
The Landscape of Crisis-Era Protectionism One Year After the First G20 Crisis-Related Summit

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The publication of the third GTA report falls just after the one-year anniversary of the first G20 crisis-related summit in Washington, DC. In their Declaration issued on 15 November 2008 the G20 Heads of State and Government affirmed:

"We underscore the critical importance of rejecting protectionism and not turning inward in times of financial uncertainty. In this regard, within the next 12 months, we will refrain from raising new barriers to investment or to trade in goods and services, imposing new export restrictions, or implementing World Trade Organization (WTO) inconsistent measures to stimulate exports."

Similar such commitments were made by governments in groupings outside of the G20.

Well, twelve months later, one might be tempted to ask how well have the governments of the G20 nations - and others - done? Did they keep to their pledge? Did the combination of (albeit non-binding) public commitment, transparency, and the promised "naming and shaming" deliver? While it might be tempting to focus on the actions of the G20 governments (after all, together they do account for a very large share of global output, population, and trade), in this chapter a broader, global assessment of contemporary protectionism is provided. (G20 watchers need not worry; information on the actions of these governments is reported below - see, in particular, table 2.3.)

This chapter will draw upon the 611 completed investigations of state measures that might have implications for foreign commercial interests which have been conducted by the GTA team.¹ Information about those investigations, including a description of a state measure and identification of the products, sectors, and trading partners likely to have been, or likely to be, affected by the implementation of a state measure, are reported on the www.globaltradealert.org website. Interested readers are referred to the detailed account in Evenett (2009) of the methodology employed by the GTA team.²

To focus ideas, in what follows the main findings from the GTA database are summarised, followed by the tables and figures that contain the raw data to substantiate

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

2 Section 2 of Evenett (2009) contains the description of the GTA's methodology.

each finding. Each finding described below is linked to at least one of those tables and figures. Readers are encouraged to augment the following account of contemporary protectionism with the comments made in and maps reproduced at the end of the Executive Summary of this Report.

The GTA's second Report was issued in September 2009 and covered state measures announced from November 2008 to the end of August 2008. In terms of coverage this Report shares the same starting point as its predecessor; however, it includes reports through to the end of November 2009. Where instructive, comparisons between this Report's findings and its predecessor are noted. Table 2.1 reveals that this third Report contains 183 more investigations than its predecessor - and, as will become clear, some of these investigations refer to state measures that were announced before the end of August 2008.

Protectionism has not stalled

1. Since the first G20 crisis-related summit in November 2008, the governments of the world have together implemented 297 beggar-thy-neighbour policy measures; that is, more than one for every working day of the year. Add in another 56 implemented measures that are likely to have harmed some foreign commercial interests, and the total reaches 353. **See Tables 2.1. and 2.2.**
2. Since our last report was published in September 2009, the number of beggar-thy-neighbour measures discovered (105) was more than eight times the number of benign or liberalising measures (12). Looking back on all of the measures implemented since November 2008, the ratio of blatantly discriminatory measures to liberalising measures stands at nearly six to one. **See Table 2.2.**
3. Although there are a lot of anti-dumping, anti-subsidy and safeguard measures in the pipeline, they account for only 61 of the 297 harmful measures implemented since November 2008. **See Table 2.1.**
4. Few products, economic sectors, and jurisdictions have emerged unscathed by crisis-era protectionism: few product categories and economic sectors, and a tiny number of trading jurisdictions have yet to be affected by any beggar-thy-neighbour state measures. In a highly-connected global economy, no country is an oasis from protectionism. Nor can fear of retaliation be said to have deterred foreign governments from engaging in beggar-thy-neighbour acts. **See Table 2.2.**
5. Despite taking their no-protectionist pledge the G20 members have imposed 184 beggar-thy-neighbour policies since November 2008. The G20 countries also implemented 37 of the 70 benign or liberalising measures recorded in the GTA database. **See Table 2.3 and Figure 2.1.**
6. Typically, since the first G20 summit in November 2008, every other day a G20 government has broken the no-protectionism pledge. In contrast, a benign or liberalising measure is implemented by a G20 government on average every 10 days. **See Table 2.3.**
7. While G20 governments have implemented many of the beggar-thy-neighbour policies since the Washington DC summit, a third (113) of protectionist measures have been implemented by other governments. **See Tables 2.2. and 2.3.**

The very recent fall-off in the number of discriminatory measures is more apparent than real

8. In terms of raw numbers, there appears to be a reduction in the total number of 'almost certainly' and 'probably discriminatory' measures imposed in the second half of 2009 compared to the first half. **See Figure 2.2.**
9. Since our last report was compiled the GTA has found evidence of more harmful state measures that were imposed in the last quarter of 2008 or the first half of 2009. This evidence forces us to revise upward by between 20-25 percent the number of beggar-thy-neighbour measures imposed in the first six months of 2009. **See Figure 2.2.**
10. Previously the GTA reported that, on average, 70 discriminatory measures were imposed each quarter in 2009. For the first three quarters of 2009 the comparable rate is conservatively estimated to be 85. **See Figure 2.2.**
11. In the light of the above considerations, the reported number of harmful measures in the fourth quarter (38) is almost certainly an underestimate - and is unlikely to signal a significant slowdown in protectionism. First, the reported figure only applies to two of the three months in the final quarter of 2009. Second, as information on harmful state measures appears with a lag, like other quarterly totals the number is likely to be revised upwards significantly. **See Figure 2.2.**

The protectionist-in-the-pipeline keeps growing - no respite there

12. Last time we reported that there were 134 suspicious protectionist measures in the pipeline³; now that total has risen to 188. If every one of these measures was eventually implemented it would be equivalent to just over half a year's more protectionism. **See Figure 2.2.**

China remains the most frequent target of crisis-era protectionism, but other nations are hit often too

13. In the past 12 months China's commercial interests have been hit 146 times by protectionist measures. Only if the 27 members of the European Union are counted together, does any other jurisdiction come close to absorbing comparable harm (the EU27 group being hit 140 times). **See Table 2.4.**
14. Other than China, the top 10 target jurisdictions hit by the most number of harmful foreign measures are all industrialised countries.
15. Fifty-eight trading partners have imposed measures harmful to Chinese commercial interests. Only the USA and Japan come close in terms of suffering at the hands of so many trading partners. **See Table 2.4.**

³ For the purposes of this report (and the last one) the protectionist pipeline is said to include all those state measures that (i) have been publicly announced, (ii) that have yet to be implemented and (iii) upon examination are likely to harm foreign commercial interests. Such measures are classified amber in the GTA database until implemented, whereupon their classification may change (depending on the details about the potential discriminatory impact available at the time of implementation.)

16. Since the last report was published in September 2009, every one of the top 10 targets has been hit by at least another 20 beggar-thy-neighbour policies. China has been hit by 47 more measures (the most again), followed by the USA (32 measures more) and Germany (21 more hits). **See Table 2.4.**
17. In addition, 109 of the measures in the protectionist pipeline are likely to harm Chinese commercial interests, should those measures be implemented. This represents more than a 40 percent increase over the total found in the last GTA report, indicating the intensification of discrimination against Chinese commercial interests that may unfold over the next year or so. **See Table 2.4.**

Which nations have inflicted the most harm?

18. Because protectionist acts can affect different numbers of products, sectors, and trading partners, there is no single metric to identify the worst offending nations. The GTA reports four indicators of harm.⁴ Still, whether it's the number of harmful measures implemented, tariff lines affected, sectors affected, or trading partners affected, the Russian Federation is always in the top 5 worst offending nations. (In the last report Indonesia held this dubious distinction; other countries have caught up.) **See Table 2.5.**
19. On all four metrics, China and Indonesia are always in the top 10 worst offending nations. If the EU member states are counted as one, they too always appear in the top 10. **See Table 2.5.**
20. For three of the four indicators of harm, Germany, India, and the United Kingdom are always in the top 10 worst offending nations. **See Table 2.5.**
21. The Russian Federation has the dubious distinction of raising trade barriers against the most tariff lines (40 percent of all product categories.) Still, Algeria takes the prize for measures that harm foreign commercial interests in the largest number of economic sectors; China for harming the most trading partners (164). **See Table 2.5.**
22. When nations are ranked by the number of trading partners their state measures have harmed, every one of the top 10 worst offenders has hurt the commercial interests of over 100 nations. Given the conservative methodology used to identify the harmed jurisdictions⁵, this finding indicates the scale of the adverse impact of many governments' crisis-era state measures. **See Table 2.5.**

A repeat of the 1930s protectionism has - to date - been avoided

23. The fact that only 5 jurisdictions have taken measures that affect more than a quarter of all product categories demonstrates that the across-the-board measures seen in the 1930s has not been repeated in the past year. **See Table 2.5.**

⁴ Comparisons of the rankings of countries on the basis of these four rankings shows a remarkably high degree of correlation. The Spearman rank correlations between the four rankings lie within the range 0.68-0.81. Details are available from the author upon request.

⁵ In short, identification is on the basis of an existing non-trivial trade, investment, or other commercial flow, not indicators of potential harm.

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

24. In the year since the first G20 crisis-summit, bailouts and state aids are the most frequent source of discrimination against other nations' commercial interests. Thirty-two percent of all discriminatory measures were bailouts. Less than half of those bailouts relate to the financial sector; it is a mistake to associate the discriminatory bailouts of the past year solely with banks and insurance companies and the preservation of financial stability.⁶ **See Table 2.6. and Figure 2.3.**
25. The implementation of discriminatory trade defence instruments is the second most common form of protectionism. Given that a large number of trade remedy investigations are ongoing, in the next 12 months it would not be surprising if the number of bailouts loses its number one slot. **See Table 2.6. and Figure 2.4.**
26. Since our last report was published, bailouts and trade defence measures account for the overwhelming majority of new discriminatory state measures that the GTA has uncovered. Recently, it seems, the action is in these two policy instruments, with tariff increases running a poor third. **See Table 2.6.**
27. Tariff increases account for only one in seven of the total number of discriminatory state measures imposed in the current global economic downturn. This calls into question how representative of contemporary protectionism the much-studied, easy-to-measure, and typically transparent tariff increase actually is. **See Table 2.6. and Figure 2.3.**
28. Export taxes or restrictions, bailouts, export subsidies, 'buy national' policies, tariff measures, trade defence measures, plus a rag-bag of non-tariff barriers imposed since November 2008 are each conservatively estimated to have harmed over 100 countries' commercial interests. **See Table 2.6.**

Which sectors are most affected by protectionism?

29. Setting state measures that benefit the financial sector to one side, this Report confirms a finding in the second GTA report. Namely, despite all the talk about measures to bolster green industries, innovation, and future growth poles of the economy, the great majority of the discrimination is in favour of domestic firms in smokestack, declining industries and in agriculture. **See Table 2.7.**
30. Looking ahead, the basic metals and basic chemical sectors could be affected by over 30 pending measures. Should this come to pass, then over the next year or so both sectors will eclipse the financial sector as the principal sectors most affected by contemporary era protectionism. **See Table 2.7.**

6 This latter finding can be confirmed by going on to the "Advanced Search" page of the GTA website and searching for the bailout measures that do not affect sector 81, namely, financial intermediation services and auxiliary services thereof.

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

Statistic	This report (December 2009)		Increase from previous report (September 2009)	
	Total	Total except unfair trade and safeguards investigations	Total	Total except unfair trade and safeguards investigations
Total number of measures in GTA database	611	365	183	84
Total number of measures coded green	70	61	16	15
Total number of measures coded amber	244	88	62	18
Total number of measures	297	236	105	71

How does the GTA colour code measures?

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

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

Statistic	This report (December 2009)		Increase from previous report (September 2009)	
	Total	Total except unfair trade and safeguards investigations	Total	Total except unfair trade and safeguards investigations
Total number of measures in GTA database	405	319	125	88
Total number of measures coded green	52	47	12	11
Total number of measures coded amber	56	36	8	6
Total number of measures coded red	297	236	105	71
Total number of 4-digit tariff lines affected by almost certainly discriminatory measures	1214	1214	57	73
Total number of 2-digit sectors affected by almost certainly discriminatory measures	79	79	16	16
Total number of trading partners affected by almost certainly discriminatory measures	233	233	16	30

Table 2.3 Measures implemented by G20 countries in the year since the first crisis-related G20 summit in November 2008, totals for all G20 jurisdictions and change since last report.

Statistic	This report (December 2009)		Increase from previous report (September 2009)	
	Total	Total except unfair trade and safeguards investigations	Total	Total except unfair trade and safeguards investigations
Total number of measures in GTA database	253	179	81	46
Total number of measures coded green	37	32	10	9
Total number of measures coded amber	32	16	8	5
Total number of measures coded red	184	130	63	32
Total number of 4-digit tariff lines affected by almost certainly discriminatory measures	977	967	51	46
Total number of 2-digit sectors affected by almost certainly discriminatory measures	58	58	0	0
Total number of trading partners affected by almost certainly discriminatory measures	209	196	3	3

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

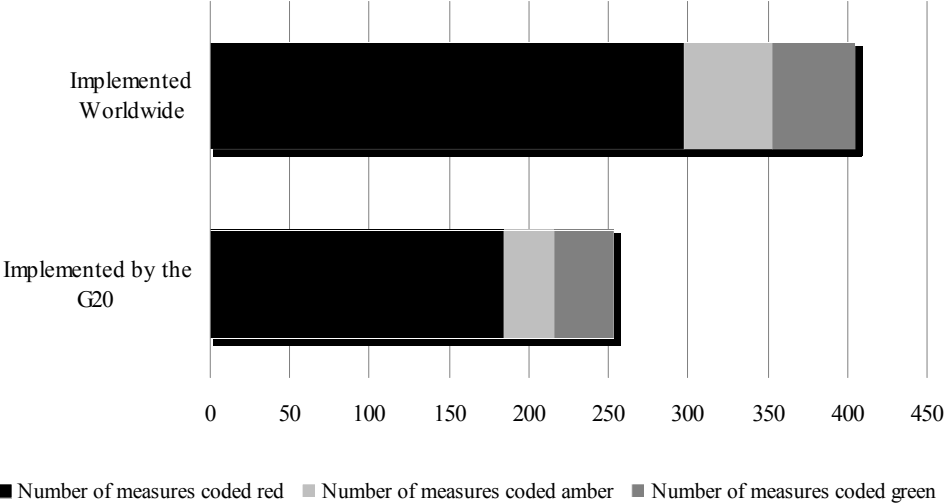
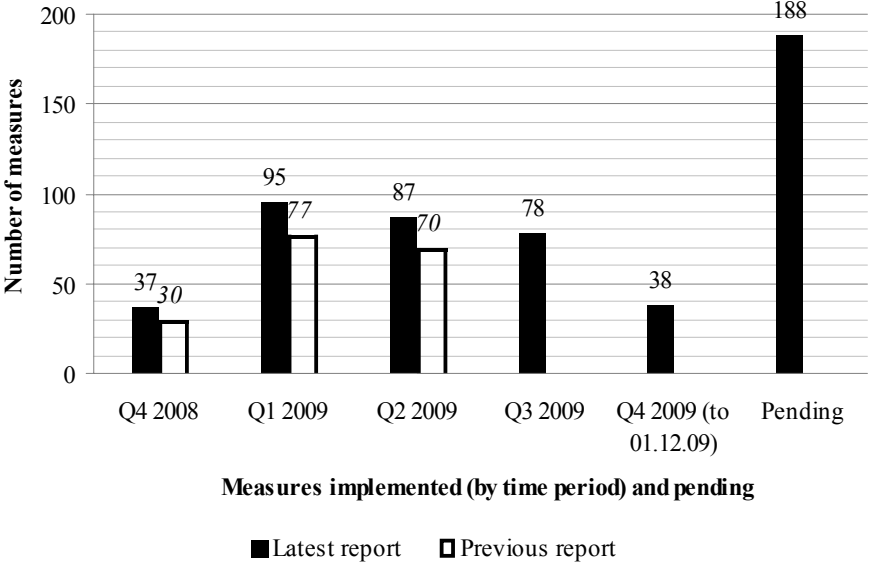


Figure 2.2 If the measures in the pipeline are implemented, the number of harmful measures will rise by more than half.



Notes: A harmful measure is taken to be one which has been implemented since November 2008 and is almost certainly discriminatory (coded red) or likely to be discriminatory (coded amber).

Table 2.4. Top 10 biggest targets of discriminatory measures.

Target	Number of discriminatory measures imposed on target		Number of trading partners imposing discriminatory measures		Number of pending measures, which if implemented, would harm target too	
	Increase This report (December 2009)	from last report (September 2009)	Increase This report (December 2009)	from last report (September 2009)	Increase This report (December 2009)	from last report (September 2009)
1. China	146	47	58	2	109	32
2. (EU27)	140	25	39	n.a.	55	n.a.
3. USA	118	32	49	0	30	11
4. Germany	115	31	34	4	41	11
5. France	106	28	34	5	33	9
6. Belgium	99	21	31	3	31	10
7. Japan	99	21	48	2	32	9
8. Netherlands	97	26	33	5	26	8
9. UK	94	22	31	2	28	8
10. Italy	93	23	30	5	36	13

Note: n.a. denotes statistic was not available.

Table 2.5 Which countries have inflicted the most harm?

Rank	Metric, Country in specified rank, Number			
	Ranked by number of (almost certainly) discriminatory measures imposed	Ranked by the number of tariff lines (product categories) affected by (almost certainly) discriminatory measures	Ranked by the number of sectors affected by (almost certainly) discriminatory measures	Ranked by the number of trading partners affected by (almost certainly) discriminatory measures
1.	EU27 (90)	Russian Federation (486)	Algeria (54)	China (164)
2.	Russian Federation (37)	Ukraine (388)	EU27 (35)	EU27 (149)
3.	Argentina (21)	China (331)	Ecuador (30)	India (141)
4.	Germany (18)	Ecuador (316)	Indonesia (25)	Russian Federation (132)
5.	UK (13)	Indonesia (315)	Russian Federation (24)	Indonesia (124)
6.	China (11)	India (210)	Ukraine (23)	UK (122)
7.	India (11)	EU27 (209)	China (23)	USA (120)
8.	Indonesia (11)	Japan (134)	Belarus (23)	France (188)
9.	Italy (11)	UK (132)	Mexico (23)	Germany (116)
10.	Spain (11)	USA (124)	Germany (21)	Argentina (114)

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

Table 2.6. Ten most used state measures to discriminate against foreign commercial interests since the first G20 crisis meeting
Ranked by number of discriminatory measures imposed.

State measure	Number of discriminatory (red) measures imposed.		Number of measures implemented (red,), amber, or green		Number of jurisdictions that imposed these discriminatory measures		Number of jurisdictions harmed by these discriminatory measures	
	This report (December 2009)	Increase from last report (September 2009)	This report (December 2009)	Increase from last report (September 2009)	This report (December 2009)	Increase from last report (September 2009)	This report (December 2009)	Increase from report (September 2009)
1. Bail out / state aid measure	101	39	106	40	39	4	176	26
2. Trade defence measure (AD, CVD, safeguard)	62	34	87	37	47	7	109	8
3. Tariff measure	44	13	83	23	19	4	122	9
4. Public procurement	14	2	18	2	11	0	133	0
5. Export subsidy	14	5	16	5	33	2	145	1
6. Non tariff barrier (unspecified)	12	1	20	3	8	1	109	0
7. Sanitary and Phytosanitary Measure	11	1	12	1	9	1	23	6
8. Export taxes or restriction	8	2	16	2	10	1	147	1
9. Migration measure	7	0	10	0	7	0	31	0
10. Import ban	7	1	8	2	6	1	42	8

Figure 2.3 Top 10 implemented measures used to discriminate against foreign commercial interests since the first G20 crisis meeting.

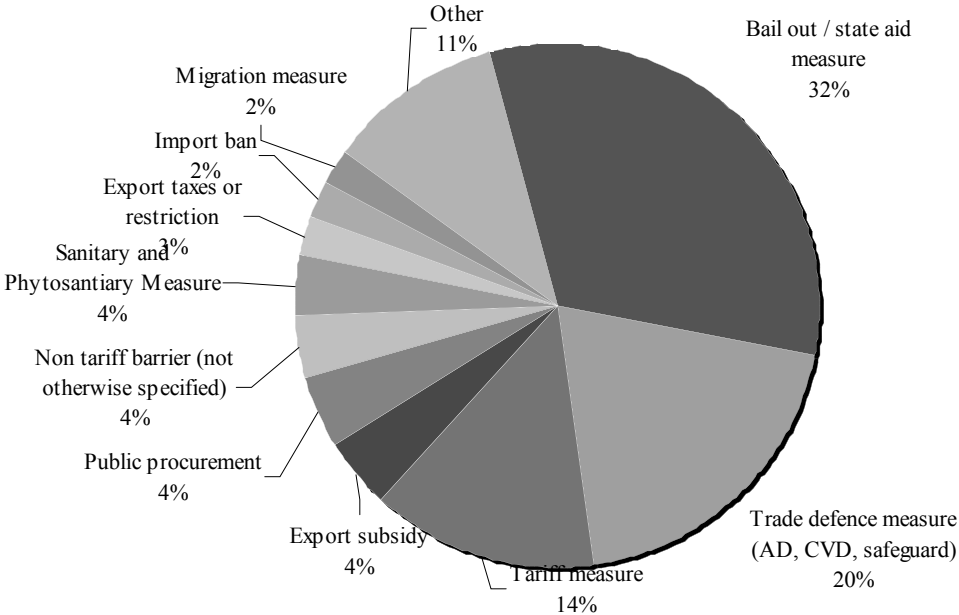


Figure 2.4 Top 10 pending measures that target foreign commercial interests.

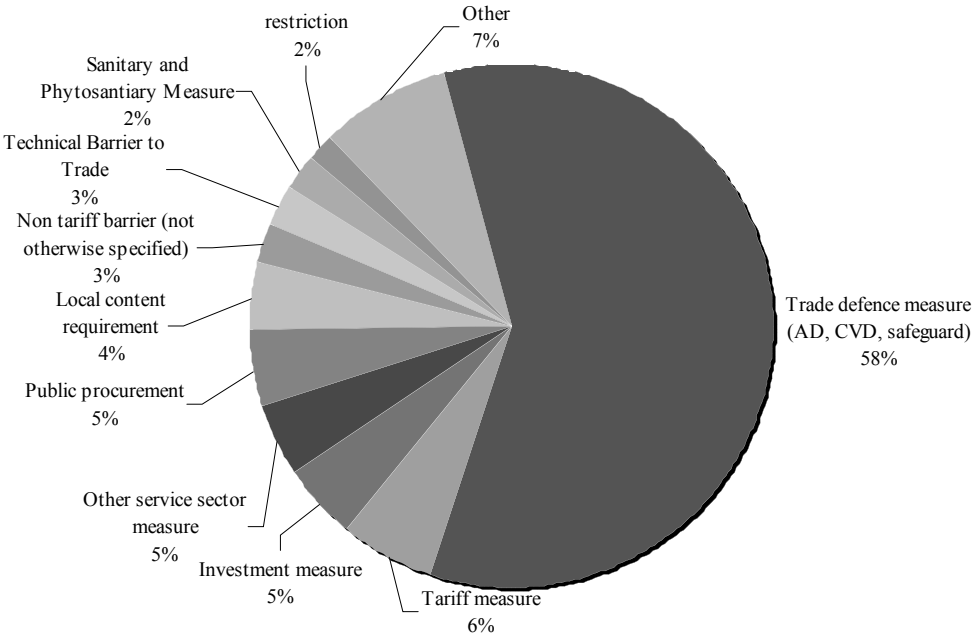


Table 2.7 Top 20 sectors most affected by discriminatory measures

CPC code, Affected Sector	Number of discriminatory (red) measures affecting commercial interests in this sector	Number of implemented measures affecting specified sector	Number of jurisdictions implementing measures affecting specified sector and classified as red	Number of pending measures affecting specified sector
81 (Financial intermediation services and auxiliary services thereof)	44	48	18	1
44 (Special purpose machinery)	34	54	19	14
41 (Basic metals)	31	50	39	31
21 (Meat, fish, fruit, vegetables, oils and fats)	30	44	19	7
23 (Grain mill products, starches and starch products; other food products)	28	40	42	12
42 (Fabricated metal products, except machinery and equipment)	28	43	16	18
49 (Transport equipment)	28	49	14	16
01 (Products of agriculture, horticulture and market gardening)	26	38	19	9
34 (Basic chemicals)	25	42	12	33
22 (Dairy products)	24	30	39	7
02 (Live animals and animal products)	22	30	43	5
38 (Furniture; other transportable goods n.e.c.)	22	30	15	6
27 (Textile articles other than apparel)	21	32	14	10
36 (Rubber and plastics products)	19	29	16	8
47(Radio, television and communication equipment and apparatus)	19	28	10	5
43 (General purpose machinery)	18	30	11	9
28 (Knitted or crocheted fabrics; wearing apparel)	17	27	12	3
29 (Leather and leather products; footwear)	16	25	12	2
46 (Electrical machinery and apparatus)	16	23	12	8
37 (Glass and glass products and other non-metallic products n.e.c.)	15	25	12	17