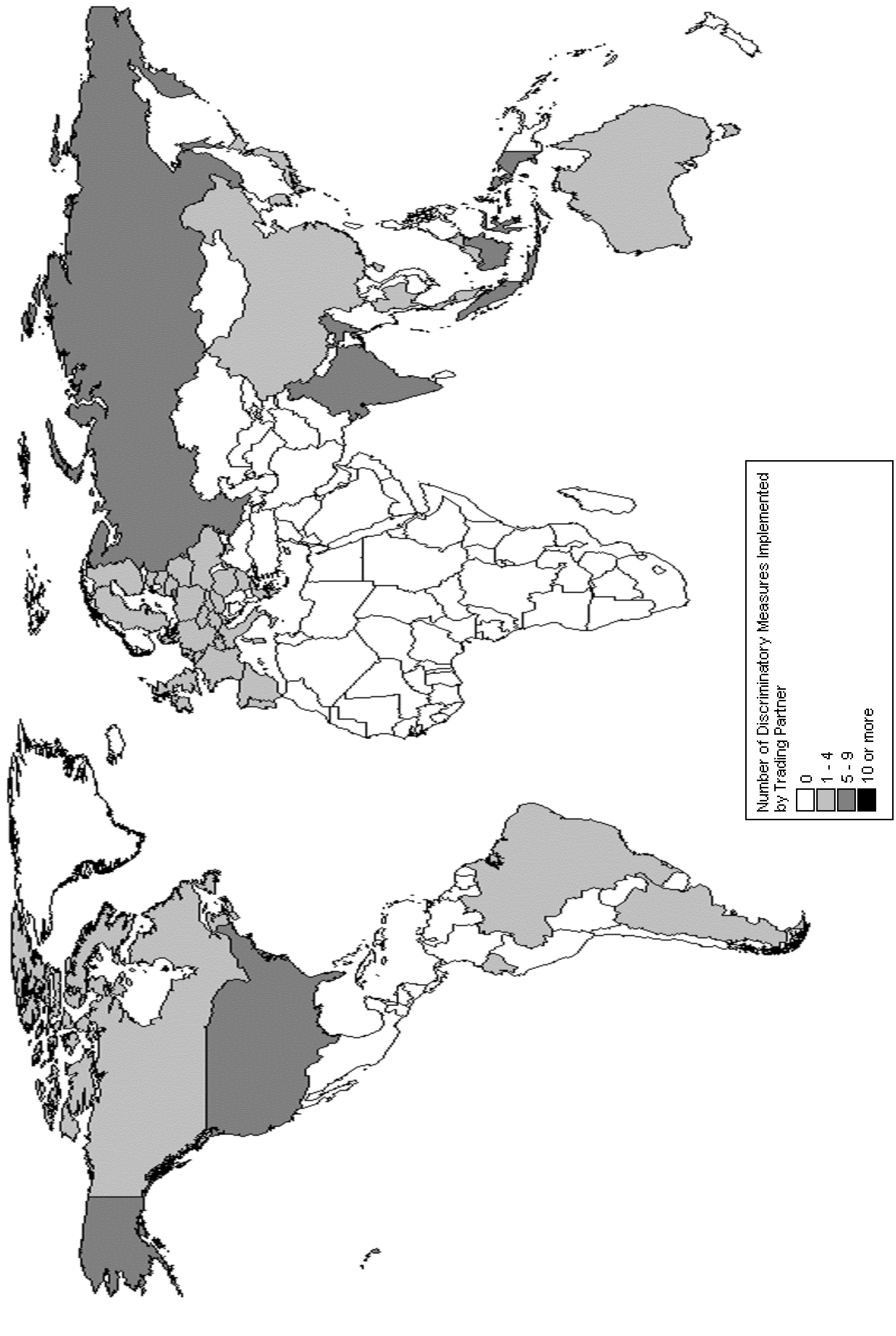
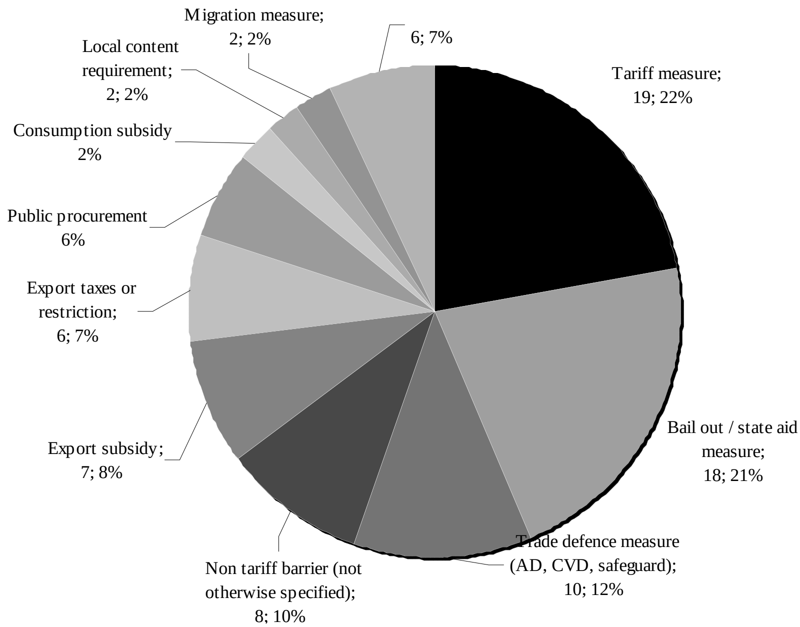
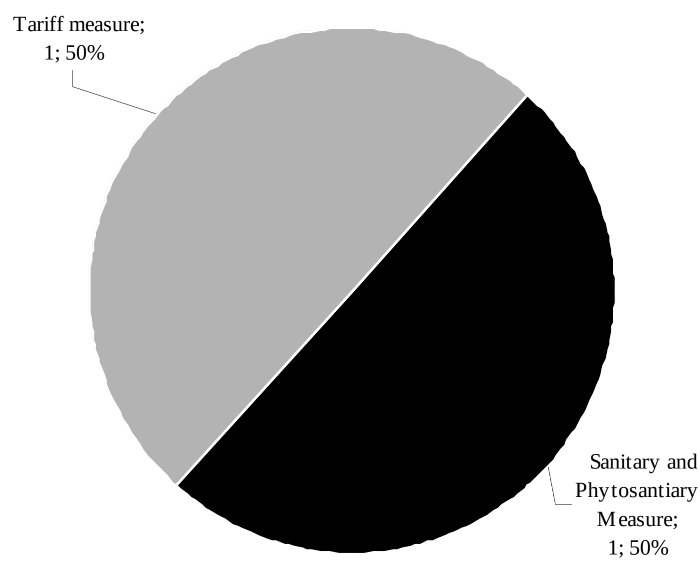


Figure 3.22 Implemented measures that harm Mexico's commercial interests, by type



Note: Harmful measures are those classified "red" or "amber"

Figure 3.24 Mexico's implemented measures that harm foreign commercial interests, by type



Note: Harmful measures here are those implemented measures classified "red" or "amber" in the GTA database.

REPUBLIC OF KOREA

Table 3.25 Foreign state measures affecting Republic of Korea's commercial interests

Summary statistic of foreign state measures affecting Republic of Korea's commercial interests	All measures	All measures except anti-dumping, anti-subsidy, and safeguard actions.
Total number of measures affecting Republic of Korea's commercial interests	118	98
Total number of foreign measures found to benefit or involve no change in the treatment of Republic of Korea's commercial interests [1]	16	16
Total number of foreign measures that (i) have been implemented and are likely to harm Republic of Korea's commercial interests or (ii) that have been announced but not implemented and which almost certainly discriminate against Republic of Korea's interests [2]	39	26
Total number of foreign measures that have been implemented and which almost certainly discriminate against Republic of Korea's interests [3]	63	56
Total number of implemented measures affecting Republic of Korea's commercial interests	93	83
Total number of pending foreign measures likely to affect Republic of Korea's commercial interests.	25	15
Total number of pending foreign measures that, if implemented, are likely to harm Republic of Korea's foreign commercial interests	25	15
Total number of trading partners that have imposed measures that harm Republic of Korea's commercial interests	43	42

Note: As the Global Trade Alert database is updated frequently, the above data will change.
Updates on the numbers in this table can be found by going to *http://www.globaltradealert.org/site-statistics*, and selecting "Republic of Korea" in the "Affecting Trading Partner" and clicking the button "Get Stats".

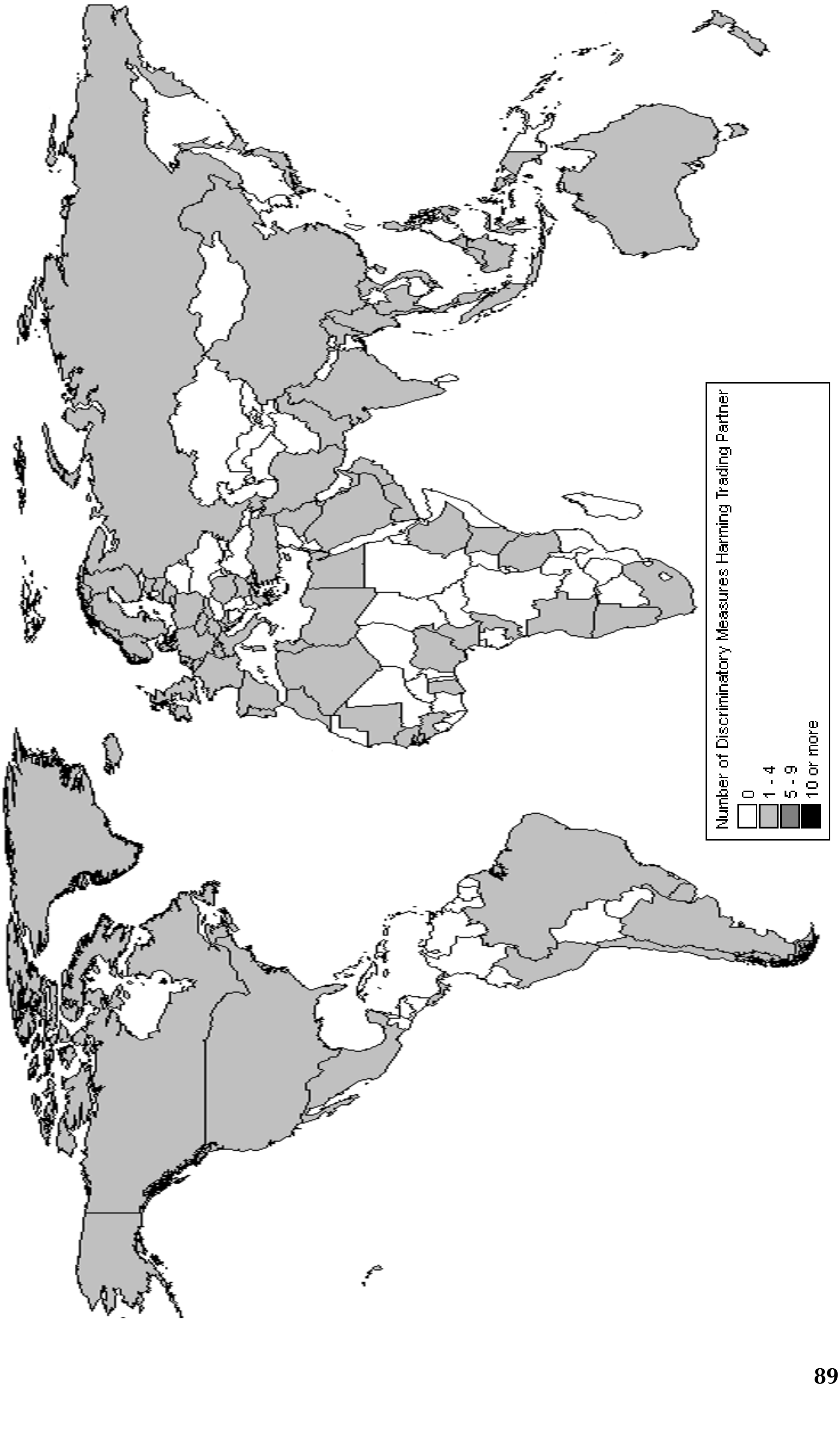
[1] These measures are classified "green" in the Global Trade Alert database.
[2] These measures are classified "amber" in the Global Trade Alert database.
[3] These measures are classified "red" in the Global Trade Alert database.

Table 3.26 Republic of Korea's state measures affecting other jurisdictions' commercial interests

Summary statistic of Republic of Korea's state measures affecting other jurisdictions' commercial interests	All measures	All measures except anti-dumping, anti-subsidy, and safeguard actions.
Total number of Rep. of Korea's measures affecting other jurisdictions' commercial interests	9	8
Total number of Rep. of Korea's measures found to benefit or involve no change in the treatment of other jurisdictions' commercial interests [1]	2	1
Total number of Rep. of Korea's measures that (i) have been implemented and are likely to harm commercial interests or (ii) that have been announced but not implemented and which almost certainly discriminate against foreign interests [2]	2	2
Total number of Rep. of Korea's measures that have been implemented and which almost certainly discriminate against foreign interests [3]	5	5
Total number of 4-digit tariff lines affected by measures implemented by Rep. of Korea that harm foreign commerical interests	12	12
Total number of 2-digit sectors affected by measures implemented by Rep. of Korea that harm foreign commerical interests	8	8
Total number of trading partners affected by measures implemented by Rep. of Korea that harm foreign commercial interests	88	88

Note: As the Global Trade Alert database is updated frequently, the above data will change.
Updates on the numbers in this table can be found by going to *http://www.globaltradealert.org/site-statistics*, and selecting "Republic of Korea" in the "Affecting Trading Partner" and clicking the button "Get Stats".

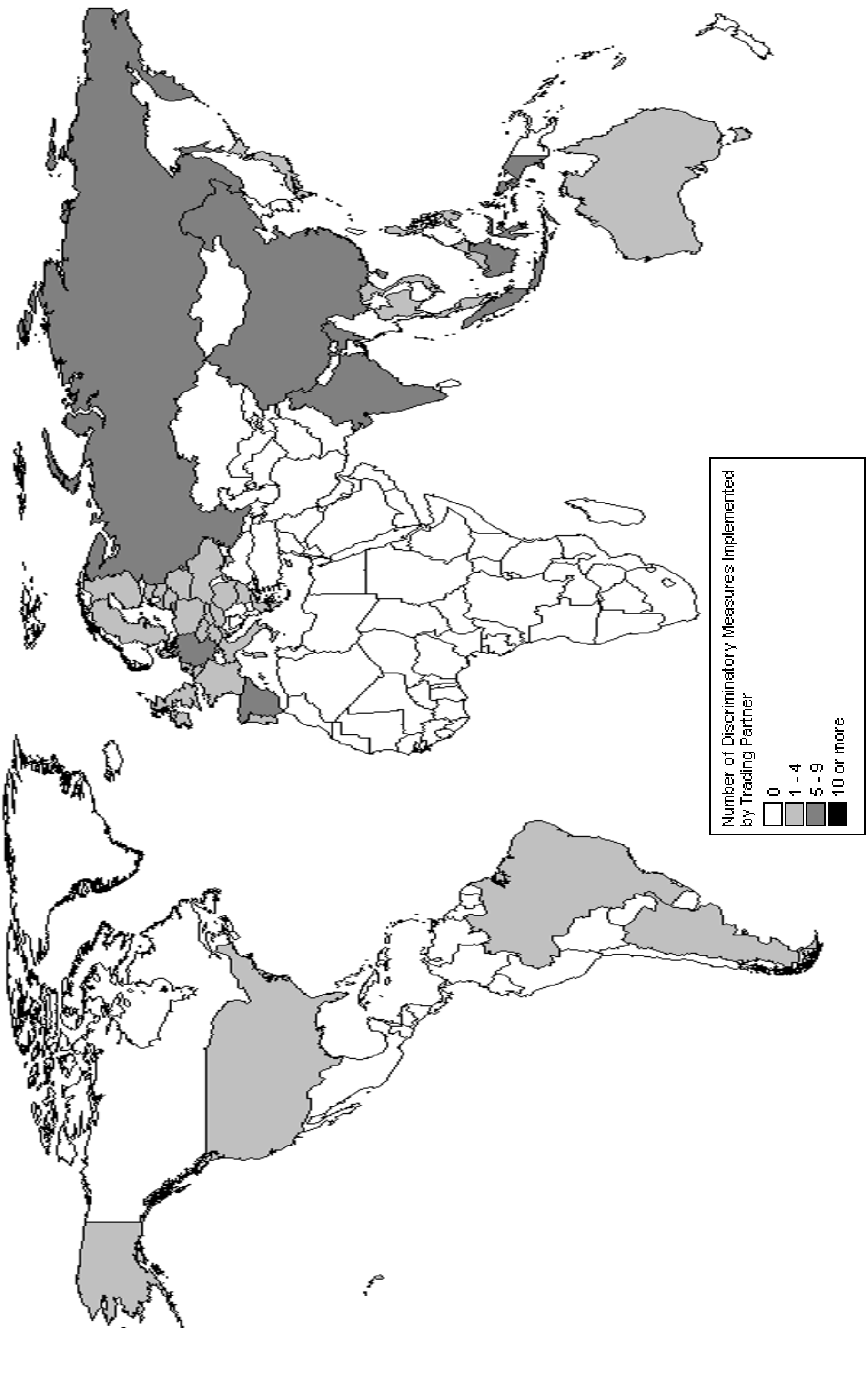
[1] These measures are classified "green" in the Global Trade Alert database.
[2] These measures are classified "amber" in the Global Trade Alert database.
[3] These measures are classified "red" in the Global Trade Alert database.



Map 3.25 Republic of Korea: Worldwide incidence of harm done by this G20 member's discriminatory measures

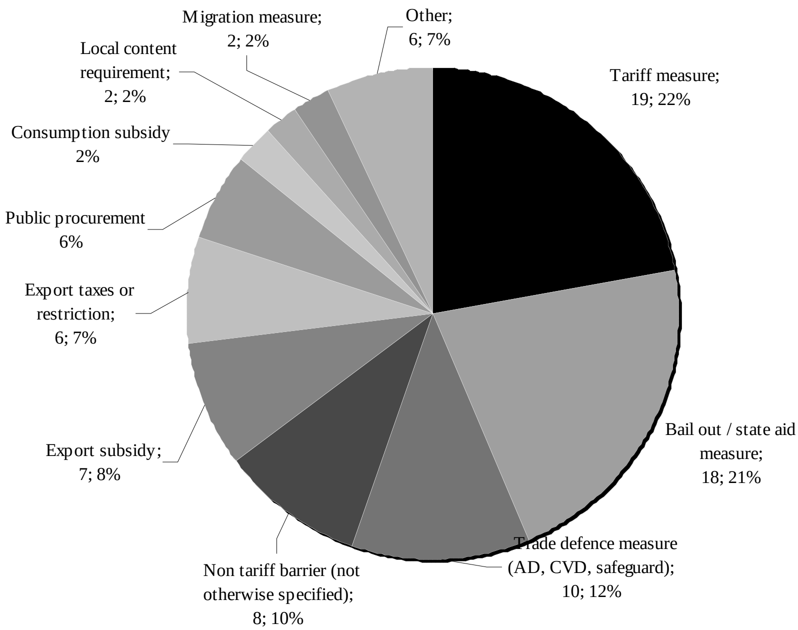
REPUBLIC OF KOREA

REPUBLIC OF KOREA



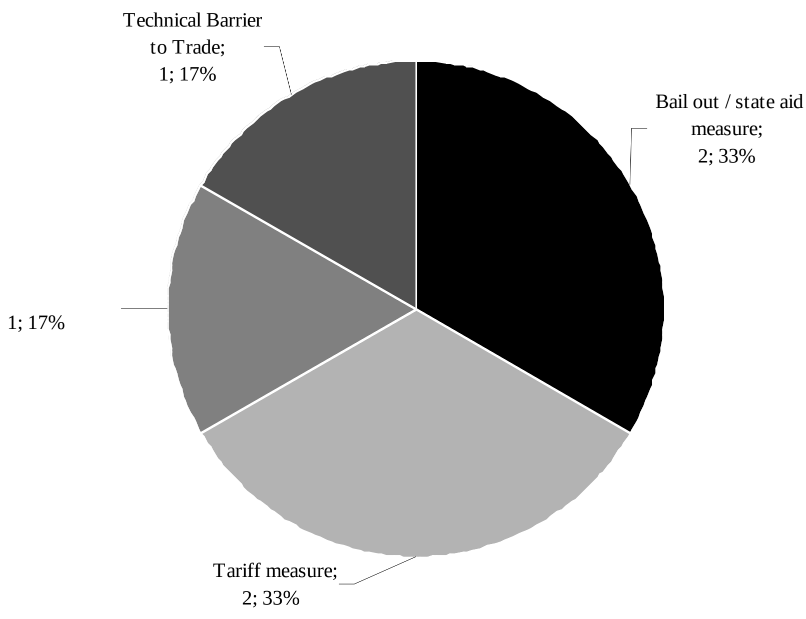
Map 3.26 Republic of Korea: Harm done to this G20 member's commercial interests by others

Figure 3.25 Implemented measures that harm Republic of Korea's commercial interests, by type



Note: Harmful measures are those classified "red" or "amber"

Figure 3.26 Republic of Korea's implemented measures that harm foreign commercial interests, by type



Note: Harmful measures here are those implemented measures classified "red" or "amber" in the GTA database.

REPUBLIC OF KOREA

RUSSIAN FEDERATION

Table 3.27 Foreign state measures affecting Russian Federation's commercial interests

Summary statistic of foreign state measures affecting Russian Federation's commercial interests	All measures	All measures except anti-dumping, anti-subsidy, and safeguard actions.
Total number of measures affecting Russian Federation's commercial interests	75	65
Total number of foreign measures found to benefit or involve no change in the treatment of Russian Federation's commercial interests [1]	6	6
Total number of foreign measures that (i) have been implemented and are likely to harm Russian Federation's commercial interests or (ii) that have been announced but not implemented and which almost certainly discriminate against Russian Federation's interests [2]	27	19
Total number of foreign measures that have been implemented and which almost certainly discriminate against Russian Federation's interests [3]	42	40
Total number of implemented measures affecting Russian Federation's commercial interests	57	54
Total number of pending foreign measures likely to affect Russian Federation's commercial interests.	18	11
Total number of pending foreign measures that, if implemented, are likely to harm Russian Federation's foreign commercial interests	17	10
Total number of trading partners that have imposed measures that harm Russian Federation's commercial interests	45	44

Note: As the Global Trade Alert database is updated frequently, the above data will change.
Updates on the numbers in this table can be found by going to *http://www.globaltradealert.org/site-statistics*, and selecting "Russian Federation" in the "Affecting Trading Partner" and clicking the button "Get Stats".

[1] These measures are classified "green" in the Global Trade Alert database.
[2] These measures are classified "amber" in the Global Trade Alert database.
[3] These measures are classified "red" in the Global Trade Alert database.

Table 3.28 Russian Federation's state measures affecting other jurisdictions' commercial interests

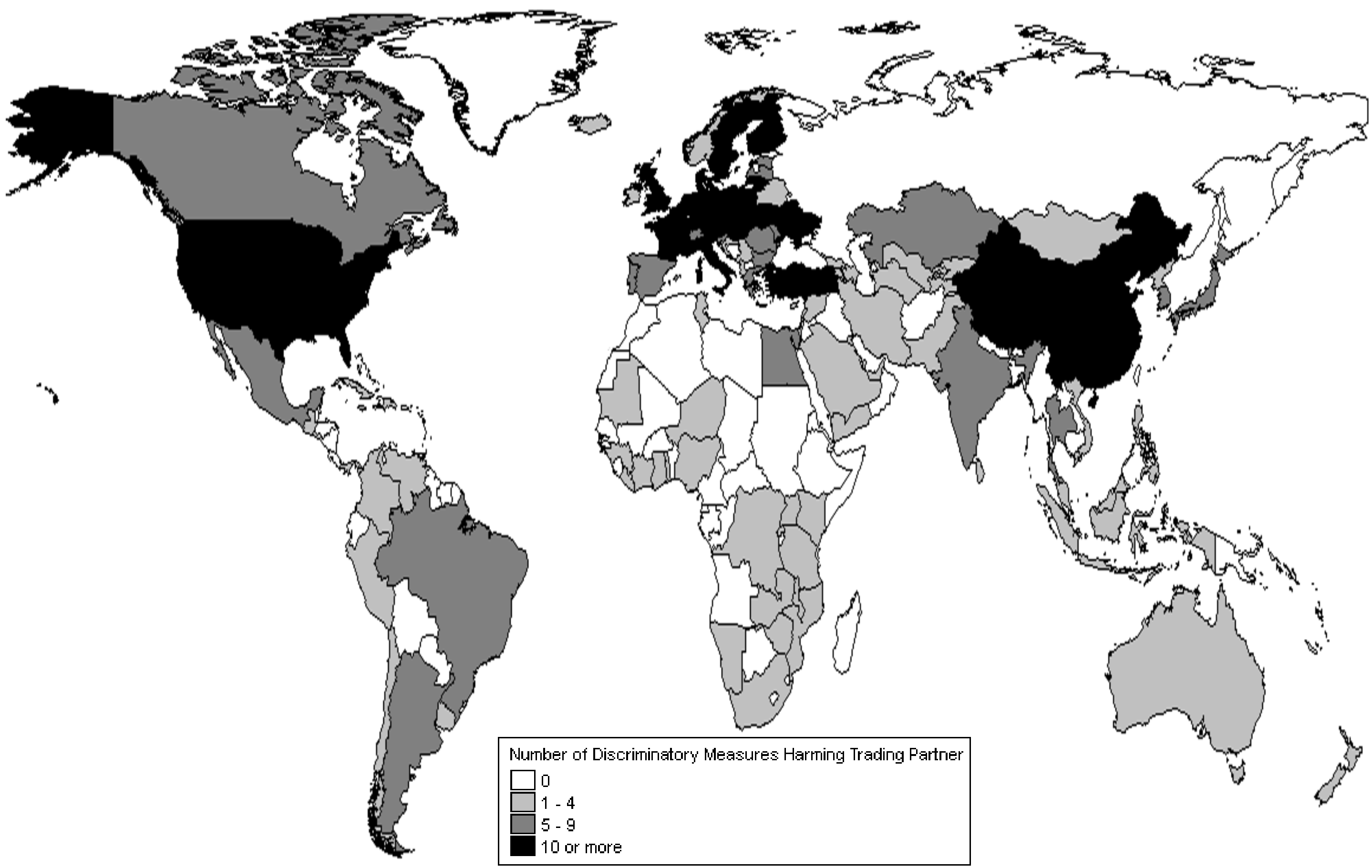
Summary statistic of Russian Federation's state measures affecting other jurisdictions' commercial interests	All measures	All measures except anti-dumping, anti-subsidy, and safeguard actions.
Total number of Russian Federation's measures affecting other jurisdictions' commercial interests	31	28
Total number of Russian Federation's measures found to benefit or involve no change in the treatment of other jurisdictions' commercial interests [1]	9	9
Total number of Russian Federation's measures that (i) have been implemented and are likely to harm commercial interests or (ii) that have been announced but not implemented and which almost certainly discriminate against foreign interests [2]	2	1
Total number of Russian Federation's measures that have been implemented and which almost certainly discriminate against foreign interests [3]	20	18
Total number of 4-digit tariff lines affected by measures implemented by Russian Federation that harm foreign commerical interests	258	255
Total number of 2-digit sectors affected by measures implemented by Russian Federation that harm foreign commerical interests	19	18
Total number of trading partners affected by measures implemented by Russian Federation that harm foreign commercial interests	117	117

Note: As the Global Trade Alert database is updated frequently, the above data will change.
Updates on the numbers in this table can be found by going to *http://www.globaltradealert.org/site-statistics*, and selecting "Russian Federation" in the "Affecting Trading Partner" and clicking the button "Get Stats".

[1] These measures are classified "green" in the Global Trade Alert database.
[2] These measures are classified "amber" in the Global Trade Alert database.
[3] These measures are classified "red" in the Global Trade Alert database.

RUSSIAN FEDERATION

Map 3.27 Russian Federation: Worldwide incidence of harm done by this G20 member's discriminatory measures



Map 3.28 Russian Federation: Harm done to this G20 member's commercial interests by others

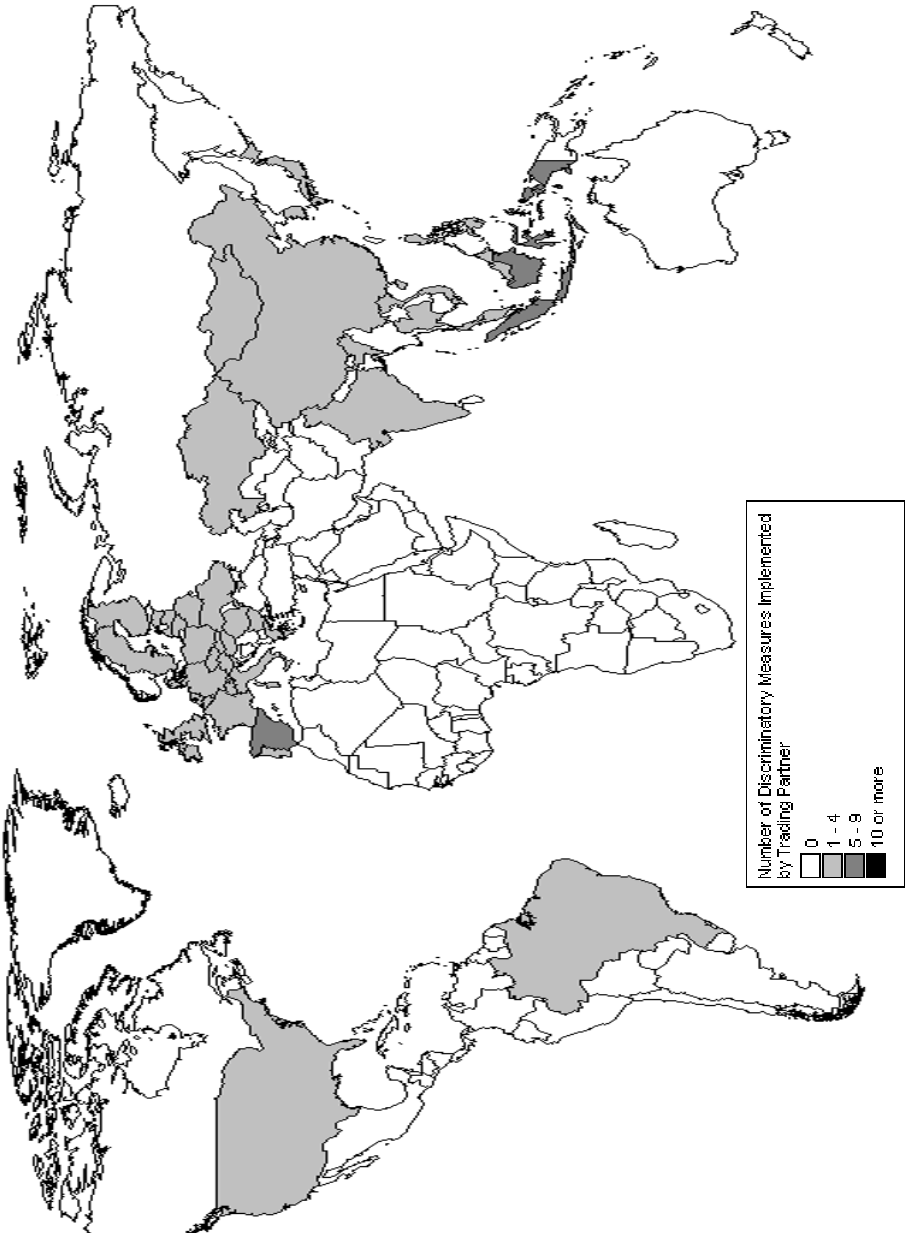
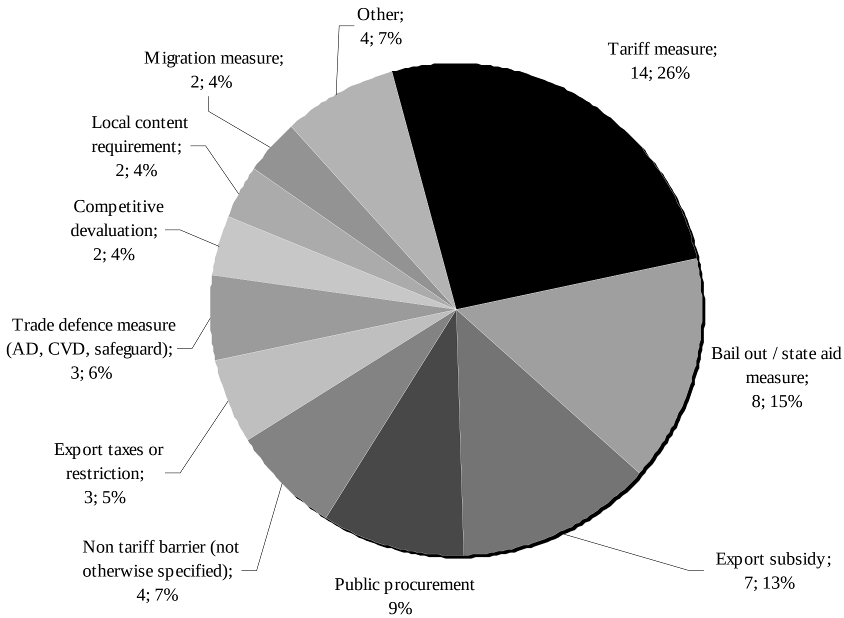
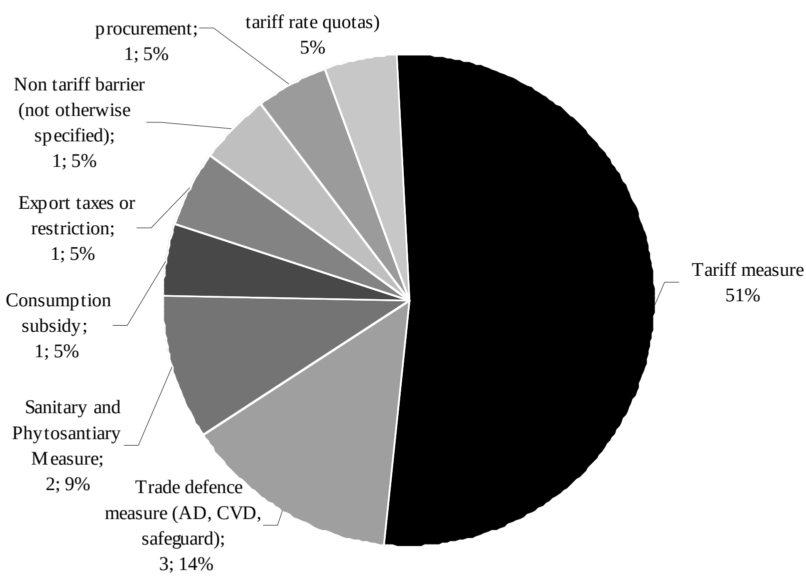


Figure 3.27 Implemented measures that harm Russian Federation's commercial interests, by type



Note: Harmful measures are those classified "red" or "amber"

Figure 3.28 Russian Federation's implemented measures that harm foreign commercial interests, by type



Note: Harmful measures here are those implemented measures classified "red" or "amber" in the GTA database.

RUSSIAN FEDERATION

SAUDI ARABIA

Table 3.29 Foreign state measures affecting Saudi Arabia's commercial interests

Summary statistic of foreign state measures affecting Saudi Arabia's commercial interests	All measures	All measures except anti-dumping, anti-subsidy, and safeguard actions.
Total number of measures affecting Saudi Arabia's commercial interests	49	40
Total number of foreign measures found to benefit or involve no change in the treatment of Saudi Arabia's commercial interests [1]	4	3
Total number of foreign measures that (i) have been implemented and are likely to harm Saudi Arabia's commercial interests or (ii) that have been announced but not implemented and which almost certainly discriminate against Saudi Arabia's interests [2]	20	14
Total number of foreign measures that have been implemented and which almost certainly discriminate against Saudi Arabia's interests [3]	25	23
Total number of implemented measures affecting Saudi Arabia's commercial interests	37	33
Total number of pending foreign measures likely to affect Saudi Arabia's commercial interests.	12	7
Total number of pending foreign measures that, if implemented, are likely to harm Saudi Arabia's foreign commercial interests	12	7
Total number of trading partners that have imposed measures that harm Saudi Arabia's commercial interests	41	40

Note: As the Global Trade Alert database is updated frequently, the above data will change.
Updates on the numbers in this table can be found by going to *http://www.globaltradealert.org/site-statistics*, and selecting "Saudi Arabia" in the "Affecting Trading Partner" and clicking the button "Get Stats".

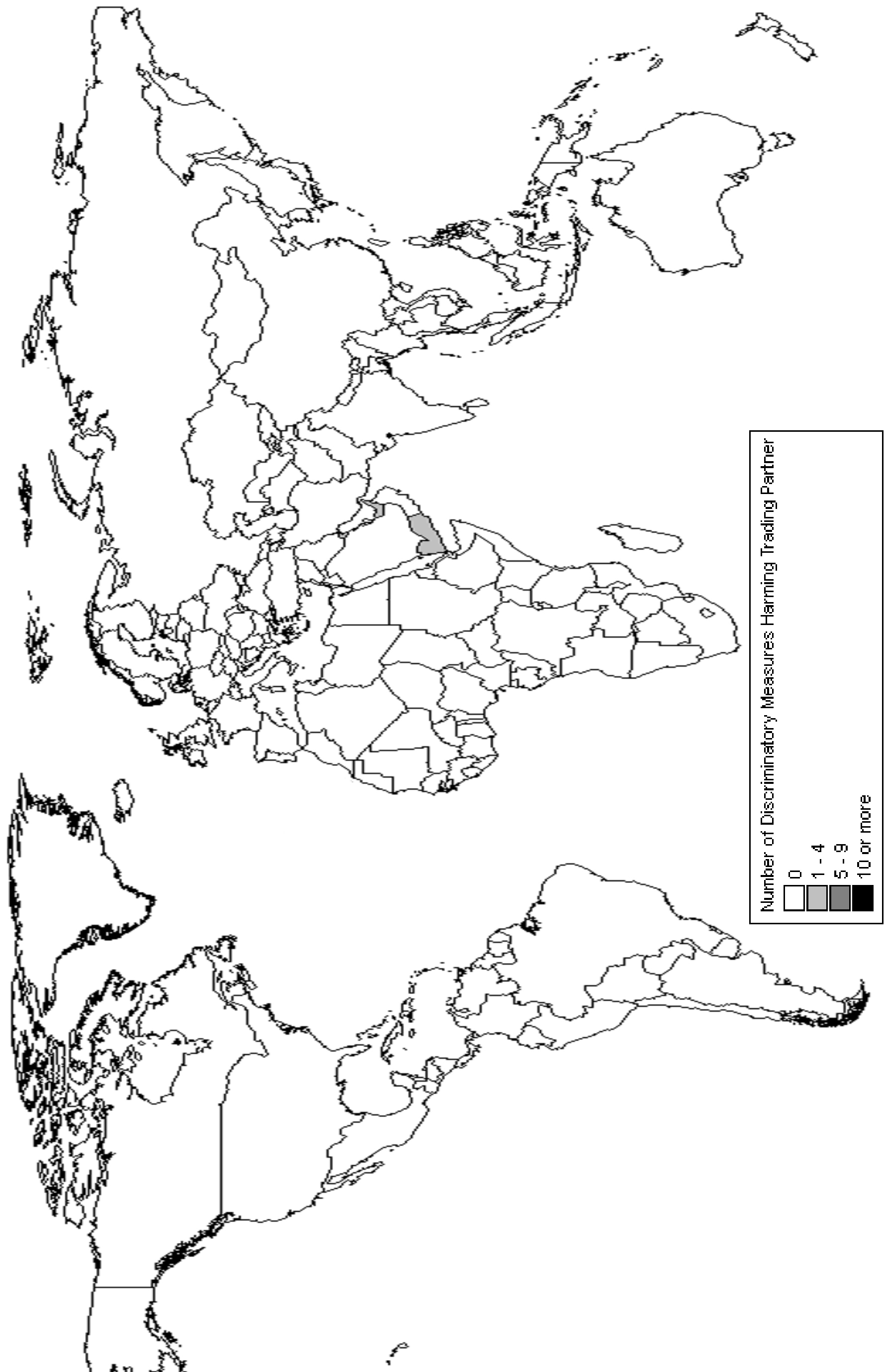
[1] These measures are classified "green" in the Global Trade Alert database.
[2] These measures are classified "amber" in the Global Trade Alert database.
[3] These measures are classified "red" in the Global Trade Alert database.

Table 3.30 Saudi Arabia's state measures affecting other jurisdictions' commercial interests

Summary statistic of Saudi Arabia's state measures affecting other jurisdictions' commercial interests	All measures	All measures except anti-dumping, anti-subsidy, and safeguard actions.
Total number of Saudi Arabia's measures affecting other jurisdictions' commercial interests	7	7
Total number of Saudi Arabia's measures found to benefit or involve no change in the treatment of other jurisdictions' commercial interests [1]	1	1
Total number of Saudi Arabia's measures that (i) have been implemented and are likely to harm commercial interests or (ii) that have been announced but not implemented and which almost certainly discriminate against foreign interests [2]	1	1
Total number of Saudi Arabia's measures that have been implemented and which almost certainly discriminate against foreign interests [3]	5	5
Total number of 4-digit tariff lines affected by measures implemented by Saudi Arabia that harm foreign commerical interests	14	14
Total number of 2-digit sectors affected by measures implemented by Saudi Arabia that harm foreign commerical interests	4	4
Total number of trading partners affected by measures implemented by Saudi Arabia that harm foreign commercial interests	3	3

Note: As the Global Trade Alert database is updated frequently, the above data will change.
Updates on the numbers in this table can be found by going to *http://www.globaltradealert.org/site-statistics*, and selecting "Saudi Arabia" in the "Affecting Trading Partner" and clicking the button "Get Stats".

[1] These measures are classified "green" in the Global Trade Alert database.
[2] These measures are classified "amber" in the Global Trade Alert database.
[3] These measures are classified "red" in the Global Trade Alert database.



Map 3.29 Saudi Arabia: Worldwide incidence of harm done by this G20 member's discriminatory measures

SAUDI ARABIA

Map 3.30 Saudi Arabia: Harm done to this G20 member's commercial interests by others

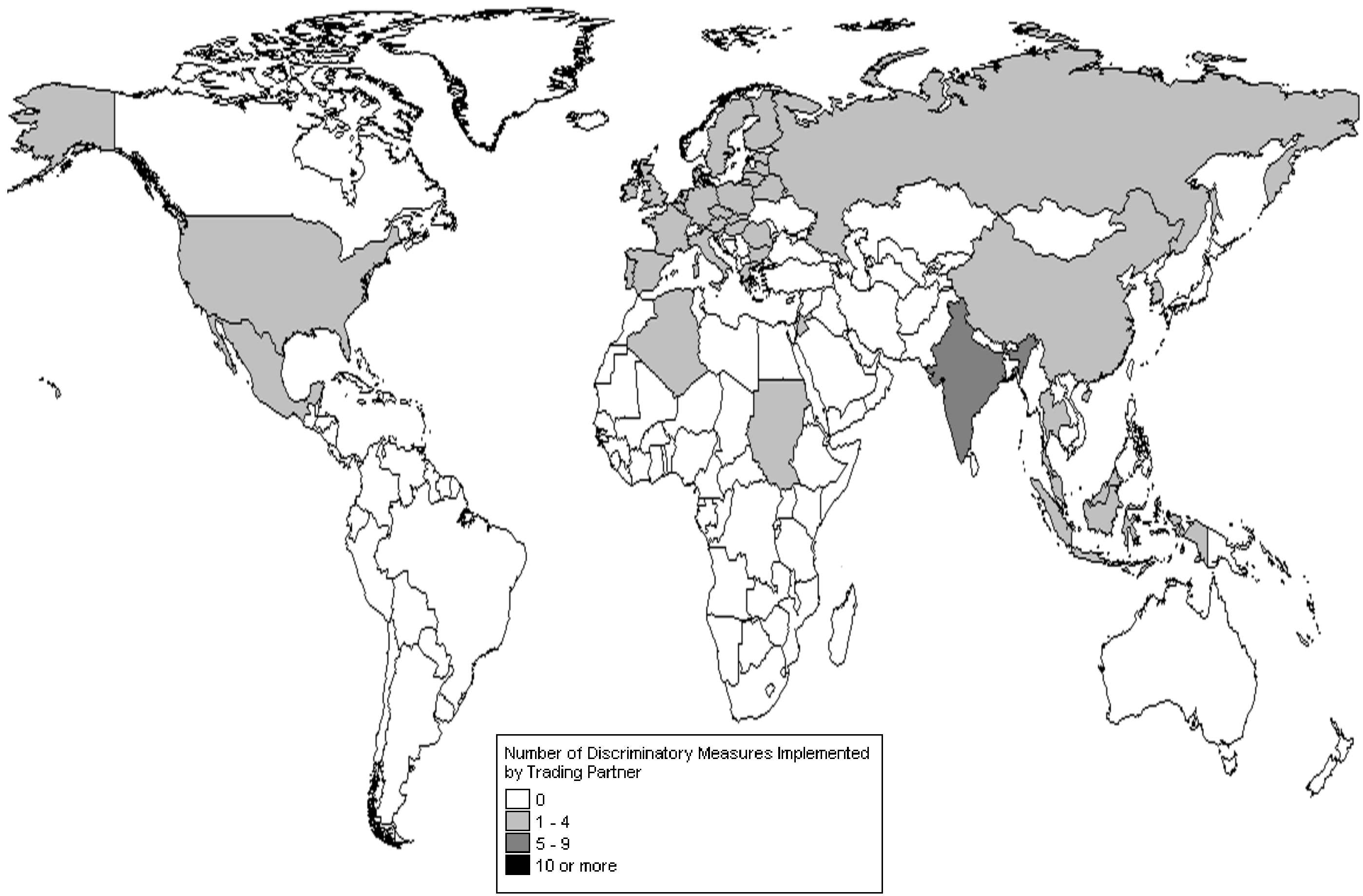
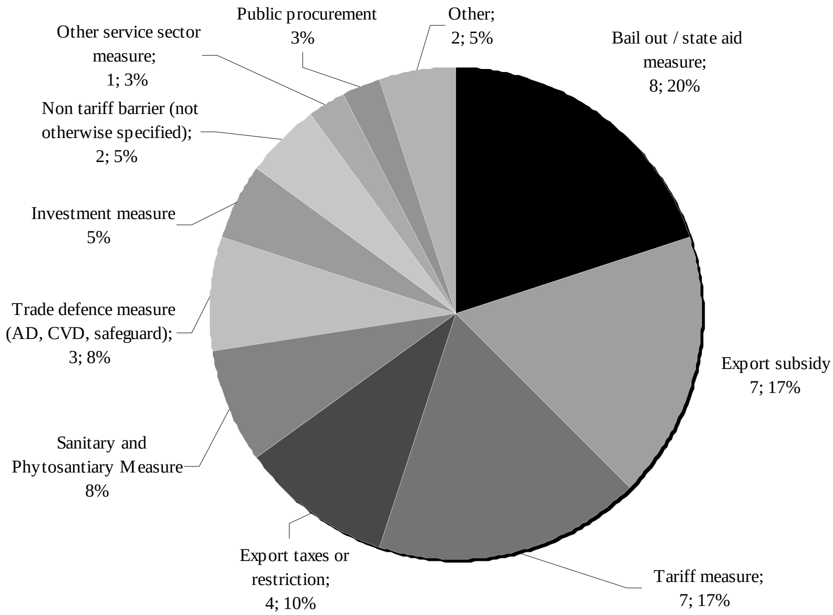
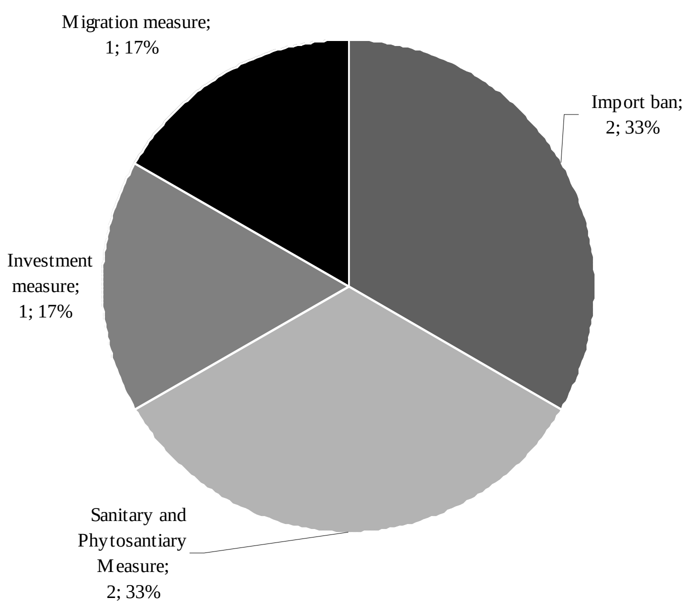


Figure 3.29 Implemented measures that harm Saudi Arabia's commercial interests, by type



Note: Harmful measures are those classified "red" or "amber"

Figure 3.30 Saudi Arabia's implemented measures that harm foreign commercial interests, by type



Note: Harmful measures here are those implemented measures classified "red" or "amber" in the GTA database.

SAUDI ARABIA

SOUTH AFRICA

Table 3.31 Foreign state measures affecting South Africa's commercial interests

Summary statistic of foreign state measures affecting South Africa's commercial interests	All measures	All measures except anti-dumping, anti-subsidy, and safeguard actions.
Total number of measures affecting South Africa's commercial interests	85	78
Total number of foreign measures found to benefit or involve no change in the treatment of South Africa's commercial interests [1]	12	11
Total number of foreign measures that (i) have been implemented and are likely to harm South Africa's commercial interests or (ii) that have been announced but not implemented and which almost certainly discriminate against South Africa's interests [2]	26	22
Total number of foreign measures that have been implemented and which almost certainly discriminate against South Africa's interests [3]	47	45
Total number of implemented measures affecting South Africa's commercial interests	67	63
Total number of pending foreign measures likely to affect South Africa's commercial interests.	18	15
Total number of pending foreign measures that, if implemented, are likely to harm South Africa's foreign commercial interests	16	13
Total number of trading partners that have imposed measures that harm South Africa's commercial interests	45	45

Note: As the Global Trade Alert database is updated frequently, the above data will change.
Updates on the numbers in this table can be found by going to *http://www.globaltradealert.org/site-statistics*, and selecting "South Africa" in the "Affecting Trading Partner" and clicking the button "Get Stats".

[1] These measures are classified "green" in the Global Trade Alert database.
[2] These measures are classified "amber" in the Global Trade Alert database.
[3] These measures are classified "red" in the Global Trade Alert database.

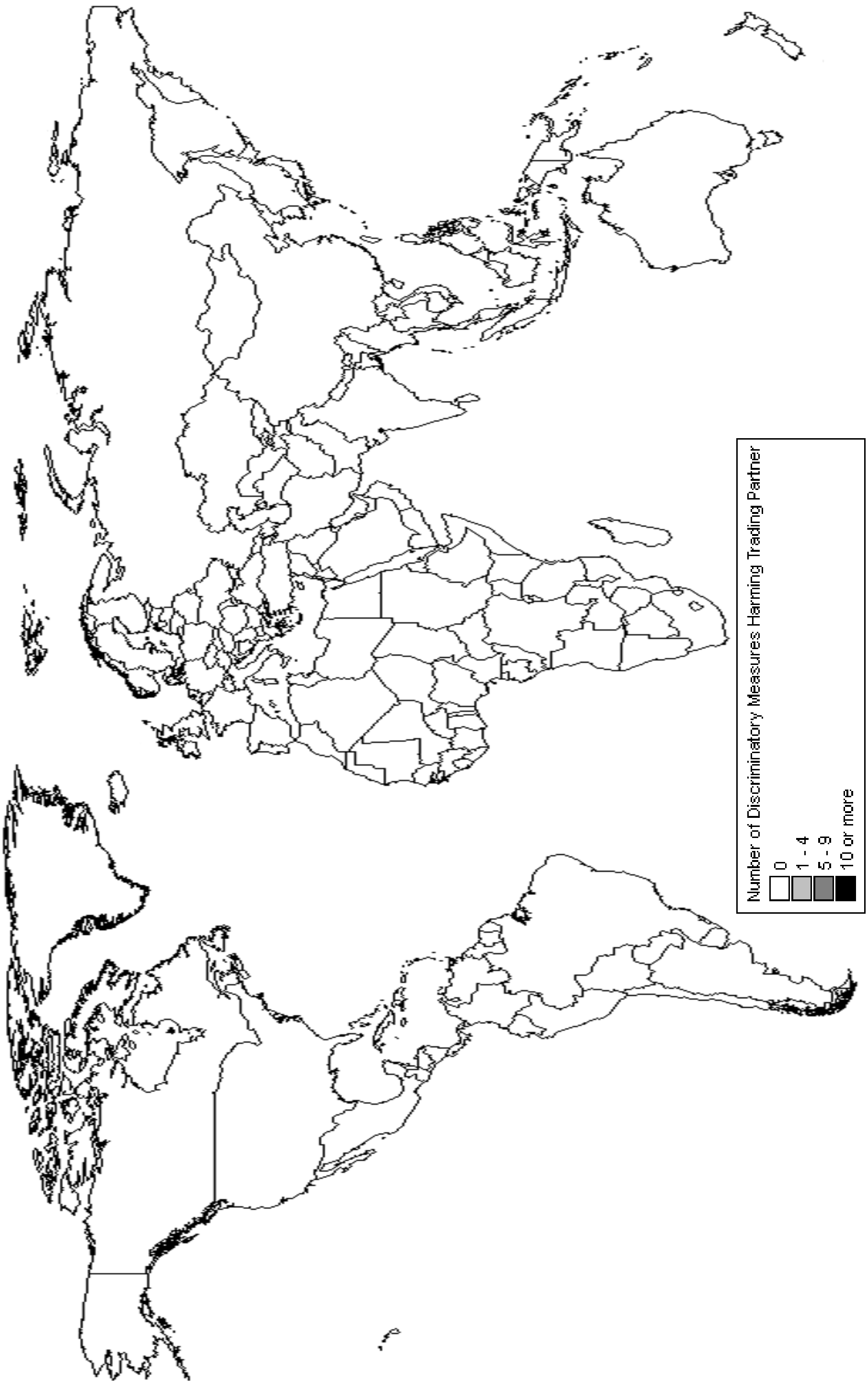
Table 3.32 South Africa's state measures affecting other jurisdictions' commercial interests

Summary statistic of South Africa's state measures affecting other jurisdictions' commercial interests	All measures	All measures except anti-dumping, anti-subsidy, and safeguard actions.
Total number of South Africa's measures affecting other jurisdictions' commercial interests	4	3
Total number of South Africa's measures found to benefit or involve no change in the treatment of other jurisdictions' commercial interests [1]	0	0
Total number of South Africa's measures that (i) have been implemented and are likely to harm commercial interests or (ii) that have been announced but not implemented and which almost certainly discriminate against foreign interests [2]	3	2
Total number of South Africa's measures that have been implemented and which almost certainly discriminate against foreign interests [3]	1	1
Total number of 4-digit tariff lines affected by measures implemented by South Africa that harm foreign commerical interests	0	0
Total number of 2-digit sectors affected by measures implemented by South Africa that harm foreign commerical interests	0	0
Total number of trading partners affected by measures implemented by South Africa that harm foreign commercial interests	0	0

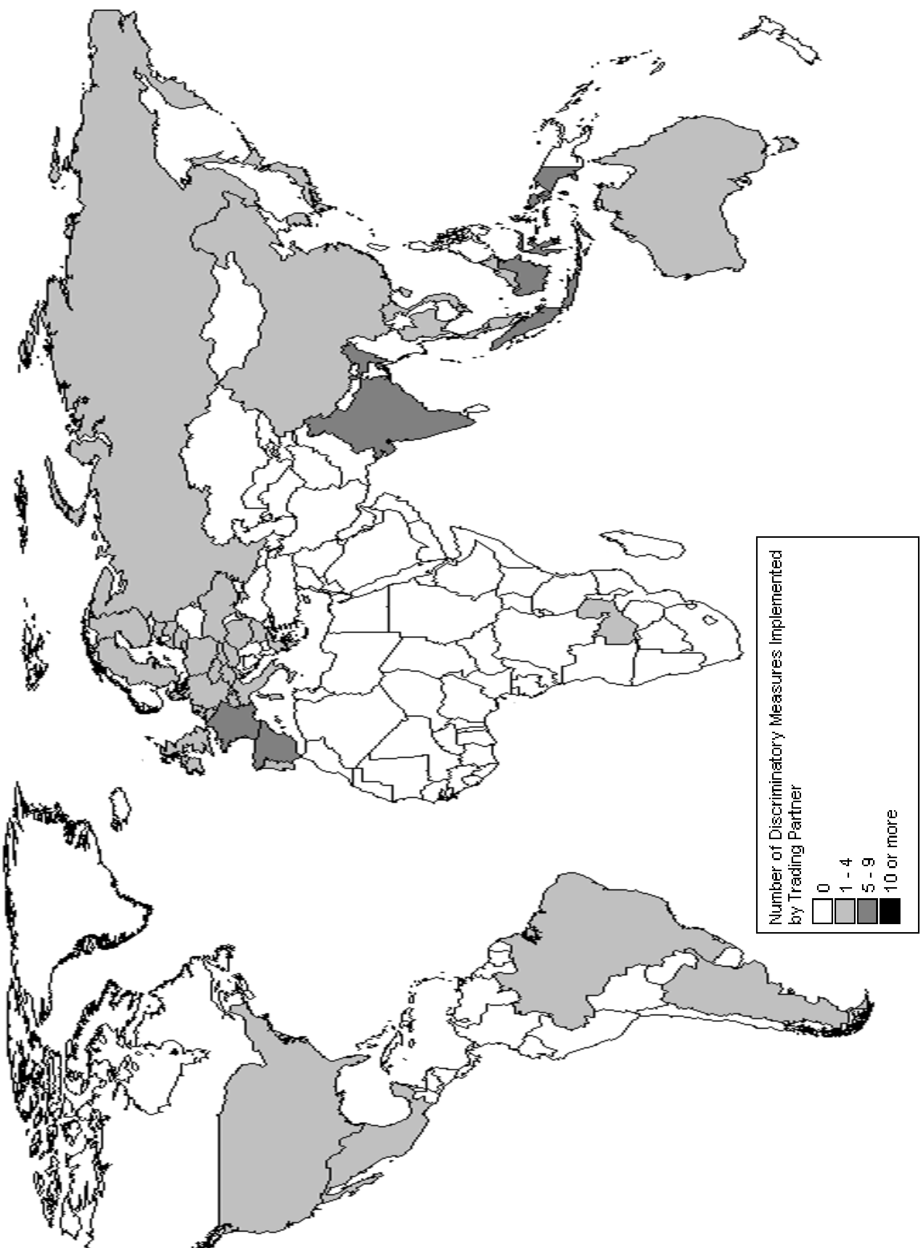
Note: As the Global Trade Alert database is updated frequently, the above data will change.
Updates on the numbers in this table can be found by going to *http://www.globaltradealert.org/site-statistics*, and selecting "South Africa" in the "Affecting Trading Partner" and clicking the button "Get Stats".

[1] These measures are classified "green" in the Global Trade Alert database.
[2] These measures are classified "amber" in the Global Trade Alert database.
[3] These measures are classified "red" in the Global Trade Alert database.

Map 3.31 South Africa: Worldwide incidence of harm done by this G20 member's discriminatory measures

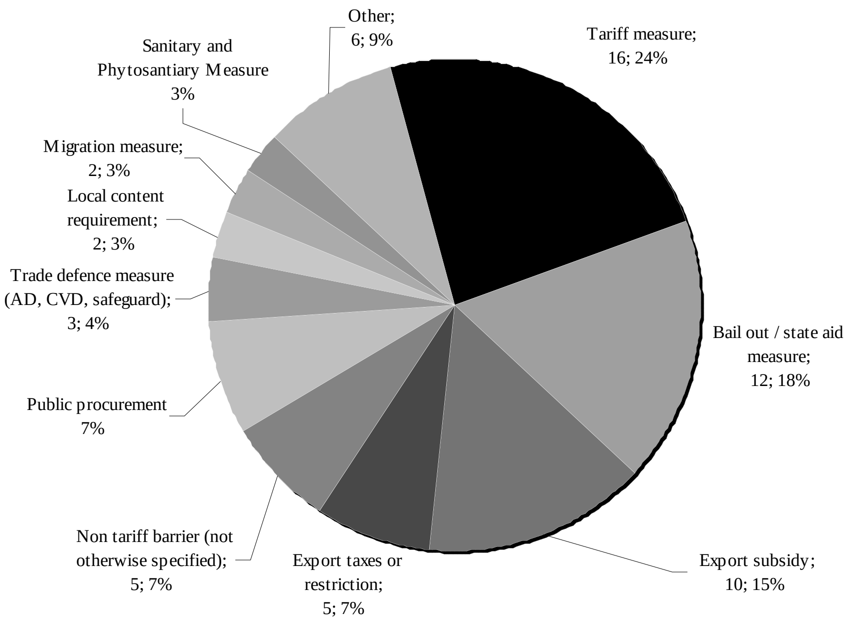


Map 3.32 South Africa: Harm done to this G20 member's commercial interests by others



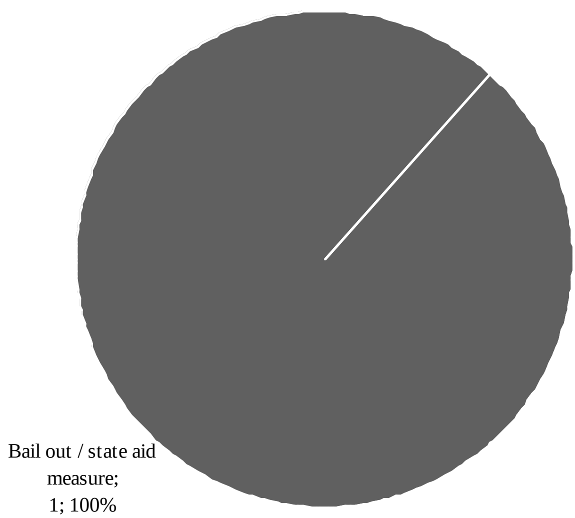
SOUTH AFRICA

Figure 3.31 Implemented measures that harm South Africa's commercial interests, by type



Note: Harmful measures are those classified "red" or "amber"

Figure 3.32 South Africa's implemented measures that harm foreign commercial interests, by type



Note: Harmful measures here are those implemented measures classified "red" or "amber" in the GTA database.

SOUTH AFRICA

TURKEY

Table 3.33 Foreign state measures affecting Turkey's commercial interests

Summary statistic of foreign state measures affecting Turkey's commercial interests	All measures	All measures except anti-dumping, anti-subsidy, and safeguard actions.
Total number of measures affecting Turkey's commercial interests	93	87
Total number of foreign measures found to benefit or involve no change in the treatment of Turkey's commercial interests [1]	9	9
Total number of foreign measures that (i) have been implemented and are likely to harm Turkey's commercial interests or (ii) that have been announced but not implemented and which almost certainly discriminate against Turkey's interests [2]	28	22
Total number of foreign measures that have been implemented and which almost certainly discriminate against Turkey's interests [3]	56	56
Total number of implemented measures affecting Turkey's commercial interests	74	72
Total number of pending foreign measures likely to affect Turkey's commercial interests.	19	15
Total number of pending foreign measures that, if implemented, are likely to harm Turkey's foreign commercial interests	18	14
Total number of trading partners that have imposed measures that harm Turkey's commercial interests	45	45

Note: As the Global Trade Alert database is updated frequently, the above data will change.
Updates on the numbers in this table can be found by going to *http://www.globaltradealert.org/site-statistics*, and selecting "Turkey" in the "Affecting Trading Partner" and clicking the button "Get Stats".

[1] These measures are classified "green" in the Global Trade Alert database.
[2] These measures are classified "amber" in the Global Trade Alert database.
[3] These measures are classified "red" in the Global Trade Alert database.

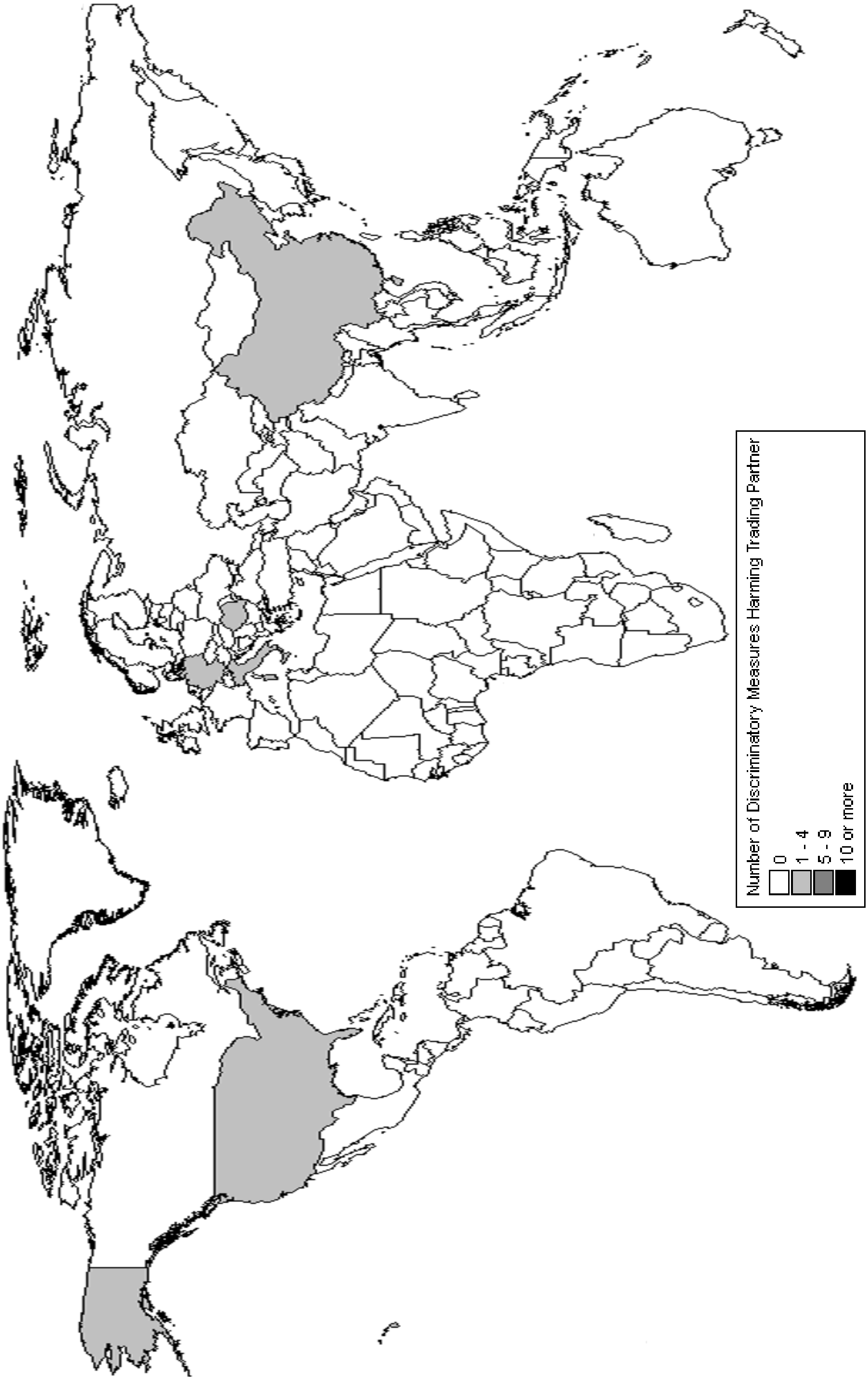
Table 3.34 Turkey's state measures affecting other jurisdictions' commercial interests

Summary statistic of Turkey's state measures affecting other jurisdictions' commercial interests	All measures	All measures except anti-dumping, anti-subsidy, and safeguard actions.
Total number of Turkey's measures affecting other jurisdictions' commercial interests	10	0
Total number of Turkey's measures found to benefit or involve no change in the treatment of other jurisdictions' commercial interests [1]	0	0
Total number of Turkey's measures that (i) have been implemented and are likely to harm commercial interests or (ii) that have been announced but not implemented and which almost certainly discriminate against foreign interests [2]	8	0
Total number of Turkey's measures that have been implemented and which almost certainly discriminate against foreign interests [3]	2	0
Total number of 4-digit tariff lines affected by measures implemented by Turkey that harm foreign commerical interests	2	0
Total number of 2-digit sectors affected by measures implemented by Turkey that harm foreign commerical interests	2	0
Total number of trading partners affected by measures implemented by Turkey that harm foreign commercial interests	6	0

Note: As the Global Trade Alert database is updated frequently, the above data will change.
Updates on the numbers in this table can be found by going to *http://www.globaltradealert.org/site-statistics*, and selecting "Turkey" in the "Affecting Trading Partner" and clicking the button "Get Stats".

[1] These measures are classified "green" in the Global Trade Alert database.
[2] These measures are classified "amber" in the Global Trade Alert database.
[3] These measures are classified "red" in the Global Trade Alert database.

Map 3.33 Turkey: Worldwide incidence of harm done by this G20 member's discriminatory measures



TURKEY

Map 3.34 Turkey: Harm done to this G20 member's commercial interests by others

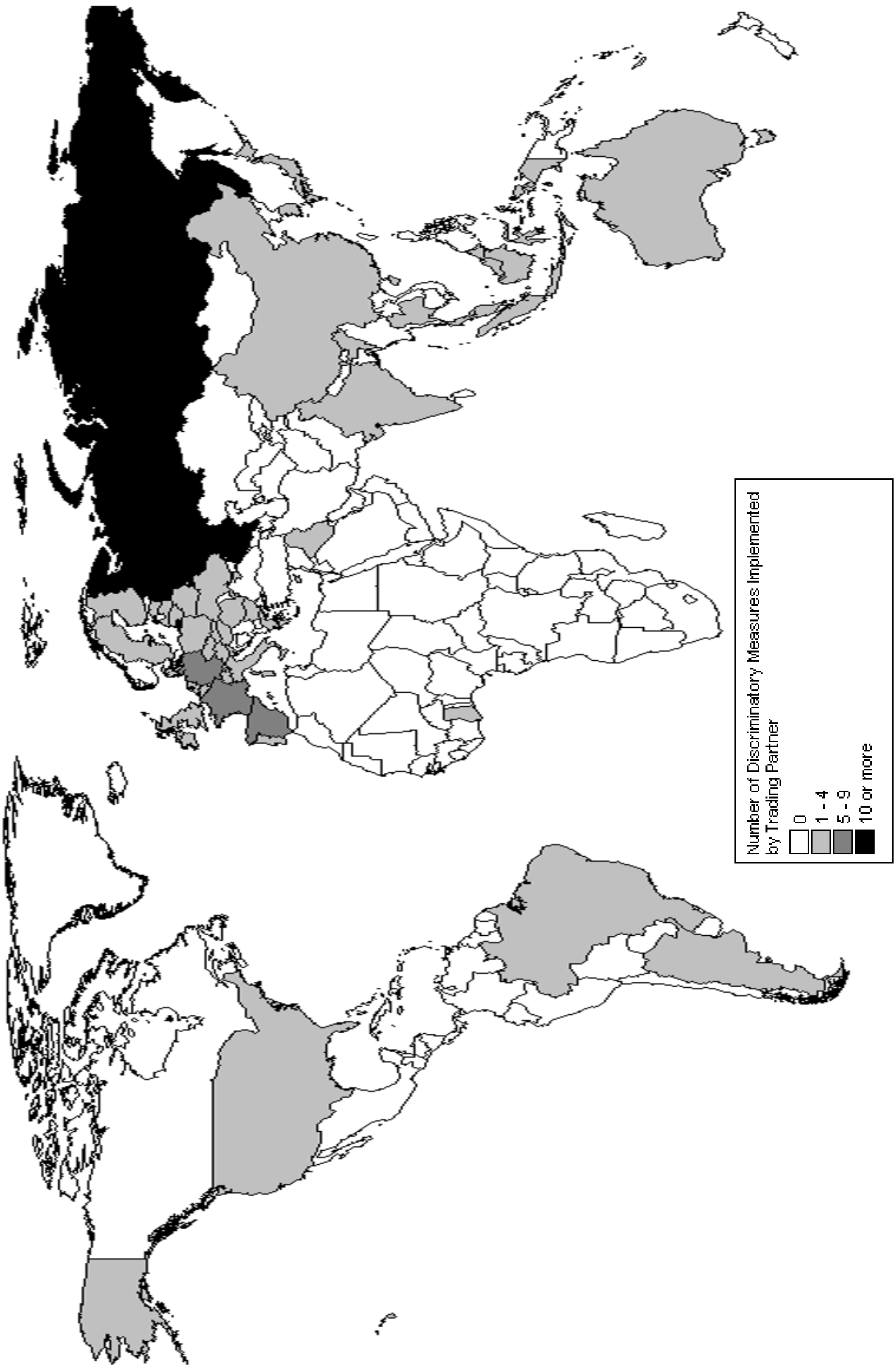
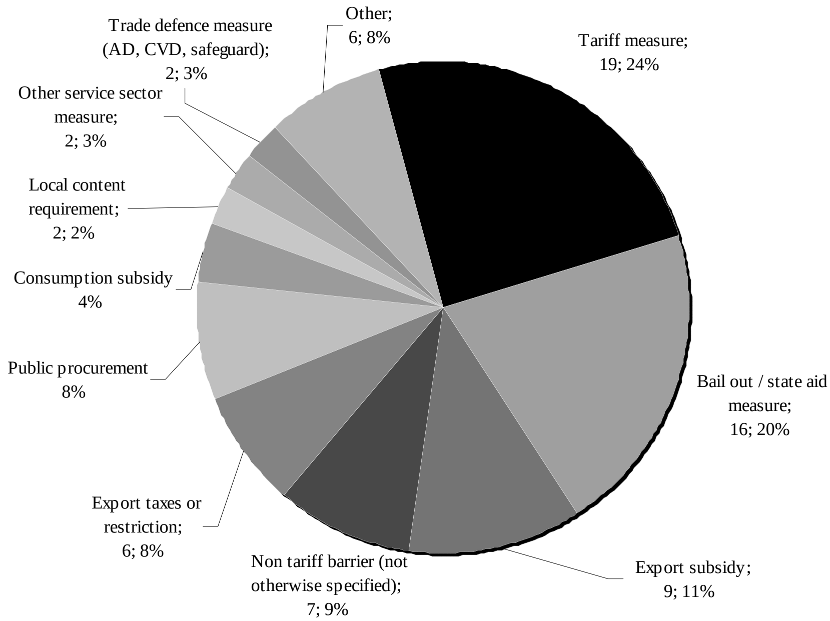
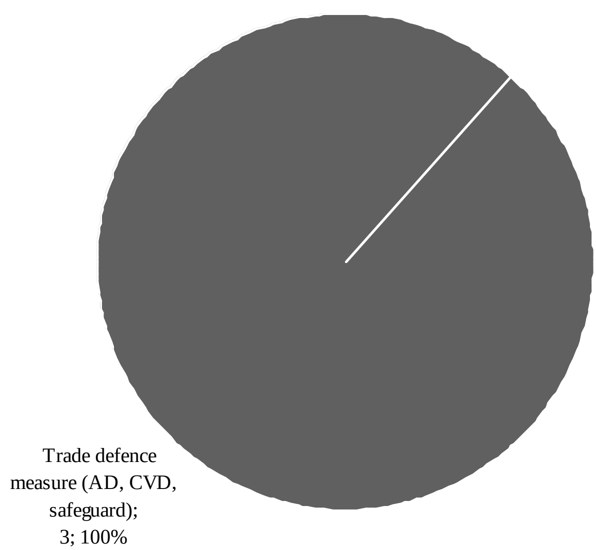


Figure 3.33 Implemented measures that harm Turkey's commercial interests, by type



Note: Harmful measures are those classified "red" or "amber"

Figure 3.34 Turkey's implemented measures that harm foreign commercial interests, by type



Note: Harmful measures here are those implemented measures classified "red" or "amber" in the GTA database.

UNITED KINGDOM

Table 3.35 Foreign state measures affecting United Kingdom's commercial interests

Summary statistic of foreign state measures affecting United Kingdom's commercial interests	All measures	All measures except anti-dumping, anti-subsidy, and safeguard actions.
Total number of measures affecting United Kingdom's commercial interests	126	114
Total number of foreign measures found to benefit or involve no change in the treatment of United Kingdom's commercial interests [1]	16	16
Total number of foreign measures that (i) have been implemented and are likely to harm United Kingdom's commercial interests or (ii) that have been announced but not implemented and which almost certainly discriminate against United Kingdom's interests [2]	38	29
Total number of foreign measures that have been implemented and which almost certainly discriminate against United Kingdom's interests [3]	72	69
Total number of implemented measures affecting United Kingdom's commercial interests	102	94
Total number of pending foreign measures likely to affect United Kingdom's commercial interests.	24	20
Total number of pending foreign measures that, if implemented, are likely to harm United Kingdom's foreign commercial interests	20	16
Total number of trading partners that have imposed measures that harm United Kingdom's commercial interests	29	29

Note: As the Global Trade Alert database is updated frequently, the above data will change.
Updates on the numbers in this table can be found by going to *http://www.globaltradealert.org/site-statistics*, and selecting "United Kingdom" in the "Affecting Trading Partner" and clicking the button "Get Stats".

[1] These measures are classified "green" in the Global Trade Alert database.
[2] These measures are classified "amber" in the Global Trade Alert database.
[3] These measures are classified "red" in the Global Trade Alert database.

Table 3.36 United Kingdom's state measures affecting other jurisdictions' commercial interests

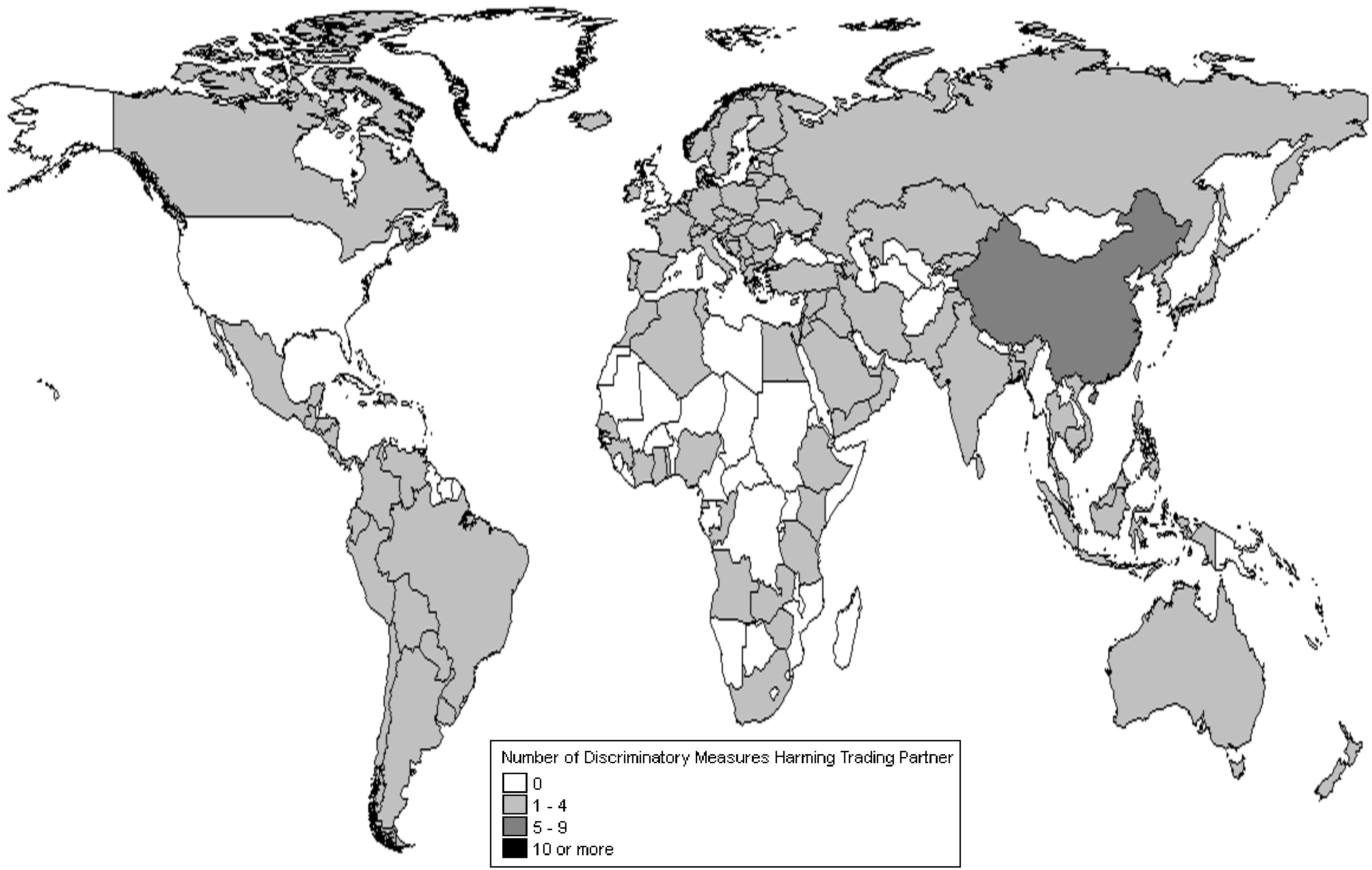
Summary statistic of United Kingdom's state measures affecting other jurisdictions' commercial interests	All measures	All measures except anti-dumping, anti-subsidy, and safeguard actions.
Total number of United Kingdom's measures affecting other jurisdictions' commercial interests	21	11
Total number of United Kingdom's measures found to benefit or involve no change in the treatment of other jurisdictions' commercial interests [1]	1	0
Total number of United Kingdom's measures that (i) have been implemented and are likely to harm commercial interests or (ii) that have been announced but not implemented and which almost certainly discriminate against foreign interests [2]	11	3
Total number of United Kingdom's measures that have been implemented and which almost certainly discriminate against foreign interests [3]	9	8
Total number of 4-digit tariff lines affected by measures implemented by United Kingdom that harm foreign commerical interests	131	131
Total number of 2-digit sectors affected by measures implemented by United Kingdom that harm foreign commerical interests	5	4
Total number of trading partners affected by measures implemented by United Kingdom that harm foreign commercial interests	122	121

Note: As the Global Trade Alert database is updated frequently, the above data will change.
Updates on the numbers in this table can be found by going to *http://www.globaltradealert.org/site-statistics*, and selecting "United Kingdom" in the "Affecting Trading Partner" and clicking the button "Get Stats".

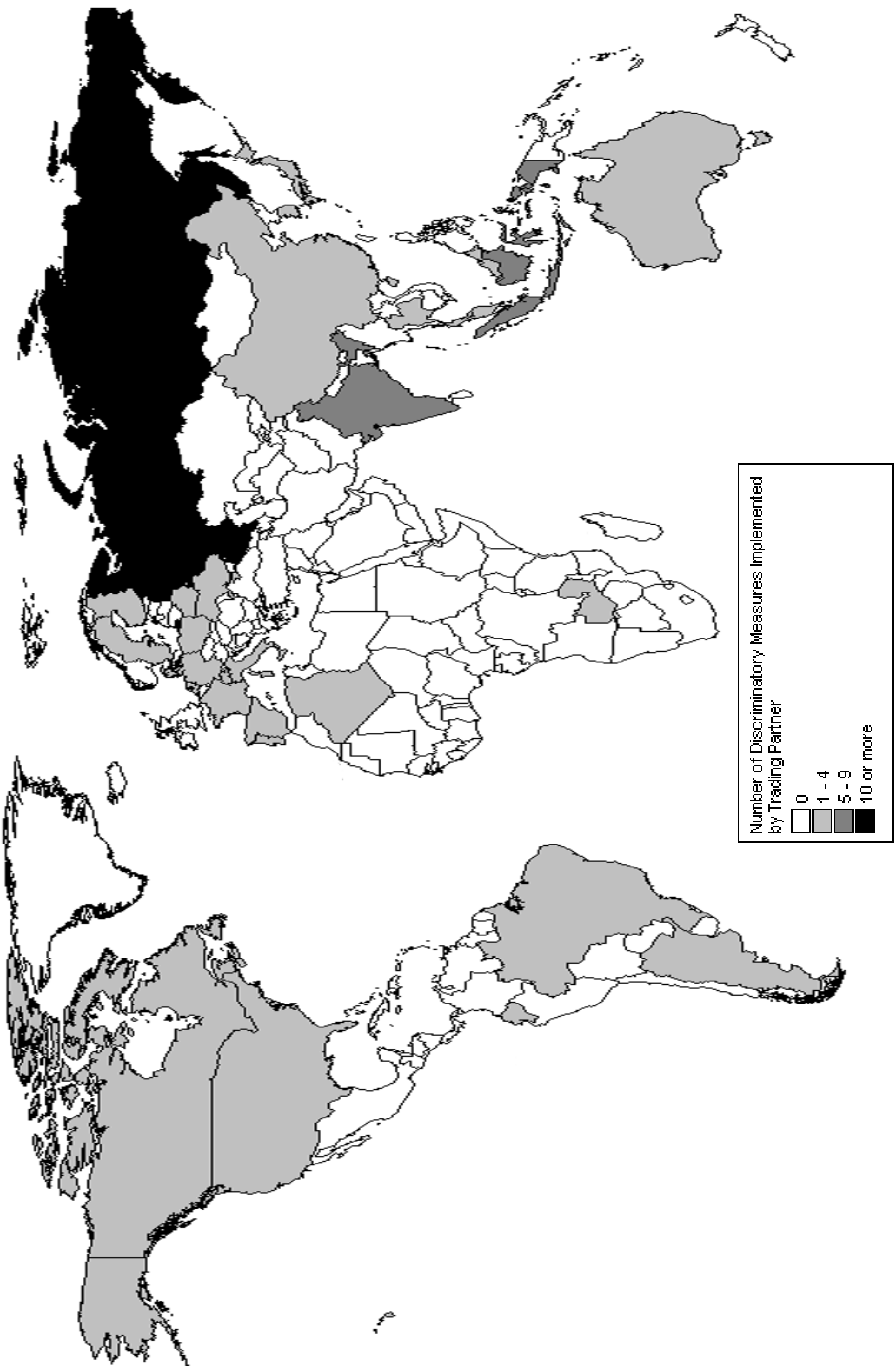
[1] These measures are classified "green" in the Global Trade Alert database.
[2] These measures are classified "amber" in the Global Trade Alert database.
[3] These measures are classified "red" in the Global Trade Alert database.

UNITED KINGDOM

Map 3.35 United Kingdom: Worldwide incidence of harm done by this G20 member's discriminatory measures

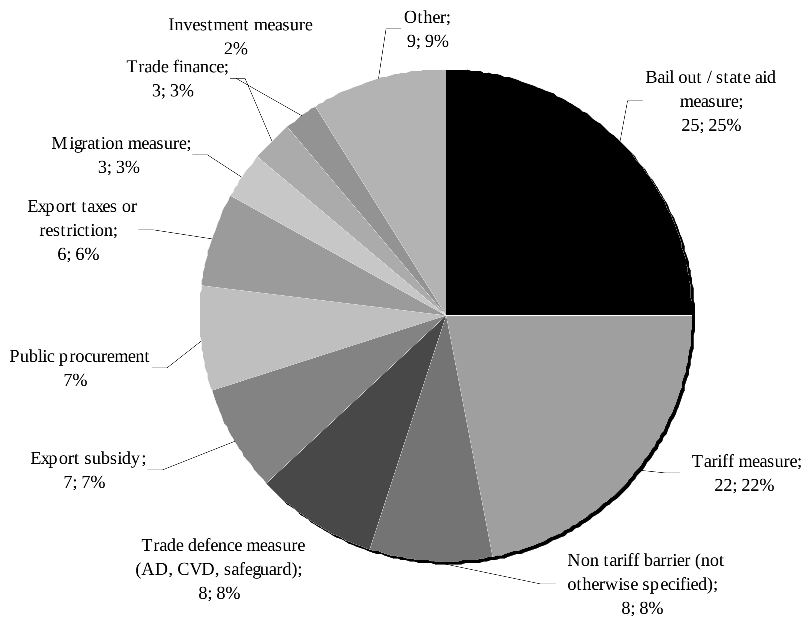


Map 3.36 United Kingdom: Harm done to this G20 member's commercial interests by others



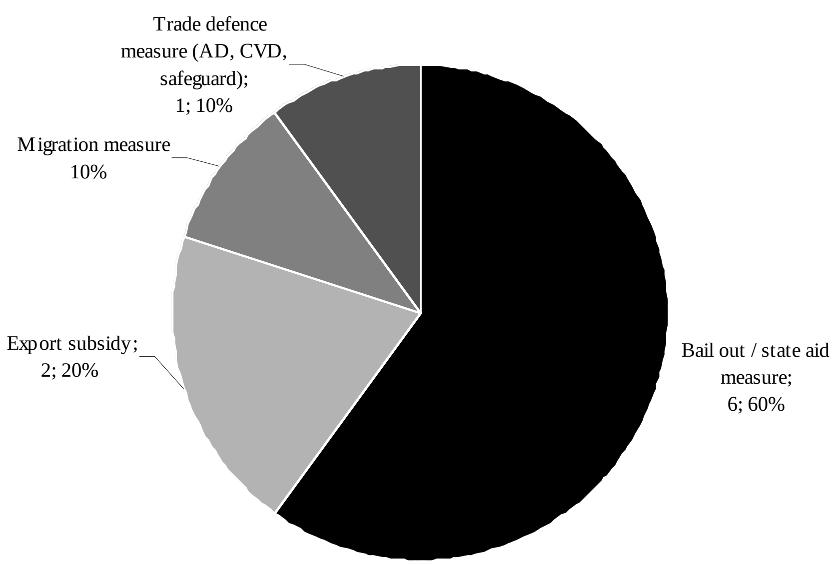
UNITED KINGDOM

Figure 3.35 Implemented measures that harm United Kingdom's commercial interests, by type



Note: Harmful measures are those classified "red" or "amber"

Figure 3.36 United Kingdom's implemented measures that harm foreign commercial interests, by type



Note: Harmful measures here are those implemented measures classified "red" or "amber" in the GTA database.

UNITED STATES

Table 3.37 Foreign state measures affecting United States' commercial interests

Summary statistic of foreign state measures affecting United States' commercial interests	All measures	All measures except anti-dumping, anti-subsidy, and safeguard actions.
Total number of measures affecting United States' commercial interests	143	120
Total number of foreign measures found to benefit or involve no change in the treatment of United States' commercial interests [1]	19	18
Total number of foreign measures that (i) have been implemented and are likely to harm United States' commercial interests or (ii) that have been announced but not implemented and which almost certainly discriminate against United States' interests [2]	38	22
Total number of foreign measures that have been implemented and which almost certainly discriminate against United States' interests [3]	86	80
Total number of implemented measures affecting United States' commercial interests	122	112
Total number of pending foreign measures likely to affect United States' commercial interests.	21	8
Total number of pending foreign measures that, if implemented, are likely to harm United States' foreign commercial interests	19	7
Total number of trading partners that have imposed measures that harm United States' commercial interests	49	48

Note: As the Global Trade Alert database is updated frequently, the above data will change.
Updates on the numbers in this table can be found by going to *http://www.globaltradealert.org/site-statistics*, and selecting "United States" in the "Affecting Trading Partner" and clicking the button "Get Stats".

[1] These measures are classified "green" in the Global Trade Alert database.
[2] These measures are classified "amber" in the Global Trade Alert database.
[3] These measures are classified "red" in the Global Trade Alert database.

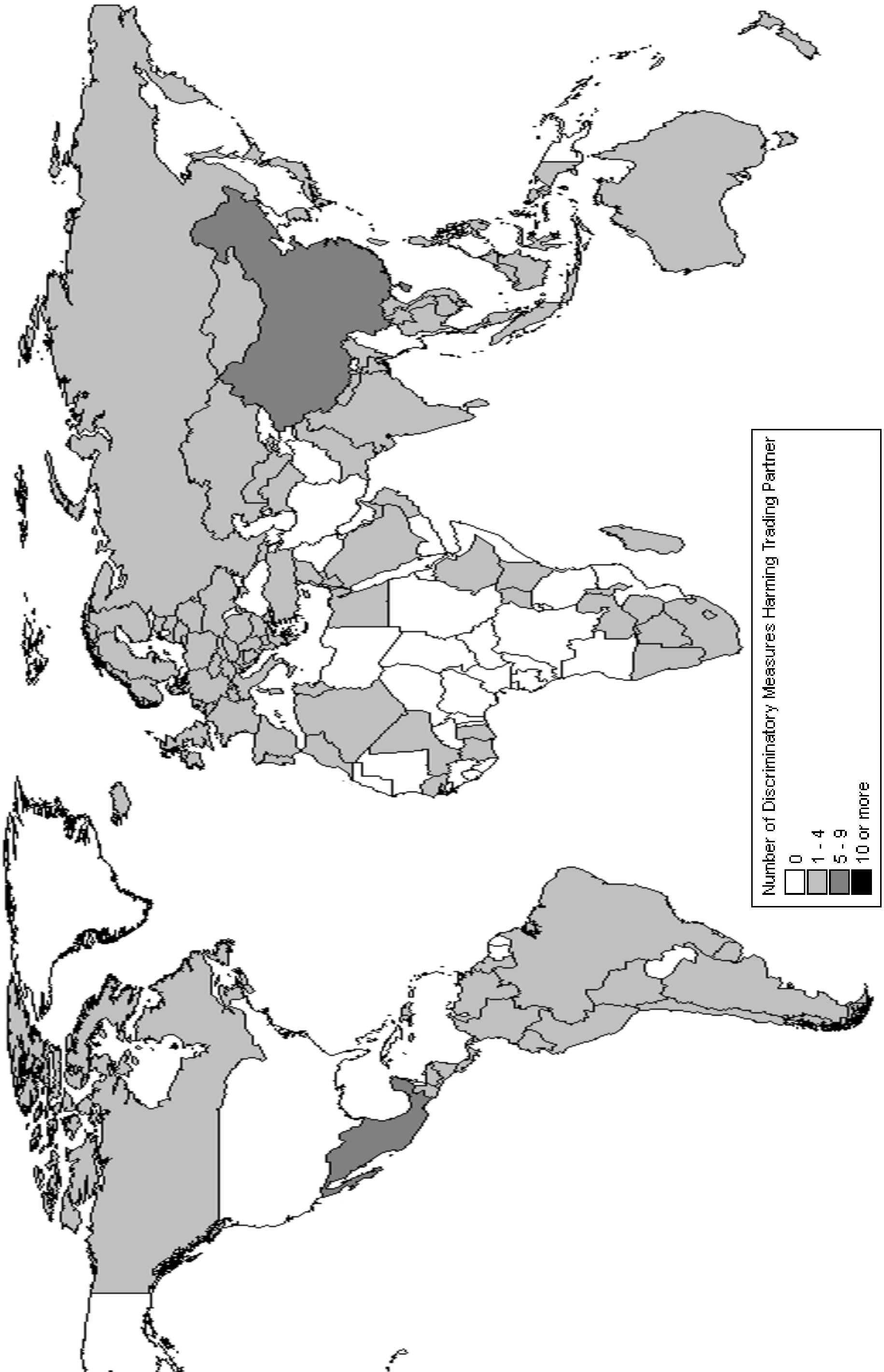
Table 3.38 United States' state measures affecting other jurisdictions' commercial interests

Summary statistic of United States' state measures affecting other jurisdictions' commercial interests	All measures	All measures except anti-dumping, anti-subsidy, and safeguard actions.
Total number of United States' measures affecting other jurisdictions' commercial interests	36	23
Total number of United States' measures found to benefit or involve no change in the treatment of other jurisdictions' commercial interests [1]	2	2
Total number of United States' measures that (i) have been implemented and are likely to harm commercial interests or (ii) that have been announced but not implemented and which almost certainly discriminate against foreign interests [2]	27	15
Total number of United States' measures that have been implemented and which almost certainly discriminate against foreign interests [3]	7	6
Total number of 4-digit tariff lines affected by measures implemented by United States that harm foreign commerical interests	124	123
Total number of 2-digit sectors affected by measures implemented by United States that harm foreign commerical interests	19	19
Total number of trading partners affected by measures implemented by United States that harm foreign commercial interests	120	120

Note: As the Global Trade Alert database is updated frequently, the above data will change.
Updates on the numbers in this table can be found by going to *http://www.globaltradealert.org/site-statistics*, and selecting "United States" in the "Affecting Trading Partner" and clicking the button "Get Stats".

[1] These measures are classified "green" in the Global Trade Alert database.
[2] These measures are classified "amber" in the Global Trade Alert database.
[3] These measures are classified "red" in the Global Trade Alert database.

Map 3.37 United States: Worldwide incidence of harm done by this G20 member's discriminatory measures



UNITED STATES

UNITED STATES

Map 3.38 United States of America: Harm done to this G20 member's commercial interests by others

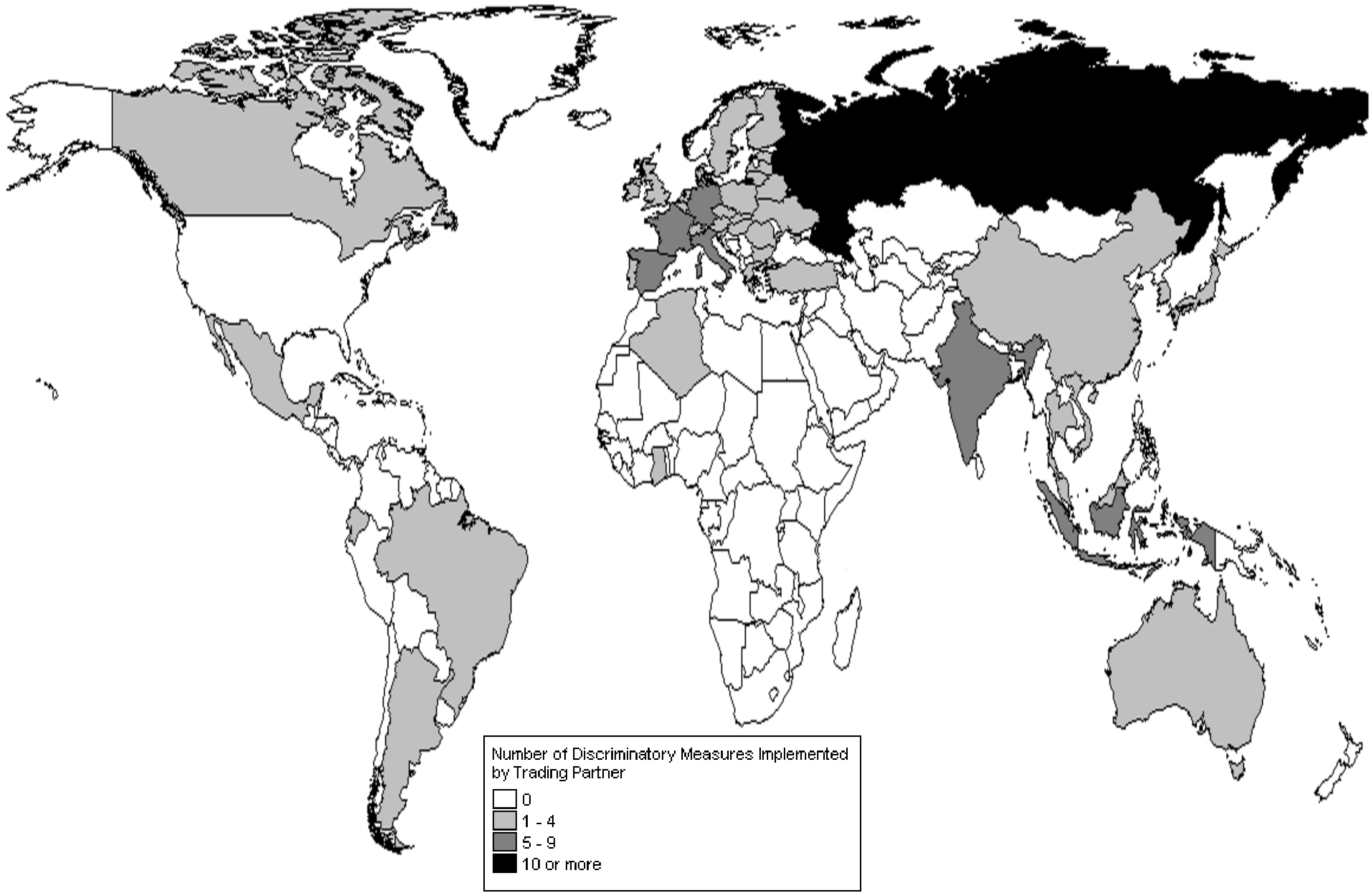
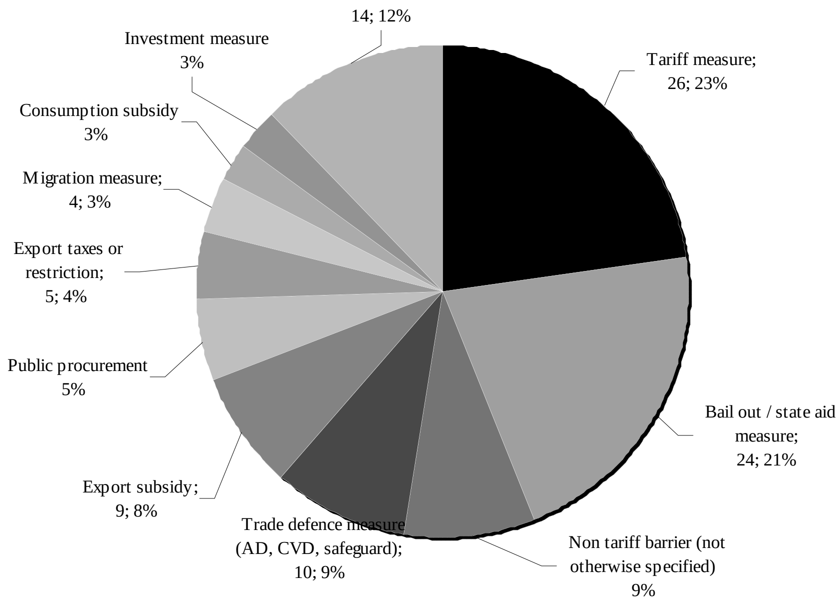
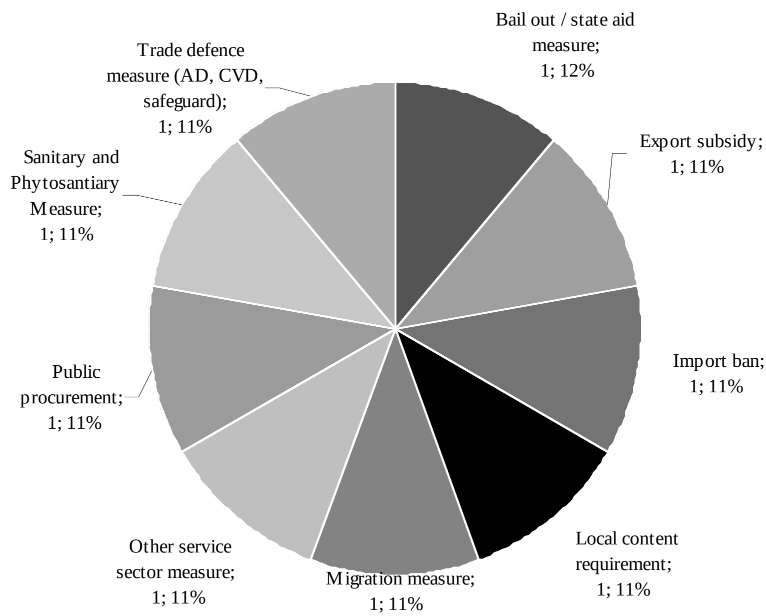


Figure 3.37 Implemented measures that harm United States' commercial interests, by type



Note: Harmful measures are those classified "red" or "amber"

Figure 3.38 United States' implemented measures that harm foreign commercial interests, by type



Note: Harmful measures here are those implemented measures classified "red" or "amber" in the GTA database.

Analyses of Crisis-Era Protectionism: Perspectives of the GTA Team

Have Long-Established Patterns of Protectionism Changed During this Crisis? A Sectoral Perspective

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> "You don't ever want a crisis to go to waste; it's an opportunity to do important things that you would otherwise avoid," Mr. Rahm Emanuel, Chief of Staff to the President of the United States.
>
> "A crisis is an opportunity riding the dangerous wind." Chinese Proverb.

1. Introduction

During the current sharp global economic downturn much has been made of the scale of government policy responses, whether it be monetary policy (e.g. "quantitative easing"), fiscal policy (e.g. "stimulus packages") or other forms of state intervention (including "bailouts"). Indeed it is often remarked that the reason the contemporary crisis has not descended into another Great Depression is precisely because of the scale of some government intervention. This observation, however, need not be as benign as it seems; after all, governments may find themselves under pressure to act from influential sectoral groups, such as company shareholders, employers, trade unions, and the environmental lobby. Moreover, once a government demonstrates its willingness to engage in far-reaching intervention on behalf of one interest it may find itself confronted for requests from others.

Using information from the Global Trade Alert database, the first objective of this chapter is to examine the cross-sectoral pattern of trade-related state intervention that has been imposed since the first crisis-related G20 summit in November 2008. It will be interesting to see if the current pattern differs from that observed before the crisis. A second goal is to begin exploring (no claims are made to conclusive demonstration) the relative importance of competing explanations for the contemporary pattern of crisis-era protectionism.

No doubt analysts will chew over these matters for years to come and it is hoped that this paper will provide some of the principal facts that require explanation. Policymakers, officials, the media, and the like may find the very presentation of these facts casts doubts on some prominent rationales for state intervention.

A word of caution is in order too. It should be recognized that the pattern of state intervention is almost certainly not the same in every country. Still, interesting cross-country tendencies may arise. Moreover, any assessment presented here is necessarily an interim one as the global economy has not yet returned to full health and further state intervention cannot be ruled out.

The remainder of this chapter is organized as follows. In Section 2 three prominent rationales that have been advanced for the contemporary pattern of state intervention are briefly stated, their implications discussed, and then contrasted. In Section 3, data from the Global Trade Alert is used to shed light on the variation across sectors of the economy in the implementation of state measures that may affect foreign commercial interests. This evidence, plus others, provides the basis upon which certain observations are made as to the likely rationales for crisis-era intervention. Concluding remarks are presented in Section 4.

2. Rationales advanced for crisis-era state intervention

Perhaps it is better to begin with how senior government officials – rather than researchers – have rationalized contemporary state interventions outside of macroeconomic policy. One rationale frequently advanced is to mitigate the burdens of adjustment on firms and their employees who find themselves in sectors facing substantial revenue falls during the sharp global economic downturn. Differences across sectors, then, in revenues – or other measures of financial performance – would, on this view, account for the observed pattern of state intervention. However, it should be acknowledged that if the goal of a government is limited solely to addressing the harm felt by employees rather than the firms that hire them then, in principle, one may observe economy-wide schemes being introduced rather than a sector-specific one. The adjustment-related explanation, therefore, may need nuance in some cases.

A second rationale advanced frequently during this systemic economic crisis is that measures should simultaneously restore aggregate demand (so countering the downturn) as well as target the impediments to longer-run economic growth (OECD 2009). A particularly popular variant of this rationale is to argue that state intervention during this crisis should accelerate "green growth" (or the contribution of "green" sectors to national economic growth) and the adjustment to a low carbon economy. Leaving aside the important question of whether states really have the tools available to pursue multiple objectives during an era of crisis management and other concerns, this second rationale would predict that interventionism is more prevalent in some sectors (those deemed as "growth poles" or "green") than others.

The first two rationales implicitly view the state as pursuing benign priorities of its own choosing. The associated state intervention may well be far-reaching, even unprecedented in scale and scope. Still, in both rationales governments are taken to be actors independently pursuing different aspects of the societal good. A third perspective, employed in many political-economy analyses of state intervention, is that self-interested non-state actors[1] seek to influence the design of state intervention by self-interested politicians and bureaucrats. Some weight may be attached by the latter to the common good, but other factors that government decision-makers care about may be important too (such as the desire to avoid losing office, and the size and influence of a government ministry, regulator, or other state body.)

On the third perspective the degree of state intervention varies across sectors because not every sector's participants places the same value on the benefits that fol-

1 Taken to be not only those with economic interests (such as firms and their employees) but also those interested in the environment, legal rights, etc.

low from state intervention, the costs to non-state actors of organizing in the political sphere are dissimilar, government decision-makers may value the support from certain non-state actors differently, and the adverse impact of any state measures on overall national economic performance may vary. A sharp global economic downturn could influence the relative importance of these four factors and, in principle, a new cross-sectoral pattern of state intervention may result.

The third view of the factors determining state intervention is not so benign, especially if government decision-makers place little weight on overall societal welfare and more on campaign contributions and other forms of private sector support (or acquiescence.) Proponents of this view (often implicitly) dismiss the public explanations offered by governments and focus on who benefits from state intervention and the motives and resources of the parties involved. Such arguments may be applied well beyond traditional commercial policies. Intervention in favour of certain firms and sectors is frequently described by officials as "industrial policy" and such state measures may well be rationalized in terms of the factors expressed in the third, self-interested view.

In numerous attempts to account for the pre-crisis variation across sectors in trade and foreign investment barriers the predictions of the third view have not been rejected (see Feenstra 2004 for an overview of the findings from the academic literature on international trade). Traditionally, in industrialized countries trade-related favouritism has been concentrated in the older manufacturing sectors (iron, steel, etc), textiles and clothing, and the agricultural sector. In the next section it will be interesting to see if the current crisis-era protectionism departs much in its cross-sectional variation from prior experience and, therefore, whether our understanding of the underlying factors at work needs to evolve.

3. Evidence on the cross-sectoral variation in state intervention

The Global Trade Alert database currently contains over 425 investigations of state measures that have been announced or implemented after the first crisis-related G20 summit in November 2008. Each investigation report identifies the trading jurisdiction responsible for the announcement or implementation of the measure, a description of the measure (plus sources), and an evaluation as to whether the measure introduces, eliminates, increases, narrows, or otherwise changes any asymmetric treatment between domestic and foreign commercial interests. A traffic light system is used to distinguish between measures that do not change or improve the relative treatment of foreign commercial interests, that might disadvantage foreign commercial interests, and that almost certainly discriminate against foreign commercial interests. The latter cases are the most worrying from the point of view of monitoring protectionism.

In addition, each investigation of a state measure in Global Trade Alert identifies those economic sectors that are likely to be affected by a state measure. Details about a state initiative that are in the public domain are sought to identify the sectors affected. This assessment is conducted in a conservative manner. Indeed, if anything, there may be a tendency to under-report the number of affected sectors. The United Nations' CPC scheme for classifying economic activities (both goods and services) into sectors is employed. The Global Trade Alert website's statistics page enables users to view and download the latest data on the sectoral impact of different state measures undertaken during the current crisis. As the website is updated, so are the reported statistics. Users can, therefore, reproduce or amend the calculations reported below.

The first finding concerning the cross-sectional variation in the state intervention reported in the Global Trade Alert database is that such intervention is highly skewed to a minority of economic sectors. In fact, as Figure 4.1 shows, sixty percent of the interventions affect only 20 CPC sectors.[2] This finding holds for different measures of the degree of intervention, whether it be the total number of state measures implemented, the number of measures that almost certainly discriminate against foreign commercial interests, or the number of non-discriminatory or liberalizing sectors.

One feature of the Global Trade Alert is that it also contains records of state measures that have been announced but not yet implemented. This is potentially important because, although the measures implemented from November 2008 to September 2009 may have been skewed towards a minority of sectors, this may not be the case for the measures pending implementation. In Figure 4.2 for each CPC sector the number of pending measures is plotted against those already implemented. The two series are positively correlated (in fact, the correlation coefficient is 0.4), suggesting that those sectors that have been subject to plenty of state intervention in the recent past will continue to do so in the near term. The skewed nature of intervention, then, appears for the moment to be an important feature of crisis-era state intervention.

It is also possible to identify which sectors have been affected by the state measures undertaken during the crisis. In Table 4.2 information is presented on those sectors where 10 or more state measures have almost certainly discriminated against foreign commercial interests. Other than the financial services sector, where bailouts and other forms of financial assistance have been offered extensively, the interesting finding in Table 4.2 is that most of the sectors where discriminatory measures have been undertaken are not typically associated with "growth poles" or "green growth."

In fact, many of the sectors where contemporary discrimination against foreign commercial interests is rife are sectors that tended to receive higher levels of trade protection before the onset of the global economic crisis. Three agricultural sectors, basic metals, textile and apparel and basic chemicals are all in the list of the top 10 sectors where discrimination against foreign commercial interests has occurred the most. In terms of state intervention in general (not just measures that discriminate against foreign commercial interests), six similar sectors are in the corresponding top 10 sector. In the light of these findings it is tempting to discount any broad-ranging claims that the pattern of state intervention during the crisis is particularly different from before.

How might an assessment of the motives for state intervention during this crisis be influenced by the findings presented here? Keeping in mind the caveats detailed in the introduction, the findings here suggest that perhaps little has changed in the factors determining the cross-sectoral variation in state intervention. That so many relatively highly protected sectors before the crisis have been affected by state measures

2 The identity of those sectors is discussed later in this section.

taken during the crisis points to defensive considerations playing an important role in influencing policymaking, an observation not inconsistent with the first and third rationales discussed in Section 2.

At least in terms of the number of state measures implemented, the results presented here must call into question the importance that has been publicly attached to promoting economic growth and promoting certain environmentally-friendly outcomes. This is not to say that the latter goals are unimportant or without value. Nor does it imply that no measures have pursued these objectives. Rather, that the prominence given to rhetoric concerning promoting long-term growth, innovation, and green growth poles may not be reflected in terms of the distribution of projects being undertaken on the ground.

4. Concluding remarks

With its vast number of reports on state interventions taken since November 2008 the Global Trade Alert's database offers one lens to view the cross-sectoral variation in the number and type of state measures undertaken. The analysis in this chapter confirms that the crisis-era state intervention is skewed towards a minority of economic sectors and that this is likely to remain so in the near term.

Perhaps more importantly, much state intervention is directed towards those sectors that before the crisis traditionally received plenty of protection from international competition. Defensive motives on the part of private sector interests, trade unions, and policymakers may well account for this finding. Directing so much intervention towards smokestack sectors, relatively lower productivity sectors such as textiles and apparel, and agriculture is hard to square with professed motives to promote economic growth and a "greener economy." Of course, as more data is collected on state interventions, these conclusions may need to be revisited. In the meantime, it might be too optimistic to conclude that the opportunities presented by the current economic crisis are only being exploited by those with national economic interests in mind.

References

Robert C. Feenstra (2004). *Advanced International Trade*. Princeton University Press.

OECD (2009). Organisation for Economic Co-operation and Development. "Investing in Innovation for Long-Term Growth." Paris. June.

Figure 4.1 The skewed nature of distribution across sectors

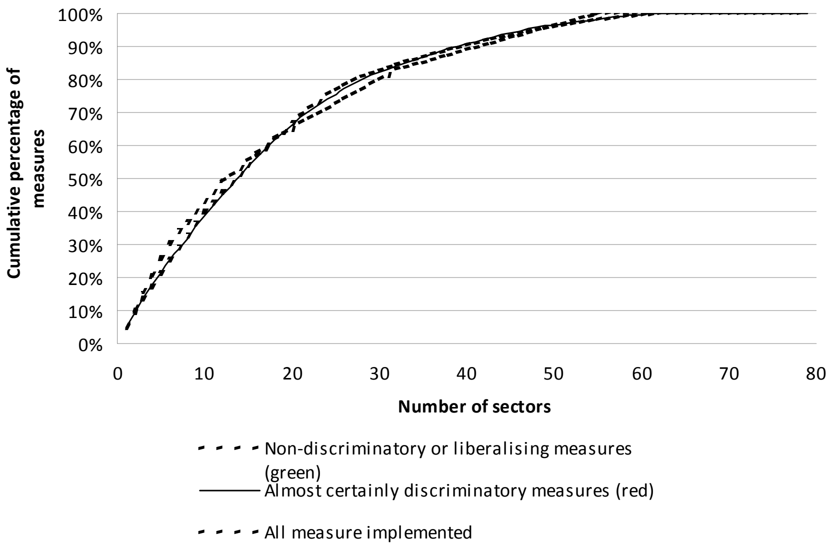

Figure 4.2 No change expected in the likely distribution of state intervention

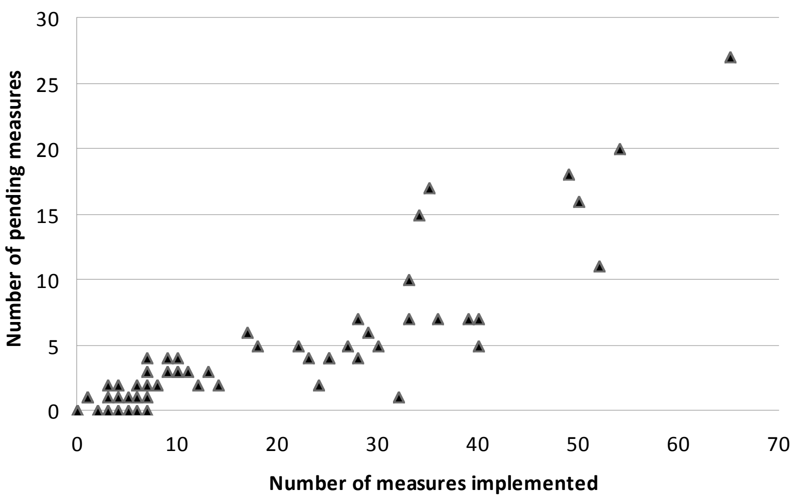

Table 4.1 Table of sectors affected by 10 or more almost certainly discriminatory state measures (coded Red in the GTA database)

Affected Sector: CPC code (sector description)	Total number of measures in GTA database	(Green) Measures in database	(Amber) Measures in database	(Red) Measures in database	Number of implemented measures	Number of pending measures	Number of jurisdictions implementing measures affecting specified sector and classified as red
81 (Financial intermediation services and auxiliary services thereof)	32	1	2	29	31	1	13
21 (Meat, fish, fruit, vegetables, oils and fats)	40	2	13	25	35	5	16
44 (Special purpose machinery)	52	7	20	25	41	11	16
01 (Products of agriculture, horticulture and market gardening)	40	4	14	22	33	7	17
23 (Grain mill products, starches and starch products; other food products)	39	3	14	22	32	7	40
41 (Basic metals)	65	7	36	22	38	27	38
27 (Textile articles other than apparel)	36	4	13	19	29	7	13
34 (Basic chemicals)	54	7	28	19	34	20	12
42 (Fabricated metal products, except machinery and equipment)	49	4	26	19	31	18	13
49 (Transport equipment)	50	7	24	19	34	16	13
38 (Furniture; other transportable goods n.e.c.)	30	2	10	18	25	5	13
47 (Radio, television and communication equipment and apparatus)	29	2	9	18	23	6	10
22 (Dairy products)	27	1	9	17	22	5	40
28 (Knitted or crocheted fabrics; wearing apparel)	28	3	8	17	24	4	12
43 (General purpose machinery)	33	4	12	17	26	7	11
02 (Live animals and animal products)	25	2	7	16	21	4	41
29 (Leather and leather products; footwear)	24	3	6	15	22	2	11
36 (Rubber and plastics products)	28	3	10	15	21	7	13
46 (Electrical machinery and apparatus)	23	2	7	14	19	4	10
26 (Yarn & thread; woven & tufted textile fabrics)	33	6	15	12	23	10	9
37 (Glass and glass products and other non-metallic products n.e.c.)	34	4	18	12	19	15	11
39 (Wastes or scraps)	25	5	8	12	21	4	11
31 (Products of wood, cork, straw & plaiting materials)	18	1	7	10	13	5	8
35 (Other chemical products; man-made fibres)	35	7	18	10	18	17	9
Total for sectors mentioned above	849	91	334	424	635	214	
Total for all sectors	1136	135	428	573	849	287	

Source: Global Trade Alert database, *www.globaltradealert.org*, data extracted 15 September 2009.

Did WTO Membership Reduce the Collapse of Trade? Evidence from the CIS region

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1. Introduction

Many countries experienced dramatic reductions in their exports in the first half of 2009. No doubt much of those reductions was due to falling demand in overseas markets reinforced by a scarcity of credit, including trade finance and working capital. Still, given the diversity of international trade arrangements in existence today with their varied obligations and privileges it is worth asking whether any particular arrangements tended to mitigate the collapse in exports. It may be that certain trade arrangements not only foster trade during stable economic times but also limit export reductions during systemic economic crises.

Pursuing this investigation in the Eastern Europe, the Caucasus and Central Asia (CIS) region[1] makes sense precisely because of their common economic and political backgrounds. Moreover, some of the countries in this region have acceded to the WTO and others have not. Using very recently available trade data, that permits comparisons of export performance between the first halves of 2008 and 2009, it is possible to examine whether there are any preliminary differences that align with membership of the WTO. As more detailed data is made available in the years ahead, no doubt more sophisticated econometric evaluations will be possible. The goal here is more modest and perhaps even suggestive of hypotheses that might be pursued later. For policymakers, at a time when some[2] may be tempted to depart from their multilateral trade obligations because of rising unemployment and impending bankruptcies, even these preliminary findings may cast WTO membership in a different light.

The remainder of this chapter contains the following sections. So as to provide some structure to the subsequent empirical analysis, in the next section two hypotheses are presented concerning the effects of WTO membership on trade flows during a severe global economic downturn. In the third section of this chapter the data collected and empirical analysis are described, along with the principal findings. Conclusions are presented in section four.

1 There have been recent significant changes in the CIS region, such as the official withdrawal of Georgia from this agreement in August 2009, Turkmenistan's associate membership, as well as the fact that Ukraine de jure is not a CIS member. The region might better be referred to as 'the countries of the Eastern Europe, Caucasus and Central Asia' (EECCA), however in this paper the term Commonwealth of Independent States (CIS) is retained.

2 Pascal Lamy (2009), Global Crisis Requires Global Solutions, the Speech on 13 July 2009. Available from *http://www.wto.org/english/news_e/news09_e/tpr_13jul09_e.htm* . Accessed on 10 September 2009

2. Two hypotheses about WTO membership during systemic economic crises

Traditionally the case for membership of the WTO system has been made in terms of the trade liberalization that has resulted from successive rounds of multilateral trade negotiations. Such liberalization, it is often argued, leads to greater exports, benefits to consumers, and faster economic growth. Now that these claims have been contested[3], it is perhaps worth considering other potential benefits of WTO membership.

For many countries without the substantial negotiating clout to significantly affect a multilateral trade negotiation it is often said that they benefit particularly from the rules (most favored nation treatment, national treatment, tariff bindings, etc.) of the multilateral trading system. In the absence of these rules larger countries might be tempted to disadvantage nations with less clout precisely because the harm the latter can do to the former's commercial interests is limited. Moreover, the predictability of treatment is said to be valuable to business, which must often take a longer-term perspective when making needed capital investments and the like.

The policy-relevant question explored in this chapter is might these advantages of WTO membership be of greater value during a sharp global economic downturn, when governments might be even more tempted to turn inward, support domestic firms over foreign rivals, and pick and choose among their trading partners? Another way of putting this claim is that only in sharp global economic downturn is the "insurance value" of WTO membership more apparent. To sharpen ideas two hypotheses are advanced below, one relating to exports and one to imports.

Hypothesis One: Export responses during a sharp global economic downturn.

a. Other things being equal, the percentage fall in the total exports of a WTO member will be less than that of a country that is not a member of the WTO.

b. Other things being equal, a WTO member will experience a smaller percentage fall in its total exports to other WTO members than for its exports to countries that are not WTO members.

The rationale for hypothesis 1.a. is that the degree to which some trading partners can discriminate against a WTO member's exporters is constrained by WTO obligations, whereas those obligations would not constrain the treatment of a non-member. With intensified pressure to raise trade barriers during a global economic downturn, differential treatment may emerge.

The rationale for hypothesis 1.b. is that the benefits of WTO membership are confined to trade with other WTO members. Non-members are unconstrained by WTO rules in how they treat a member's exports and during a sharp global economic downturn this latitude is exploited to the disadvantage of the member's exporters.

3 Andrew Rose (2002) 'A Free Trade Club without Benefits'. *Financial Times*. London (UK): November 8, 2002, p. 13. Professor Rose has written a sequence of peer-reviewed academic papers that find little statistical association between WTO membership and various indicators of trade performance. In this Financial Times article he summarizes his position as follows: "while theory, casual empiricism and strong statements abound, there is, to my knowledge, no compelling empirical evidence showing that the WTO has in fact encouraged trade."

Hypothesis Two: Import responses during a sharp global economic downturn.

a. Other things being equal, the percentage fall in total imports of a WTO member will be less than that of a country which is not a member of the WTO.

b. Other things being equal, the percentage fall in the total imports of a WTO member from other WTO members is less than the percentage fall in total imports from a country that is not a member of the WTO.

Underlying these import-related hypotheses is assumption that a WTO member will be constrained in the extent to which it can raise trade barriers and so cut its imports whereas a non-member remains unconstrained by WTO rules. Hypothesis 2.a. posits an effect on total imports, a proxy for the extent to which overall market access is preserved during a global economic downturn. In contrast, hypothesis 2.b. refers to the differential impact on bilateral imports, with WTO members receiving better treatment than non-members. Having laid out these hypotheses, attention now turns to their evaluation. Specifically, are the trading patterns witnessed during the first half of this year, when levels of international trade fell sharply, consistent with these hypotheses?

3. Evidence from the CIS region

With the collapse of the Soviet Union its 15 constituent parts each had to determine which international trade arrangements they would subscribe to. Latvia, Lithuania, and Estonia joined the European Union (and the WTO), and the others formed the Commonwealth of Independent States. Nowadays the Eastern Europe, Caucasus and Central Asia region (EECCA) consists of five countries that are members of the WTO (Armenia, Georgia, Kyrgyz Republic, Moldova and Ukraine) and seven that are not. Six of the non-members are observers of the WTO and are in the process of the WTO accession. (See Table 1 for more information on the status of the WTO membership of the countries of the EECCA region). In short, there are clear differences in the trade policy obligations that governments of the CIS region have undertaken, differences that are exploited in the empirical strategy articulated below.

The members of the CIS region have a similar historical, political, cultural, and industrial background. Their economies are very interdependent due to the manner in which industry was distributed across the Soviet Union. For sure, the extent to which reforms have been undertaken in the region has varied. While differences in country size, distance from trading partners, and the friendliness of the national business environment will influence the absolute magnitude of international commercial linkages, the year-on-year percentage change in trade flows is unlikely to be affected much by such slow-changing or time-invariant factors.

Another factor that substantially affected the empirical strategy undertaken here is the availability of very recent trade data. The Interstate Statistical Committee of the Commonwealth of Independent States (ISC) has published data on the total exports and imports of CIS countries. This data, which is available through to the end of the first half of 2009 only allows for these totals to be broken down into each CIS country's trade with other CIS countries and with non-CIS countries. It can be verified that all but a very small fraction of the latter countries are members of the WTO whereas, as noted earlier, no such claim could be made about the membership of the CIS. The evaluation of the two hypotheses centers on the percentage reductions in trade observed in the first part of this year compared to 2008 experienced by CIS countries, bearing in mind that the breakdown between CIS and non-CIS trading partners is observable. Data limitations mean that the experiences of Turkmenistan and Uzbekistan were put to one side[4], leaving five WTO members and five non-WTO members whose trade flows form the basis of the following evaluation.

According to the estimates published by the ISC, during the first half of 2009 the total exports of the CIS countries to all destinations amounted to just 52% of their comparable level in 2008. Total imports held up better over the same timeframe, the comparable percentage being 59%. The GDP of the CIS region shrank by 9% during the first half of 2009 compared to the same period in 2008.[5] Interestingly many of the factors that the ISC identifies as affecting the exports and imports of the CIS region are not country-specific, such as falls in the worldwide prices of natural resources.

Figure 1 indicates how much exports fell for each CIS country. Reported for each country is the magnitude of exports in the first half of 2009 expressed as a percentage of its comparable level in the first half of 2008. The larger, then, the trade collapse in the first half of this year the smaller is the reported percentage. This measure of export collapse is reported by CIS country for exports to all destinations, to fellow CIS nations, and to non-CIS nations (the WTO member-dominated group.) The figure has been assembled so that the performance of the CIS countries that are WTO members (on the right) can be compared with those CIS countries that are not WTO members (on the left).

Comparison of the columns representing total exports to all destinations on the left and right hand side of Figure 5.1 provides evidence in support of hypothesis 1.a. Measured in percentage terms, the scale of the collapse of total exports of those CIS countries that are not WTO members is greater than for those countries that are. This is not just a claim about the average percentage reductions experienced by both groups of CIS members. In fact in the CIS region every WTO member experienced less severe export collapse than every non-WTO member.

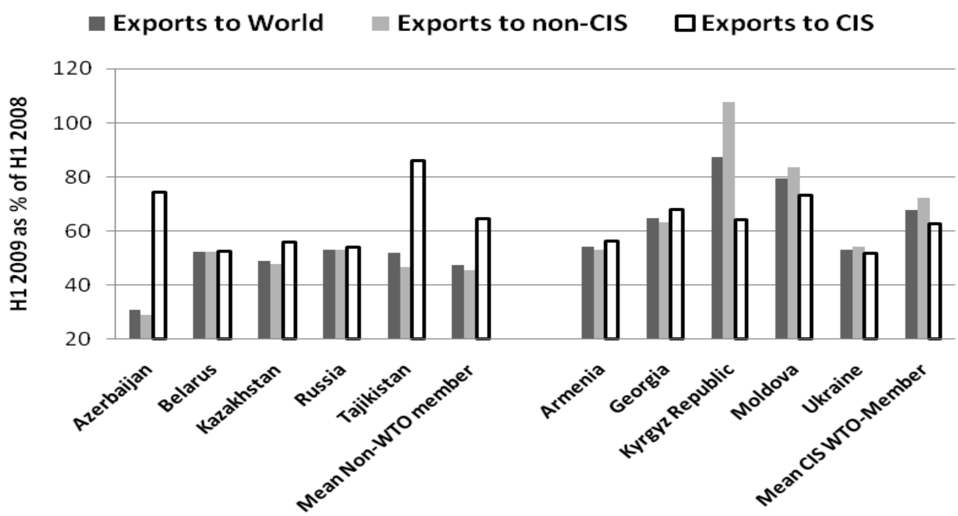
The data is not so kind to hypothesis 1.b., however. That is, of the WTO members in the CIS region, it is not the case that total exports to non-CIS trading partners (almost exclusively WTO members) held up better than total exports to other CIS countries (a mixed group of WTO and non-WTO members). The strongest support for hypothesis 1.b. comes from the Kyrgyz republic and maybe Moldova; the evidence for the other 3 countries suggests the extent of export collapse was comparable across destinations (CIS versus non-CIS trading partners). It should be noted, however, that there was no outright repudiation of hypothesis 1.b. Overall, then, perhaps it is best to conclude that there is weak support for the hypothesis 1.b.

Turning now to the performance of aggregate imports, are there any differences in the experience of the CIS members who are members of the WTO from those that are not? Does the evidence refute hypotheses 2.a. and 2.b? Figure 5.2 presents the comparable information for the resilience of imports that was presented for exports in Figure 1.

4 CIS Statcommittee (2009). Available at *http://www.cisstat.com/*.

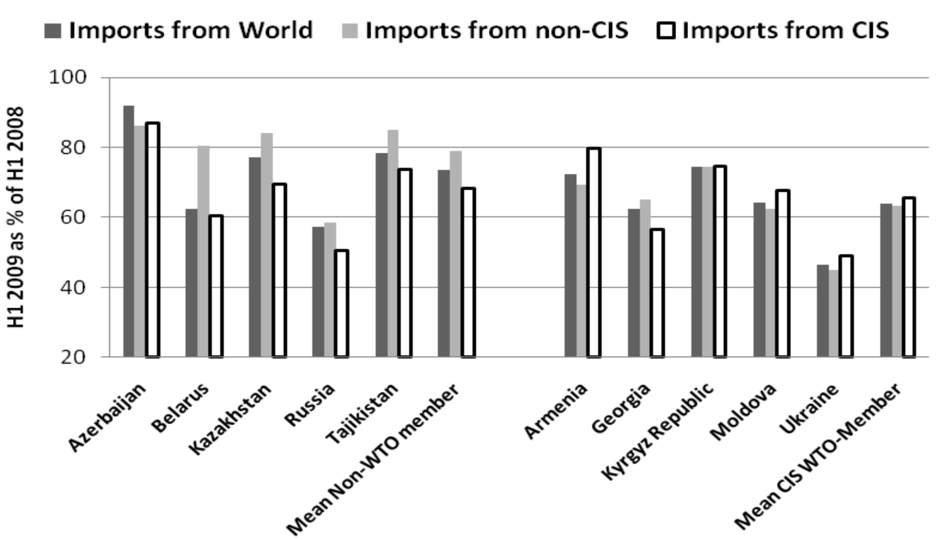
5 Interstate Statistical Committee of the Commonwealth of Independent State. Available at *http://www.cisstat.com/*

Figure 5.1 The export collapse of the CIS countries



Source: Calculated by author on the basis of the information provided by the Interstate Statistical Committee of the Commonwealth of Independent States

Figure 5.2 The recent import contraction of the CIS nations



Source: Calculated by author on the basis of the information provided by the Interstate Statistical Committee

In terms of the percentage falls in total value of imports experienced by CIS nations in the first half of 2009, the range overlaps substantially between WTO and non-WTO members. This is hardly confirmation of hypothesis 2.a. Moreover, on average the five non-WTO members saw smaller percentage falls in their imports than the WTO members. This empirical finding might suggest that the WTO members in the CIS region have found enough exceptions and loopholes in multilateral trade rules that they can effectively restrict imports as much as countries that are not bound by these rules.

This observation is all the more remarkable given the often made claim that countries that acceded to the WTO since 1995 have taken on stricter obligations that countries that joined before. These stricter obligations do not seem to have prevented the Ukraine, for example, from experiencing the largest fall in imports of the 10 CIS countries reported in Figure 5.2. Evidence of measures taken by the Ukraine found in the Global Trade Alert database bears this out. For example, on 4 March 2009 Ukraine notified to the WTO that it had introduced a temporary tariff increase up to 13% on a wide range of imported goods, justifying its move on the basis of paragraph 9 of the Understanding on the Balance-of-Payments Provisions of GATT 1994. Ukraine has also initiated a number of antidumping investigations as well as introducing "buy Ukrainian" provisions to support the local agricultural engineering industry.[6] These discriminatory measures are likely to have reduced imports and go beyond the trade-restrictive measures of many other CIS nations.

With reference to hypothesis 2.b., which refers to the importing behavior of WTO members, the data reported in Figure 5.2 offers a weak repudiation of the contention that WTO members in the CIS region have restricted imports from non-members more than members. The percentage falls in imports from these two sets of trading partners are roughly comparable and in the case of Armenia and the Ukraine imports from WTO members have fallen by more in percentage terms than imports from non-members. The finding that the percentage reductions in imports are roughly comparable might be consistent with an amended hypothesis which states that, even when invoking allowed trade-restrictive members during an economic crisis, the application of those measures by WTO members has tended to have similar effects on imports from WTO and non-WTO members.

Although hypothesis 2.b. refers to WTO members, given the evidence presented in Figure 5.2 it cannot go unremarked that, with the exception of Azerbaijan, non-WTO members in the CIS region cut their imports from outside the CIS region less in percentage terms than from within the region. Bearing in mind that the former contains proportionally more WTO members than the latter, this finding suggests that during the crisis non-WTO members in the CIS region targeted WTO members with less restrictive measures than other non-members. Perhaps the participation of these non-WTO members in the WTO accession process induces those non-members to limit the number or scale of measures that restrict imports from WTO members, whose consent is needed to join the WTO.[7] If this contention could be substantiated subse-

6 GTA (2009) . Available at *http://www.globaltradealert.org/measure/ukraine-buy-local-provisions-support-agricultural-engineering-industry*

7 There may be other factors that affect the force of this argument across countries seeking accession to the WTO.

quently then it would point to another crisis-related benefit of WTO membership.

Other evidence may account for the finding that the average percentage reduction in imports is lower for the non-WTO members in the CIS region. As substantiated in the paragraphs that follow, during the current global economic downturn a number of non-WTO members in this region have implemented a combination of trade-restrictive and trade facilitating measures. (As a result, the assumptions underlying the sources of differences in national policy regimes contained in the second hypothesis would need refinement.)

With respect to implementing trade-restrictive measures, Russia has gone so far as to prepare a new 'Trade Strategy 2010 - 2012' in which it divided its domestically-produced goods into five categories according to their current level of competitiveness and the level of potential (future) protection to boost domestic production.[8] In other initiatives Russia has implemented temporary import tariffs increases on certain products, subsidized loans for car purchases, as well as instituting a 15% price preference for domestic producers in public procurement contracts.[9] Moreover, Russia introduced or increased import tariffs on various items including automobiles, milk products, soy schrot, harvesting machines, magnesium crowbars and scrap, rolled metals and pipes, rice and cereal.[10] Elsewhere, Belarus introduced temporary tariff increases on certain products to protect domestic firms and cut imports to counter a growing trade deficit (see Presidential Decree # 214 from 21 April 2009.)

But not every trade-related measure implemented by Russia during the crisis has been a restrictive one. Russia introduced a new domestic trade bill that will, amongst others, ease international commerce through mode three (commercial presence in the territory of another country) in retailing.[11] Russia has also (temporarily in some cases) eliminated or reduced import tariffs on wide range of products such as aircraft, railway coaches, cement and cement articles, polyester thread, components of rims for glasses. Russia has also extended duty-free access for certain types of digital ships, child safety seats, linear low density polyethylene and others products for the duration of the current global recession. Overall, then, the Russian experience is mixed. Indeed, a single issue of the Russian official newspaper "Rossiiskaya Gazeta" (number 4826) on 14 January 2009 simultaneously announced three trade-restricting and three trade-facilitating measures.

Belarus and Kazakhstan too have combined liberalizing and trade-restrictive measures during the crisis. Decree #732 of the Government of Kazakhstan, announced on 15 May 2009, eliminates import tariffs on certain products such as aluminum wire, live plants, palm oil, unbleached or bleached fabrics (previously such tariffs were 5 percent). However, the same Government Decree raises the import tariff on the central heating boilers from zero to 15%.[12] Likewise, Belarus has also instituted decrees,

8 GTA (2009). Available at *http://globaltradealert.org/measure/russia-announcement-new-trade-strategy-2010-2012*

9 GTA (2009). Available at <www.globaltradealert.org> 'implementing jurisdiction' - Russian Federation.

10 The Russian Ministry of Economic Development. 'Undertaken measures to protect and support main branches of economy by tariff-customs measures'. Available at *http://www.rgwto.com/reference.asp?doc_id=53710*

11 The Ministry of Industry and Trade of the Russian Federation (2009). The text of the new trade bill is available (in Russian) at *http://www.minprom.gov.ru/docs/projects/3*

12 GTA (2009). Available at *http://www.globaltradealert.org/measure/kazakhstan-tariff-treatment-miscellaneous-products.*

such as Decree# 320 issued on 18 June 2009, which include trade liberalizing and restrictive measures.

This section has considered the extent to which data from the CIS region bears out the two hypotheses concerning the effect of WTO membership on trade flows that were articulated in section 2. There is some support for the export-related hypothesis. When world trade was falling fast in the first half of 2009, total exports by the WTO members in the CIS region fell by less in percentage terms. The data was not so kind to the hypothesis concerning imports and reasons were advanced for this.

4. Concluding remarks

No doubt policymakers will draw many conclusions from the current sharp global economic downturn. What lessons might trade policymakers draw? Some such lessons might relate to the impact of the diverse set of institutional arrangements and rules that now govern international commerce. This chapter focused on the potential contribution of the most prominent such institution in trade, namely, the World Trade Organization. Hypotheses were advanced as to the ways in which multilateral trade obligations might influence observed cross-country differences in trade flows during the crisis. Those hypotheses were confronted with data from the CIS region, which contains several WTO members and several non-members.

The severity of the export collapse in early 2009 was found in the CIS region to be less acute for WTO members, which is consistent with the argument that these nations' access to foreign markets was more secure than for countries that are not members of the WTO. The evidence does not support the corresponding contention on the import side and reasons were advanced as to why. In short, it seems that those CIS countries that are not WTO members implemented both liberalizing as well as restrictive measures during the past year, muddying the comparisons between the policy regimes of WTO members and non-members. The findings presented above also imply that the WTO members in the CIS region saw their trade surpluses improve (or trade deficits decline) by more than the non-members.

Once more data is available the analysis in this chapter could be developed in several respects. Given the WTO rules on trade in goods are more developed than for services and are certainly more liberal than in agriculture, it would be interesting to re-examine the performance of the two hypotheses mentioned here for trade in manufactured goods. Moreover, once a full set of bilateral trade data is available more traditional gravity equation analyses can be performed. Furthermore, it might be interesting to explore if there are systematic differences in export and import responses during the crisis between longstanding WTO members and those countries that have joined the WTO since 1995.

Table 5.1 The WTO membership status of the CIS countries

	Country	WTO Status	Date
1	Azerbaijan	Observer, accession process from	30 June 1997
2	Belarus	Observer, accession process from	23 September 1993
3	Kazakhstan	Observer, accession process from	29 January 1996
4	Russia	Observer, accession process from	June 1993
5	Tajikistan	Observer, accession process from	29 May 2001
6	Uzbekistan	Observer, accession process from	8 December 1994
7	Armenia	Member since	5 February 2003
8	Georgia	Member since	14 June 2000
9	Kyrgyz Republic	Member since	20 December 1998
10	Moldova	Member since	26 July 2001
11	Ukraine	Member since	16 May 2008
12	Turkmenistan	n/a	n/a

Source: WTO website.

Brazil: Increased International Integration Imposes Limits on Protectionist Policies

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When Brazil's trade balance began to reflect the effects of the global economic and financial crisis, the Brazilian authorities decided to implement automatic import licensing procedures across a wide range of products. However, facing strong negative reactions from the business community and from public opinion, the measure was revoked only three days after it had been adopted.

The increased share of imported goods in the Brazilian industrial production chain has reduced the scope for the adoption of widespread protectionist measures by government authorities. This paper examines how the increased international integration of production processes has restricted the opportunity for protectionist trade policies by highlighting two recent Brazilian experiences.

The first section of this paper presents the recent evolution of Brazilian trade flows; it shows how the effects of the economic crisis were first reflected in the performance of exports. The reaction of imports came some months later, and resulted in a trade deficit for the first time since 2000.

The second section describes two recent cases of the adoption of, or the intention to adopt, protectionist measures by the Brazilian government authorities which were halted by the reactions of the business community and by public opinion.

The third section presents evidence on how the share of imports in the industrial sector in Brazil has increased during the last decade. This has also been the case for the export coefficient in many sectors, which implies that industrial production for domestic consumption and for exports is today significantly more dependent on imported goods compared to the first half of the 1990s.

The main findings and conclusions are presented in the final section.

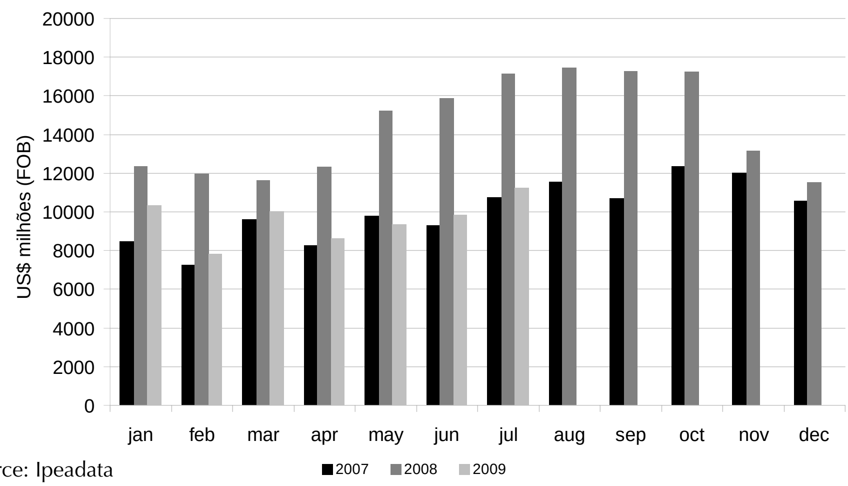
1. Recent evolution of trade flows

The outbreak of the international financial crisis hit Brazilian foreign trade at a time when it was in strong expansion – Brazilian exports grew by 27% and imports by 51% in the twelve-month period up to September 2008 compared to the same period the year before.

However, the effects of the crisis on trade flows were immediate: the rate of growth of Brazilian exports declined rapidly over two months, and became negative from December 2008 onwards.

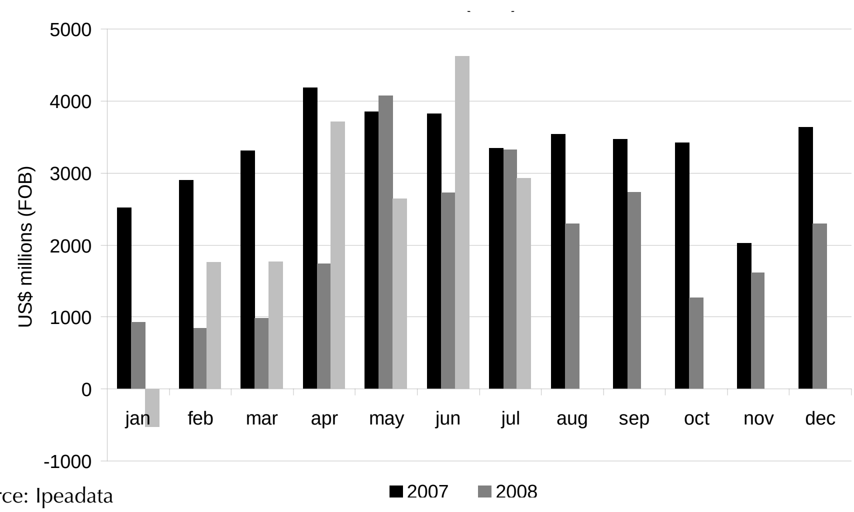
Impacts on imports were more gradual. In the three months that followed the beginning of the crisis, the growth rate for imports declined, though remained positive before becoming negative from January 2009 onwards.

Figure 6.1 Brazilian imports – monthly value, US$millions (FOB)



Source: Ipeadata

Figure 6.2 Brazilian trade balance – monthly value, US$millions (FOB)



Source: Ipeadata

The trade balance surplus fell sharply in October 2008 – US$ 1.3 billon compared to US$ 2.7 in the preceding month and US$ 3.4 in the same month of the year before. Even though there was a significant recovery in the trade surplus during the following two months, in January 2009 the trade balance registered a US$ 529 million deficit. However, since February 2009 the trade balance has once again become positive.

The evolution of the trade balance in the first months of the crisis has concerned some parts of government. The trade balance had not registered a larger deficit than the one observed in January 2009 since November 2000. At the end of January 2009, in a move that surprised analysts and the business community, the public authorities responsible for the control of trade operations announced the requirement of automatic import licenses for a large set of goods.

2. The measures

This section reports two cases in which the business community reacted negatively to the implementation of import licensing procedures in Brazil. In the first case, the authorities implemented automatic licenses for a wide range of products, but subsequently had to scale back in response to criticism from the private sector.

In the second case, the adoption of non-automatic import licenses as a retaliation to Argentinean protectionist measures against Brazilian exports was being considered by some areas of the government. The National Confederation of Industry sent a letter to the Ministers of Foreign Affairs and of Development, Industry and Trade, stating that the business sector preferred recourse to the WTO dispute settlement mechanism rather than the imposition of non-automatic licenses.

2.1. Automatic import licensing

At the end of January 2009, the government of Brazil (Ministry of Development, Industry and Trade, MDIC) adopted automatic import licensing procedures for a wide range of products. The measure affected 24 chapters of the harmonized system (HS), concentrated mostly in equipment, machinery and electronic products. These chapters represented 71% of the total value imported by Brazil in 2008[1].

The Brazilian government stated in a press release by MDIC that the action taken was in full accordance with Article 2 of the Import Licensing Agreement of the WTO, which determines that automatic import licenses must be approved in all cases and within 10 working days. (MDIC, 2009)

The measure was implemented, according to the Minister of Finance, as a means of monitoring Brazilian trade statistics and the trends in Brazilian imports (Reuters Online, 2009). This explanation was further reinforced by MDIC, which also referred to the need to identify discrepancies in trade statistics (MDIC, 2009). The authorities stated that the measure would not constitute a barrier to imports and that the release of the import licenses would be carried out expediently.

The press, however, interpreted the measure as an attempt by the government to curb the continuous increase of imports of certain products. Miriam Leitão, economic commentator for the *O Globo* newspaper decried the measure, arguing that:

> The decision by the Minister of Development, Industry and Foreign Trade to create, without any prior discussion, barriers to Brazilian imports is scandalous (...) this site has heard from many worried exporters (...) you know what it means: the government doesn't know it but Brazilian trade is more sophisticated, more complex, and the exporter is also an importer and one thing depends on the other. (*O Globo*, 2009)

In fact there was a strong reaction to the measure from several sectors of Brazilian industry. The president of the Brazilian Association of the Electrical and Electronics Industry, for example, declared that "the situation is very delicate because of the high

1 For more details, see related GTA Notification: Brazil: Automatic import licensing for selected products. Measure #0370. *http://www.globaltradealert.org/measure/brazil-automatic-import-licensing-selected-products.*

dependency on imports of the electrical and electronic sectors". He went on to say that "if the problem is not solved in two or three days, many companies will have to stop production". (*Estado de São Paulo*, 2009)

In the automotive sector, there was also lobbying for the removal of products from the list due to the risk of paralyzing production – "After meeting with [Finance] Minister Mantega, auto producers and autoparts suppliers were successful in removing from the import license requirement the inputs and parts needed for the production of automobiles". The President of the National Syndicate of the Industry for Autoparts argued that "these are items that may stop production" (*Estado de São Paulo*, 2009).

The measure was revoked three days after its announcement by order of President Luiz Inácio Lula da Silva, who called it a "phenomenal mistake", since it went against the free-trade orientation defended by the government in multilateral forums (*Estadão*, 2009). Upon announcement of the cancellation of the measure, Finance Minister Mantega justified its adoption on the grounds that:

> The international crisis decreased the commodity exports of Brazil and other countries. This created a preoccupation with the performance of the trade balance. An increase in the competition in international trade was observed, and because of this, the Ministry of Development decided to adopt a measure to better monitor our imports. (*Estadão*, 2009).

However, Mantega acknowledged that the measure had been "misunderstood", "misinterpreted" and caused "noise", alluding to the intense criticism directed at the government by the Brazilian industry and trade partners. (*Estadão*, 2009)

Secretary of Commerce Welber Barral denied that the automatic import license requirement, during the three days in which it was active, influenced the trade balance or affected importers. Barral was cited as saying "there was a series of misunderstandings and noises. What they did was a Shakespeare comedy and a lot of noise for nothing". For the Secretary of Commerce, the import license requirement was "wrongly" interpreted as protectionist. (*Folha Online*, 2009)

The main point here is not whether or not the measure had protectionist purposes – indeed, automatic licensing regimes are not necessarily trade barriers. The relevant message is that the industrial sector demands predictability and rapidity in the customs clearance operations. There is no more room for discretionary measures that may result in delays in the clearing of imported goods that will enter into the production process of industrial goods – many of them destined for export.

2.2. Non-automatic import licenses as retaliation to the Argentinean measures

In July 2009, press articles indicated that some areas of the government were studying the possibility of adopting non-automatic import licenses as a form of retaliation to the various restrictions that Brazilian products have been facing in Argentina (*Valor Econômico*, July 1st, 2009)[2].

2 For more information on Argentina-Brasil trade relations, see related GTA notification: Brazil-Argentina: Managed trade on powdered milk imports from Argentina. Measure # 0379, *http://www.globaltradealert.org/measure/brazil-argentina-managed-trade-powdered-milk-imports-argentina*

Brazilian exporters have identified three types of instruments adopted by Argentina as the main obstacles to their sales in that country: (i) the increase in the number of products subject to non-automatic licensing, between October 2008 and March 2009, and the failure of Argentinean authorities to comply with the maximum expedition period defined by the World Trade Organization's (WTO) Agreement on Import Licensing procedures (60 days); (ii) the large number of products having to pay antidumping duties; and (iii) quantitative restrictions as a result of sectoral agreements to limit exports.

Brazilian exporters' main complaint is the delay in the liberation of the non-automatic import licenses and their discriminatory use in relation to Brazilian products, which are amongst the most affected. In fact, according to Rozenwurcel (2009), imports originating from Brazil represent 30% of the imports subject to the non-automatic import licensing regime. However, according to this author, many estimates suggest that the non-automatic licenses represent only 2 percentage points of the fall in Argentinean imports between the first trimester of 2008 and the first trimester of 2009. Nevertheless, this regime has been very important for the performance in the imports of some specific sectors, such as capital goods and durable consumer goods, of which Brazil is one of the main suppliers.

Regardless of the frequent complaints from several different Brazilian industrial sectors, the business sector did not approve of the proposal for the adoption of non-automatic import licenses for products of Argentinean export interest. In an anticipatory move, the National Confederation of Industry (CNI) sent letters to the Ministers of Foreign Relations and of Development, Industry and Foreign Trade in which it affirms:

> Recourse to the WTO's dispute resolution mechanism is a more appropriate response. The adoption of non-automatic licenses on imports is a bureaucratic discretionary process which increases costs and uncertainties for Brazilian businesses integrated into international value chains. (*www.cni.org.br*, July 22nd, 2009)

In the same manner as the reaction of entrepreneurs to the automatic import license measure in January 2009, the manifestation of the National Confederation of Industry shows that the scope for the government to adopt wide-ranging import restricting measures has been reduced. Additionally, it shows that the perception of the importance of the WTO as the adequate forum for the resolution of the country's trade disputes has increased.

The reaction of the business sector most certainly may have contributed towards preventing recourse to non-automatic import licensing as a form of retaliation to the Argentinean practices. As a matter of fact, up until now the Brazilian government has not adopted this kind of measure. However, it was not sufficient to persuade the Brazilian government to present a formal complaint against these practices, either in the Mercosur institutions, or in the WTO.

The Brazilian authorities – in particular the diplomatic corp – continue to prefer to resolve bilateral conflicts with Argentina through the negotiation of sectoral agreements of export restrictions between the private sectors of both countries. Although they recognize that the use of non-automatic import licenses is jeopardizing Brazilian exports to Argentina, they seem to believe that by accepting sectoral "voluntary" agreements, Brazil is contributing to the re-industrialization of the neighbor country.

In a meeting with the Federation of Industries of the State of São Paulo (FIESP) on the 5th of July, Foreign Relations Minister Celso Amorim tried to convince the private sector to support the voluntary agreements, arguing that the non-automatic import licenses have affected 10% of Brazilian exports to Argentina in 2008. The Argentinean Foreign Ministry estimates the impact to be even less, affecting not more than 4% of Brazilian exports to the country (Portal Vitrine, 2009). The resistance of a larger number of sectors to negotiate or to renovate old agreements of these types shows that this strategy is wearing out.

The two cases reported in this section support the view that the scope for domestic policies intended to restrict imports are losing the support of the business sector and of public opinion in Brazil. Government authorities must take into account that industrial production is increasingly dependent on imported goods. Companies need predictability and swiftness in the importation process. This is also true for products destined for export, as is shown in the next section.

The second case also shows that the business community prefers to rely on the legal recourse of the WTO dispute settlement mechanism to deal with trade conflicts with trading partners rather than through the adoption of retaliatory measures that hamper imports.

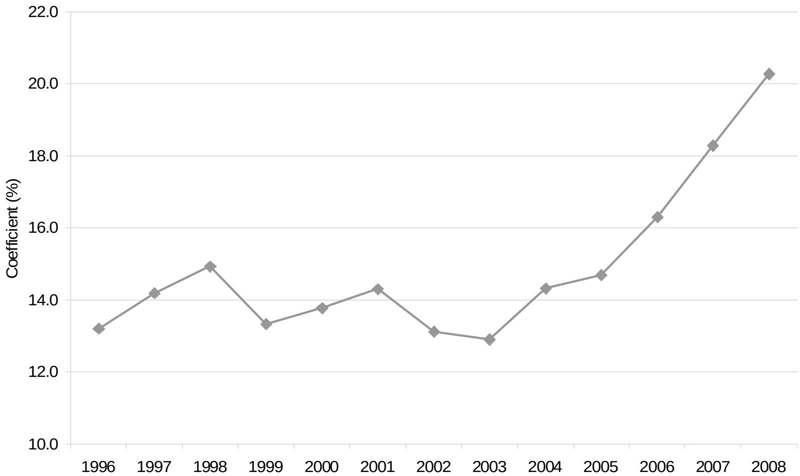
3. Increased dependency on imports: a limit to import restrictions

This section provides information on how the participation of imported goods in industrial production has increased in the last decade. In the beginning of the trade liberalization process in Brazil the growth in the value of imports was due in large part to the reduction of import tariffs and substitution of domestic production. But in recent years, imported goods have been mostly complementary to domestic production.

The trade liberalization process in Brazil in the first years of the 1990s promoted a significant increase in the import penetration coefficient (ie, the share of import value in industrial apparent consumption) of the Brazilian industry (at constant prices), which went from 5.3% in 1990 to an average of 15% in the last five years of the decade. This was a period of low growth in consumption and a fall in industrial production, with the exchange rate remaining devalued (Puga, F.P, 2008). Therefore, in this period the growth in the import penetration coefficient can be for the most part attributed to the liberalization of imports in the period 1991-1994.

Following a period of growth up to 1998, the import penetration coefficient oscillated between 13% and 15% until 2003, when it began a sharp growth trajectory, which accentuated in the period 2006-2008. In this period, contrary to what was observed in the nineties, the growth in imports was stimulated by a strong acceleration in domestic demand. The volume of industrial production grew at rates of approximately 5%, being complemented by imports in order to meet apparent consumption, which grew by approximately 5.9% between 2004 and 2007. One can observe during this period a high level of complementarity between domestic production and imports.

Figure 6.3 Industry import penetration coefficient – constant prices (base year 2006)



Source: Funcex.

Table 6.1 Industry import penetration coefficients at constant prices (%) selected sectors – base year 2006

Sector	1996	2008	Percentage point change
Medical, precision and automated instruments	30.1	65.2	35.1
Electronic and communication equipment	15.2	47.9	32.7
Chemicals and chemical products	13.7	26	12.3
Machinery and equipment	24.2	32.6	8.4
Other transport equipment	28	35.5	7.5
Leather and footwear	3.3	10.1	6.8
Electrical machinery and apparatus	20.7	26.5	5.8
Office, accounting and computing machinery	39.2	43.7	4.5
Total manufacturing industry	10.6	18.6	8

Source: Funcex. Sectors according to Brazilian CNAE classification.

Table 6.2 Industry export coefficients at constant prices (%) selected sectors – base year 2006

Sector	1996	2008	Percentage point change
Leather and footwear	17.6	34.1	16.5
Electronic and communication equipment	1.8	17	15.2
Other transport equipment	30.6	45.3	14.7
Machinery and equipment	14.4	20.4	6
Electrical machinery and apparatus	11.5	17.2	5.7
Total manufacturing industry	9.4	17.5	8.1

Source: Funcex. Sectors according to Brazilian CNAE classification.

The increase in the import penetration coefficient in Brazil between 1996 and 2008 was particularly remarkable in the following sectors: medical, precision and automated instruments, electronic and communication equipment and chemical products. Other sectors such as machinery and equipment, other transport equipment, electrical machinery and apparatus and office, accounting and computing machinery, which already had high import penetration coefficients, also presented growth in this indicator.

In addition to the growth in domestic demand, the increase in the Brazilian industry's export coefficient also seems to have contributed to the growth of the import penetration coefficient. Some of the sectors that experienced a significant increase in their export coefficient experienced simultaneously growth in their import penetration coefficients. For example, the electronic and communication equipment sector increased its export coefficient from 1.8% in 1996 to 17% in 2008. During this period, the import penetration coefficient of the sector increased by 32.7 percentage points – from 15.2% to 47.9%.

Despite Brazil's relatively low degree of openness – 21.3% in 2007, compared to 36.7% of developing countries – the degree of integration of imported products into the domestic production chain has increased significantly in the current decade. This tendency, in conjunction with 'just-in-time' practices – stimulated by the high interest rates in the Brazilian economy – has increased the importance of swiftness in the process of customs clearance and predictability of import operations.

4. Conclusion

The main purpose of this paper was to discuss how the increasing global integration of production process imposes limits to the imposition of widespread protectionist measures. Indeed, after the outbreak of the international economic crisis there was a general concern that there would be an upsurge in protectionism. One year later, we realize that many countries have been adopting protectionist measures, but most of them are sector or product specific. It seems that the scope for widespread import restriction policies has shrunk.

The two cases reported in this paper show that there was no business support in Brazil for Government initiatives aimed at controlling imports or imposing delays on customs clearance for a wide range of products. The growth in the imports penetration coefficient in the last years came together with the increase in domestic production. There is an increased level of complementarity between domestic production and imports in the sectors in Brazil.

The relevant message is that the industrial sector demands predictability and rapidity in the customs clearance operations. There is little scope for discretionary measures that may result in delays in the customs clearance of imported goods that will enter into the production process of industrial goods – many of which are destined for export.

The increased integration of the Brazilian production process to the flows of international trade has reduced the scope for the adoption of discretionary and sweeping import control measures. Although some business lobbies continue to pressure for protection in specific sectors, the high dependency on imported products in many economic sectors has stimulated negative reactions to measures that reduce the transparency and increase the discretion in the administration of external trade in Brazil. This has been accompanied by an increased valorization of the legal mechanisms of the multilateral trade regime.

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Where Have All the Antidumping Cases Gone? The Impact of Trade Laws, Trade Agreements, and Recessions on the Decision to File

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1. Introduction

The outbreak of the financial crisis in 2008, together with recognition that the economy had been in recession since the fourth quarter of 2007, set off alarms among free-traders. Hearing that the downturn is the most widespread and deepest since the Great Depression of the 1930s, many feared that - as surely as night follows day - we could soon expect the dark specter of protectionism. Domestic firms would demand protection from foreign competition, they speculated, and we could see policymakers repeating the same mistakes that deepened the depression and ultimately contributed to the outbreak of the Second World War. But have those fears proven to be prescient or premature?

While there is indeed evidence that many countries have adopted a variety of policy measures that discriminate against foreign providers of goods and services,[1] it is important to put the latest developments in perspective. By comparing the most recent actions with those taken in past periods, including recessions as well as recoveries, we can get a better sense of whether the current crisis has brought an increase in protectionism at either the demand side (i.e., the efforts that firms, unions, and industry associations make to restrict foreign competition) or the supply side (i.e., the willingness of civil servants and elected officials to grant these requests). The antidumping (AD) law offers an especially useful metric for such an exercise, as the cases that are brought under this trade-remedy statute come in packages that are discrete, comparable, and quantifiable.

The paper highlights one important area where the single biggest player in the trading system has thus far shown no inclination to increase its protection above pre-crisis levels. It is true that the United States continues to employ the AD law as a means of imposing penalty duties on imports that are alleged to be dumped (i.e., sold at less than fair value in the U.S. market), and that the use of this law arguably violates the "standstill" pledge that the United States and nineteen of its partners first made at the Group of Twenty (G-20) summit in November, 2008 and have since reiterated and extended.[2] Petitioners in the United States initiated ten new AD cases,

1 See the measures reported by the Global Trade Alert project at *www.globaltradealert.org* (hereinafter cited as the "GTA website").

2 In this November 15, 2008 document the leaders pledged that "within the next 12 months" they would "refrain from raising new barriers to investment or to trade in goods and services, imposing new export restrictions, or implementing World Trade Organization (WTO) inconsistent measures to stimulate exports."

some of which are being conducted in parallel with countervailing duty (i.e., anti-subsidy) cases involving the same products, since the G-20 pledge.[3] It is nevertheless remarkable that the rate at which investigations have been initiated under this law has not risen since the onset of the recession or the outbreak of the financial crisis. Quite to the contrary, the pace in recent years has remained well below the historic average. In the nearly thirty years that elapsed between a major revamping of the AD law (1979) and the start of the current recession, petitioners submitted an average of 10.2 petitions per quarter. In the first seven quarters of this recession (i.e., 2007-IV through 2009-II), however, the rate fell to 4.6. That decline is even sharper if we compare the current rate with previous economic downturns: Firms filed an average of 13.8 petitions per quarter during the four recessions that took place between 1981 and 2001.

What accounts for the fact that the number of AD petitions filed thus far in this recession[4] is less than half what we see in normal times, and only one-third as many as in past recessions? The descriptive statistics that follow offer strong evidence to support the contention that this decline is the result of rational calculations on the part of actual or potential petitioners. The decision to file an AD petition is a gamble in which the petitioners are prepared to wager substantial sums of money (in the form of legal and accounting fees) in the hope of winning an even greater payoff (in the form of restrictions on foreign access to the U.S. market). The evidence shows that these gamblers are more willing to place such a bet when their odds improve, and are more reluctant when the odds turn against them. Those odds tend to favor petitioners whenever recessions break out, and they rise even more when Congress loads the dice by rewriting the AD law. The odds decline, however, when new trade agreements or dispute-settlement cases tilt the table in favor of respondents.

The low number of petitions filed in the past few years is not severely out of line with what we might ordinarily expect. The data reviewed below show that AD activity responds significantly to events that change the odds: it rose with enactment of new trade laws in 1979 and 1984, was tamped down by approval of the Uruguay Round agreements in 1994, then revived after Congress enacted a law in 2000 (the

3 For details on these cases see the following items on the GTA website: *http://www.globaltradealert.org/measure/united-states-preliminary-antidumping-duty-commodity-matches-originating-india, http://www.globaltradealert.org/measure/united-states-america-antidumping-investigation-woven-electric-blankets-imported-china, http://www.globaltradealert.org/measure/united-states-america-antidumping-and-countervailing-duties-investigation-magnesia-carbon-br, http://www.globaltradealert.org/measure/united-states-america-antidumping-and-countervailing-duty-investigation-narrow-woven-ribbons, http://www.globaltradealert.org/measure/united-states-america-antidumping-and-countervailing-duty-investigation-wire-decking-importe, http://www.globaltradealert.org/measure/united-states-america-antidumping-and-countervailing-duty-investigation-steel-grating-import, http://www.globaltradealert.org/measure/united-states-america-countervailing-duty-investigation-ni-resist-piston-inserts-imported-ar, http://www.globaltradealert.org/measure/united-states-america-antidumping-and-countervailing-duty-investigation-oil-country-tubular-, http://www.globaltradealert.org/measure/united-states-america-antidumping-and-countervailing-duty-investigation-prestressed-concrete, http://www.globaltradealert.org/measure/united-states-america-trade-remedy-petitions-against-polyethylene-retail-carrier-bags-indone.*

4 It is assumed throughout this paper that the recession that began in the fourth quarter of 2007 is still underway, but it is possible that a determination will be made at some point in the future that the recession actually ended prior to the time of this writing. If that is the case then some of the calculations that follow will need to be adjusted.

Byrd Amendment) that greatly incentivized new petitions. That activity declined once more when, following a 2002 ruling against the Byrd Amendment by the Dispute Settlement Body of the World Trade Organization (WTO), Congress repealed the law in 2006. We have been living in the post-Byrd Amendment period since the second quarter of 2006, and the demise of that law has had a greater impact on AD filings than either the recession or the financial crisis. Viewed in this context of changing laws and shifting odds, the current rate of petitioning is just about at, or perhaps a tad below, where we might ordinarily expect it to be.

This note concludes with observations on the implications of these trends for U.S. trade policy. At present there are competing and related initiatives that would alter the terms of the AD law: negotiations in Geneva could lead to further disciplines on the use of this instrument, while legislation now pending in Congress could tighten the laws further. The real intent of the pending bills may be to underline the fact that legislators are opposed to trade-remedy reforms, and could vote against any deals coming out of the Doha Round of WTO negotiations that undermine the AD law. If Geneva acts on the signals now being sent from Washington, the net result may be little change in the status quo. If so, we might expect to see approximately the same magnitude of AD cases in the foreseeable future as we have experienced in the recent past.

2. Background on the Antidumping Law and its Use

"Dumping" is an unfair trade practice by which goods are sold at less than fair value (LTFV),[5] which (with certain variations) can be defined as sales in the import market at prices that are below the cost of production, below the price at which the good is sold in the exporting country, or below the price in third-country markets. There are three different decision-makers under U.S. AD law: the process begins when a firm or group of firms files a petition,[6] after which the International Trade Administration (ITA) of the Department of Commerce is responsible for determining whether and to what extent the product is indeed sold at LTFV, and the U.S. International Trade Commission (USITC) rules whether the imports cause or threaten to cause material injury to the U.S. industry. Both the ITA and the USITC investigations are conducted in a two-stage process, with preliminary and final determinations in each agency.[7] rovided that the ITA finds a final dumping level that is above a *de minimis* level, and the USITC reaches a final affirmative injury determination, a dumping duty will be imposed on imports of the merchandise in question. That duty will be equal to the dumping margin found by the ITA, and will typically be set at specific levels for individual companies in the exporting countries.

5 LTFV is the terminology used in U.S. law, but less than normal value is the terminology used in Article VI of the General Agreement on Tariffs and Trade and the World Trade Organization's Agreement on the Implementation of GATT Article VI.

6 The law also allows for the "self-initiation" of cases by the Department of Commerce, but this authority is very rarely exercised.

7 The actual sequence is (1) the USITC's preliminary injury determination, (2) the ITA's preliminary dumping determination, (3) the ITA's final dumping determination, and (4) the USITC's final injury determination. A case will end if there are negative determinations reached in stages (1), (3), or (4).

Although the original intent of the AD law was to combat an unfair trade practice, and hence to ensure a "level playing field" in which domestic firms were protected from the predatory practices of their foreign competitors, it has evolved into a significant and discriminatory instrument of protection. Pursuing an AD case can cost hundreds of thousands or, perhaps more typically, millions of dollars for both the petitioner and the respondent. That fact means that a rational firm will file a petition only if it calculates that its probable gains (in the form of a more closed market) exceed the more or less known expenses, but also allows that firm to force on its rivals a substantial increase in the cost of doing business in the U.S. market. Sometimes even the threat of bringing a case can serve to discourage the competitor from contesting the market, out of concern over the costs and uncertainties that a case would bring. And as is discussed in the next section, the terms of the AD law changed in the 1970s and 1980s in ways that favored petitioners more than respondents.

The data in Figures 7.1 and 7.2[8] summarize the main trends in the filing of petitions from the enactment of the Trade Agreements Act of 1979 (which made sweeping revisions in the law) through the first half of 2009. Figure 1 shows the rising and falling patterns for both the total number of petitions and the number of distinct products covered by these petitions. The first number is higher than the latter because it is a common (but not universal) practice for a petitioner to file multiple petitions covering two or more suppliers of the same product. Multiple petitions are incentivized by the general practice of "cumulation" in the USITC's injury tests, whereby the imports from all sources that are subject to investigation will be combined when the commission determines whether these imports are a cause of material injury. To illustrate the distinction, in April, 2002 there were fourteen petitions filed against imports of oil country tubular goods (a steel product), and four petitions filed against imports of urea ammonium nitrate solution. Those various filings can be counted either as eighteen petitions or as two products. Over the course of the past thirty years there have been an average of 2.2 petitions filed (i.e., countries covered) per product.

The data in Figure 7.2 highlight one important point: The U.S. steel industry has long been the principal user of the AD law, being responsible for just under half (48.5 percent) of all petitions filed from 1979 through August, 2009. It is one of the ironies of AD law that the very first statute to deal with dumping was a Canadian law enacted in 1904, the principal target of which was the U.S. steel industry.[9] Since then, the Canadian-inspired U.S. law has been used frequently to harass steel producers in Canada, as well as in Europe, Asia, and Latin America. The U.S. steel industry has also proven adept at using the AD option in a strategic manner, sometimes flooding the Department of Commerce with more petitions than it can handle. This approach, which it took during a few episodes in the 1980s, was aimed at pressuring Washington into negotiating "voluntary export restraints" (VERs) with foreign governments. Both the Reagan administration (in 1984) and the first Bush administration (in 1989) caved in to these pressures and agreed to negotiate VERs - more properly called quota agreements - with most major steel-exporting countries.

8 Except where otherwise noted, the source for all of the data discussed in this paper on the number of petitions, both in the figures and the text, is Chad P. Bown, "Global Antidumping Database" [Version 5.0, July 2009], available at *www.brandeis.edu/~cbown/global_ad/,* as supplemented by data on the most recent petitions filed at the U.S. International Trade Commission's *http://info.usitc.gov/sec/dockets.nsf.*

9 See Alan V. Deardorff and Robert M. Stern, "A Centennial of Anti-dumping Legislation and Implementation: Introduction and Overview" *The World Economy* Vol. 28 No. 5 (2005).

3. Explaining the Decline in U.S. Petitions

At first glance, the data illustrated in Figures 7.1 and 7.2 seem to suggest an almost random occurrence of AD cases. Whether one looks at petitions or products, or focuses on steel or non-steel cases, the numbers seem to rise and fall sharply. But is the distribution truly random? Or are there any patterns we can discern when examining the numbers more closely?

Figure 7.1 Antidumping Petitions Filed in the United States, 1980-2009

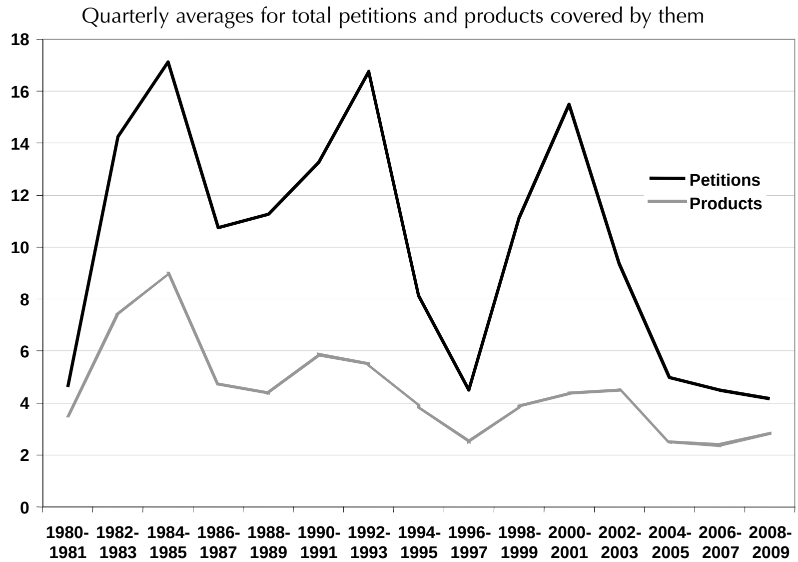


Figure 7.2 Steel and Non-Steel Antidumping Petitions Filed in the United States, 1980-2009

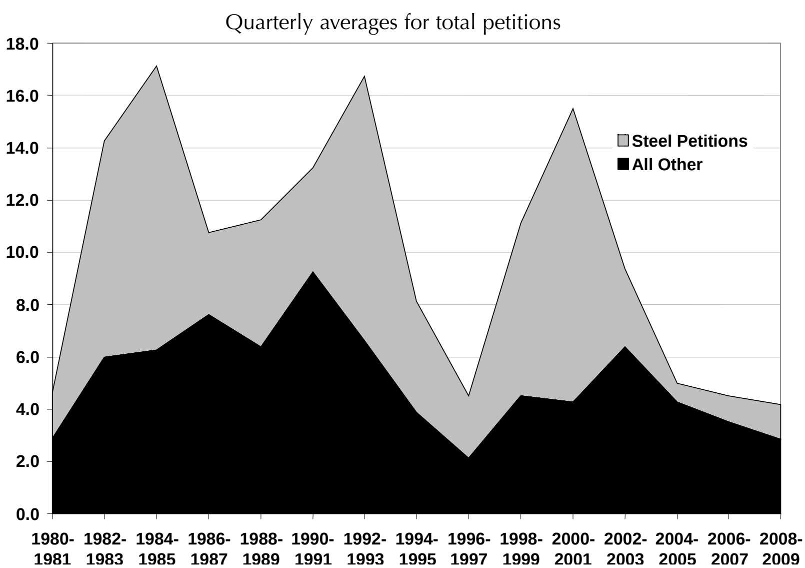


Table 7.1 Periods in U.S. antidumping practice, 1979-2009

Period	Significance	Recovery phases	Recessionary phases
Prior to Trade & Tariff Act of 1984	The amendments made by the Trade Agreements Act of 1979 favored petitioners, but still further incentives came with enactment of the 1984 law	1979-III to 1979-IV, 1980-IV to 1981-II, 1983-I to 1984-III	1980-I to 1980-III, 1981-III to 1982-IV
Trade & Tariff Act of 1984	The law made several amendments to the AD statute that were more favorable to petitioners than to respondents	1984-IV to 1990-II, 1991-I to 1994-IV	1990-III to 1990-IV
Post-Uruguay Round	The Uruguay Round agreements outlawed voluntary export restraints (making AD cases less attractive to the steel industry) and made it easier for the governments of respondents to bring challenges in the WTO's dispute-settlement system	1995-I to 2000-III	[No recession during this period]
Byrd Amendment	The law incentivized petitions by directing that the revenue collected under AD orders be distributed to the petitioners	2000-IV, 2002-1 to 2006-I	2001-I to 2001-IV
Post-Byrd Amendment	The repeal of the Byrd Amendment eliminated one of the incentives to file	2006-II to 2007-III	2007-IV to 2009-II

The seemingly chaotic data in Figures 7.1 and 7.2 make more sense if we switch from a simple calendar to a periodization that takes into account two phenomena that are important to petitioners. First, it is reasonable to assume that petitioners will feel more confident about making a major investment of their limited resources (time, legal and accounting fees, and political capital) whenever the AD law has been altered in their favor, and conversely will be more reluctant to do so whenever the law has moved in the opposite direction. More specifically, they will feel a greater incentive to file after Congress has enacted new laws that favor petitioners, as was the case in 1979 (where our baseline begins), 1984, and 2000. Contrariwise, their incentives will diminish whenever, as a consequence of trade negotiations or dispute-settlement cases, Congress makes the AD law less user-friendly. That happened first with the approval of the Uruguay Round Agreements Act of 1994 (which increased the likelihood that AD orders and rules would be challenged in the WTO's dispute-settlement system) and the repeal of the Byrd Amendment in 2006 (which resulted from just such a challenge).

Second, we may further assume that AD petitions will be more attractive to firms when the economy is in recession. There are two reasons for this. One is that we should expect *ceteris paribus* that there will be more firms in distress during a recession, and hence more potential petitioners looking for relief. Another is that it may be easier for a firm to demonstrate its distress when the economy hits hard times, and thus pass the "injury test" applied by the USITC.

Table 7.1 lays out five major periods, as well as nine phases within these periods, based on these changes in law and economic fortunes. The periods range from the one prior to enactment of the Trade and Tariff Act of 1984 to the post-Byrd Amendment period, with four of the five periods being further divided into their recessionary and recovery phases. These phases are based on series of quarters, with a quarter considered to be recessionary if the U.S. economy was in recession for any month during that quarter. The only one that cannot be so divided is the post-Uruguay Round (and pre-Byrd Amendment) period, nearly six successive years in which the economy was never in recession.

Before examining the AD activity in each of these periods and phases it is useful to describe in somewhat greater detail the changes that have taken place in U.S. law over the past thirty years. The principal U.S. AD statute is in fact a part of the infamous Hawley-Smoot Tariff Act of 1930, which has been extensively amended in numerous laws enacted since the Great Depression. AD cases became an especially prominent part of the U.S. trade regime after enactment of the Trade Agreements Act of 1979.[10] Although the main purpose of the 1979 law was to approve the terms of the agreements reached in the Tokyo Round of GATT negotiations, the legislation also amended the AD law in ways that significantly aided petitioners. The law (together with its associated regulations and executive orders) set stricter deadlines for the conduct of cases, reset some of the rules, and transferred authority for the conduct of antidumping investigations from the Treasury Department to the Department of Commerce, an agency that was presumed to be more inclined to favor the interests of petitioners in the manufacturing community. Some wit in the trade community dubbed this law the Trade Lawyers Full Employment Act of 1979, and the numbers tend to bear out that title: While there were some 1018 AD cases initiated during the period of 1921 to 1978 (i.e., an average of 17.9 per year),[11] the rate more than doubled with the 1220 petitions filed during 1979 to mid-2009 (i.e., an average of 40.0 per year).

Other laws that favored petitioners include the Trade and Tariff Act of 1984[12] and the Byrd Amendment.[13] The 1984 law aided petitioners by making several amendments affecting the operation of the AD law. As for the Byrd Amendment, also known as the Continued Dumping and Subsidy Offset Act of 2000, this law provided that any funds collected under AD orders would be distributed to the U.S. companies that filed the complaints. In effect, it transformed the trade-remedy laws from a system based on fines to one that offered payment for damages to the injured parties.

The law has also been disciplined by the rules of the multilateral trading system. AD laws were permitted under the rules of the General Agreement on Tariffs and Trade (GATT), which was in effect from 1947, and now by the successor World Trade Organization (WTO), which has been in place since 1995. Both the GATT and WTO rules set broad parameters on AD laws, but individual countries may decide whether they will have such laws and, if so, countries are free (within limits) to decide how they will be structured and executed. The conclusion of the Uruguay Round of GATT negotiations (1986-1994), followed by approval of the Uruguay Round Agreements Act of 1994,[14] increased the likelihood that AD cases in the United States would be challenged. By comparison with the old GATT system, under which countries had

10 Public Law 96-39, signed into law by President Carter on July 26, 1979.

11 As listed by the U.S. Department of Commerce at *http://ia.ita.doc.gov/stats/pre80ad.txt*.

12 Public Law 98-573, signed into law by President Reagan on October 30, 1984. For further details on the AD provisions of this law see Stephen Lande and Craig VanGrasstek, *The Trade and Tariff Act of 1984: Trade Policy in the Reagan Administration* (Lexington, Massachusetts: Lexington Books, 1986).
Note also that the Omnibus Trade and Competitiveness Act of 1988 (Public Law 100-418), which President Reagan signed into law on August 23, 1988, made less consequential changes in the trade-remedy laws. Its principal focus was instead on the "reciprocity" laws (i.e., statutes that threatened retaliation against countries that were found to violate U.S. trade rights).

13 The Byrd Amendment was section 319 of Public Law 101-121, signed into law by President Clinton on October 28, 2000.

14Public Law 103-465, signed into law by President Clinton on December 8, 1994.

many opportunities to block dispute-settlement panels, the new Dispute Settlement Understanding had real teeth. This could suppress AD activity both by adding a new layer of adjudication (thus making outcomes more expensive and less certain) and by reaching decisions against specific U.S. laws. That was most notably the case for the Byrd Amendment. The WTO dispute-settlement panel ruled against this provision in September, 2002, but Congress did not repeal the amendment until February, 2006 (and even then the Byrd Amendment remained in effect October 1, 2007). That panel ruling, as well as another one in April, 2004 against the U.S. practice of "zeroing," nevertheless demonstrated that congressional tinkering with the AD law was subject to review by the WTO.

How have these changes in law and the economy been reflected in AD activity? Figures 7.3 and 7.4 provide strong evidence in support of the contention that prospective petitioners do respond to changes in the law, and somewhat weaker evidence that their petitions peak during recessionary phases. As can be seen in Figure 7.3, the rate of petitioning rose significantly after the two events that either revised the odds in favor of petitioners (i.e., enactment of the 1984 law) or created a new incentive to file (i.e., enactment of the Byrd Amendment), and that the rate fell just as significantly after the two events that made the AD option less attractive (i.e., adoption of the Uruguay Round agreements and repeal of the Byrd Amendment). Moreover, for three of the four periods in which there were distinct economic phases we see higher rates of filing during the recessionary phases as compared with the recovery phases. The only period in which the rate of petitioning did not rise significantly in the recessionary phase is the current, post-Byrd Amendment period.

The results are generally similar in Figure 7.4, which is based not on the total number of petitions but on the number of products covered by them. Sliced this way, the data show no significant difference between the AD activity in the recessionary and recovery phases of the first two periods, nor does the level of activity increase much with enactment of the 1984 law. Another difference is that by this metric we do see, as expected, a relative increase in AD activity during the recessionary *versus* the recovery phases of the post-Byrd Amendment period. That difference is, however, rather slight.

Taken as a whole, the data show strong evidence that prospective petitioners responded as we would predict to each of the shifts in AD law (although the evidence is weaker for one of those shifts than it is for the others). These findings are consistent with those of Lee and Mah, who found in a 2003 study *inter alia* that the launch of the WTO system and the establishment of the Dispute Settlement Mechanism decreased the probability of affirmative injury decisions in AD investigations.[15] The evidence presented here is somewhat weaker on the question of whether AD activity rises in a recession, but does tend to support the association.

We still need to account for the fact that the amount of AD activity during the current recession is not significantly higher than it was during the recovery phase of this post-Byrd period. There have been a few more products covered by the petitions in the recession than in the recovery (Figure 7.4), but the number of petitions seems unaffected (Figure 7.3). That anomaly is not large. We saw in the first, second, and

15 Kyung-ho Lee and Jai S. Mah, "Institutional Changes and Antidumping Decisions in the United States" *Journal of Policy Modeling* Volume 25 Issues 6-7 (September, 2003)

Figure 7.3 Antidumping petitions filed in the United States by policy period, 1979-2009

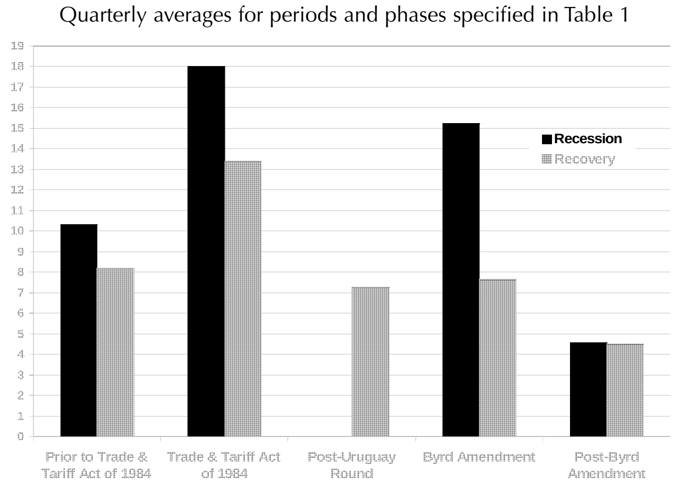
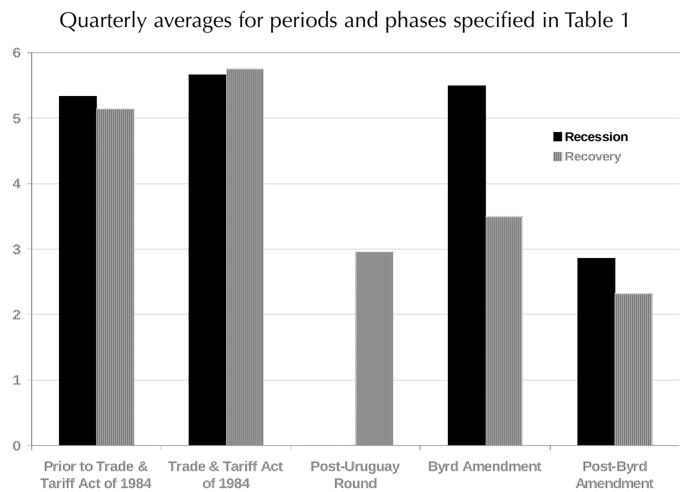


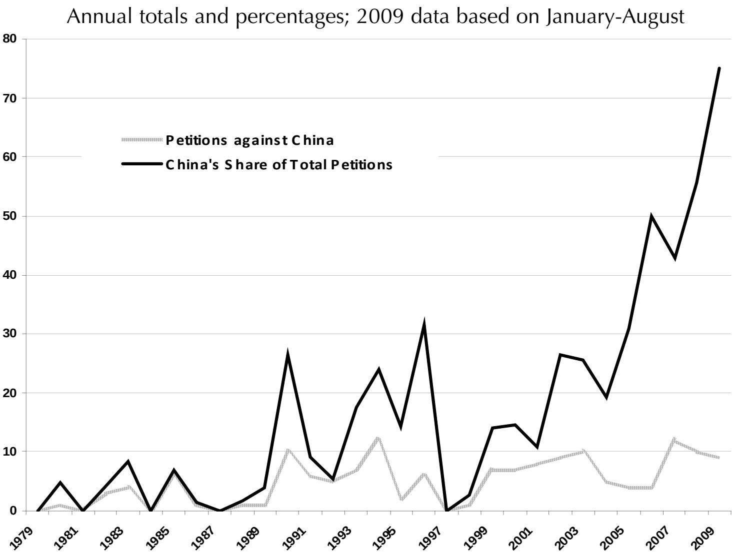
Figure 7.4 Products covered by antidumping petitions filed in the United States by policy period, 1979-2009



fourth periods shown in Figure 3 that the number of petitions filed during the recessionary phases of a period are, on average, 1.53 times larger than the number of petitions filed during the recovery phases of the same period. That would suggest that we should see about 6.8 petitions per quarter in the current recession, based on the 4.5 filed during the recovery phase. The actual number of 4.6 is thus below the expected level, but by less than one petition per month. It is nevertheless worth asking, what can explain that anomaly?

Apart from the simple point that we should not always expect any numbers on human activity to be arithmetically precise, there are two hypotheses that we might advance. One is that this is a transitory issue, as there may exist a large number of cases that will be filed soon. That might be the case if there are some prospective petitioners who are waiting for there to be sufficient evidence of the material injury suf-

Figure 7.5 Antidumping petitions filed in the United States against China, 1979-2009



fered by their industries. It generally takes two quarters of "red ink" to convince the USITC that a domestic industry is in fact suffering injury. Considering the fact that (as of this writing) the recession has been underway for seven quarters and the financial crisis broke a year ago, however, one would expect that those petitions would have been filed by now. So while this explanation could prove to be persuasive, should a new batch of petitions show up soon, time seems to argue against it.

Some experienced U.S. trade lawyers suggest that the current downturn has been so severe that many firms that might otherwise resort to these laws have been forced to economize. This speculation is based on the fact that in many corporations a directive came down to the legal departments when the financial crisis broke out in late 2008: do not undertake any new initiatives that will cost money. Potential AD filings may thus have been jettisoned at the same time as corporate travel budgets were reduced and year-end bonuses got slashed. By this account, the current economic downturn is not only quantitatively worse than all other recessions in living memory, but is qualitatively different both in its character (i.e., a bona fide crisis) and in its consequences.

One further trend is worth highlighting: The share of AD filings brought against China has risen sharply in recent years. As can be seen in Figure 7.5, that rise has been especially sharp in this decade, with China's share of total AD petitions increasing from 14.6 percent in 2000 to 75.0 percent in the first eight months of 2009. This trend can be seen as a corollary to the observations made above, as there are solid reasons why - apart from the sheer volume of the competition from this giant - China is such an attractive target under the AD laws. Because China is subject to the special methodology employed in the case of non-market economies, in which price comparisons are made not against the exporting country but instead against a market-ori-

16 Like China, Vietnam is treated as a non-market economy in U.S. AD investigations. The first AD petition filed against imports from Vietnam came in 2002, and three more were filed between that time and August, 2009.

ented "surrogate" country (typically India), it is much easier for petitioners to show high rates of dumping. So while AD activity against China may have been dampened somewhat by that country's accession to the WTO in 2001 (thus allowing China to challenge U.S. AD actions in the Dispute Settlement Body), as well as the end of the Byrd Amendment, it remains more attractive for petitioners to bring cases against China than any other country (apart from Vietnam).[16] That at least will be the case until China is determined by the ITA to be a market economy, which (under the terms of China's WTO-accession agreement) must be done no later than 2016. It is reasonable to anticipate that the level of AD activity will decline even more after that decision takes effect, and China is treated by the same rules as other trading partners.

4. Implications for Future U.S. Law and Policy

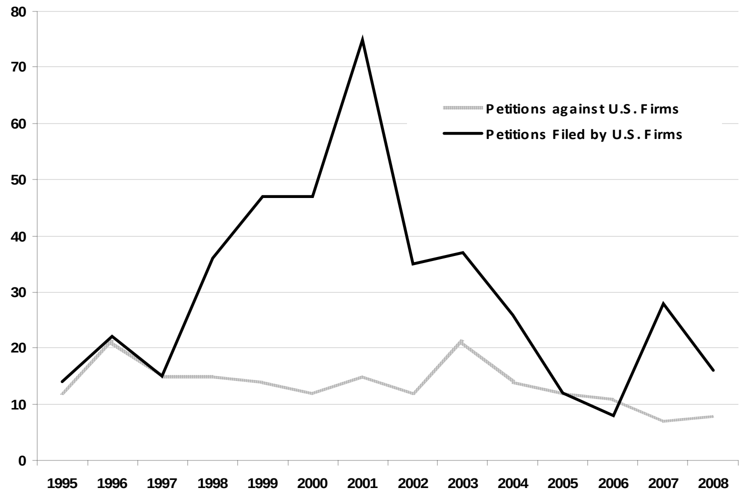
What might we conclude about the effects of the current economic crisis on the demand for import protection in the United States? The data suggest that recessions may have less of an impact on the decision to file AD petitions than do changes in the underlying law. Sometimes economic conditions and legal changes come together, as was the case when the Byrd Amendment and the recession of 2001 were coeval; in that instance the twin influences produced a sharp spike in filings. But unless we accept the argument that this recession is different not just in degree but in kind, and has gone so deep as to freeze the activities of the legal affairs departments of prospective petitioners, it would appear that the economic times we are in may be less significant than the legal times (i.e., the post-Byrd Amendment period).

And what can we say about the likely levels of AD activity in the future? These observations imply that we can expect to see a revival in activity if there are new changes in the law that favor petitioners, and a further suppression of activity if new WTO agreements or disputes tilt against the prospective petitioners. This naturally leads to the question, *has the time come for the United States to revise its long-standing opposition to reform of the trade-remedy laws?*

The arguments in favor of that position grow when one considers, as is shown in Figure 7.6, that we have now reached a point where the United States is in some years more a target than a user of AD law. One of the more notable trends since the end of the Uruguay Round has been a shift in the global patterns of AD activity. That round imposed stricter discipline on the ability of developing countries to impose restrictions on imports for balance-of-payments reasons, but many of these countries fell back on AD laws as the instrument of choice for dealing with import competition. Whereas it used to be the case that the AD law was used almost exclusively by the industrialized countries, and often against imports from developing countries, the laws have increasingly come to be used by the developing countries against both industrialized and developing countries.

To the extent that some U.S. industries are just as likely to be the targets as the users of these laws, might they now be prepared to support negotiated or legislated restrictions on the use of these instruments? For reasons discussed below, the answer to that question appears to be negative. Despite the fact that AD activity has declined in practice, there is no sign yet that the United States is prepared to see reforms in principle.

Figure 7.6 Antidumping investigations initiated by and against the United States, 1995-2008



Source: Calculated from WTO data at *http://www.wto.org/english/tratop_e/adp_e/ad_init_exp_country_e.xls* and *http://www.wto.org/english/tratop_e/adp_e/ad_init_rep_member_e.xls* (accessed September 3, 2009).

Quite to the contrary, the only pending legislative proposals to deal with these laws would require that the laws be retained or even strengthened.[17] And as long as congressional sentiment remains in support of the trade-remedy laws, negotiators in the executive branch will be loath to support any concessions in trade agreements. This opposition can be traced in large part to the opposition of the steel industry, which enjoys the advantages of being large, at least somewhat geographically diverse, and politically savvy. Provided that the chief users of the AD law remain adamant and vigilant, and the potential leaders of a trade-remedy reform movement remain small, scattered, and unorganized, there is little reason to expect a shift in the views of lawmakers or negotiators.

Trading partners of the United States have long sought to use trade negotiations as a means of winning either reforms in or exemptions from the trade-remedy laws, but

17 The Trade Enforcement Act (H.R.496), sponsored by Ways and Means Committee Chairman Charles Rangel (Democrat-New York) and Trade Subcommittee Chairman Sander Levin (Democrat-Michigan), covers a wide range of issues in trade policy. Title II would make several changes to U.S. trade-remedy laws, such as codifying the application of CVD laws to non-market economies such as China, while also calling upon U.S. negotiators in the WTO to promote deals that would reverse some recent Dispute Settlement Body rulings against the U.S. trade-remedy laws (e.g., on "zeroing"). See *http://www.globaltradealert.org/measure/united-states-america-trade-enforcement-act*. Similarly, the "Trade Reform, Accountability, Development and Employment (TRADE) Act" (H.R.3012) takes an even stronger position. Sponsored by Representative Michael Michaud (Democrat-Maine) and a large number of co-sponsors, the bill would mandate reviews of all international trade agreements currently in force, establish new standards and requirements for future trade agreements, require new labor standards, and impose higher congressional oversight authority for any trade agreements. The bill also mandates that all future trade agreements incorporate specific exceptions with respect to trade-remedy laws, among many other topics. See *http://www.globaltradealert.org/measure/united-states-america-trade-reform-accountability-development-and-employment-trade-act.*

thus far these efforts have been futile. That was certainly the case in the Kennedy Round of multilateral trade negotiations (1962-1967), one product of which was an Antidumping Code. The U.S. Congress did not interfere with President Johnson's implementation of the tariff reductions that were agreed to in those negotiations, but refused his request for approval of the Antidumping Code. At least two of the countries that have negotiated free trade agreements with the United States hoped that they could obtain exemptions from the trade-remedy laws through these agreements, but the U.S. negotiators firmly opposed both Canada and Chile when negotiating their respective FTAs in 1987-1988 and in 2001-2003.

The Doha Round is no exception to this general pattern of opposition. In the grant of trade promotion authority (TPA) that Congress made to President Bush in 2002 it specified that any concessions that the United States might be prepared to make on the trade-remedy laws would be subject to special notification procedures, and strongly implied that Congress would be prepared either to break the TPA's "no amendment" rule, or even to reject the agreements altogether, if the executive were to negotiate commitments that run contrary to the will of the legislature. That specific grant of authority expired in 2002, but the principle remains in place. It is generally expected that Congress will need to make a renewed grant of negotiating authority to the president before the Doha Round can enter its final stages, and there is every reason to expect that a new grant of authority ? if and when it is made ? will be at least equally insistent that the trade-remedy laws remain untouched.

This brings us back full-circle to the considerations with which this analysis began. The data reviewed here imply that the United States is not leading the way into a repeat of the historic blunders of the Great Depression: there is no evidence to suggest a sharp increase on the demand side for protection from imports, at least not in the form of AD duties. When we look on the supply side, however, and especially at the legislative branch, there are no signs of U.S. leadership in the opposite direction. Lawmakers insist that the status quo be preserved for AD and other trade-remedy laws, and have sternly warned the U.S. negotiators not to make any commitments that require substantial changes in the operation of these protective instruments. If we assume that the negotiators act on this direction, and strike no deals requiring major reforms, we may reasonably forecast that the magnitude of AD activity in the future may continue to be at approximately the same level as we have seen in the recent past. By comparison to where it was during the periods following enactment of the AD amendments in 1979, 1984, and 2000, however, that represents real progress.

The Global Economic Crisis, Funding Public Services in Africa, and Concessions in the Mining Sector: The Case of Zambia

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1. Introduction

Most African economies rely on revenues from the export of natural resources to manage their economies. These revenues typically account for 70% or more of the government outlays[1] and so fund public services essential for maintaining and enhancing the quality of life in one of world's most poverty-stricken regions. The links between resource development and public services mean that the global economic crisis has affected Sub-Saharan African countries in ways not experienced by other countries. Put another way, Sub-Saharan countries didn't need to have banks speculating in fancy securitized assets in New York and London to be harmed by in the global economic downturn; falling export revenues pose a serious challenge to African governments.

Zambia is no exception and is blessed with abundant mineral resources such as copper, cobalt and gem-quality emerald. To develop the mining sector, the government privatized the sector in the early part of this decade and employed tax concessions in development agreements to increase investments, revenue and associated externalities in the sector. These agreements permitted mining companies to carry forward losses for between 15 and 20 years on a 'first-in, first-out' basis, taxed royalties at 0.6 per cent of gross revenue instead of 3 percent as stipulated by the Mines and Minerals Act, and provided a period (as long as 20 years) in which government would not amend the tax regime.[2]

These concessions influence the total amount of revenue earned by government to provide basic public services to the people and the poor in particular.[3] Successive governments have been criticized over the amount of revenue received from mineral production, after granting what some observers considered to be extremely generous incentives. In 2005, Zambia earned US$75million in revenue from copper mining but this represented less than 5 per cent of the value of copper mining and cobalt exports.[4] Also, between 2003 and 2006, mining companies earned about US$652million in profits but paid only $71million as taxes.[5]

1 Arbache (2009)
2 Lungu (2009)
3 According to the MDG Progress Report 2008, 51% of Zambia's population lived in extreme poverty as at 2006.
4 World Investment Report 2007, pg. 137
5 Simutanyi (2008)

Consequently, in April 2008, the government decided to reverse a number of tax concessions, though this was deemed as anti-competitive by some stakeholders in the industry. The reversals were expected to contribute an additional US$415 million to government revenue.[6] Nonetheless, the impact of the global financial crisis on the mining industry in the latter part of 2008 deemed it necessary for the government to again revise the tax regime in 2009. The crisis demonstrated the need for African governments to better manage the liberalization of their economies to take into consideration both global boom and bust periods.

The purpose of this paper is to investigate whether the tax revisions in 2008 achieved their intended objective and whether the reversals in 2009 were prudent, so shedding light on how Zambia might better manage a key feature of its openness to the world economy.

2. Trends in Zambia's mining industry

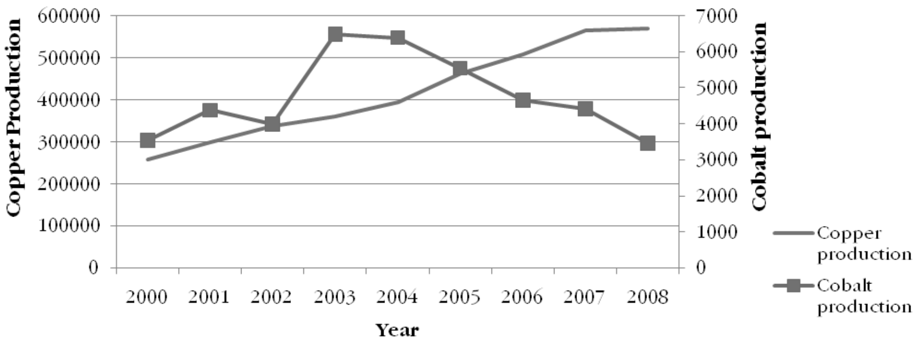
The mining sector is an integral part of the Zambian economy, employing about 50,000 workers (9 per cent of the labour force)[7], contributing about 71 per cent of total export earnings from 2001 to 2007[8] and between 6.2 percent and 11.8 percent in GDP growth from 2000 - 2005.[9] With a booming world economy and rising commodity prices, the Zambian economy grew strongly with a GDP growth rate of between 5 per cent and 6 per cent from 2002 to 2008, supported largely by the mining sector.[10] Privatization of the mining industry and worldwide increases in prices of minerals in 2006 also increased FDI inflows[11] and copper mining production (see figure 1). FDI inflows increased by 17 per cent from US$122million in 2000 to US$380million in 2005 and by 95 percent from 2005 (US$380million) to US$ 811.7million in 2007.[12] In 2007, FDI in the mining sector represented about 82 per cent (US$671million) of total FDI inflow of US$811.7million.[13] Export earnings have been favourable (see figure 2) because of high metal prices even in years when production levels decreased or fell below target.

Copper prices have increased by over 250 per cent from 2000-2007 (see figure 3) and continued to rise until the latter part of 2008. With more than a 60 per cent fall in copper prices in the second half of 2008, mining production suffered cutbacks and scaling back or suspension of expansion projects.[14] For example, the Luanshya Copper Mine suspended the construction of its US$354million Mulyashi mine while it reexamined its viability and the Luanshya Copper Mine shut down.[15] Copper production was estimated to reach 800,000 tonnes in 2008 and 1,000,000 tonnes by 2010[16] but

6 Zambia Budget Speech 2008
7 Musokotwane (2009)
8 Earnings from copper and cobalt accounted for the 71%.
9 Simutanyi (2008)
10 WTO Trade Policy Review Report by Zambia (2009); WTO Trade Policy Report by the Secretariat on Zambia (2009)
11 Zambia Investment Policy Review (2006)
12 Zambia Economic Reports, 2003 to 2007
13 Zambia Economic Report (2007)
14 WTO Trade Policy Report by the Secretariat on Zambia (2009)
15 Lusaka Times (2008)
16 IRIN (2009)

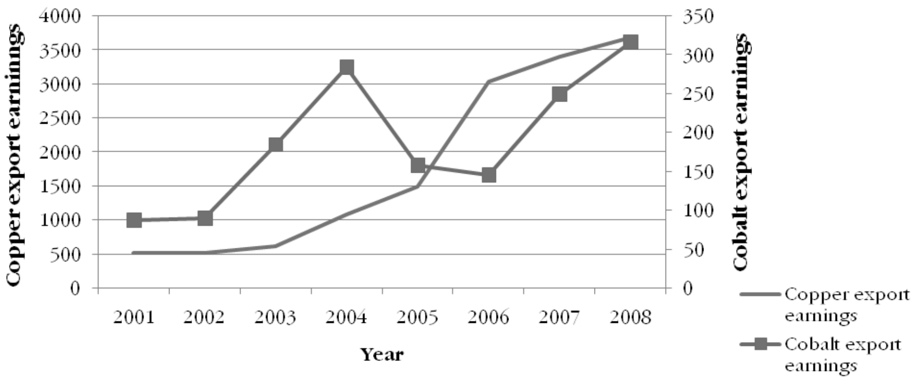
further declines in exports are expected in 2009 because increases in copper production will not be enough to offset the decreases in copper prices.[17] The industry is expected to recover in 2010.

Figure 8.1 Copper and cobalt production in metric tonnes (2000 – 2008)



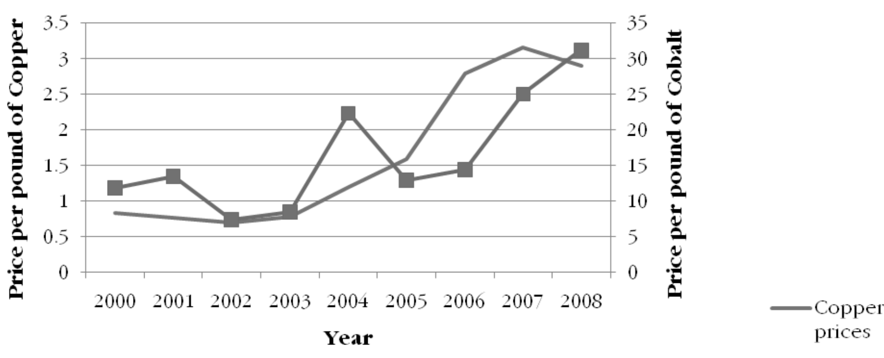
Source: Zambia Economic Reports, 2003 - 2008

Figure 8.2 Copper and cobalt export earnings in US$millions (2001 – 2008)



Source: Bank of Zambia Annual Reports 2007, 2008; Zambia Economic Reports 2003 - 2007

Figure 8.3 Price per pound of copper and cobalt in US$ (2000 – 2008)



Source: Bank of Zambia Annual Reports 2007, 2008; Zambia Economic Reports 2003 - 2007

17 African Economic Outlook 2009 (Production from the Lumwana Copper mine is expected to exceed reductions in output from older mines. Two new copper smelters are also to start processing copper ore)

3.The fiscal regime relating to the Zambian mining sector

The sector is regulated by the Mines and Mineral Development Act of 2008 following the repeal of the Mines and Mineral Act of 1995. The changes to the tax regime in April 2008 included:

- An increase in the corporate income tax rate from 25 per cent to 30 per cent.
- Introduction of a variable profit tax of 15 per cent which is above 8 per cent of the gross income
- A windfall tax was introduced of 25 per cent when copper prices are $2.50 per pound but below $3.00 per pound, 50 per cent for the next 50 cents increase in price, and 75 per cent above $3.50 per pound.
- A withholding tax of 15 per cent.
- An increase in royalty tax from 0.6 per cent to 3 per cent and a reduction in the capital allowance rate reduced from 100 per cent annually to 25 per cent annually.

However, due to the present unfavourable world economy, the Zambian government proposed a number of fiscal concessions in the 2009 budget in an effort to save the industry from collapse. The concessions included:

- The removal of the windfall tax introduced in 2008
- 100 per cent capital allowance on machinery and equipment
- The treatment of hedging income as part of mining income.

These are in addition to the exemption from customs and excise duties and any other duty or import levied under the Customs and Excise Act, in respect of all machinery and equipment required for investing or prospecting in mining.

The windfall tax was imposed with the objective of increasing revenue accruing to the government from the mining sector. The tax effectively increased mining taxes from an average of 31.7 per cent to 47 per cent[18] and generated debate for and against its imposition. Some companies threatened to take legal action against the government while other stakeholders commended the government for the effort to increase mining revenue. The mining companies commented that profits should be reinvested to promote innovation and the tax would result in a preference for lower profits.[19] Yet, while favourable metal prices from 2003 up to the latter part of 2008 had resulted in high levels of profits for the mining companies - for instance, profits of Zambia's largest copper mine, Konkola Copper Mines, increased from US$52.7million in 2005 to $206.3million in 2006[20], while another mining company, First Quantum, increased its net earnings from US$4.6million in 2003 to US$152.8million in 2005[21] - mining companies are criticized for not reinvesting enough profits in innovation and into mining communities.[22]

18 Shacinda (2008b)
19 Economics Association of Zambia (2009)
20 Economics Association of Zambia (2009); Simutanyi (2008)
21 Mwitma and Kabemba (2007)
22 Simutanyi (2008)

4.Did the change in fiscal regime in 2008 achieve the desired results?

Essentially, the tax revision in 2008 did not yield the expected benefits. Only one-third of the estimated US$415million from the new mining tax regime was collected as revenue[23] because mining companies resisted payment of the tax and also claimed to have encountered high production costs.[24] As at September 2008, only 2 mining companies had paid the windfall tax for the quarter ending June 2008.[25] At the end of 2008, only 3 mining companies (out of about 14) paid the windfall tax while two companies paid company tax.[26] A number of reasons can be advanced for the government's inability to achieve much revenue from its tax increases. Difficulties with administration of the new fiscal regime were partly to blame for the revenue shortfall of 65 per cent in mining tax collection.[27] Also, lower metal prices played havoc with revenue generation. In 2008, all mining companies paid royalties but revenue from mineral royalties declined by 7.1 per cent as a result of low metal prices.[28] Thus, the government did not achieve its aim of increasing revenue from the sector because of non-compliance by the mining companies and administrative challenges. The Bank of Zambia Quarterly Media briefings reported rising copper and cobalt earnings due to rising metal prices, for the first and second quarters of 2009, but estimates on mining revenue collected is unavailable.

On the other hand, FDI inflows into the sector continued in spite of the tax increases, with about US$2 billion in investment pledges in the third quarter of 2008.[29] The continued inflow shows that investment was not drastically affected by the windfall tax and might confirm the evidence from studies that fiscal incentives are not the major determining factor of FDI, but also other factors such as infrastructure, labour skills and political stability. Also, even though investment has slowed down in 2009, there is some investment activity in the sector. The government and the Zhonghui Mining Group signed a US$3.6 billion exploration deal (over the next five years) in July, while the China Nonferrous Metal Mining Company has acquired and re-opened the Luanshya Copper Mine at an estimated US$50million.[30]

Table 8.1 Targeted Additional Mining Revenue and Collections (billions of Kwacha[31])

	Target Revenue in 2008	Collection[32] in 2008	Variance	Percentage of Variance
Additional Mining Revenue	917.4	319.5	(597.9)	(65.2)
Company tax	300.5	22.2	(278.3)	(93.6)
Windfall tax	502.1	126.1	(376.0)	(75.9)
Mineral Royalty	114.8	171.2	56.4	49.1

Source: Ministry of Finance and Economic Planning, cited in Zambia Economic Report 2008.

23 African Economic Outlook (2009)
24 Zambian Economist, 10 September 2008
25 Lungu (2009)
26 Zambia Economic Report (2008)
27 In the 2009 budget K319.5billion was collected in revenue compared with an estimated K917.3 billion representing a 65% under collection rate.
28 Zambia Economic Report (2008)
29 Bank of Zambia Quarterly Media Briefing, November 2008
30 Lusaka Times (2009); Ngandwe(2009)
31 Kwacha is the national currency of Zambia
32 Preliminary figures

5. Likely impact of new fiscal measures

Following the enforcement of the 2008 mining tax regime and the global financial crisis, mining companies have complained about high production costs and asked the government to reduce fuel prices, electricity tariffs and mining taxes, including the windfall tax.[33] Mining companies specifically rejected the taxes, claiming they had not been consulted and threatened legal action against the state for going against signed development agreements.[34] An official of Konkola Copper Mines, Zambia's largest mining company, explained that the new taxes could destabilize long-term expansion and recapitalization plans.[35] Similarly, First Quantum Mines said the taxes would prevent the company from expanding its mining units.[36] Thus, the government abolished the windfall tax because it added to the cost of production of mining companies and discouraged investment.[37] However, the government has admitted that it does not have an accurate estimate of the production costs of mining companies and has commissioned a study to verify the cost.[38] Arguably, without knowing actual production costs, the decision to remove the tax in 2009 could have been premature. This is because since copper prices have not yet risen to levels which would trigger the windfall tax, verification of the production costs of mining companies could have been completed before a decision was taken. What is certain is that the government would lose revenue with the abolishment of the tax and not achieve the intended objective of increasing revenue.

On the other hand, other changes to the tax regime could have beneficial impacts. Capital allowance is an incentive to encourage investment in capital equipment such as machinery and vehicles. Inadequate equipment is a factor affecting mineral production.[39] Granting of capital allowance allows businesses to reduce their taxable profits by a certain percentage of the cost of equipment. Prior to 2008, mining companies enjoyed a capital allowance rate of 100 per cent, which was changed to 25 per cent in 2008 and then reversed back to 100 percent in 2009. The 25 per cent rate ensured that the cost of machinery and equipment was recouped over 4 years, while a 100 per cent capital allowance allows mining companies to write-off the costs of their machinery and equipment in a year. This concession greatly lowers the effective cost of acquiring machinery and equipment and, provided mining companies actively take up this incentive, Zambia is likely to benefit since it will contribute to higher production levels and higher export earnings. However, mining companies could take advantage and continuously buy equipment in order to reduce their taxable income, thereby reducing revenue available to the government.

In addition, the law which prevented hedging losses being deducted from mining income was reversed. Mining companies who make a loss from hedging the prices of metals on the international market are now able to deduct this amount from their taxable income, thus reducing revenue to government. Critics of this concession

33 Shacinda (2008c)
34 Lungu (2009); Shacinda (2008)
35 Chisanza (2008)
36 Shacinda (2008)
37 Zambia Budget Speech (2009); Zambian Chronicle (2009)
38 Parliamentary Committee on Estimates (2009)
39 The Lumwana Mine in July 2009 cited inadequate equipment as a factor hindering mineral production.

claim hedging income should not be added to mining income because it is not a mining activity and will spurn other industries. However, allowing hedging losses to be deducted from mining income is a provision which restores an earlier provision in the development agreements signed between the mining companies and the government.[40]

Thus the potential outcome of the new fiscal regime is a reduction in revenue for government, further diminishing the likelihood of attaining higher revenue from the mining industry and jeopardizing the provision of public services. The government of Zambia provides a large proportion of services such as health and education. The 2009 budget allocated about 30% of government expenditure to the health and education sectors and increased the allocation to the sectors by 12.9 per cent and 24 per cent respectively. The government was to purchase essential drugs, medical supplies, educational materials, and improve health and educational facilities. Already, the revenue collection target for the first half of 2009 has not been achieved. Total revenue and grants decreased by 24.8% due to the poor performance of trade taxes, budget support and grant receipts, and targeted tax revenue was below target by 7.3%.[41] Ministries, Provinces and Spending Agencies (MPSAs) thereby did not receive their full budgeted allocations and revisions would have to be made to prioritize certain activities.[42] Surely, basic services provided by the government will be affected.

6. The importance of other factors in the mining sector

To attract foreign direct investment into a country or a sector, other contributing factors such as political stability, infrastructure and a skilled work force are required. Zambia has made great strides in attracting foreign direct investment into the country and the mining sector in particular. By mid-2008, investment in the sector was about US$4bn.[43] Zambia is a politically stable country which has undertaken major reforms in tax regulation and administration and improved its investment code. Nonetheless, poor infrastructure and intermittent electricity supply which lead to increased production costs are a deterrent to investment. Inability to meet production targets in many years are usually attributed to flooding, and inadequate electricity. According to Reuters, the Lumwana Mining Company Limited announced in July 2009 that it will be unable to produce the estimated 170,000 tonnes of copper due to inadequate equipment and flooding.[44] Also, the company had lost $1.8 million in revenue (500 tonnes of copper) due to a nationwide power blackout.[45] Hence, pertinent infrastructure which will encourage an increase in production and revenue should be put in place.

40 Economics Association of Zambia (2009)
41 Musokotwane (2009b)
42 Musokotwane (2009b)
43 Zambia National Commission (n.d)
44 Reuters, 8 July 2009
45 Reuters, 8 July 2009

7. Conclusion

The Zambian government, like other African governments including Tanzania, Kenya and Uganda,[46] has chosen to grant further concessions in certain sectors of their economies in these difficult times, instead of becoming protectionist and turning inward. This may seem an imprudent choice, since African governments have been criticized by some for over-liberalizing their economies. However, it could be argued that these governments do not have much of a choice. Faced with rising debt, a depreciating currency and a quickly eroding international reserve, Sub-Saharan African governments are often limited in ways to attract investment as well as keep pertinent businesses operational. The offering of certain concessions which might erode earlier gains made could be the answer to minimizing the effect of the global financial crisis on the mining sector. Without the added impact of the crisis, the government of Zambia would have been in a much better situation in negotiating with mining companies regarding the imposition of taxes.

In addition, for investment and long-term planning to be encouraged in the sector, the fiscal regime must be stabilized. The frequent changes and unpredictability in the fiscal regime makes it difficult for mining companies to plan for the long-term, as well as tempts them to find ways of avoiding taxes they deem as punitive. While there might not have been enough consultation between government and stakeholders before the 2008 fiscal regime was effected, the government must thoroughly re-examine both the 2009 and 2008 mining tax regimes with all stakeholders in order to ensure that benefits which must accrue to the people of Zambia are not sacrificed. Furthermore, it is necessary for the taxes to be properly administered by the revenue authorities so as to facilitate collection and minimize tax avoidance. When the crisis is over, the government may want to take a second look at the fiscal regime by carefully evaluating the windfall tax and its associated advantages and disadvantages. The government may consider a reduction of the threshold prices for copper and re-institute the windfall tax. From the Zambian experience, other African governments need to carefully balance liberalization of their economies with the developmental objectives of the country. Contracts signed with foreign interests should incorporate potential changes in the prices of minerals and prevailing circumstances.

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46 Global Trade Alert Database (2009)

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Turning Inward? Or Fighting the Crisis with Further Opening? Evidence from the Nigerian Banking System

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1. Introduction

The unprecedented global economic crises which have afflicted the whole world over the past two years have their origins in the advanced industrial economies of the West. While African countries bear no responsibility for this crisis, they are suffering its worst effects[1]. They have been hit with falling prices, especially those countries that trade in a few commodity exports, and reduced capital flows as foreign investors exit these markets to shore up their losses at home and the level of remittances fall as Africans who work abroad and send money home lose their jobs. Real GDP growth is now projected by the IMF to drop below 2 percent in 2009, down from an average of over 6 percent for the last few years.[2] In light of the global crisis, the fear has been that African governments would introduce more protectionist policies as a response.

According to Moss (2009), with the major western powers facing their own economic crisis, confidence in the capitalist system is likely to come under pressure and there is a risk that momentum for reform may stall; and it would be a shame if governments gave in to the temptation to return to a command economy or use the crisis as a cover to re-nationalize companies or interject the state into the market in ways that has proved so harmful in the past. This fear may be unfounded. Interestingly, a number of African governments seem to be doing just the opposite and are introducing commerce-liberalizing measures, as can be seen from data on the Global Trade Alert website[3]. One example of this is the proposed policy by the Governor of the Central Bank of Nigeria.

In an interview with the *Financial Times* of London on June 18, 2009, the newly appointed Governor of the Central Bank of Nigeria (the "CBN"), Mallam Sanusi Lamido Sanusi, announced that the bank would relax the rules on foreign ownership of Nigerian banks, a decidedly anti-protectionist and pro-market move. Currently, the policy has limited foreign equity holding in any of the Nigerian banks to 10 per cent, and the CBN needs to approve any takeover of shareholding of more than 5 per-

1 Allafrica.com, "Africa: Continent and the Global Crisis - Time to Throw Away Neo-Liberalism," Editorial August 21, 2009, http://allafrica.com/stories/200908210783.html

2 Todd Moss, "How the Economic Crisis Is Hurting Africa - And What to Do About It," - CGD Essay May 2009, www.cgdev.org/content/publications/detail/1422072

3 www.globaltradealert.org

cent. Taken in the context of the global economic crisis, where governments are becoming more protectionists by raising tariffs, this potentially liberalizing move by the CBN is a welcome response. However, the question also remains whether the move is a response to the crisis as experienced across the world, or whether it is a response to a more micro-level issue. It seems to be both cases.

As far back as 2007, there was a growing foreign interest in the Nigerian banking sector. However, the then CBN Governor, Dr. Charles Soludo, announced that foreign institutions will be barred from taking over the top ten banks in Nigeria, as these ten banks collectively account for 71 per cent of the country's banking system. He did point out that the foreign banks were free to come in and operate, get a license to operate, but not allowed to take over any of the top banks. The restriction does not debar foreign banks from setting up businesses in Nigeria on their own if they satisfy the N25 billion capital base requirements and other statutory prescriptions. Neither does it prevent acquisition in Nigerian banks below the top ten, as can be seen by Actis' 19.1 per cent equity stake in Diamond Bank. (Afrinvest 2008). He noted that the introduction of that policy regime would not restrict the inflow of foreign direct investment into the financial sector. It is important to note that foreign investors preferring to invest in existing banks could only do so in smaller banks that do not make up the top ten.

This paper will explore the reasons behind the policy change, whether foreign ownership will make a difference, and will conclude with an impact analysis of the new Governor's decision.

2. Why the change?

Mallam Sanusi, the new Governor, has indicated that the restrictive policy currently in place is not a sustainable one and that this move is part of a plan to try and strengthen Nigeria's financial system. (Reuters June 2009). Experts have cited various issues in the Nigerian banking system that would be resolved with the introduction of foreign ownership, such as weak corporate governance and disclosure, ineffective rule-based supervision and lax prudential regulation. For example, in April 2008, United Bank for Africa plc (UBA), one of the country's biggest banks, fell foul of American regulators who served it with a US$15 million fine for ignoring anti-money laundering regulations despite several warnings. On August 14, 2009, the CBN Governor relieved 5 Nigerian banks' chief executive officers of their jobs, citing among other reasons, excessively high levels of non-performing loans in the five banks, attributable to a combination of poor corporate governance practices, lax credit administration processes and the absence or non-adherence to the banks' credit risk management practices. According to the Governor, the percentage of non-performing loans at these five banks to total loans ranged from 19 per cent to 48 percent of the value of their respective loan portfolios.[4] The bulk of these non-performing loans were made to friends and political associates and, as a result, there was no incentive to make the creditors pay back, barring regulatory enforcement.

4 Sanusi Lamido Sanusi, "Developments in the Banking System in Nigeria," Address by the Governor of the Central Bank August 14, 2009, *http://www.cenbank.org/Out/speeches/2009/Govadd-14-8-09.pdf*

According to Sebastian Spio-Garbah, an analyst with the Eurasia Group, despite the assurances given by the new Governor to scrap the 10 per cent limit on foreign ownership, Nigerian banks will still face a myriad of regulatory, economic and political hurdles. Previously, the Eurasia Group has found that international banks already operating in Nigeria, such as the UK's Standard Chartered Bank, Citigroup, and South Africa's Standard Bank, have been unable to win a significant market share of the local loan and deposit market, despite their competitive rates and marquee global brand names.[5]

3. Will foreign ownership make a difference?

If foreign ownership is the solution, what problems are the CBN trying to solve? A contrarian might argue that the problems in Nigerian banks were exacerbated and highlighted by the global crisis. As the global crisis set in, foreign banks and investors that extended credit to Nigerian banks began to cut back their credit lines or completely eliminated them. As the banks experienced reduction in these credit lines, they also experienced higher risk provisioning for non-performing loans that have also contributed to the tightening of liquidity in the system. Tightening liquidity means a reduction in the trade credit the Nigerian banks can grant to their customers engaged in international transactions. Given the above, and despite the liquidity deficiency suffered by the foreign banks at the moment, it is logical for the CBN to promote a policy option that serves to encourage the foreign banks to enter the Nigerian banking market with the following aims:

3.1. Recapitalization with fresh capital to shore up Nigeria's capital base

It has been argued that the Nigerian Banking sector needs new capital to remain vibrant, and that the foreign banks would be in a good position to provide that input. According to Oluba (2008), with the massive withdrawal of funds by foreign institutional and private investors who provided credit lines to Nigeria banks, a vacuum was created that placed a strain on the system. Many of these investors withdrew funds mostly to service debts in overseas markets.

It is important to note however, that while local banks have sought to mobilize deposits from the consumer sector, the vast disproportionate amount of deposits and lending still comes from, and goes to, the government sector and to other large corporations or well heeled elite.[6] As a result, any foreign bank seeking to enter the Nigerian market will essentially be competing for those same deposits and loans despite their acquisition, unless it has a superior retail strategy that would still be profitable to deploy despite the country's challenging infrastructure bottlenecks.

The new Governor wants institutions that contribute to growth and transformation in the Nigerian economy. According to Chizea 2009, in the past, foreign banks

5 "Foreign banks face regulatory, political hurdles despite Sanusi's open arms," *Business Day* June 24, 2009, *http://www.businessdayonline.com/index.php?option=com_content&view=article&id= 3375:foreign-banks-face-regulatory-political-hurdles-despite-sanusis-open-arms&catid=1:latest-news&Itemid=18*

6 *Business Day*, (June 2009)

discriminated against Nigerian economic agents in the extension of credit and had adopted a rather short-term perspective in doing business and would not bother to extend credit to the real sector - agriculture, manufacturing and mining. Most of the lending done by these foreign banks was to corporate customers in the country. This notion is borne out by the four existing foreign banks in Nigeria in the limited types of business they do - structured trade finance, correspondence banking, offshore currency lending, project (asset-based) financing, custodial and cash management services, wealth management and capital and money market services - and where their branches are located. They also seem reluctant to expand their branches across the country and are concentrated in a few metropolitan areas. Currently, only Standard Chartered and Citigroup have sizeable operations in Nigeria. Lastly, in the current economic climate, fresh capital may be hard to come by.

Having said that, if this proposal goes forward, now would be a good time to enter the Nigerian banking market. While capital may be scarce now, in the long run, the quest for fresh capital will be realized and the government can provide the right business environment to enable the foreign banks to expand beyond the typical metropolitan areas. Providing the right business environment means ensuring that the proper infrastructure is in place (e.g. transport and electricity to power the businesses), that the police and the judiciary are competent to ensure that contracts are properly enforced; and that there is a fair tax system that does not stifle business operations for many that include these banks and their customers. This would go a long way to fulfill the Governor's quest for growth and transformation, considering that Nigeria's financial sector remains under intermediated (Afrinvest 2008).

3.2. Corporate governance improvements

In Nigerian banking today, the discipline of governance is missing. Corporate governance can be defined as an internal system encompassing policies, processes and people, which serve the needs of shareholders and other stakeholders, by directing and controlling management activities with good business savvy, objectivity and integrity

Good corporate governance can enhance country and corporate image, help attract quality employees and investors, and stand the country and organization out amongst peers as a good place to work and do business. The Code of Corporate governance in Banks released after the consolidation exercise in 2005 in the sector on ownership of banks says "the recent practice of free non-restricted equity holding (in banks in the country) has led to serious abuses by individuals and their family members as well as governments in the management of banks. In fact, Bala-Usman (2005) in a lecture on bank ownership in Nigeria criticized the concentration of the private ownership and control of Nigerian banks in a few hands. He wondered whether such concentration was an attempt to "fabricate" corporate "global players,' with no roots in the real processes of domestic savings by the people of Nigeria and in productive domestic investment into the economic foundations of their lives. It is also recognized that individuals who form part of management in which they also have equity ownership have a compelling business interest to run them well."[7]

7 Central Bank of Nigeria, "Code of Corporate Governance for Banks in Nigeria Post Consolidation," March 1, 2006 (Effective April 3, 2006)

This was not the case in many instances. According to Business in Africa (2008), none of the banks had complied with the requirement of independent directors, even as seven banks had executive directors as members of the Board Audit Committee, contrary to the provisions of the corporate governance code. Secondly, a good portion of the funds used to recapitalize the industry were loans banks gave to their customers to buy the bank's own shares. This was certainly not a good practice by any standards. In addition, there was a lot of inter-bank borrowing, enabling them to remain liquid and make super-normal profits during the financial year-ends. The lid came of this borrowing scheme when the CBN ordered a common year-end for all banks, to forestall the window dressing the banks were engaged in.

Another principle of corporate governance is disclosure. In the 2009 Nigerian Banking Report (Afrinvest 2009), the research firm noted that "individual banks have very often managed to acquire significant risk exposure levels that may not be captured by traditional loan book assessments." They also point out the "structural deficiencies that allow for effective risk creation and retention in ways that are not clearly discernable based on current reporting requirements." This is a pervasive problem, and one that needs to be resolved for any progress to be made in the industry, and one on which the foreign banks can effect change. In an address by the CBN Governor in 2009, he noted that a few Nigerian banks, mainly due to huge concentrations in their exposure to certain sectors (Capital Markets and Oil and Gas being the prominent ones), but due to a general weakness in risk management and corporate governance, have continued to display signs of failure.

In this vein, the CBN has called for greater disclosure on the parts of banks and better yet, for foreign ownership in Nigerian banking. Currently, Nigerian banks are pitched against some of their stakeholders because of asymmetry of information causing business transactions to be pricey. The banks that understand this, according to Afrinvest, are the major winners that are able to provide clarity and transparency and will be the first in the pecking order for corporate and large ticket business. Disclosure does pay dividends and transparency increases liquidity. The foreign banks will put pressure internally to improve systems and processes, and on the other hand, will put pressure on the banking industry to get their acts together in moving the banking industry as a whole to best practices in the corporate governance area, by virtue of their high-quality standards and transparency and the resulting business they are able to attract. Their entry would lead to the development of the underlying bank supervisory and legal framework

3.3 Risk management expertise

Recently, Donli (2008) decried the lack of technical expertise on risk management despite reforms in the Nigerian banking industry. According to Uwah (2009), rules of risk management in Nigerian banks seemed non-existent as people with annual incomes of less than N2 million were given loans to the tune of N100 million without a second thought concerning how they would pay back if anything went wrong. The Eurasia Group also noted in May 2009, that banks in Nigeria may have $10 billion in toxic assets. The bad debt being partly the result of at least 1 trillion naira of margin loans used to buy shares as equities soared almost 13-fold since 2000.[8]

8 Paul Okolo, "Standard Bank to Increase Nigerian Branch Network," September 7, 2009, *http://www.bloomberg.com/apps/news?pid=20601116&sid=aNkIMfmCd_yY#*

Afrinvest Research (2009) noted that the challenges with margin loan exposure reflect merely a symptom of a larger underlying problem; "structural weaknesses that allow short-term funds flow from banks to other financial institutions for trading purposes, without appropriate disclosure and supporting mark-to-market accounting requirements. In fact, before the onset of the global crisis, a few Nigerian banks were willing to reveal accounting and financial information beyond the required minimum, creating a confidence issue which has been exacerbated by the crisis (Fagbule 2009). Now, investors and shareholders alike are asking for more information than they used to get. Proper risk management can be brought to bear by foreign banks in eliminating this practice, and create a competitive environment that would eliminate the incentive on the part of banks not to disclose pertinent information.

The CBN Governor plans to do his part to ensure the maintenance of public confidence through appropriate disclosure and would reinvigorate the policy of zero tolerance on all professional and unethical conduct. According to the Governor, banks would also be required to further strengthen their risk management process, while pursuing more vigorously the present supervisory methodology of risk-based and consolidated supervision with special emphasis on macro-prudential regulation and sound stress testing practices.

How would foreign banks help in this instance? The entry of foreign banks in low-income countries has been shown to improve risk management practices, and "imported" supervision from parent country regulators, has thereby helped strengthen banking systems. (Claessens and Lee 2002). Part of the strengthening comes from the efficiency and robustness that the banks will develop on entry into the banking market. Empirical evidence shows that increased penetration has been correlated with lower financial intermediation costs and greater efficiency in financial services provision.

For example, according to Chukwumah (2001), the operations of some foreign banks in Nigeria suggest excessive adaptation to the labour or work practices in Nigeria, resulting in civil service type productivity. These foreign banks have poor or little parental support and the Nigerian subsidiary are sometimes not well integrated into the parent bank strategy. In contrast, Citibank, the most successful foreign bank in Nigeria, introduced radical changes that permanently affected banking in Nigeria, and developed significant banking competency. Citibank succeeded in redefining service standards in the industry. He explained that Citibank was successful because they came into the Nigerian market with a clear focus on high-end corporate, high-net worth individuals, a focus on energy, trade, foreign exchange, multinationals, cash management services and corporate finance. They also had very highly skilled professionals with a strong knowledge of the local market and extremely good support from their parent bank in the areas of competency and skill development, technical management and market development which leverages its global relationship.

While these developments are welcome, not all elements of the Nigerian society benefited from Citibank's presence, especially given the highly specialized areas Citibank chose to focus. The retail banking sector is largely ignored. This raises the question that the developmental impact of introducing foreign banks may well be sizeable and positive, but the benefits are not evenly shared across the society. This needs to be remedied by encouraging the foreign intermediaries to participate in all segments of the financial sector, from the retail and microfinance segment to the larger corporate segment catering to big businesses.

Having said that, it is generally recognized that the participation of foreign banks helps to deepen the financial sector and improve efficiency in the banking sector. As more actors with an international presence increasingly participate in this sector, they also help the process of banking globalization. Foreign ownership has been shown to help develop a more efficient and robust financial system. Across the globe, increased foreign participation has generally been found to improve the efficiency and competitiveness of, and help strengthen, countries' financial systems, including through facilitating the privatization of state banks and broadening access to financial services. (Claessens and Lee 2002). If foreign banks buy heavily into Nigerian banks, the manufacturing sector stands to benefit, as it would encourage foreign trade and ease transactions, with enhanced access to international capital and better resource allocation on the parts of the banks.

Uwah (2009) agrees, when he correctly notes that the manufacturing sector is already giving kudos to the CBN Governor's signals to foreign investors, that the time has come for them to buy heavily into Nigerian banks. The view from manufacturers is that Nigeria needs the investment of the foreign banks to develop the economy and that, with adequate regulation and strict monitoring for compliance, the foreign banks could be compelled to act in the interest of Nigeria. Also important is the need to grow strong roots in the domestic processes of savings and investment in agriculture, industry and the real sectors of the economy.

4. Conclusion

Like Nigeria, other African governments are faced with challenges brought on by the global crisis and policy decisions to mitigate these challenges. Too often there is a knee-jerk protectionist approach to crises such as this, but in this current crisis, by and large African governments seem to have taken a different approach. African governments have taken a country by country approach as well as a regional approach, which serves to seek out solutions to the common problems they face. For example, African ministers of finance and planning and the governors of the central banks met in Tunisia last year to discuss the crisis and its implication for Africa. This was a meeting jointly organized by the three main African institutions, the African Development Bank, the African Union Commission and the Economic Commission for Africa. The crux of their decision was the need to deepen the economic and structural reforms that have served Africa well over the last two decades. Some African countries initiated country-specific reforms such as the Nigerian policy discussed above. This approach included interest rate reductions, recapitalization of financial institutions, increased liquidity to banks and firms, fiscal stimulus packages, trade policy changes and regulatory reforms.

The question of whether to liberalize or go down the protectionist path depends on the specific issues facing the country or the particular sector within the economy. It is in that vein that African policy makers, such in the Nigerian context, examine the issues at hand and design policy options in response to those problems. Whether a further opening up would be a benefit to many is a question that has to be balanced with the cost of opening up.

In the Nigerian context, while foreign ownership of Nigerian banks is welcomed for the benefits they bring, it is important that such entry be combined with a commitment to open markets, adequate infrastructure, including good information, a proper framework for secured lending and sufficient transparency. That not many foreign entities seem to have taken advantage of the rule enabling foreign entities to invest more than the 10% limit, points to the difficulty in the Nigerian business environment as mentioned earlier and the need for wider reforms aimed at improving the overall environment for business. Such reforms would only take effect in the long term. If one adds to that the fact that the foreign banks expected to increase financial prudence and disclosures to the Nigerian market, are the very banks that have been weakened by the global crisis, that many foreign banks are relatively illiquid at the moment, and that some of these banks are selling off their assets in emerging markets including Nigeria, then the conclusion to draw is that foreign ownership in the banking sector will take a while to have an impact.

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Economic Recession and the Middle East's World Trade: Recent Policy Trends and Implications

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1. Falling world trade and growing protectionism

Trade is a major channel of contagion during the current global economic recession. The countries of the Middle East , which are characteristically over-dependent on international trade for their economic growth and development, are as a result bound to be affected. The most significant aspect of the current slowdown in world trade is the synchronized nature of the decline in exports and imports of the major developed and developing economies since September 2008. Importantly, the impact of the global economic slowdown is clearly evident in the trade of bulk commodities, which have been hit by plunging commodity prices and the crunch in trade-financing. As a result, the Middle Eastern economies, being primary exporters of commodities, have been negatively affected by the reduction in global demand, especially for oil and petrochemicals.

In addition, the surge of protectionist tendencies in response to the economic crisis further compounds the problems facing the Middle Eastern countries, which are equally dependent on world imports. It may be premature to draw broader conclusions, but looking at the recent trade restrictive measures implemented by countries across the globe, as reported by Global Trade Alert, it is clear that the Middle East region has been very negatively affected. The principal objective of this article is to delineate the current trajectory of the Middle East's world trade in the grip of global recession and to offer a preliminary analysis of the impact of foreign trade measures implemented globally on the commercial interests of the Middle East, through a consideration of various qualitative indicators extracted from the GTA database. Against such a background, the second section presents an overview of the reorientation, or strategic regional shift, of the Middle East's world trade. The next section evaluates the impact of foreign trade measures on the Middle East countries of the Middle East. The final section presents some policy conclusions.

1 In the Middle East, the focus countries covered in this report are the six member Gulf Cooperation Council (GCC) namely Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates (UAE); Iraq; Iran; Yemen; Jordan; Lebanon and Syria.

2. The reorientation of the Middle East's trade

The Middle East is an interesting case to analyze the impact of trade policy measures implemented during the current global economic crisis. Indeed, the Middle Eastern countries are highly open economies, with a total average trade-to-GDP ratio[2] of 105.2 in 2008. Both exports and imports of goods and services constitute a highly significant portion of each country's GDP, signifying the importance of international trade for the Middle Eastern economies (See Table 10.1). The peculiar factor endowment of the Middle East - which is rich in oil and poor in water - makes international trade an indispensable factor in the growth and economic development of the region, but simultaneously makes the region highly vulnerable to the cyclical pattern of world trade movements.

Table 10.1 Trade indices as a percentage of GDP, 2005-2007

Country	Total Trade (X+M)			Exports (X)			Imports (M)		
	2005	2006	2007	2005	2006	2007	2005	2006	2007
Bahrain	20.02	28.06	25.23	73.52	65.06	61.25	53.51	47.73	54.1
Egypt	-4.03	-3.60	-2.36	34.25	34.13	33.38	38.27	37.73	37.73
Jordan	-41.43	-37.44	-37.7	52.61	54.56	57.75	94.0	92.00	91.53
Kuwait	35.72	32.96	23.04	63.99	67.88	59.90	28.28	25.12	25.62
Lebanon	-14.66	-12.49	-12.5	61.03	63.45	66.86	75.69	75.93	79.11
Oman	27.09	28.4	24.67	63.02	62.14	63.12	35.93	37.51	39.87
Qatar	..	..	..	..	..	..	..	..	..
Saudi Arabia	33.004	32.69	31.1	59.38	62.61	64.2	26.37	29.92	34.16
Syria	1.46	3.86	-73.36	40.82	39.42	37.8	39.36	35.56	35.01
UAE	..	..	..	..	..	..	..	..	..
Yemen	4.96	0.44	-1.26	40.52	41.27	38.98	35.56	40.83	39.86

Note: Two dots (..) indicate that data are not available or are not separately reported.
Source: The World Bank, Worldwide Trade Indicators (WTI) database (2008)

A clear shift is currently taking place in the geographic direction of the Middle East's world trade, in conjunction with the changing economic strength of the countries in the region. Whilst in the past highly populous, more diversified non-oil exporting countries like Egypt used to be the major economic power, more recently, the Cooperation Council for the Arab States of the Gulf (GCC) has emerged as the most important economic centre of the region, accounting for almost 60 percent of the total GDP of the Middle East region. The GCC countries are even more closely integrated in the globalization process than the rest of the region.

The drop in world trade due to the economic crisis has significantly affected the Middle East countries. As is evident from the trends in Table 10.2, Middle East exports to North America, which accounted for 10.5 percent and 14.2 percent of its total exports in the year 2005 and 2006 respectively, declined to 2.3 percent in 2007. The US is an important export destination for Middle East countries - in 2006, the US

2 Trade-GDP Ratio is estimated as an economy's total trade of goods and commercial services (exports + imports, balance of payments basis) divided by GDP, on the basis of data for the three latest years available. GDP is measured in nominal terms and with market exchange rate.

Table 10.2 Direction of Middle East exports, 2005-2007 (percentage)

	2005				2006				2007			
	Asia	EU	North America	Others	Asia	EU	North America	Others	Asia	EU	North America	Others
Oil-exporting countries	54.6	14.3	11	20.1	57.6	17.2	15.6	9.6	71.3	3.9	1.2	23.6
Non-oil exporting countries	29.2	48.6	6.2	16	29.3	45.8	6.2	18.7	26.8	50	3.2	20
Middle East	51.7	18.2	10.5	19.6	53.4	21.5	14.2	10.9	47.6	28.5	2.3	21.6

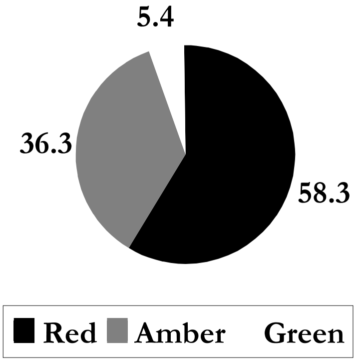
Note: * EU-15; Oil-exporting countries include: Algeria, Bahrain, Kuwait, Libyan Arab Jamahiriya, Oman, Qatar, Saudi Arabia, Sudan and the United Arab Emirates. Non-oil exporting countries include: Comoros, Egypt, Jordan, Lebanon, Mauritania, Morocco, Syrian Arab Republic, Tunisia and Yemen.
Source: Calculation based on the UN-Comtrade database.

accounted for 19 percent of the total exports of Egypt and Saudi Arabia and 15.6 percent of Jordan's total exports. Thus it is natural that with the recession taking its toll in the US, these Middle East countries have been most affected. Similar negative trends are also likely to emerge in Europe, which is another major trading partner of the Middle East countries. In particular, non-oil exporting countries are highly dependent on the European market. Sluggish economic activity in European countries will therefore have an impact on the exports of these countries. However, from the perspective of the major oil exporting countries (GCC's) trade with Asia, a different picture emerges. While on the one hand exports of oil and petrochemicals to the developed world have declined due to low demand and negative oil prices, the Asian region, being the largest export destination, continues to be an important trade partner, even though there has been a moderate decline in exports to Asia.

3. The impact of foreign state measures on Middle Eastern commercial interests

As of 11 September 2009, a total of 240 state measures affecting Middle Eastern countries have been identified in the GTA database, of which 146 measures affect the GCC countries. It is important to note that discriminatory measures (marked red and amber) comprise an overwhelming 95 percent of total measures against the Middle East countries and the remaining 5 percent constitute trade liberalizing measures. In other words, while Middle Eastern countries are faced with 204 trade discriminatory measures implemented, or about to be implemented, by countries across the world, trade liberalizing measures affecting the region number only 36. This implies that the Middle Eastern countries, being substantially open economies, will face the brunt of increasing protectionism during the crisis and their world trade will as a result be considerably affected; and this will further negatively affect growth and economic development in the region.

Figure 10.1 All measures affecting Middle East countries (%)



Source: Calculated from the GTA Database as of 11th September 2009 1.30 pm.

Table 10.3 Post-crisis trade measures affecting Middle Eastern countries

	Green	Amber	Red	Total
Bahrain	1	6	7	14
Kuwait	1	7	8	16
Oman	1	9	14	24
Qatar	2	6	6	14
Saudi Arabia	2	17	17	36
United Arab Emirates (UAE)	1	18	23	42
Gulf Cooperation Council Total	**8**	**63**	**75**	**146**
Iran	3	11	13	27
Iraq	1	0	3	4
Yemen	0	0	11	11
Jordan	1	6	15	22
Lebanon	0	4	10	14
Syria	0	3	13	16
Middle East Total	**13**	**87**	**140**	**240**

Source: Calculated from the GTA Database as of 11th September 2009 1.30 pm

As is evident from Table 10.3, UAE is faced with the highest number of discriminatory trade measures, followed by Saudi Arabia, Iran, Oman, Jordan, Kuwait, Syria, Lebanon, Bahrain, Qatar and Iraq. Moreover, the nature of discriminatory measures further confirms the increasing protectionism across the world, which could considerably hinder the Middle East's world trade in the near future (See Table 10.4). Apart from trade distorting measures such as export restrictions, export subsidies, tariff measures, non-tariff barriers, technical barriers, and trade defence measures, Middle East countries also face negative investment measures undertaken by the rest of the world. However, it is clear that these restrictive measures are not implemented directly against Middle Eastern countries, but as a result of growing protectionism measures in reaction to the economic crisis.

Table 10.4 Nature of discriminatory measures against Middle East

Measure Type	Number of Measures
Bail out / state aid measure	40
Consumption subsidy	2
Export subsidy	27
Export taxes or restriction	29
Import ban	4
Intellectual property protection	1
Investment measure	12
Local content requirement	5
Non tariff barrier (not otherwise specified)	10
Other service sector measure	5
Public procurement	5
Sanitary and Phytosantiary Measure	10
State trading enterprise	3
Tariff measure	25
Technical Barrier to Trade	5
Trade Defence measure (AD, CVD, safeguard)	11
Trade finance	10
Total Discriminatory Measures	204

Source: Calculated from the GTA Database as of 11th September 2009 1.30 pm

Table 10.5 Post-crisis trade measures implemented by Middle Eastern countries

	Green	Amber	Red	Total
Bahrain	0	0	0	0
Kuwait	1	0	1	2
Oman	0	0	0	0
Qatar	0	0	0	0
Saudi Arabia	1	1	4	6
United Arab Emirates (UAE)	0	1	1	2
Gulf Cooperation Council Total	**2**	**2**	**6**	**10**
Iran	0	0	0	0
Iraq	10	0	1	1
Yemen	0	0	0	0
Jordan	1	0	1	2
Lebanon	0	0	1	1
Syria	0	0	1	1
Middle East Total	**3**	**2**	**10**	**15**

Source: Calculated from the GTA Database as of 11th September 2009 1.30 pm

While Middle East countries in general, and GCC in particular, are confronted with an increasingly discriminatory trade environment in the aftermath of the global economic recession, they are not undertaking substantial counteractive measures in relation to international trade. This is evident from the trends of measures identified in the GTA database. As of 11 September 2009, Middle East countries have implemented, or are about to implement, only 15 measures, out of which trade there are 12 dis-

Table 10.6 Nature of discriminatory measures implemented by Middle East

Measure Type	Number of Measures
Bail out / state aid measure	40
Import ban	4
Sanitary and Phytosantiary Measure	10
State trading enterprise	3
Trade finance	10

Source: Calculated from the GTA Database as of 11th September 2009 1.30 pm

criminatory measures and the rest trade liberalizing measures (See Table 5). Importantly, these discriminatory measures are highly transitory in nature and were undertaken solely on the basis of health concerns and thereby would have marginal localized impact on global trade.

Therefore, Middle East countries in general, and GCC in particular, will face daunting challenges in their international trade activities during the current global economic recession. By virtue of being highly trade dependent economies, the future economic growth of the region will no doubt be affected by these negative trends. Since the success of any trade policy crucially hinges on its actual contribution towards improving market access for domestically produced products and services, and its ability to minimize the consequences of openness, trade liberalization and globalization on the domestic market, Middle East countries need to reorient their trade strategy to address the increasing proliferation of trade discriminatory measures across the globe. It is therefore imperative that the Middle Eastern countries introduce appropriate policy regimes at the national as well as regional levels. In this respect, GCC countries should take the lead in projecting a collective face at the various multilateral foras, such as the G-20 and WTO, urging better surveillance, monitoring and a more enabling multilateral trade regime. Moreover, GCC countries should also intensify economic integration at the broader pan-regional level in the Middle East, which could provide greater bargaining power at the global level. While trade diplomacy in the region is still at its infancy, multilateral bodies such as the WTO should also help to improve capacity building in the region.

4. Concluding remarks

The Middle East has a huge stake in the multilateral trade regime. The increasing spate of trade distortionary measures undertaken by economies across the world in response to the economic crisis, will negatively affect the Middle East Countries in general and GCC in particular, and hinder future economic growth. While paradoxically the industrial economies are increasingly tempted to resort to protectionist practices, the Middle East region, and particularly the GCC, continues to tread the path of trade liberalization even in the face of a severe global economic recession. As is evidenced by the GTA indicators, the trends of trade related measures taken by the Middle East countries vis-à-vis the rest of the world during the ongoing economic crisis is less trade distortionary in comparison with the measures implemented by rest of the world that affect the Middle East. While recent attempts are a move 'back to fundamentals', trade-related policy-making continues to be relatively weak in the Middle East region. This is due to insufficient awareness and lack of trade-related capacity in the region; matters that should be redressed at the earliest opportunity.

The second GTA report, prepared by an independent group of researchers and analysts located around the globe, is based on over 400 investigations of state measures that have been implemented since the first crisis-related G20 meeting in November 2008. The key findings of this Report are:

- The protectionist juggernaut shows no sign of slowing down. The harm compounds quarter-by-quarter. Conservative estimates put the number of harmful measures implemented so far this year at roughly 70 per quarter. Now almost every nation has been harmed by another's beggar-thy-neighbor policy. Fewer than 5 percent of product categories have escaped being hit by some type of protectionist measure.
- Worse, in the pipeline governments are already planning another 134 protectionist measures. That's the equivalent to half a year's protectionism at current rates.
- The full scale of the G20's failure to keep its no-protectionist Pledge is now apparent. Conservatively estimated, 121 beggar-thy-neighbor measures have been implemented by G20 governments since last November. Every three days a G20 government has broken their no-protectionist pledge.
- Despite all the talk about measures to bolster green industries, innovation, and future growth poles of the economy, outside of the financial sector the bulk of protectionist measures affect sectors such as agriculture and smokestack, lower-productivity manufacturing.

Differences in the forms of protectionism used now and in the 1930s make exact comparisons difficult. While there is some comfort that the scale of current protectionism is surely less than that of 1930s, with the alarming amount of protectionism in the pipeline and growing pressure on politicians from rising unemployment, only the most cavalier observer could dismiss the harm being done to exports and its possible contribution to economy recovery.

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