

Some notes on the Measures to be considered by Global Trade Alert

Simon J. Evenett

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Global Trade Alert provides information in real time (at www.globaltradealert.org) on state measures taken during the current global economic downturn that are likely to affect foreign commerce. Global Trade Alert is an independent initiative drawing upon expertise from research institutes in seven regions of the world economy.

This initiative arises from the ‘Standstill Provision’ advocated by the G20 countries at their first Summit in Washington in November 2008. There the Leaders of the G20 countries rejecting protectionism pledged not to initiate any measures that would raise new barriers to trade or investment or impose new export restrictions. This Standstill provision was repeated in the April London Summit and its tenure was extended through 2010. Although these standstill commitments were made by the G20 members, as its name suggests Global Trade Alert is broader in country coverage.

Global Trade Alert complements and goes beyond other monitoring initiatives by identifying those trading partners likely to be harmed by state measures. Its easy-to-use website will allow policymakers, government officials, exporters, the media, and analysts to search the posted government measures by implementing country, by trading partners harmed, and by sector.

An important question concerns the types of measures that might be published by the Global Trade Alert database. I thank colleagues associated with this initiative for their feedback on a previous version of this document. This revision takes account of the observations shared during our recent conference call. As we gain experience in implementing this initiative I do not rule out changes in how we individually and collectively view the following matters--and indeed it may be necessary to revise further this document.

From what I have read and heard, it seems that the following approaches are not very attractive models for Global Trade Alert:

1. Confining the initiative to monitoring measures thought to be WTO-illegal.
2. Ignoring measures (such as anti-dumping etc) that are self-executing under national laws.
3. *De facto* or *de jure* confining the initiative to traditional trade policy interventions (tariffs, quotas etc.)
4. *De facto* or *de jure* confining the initiative to transparent state measures.

Moreover, given the murky nature of current state measures and the established capacity of governments to develop new protectionist tools, it would be unwise to restrict the initiative's attention to any list of specific measures. (Although there may be a case for putting together an indicative list.)

Furthermore, there may well be measures that are difficult to classify without conducting an in-depth analysis (for example, is the reduction of tariffs on intermediate products a liberalising move or an attempt to increase the effective rate of protection enjoyed by final goods producers?) This may call for a more qualified assessment of certain measures and we may wish to report a measure without taking a stand on whether the measure harms trading partners' interests.

Finally, some have argued that state measures to liberalise markets should be included. Therefore Global Trade Alert would not solely focus on measures that impede trade.

With these comments in mind, the following observations might provide a useful starting point for deciding which state measures by those responsible for implementing this initiative:

1. The Global Trade Alert initiative should investigate any state measure that affects the commercial interests of a trading partner.
 - a. "State measure" is defined broadly and is not confined to border measures (tariffs, quotas). The implementation of domestic regulations, stimulus packages, and subsidies are fair game so long as there is discrimination against foreign commercial interests. Macroeconomic measures (such as interest rate reductions) that treat each sector and commercial interest equally would not be investigated. The definition of state measures also includes apparently self-executing trade policy instruments.¹ State measures considered here need not be subject to WTO disciplines.
 - i. State acts of omission and commission will be considered by Global Trade Alert.
 - ii. It is recognised that many factors can affect trade flows (which is after all the difference between national production and consumption decisions), creating difficulties for a truly comprehensive definition. However, the requirement of there being some form of discrimination in the implementing law or regulation² will likely narrow down the set of government measures considered.
 - b. "Affects" could be positive or negative. Note "affects" is not the same as "discriminates against." For example, a state measure may discriminate in favour of certain domestic firms (e.g. a bailout) and not benefit other domestic firms and all foreign firms.
 - c. "Commercial interests" is defined broadly to include not just trade flows, but also commercial presence and workers located in the jurisdiction imposing the state measure.
2. The initiative will seek to be comprehensive and so each regional node would commit to investigate the less transparent state measures as rigorously as transparent, border measures (that tend to be better reported in many jurisdictions.)
3. Consistent with the primary objective of disseminating accurate information on state measures of potential interest, the Evaluation Group can decide to list a measure on the website without passing any judgement as to the effects of the measure in question. Retaining this option would avoid the impression that there is a rush to judgement on our part. In addition,

¹ In reports published on the initiative's website it may be informative to refer to the degree of discretion available to government agencies implementing some trade defence instruments.

² The relevant aspect of discrimination is not intent. No attempt will be made to divine the "intent" of those deciding state measures.

- a. Should the Evaluation Group agree that a measure is likely to have a negative effect on a trading partner, then that would be noted on the website report (possibly with a "red" light).
 - b. Should the Evaluation Group agree that a measure is likely to have a positive effect on a trading partner, then that would be noted on the website report (possibly with a "green" light).
4. Planned state measures that have been publicly announced but not yet implemented can be investigated.
5. State measures announced and implemented after last November's G20 meeting could be considered for investigation.
6. A state measure announced before last November's G20 meeting but whose implementation regulations are announced or changed after that meeting could be considered for investigation.