
The Emerging Contours of Crisis-Era Protectionism

Simon J. Evenett

University of St. Gallen and CEPR

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

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

To focus ideas, in what follows the main findings from the GTA database² are summarized, followed by the tables and figures that contain the raw data to substantiate each finding. Each finding described below is linked to at least one of those tables and figures. Readers are encouraged to augment the following account of contemporary protectionism with the maps reproduced at the end of the Executive Summary.

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

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

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

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

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

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

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

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

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

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

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

Which nations have inflicted the most harm?

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

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

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

24. The implementation of duties associated with trade defense investigations are the third most common form of protectionism. Given that a large number of such investigations are ongoing, trade defense measures will almost surely climb up the rankings in the next 12 months. **See Table 2.7. and Figure 2.5.**
25. Export taxes or restrictions, bailouts, export subsidies, buy national policies, tariff measures, and a rag-bag of non-tariff barriers imposed since November 2008 are each conservatively estimated to have harmed over 100 countries' commercial interests. **See Table 2.7.**

Which sectors are the beneficiaries of protectionism?

26. Despite all the talk about measures to bolster green industries, innovation, and future growth poles of the economy, the great majority of the discrimination is in favour of domestic firms is in smokestack, declining industries and in agriculture. **See Table 2.8.**
27. Other than the financial sector, the pattern of government interventionism has not changed much compared to previous upticks in protectionism. **See Table 2.8.**

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

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

How does the GTA colour code measures?

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

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

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

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

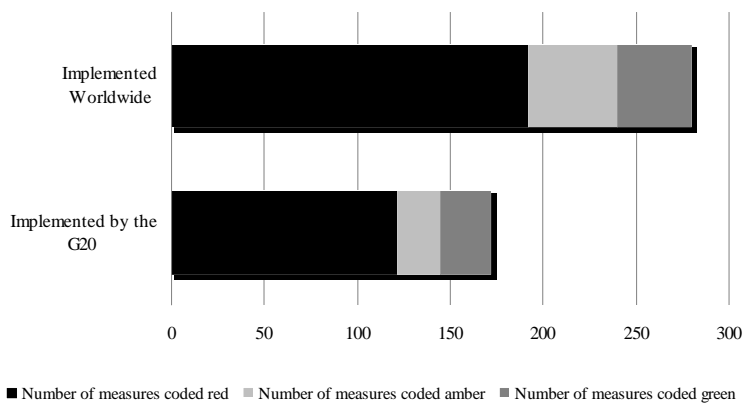
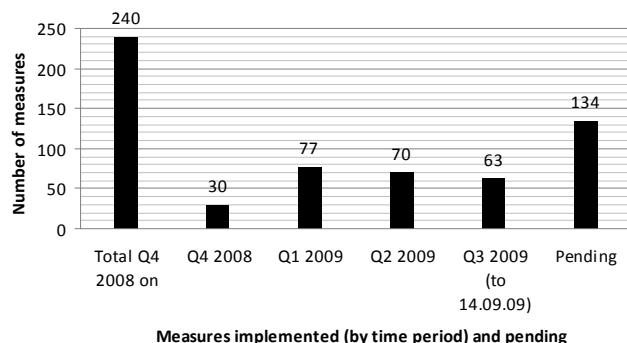


Figure 2.2 If the measures in the pipeline are implemented, the number of harmful measures will rise by more than half



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

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

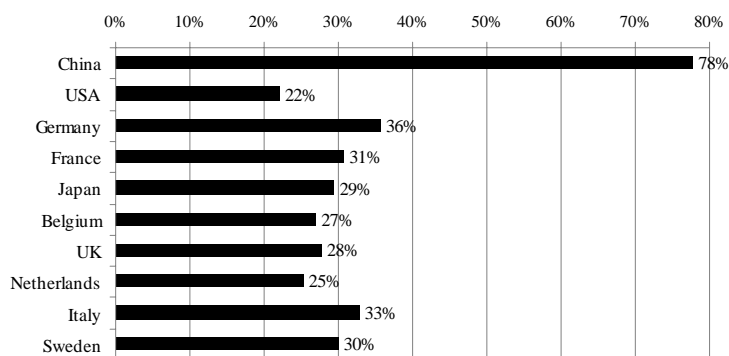


Table 2.3 Top 10 biggest targets of discriminatory measures

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

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

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

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

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

Table 2.6 Which countries have inflicted the most harm?

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

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

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

Ranked by number of discriminatory measures imposed

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

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

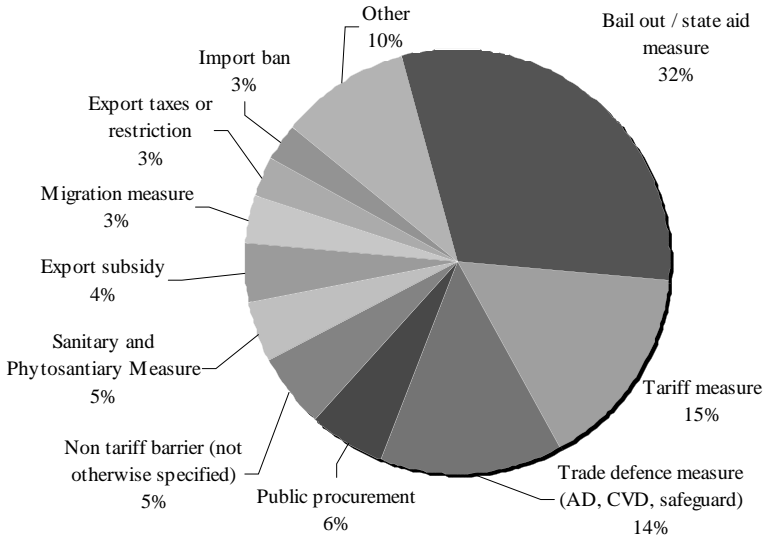


Figure 2.5 Top 10 pending measures that target foreign commercial interests.

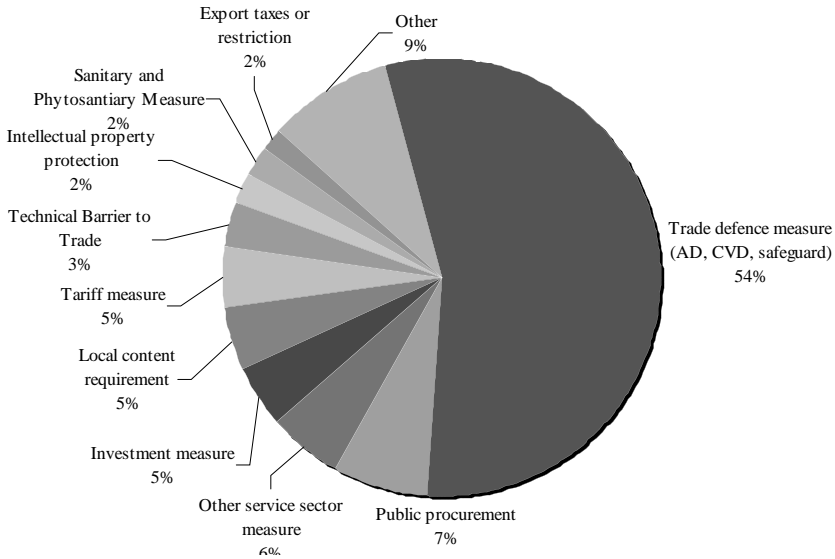


Table 2.8 Sectors most affected by discriminatory measures

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