DIRECTORATE-GENERAL FOR EXTERNAL POLICIES

POLICY DEPARTMENT

EUROPEAN PARLIAMENT

STUDY

Protectionism in the G20

(2015)

Author: Barbara BARONE
Roberto BENDINI

Abstract

Following the 2008 global economic downturn, the Group of 20 (G 20) countries committed to holding their protectionist impulses at bay in order to avoid undermining the fragile global recovery. Unfortunately, this pledge to refrain from adopting new trade-restrictive measures – and to roll-back those in place – has not been honoured. For the sixth year, the global institutions monitoring protectionism in the G20 have confirmed the accumulation of new trade-restrictions and few efforts to liberalise trade. Protectionism has changed form and geography. On the one hand, the predominant form of trade-restrictions – *border measures*, typically tariffs and quotas – is increasingly being replaced by *behind-the-border measures*, such as technical, taxation and localisation measures. What is more, trade restriction has shifted eastwards, with Russia, China, India and Indonesia among the main offenders. The BRICS countries (Brazil, Russia, India, China and South Africa) have also gained prominence within the G 20 group, as those introducing the highest number of new trade-restrictions in the last year. Such a protectionist drift derives from the deteriorating economic performance of emerging economies and their increasingly assertive role in global economic governance.

DG EXPO/B/PolDep/Note/2015_136 March 2015

PE 549.028 EN

This paper is an initiative of the Policy Department, DG EXPO

AUTHORS:

Barbara BARONE and Roberto BENDINI
Directorate-General for External Policies of the Union
Policy Department
SQM 03 Y 54
Rue Wiertz 60
BE-1047 Brussels

Editorial Assistant: Jakub PRZETACZNIK

CONTACT:

Feedback of all kinds is welcome. Please write to:
barbara.barone@europarl.europa.eu.

To obtain paper copies, please send a request by e-mail to:
poldep-expo@europarl.europa.eu.

PUBLICATION:

English-language manuscript completed on 09/03/2015.

Printed in Belgium.

This paper will be published on the European Parliament's online database, 'Think tank'.

Table of contents

1 Key issues and developments

- Fears over a rise in protectionism developed after the 2008 global economic downturn and a protracted period of global economic weakness. The G20[1] members committed to refrain from implementing potentially trade restrictive measures to support their domestic economies while discriminating against foreign competitors. This 'standstill agreement' has been largely ignored, although a limited number of existing measures have been rolled back.
- The G20 has successfully monitored trade protectionism since 2008 through enhanced monitoring mechanisms. Different organisations have participated in this monitoring effort and contributed to a better understanding of protectionist drifts. However, their estimates on the phenomenon differ somewhat, due to different interpretations of what constitutes protectionism.
- Applying the EU's understanding of protectionism, the total number of trade restrictions adopted by G20 members since 2008 reached 704 measures[2] at the end of June 2014. That number was by 23.4 % higher than the total in June 2013.
- *'Border measures'* – mostly in the form of import-restrictions – are the preferred trade measure adopted to protect domestic interests. They represent over half of all trade restrictions adopted since 2008 by G20 members (363 out of 704 measures).
- Although *border measures* cover the majority of trade restrictions adopted since 2008 (as estimated by the European Commission), the share of *'behind-the-border measures'*[3] grew over the 2013-2014 period. China was the G20 country applying the highest number of behind-the-border measures in this period.
- A number of countries (e.g. Brazil, Indonesia, Russia, South Korea and the US) have enhanced their recourse to 'local preference' for public procurement, investment regulation of strategic sectors, export support, and other areas.
- The geography of trade restrictions reveals a recent 'easternisation' of protectionism: China, India, Indonesia and Russia together account for 63 % of all the trade restrictions introduced in the 2013-2014 period.
- The contribution of the BRICS countries (Brazil, Russia, India, China and South Africa) to protectionism in the G20 has grown. The BRICS' share of the total G20 trade restrictive measures implemented since 2008 rose to over 50 % by June 2014. The BRICS' increasingly protectionist approach parallels their recent economic slowdown.

[1] G20 members are: Argentina, Australia, Brazil, Canada, China, France, Germany, India, Indonesia, Italy, Japan, Mexico, Russia, Saudi Arabia, South Africa, South Korea, Turkey, United Kingdom, United States; plus the European Union (EU).

[2] 704 is the number of trade restrictions implemented by G20 members according to the figures provided by the 10th and 11th European Commission reports. Calculations made by the Policy Department.

[3] e.g. technical regulations, provisions and incentives in the field of internal taxation, local content requirements, restrictions on public procurement, measures affecting investment and the establishment of foreign companies and service providers as well as measures affecting cross-border trade in services.

2 The G20's fight against protectionism

Economic policy coordination was conceived in the aftermath of World War II through formal and informal structures.

Following World War II, the international community created formal and informal institutional structures appointed to discuss and coordinate economic policies thus creating a common ground to address the major economic challenges at stake. With global economic integration becoming pervasive, international trading policies - of the "*Beggar-Thy-Neighbour*" type[4] - applied to alleviate one country's economic difficulties displayed greater disruptive effects on other countries' economies. Thus, discussion on trade policy coordination became prominent.

The 1997 Asian crisis made clear that coordination between advanced and emerging economies was necessary.

The breakout of the 1997 Asian financial crisis, with its worldwide spill-over effects, demonstrated that it was necessary to advance international economic cooperation and better coordinate policy approaches between advanced and emerging economies. At this time, the G20 was established as an informal forum for such coordination, but its role was greatly enhanced at a later stage by the need to coordinate the international response to the 2008 global economic crisis.

With the 2008 global crisis, G20 members committed to refrain from resorting to protectionism - "standstill agreement".

While the financial crisis displayed severe effects on the real economy (e.g. output loss, contraction of capital accumulation, rising unemployment), the G20 members raised concerns over the possible rise of protectionist measures to counteract the negative impacts of the crisis. At that time both the IMF and the World Bank projected a 2.1%-2.8% decline in global trade as a result of the crisis - the biggest ever since 1982[5]. To prevent possible protectionist trends, the G20 group committed in November 2008 to "refrain from raising new barriers to investment or to trade in goods or services, imposing new export restrictions, or implementing World Trade Organization (WTO) inconsistent measures to stimulate exports"[6]. This "*standstill agreement*" on protectionism, initially concluded for a period of twelve months, has been renewed at each G20 Summit since 2008, now reaching its sixth anniversary.

The G20 commitment against protectionism has been more rhetoric than action, partly due to the absence of an enforcement mechanism.

However, G20 actions to contain protectionist drifts lag behind words. The different organisations assigned to monitor protectionism report a steady increase in the adoption of trade-restrictive measures by G20 countries since 2008, despite their "*standstill*" commitment (see Annex: The global surveillance system on protectionism in the G20).

One of the main reasons behind the G20 failing to actually refrain from and reduce protectionism can be explained by the informal nature of this forum and its lack of enforcement mechanisms. Indeed there is no real deterrent for G20 countries not to have recourse to protectionist measures. The *standstill agreement*

[4] Such as officially induced exchange depreciation, wage reductions, export subsidies and import restrictions.
[5] European Commission, 'Report to 133 Committee', Early Warning Report on potentially protectionist measures (2009).
[6] *Declaration of the Summit on Financial Markets and the World Economy*, 15 November 2008.

is implemented outside of the WTO's legal structure; therefore violations would not automatically constitute violations of WTO rules[7].

The G20's legitimacy has been questioned over the years due to the slow progress it made on key international governance issues and the lack of delivery on the summit pledges, where often too many interests and too wide a range of priorities were pursued. The perceived weaknesses of the G20 in this respect spurred alternative regional cooperation arrangements (e.g. the BRICS' New Development Bank and the Asia Infrastructure Investment Bank, etc.).

The 2014 G20 Summit restored the reputation of the forum to some extent, but the future will depend on the Turkish presidency's ability to provide continuity and further concrete actions.

Despite the eroding credibility of the G20 forum, the recent achievements of the Australia Summit brought back hopes that the group may ultimately contribute towards tangible advances in global governance. The highlights of the summit were the introduction of a concrete economic growth target against which countries can benchmark their progress, and the resolution of the WTO deadlock on the Trade Facilitation Agreement during side talks between the US and India. Also, as Australia's presidency set infrastructure as a priority, the summit concluded with the establishment of a Global Infrastructure Hub to facilitate private financing in infrastructure development projects.

If the G20 manages to restore its reputation, the next G20 presidency held by Turkey is likely to face the challenge of keeping up the momentum and addressing at least some of the pressing issues of this crucial conjuncture of trade and trade policy, including the rise of protectionism. 'Inclusivity, Implementation and Investment for growth' were the goals announced by Turkey when taking up the G20 presidency in December 2014[8].

The list of the Turkish presidency's priorities has however been judged by some analysts as too broad to lead to concrete results[9]. At the G20 Finance Ministers and Central Bank Governors Meeting held in Istanbul on 9-10 February attention was focused on how to “act decisively” on fiscal and monetary policy to address uneven global growth prospects. During the Istanbul discussions, the trade perspective and fight against protectionism were not the focus, although the trade component and trade deals (i.e. the Transatlantic Trade and Investment Partnership (TTIP) and the Trans-Pacific Partnership (TPP)) were defined as “critical" for growth.

[7] Although G20 members are in no way prevented from having recourse to the WTO's Dispute Settlement (for issues falling under the Geneva-based organisation's remit), the actual number of cases brought before the WTO is rather limited.

[8] The work will be organised around three pillars: (i) Strengthening recovery and lifting potential: growth strategies; investment; employment; and trade; (ii) Enhancing resilience: international financial regulation; international financial architecture; tax; and anti-corruption; (iii) Buttressing sustainability: development; energy; and climate change finance.

[9] Sainsbury, T. *The G20 at the end of 2014*, Lowy Institute, N. 15, January 2015.

3 Different views on protectionism in the G20: what is the EU's perspective?

There is no common view on what measures should be considered protectionist amongst international organisations monitoring protectionism in the G20.

In its narrowest definition, protectionism refers to the restriction and/or distortion of trade flows enacted through tariffs and quotas. On a broader scale, it encompasses all government regulations and policies intending to protect domestic industries.

Although it is widely recognised that protectionism can take many different forms, there is no common agreement on what precise measures should be considered as protectionist. Amongst key organisations involved in monitoring global trade governance - such as the World Trade Organisation (WTO), the Organisation for Economic Development and Cooperation (OECD), the United Nations Conference on Trade and Development (UNCTAD), Global Trade Alert - interpretations differ and, as a result, the estimates on the current trends and developments of protectionism in the G20[10] also vary according to the institution performing the monitoring exercise (see Annex: The global surveillance system on protectionism in the G20 for more details).

The WTO, UNCTAD and OECD received the mandate from the G20 to monitor the evolution of protectionism in trade and investment; in their monitoring little attention is given to "behind-the-border measures".

In 2008, the WTO became the first organisation to set up a formal monitoring mechanism to give an up-to-date picture of trends in the implementation of trade-liberalising and trade-restricting measures. The measures included in the WTO's Trade Monitoring Database are mostly trade-restrictive border measures, while information on *behind-the-border measures* (e.g. regulatory measures, subsidies, etc.) is scarcely available and mostly confined to the examination of some discriminatory local content requirements and public procurement initiatives and certain trade-related financial incentives[11]. At the request of G20 leaders, since 2009 the WTO trade monitoring exercise is accompanied by the joint assessment of the Organisation for Economic Development and Cooperation (OECD) and the United Nations Conference on Trade and Development (UNCTAD), which provides information on the investment-related measures introduced by G20 countries.

The European Commission monitors the adoption of potentially trade-restrictive measures (border measures,

The EU, as an active participant of the G20[12], also contributes to the global surveillance system on the monitoring of trade-restrictive measures[13]. The potentially trade-restrictive measures included in the European Commission's reports are "identified as having the capacity to unduly disrupt or restrict trade in one way or another"[14]. Measures are divided into: (i) *border measures*, (ii) *behind-*

[10] From October 2010 till October 2014 GTA recorded 44% more trade-restrictive measures than the WTO.
[11] GTA - Global Trade Alert, *The Global Trade Disorder. The 16th GTA Report*, 2014, p.88.
[12] The EU is represented at the G20 by a joint representation of the Commission and the Council, although the EU Treaties provide for the Commission to ensure the Union's external representation.
[13] The European Commission (EC) Directorate General for Trade coordinates the work of the EC delegations, Member States and business associations in compiling and updating an inventory of trade-restrictive measures introduced by EU trade partners.
[14] *The EC's 11th Report on potentially trade-restrictive measures*, 2014, p.10.

behind-the-border measures, stimulus packages and export support measures).

the-border measures, (iii) *stimulus packages* and (iv) *export support measures*[15]. Within behind-the-border measures, two major subgroups of measures are specified: government procurement measures and service and investment restricting measures. In comparison to the WTO, the European Commission does not view trade defence instruments and safeguard and sanitary-phytosanitary measures as straightforward protectionist. Regarding the former, this is because such instruments are precisely aimed at correcting anticompetitive commercial behaviour[16], therefore may ultimately be considered legitimate.

GTA has a broader definition of protectionism and adopts the "relative treatment standard" criteria.

GTA instead adopts broader criteria in defining protectionism, using the "*Relative treatment standard*", i.e. including in its review "all information on announced or implemented state measures that alter the relative treatment of domestic commercial interests vis-à-vis the foreign rivals they compete with"[17].

The USTR reflects the view of the US Administration; recently, in this approach, the sanitary and phytosanitary (SPS) measures and standards-related measures (TBT) have gained relevance.

The Office of the United States Trade Representative (USTR) produces an annual "National Trade Estimate Report on Foreign Trade Barriers" (NTE), which in 2014 reached its 29th issue. The report is a complement to the annual "President's Trade Policy Agenda" published by USTR in March. The USTR report focuses on "localisation barriers to trade", thus embracing all "government laws, regulations, policies, or practices that either protect domestic goods and services from foreign competition, artificially stimulate exports of particular domestic goods and services, or fail to provide adequate and effective protection of intellectual property rights". Nine different categories are specified: *Import policies* (e.g. tariffs and other import charges, quantitative restrictions, import licensing, and customs barriers); *Government procurement*; *Export subsidies* (e.g. export financing on preferential terms and agricultural export subsidies that displace U.S. exports in third country markets); *Lack of intellectual property protection* (e.g. inadequate patent, copyright, and trademark regimes and enforcement of intellectual property rights); *Services barriers* (e.g. limits on the range of financial services offered by foreign financial institutions, regulation of international data flows, restrictions on the use of foreign data processing, and barriers to the provision of services by foreign professionals); *Investment barriers* (e.g. limitations on foreign equity participation and on access to foreign government-funded research and development programs, local content requirements, technology transfer requirements and export performance requirements, and restrictions on repatriation of earnings, capital, fees and royalties); *state-owned or private firms anticompetitive conduct* (e.g. government-tolerated anticompetitive conduct of state-owned or private firms that restricts the sale or purchase of U.S. goods or services in the foreign country's markets); *Trade restrictions affecting electronic*

[15] By "*border measures*" the EC means those measures having a direct effect at the border in the form of ad-valorem and specific duties, minimum imports and exports prices, licensing, fees, quotas or trade bans. "*Behind-the-border measures*" are the measures applied behind the border to regulate domestic markets with a potentially negative effect in terms of imports, provision of foreign services or economic activities of foreign operators. Among such measures, the EC provides a special focus on public procurement and measures affecting investment and services. Finally, "s*timulus packages*" and "*export support measures*" are state support measures used to promote the activity of their companies.

[16] European Commission, *11th Report on potentially trade-restrictive measures*, 2014.

[17] GTA - Global Trade Alert, *The Global Trade Disorder. The 16th GTA Report*, 2014.

commerce (e.g. tariff and nontariff measures, burdensome and discriminatory regulations and standards, and discriminatory taxation); *Other barriers* (e.g. bribery and corruption).

Since 2010 the USTR publishes two extra specialised reports on "standards, testing, labelling, and certification" measures[18], namely, a 'Report on Technical Barriers to Trade' (TBT) and one on Sanitary and Phytosanitary measures (SPS). Prior to that these measures were covered by the NTE general report. However in consideration of their increasingly critical role in shaping the flow of global trade ultimately affecting US trade[19], the USTR decided to provide an extra monitoring exercise tailored to those measures. Both elements are conceived as a means to promote understanding of the significant nontariff barriers to U.S. export and at the same time as a way to improve transparency regarding the engagement of U.S. agencies in resolving such trade concerns. The evolution in the USTR's perspective mirrors that of the US under Obama's administration[20].

[18] Foreign trade barriers taking the form of product standards, technical regulations and testing, certification, and other procedures involved in determining whether products conform to standards and technical regulations (conformity assessment procedures).
[19] In 2009 President Obama reaffirmed "America's commitment to pursue an aggressive and transparent program of defending U.S. rights and benefits under the rules-based trading system as a key element in his vision to restore trade's role in leading economic growth and promoting higher living standards".
[20] In President Obama's view nontariff barriers - in particular sanitary and phytosanitary (SPS) measures and standards-related measures (TBT) - are those posing a particular challenge to US export (USTR's Report 2014).

Table: The global surveillance system on protectionism in the G20

Main trends in potentially trade-restrictive measures (2014)

The WTO's reports on G20 trade measures[1]

- While trade growth was slower than expected in mid-2013, the last quarter of 2013 gave hopes for a trade and GDP growth expansion in 2015. Later in 2014, however, economic forecasts were downgraded by various international organisations due to recent economic instability in both developed and developing countries.
- At the end of 2013 the WTO warned the international community that trade restrictions were continuing to accumulate and called on G20 economies to show leadership in reinvigorating the multilateral trading system. Since its May 2014 report, the WTO acknowledged a decreasing rate of accumulation of such measures, which had decreased even further by November 2014. However, in absolute numbers trade restrictions continued to rise[2].
- Most restrictions take the form of trade-remedy actions, but lack of information persists on behind-the-border measures. The adoption of trade-facilitating measures is subject to fluctuations, however: slower between May and November 2013, encouraging afterwards.

The OECD-UNCTAD Report on G20 investment measures[3] [4]

- With regard to investment-related policies - and contrary to what happens in trade - G20 members have for the most part honoured the 2008 G20 commitment to refrain from protectionism. The majority of policy changes introduced by G20 countries went in the direction of eliminating restrictions and facilitating investments.
- After the 2012 slump, FDI growth recovered and G20 members now receive almost two-thirds of global FDI inflows.

The 11th European Commission Report on potentially trade-restrictive measures[5]

- In the current favourable but uncertain economic climate, trade is to play a key role. The accumulation of trade-restrictive measures therefore remains a serious concern, as expressed by the EC.
- Trade-restrictive measures are increasing and further adding to the stock of measures introduced since 2008. The emerging economies applied the bulk of the new trade-restrictive measures introduced.
- Although the largest share of measures introduced were border measures, other protectionist forms are gaining space, i.e. behind-the-border measures (e.g. technical, taxation, localisation measures). The picture is worrisome.

The 16th Global Trade Alert's Report[6]

- Globally , there have been three phases of protectionism: a surge in 2008/9, a fall in 2010/11, acceleration in 2012 and beyond. G20 members did not strictly follow those three phases but generally resorted to protectionism more frequently in recent years than at the beginning of the crisis.
- The top harmed countries are China, the EU, United States and Japan, in that order.
- WTO's report on protectionism underestimates the number of trade-restrictive measures[7], lacking information on behind-the-border barriers.

The USTR's National Trade Estimate Report on Foreign Trade Barriers (NTE)[8]

- USTR observes a growing trend in recent years regarding the imposition of localisation barriers to trade, i.e. measures designed to protect, favour, or stimulate domestic industries, service providers, or intellectual property at the expense of imported goods.
- Sanitary and phytosanitary (SPS) measures and standards-related measures (TBT) are those posing a particular challenge to US exports. Since 2010 USTR publishes two specialised reports on those.

[1] Period covered by the WTO reports considered: 10th edition, mid-May to mid-November 2013 (six months); 11th edition, mid-November 2013 to mid-May 2014 (six months); 12th edition, mid-May to mid-October 2014 (five months);
[2] The increment registered in each of the last three reference periods of the WTO's report series has become smaller: between mid-May 2013 and mid-November 2013, 116 new trade restrictions were adopted; between mid-November 2013 and mid-May 2014, 112 new trade restrictions adopted; between mid-May 2014 and mid-October 2014, 93 new trade restrictions were adopted.
[3] The annexed UNCTAD-OECD report on G20 investment measures provides an overview of recent FDI and non-FDI-related investment policy measures adopted by G20 economies since 2008. The three editions taken into account here cover the same time periods as the WTO's reports.
[4] OECD-UNCTAD, *Twelfth Report on G20 Investment Measures*, November 2014.
[5] *The EC's 11th Report on potentially trade-restrictive measures* covers the June 2013 - June 2014 period.
[6] The 16th GTA report was published in November 2014 and covers the November 2013 - November 2014 period (12 months).
[7] The WTO found 855 whereas GTA found 1235.
[8] USTR - United States Trade Representative, *2014 National Trade Estimate Report on Foreign Trade Barrier*, March 2014.

4 Recent protectionist developments in the G20

Trade was a driver of growth until the financial crisis.

Until the 2007/2008 financial crisis, the global economy enjoyed one of the fastest growth periods and prosperity phases in its history. Trade liberalisation and technological advancement have often been quoted as the main drivers of the golden era of globalisation[21].

The high integration of markets makes protectionism even more dangerous.

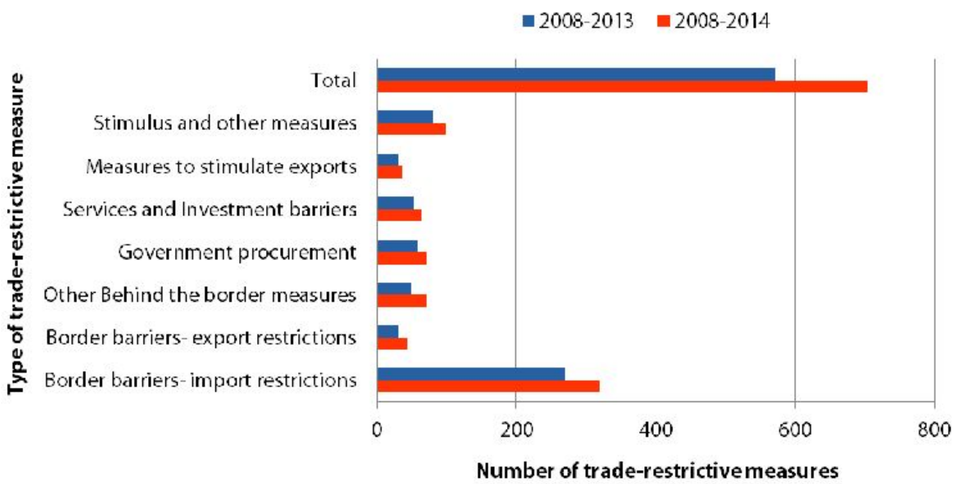
While in the pre-crisis period open markets played a pivotal role in triggering growth and job creation on a global scale, the recent global economic downturn has resulted in an enhanced recourse to measures that can be described as "protectionist". The progressive establishment of global value chains and the relative interdependency of modern international trade enhance the impact of protectionist measures on the global economy and may result in potentially destructive retaliatory wars.

The global economy in the post-2012 period slowed down while more potentially trade-restrictive measures were introduced.

In its latest report, Global Trade Alert (GTA) describes post-crisis relations between the global economy and protectionism in the world's economies as following three distinct phases: the first characterised by the surge of protectionism as the financial crisis displayed its effects in 2008-2009; the second during 2010-2011, where the timid global economic recovery was accompanied by a decline in trade-restrictive measures. The post-2012 period was characterised by a global growth deceleration (especially in emerging countries), which spurred the progressive introduction of potentially trade-restrictive measures[22].

Although estimates of the actual number of measures introduced or the extent to which trade is affected may differ, all institutions involved in the implementation of trade restrictions in the G20 convey the message that G20 countries have increasingly resorted to protectionism, despite their rhetoric commitment not to do so.

Figure 1
Trade-restrictive measures introduced by G20 countries since 2008 by type of measure



Source: Policy Department based on data provided by the European Commission

[21] ECIPE, *Trade, globalisation and emerging protectionism since the crisis*, Working Paper n. 02/2010.
[22] GTA - Global Trade Alert, *The Global Trade Disorder. The 16th GTA Report*, 2014.

The protectionist mainstream approach is gradually shifting towards the use of behind-the-border measures.

According to our estimates[23], based on data provided by the European Commission (EC), the total number of trade restrictions introduced by G20 countries had reached **704 measures** by the end of June 2014. Of those, **133 trade restrictions** were introduced over the last reference period of the EC's report[24]. This represents an increase of about 23.5% over the stock of measures accumulated from 2008 to 2013.

The method of protectionism preferred by G20 countries is the adoption of further border measures, with **63 newly introduced measures** and a total of **363 border barriers** in place by June 2014. In this category export restrictions experienced a double-digit growth rate over the previous year (+46.6%). As noted by the European Commission, many restrictions apply to the export of raw materials; this likely generates disruption in the global value chains affecting many productions and countries. Restrictions on the supply side may raise commodity prices in the world markets, ultimately distorting trade flows and disrupting the patterns of comparative advantages and favouring domestic industries over foreign ones sometimes at the expense of global welfare. Some examples of such provisions are mentioned in the G20 country-specific analysis (e.g. India).

G20 countries increasingly resort to technical regulations and other categories of behind-the-border measures.

Non-border measures are also increasingly present in G20 trade policies. In total a stock of **206 behind-the-border measures** was reported by the end of June 2014. Between 2013 and 2014, **46 new behind-the-border measures** were introduced, among those 13 related to government procurement, 11 restricting trade in services and investments and 22 other measures (e.g. technical regulations, provision and incentives in internal taxation and local content requirements). This last sub-category recorded the greatest increase ever, with about 45% growth over the previous year. It is interesting to note that the ratio of border to behind-the-border measures is about 1.76[25], falling to 1.36[26] for the last period under consideration. Among G20 countries China scored the highest number of behind-the-border measures adopted over the last year (see G20 country-specific analysis section).

Over the last reporting period, G20 countries adopted **25 new stimulus packages and export support measures**, raising the number of these types of trade restrictions to a **total stock of 135 stimulus packages and export support measures** since 2008. The greatest rise was in the number of stimulus packages adopted rather than in export support provisions. Russia, Japan, China and India are insightful examples of detrimental measures introduced.

[23] Collecting the information published by the European Commission in its annual series of reports on potentially trade-restrictive measures introduced by key EU trade partners since 2008, we constructed a dataset referring to trade-restrictive measures implemented by non-EU G20 countries only.
[24] *The EC's 11th Report on potentially trade-restrictive measures* covers the June 2013 - June 2014 period.
[25] 363 border barriers over 206 behind-the-border barriers in place (our estimates based on European Commission data).
[26] 63 border barriers over 46 behind-the-border barriers implemented between 1 June 2013 and 30 June 2014.

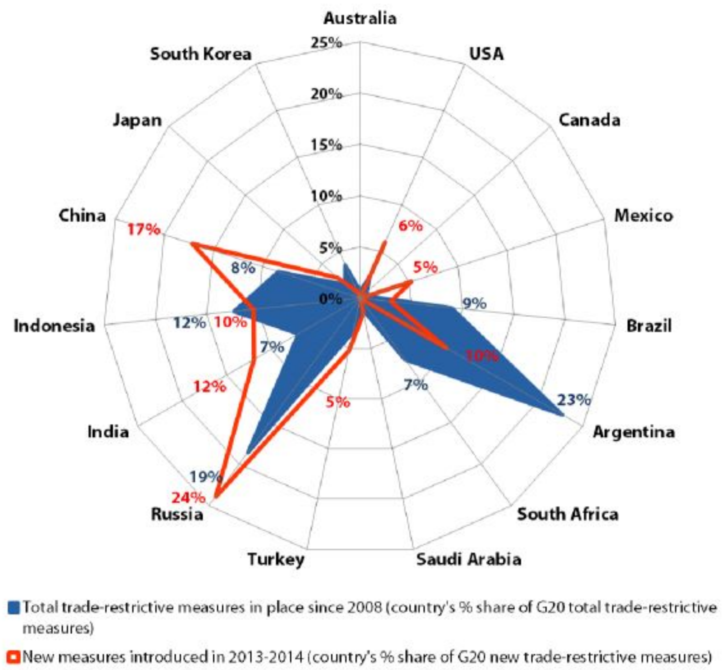
About half of the trade-restrictions in place since 2008 in the G20 group belong to Argentina, Russia and Indonesia.

The geography of trade restrictions reveals a group of countries, composed of Argentina (23%), Russia (19%), and Indonesia (12%), that hold double-digit shares in the trade restrictions implemented by G20 members over the whole 2008-2014 period. A second group - consisting of countries such as Brazil (9%), China (8%), India (7%) and South Africa (7%) - also hold a significant share of the existing measures.

Recent trends reveal a process of "easternisation" of protectionism in the G20.

Looking at the most recent developments in the field of protectionism, it is worth noting a marked **eastward shift of protectionism in the G20**, i.e. the majority of new measures were introduced by Russia (24%), China (17%), India (12%) and Indonesia (10%)[27]. These countries alone account for over 60% of the total measures introduced by the G20 over the last year.

Figure 2
Trade-restrictive measures introduced by G20 countries since 2008 and in 2013-2014



Source: Policy Department based on data provided by the European Commission

5 The BRICS within the G20 group

Emerging markets have experienced a slow-down since 2008 and their catch-up potential has remained uneven.

While the first decade of 2000 was a time of rapid economic expansion for the emerging economies, their "golden" growth decelerated in the aftermath of the 2008 financial crisis. The catch-up rate of these emerging markets with the developed world then clearly reduced. According to IMF forecasts, in 2014 emerging economies grew only 1.1%[28] faster than the developed world[29]. This rate

---

[27] Argentina is an exception as it also holds a large share of the new measures introduced (10%).
[28] In terms of per capita GDP (in PPP)
[29] The Economist, "Emerging Markets. From catch-up to Slip-up". *The Economist,* online ed. Sept. 2014, London

would be even slower if China were taken out of the group; in this case, the growth gap between emerging and rich countries would be 0.4%[30] (Figure 3).

The BRICS are lagging behind in the emerging market universe.

Within the wider group of emerging economies, Brazil, Russia, India, China and South Africa (BRICS) led global GDP growth and trade exchanges before the crisis. Although the BRICS still account for more than 25% of global GDP and for 53% of the emerging economies' GDP, they have lately rescaled their growth performances.

Russia, Brazil and China have been referred to as "laggards in the emerging market universe" due to their sharp decline in GDP growth and manufacturing activity over 2014[31].

Growth prospects and economic profiles differ within the BRICS.

Russia, with a growth rate of 0.9% in 2013 and 0.8% in 2014, is near stagnation. The drop in oil prices (bearing in mind that over 70% of Russia's exports in 2014 originated from mineral fuels), together with the Ukraine crisis and international sanctions, put great pressure on the economic prospects of the country. The Brazilian economy is also close to stagnation with expected growth for 2015 close to zero. The country's reliance on commodity exports makes it vulnerable to the current weakened prices in the commodity markets and lower demand from major trading partners (e.g. China). China finally, after three decades of high growth, now faces *"new normal"* economic growth, which was set at 7.4% in 2014 and is expected to fall to 6.8% in 2015 and 6.3% in 2016 according to IMF estimates. South Africa also experienced a steady slow-down over the last four years. In the pre-crisis period SA's GDP growth rate was on average 5%, while in 2014 it reached only 1.4%. The country suffered from drops in global trade demand and high unemployment. Although the world economy does not offer concrete hopes for growth, the country is projected to raise its growth rate to 2.5% in 2015.

India is a dissonant voice in the choir as its economy has recently displayed its highest growth rate since 2011[32] as the economy gained momentum and is expected to increase its GDP growth to 6.9% in 2015 from the previous year's 4.7%, mostly thanks to the recent drop in oil prices.

---

[30] Ibid.
[31] Kynge, J., *Bric countries, except India, sap EM dynamism*, Financial Times, online ed., 2015.
[32] India's difficult year in 2011 - embodied by a two percentage point drop in GDP growth over the previous year - was characterised by rising macroeconomic imbalances, rapid foreign capital outflows, double-digit inflation and a fall in the currency of about 25% against the dollar (by the end of 2011).

Figure 3
GDP per person, catch-up rate relative to the US* %

* Change in GDP per person at PPP in emerging markets minus change in GDP per person in US
† Forecast

Source: World Bank; The Economist[33]

"Less growth, more protectionism" is the new formula depicting the BRICS' position in the G20 group.

A proportionally inverse relationship governs the link between the adoption of trade restrictions and a country's economic performance. In line with this principle, the reduced economic performance of the BRICS over 2013-14 gave rise to more protectionist actions by the group.

The BRICS' share in the new trade-restrictive measures introduced by the G20 group was 14% larger than the share of the G20 trade restrictions accumulated before June 2013 (Figure 4).

Figure 4
Contribution of the "BRICS" and of "other G20 countries" to the total trade-restrictive measures introduced by the G20

BRICS		Other G20 countries	
2008-2013	2013-2014	2008-2013	2013-2014
47.6%	61.7%	52.4%	38.3%

Source: Policy Department based on data provided by the European Commission

Note: country-group contribution is measured as % share of total trade-restrictive measures introduced by the G20

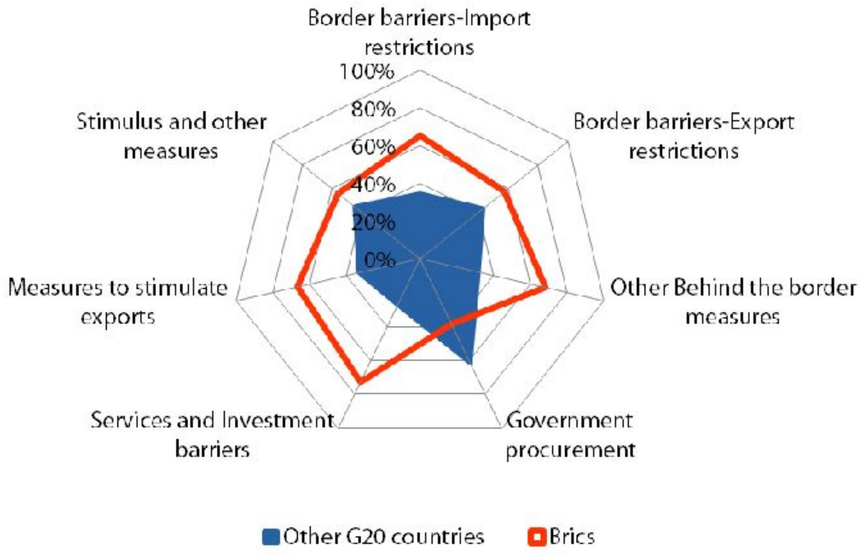
Over 2013-2014 BRICS made greater use of measures restricting services and investment.

During the period of 2013-2014, the BRICS enlarged their contribution to G20 trade restrictions in all types of measures (Figure 5). The majority of trade restrictions newly introduced by the BRICS were recorded in the service and investment area, where the BRICS' share for 2013-2014 amounted to over 72%. China and Russia were the most active G20 members in resorting to this type of measures. For the other areas, Russia was the G20 country implementing the most import and export restrictions in 2013-2014, while China accounted for the bulk of "other behind-the-border measures" introduced by the G20 over the same period.

The "other G20 countries" - i.e. the G20 countries excluding Brazil, Russia, India, China and South Africa - hold the greatest share of "government procurement" measures adopted by the G20 group. The US was the biggest contributor to that type of potentially trade-restrictive measures.

[33] Ibid.

Figure 5
Contribution of the "BRICS" and of "other G20 countries" to the total trade-restrictive measures introduced by the G20 by type of measure in the 2013-2014 period



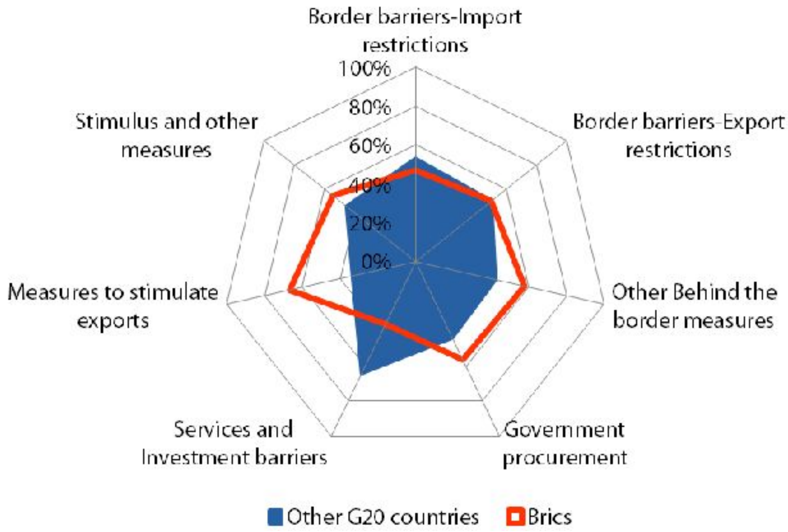
Source: Policy Department based on data provided by the European Commission

Note: country-group contribution is measured as % share of each type of trade-restrictive measure introduced by the G20

So far the largest share of BRICS contribution to G20 protectionist measures is in terms of "measures to stimulate exports".

As of the end of June 2014, the BRICS' share in the stock of trade restrictions implemented by the G20 group since 2008 is the largest in the "measures to stimulate exports" (66.7%), "other behind-the-border barriers" (57.7%) and "government procurement" (56.3%) (Figure 6). Despite the recent growing appreciation for trade restrictions affecting services and investment among BRICS countries, other G20 members still account for a larger share of this type of measure (64.1%), with Argentina and Indonesia top of the list.

Figure 6
Contribution of the "BRICS" and of "other G20 countries" to the total trade-restrictive measures introduced by the G20 by type of measure in the 2008-2014 period



Source: Policy Department based on data provided by the European Commission

Note: country-group contribution is measured as % share of each type of trade-restrictive measure introduced by the G20

BRICS have a comprehensive approach to protectionism.

Following the data analysis above, it can be inferred that the tendency of the BRICS economies over the period under consideration was that of undertaking more comprehensive protectionist approaches that include border barriers as well as sector-specific and more sophisticated forms of protectionism. As we will see case-by-case in the following section on country-specific analyses, BRICS countries have put in place a new complex mix of trade restrictions to counteract their recent economic impasse.

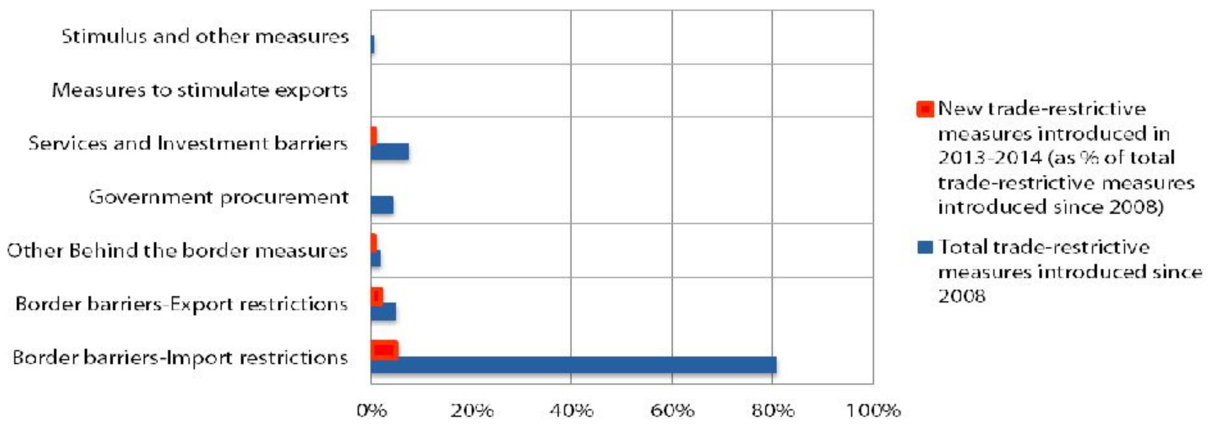
6 G20 country-specific analyses

6.1 Argentina

Argentina has a long-standing history of protectionism, in which import restrictions have played a big role.

Overview: Argentina has a long-standing history of protectionism, with a model of import substitution industrialisation that was only dismantled following the country's economic collapse in 1999-2002. The breakout of the 2008 global financial crisis in 2008 led to the resurgence of protectionism in the country, which currently has the highest number of trade restrictions (160) in place according to the European Commission. Argentina is considered to be the most protectionist country in the G20 group - holding about 23% of the total trade restrictions implemented by G20 countries since 2008.

Figure 7 Trade-restrictive measures introduced by Argentina since 2008 and in 2013-2014



Source: Policy Department based on data provided by the European Commission

New trends indicate that Argentina has continued to implement trade restrictions especially at the border; nevertheless, some progress was registered in terms of investment liberalisation.

Update on trade-restrictive measures: Despite the introduction of some trade-facilitating measures (e.g. lowered export taxes for asphaltites; newly introduced IT customs system)[34], protectionist drifts still persist. Over the 2013-14 period the country modified/introduced further trade restrictions, mostly of the border barriers type: (i) one-year extended application of 100 exemptions[35] from the Mercosur Common External Tariffs as of 22 January 2014 - including sparkling wines, articles for fireworks, certain herbicides, moulds for metal injection, and sports vessels; (ii) a compulsory Sworn Declaration of Composition on imported textiles and footwear - subject to an electronic customs system and a number of reviews by governmental entities prior to import; (iii) a non-automatic licensing

[34] European Commission, *11th Report on potentially trade-restrictive measures*, 2014.
[35] For those products import duties rise, often to as high as 35%.

system and an equivalent import declaration mechanism applied to all imports and recently declared WTO-inconsistent[36]. Argentina also introduced behind-the-border barriers, such as the imposition of a "luxury taxation" scheme for high-end imported products, i.e. cars, boats, planes and motorcycles. The increased rate of 35% for the withholding tax applicable to the purchase of goods and services by Argentinians abroad now includes acquisition of foreign currency for travel.

Rolled-back measures: Argentina ratified the compensation agreement with Repsol for the expropriation of 51% of the company's share in YPF S.A.

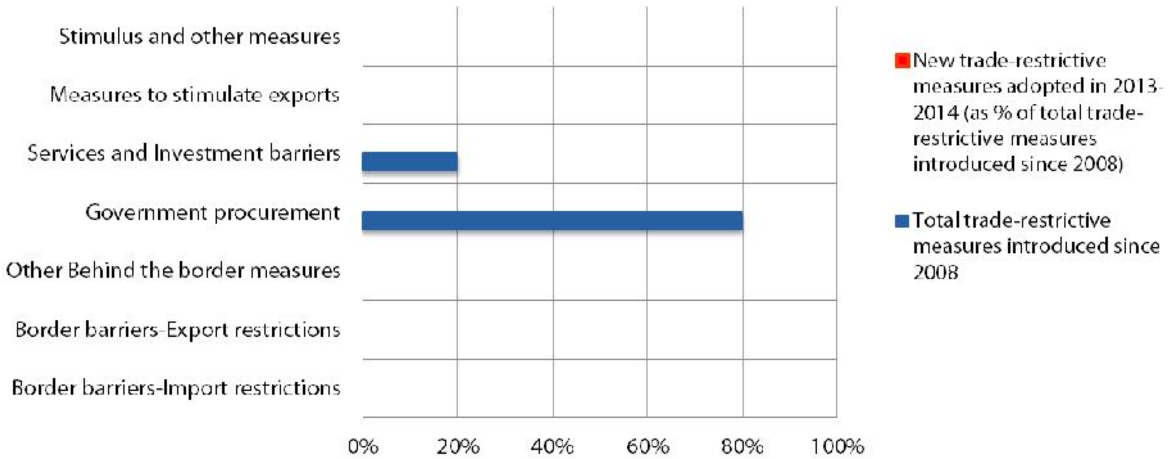
Investment measures: On 27 January 2014 the government relaxed some of its foreign exchange controls (e.g. on the USD quantity purchase limit)[37].

6.2 Australia

Australia is a low protectionist country; minor protectionist issues were reported in the area of public procurement.

Overview: Generally known to be a low protectionist country, since 2008 Australia has put in place only five measures that were considered by the EC as potentially trade-restrictive. One of the major issues reported was the "Plan for Australian Jobs"[38] that entered into force on 27 December 2013 and gives Australian manufacturing companies greater access to contracts for major mining and infrastructure projects. Even though Australia is not a full member of the GPA (General Agreement on Procurement) - but maintains observer status - this measure clearly has potential negative repercussions on foreign bidders, including EU nationals.

Figure 8 Trade-restrictive measures introduced by Australia since 2008 and in 2013-2014



Source: Policy Department based on data provided by the European Commission

Update on trade-restrictive measures: no major changes between June 2013 and June 2014

[36] The import declaration mechanism (DJAI) - requiring importers to submit a prior sworn importer declaration - was found inconsistent with Article IX: 1 of the GATT 1994 by both the Panel and the Appellate body of WTO. The DSB's investigation was concluded on 26 January 2015.
[37] OECD-UNCTAD, *Eleventh Report on G20 Investment Measures*, June 2014.
[38] issued by the Australian government on 27 June 2013.

Rolled-back measures: no major changes between June 2013 and June 2014

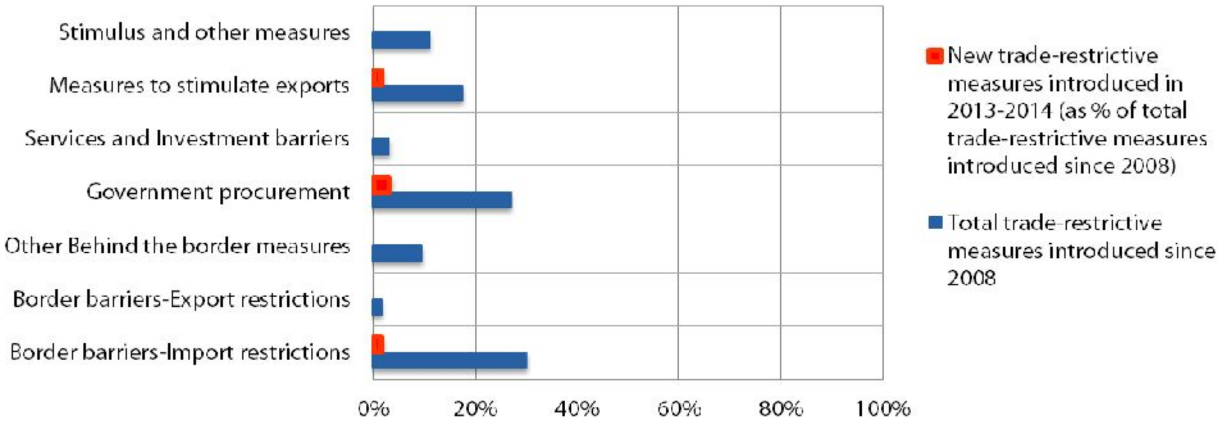
Investment measures: no major changes between June 2013 and June 2014

6.3 Brazil

Brazil has in place a variety of protectionist measures implemented since 2008 (import restrictions, stimulus measures, public procurement, etc.).

Overview: Brazil's share of G20 trade-restrictive measures introduced since 2008 was around 9%, making it the fourth most protectionist country of the group. As the country's economy continues to stagnate, Brazil has kept in place the bulk of its existing protectionist measures. Such restrictions have so far significantly prevented companies in specific sectors from exporting to Brazil and discriminated against foreign companies, e.g. through the provision of low-cost credit lines and other forms of concessional financial support for domestic operators by the national development bank of Brazil (BNDES), or through the complex tax benefit system based on localisation requirements[39].

Figure 9 Trade-restrictive measures introduced by Brazil since 2008 and in 2013-2014



Source: Policy Department based on data provided by the European Commission

Although Brazil continues to implement new trade restrictions of various types, the number of new measures recently introduced is smaller than in previous years.

Update on trade-restrictive measures: Over 2013-14, Brazil, like Argentina, amended its list of 100 exemptions from the MERCOSUR Common External Tariffs, resulting in an import tariff increase from 2% to 16% for certain demonstrational goods and from 0% to 4% for joint cement. Further behind-the-border measures were introduced by Brazil, however in lower number with respect to previous years. As exporting to Brazil remains extremely problematic and following the unsatisfactory consultations with Brazil on 31 October 2014[40],

[39] "Brazil applies to imports federal and state taxes and charges that can effectively double the actual cost of imported products in Brazil. The complexities of the domestic tax system, including multiple cascading taxes and tax disputes among the various states, pose numerous challenges for [...] companies operating in and exporting to Brazil" (2014 USTR Report on Brazil).

[40] European Commission, EU requests WTO panel on Brazil's discriminatory taxes (31 October 2014).

the EU decided to request the establishment of a panel concerning Brazilian discriminatory taxation schemes[41]; the outcome is pending. Over the last year, Brazil also introduced some trade-facilitating measures[42].

Rolled-back measures: Brazil decreased import duties on certain products, e.g. peaches (from 55% to 35%), bicycle tyres (from 35% to 16%), banknote paper (from 12% to 6%) and porcelain (from 35% to 12%).

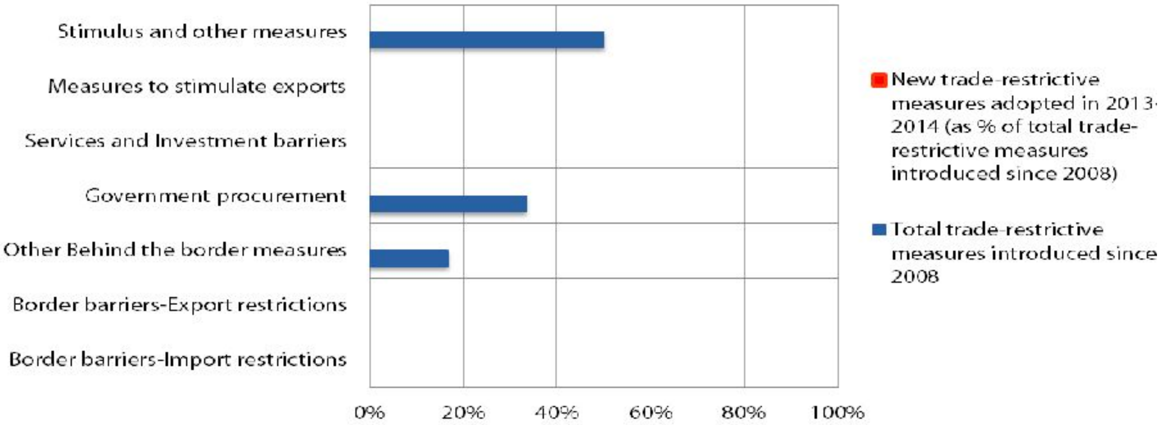
Investment measures: In December 2013 Brazil introduced some investment measures modifying the financial transaction tax: on the one hand it reduced to zero the tax rate on transfer shares admitted to trading on a stock exchange in Brazil; on the other hand, it raised the tax rate on payments made abroad, on debit card withdrawals of foreign currency, purchases of travel checks and top-ups of international pre-paid cards[43].

6.4 Canada

Canada's protectionism in the food sector remains an issue for foreign trade partners.

Overview: Canada's approach to food trade is highly protectionist. In the past the EC often mentioned Canada among the countries that repeatedly resorted to protectionist measures with a potentially harmful effect on EU business. The dairy sector[44] is among those significantly affected by such trade restrictions. However, Canada's share of trade-restrictive measures accounts for barely 1% of the total implemented by G20 countries since 2008.

Figure 10 Trade-restrictive measures introduced by Canada since 2008 and in 2013-2014



Source: Policy Department based on data provided by the European Commission

[41] Referring to the automotive sector, the electronics and related sectors, with regard to goods produced in Manaus and other Free Trade Zones, and tax advantages for exporters. WTO, European Union files dispute against Brazil on 'Tax Advantages' (19 December 2013).
[42] e.g. temporary reduction/elimination of import tariffs on specific products under import quotas, capital goods and foreign machinery and equipment; streamlined procedure and requirements regarding health risks affecting the import of medical devices (EC's 11th Report, p. 213-214).
[43] OECD-UNCTAD, *Twelfth Report on G20 Investment Measures*, November 2014.
[44] The Public Policy & Governance Review, The Protectionist Market Regime of Canadian Dairy Farms (July 2013)

Update on trade-restrictive measures: no major changes

Rolled-back measures: no major changes between June 2013 and June 2014

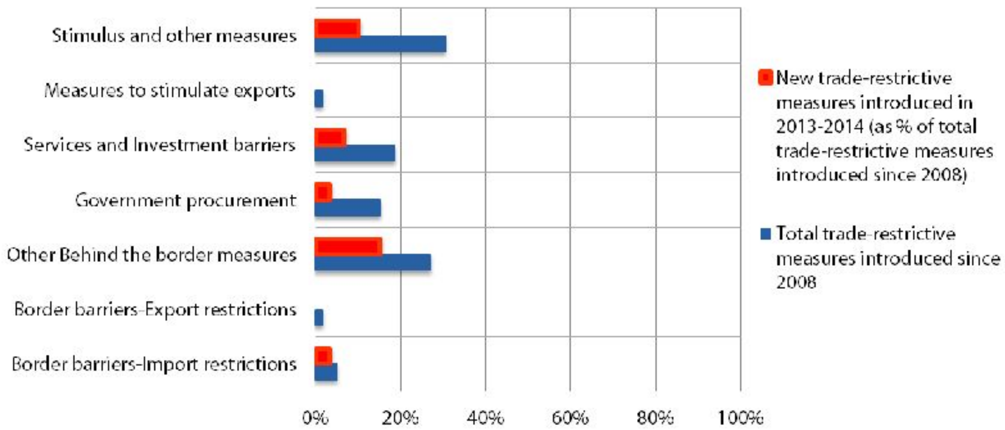
Investment measures: On 26 June 2013 the Investment Canada Act was amended and resulted in increased uncertainty for foreign investment in Canada by State Owned Enterprises[45].

6.5 China

China is a difficult market for foreign operators due to several trade restrictions de facto restricting market access and investment.

Overview: China is known to be a difficult market for foreign operators. In particular, behind-the-border market regulation and discriminatory market practices have de facto restricted market access for foreign investors, with sector-differentiated impacts. Until June 2013 the EC had reported about 36 trade-restrictive measures, mainly in the form of behind-the-border restrictions. China's overall contribution to G20 protectionist arrangements until 2013 was about 6.3%. This percentage increased to 8.4% according to the measures reported in the latest EC report. The shift towards greater protectionism occurred in concomitance with a weakening in China's growth.

Figure 11 Trade-restrictive measures introduced by China since 2008 and in 2013-2014



Source: Policy Department based on data provided by the European Commission

New trends indicate a further deterioration of market access in a few sectors (food, public procurement, medical sector), despite minor advances in terms of foreign

Update on trade-restrictive measures: Despite its discrete effort towards **trade liberalisation**[46], over the 2013-14 period China implemented a further 23 trade-restrictive measures, ranging from border to behind-the-border measures and stimulus packages.

China applies a number of behind-the-border measures, affecting some sectors more than others. Regarding the food industry for instance, on 1 May 2014, new requirements on the import of dairy products entered into force, including the

[45] OECD-UNCTAD, *Tenth Report on G20 Investment Measures*, December 2013, p.60.

[46] e.g. the implementation of the "Reform of Paperless Customs Clearance" on imports and exports via air, sea and land at all sites of 12 customs offices; the launch of the "China (Shanghai) Pilot Free Trade Zone"; the revision of the regulation on foreign investment in the insurance industry; a temporary tariff reduction of 60% by the Ministry of Finance on 760 tariff lines; less burdensome investment approval procedures (*The EC's 11th Report on potentially trade-restrictive measures*, 2014, p. 214).

investment regulation.

obligation of registration for all companies wanting to export dairy products (and infant formula) to China. Other trade-obstructing provisions affect the medical sector. On 1 June 2014 the Chinese basic regulation on medical devices[47] entered into force, which put in place more stringent requirements for foreign medical device companies.

Public procurement is also a problematic sector, where the situation continues to deteriorate. Issues centre around the interpretation of legal provisions - such as "domestic goods" - by central and local authorities, which often goes beyond the already strict requirements of the law. In some cases local content requirements[48] reached 70%, in others foreign companies were completely cut out of the bidding process. In June 2014, the Ministry of Finance (MOF) and Civil Administration of China (CAAC) issued a notice that states a preference for domestic airlines in the purchase of tickets for government personnel travelling for business purposes and that foreign companies wanting to bid must partner with a Chinese company[49].

Burdensome technical requirements have also entered the sector of **IT products and services,** with a new required testing procedure regarding the security of products and services used for government procurement.

Some issues have also recently arisen regarding **patent protection and standards.** In some cases Chinese courts did not recognise the terms of certain licences and imposed new licensing on foreign companies, claiming the Chinese antimonopoly law had been breached.

The Chinese anti-dumping/anti-subsidy investigation on imported wine initiated in June 2013 - in response to the EU antidumping case on solar panels - was terminated on 21 March 2014 with an agreement involving technical cooperation and exchanges between the EU and China.

Rolled-back measures: China suspended the previously imposed measures on VAT affecting the logistics industry[50].

Investment measures: On 19 January 2015 the Ministry of Commerce of China issued a draft Foreign Investment Law that, once finalised, will replace three existing laws, namely the Foreign Invested Company Law, the Sino-Foreign Equity Joint Venture Law, and the Sino-Foreign Cooperative Joint Venture Law. Beyond mere simplification, the law aims to grant "national treatment" to all foreign investment, with the exception of those sectors included in the "Special Administrative Measure List" ("Negative List")[51]. Since 25 July 2014 foreign

[47] This provision was complemented by the "Updated Registration Measures" regulation on Measures related to the Administration of Registration and Filing of Medical Devices, which entered into force on 1 October 2014.

[48] Local content requirements are particularly stringent for public procurement procedures regarding wind power equipment, the development of infrastructure projects and the railway and automotive sectors.

[49] *The EC's 11th Report on potentially trade-restrictive measures*, 2014, p. 133.

[50] *The EC's 11th Report on potentially trade-restrictive measures*, 2014, p. 196.

[51] The Negative List sets out the range of industries and activities in which foreign investment is either restricted or prohibited in China.

investors are allowed to wholly own hospitals in selected provinces of the country[52]. In March 2014, China approved some amendments to the PRC Company Law, relaxing some of the requirements for foreign investors[53]. On October 2014 new rules easing the procedure related to outward direct investments[54] were also approved.

6.6 India

India aims to further integrate itself into the global economy, though it maintains a protectionist trade regime and unfriendly regulatory environment.

Overview: India singled itself out from the other BRICS countries in terms of growth by the end of 2014 and growth prospects for the two forthcoming years. Its recently embraced programme of economic reform aims to further push the progressive integration of the country in the global economy as a growth strategy. Yet India's trade regime and regulatory environment remain comparatively restrictive, as pointed out by the European Commission, and India maintains substantial tariff and non-tariff barriers that undermine the potential development of its trade relations with the EU as well as with other partners. India holds 7% of the trade-restrictive measures introduced since 2008 by the G20 group, predominantly import restrictions.

As pointed out by the WTO, India's tariff regime is based on a complex structure of customs tariffs and fees, characterised by a "lack of transparency in determining net effective rates of customs tariffs, excise duties, and other duties and charges". Indeed there is a large gap between the average bound tariff rates (48.6%)[55] and the most favoured nation (MFN) applied rates charged at the border (13.7%)[56]. This large disparity generates uncertainty and this negatively affects India's relations with its trading partners. Despite its integration efforts, India has not systematically reduced its basic customs duties in the past five years[57], which remain very high on a number of goods[58], including agricultural products, whose average tariff rate is 118.3%. Also, over 30% of India's non-agricultural tariffs are unbounded, i.e. there is no WTO ceiling on the rate. India is also known for its non-tariff barriers, which mainly take the form of quantitative restrictions, import licensing, mandatory testing and certification for a large number of products, as well as complicated and lengthy customs procedures.

---

[52] Beijing, Tianjin, Shanghai, Jiangsu, Fujian, Guangdong, Hainan. See OECD-UNCTAD, *Twelfth Report on G20 Investment Measures*, November 2014, p.81.

[53] OECD-UNCTAD, *Eleventh Report on G20 Investment Measures*, June 2014, p.87.

[54] OECD-UNCTAD, *Twelfth Report on G20 Investment Measures*, November 2014, p.81.

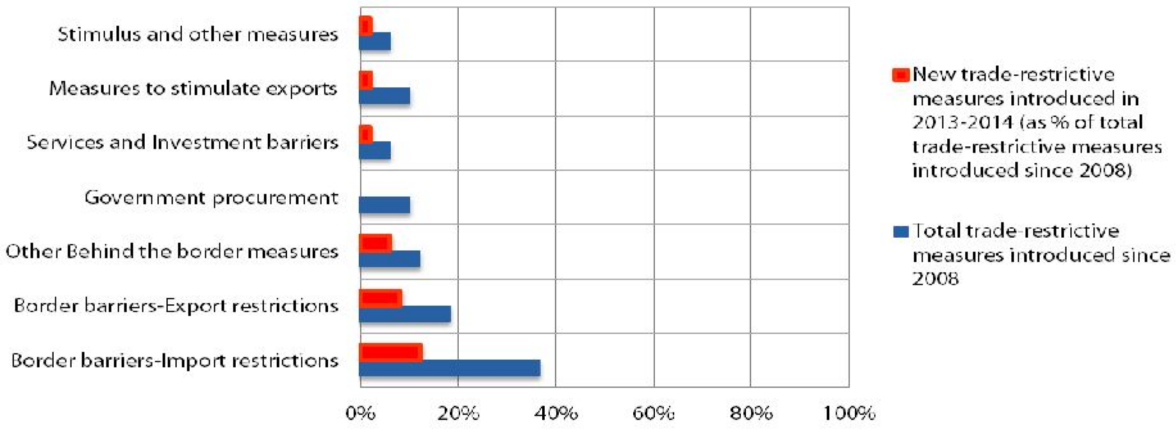
[55] The rates that under WTO rules generally cannot be exceeded.

[56] As set for 2012.

[57] United States Trade Representative (USTR), *2014 National Trade Estimate Report on Foreign Trade Barriers*, March 2014, p. 143.

[58] According to USTR's report high tariffs apply to flowers (60%), natural rubber (70%), automobiles and motorcycles (60-75%), raisins and coffee (100%), alcoholic beverages (150%), and textiles (up to 300% for some products).

Figure 12 Trade-restrictive measures introduced by India since 2008 and in 2013-2014



Source: Policy Department based on data provided by the European Commission

Over the last year India was the G20 country introducing the majority of new export restrictions; import restrictions are still India's preferred type of trade-restrictive measures.

Update on trade-restrictive measures: India has maintained its preference for a protectionist approach. According to the WTO, India accounts for more than 60% of trade affected by remedy actions and other import-restrictive measures applied by G20 countries between May and November 2014[59]. At the same time, however, India also contributed 18.3% of all import-liberalising measures applied by G20 members over the same period[60].

Out of the 16 trade restrictions introduced over the 2013-2014 period according to the EC's report, border measures remained the preferred instrument. India increased customs duties on several products (e.g. sugar, certain kinds of vegetal oils, rubber goods, poppy seeds, animal fats and their derivatives, and areca nuts) and restricted conditions on the import of some metals (e.g. silver and gold ore, bars and coins as well as platinum) and jewellery articles. India also increased export restrictions on onions and potatoes (raising the minimum export price), chemicals (issuing a licensing requirement), and on iron ore pellets (export duty of 5%).

India reformed its regulations on labelling, making the printing/engraving of registration information mandatory on a range of imported electronic products that are subject to registration and testing procedures. In August 2013, India also changed its interpretation and enforcement of its Food Safety Regulations, requiring the labelling of foodstuffs directly on packaging instead of on stickers.

India also introduced some stimulus measures. In September 2013, the newly approved National Food Security Act, worth 1.24 trillion rupees (approx. EUR 16.2 billion), introduced a massive subsidisation of rice, wheat and coarse cereal supplies[61]. In March 2014, India approved export subsidies on raw sugar shipments (i.e. 3300 rupees (EUR 43) per tonne up to 4 million tonnes).

---

[59] i.e. about EUR 52.7 billion out of a total of EUR 88.5 billion.
[60] i.e. about EUR 50.6 billion out of a total of EUR 278.2 billion
[61] The WTO's ninth ministerial conference held in December 2013 in Bali agreed that India and other developing countries with public stockholding programmes can - under certain specific conditions - violate global rules on farm subsidies ("peace clause").

Rolled-back measures: no major changes

Some progress has been made in terms of investment liberalisation in several sectors.

Investment measures: India has been so far progressively liberalising FDI and facilitating more foreign investments into several restricted sectors. The actions taken by the government aimed to strengthen transparency of the applicable rules and it introduced policy changes favouring FDI and other inward or outward capital flows. In August 2014 a further liberalisation of the defence sector (26 August 2014) and of railway infrastructure (27 August 2014)[62] entered into effect. That said many sectors still face investment barriers, such as the retail or services sectors.

6.7 Indonesia

Indonesia has made some progress in tariff elimination within ASEAN, though non-tariff barriers remain a big obstacle for the country.

Overview: As of June 2014 Indonesia accounted for 12% of the total trade-restrictions adopted by G20 countries since 2008. In 2013-2014 it was one of the emerging economies applying the bulk of new potentially trade-restrictive measures (in fourth position after Russia, China and India)[63].

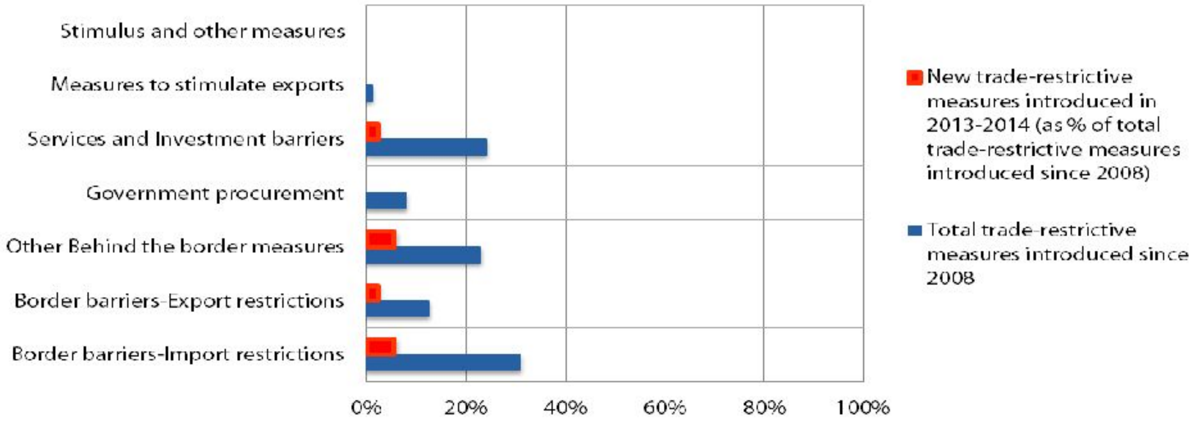
Indonesia is the largest ASEAN economy, representing 40% of its GDP and population. Duties on imports from other ASEAN countries range from 0% to 5%; those countries (under ASEAN agreements) plus Japan (under a separate bilateral FTA) also benefit from preferential market access. Despite progress in tariff elimination within the ASEAN area, non-tariff barriers remain a major obstacle to the free movement of goods even in intra-ASEAN trade[64].

Indonesia also enjoys trade preferences with the EU under the GSP, and it is the EU's fourth largest partner in the region. Trade with the EU is however affected by the considerable number of trade barriers (including various technical requirements, rules of origin, or quotas on specific items)[65] in place. The situation seems to have deteriorated over time. Rising economic nationalism has led to a surge of protectionist policies over the past few years.

---

[62] OECD-UNCTAD, *Twelfth Report on G20 Investment Measures*, November 2014, p.82.
[63] European Commission, *11th Report on potentially trade-restrictive measures*, 2014.
[64] The Asian Foundation (2014) Trade Facilitation - Cost of Non-Cooperation to Consumers in the ASEAN Economic Community. March 2014. Available at: http://www.asiafoundation.org/resources/pdfs/TradeFacilitationCostofNonCooperationtoConsumersintheASEANEconomicCommunity.pdf
[65] Import licensing procedures and permit requirements, product labelling requirements, pre-shipment inspection requirements, local content and domestic manufacturing requirements, and quantitative import restrictions.

Figure 13 Trade-restrictive measures introduced by Indonesia since 2008 and in 2013-2014



Source: Policy Department based on data provided by the European Commission

The recent package of policy measures adopted to increase exports, reduce imports, and bolster investment display a wider use of the local content requirement.

Update on trade-restrictive measures: Over the last year Indonesia approved a package of policy measures to increase exports, reduce imports, and bolster investment by applying the local content requirement on a larger scale. For example Indonesia has limited via regulation the number of store outlets and imposed local content requirements on them, requiring that a minimum of 80% of the goods they offer for sale be domestically produced. In January 2014, Indonesia restricted exports on minerals and metal ores by imposing the obligation to process raw materials locally and granting priority of use of processed metals to domestic industries[66]. It then increased export taxes (up to 60% by 2016) on minerals and ores that are allowed for export.

Additionally, the government has issued an important array of other potentially-restrictive provisions: (i) a new trade law that imposes further trade restrictions on grounds of national interest; (ii) a new industry law that encourages localised production and increases the role of the state in controlling strategic industries; (iii) an export ban on biological and non-biological raw materials; (iv) new "Provisions for Import of Certain Products" modifying the pre-shipment control and import restrictions, adding further restrictions and controls; (v) a strict inspection process on imported cosmetics; (vi) import income tax on a range of products increased from 2.5% to 7.5%, affecting over 500 tariff lines.

Rolled-back measures: no major changes between June 2013 and June 2014

Investment measures: On 23 April 2014 Indonesia revised its Negative List of Investments. Some sectors (like warehousing and horticulture) were further closed to foreign investments, while others (like pharmaceuticals, venture capital operations and power plant projects) benefited from some liberalisation.

[66] This measure translated into a de facto export ban of unprocessed or unrefined minerals.

6.8 Japan

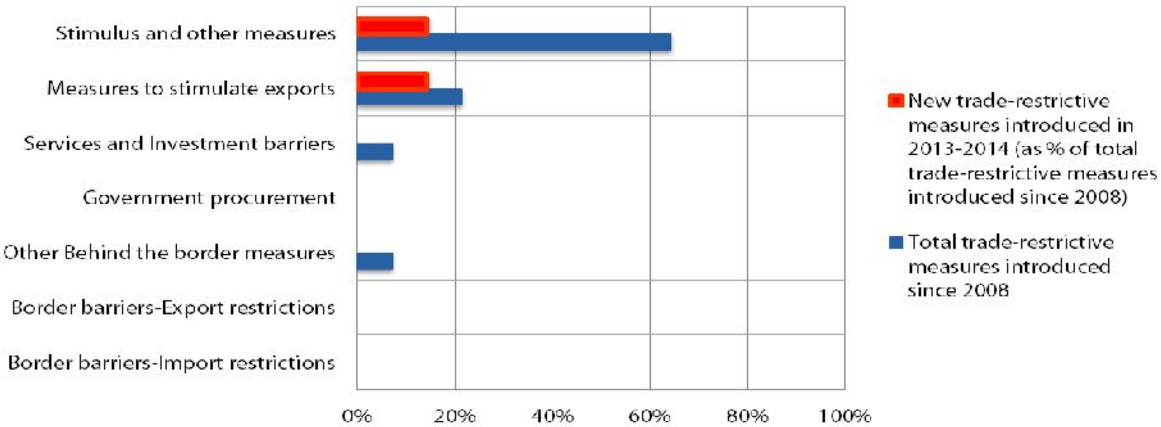
Japan has committed to reducing the bulk of its regulatory and technical barriers as it progresses its FTA negotiations with the EU and the TTP with the APEC countries.

Overview: In general Japan's tariffs on goods are considered low, although they remain quite high in those sectors where the EU is a major global exporter (agriculture and processed food and beverages). Certain long-standing problems persist in market access in a range of sectors, e.g. chemicals, automotive, medical devices, processed foods, transport equipment, telecommunication and financial services. This is coupled with some cross-sectorial issues (public procurement restrictions and IPR issues).

In the period 2008-2014, Japan introduced only 14 potentially trade-restrictive measures according to the EC. This is under 2% of the total potentially trade-restrictive measures introduced by G20 countries since 2008.

Indeed, in the light of on-going negotiations for an FTA with the EU and a TPP (Trans-Pacific Partnership) within the Asia-Pacific Economic Cooperation (APEC) region, Japan has committed itself to dramatically reducing the bulk of its regulatory and technical barriers. As a matter of fact, no further restrictions were introduced by Japan in the areas of services and investment or in public procurement, which are among the most sensitive sectors in the negotiations. Some changes have occurred instead following the introduction of stimulus packages and other export support measures.

Figure 14 Trade-restrictive measures introduced by Japan since 2008 and in 2013-2014



Source: Policy Department based on data provided by the European Commission

New trade restrictions are minor and prevalently take the form of state intervention in support of domestic sectors (e.g. export stimulus).

Update on trade-restrictive measures: In June 2014 Japan launched the "Japan Revitalization Strategy", a set of measures for which the government earmarked 1.48 trillion yen (EUR 10.3 billion) to support overseas natural resource exploitation and overseas expansion and acquisitions by Japanese institutions and companies of various sectors and size, with a special focus on SMEs.

In April 2014 Japan approved export support measures regarding the insurance coverage of Japanese companies exporting key products (e.g. cars and electronics) to emerging markets.

Japan also approved an additional 15 billion yen (EUR 105 million) for the extension of the so-called "Wood-Use Points Programme" until October 2014[67]. This programme was designed to promote the domestic forestry and sawmill sectors in Japan by subsidising those using “local wood” species (e.g. sugi, hinoki and Japanese larch) for instance in residential home construction.

Rolled-back measures: no major changes between June 2013 and June 2014

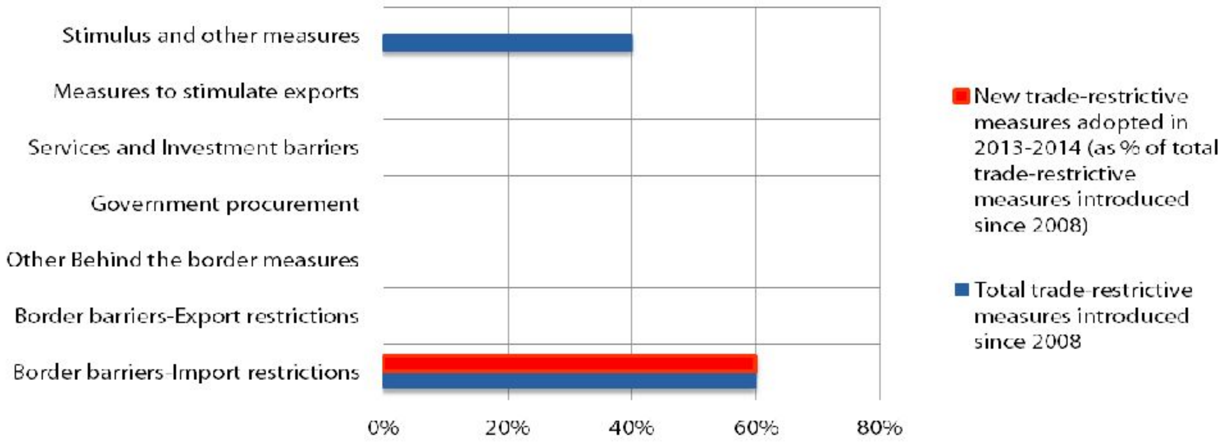
Investment measures: no major changes between June 2013 and June 2014

6.9 Mexico

Mexico has generally refrained from resorting to protectionism since 2008.

Overview: The protectionist profile of Mexico seems to be particularly low. From 2008 until June 2013 the country introduced only two measures that were considered trade-restrictions by the EC, of the type “stimulus packages and other support measures”. Over the last reporting period of the EC though, three further measures were put in place, belonging to the category of border barriers on import.

Figure 15 Trade-restrictive measures introduced by Mexico since 2008 and in 2013-2014



Source: Policy Department based on data provided by the European Commission

Mexico has progressively liberalised foreign investment (e.g. telecommunication services).

Update on trade-restrictive measures: The newly introduced measures refer to an increase in customs duties on certain products, namely furniture items, wood and agricultural products.

Rolled-back measures: no major changes between June 2013 and June 2014

Investment measures: Mexico embraced a number of reforms in the area of telecommunications. On 12 June 2013 a modification of the Mexican legislation on foreign ownership of telecommunication services became effective that made 100% foreign ownership of radio and television broadcasting possible, under condition of reciprocity[68]. However, on 13 August 2014 two new laws came into effect: the Federal Telecommunication and Broadcasting Law and the Public

[67] 2014 USTR's Report, p.179.

[68] OECD-UNCTAD, *Tenth Report on G20 Investment Measures*,, December 2013.

Broadcasting System Law. As a result, to obtain a concession for broadcasting services involving the participation of foreign investment, the National Commission of Foreign Investments needs to issue a prior favourable opinion[69].

6.10 Russia

Russia has continued to implement trade restrictions (mainly import restrictions) since 2008.

Overview: Among G20 countries, Russia is in second position (after Argentina) in terms of the number of trade restrictions imposed since 2008. 87 potentially trade-restrictive measures were reported by the EC, which is equal to almost 20% of the total trade restrictions imposed by G20 members since 2008.

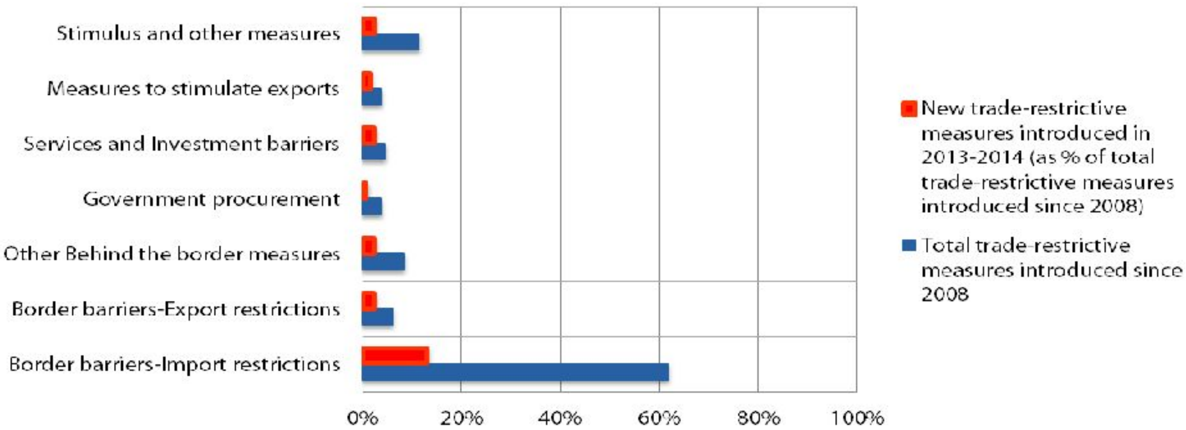
Despite its difficult investment climate and the status of the economy, on 22 August 2012 Russia joined the WTO. Radical changes were expected in order for Russia to comply with the rules of this multilateral trade system, yet, the country still does not respect all its WTO commitments.

There are increased concerns that Russian Customs contribute to inhibiting trade. USTR reports that Russia does not publish all regulations, judicial decisions, and administrative rulings of general application to customs matters. Russian customs officials discretionally apply higher import values, and hence higher duty payments; the documentation requirements are unpredictable and inconsistent, and vary from port to port; the system of advance payment requirement for duties and taxes on some products (e.g. alcoholic products) requires a bank guarantee and deposit and often refunds of these guarantees are delayed by several months.

In some sectors (e.g. pharmaceuticals and healthcare) foreign investments are particularly affected by policy discrimination.

In a number of sectors such as pharmaceuticals and healthcare Russia discriminates against foreign exporters in favour of domestic producers. For instance Russia proposed a ban on government procurement of certain medical devices manufactured outside the CU or by companies not complying with the requirement of localisation of production in Russia.

Figure 16 Trade-restrictive measures introduced by Russia since 2008 and in 2013-2014



Source: Policy Department based on data provided by the European Commission

[69] OECD-UNCTAD, *Twelfth Report on G20 Investment Measures*, November 2014.

Over the last year Russia scored as the G20 country applying most import restrictive measures; meat and agricultural products have been targeted.

Update on trade-restrictive measures: With reference to the June 2013 to June 2014 period, Russia reported the highest number of new trade restrictions according to the EC (32 new measures). The great majority of those (17) were border measures at import. Nevertheless Russia also applied other instruments to variously protect Russian interests via trade, e.g. non-border barriers like technical regulations, foreign investment restrictions, etc. When Russia occupied Crimea in February 2014, the situation deteriorated. According to GTA's estimates, Russia has applied 1,349 new protectionist measures since the last GTA pre-summit report.

At the end of 2013 Russia introduced an array of import restrictions on various kinds of meat and agricultural products: tariff quotas on imported beef, pork, poultry meat, and certain types of whey powders. In addition, in January 2014 Russia banned the import of live pigs, pork and other products originating in the EU. As a consequence, in October 2014 the EU filed a case against Russia regarding its breach of WTO commitments. EU complaints about the lack of implementation of Russia's WTO commitments also concern the case of higher ad valorem duty rates on some products, e.g. on paper and paperboard goods (between 10 and 15% instead of the agreed 5%) and the imposition of special duties on palm oil, refrigerators and combined refrigerators-freezers. The EU alleged that Russia's applied duties in excess of bound rates had a negative impact on European products worth EUR 600 million a year[70]. Despite holding consultations on 28 November 2014, the EU and Russia were not able to resolve the dispute[71].

Besides these import border restrictions, Russia also restricts exports (e.g. duties on tungsten ores). On 12 December 2013 the government drafted a proposal to limit duty-free e-commerce (imposing a 10% fee on parcels being imported into Russia) and online purchases.

Russia has also adopted some technical provisions that increase the burden for importers to comply with regulations. For instance Russia recently introduced a complicated conformity assessment requirement regarding chemical substances in certain kinds of garment[72].

Important changes have been introduced by Russia in the area of public procurement. Russia decided to grant contract price preferences of 15% to bidders that comply with the local content requirement (i.e. that supply goods originating in Russia, Belarus or Kazakhstan). The provision will enter into force on 31 December 2015.

The Russian State has also intervened strongly in support of domestic companies

---

[70] EU Trade Insights, "*EU steps up WTO dispute over Russian duties*", (26 February 2015).

[71] The EU requested the establishment of a panel on 26 February 2014 and on 10 March a WTO Dispute Settlement Body (DSB) meeting took place. This is the fourth WTO case raised by the EU against Russia (one on Russia's recycling fee on motor vehicles - November 2013; one on Russian import restrictions on EU pig products- July 2014; one on Russia's anti-dumping duties on light commercial vehicles - September 2014). Russia also filed two WTO cases against the EU (one on the EU's cost-adjustment calculation methods - July 2014; one on the EU's third energy package).

[72] European Commission, *11th Report on potentially trade-restrictive measures*, 2014, p.18.

against foreign competition. In December 2013 Russia allocated EUR 2.4 billion in state guarantees in support of industrial exports in 2014. In April 2014 Russia approved a state programme "Development of Foreign Economic Activities" worth EUR 310 million to improve the access of Russian goods to foreign markets. Russia also added further support to the development of the chemical and pharmaceutical-medical industries, with two different support plans. It subsidises chemical producers' loan expenses in the 2014-2016 period and provides EUR 1.75 billion in support of the export and domestic purchase of medicines and medical goods. Another sector that benefits from state support is the automotive sector, which has a subsidy scheme to compensate for the maintenance of jobs and operational costs as well as the fulfilment of environmental obligations.

Rolled-back measures: Russia did not extend the validity of special duty on certain kinds of engineering hardware that expired in June 2014.

Foreign investment is restricted by law in most sectors; non-tariff barriers further inhibit foreign investments in Russia.

Investments: The 1999 Investment Law permits discrimination against foreign investors with the ultimate effect of prohibiting or inhibiting foreign investment in a number of areas (e.g. in television broadcasting). Even though Russia has made improving the investment climate a priority, foreign investors continue to complain about corruption and other barriers to investment (e.g. inadequate dispute resolution mechanisms, weak protection of minority shareholder rights, absence of requirements for internationally agreed accounting standards for all companies and banks, and rule of law issues). In 2008 it created an Anti-Corruption Council and in 2011 it issued significant anticorruption legislation, but so far there has been little progress[73]. Since March 2014 joint stock companies and their investors require the permission of the Ministry of Industry and Trade to take decisions regarding their agreements with foreign counterparts or circulating/acquiring securities.

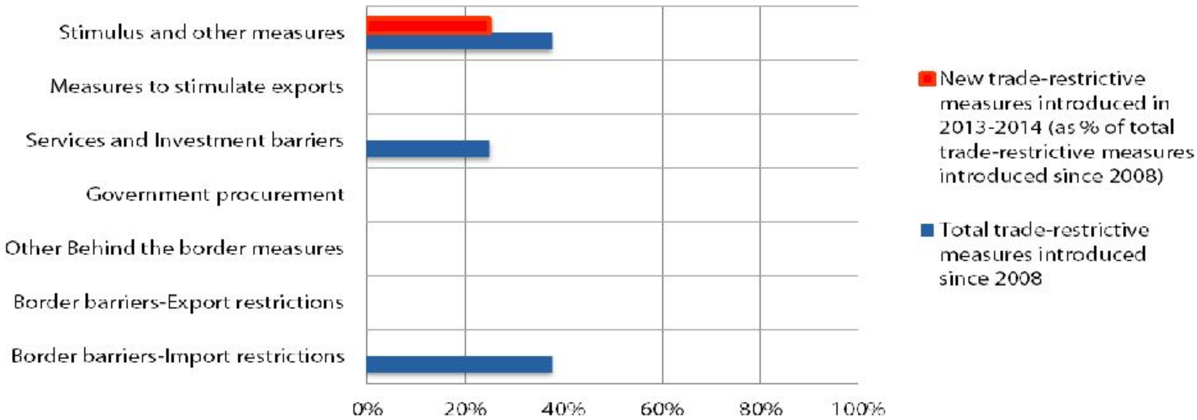
6.11 Saudi Arabia

Since 2008 Saudi Arabia has adopted some trade restrictions, mainly in the form of import restrictions at the border and stimulus packages.

Overview: Little information is available on Saudi Arabia's potentially trade restrictive measures. However, according to the EC's report, since 2008 eight measures were reported as potentially trade-restrictive; mainly border barriers on import and a stimulus package.

[73] USTR- United States Trade Representative, *2014 National Trade Estimate Report on Foreign Trade Barrier*, March 2014.

Figure 17 Trade-restrictive measures introduced by Saudi Arabia since 2008 and in 2013-2014



Source: Policy Department based on data provided by the European Commission

Saudi Arabia adopted new export support measures aimed at diversifying the domestic economy.

Update on trade-restrictive measures: From 2013 to 2014 Saudi Arabia intervened with the following stimulus and export support measures: (i) the creation of a "Saudi Arabian Company for Industrial Investment" worth approximately EUR 400 million, to support the conversion of a range of industries (petrochemicals, plastics, fertilisers, steel, aluminium) with a view to diversifying the economy (March 2014); (ii) the injection of approximately EUR 70 billion for a package of development projects run by the Royal Commission for Jubail and Yanbu (RCJY), Saudi Aramco (the state oil company) and Saudi Arabian Basic Industries (SABIC).

Rolled-back measures: no major changes between June 2013 and June 2014

Investment measures: In June 2014, the Saudi Arabian General Investment Authority established a foreign investment licence Fast Track Service that will support a targeted type of companies[74].

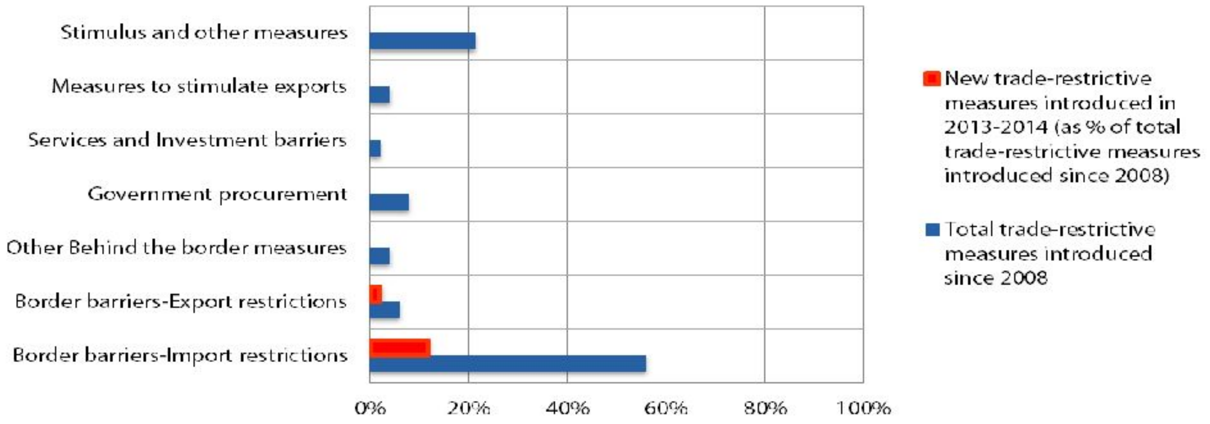
6.12 South Africa

South Africa changed strategy in 2012 and started to resort to trade restrictions affecting the foodstuff and industrial products sectors.

Overview: SA had for a long time refrained from adopting direct border measures. Then it suddenly changed strategy from May 2012 and implemented various trade restrictions on foodstuffs and industrial products. Altogether 45 trade restrictions were in place by June 2013. Over the last year SA imposed a further seven restrictive measures. Today the country's share of G20 measures is about 7%.

[74] World Trade Organisation, Report on G-20 Trade Measures, November 2014, p.41.

Figure 18 Trade-restrictive measures introduced by South Africa since 2008 and in 2013-2014



Source: Policy Department based on data provided by the European Commission

Update on trade-restrictive measures: New measures introduced took the form of border barriers, mainly increased tariffs on import through numerous individual sectorial acts - e.g. meat, sugar, furnaces, coated paper, engineering goods and other tools.

Rolled-back measures: no major changes between June 2013 and June 2014

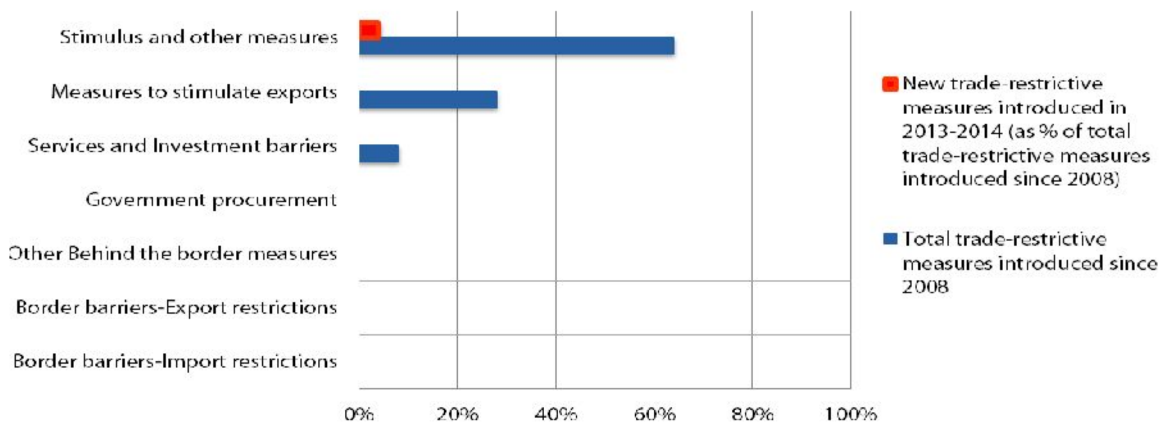
Investment measures: no major changes between June 2013 and June 2014

6.13 South Korea

South Korea's protectionist profile is characterised by extensive use of stimulus packages and other support measures.

Overview: Since 2008 South Korea has put in place about 25 measures considered as potentially trade-restrictive by the EC. The country therefore holds a 4% share of the total G20 trade restrictions in place since the EC started its monitoring exercise. The majority of the measures enacted fall into the category of stimulus packages and other support measures. Over the last year, the protectionist performance of South Korea has improved and the country only introduced one further trade-restrictive measure.

Figure 19 Trade-restrictive measures introduced by South Korea since 2008 and in 2013-2014



Source: Policy Department based on data provided by the European Commission

Update on trade-restrictive measures: In November 2013, as reported in the EC's report, the South Korean Ministries of Trade, Industry and Energy launched a public-private partnership support scheme to enlarge their offshore plant industry; the scheme will privilege the use of domestic products.

Rolled-back measures: no major changes between June 2013 and June 2014

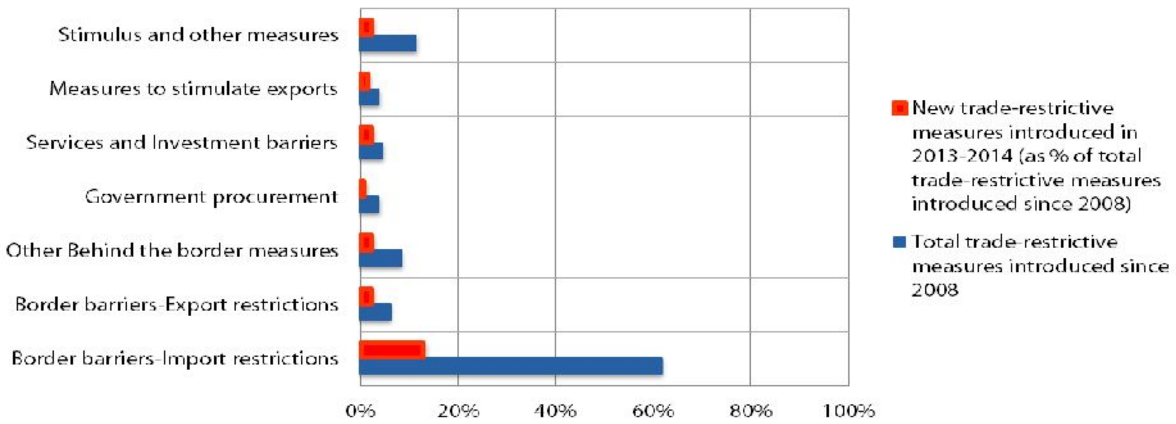
Investment measures: Since 13 August 2013, thanks to the entry into force of an amendment to the Telecommunications Business Act, foreigners from countries covered by an FTA with Korea are allowed to indirectly own up to 100% of facility-based telecommunication businesses[75]. In early 2014 the country also amended the Foreign Investment Promotion Act in order to extend the possibility of joint venture with foreigners under certain conditions[76].

6.14 Turkey

Turkey's preferred choice of trade restrictions is import regulation.

Overview: Since 2008 Turkey has implemented 24 potentially trade-restrictive measures according to the EC's report. The country's share in the G20 trade-restrictions is about 3%. The country's preferred choice has been the regulation of trade at entry. Over 60% of the measures implemented have so far been import restrictions. Also over the 2013-2014 period Turkey continued to display a rather protectionist approach that led to the adoption of an extra seven protectionist measures.

Figure 20 Trade-restrictive measures introduced by Turkey since 2008 and in 2013-2014



Source: Policy Department based on data provided by the European Commission

Recent trends indicate that Turkey has enhanced the preferential treatment for domestic products and companies.

Update on trade-restrictive measures: In August 2014, Turkey approved tariff increases on footwear products with customs duties reaching 50%. On public procurement, in May 2014 Turkey started granting a 15% domestic price advantage to bidders offering domestic products.

As for behind-the-border measures, Turkey implemented important changes to the standardisation rules of its foreign trade regimes. For example, a longstanding

[75] OECD-UNCTAD, *Tenth Report on G20 Investment Measures*, December 2013, p.65.
[76] OECD-UNCTAD, *Eleventh Report on G20 Investment Measures*, June 2014, p.91.

issue consists in import impediments of second hand/renovated products.

Stimulus packages and other measures: Turkey extended its interest rate support policy both in time and in scope. The list of priority sectors enjoying preferential interest rates was broadened, reaching out to new sectors such as the liquefied natural gas infrastructure sector. The government also enacted new rules on intervention in case of bankruptcy for private companies that operate in build-operate-transfer projects.[77]

Rolled-back measures: no major changes between June 2013 and June 2014

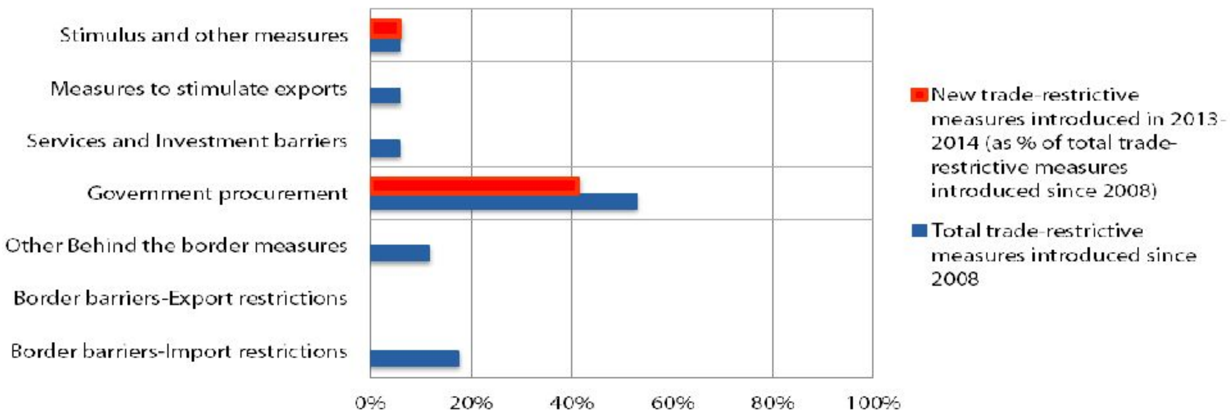
Investment measures: no major changes between June 2013 and June 2014

6.15 The United States

Since 2008 the prevalent form of trade restrictions adopted by the US has been in government procurement (i.e. "local preference" clause).

Overview: Since 2008, the United States have adopted 18 measures that the EC classified as potential trade restrictions. The prevalent form of restriction is through behind-the-border barriers, affecting especially government procurement. Over the last year it is indeed in this area that measures with the highest damaging potential have been introduced.

Figure 21 Trade-restrictive measures introduced by the United States since 2008 and in 2013-2014



Source: Policy Department based on data provided by the European Commission

The trend in the adoption of further local requirement clauses in public procurement was confirmed over the 2013-2014 period.

Update on trade-restrictive measures: Procurement-related trade restrictions grew in the US over the 2013-2014 period both at state and federal level. An example of such provisions is the "Buy America" legislation that was approved by several states and introduced the obligation (or a "local preference" clause) for governmental entities to purchase US-manufactured goods (e.g. New Jersey, Minnesota, New York)[78]. At federal level, in May 2014 the US issued the "Grow America Act", a plan that aims to gradually increase local content requirements in public infrastructure development, reaching 100% in 2019. Likewise, the "Appropriations Act" approved by the US House of Representatives in May 2014

[77] *The EC's 11th Report on potentially trade-restrictive measures*, 2014, p.32.
[78] *The EC's 11th Report on potentially trade-restrictive measures*, 2014, p. 27.

aims to prevent the further opening-up of the US tendering market to foreign bidders. Finally, an amendment to the "Water Resources Reform and Development Act" imposes Buy America restrictions on all iron and steel used in water-related projects[79].

The US also approved sector-specific support measures. On 9 November 2013, new legislation in Washington State extended the aerospace tax incentives to 2040, thus providing overall estimated support to the sector of about EUR 6.8 billion.

Rolled-back measures: no major changes between June 2013 and June 2014

Investment measures: On 1 June 2014 a final rule on the supervision and regulation of foreign banks operating in the US entered into force. Among other things, the provision requires the prudential standards for certain categories of foreign banking organisations to be enhanced[80].

6.16 The European Union[81]

The EU share of trade restriction implemented by the G20 group has decreased over time.

GTA reports that since 2008 protectionism imposed by the EU and its member states has fallen off, reaching just about 10% of the total alleged protectionist measures in 2014.

The EU has applied substantial trade liberalisation, providing a large contribution towards the implementation of the 2008 G20 commitments.

Besides that the EU was acknowledged by the WTO to have contributed to the substantial increase in trade coverage of the G20 trade liberalising measures adopted between May and November 2014. The EU approved a series of amendments to the list of agricultural and industrial products for which a temporary suspension of the autonomous common customs tariff duties is in force. Such trade-liberalisation measures accounted for 54% of the trade coverage of the G20 import-liberalisation measures (worth about EUR 278 billion) adopted in the reference period.

The EU bilateral relations with the US are characterised by chronic market access barriers in a few EU sectors (e.g. agricultural products) and non-tariff barriers, such as the system for the protection of geographical indication (GI).

With specific reference to relations with the United States, as monitored by the United States Trade Representative (USTR) Office, bilateral trade and investment relations are considered broadly successful. Yet according to the USTR, U.S. exporters and investors face a few chronic barriers to entering, maintaining, or expanding their presence in certain sectors of the EU market. In terms of market access in the EU, most of the measures considered trade barriers by the US refer to agricultural products (e.g. the EU's bananas trading regime and fruit subsidies), while among the non-agricultural trade barriers, non-tariff barriers in the pharmaceutical sector are often mentioned. In addition, the United States continue to demonstrate concerns regarding the EU's system for the protection of geographical indication (GI), including with respect to its negative impact on the protection of trademarks and market access for U.S. products that use generic names. The GI is considered the principal trade barrier as far as intellectual

[79] European Commission, *11th Report on potentially trade-restrictive measures*, 2014.
[80] OECD-UNCTAD, *Eleventh Report on G20 Investment Measures*, June 2014, p. 93.
[81] The EC's report excludes trade distortive measures adopted by the European Union and its Member States.

property rights are concerned, as this system 'adversely impacts trademarks and widely accepted generic terms for food products'. Some service barriers also allegedly remain in place, especially in telecommunications and legal services, but these mostly concern individual Member States rather than the EU as a whole.

Trade defence measures

Finally, on the subject of trade defence instruments, over the last two years the EC reported an increasing number of investigations initiated against the EU by third countries; in the 2013-2014 period alone, the EC counted 49 investigations[82], marking a 15% increase over the previous reporting period. The number of safeguard initiations stayed the same, however.

[82] World Trade Organisation, Report on G-20 Trade Measures, November 2014.

Annex: The global surveillance system on protectionism in the G20 Summary results from the latest reports

The 12th WTO Report on G20 trade measures[83]

Despite the pledges to refrain from introducing protectionist measures, the G20 economies continue to increase their stock of trade-restrictive measures. The total number stands at 962 as of mid-October 2014.

A slight decline in the number of newly introduced trade-restrictive measures was however reported by the WTO. Between mid-May and mid-October 2014, G20 economies applied 93 new trade-restrictive measures; in the previous period the amount recorded equalled 112[84].

Figure 22: Trade-restrictive measures registered by the WTO over the last four years

Type of measure	Mid-Oct 10 to Apr 11 (6 months)	May to mid-Oct 11 (6 months)	Mid-Oct 11 to mid-May 12 (7 months)	Mid-May to mid-Oct 12 (5 months)	Mid-Oct 12 to mid-May 13 (7 months)	Mid-May to mid-Nov 13 (6 months)	Mid-Nov 13 to mid-May 14 (6 months)	Mid-May 14 to mid-Oct 14 (5 months)
Trade remedy	53	44	66	46	67	70	66	54
Import	52	36	39	20	29	36	25	25
Export	11	19	11	4	7	8	17	9
Other	6	9	8	1	6	2	4	5
Total	**122**	**108**	**124**	**71**	**109**	**116**	**112**	**93**
Average per month	*20.3*	*18.0*	*17.7*	*14.2*	*15.6*	*19.3*	*18.7*	*18.6*

Source: WTO Report on G-20 Trade Measure (2014)

Over half of the measures detected belong to the trade remedy category, mostly anti-dumping investigations. Over the period under consideration, import restrictive measures accounted for 0.8% of G20 imports and 0.6% of world imports. The amount of imports affected is EUR 88 billion. The stock of import restrictions in place since 2008 affects 4.1% of total world imports and 5.3% of G20 imports, i.e. about EUR 570 billion.

Figure 23: Share of trade by trade-remedy actions and other import restrictive measures

	Mid-Oct 11 to mid-May 12[a]	Mid-May 12 to mid-Oct 12[a]	Mid-Oct 12 to mid-May 13[a]	Mid-May to mid-Nov 13[b]	Mid-Nov 13 to mid-May 14[b]	Mid-May 14 to mid-Oct 14[c]	Cumulative total (as from Oct 2008)[c]
Share in total world imports	0.9	0.3	0.4	0.9	0.2	0.6	4.1
Share in G-20 imports	1.1	0.4	0.5	1.1	0.3	0.8	5.3

[a] based on 2009 import data

[b] based on 2010 import data

[c] based on 2011 import data

Source: WTO Report on G-20 Trade Measure (2014)

[83] World Trade Organisation, Report on G-20 Trade Measures, November 2014.

[84] It should be noted however that the reference period of the 12th report (five months) is shorter than the previous one (six months).

An important positive development is mentioned in the report. 79 new trade-liberalising measures were introduced; an estimated amount of about EUR 278.6 billion that accounts for 2.6% of G20 imports and 2% of world imports.

Finally the report acknowledges that non-tariff barriers may have become more prominent in recent years, though lack of adequate information hampers proper monitoring.

The 12th OECD-UNCTAD Report on G20 investment measures[85]

Global FDI inflows displayed modest growth in 2013. Two thirds were directed towards G20 markets.

The report monitors G20 investment policies in the areas of:

- FDI-related measures: in the G20 group five countries - Australia, China, India, Mexico, United States - have recently modified their investment policy and with the exception of the US the measures introduced eased the conditions for foreign investment inflows into specific sectors such as airlines, hospitals, defence, railway infrastructure and telecommunications.
- Investment measures related to national security: Only one G20 member (Italy) amended its policy.
- Other investment measures not specific to FDI: Brazil, China and India introduced changes to existing rules on capital inflows, mainly related to global financial markets.
- International investment agreements: three new bilateral investment treaties (BITs) and eight international investment agreements (IIAs) were concluded.

The European Commission's 11th Report on potentially trade-restrictive measures[86]

The total number of protectionist policy measures in place since 2008 increased to 858 by June 2014. Between June 2013 and June 2014, 170 new trade-restrictive measures were put in place and over that time only 12 measures were terminated. Contrary to any G20 commitment, the pace of the adoption of the new measures sped up and reached 12 new measures per month as estimated by the Commission. Over the reference period of the report Russia, China, India and Indonesia operated the most trade-impeding policies.

The most worrisome increase over time was registered in the sector-specific measures. Also, due to the high interdependence of countries and global value chains, the trade restrictions affecting natural resources are alarming.

The most extensively used form of trade restrictions is border measures, both in imports and exports (tariff increases, new import licencing procedures, reference values, minimum transaction prices, banning trade). There were 59 newly introduced import measures, mostly introduced by Russia. Meanwhile 18

[85] OECD-UNCTAD, *Twelfth Report on G20 Investment Measures*, November 2014.
[86] European Commission, *11th Report on potentially trade-restrictive measures*, 2014.

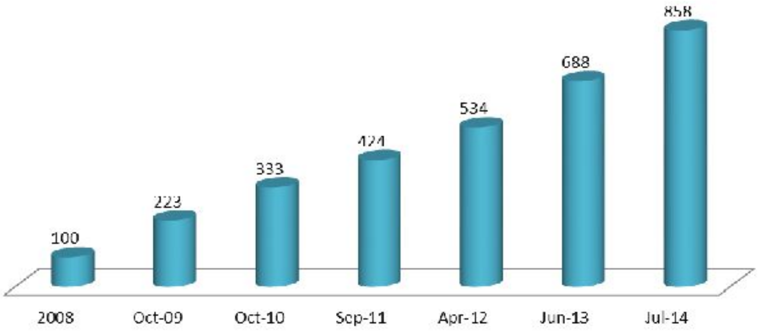
new export restrictions were introduced, mostly by India.

Increasingly, behind-the-border measures are a concern, namely the discrimination of imported goods or foreign companies via fiscal or regulatory means or local content preferences. Over the 2013-2014 period 34 new measures were added. China was the main offender.

China also scored the highest for number of trade restrictions in services and investments. Overall the EC counted 14 additional trade restrictions introduced over the last reference period.

The US introduced most of the new state-aid measures and financial schemes.

Figure 24: Evolution of the stock of potentially trade-restrictive measures



Source: The EC's 11th Report, 2014

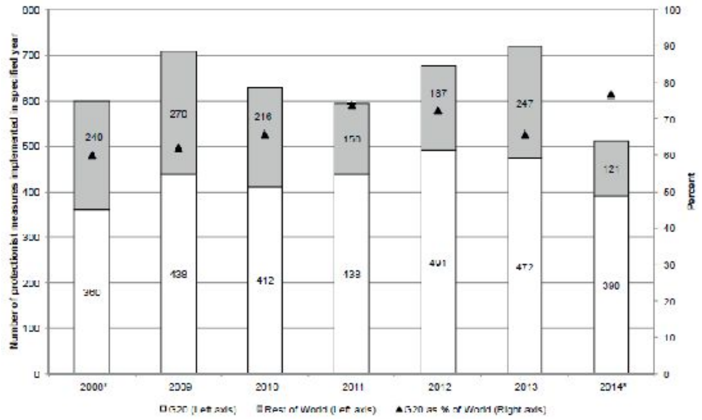
16th Global Trade Alert Report[87]

Since the St. Petersburg Summit in 2013, G20 members have implemented 457 new protectionist measures, making the "G20's record on protectionism deteriorate further".

Looking at the annual contribution of the G20's protectionism towards the global annual totals, GTA estimates that since 2008, G20 countries have been responsible for over half of the records each year[88]. In 2014, although the reports avoid commenting on this figure, the estimated amount of new protectionist measures reported was smaller than in previous years. This decline occurred on a larger scale in non-G20 countries, however.

[87] GTA - Global Trade Alert, "The Global Trade Disorder. The 16th GTA Report", 2014
[88] Due to reporting lags the figures for 2013 and 2014 are likely to be underestimated.

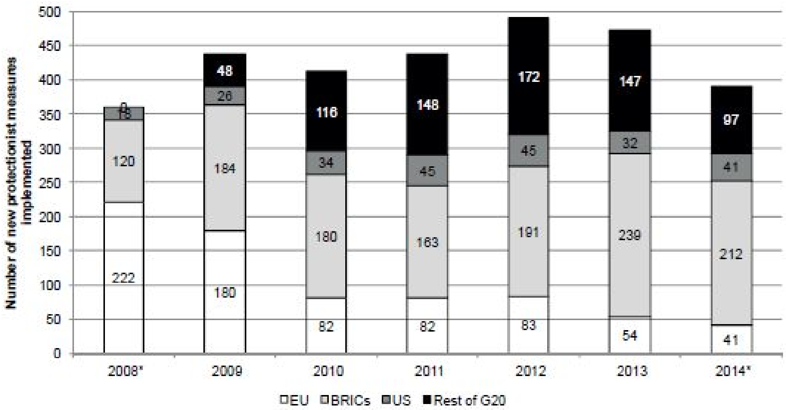
Figure 25:
Annual incidence of protectionism since 2008, for the G20 group and the rest of the world



Source: 16th GTA report, 2014

GTA also reports that since 2008 protectionism imposed by the EU and its member states has fallen off over time reaching about 10% of the total protectionist measures in 2014. Simultaneously the BRICS' contribution has grown over time, in 2014 reaching almost 25% of the new G20 protectionist measures introduced that year.

Figure 26:
Substantial variation in which G20 members are responsible for crisis protectionism, by year

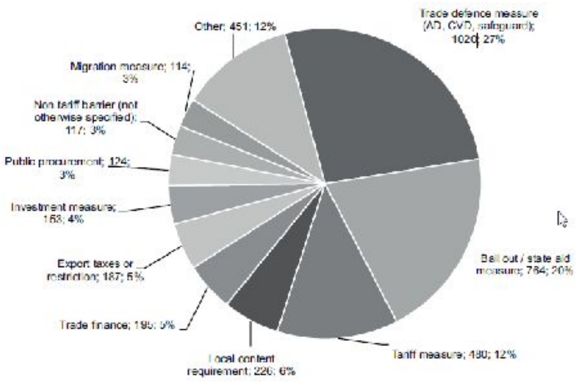


Note: * denotes an annualised total.

Source: 16th GTA report, 2014

Like the WTO, GTA mentions trade defence measures (in the form of antidumping and countervailing duty measures) as the most prevalent. These affect a limited number of specified trading partners. Among the most targeted are China, the EU, the US and Japan.

Figure 27:
Top 10 measures used to discriminate against foreign commercial interests since the first G20 crisis meeting



Source: 16th GTA report, 2014