POLICY BRIEFING

Protectionism in the G20 (2012)

Abstract

Since global trade flows fell in 2008-2009, G20 countries have played a key role in preventing the return to protectionism that characterised the Great Depression. Their commitment to holding protectionism at bay has consequently contributed to reduce the impact of global crisis on the world economy, and their importance in avoiding scenarios even worse than the one we are currently experiencing is undeniable.

Several G20 countries, however, have repeatedly resorted to measures that can only be described as ‘trade restrictive’. Although the number of new restrictive measures fell in 2012, their overall accumulation remains a problem, as the rate of removal remains very low. The measures that have been introduced display two principal characteristics. Firstly, they were introduced in the aftermath of the global financial crisis and later mutated into ad-hoc measures aimed at shielding key domestic industries. Secondly, the bulk of these measures were introduced by developing economies — Argentina, Russia, Indonesia and Brazil were among the main offenders. The EU perceives these measures as both difficult to justify and harmful to the Union's external trade.
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1. **Introduction**

The world has yet to witness a resurgent wave of protectionism similar to that of the Great Depression that preceded World War II. The Group of Twenty Finance Ministers and Central Bank Governors (the G20) has vowed to hold protectionism at bay, but has been unable to prevent the introduction of new trade restrictive measures, often originating among its own ranks. Although the number of new trade restrictive measures has recently decreased, the gradual accumulation of such measures is far from overturned.

This paper assesses various up-to-date reports on new protectionist measures, including those jointly produced by the World Trade Organisation (WTO), the United Nations Conference on Trade and Development (UNCTAD), the Organisation for Economic Cooperation and Development (OECD), the European Commission, and the Global Trade Alert group. The note provides a country-specific analysis, based on the European Commission’s assessment of measures that have a potentially restrictive impact on EU trade.

2. **The role of the G20 in avoiding protectionism**

G20 leaders expressed their deep concerns about "rising instances of protectionism around the world" at the Los Cabos summit in June 2012. The leaders extended their "standstill commitment" not to introduce new protectionism measures by 2014 and to roll back any protectionist measure that may have arisen in the past.

G20 leaders also stressed the role of "open trade and investment, expanding markets and resisting protectionism in all its forms" as "necessary conditions for sustained global economic recovery, jobs and development", as well as "the importance of an open, predictable, rules-based, transparent multilateral trading system" and the monitoring role of the WTO, OECD, and UNCTAD in this process.

3. **The WTO-OECD-UNCTAD reports on G20 trade and investment measures (October 2012)**

During the 2011 Cannes Summit, G20 leaders asked the WTO, OECD, and UNCTAD to continue reporting publicly on protectionist measures on a semi-annual basis. The first joint report was issued in late 2009 and the

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2 Ibid.
Protectionism in the G20 (2012) latest report was published on 31 October 2012.

The report stated ‘there has been a slowdown in the imposition of new trade restrictive measures by G20 economies’ in the period it covered (mid-May to mid-October 2012)\(^3\). Nevertheless, it expressed concerns with the accumulation of trade restrictive measures since the outbreak of the global financial crisis and called upon G20 governments to ‘to redouble their efforts to keep their markets open, and to advance trade opening as a way to counter slowing global economic growth’. The report also noted, however, that the pace of removal of previously introduced measures was ‘better than in previous periods’.

The global economic slowdown, which prompted the WTO Secretariat to revise its trade growth prediction for 2012 from 3.7 % to 2.5 %, remains a cause for caution\(^4\). The report specifically warned of political and economic pressures that this economic slowdown places on individual governments to impose more trade barriers and/or grant assistance to domestic companies through formal and informal discriminatory policies, undermining transparency.

During the period covered in the report, 71 new trade distortive measures were recorded, covering 0.4 % of G20 imports. This is a significant decline in comparison with the previous reported period (mid-October 2011 to mid-May 2012), during which 124 such measures were introduced, covering 1.1 % of G20 imports. Trade remedies (46), especially anti-dumping investigations, were the most common trade measure used by G20 countries, followed by border measures (20), in particular more stringent customs procedures. Fewer export restrictions were recorded than in previous periods. The proportion of trade facilitating measures (55 %) overtook that of trade restricting measures (45 %) during the reported period.

The report also called upon G20 countries to ‘show leadership preserving market openness’ against the background of faltering active support for collective action. It also called upon G20 members to fully cooperate with its trade monitoring exercise and do so in a constructive manner.

The newly implemented trade-restrictive measures affect a wide range of products. In terms of absolute numbers, iron and steel, plastics, organic chemicals, rubber products, man-made staple fibres and edible vegetables and fruits were the most frequently affected sectors. Electrical machinery, mineral fuels and oils, fertilizers, chemical products, machinery and mechanical appliances, and plastics were the most affected sectors in terms of trade coverage.

\(^3\) WTO, OEC, UNCTAD, Reports on G20 Trade and Investment Measures (mid-May to mid-October 2012), 31 October 2012.

\(^4\) WTO, Slow global growth to hit trade in 2012 and 2013, WTO says (21 September 2012)
Table 1: Share of trade covered by import restrictive measures (%)

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<tr>
<td><strong>Share in total</strong></td>
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<td></td>
<td></td>
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<td>world imports</td>
<td>0.8</td>
<td>0.4</td>
<td>0.2</td>
<td>0.5</td>
<td>0.5</td>
<td>0.9</td>
<td>0.3</td>
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<tr>
<td><strong>Share in G20</strong></td>
<td></td>
<td></td>
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<td>0.6</td>
<td>1.1</td>
<td>0.4</td>
<td>4.4</td>
</tr>
</tbody>
</table>

a Based on 2008 import figures.
b Based on 2009 import figures.
c Based on 2010 import figures.
d Based on 2011 import figures.

Source: WTO Secretariat calculations based on UNSD Comtrade database. Import data for G20 economies include intro-EU27 imports.

4. The position of the European Commission

The European Commission published the *Ninth Report on Potentially Trade Restrictive Measures* on 6 June 2012, covering the period from September 2011 to May 2012.5

The Commission’s conclusions were similar to those of the WTO-OECD-UNCTAD report for the reported period they jointly covered.6 The Commission report noted that the ‘pace of introduction of new measures has been accelerated’, as 123 new, potentially restrictive measures were introduced during the period covered by the report, while only 13 such measures were removed, down from 40 during the previous reporting period (October 2010-September 2011). Given these developments, the G20 efforts to remove or delay potentially trade-restrictive measures were called ‘highly inadequate’.

The report confirmed the trend of using trade restrictive measures as part of new industrialisation policies in order to protect domestic markets from international competition by offering support measures to particular sectors and simultaneously increasing tariff and non-tariff barriers.

Potentially trade-restrictive measures remain particularly relevant in the area of public procurement and exports of raw materials. Moreover, trade restrictions in the area of services and investment substantially increased during this period. The lack of transparency with regard to stimulus packages and export support measures was also criticised by the report.

Argentina, Indonesia and Russia were singled out as the worst offenders, followed by India, Brazil and China.

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6 Up to May 2012.
5. Other reports
5.1. The eighth Report on G20 Investment Measures (UNCTAD)

According to UNCTAD, sixteen G20 members during the reporting period (May to October 2012) took some sort of investment policy action (such as investment-specific measures or investment measures related to national security) or concluded an international investment agreement. An overview of these policy actions is provided below and is discussed at a greater length in the country-specific analysis section.

Map 1:
Investment and investment-related measures in the G20 (2012)
Trade distortive measures have been deployed by governments to address domestic economic problems

The report concluded that on ‘the whole, G20 members have continued to honour their pledge not to introduce new restrictive measures’ but warned that ‘governments may resort to policies or practices that discriminate against foreign investors or discourage outward investment’ in the light of high unemployment, weak economic recovery and turbulence in financial markets. These policies may be introduced in an informal and diffuse manner and hence undermine investors’ trust in predictability and transparency of the affected countries.

5.2. The Global Trade Alert report

The ‘Global Trade Alert’ (GTA) report, published by the London-based Centre for Economic Policy Research (CEPR), is the most common non-institutional database on trade restrictive measures.

The eleventh GTA report, titled ‘Débâcle’, highlights the recent growth in protectionism, showing that G20 countries frequently feature in the list of the top 10 worst offenders. According to CEPR, the EU27 was the worst offender in terms of discriminatory measures imposed since November 2008, and Argentina in terms of sectors affected. The authors of the report expressed alarm over the growth of protectionist policies and questioned the extent to which national governments, in particular G20 governments, were truly committed to removing international trade barriers. The report states that G20 countries introduced 79% of protectionist measures in the year up to June 2012, an increase from 60% in 2009.

Table 2: Types of protectionist measures implemented globally and by the G20

- **red:** certain to harm international trade;
- **amber:** likely or very likely;
- **green:** unlikely

Given these developments, the authors of the GTA report seriously doubt that the G20 commitment to restrain from protectionism will be fulfilled.

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7 UNCTAD-OECD, Eighth Report on G20 Investment Measures (October 2012)
8 Simon J. Evenett, Débâcle: The 11th GTA Report on Protectionism (June 2012)
CEPR suggests shifting the focus from international to domestic initiatives, especially in large trading nations, since ‘any restraint is likely to have domestic sources’ and therefore ‘the hard work in fighting protectionism is at the national level’.

Figure 2: Top 10 types of protectionist measures implemented

Figure 3: Pending measures that, if implemented, would almost certainly discriminate against foreign commercial interests

9 Ibid.
Table 3: Rankings of countries and groups of countries implementing discriminatory trade measures

<table>
<thead>
<tr>
<th>Rank</th>
<th>Country (Code)</th>
<th>Metric, Country in specified rank, Number</th>
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</thead>
<tbody>
<tr>
<td>1</td>
<td>EU27 (302)</td>
<td>Viet Nam (931)</td>
</tr>
<tr>
<td>2</td>
<td>Russia (169)</td>
<td>Venezuela (766)</td>
</tr>
<tr>
<td>3</td>
<td>Argentina (141)</td>
<td>Kazakhstan (732)</td>
</tr>
<tr>
<td>4</td>
<td>India (74)</td>
<td>China (701)</td>
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<tr>
<td>5</td>
<td>UK (57)</td>
<td>EU27 (656)</td>
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<tr>
<td>6</td>
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<td>Nigeria (599)</td>
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<td>China (60)</td>
<td>Argentina (467)</td>
</tr>
<tr>
<td>9</td>
<td>Italy (56)</td>
<td>Russia (446)</td>
</tr>
<tr>
<td>10</td>
<td>Brazil (54)</td>
<td>India (401)</td>
</tr>
</tbody>
</table>

Source: 11th GTA report

6. Country-specific analyses

6.1. Argentina

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. As Argentina’s trade surplus gradually declined from 2005 onwards, and as this decline was exacerbated by the onset of the global financial crisis in 2008, President Cristina Fernández de Kirchner has reintroduced a great number of protectionist measures to restrict the volume of imports.

The European Commission identified Argentina as the country with the highest number of potentially trade-restrictive measures in force, with 119 measures (out of 534 listed worldwide) implemented between October 2008 and May 2012. Most of these measures were introduced through reference price setting. Argentina’s reference prices increased during the reported period on a broad range of products, such as textiles, plastic parts, baby carriages and plastic parts.

On 1 February 2012 Argentina introduced a ‘non-automatic import licensing system’, which requires companies to seek prior approval for all imports into the country. Moreover, goods not covered by the system have been subjected to a similarly long and burdensome ‘import pre-approval procedure’. These measures are widely seen as violations of WTO rules. The EU filed a complaint against Argentina in May 2012 at the WTO

Argentina also proposed increasing the common Mercosur tariff from 22% to 35% before the Mendoza summit in June 2012. This request was rejected, but Mercosur countries were allowed to unilaterally raise tariffs on 200 goods\textsuperscript{11}.

Measures that restrict or eliminate foreign ownership have also been introduced. From late 2011 onwards, reign investments and assets in insurance companies cannot exceed 50% of their total capital, and the purchase of land by foreigners has also been restricted. The most prominent example was the renationalisation of YPF, Argentina’s biggest, formerly Spanish-owned oil company, in April 2012.

Argentina recently introduced a number of nationalist measures in public procurement that favour domestic suppliers. For example, from July 2012 onwards, state-owned companies are obliged to purchase fuel from YPF, and civil servants can collect their salaries only from a state-owned bank.\textsuperscript{12}

All of these measures point towards a deteriorating trade and investment environment in Argentina.

\subsection{6.2. Australia}

No new trade distortive measures were recorded during the reference period.

\subsection{6.3. Brazil}

Brazil suffered the most severe economic slowdown among the largest developing economies, with its GDP growth contracting from 7.5% in 2010 to 2.7% in 2011. ‘Plano Brasil Maior’, the second phase of which was launched in April 2012, is a government stimulus package aimed at supporting domestic industry and job creation. Worth EUR 25 billion, equivalent to 1.5% of Brazil’s GDP, the stimulus package consists of fiscal incentives, subsidies and loans to the automotive and software sectors, expanding export financing programmes, investing in local technological innovation, and a ‘buy national’ government procurement policy (with a preference margin of up to 25% on imported products).

More import barriers were approved during the reported period. The

\textsuperscript{11} Bloomberg, \textit{Mercosur Rejects Argentine Proposal to Raise Import Tariffs} (29 June 2012)

\textsuperscript{12} The Telegraph, \textit{President Cristina Kirchner orders state entities to buy from Argentinian companies} (20 July 2012)
Brazilian senate set a single 4% ICMS tax rate, which will affect imported products only from 1 January 2013. Domestic industries will be excluded from paying this surcharge. Measures concerning non-automatic licensing and inspection of imported products were extended to protection of the environment and the prevention of fraudulent activities, with appropriate rates increased.

Several measures introduced within the reported period targeted the automotive sector.

Firstly, in February 2012, Brazil considered ending a 2002 treaty, which gave Brazil and Mexico preferential access to each other’s car markets. Prompted by the rise in Mexican car exports to Brazil, the two countries reached an agreement in March 2012 according to which annual Mexican car exports to Brazil were not to exceed USD 1.55 billion over the next three years. Brazil was recently said to be considering increasing this quota by additional USD 350 million per year.

Secondly, a new industrial and trade regime for the automotive sector was passed in April 2012. Valid from 2013 until 2017, the regime will provide an incremental reduction on the supplementary 30% tax on manufactured goods that is applicable to motor vehicles, introduced in October 2011. In order to obtain the reduction, automobile manufacturers must meet three of the following four conditions: invest at least 0.15% of gross revenue in research and development (R&D); invest at least 0.5% of revenue in engineering; maintain at least 8 of the 12 production steps for light vehicles onshore (10 of 14 for heavy vehicles); carry out energy-efficiency evaluations for at least 25% of the vehicles.

Other measures introduced within the reported period include new restrictions on legal services. Partnerships between domestic and foreign law firms are no longer permitted.

6.4. Canada

No new trade distortive measures were recorded during the reference period.

6.5. China

China’s 12th National Five-year Plan, launched in 2011, is aimed at

13 ICMS (Impostos Sobre Circulação de Mercadorias e Prestação de Serviços) is a state tax on goods and services.
14 The Financial Times, Brazil and Mexico end cars battle (16 March 2012)
15 Reuters, Brazil mulls raising Mexico car trade quota (19 September 2012)
restructuring traditional industries and fostering and developing seven strategic industries. Sector-specific follow-up plans mention the development of national standards, export controls, and restrictions on exports of raw materials, which are likely to be put in place before 2015.

In terms of technical barriers to trade, China’s new guidelines on the evaluation of cosmetic products, which are not in line with international standards, are substantially delaying approval procedures. Public procurement is also problematic, as procedures for wind power equipment, development projects and the railway sector are de facto discriminatory as they lack transparency. Local content preferences are also prevalent in the automotive sector, as new guidelines on government purchases of its automotive fleet list only locally produced Chinese models. Other measures include additional conditions that have been added to the country’s 2012 rare earths export quota.

6.6. India

India’s economy has been slowing down. Its GDP is projected to grow at 5.6% this year, down from an earlier 7.0% prediction. The Indian government, in line with its 2011 ‘National Manufacturing Policy’, has been trying to promote the country’s industrialisation and to use public procurement to this end. For example, under the 2011 National Telecom Policy, India approved a new preference policy on 2 February 2012 that favours domestically manufactured goods and stipulates an increase in domestic value added in electronic goods from 25% within the first year to 45% in five years. Local requirements were also introduced in railway safety technology.

India, the world’s second largest producer of cotton, also created a significant disruption by imposing an export ban on raw cotton on 5 March 2012. While the ban was lifted a week later, exporters are still required to register export contracts in order to obtain export certificates. The EU promised to ‘closely monitor’ this procedure in order to ‘ensure sustainable export of raw cotton’. Indian export duties on iron and chromium ore and concentrates were increased, as were import duties on a range of goods, including motor vehicles, bicycles and steel.

India made use of anti-dumping trade defence instruments against EU producers on two occasions in 2012 (soda ash and morpholine).

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16 Strategic industries include energy conservation and environmental protection, new-generation IT, bio-technology, high-tech manufacturing equipment, new energy and materials, new-energy vehicles

17 Hindustan Times, ADB slashes India’s 2012-13 GDP growth forecast to 5.6% (03 October 2012)
6.7. Indonesia

Indonesia was one of the more active countries in introducing trade distortive measures during the reported period. New import restrictions affect capital goods, making them subject to technical inspection and formal approval and restricting their imports to direct users only. Tire imports will require verification. Testing and pre-approval for fruits, vegetables and cereals was also implemented. Moreover, if passed, the current draft law will restrict imports and exports of pharmaceuticals, medical devices and household health products to state-owned enterprises (SOEs) or licensed business actors.

Behind-the-borders measures are to be extended from 86 obligatory national standards in December 2011 to 40 more in 2012, covering steel, ceramics and textile products. These standards often deviate from international standards.

Numerous new restrictions on investment and services were introduced during the reported period. These include government regulation of electric power supply businesses, mandatory re-registration of logistics companies and freight forwarders, increased minimum net asset requirements for foreign investment companies, and an 85 % cap on foreign ownership of venture capital firms.

6.8. Japan

Japan’s efforts were primarily aimed at boosting the international competitiveness of its companies against the backdrop of the strong Japanese yen.

Low-interest mergers and acquisitions (M&A) credit lines, operating under the ‘Emergency measure package against the Yen’s appreciation’, were extended to Sony (USD 819 million) and Toshiba (USD 600 million) in February 2012. The SME support fund, which support SMES’ overseas expansions and M&A, launched two funds in March 2012, amounting to around JPY 9 billion (EUR 86 million).

An eco-friendly car subsidy scheme was re-introduced in December 2011 and is to last until January 2013. It will offer subsidies for fuel-efficient passenger cars (including those imported under the preferential handling procedures) and ‘kei’ micro-cars18.

18 Micro-cars manufactured in Japan that attract a whole range of subsidies and preferential treatment.
6.9. Mexico

No new trade distortive measures were recorded during the reference period.

6.10. Russia

Russia introduced a number of measures prior to its accession to the WTO in August 2012. According to the European Commission, these measures ‘may not be in conformity with the obligations it will have as a new member’.

Many directly affect the EU. For example, imports from the EU of live animals were banned in March 2012, and Degree no. 207, adopted in April 2012 but currently on hold, would restrict the number of border crossing points, thereby severely curtailing EU-Russia trade in food, chemicals, machinery equipment and other goods. The tariff reductions that were expected to boost EU car exports to Russia following the country's WTO accession are also expected to be undermined by new Russian measures. A recently introduced car-recycling fee, for example, will offset any tariff reductions and might even lead to an overall increase in the price of imported cars. The Russian car sector will also benefit from the preferential treatment for domestic producers in public procurement.

The Eurasian Customs Union introduced seasonal import duties on certain kinds of sugar, changed import duties for watches, and added frozen, chilled and preserved freshwater fish to the list of banned or restricted goods. An increased export duty on petrol remains in place.

A number of government programmes for the development of specific industries have been announced. The coal industry should receive EUR 92 billion by 2030, the shipbuilding industry EUR 10 billion within the next 10 years, and the food processing industry EUR 17.5 billion within the next 8 years. The European Commission vowed to 'monitor the implementation of these sector-specific plans in order to identify any future trade-distortive measures'.

6.11. Saudi Arabia

No new trade distortive measures were recorded during the reference period.

6.12. South Africa

South Africa's preferential public procurement regime came into effect at the end of 2011 for sectors including railway rolling stock, bus-bodies, clothing and textiles, footwear and leather products.

The country's 2012 Special Economic Zones (SEZ) Bill aims to attract investment and promote foreign trade, industrialisation and economic
growth. SEZ are to benefit from a special fund and incentive package created for this purpose.

New mandatory food labelling regulations came into force in March 2012, targeting misleading or ambiguous food labels and applicable to both domestic and imported products.

6.13. South Korea

South Korea introduced a number of stimulus measures to help its struggling industrial sectors and promote exports.

The energy sector benefitted from a EUR 1.2 billion investment scheme in March 2012, principally aimed at implementing energy research plans but also at expanding the volume of exports of domestic energy companies. A similar comprehensive scheme was announced for pharmaceuticals in January 2012, and the semiconductor industry was given nearly EUR 1 billion for R&D investment the same month. Further help for approximately 100,000 first-time exporters and domestic firms with limited export experience was announced in February 2012 in a bid to boost South Korean exports to USD 2 trillion by 2020.

6.14. Turkey

In November 2011, Turkey announced the creation of a Directorate General for Health Investments to support foreign and local investment for developing and producing high-tech medical devices, products and services.

Regulations introduced in January 2012 require certificates to be approved by the relevant authorities of the origin or loading country for imported herbal food, feeds and articles and materials contacting with food19.

6.15. The United States

The only major notable action undertaken by the US during the reported period was the extension a law confirming that 75% of the voting rights in a US airline must be held by US citizens.

The progress of bills, which may introduce trade distorting measures, through the US legislature has been slow. As of November 2012, the Congress has not acted upon either the ‘Save US Manufacturing and Jobs

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19 For a definition of ‘materials contacting with food’ see http://ec.europa.eu/food/food/chemicalsafety/foodcontact/index_en.htm
Protectionism in the G20 (2012) Act’ (HR 5940) nor the subsequent ‘Free and Fair Trade Act of 2011’ (HR 913), both of which target imports of sleeping bags into the US.20 The ‘Textile Enforcement and Security Act of 2011’ (HR 2754), aimed at combating illegal textile imports, was referred to the Subcommittee on Trade in May 2011, where it has remained — without development — since (as of November 2012). Similarly, the ‘Neal Bill’ (HR3157) has yet to advance through the legislative process. This bill, which aims to preventing insurance companies from avoiding taxes by reinsuring policies through non-taxed affiliates, could hurt European companies operating in the US by raising their costs.

Numerous incentive programmes are expected to be terminated soon: the Dairy Export Incentive Programme, the Volumetric Ethanol Excise Tax Credit, the Credit for Production of Cellulosic Biofuel and Special Depreciation Allowance for Cellulosic Biofuel Plant Property, Bio Refinery Assistance and Repowering Assistance and the Bioenergy Program for Advanced Biofuels.

6.16. The European Union

The Commission report excludes trade distortive measures adopted by the European Union and its Member States.

According to the most recent OECD-WTO-UNCTAD report, the European Union launched four anti-dumping investigations and a single countervailing duties investigation during the reported period. At the July 2012 G20 meeting, India raised a specific trade concern related to the EU’s modification of testing pesticide residues. In addition, six delegations flagged draft EU legislation requiring, inter alia, that wines labels specify if the wine contains traces of egg or milk protein allergens. In reply, the EU noted that this obligation had been in place since 2007, and numerous transitional periods had been provided.

One of the most reliable sources of information about new trade distortive measures imposed by the EU and its Member States, the annual United States Trade Representative (USTR) report on trade barriers highlights ‘the broadly successful character of the US-EU trade and investment relationship’. The report also warns that ‘US exporters and investors face chronic barriers to entering, maintaining, or expanding their presence in certain sectors of the EU market’.21

In terms of market access, most of the measures considered trade barriers by the US are apply to agricultural products. (The EU’s banana trading

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20 For more information see http://www.govtrack.us/congress/bills/111/hr5940/text and http://thomas.loc.gov/cgi-bin/query/z?c112:H.R.913.IH.
21 USTR, 2012 National Trade Estimate Report on Foreign Trade Barriers (March 2012)
regime and fruit subsidies are prime examples.) Non-agricultural market barriers exist in the pharmaceutical sector — where the report criticises 'procedural non-transparency and a lack of meaningful stakeholder input in […] pricing and reimbursement', — and enriched uranium (or, more precisely, the limits on the acquisition of non-EU enriched uranium set by the Corfu Declaration).

The EU system for the protection of geographical indicators (GIs) is the principal trade barrier as far as intellectual property rights are concerned, as this system 'adversely impacts trademarks and widely accepted generic terms for food products'. Some service barriers also remain in place, especially in telecommunications and legal services, but these mostly concern individual Member States rather than the EU as a whole.

EU support for Airbus is still viewed as problematic by the US trade authorities, who consider it inconsistent with the WTO Agreement on Subsidies and Countervailing Measures.

7. Conclusion

The repercussions of the global financial crisis have been severe, causing significant economic difficulties in developed and developing countries alike. World trade was among the crisis’s first victims; trade volumes fell by approximately 12% in 2009. Although a sharp rebound was recorded in 2010 (13.8%), this growth slowed to 5% in 2011 and is forecast to halve, to 2.5%, in the current year22.

One of the principal lessons of the Great Depressions of the early 1930s is that 'beggar-thy-neighbour' policies distort international trade and cause significant damage to the global economy. The G20 has acknowledged the negative consequences of protectionist policies and has provided a firm rhetorical commitment to holding protectionism at bay in numerous declarations by its leaders, most recently at the Los Cabos summit in June 2012.

This note has demonstrated that many trade policies introduced in 2012 did not live up to these anti-protectionism ideals, as several G20 members were among the principal offenders on the trade protectionism front. The joint report identified 124 trade restrictive measures introduced between mid-October 2011 and mid-May 2012, and 71 more between mid-May and mid-October 2012. Although this slowdown may lead to cautious optimism, the accumulation of these policies remains a cause for concern, as existing restrictions to trade are only being dismantled at a very slow rate.

The nature of the measures introduced during the reported period is also

22 WTO, Slow global growth to hit trade in 2012 and 2013, WTO says (21 September 2012)
Existing trade distortive measures need to be addressed at an accelerated rate worrying. Argentina seems to be on its way to a trade regime reminiscent of import-substitution industrialisation, while Brazil and Russia are insulating their national automotive industries, prompting foreign car producers to invest in these countries in order to circumvent gradually more stringent import barriers.

The outlook for G20 as a whole is still far from positive. Several offending G20 members seem to have targeted loopholes in WTO rules, and this behaviour might prompt other countries to follow the suit, especially as populist protectionist policies are gaining favour among some parts of the electorate in many countries. The slowdown in the number of new trade restrictions is commendable. But as long as old protectionist policies are not addressed at an accelerated rate, the mass of existing trade restrictive measures remains fearsome. G20 leaders should match their acts to their rhetoric to ensure that trade will grow more open in the near future.
### Annex 1

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<tr>
<th>Country</th>
<th>Border barriers</th>
<th>Behind-the-border measures</th>
<th>Government procurement</th>
<th>Services and investment barriers</th>
<th>Export restrictions</th>
<th>Measures to stimulate exports</th>
<th>Stimulus and other measures</th>
<th>Total measures per country (Oct 2008 - 1 May 2012)</th>
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<td>Algeria</td>
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<td>4</td>
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Source: 9th EC Report