



America First

Rest of World



Will Awe Trump Rules?

The 21st Global Trade Alert Report

by Simon J. Evenett and Johannes Fritz



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Will Awe Trump Rules? The 21st GTA Report

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RECENT PRIVATE SECTOR PERSPECTIVES ON PROTECTIONISM AND WORLD TRADE

“Imagine a world without multilateral trade agreements – one which has devolved into a collection of ad hoc negotiations in which trade becomes a convenient political tool. Imagine critical commodities – oil, food, metals and manufactured goods – used as bargaining chips at every turn. Imagine a world where technology and ideas cannot cross borders. It’s a world none of us wants to see, but is foreshadowed by recent meetings of the G20.”

Dave MacLennan, CEO, Cargill, in a speech titled “Standing Up For Trade”

“If trade stops, war starts.”

Jack Ma, CEO, Alibaba

“Trade wars only create losers.”

Dieter Kempf, President, Federation of German Industries (BDI)

“But is protectionism the answer? I guarantee you... we have the most to lose through protectionism... We will not grow if we don’t trade with people.”

Jeff Immelt, CEO, General Electric

“Our strategy has changed. If you go back [several] years, there was a strategy of producing at huge facilities at certain places around the world, and shipping it to other countries. But now we have a strategy of localisation and regionalisation. We think you should invest in your domestic market as much as you can.”

Inge Thulin, CEO, 3M

“[American companies] have not had fair access to many markets for a while. We got used to that... but not any more.”

Andrew Liveris, CEO, Dow Chemical

“Had trade been fair with China? The president pointed this out, and I hate to tell you, he’s right. We all know that. The Chinese know it. They steal intellectual property. There’s cybersecurity. There are very high tariffs for certain things. There are non-tariff barriers. We can’t compete freely in China.”

Jamie Dimon, CEO, JPMorgan Chase

“I think, without a doubt, any form of protectionism or nationalism, on the whole, is not beneficial for a company like ours, any global company... We will adjust. We will have to adjust, but it takes time for a manufacturer to adjust. It’s much more efficient if we can have open free trade, understandably fair trade, but free trade.”

Samuel Allan, CEO and Chairman, Deere

“Profoundly concerning, particularly for a company like ours, is that protectionism and the advocacy of protectionism, would be on the rise around the globe and seen by so many politicians as a way to the solution of problems... [We should] push hard on political leaders who choose to avoid some of those difficult and real reforms that are required and [instead] go for some of the false gods of protectionism and nationalism.”

Andrew Mackenzie, CEO, BHP Billiton

RECENT OFFICIAL PERSPECTIVES ON PROTECTIONISM AND WORLD TRADE

“From this moment on, it’s going to be America First... We must protect our borders from the ravages of other countries making our products, stealing our companies, and destroying our jobs. Protection will lead to great prosperity and strength... We will follow two simple rules: Buy American and Hire American.”

Donald Trump, US President, Inaugural Address

“We must remain committed to developing global free trade and investment, promote trade and investment liberalization and facilitation through opening-up and say no to protectionism. Pursuing protectionism is like locking oneself in a dark room. While wind and rain may be kept outside, that dark room will also block light and air. No one will emerge as a winner in a trade war.”

Xi Jinping, Chinese President, Davos

“Anyone who tries to withdraw from international competition can perhaps deliver short-term advantages. But over the medium and long term, their own capacity to innovate will be weakened.”

Angela Merkel, German Chancellor

“A sentiment against trade and migration, and rising parochial and protectionist attitudes across the globe are also a stark statistic... The result [is that] globalisation gains are at risk and economic gains are no longer easy to come by.”

Narendra Modi, Prime Minister of India

“It is imperative we resist those voices urging us to close ourselves off from the world, because protectionism is a path to poverty.”

Malcolm Turnbull, Prime Minister of Australia

“Restricting trade would be a “self-inflicted wound” that disrupts supply chains, hurts global output, and inflates the prices of production materials and consumer goods. And low-income households are hurt the most as they consume the largest part of their incomes.”

Christine Lagarde, Managing Director, International Monetary Fund

“... we are the least protectionist of the major areas. We are far less protectionist than Europe. We are far less protectionist than Japan. We are far less protectionist than China.[...] We also have trade deficits with all three of those places. So they talk free trade. But in fact what they practise is protectionism. And every time we do anything to defend ourselves, even against the puny obligations that they have, they call that protectionism. It’s rubbish.”

Wilbur Ross, US Commerce Secretary

EXECUTIVE SUMMARY

Not since the London summit in April 2009 has the spectre of protectionism received such attention in the run up to a G20 Leaders' summit. President Trump's America First policies as well as his accusations about the unfair trading practices of fellow G20 members have been repudiated by foreign government leaders and CEOs. This report presents an evidence-driven assessment on the state of G20 protectionist dynamics in the run up to the Hamburg summit. Has shock and awe trumped trade rules?

This report has seven principal findings:

- US policy has moved sharply in favour of domestic firms. So far this year US policy initiatives have hit the commercial interests of G20 partners 26% more often than during the same period last year. The 189 hits this year exceed totals for comparable periods during the second Obama administration. US policy has also become markedly less liberalising—the number of policy-induced commercial opportunities benefiting G20 partners has fallen 49% this year.
- Meanwhile, the rest of the G20 has resorted to protectionism much less often in 2017. After taking more and more steps that hit US interests during the second Obama administration, the rest of the G20's policy initiatives this year have hit American firms and workers 29% less than during the same period in 2016.
- The G20 members that reduced their hits to US interests the most this year were those governments whose policies hit American firms and workers most often before President Trump was elected. Whereas G20 members with the largest trade surpluses have not tempered their resort to protectionism, if any, the reverse. This year has President Trump's bluster accomplished what the G20 pledge failed to deliver—namely, less protectionism? The data can't rule that out.
- Over the years, such is the failure of the G20 "no protectionism" pledge that, if the Trump administration goes looking for evidence to bash trading partners, they will find it. There is no escaping the fact that, by the end of 2016, the total number of G20 beggar-thy-neighbour acts that still harmed US interests stood at 1,883.
- Some discount aggressive US trade rhetoric on the grounds that it won't lead to Smoot-Hawley across-the-board tariff increases. This report points out that US imports are so concentrated in a relatively small number of product categories that the cumulative impact of several targeted sectoral initiatives could substantially reduce US imports. Of the 5,200 product categories the United Nations uses to classify international trade, the US would have to shut down trade in just 72 of them to

cut American imports in half. Smoot-Hawley is not the sole metric to judge the Trump Administration. Sectoral protectionism matters too.

- Having dispensed with the Smoot-Hawley Fixation, we draw upon our database of 11,294 crisis-era government interventions to demonstrate that tax breaks for exporters, other export incentives, and suspicious trade financing account for the lion's share of the trade distortions facing G20 exporters. Other tax relief and government largesse matter less, but still more than tariff hikes.
- Using very fine-grained trade data, we estimate that 73.5% of G20 exports face some type of trade distortion in foreign markets, ten times the trade coverage of protectionism reported by the WTO (which only looks at narrow set of trade restrictions in calculating its high profile estimate.) If the amounts of trade involved are a good guide, clashes over subsidies that create overcapacity and brazen attempts to steal export market share from foreign rivals are more likely in the future than squabbling over tariff increases and antidumping actions.

For far too long the G20 has maintained a diplomatic fiction that crisis-era protectionism has been tamed. It wasn't—governments just tided the commercial playing field in ways that differed from the 1930s. Those fixated with avoiding another Smoot-Hawley failed to see, or take action against, the widespread resort to other trade distortions. With the election of a US President who is clearly dissatisfied with the status quo, there is a real risk that evidence on the accumulated pile of G20 beggar-thy-neighbour acts will be used as a pretext for all manner of protectionist American initiatives. Should that happen the G20's protectionist chickens will have come home to roost.

CHAPTER 1

WILL SHOCK AND AWE TAME G20 PROTECTIONISM? SO FAR, ARGUABLY IT HAS.

President Trump is to trade relations what Uber is to licensed taxis: a disruptive, brash force against which rules and conventional practices pale. Gone are the days when boiler plate text on eschewing protectionism can be readily inserted into summit communiqués. The Trump administration's accusations that key trading partners engage in wide-ranging unfair trade practices are difficult to reconcile with claims that the G20's pledges on protectionism have worked. Clearly, the largest member of the G20 club is no longer prepared to entertain any more diplomatic fiction on trade. As purveyors of such fiction, G20 officials should be worried.

For supporters of a rules-based trading system, a rogue trading power poses two threats to their world view. The first, and most obvious, is that the rogue nation decides to openly violate WTO rules and G20 pledges. Only time will tell how far the Trump administration is prepared to go in this regard, although we will present data on actions taken so far this year. Such data complements a recent analysis of the American protectionism that is in the pipeline (Bown 2017).

A second, more subtle, threat is that fear of US retaliation starts altering the resort to trade distortions by other nations, including other G20 members. If the protection afforded by WTO rules were so strong and fealty to the G20 pledge so entrenched, then one should not see sharp breaks in the resort to trade distortions by America's leading trading partners. It would be embarrassing, after all, if the bluster of the Trump administration tamed G20 protectionism more effectively than established trade norms. In this chapter, we will present some uncomfortable facts about this matter.

The data on trade distortions presented in this chapter refers to policy instruments implemented between 1 January 2017 and 24 June 2017. So as to place this year's developments in context, we often compare statistics for this year with data on policy choice during the years of

the second Obama Administration (taken here to be 2013 to 2016). This may reveal whether there have been any sharp breaks in behaviour between this year and prior years when policymakers in Washington DC gave the appearance, at least, of wanting to "play by the rules of the game."

In future reports we will update the data presented here to see if the trends from the first half of this year persist. The number of G20 trade distortions implemented in 2016 that we have collected data is now twice as large as the number documented at this time last year. As regular readers of our reports will recall, such upward revisions in protectionist totals are common, and along with it comes the risk that policy conclusions drawn earlier may need to be revised. Nevertheless, with the Hamburg G20 summit coming up, policymakers, their advisers, analysts, and commentators need to know the current state of G20 protectionism.

Before looking at the data, it is worth recalling what makes for sensible monitoring of protectionism in the 21st century. In an era where services, ideas, and people cross borders as well as goods and investments, a focus on protectionism affecting one type of international commercial transaction (such as trade in goods) will likely miss plenty of action. Moreover, in desperate times governments can innovate, finding new ways to favour domestic firms, and so it makes no sense to focus only on the protectionist policies of yesteryear.¹ The world has moved on since the Smoot Hawley tariffs of the 1930s. Consequently, the Global Trade Alert team classifies a policy instrument as discriminatory if its implementation worsens the treatment of foreign firms compared to their domestic rivals.² Our approach has been endorsed in an independent review by the Swedish Board of Trade (2016) and the IMF has confirmed that our database has the most comprehensive coverage of crisis-era trade distortions (IMF 2016).

1 Ultimately, we find the practice of sorting upfront policy interventions into two groups—protectionist and non-protectionist—unpersuasive. For this reason, at the beginning of the Global Trade Alert initiative we adopted the "relative treatment" rule for determining whether any particular policy intervention should be classified as discriminatory or protectionist (words we use synonymously in this report). The relative treatment rule is described later in the main text.

2 Later chapters of this report reveal which policies have gotten caught up in this relative treatment net.

US policy mix becomes more discriminatory towards the G20

Even though the Trump Administration has been in office less than six months—and for much of this time with many trade policy posts left unfilled—has the abrupt change in trade rhetoric been matched by a shift towards more frequent discrimination in favour of US commercial interests? The simple answer is yes.

Figure 1.1 reports for each year since 2013 (the first year of the second Obama administration, Obama II) the total number of times that US policy interventions have harmed and have benefited the commercial interests of the other G20 members.³ Resort to discrimination against the commercial interests of other G20 members grew year on year through the Obama II administration, reaching 150 instances of harm implemented between 1 January and 24 June 2016. Between the same dates in 2017, however, the United States implemented policy actions that harmed the commercial interests of fellow G20 members 189 times, a jump of 26%.⁴

With the exception of 2016, during the Obama II years relatively few steps were taken by US government agencies that benefited G20 trading partners. In 2016,

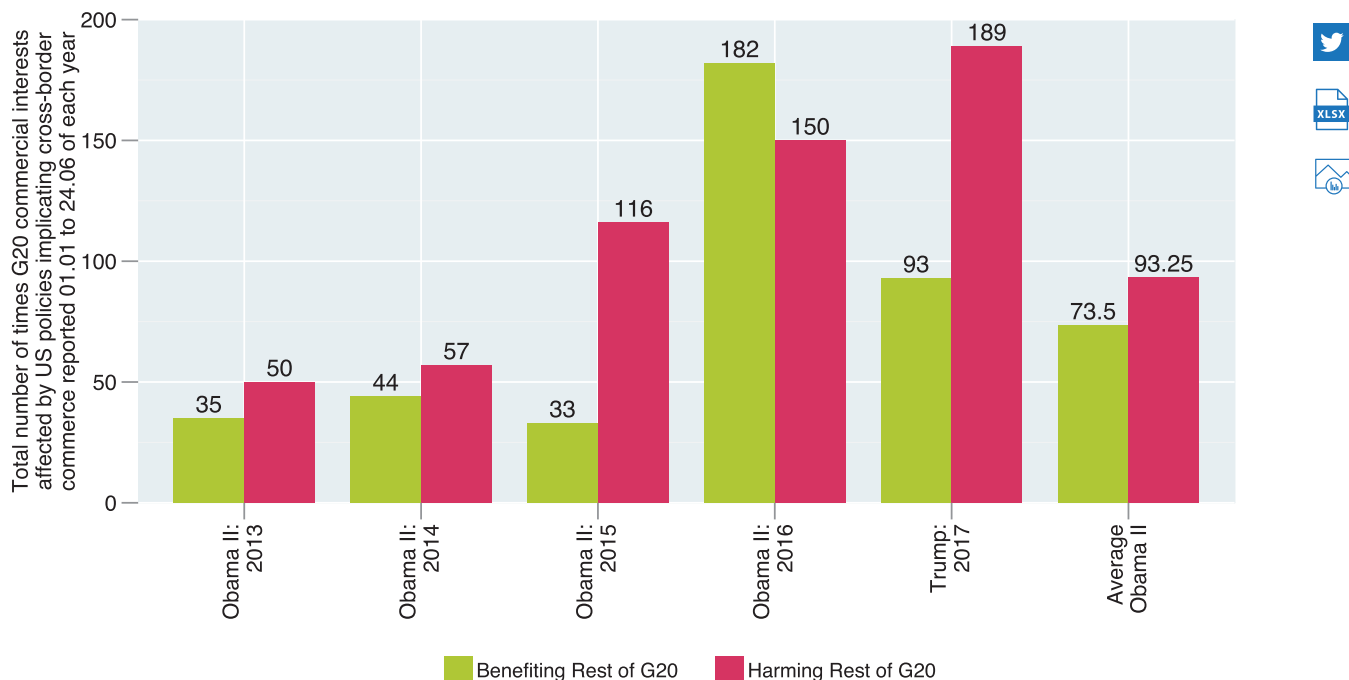
the number of times the G20 benefited from US actions actually exceeded the number of times they were hurt. In the year to date, however, the number of times G20 trading partners have gained from US policy intervention has halved. A comparison between the columns in Figure 1.1 for 2016 and 2017 supports the conclusion that in the past six months the US policy mix has shifted markedly in a beggar-thy-neighbour manner. And please note this data was compiled before President Trump decides what to do about the investigations he has asked for into steel imports and trade with China.

Meanwhile G20 hits to US commercial interests fell 29%

While the US was tilting the commercial playing field even more against G20 partners in 2017, the opposite was happening in the rest of the G20. As Figure 1.2 shows, the number of times that the rest of the G20 hit US commercial interests kept growing during the second Obama administration, reaching a total of 73 hits during 1 January 2016 to 24 June 2016. However, over the comparable time period this year, that total fell over a quarter to 52 hits.

FIGURE 1.1

More discrimination, less liberalising US policy intervention in 2017 than during Obama II

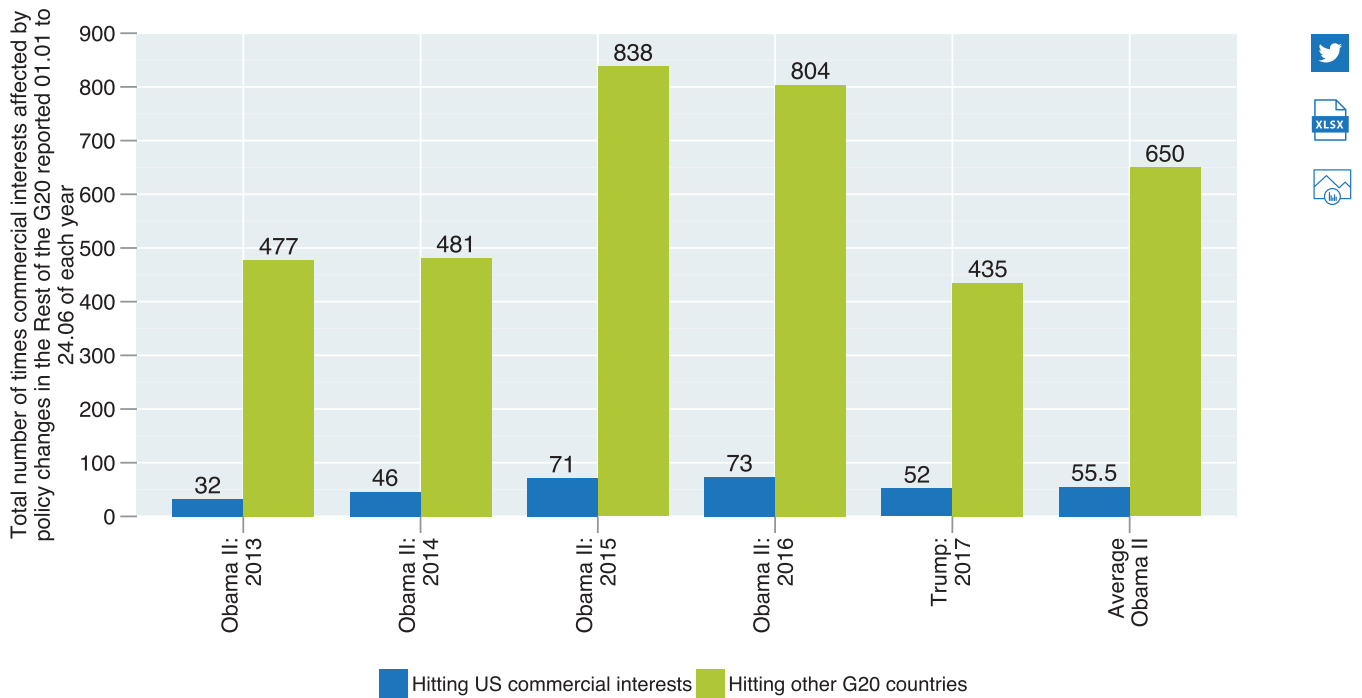


³ Readers should bear in mind that a US policy intervention could affect positively or negative more than one G20 trading partner. Some trade policy interventions are implemented in a surgical manner, targeting a certain product exported (say) from a single trading partner. Other interventions, however, can target more than one foreign supplier of a good.

⁴ Our data collection for this report finished on 24 June 2017. So as to make apples-for-apples comparisons with previous years, we identified the number of times the rest of the G20's commercial interests were implicated by US policy changes that our team had documented between 1 January and 24 June of each year. This approach neutralises the effects of differential reporting duration (after all, the longer the reporting duration the more policy interventions one is likely to find).

FIGURE 1.2

The rest of the G20 inflicted far fewer hits on each other's commercial interests in 2017



The smaller number of hits to US commercial interests coincided with less resort to protectionism by the rest of the G20. So far this year the rest of the G20 has hit the commercial interests of other members of that group (excluding the United States) a total of 435 times, down 45% on the comparable period in 2016.

Although there is no suggestion that the rest of the G20 coordinated to show restraint, these findings are not inconsistent with the view that individual G20 members may have decided that discretion is the better part of valour. That is, the rest of the G20 may have curbed their protectionist zeal at a time when the new US administration was repeatedly criticising the unfair practices of its trading partners.

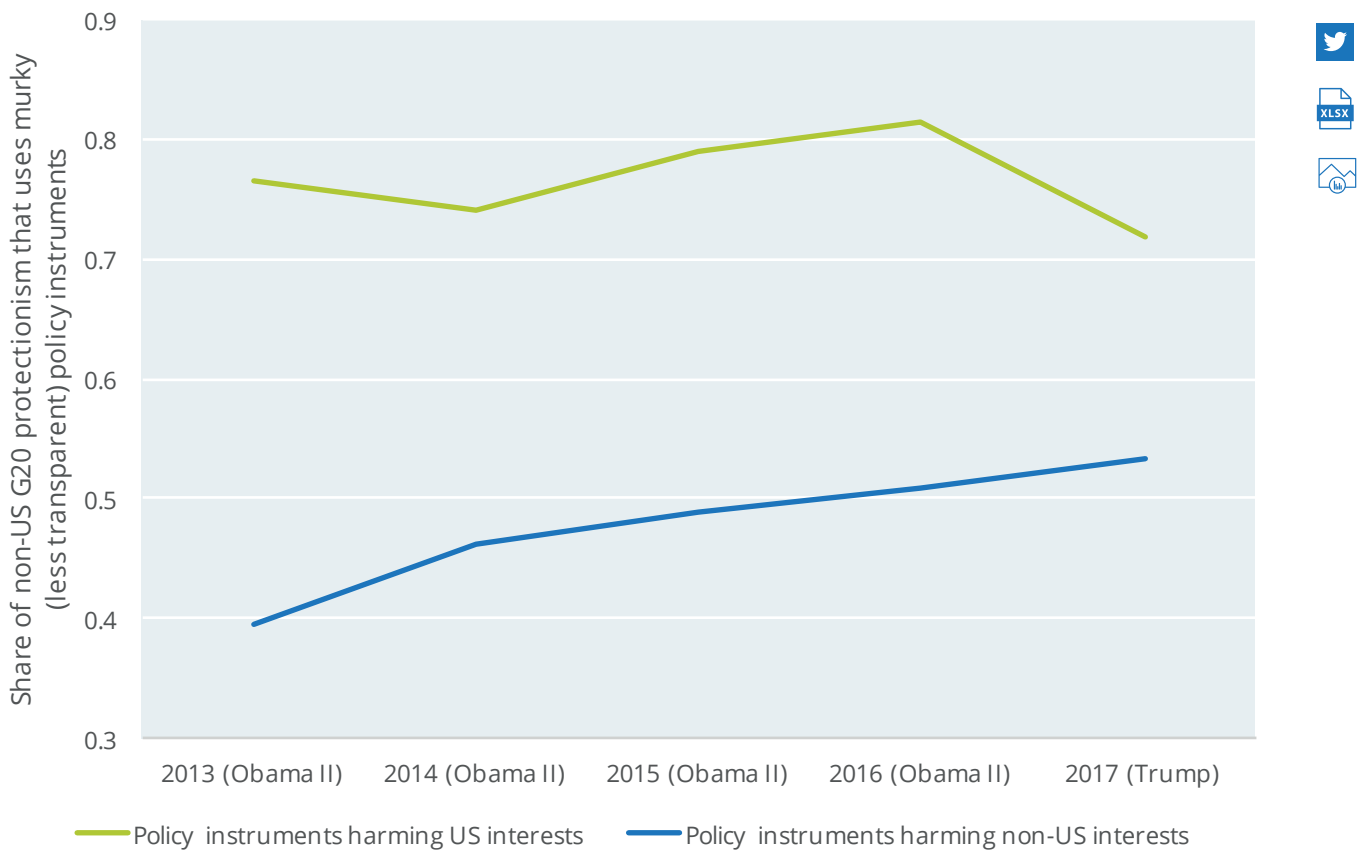
One reaction to greater US scrutiny of trade partner's policies might be for the rest of the G20 to shift towards less transparent—or more murky—protectionism. As Figure 1.3 shows, at the end of Obama II around 80% of the rest of the G20's discriminatory policy interventions

that harmed US interests did not involve the use of relatively more transparent tools such as tariff increases, antidumping tariffs and countervailing duties. Moreover, generally the resort by the rest of the G20 to murky protectionism has grown over time. Yet, interestingly, the share of murky protectionist measures hitting US commercial interests fell in 2017 and the gap between the rest of the G20's resort to murky protectionism against US interests and elsewhere has narrowed significantly.

Overall, then, since the beginning of the 2017, rather than maintain the same resort to protectionism and shift towards less transparent ways to tilt the commercial playing field, the rest of the G20 appears to have responded to President Trump's shock and awe on trade by resorting to less protectionism outright and, in particular, to much fewer measures that harm US commercial interests.

FIGURE 1.3

The rest of the G20's hits to US commercial instruments now use fewer murky policy instruments—bucking the trend elsewhere



Which G20 members are defying Washington?

Of course, G20 members differ and so it is worth examining whether there are any interesting differences across America's G20 partners in the resort to protectionism this year. Given the emphasis that the Trump Administration has put on bilateral trade deficits, did G20 trading partners with the largest trade surpluses with the United States cut back on protectionism the most in 2017? Or were the cuts larger in the G20 members that imposed more measures harming US commercial interests in the years before the Trump Administration and so may feel they are a bigger target for retaliation?

To explore these matters, we computed for each G20 member government (other than the US) the average number of times they implemented policy instruments harmful to US commercial interests during 1 January and 24 June of each year of the second Obama administration. This provided a benchmark for each G20 member against which their resort to protectionism harming US interests in 2017 can be compared.

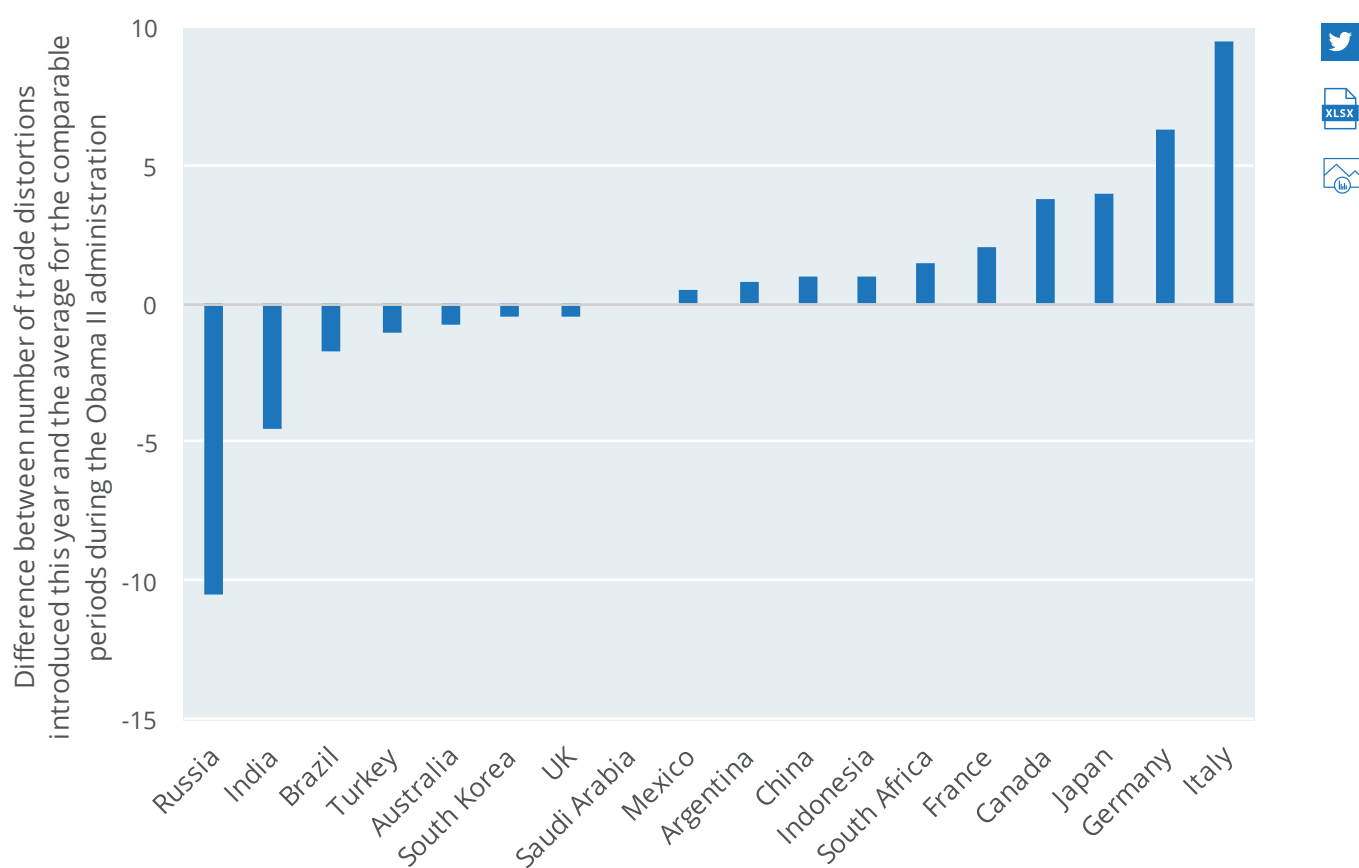
Figure 1.4 reports the difference between the number of times a G20 member imposed measures that harmed US interests in 2017 and during the second Obama administration. The G20 members are ranked in ascending order from left to right in terms of that difference. A negative difference implies that the G20 member in question cut the number of policy instruments harming US interests in 2017.

There is an interesting split revealed by Figure 1.4. Emerging market members of the G20 are well represented among the countries hitting US commercial interests less often this year. Maybe they have gotten the message. While some G20 members have tempered their protectionism harming US interests in 2017, governments in Ottawa, Tokyo, Berlin, and Rome appear prepared to risk more American ire.

Looking across America's G20 partners, we examined whether their differential resort to protectionism against US interests in 2017 correlated with factors likely to influence how vulnerable they were to criticism from the Trump Administration. We checked if nations with larger

FIGURE 1.4

During 2017 hits to US commercial interests from the large emerging markets fell—in contrast to Japan, Germany, and Italy



trade surpluses with the USA in 2016 curbed protectionism more in 2017. We also checked if nations that had a track record of harming US commercial interests (measured by the number of protectionist measures implemented since the crisis began that harmed US interests and that were still in force at the end of last year) showed more restraint in 2017, perhaps as a way of reducing the risk of US retaliation in the future. Lastly, we checked if G20 members that imposed proportionally more transparent trade distortions that harmed US interests during the second Obama administration showed more restraint in 2017. The resulting plots are reported in Figure 1.5.

With the data available to date in 2017, two findings stand out. First, those G20 members that by the end of last year had in force more measures harming US commercial interests tended to impose fewer additional harmful measures in 2017. In fact, the correlation coefficient between the stock of harmful measures at the end of 2016 and the cut back in protectionism in 2017 is -0.46. Prior resort to transparent protectionism, in contrast, is

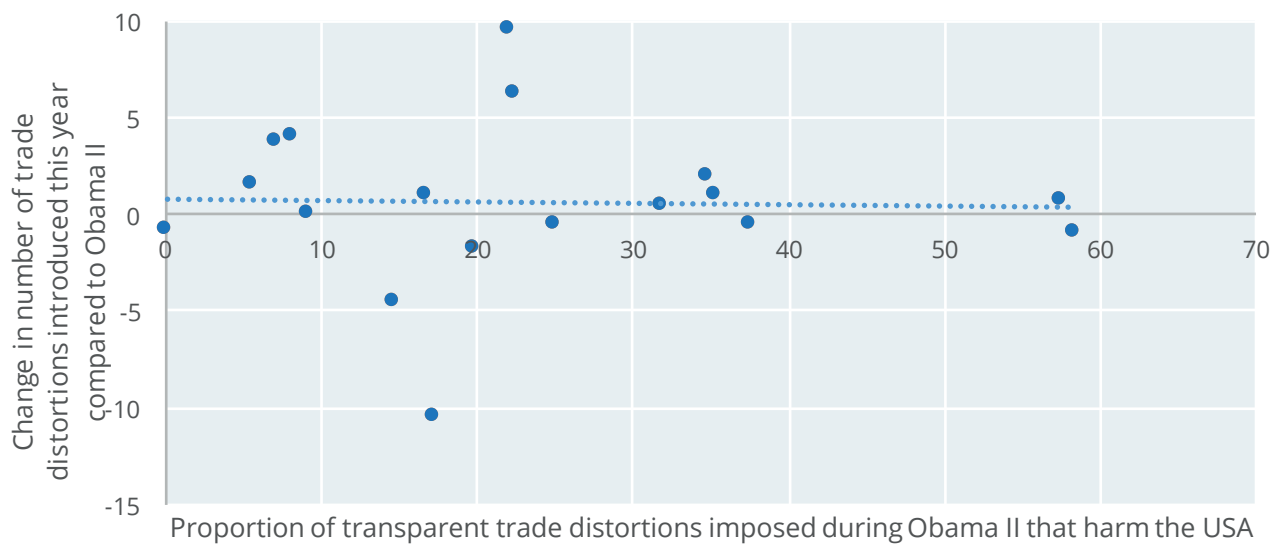
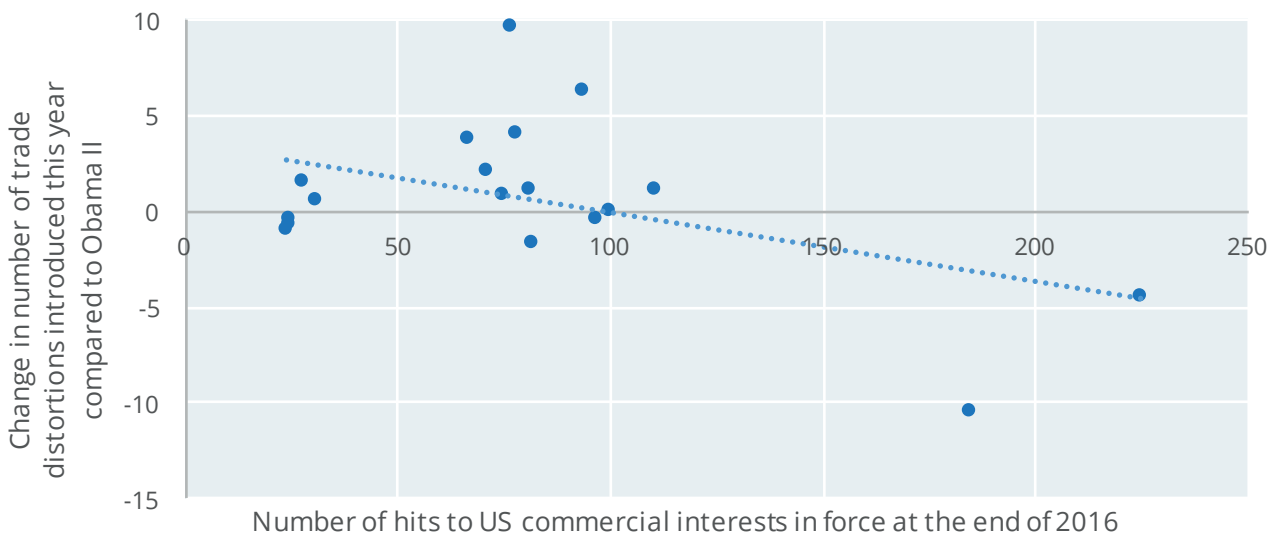
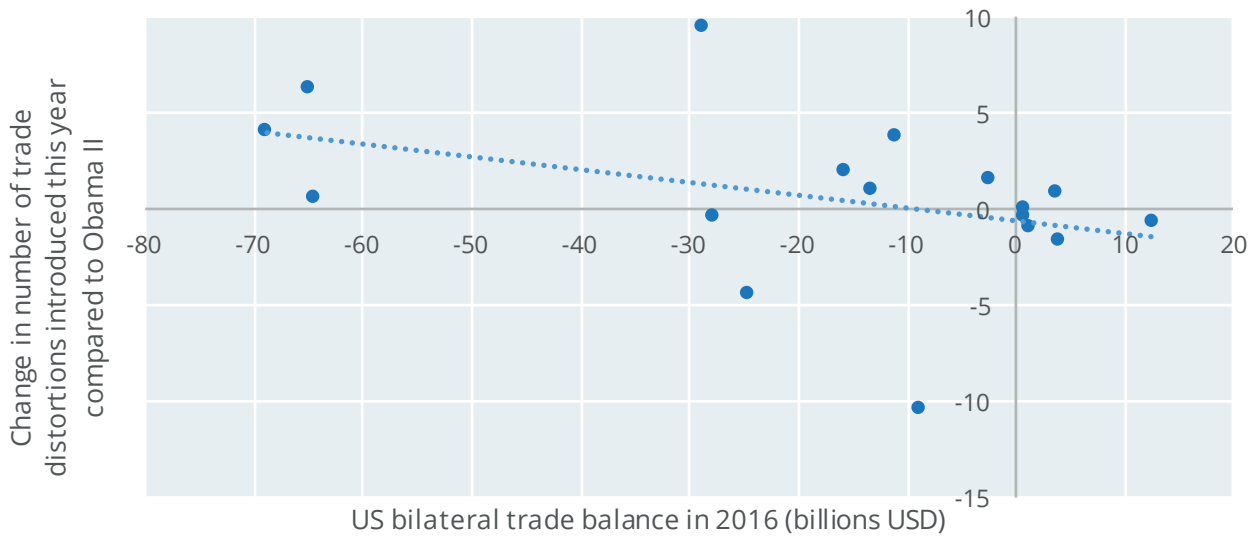
uncorrelated with resort to trade distortions harming US interests in 2017.

Second, those G20 countries that had higher trade surpluses with the USA in 2016 tended to impose even more protectionism that harmed American interests in 2017. Here the correlation coefficient is lower, at -0.14. However, when China (which is an outlier in terms of its trade surplus) is dropped from the sample, the negative correlation strengthens to -0.9. Still, the finding is of interest as it suggests there may be limits to the shock and awe induced by the Trump Administration in the first half of 2017.

Taken together these findings imply that, when assessing their vulnerability to American trade retaliation, G20 governments may be putting more weight on their track record of imposing trade distortions than on bilateral trade deficits which, arguably, are influenced by many factors, not just policy.

FIGURE 1.5

Restraint is greater among G20 members that have hit US commercial interests more in the past—but less among nations with larger trade surpluses with the USA



The G20's chickens come home to roost

All too often since the start of the crisis, trade diplomats and G20 officials have downplayed the importance of beggar-thy-neighbour policy intervention. This is not the place to speculate as to why they did so and the shaky evidence used to support those views. Instead, the focus is on the potential consequences of this denial.

The most important of which is that, should President Trump and his team decide to wage an all-out assault on foreign trade distortions, then there is enough publicly available information to build such a case. For example, Figure 1.6 shows the number of foreign trade distortions in force at the end of each year that harm American farmers, firms, and workers.⁵ Those totals have risen sharply over time. At the end of 2016 the total number of crisis-era protectionist measures that harm US commercial interests which were still in force was 2,420. The rest of the G20 was responsible for 1,883 of them.

In light of these statistics and other presented in this report, how can further denial about the incidence and extent of contemporary trade distortions serve the interests of the G20? Further denial will only erode the credibility of the G20.

As the statistics presented in this report show no G20 member—and certainly not the United States—is innocent. The case for a G20 reset on protectionism is clear, starting with an explicit acknowledgement of the extent of contemporary trade distortions and the creation of an independent process to recommend to future G20 Leaders which trade rules need to be tightened up.

Return to a power-based trading system?

In sum fear, it seems, trumped trade rules and G20 pledges when it came to taming protectionism in the first half of 2017. This finding will be uncomfortable to some as it could presage a return to a power-based trading system. Still, the realisation that the G20 protectionist chickens have come home to roost could spur an open and constructive discussion about the limits of “binding” trade rules and G20 pledges in defending open borders during eras of sub-par growth and geopolitical rivalry.

None of this is to endorse either the rhetoric or actions of the Trump Administration or other US public bodies—it is one thing to assess whether other countries have responded to shock and awe trade policy tactics by the United States; it is quite another to endorse such tactics.

References

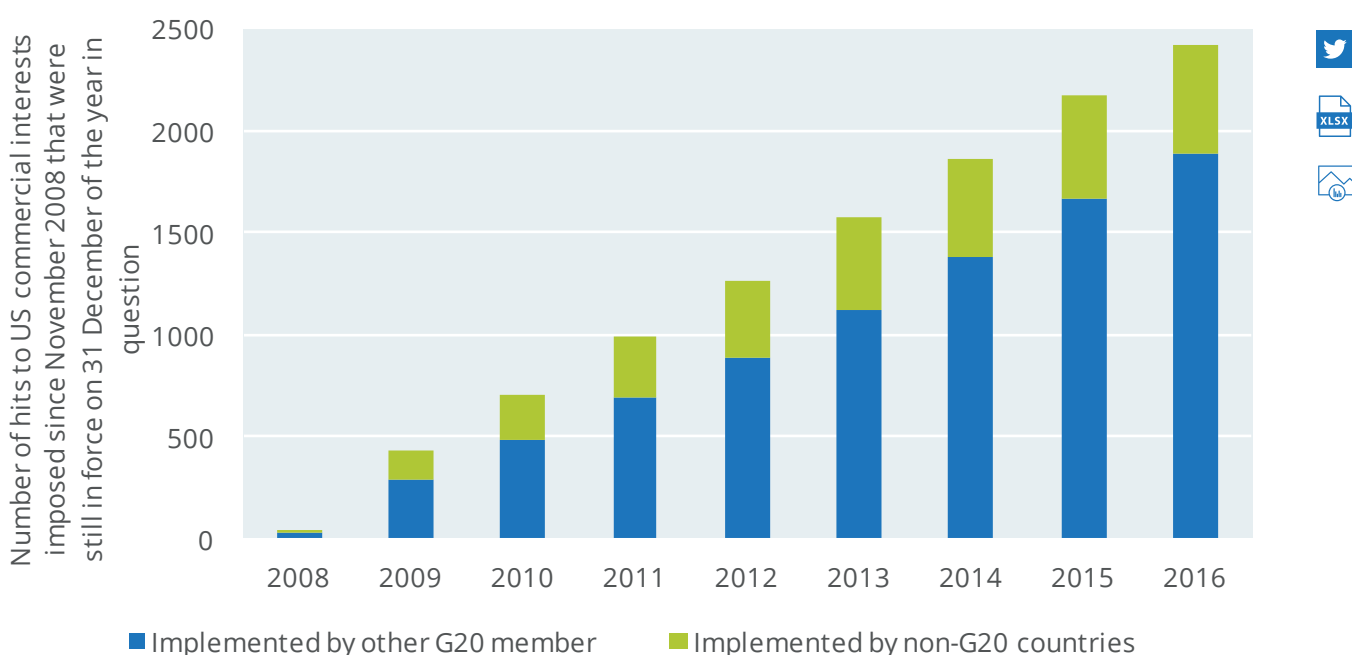
Bown (2017). Chad Bown. “Trump Is a New Kind of Protectionist—He Operates In Stealth Mode.” Peterson Institute. 12 June 2017.

IMF (2016). International Monetary Fund. “Subdued Demand: Symptoms and Remedies.” World Economic Outlook. October 2016.

Swedish Board of Trade (2016). National Board of Trade. Protectionism in the 21st Century. October.

FIGURE 1.6

The G20's failure to curb protectionism provides President Trump with plenty of ammunition to blast trading partners



⁵ Therefore, the totals in Figure 1.6 do not include protectionist measures that have lapsed, been removed, or unwound by the end of any given year. The numbers in Figure 1.6 can be seen then as the stock of outstanding crisis-era protectionism that is still in effect and harming US commercial interests.

CHAPTER 2

THE SMOOT-HAWLEY FIXATION

“The multilateral trading system was the world’s response to the chaos of the 1930s, when rising protectionism wiped out two thirds of global trade. The 2008 financial crisis tested the system, and it passed. We did not see a significant rise in protectionism.”

Roberto Azevedo, Director-General, World Trade Organization, March 2017.

“...a move toward protectionism by Washington could unleash a similar response abroad. Such a scenario has a historical precedent: when Congress passed the Smoot-Hawley Tariff Act in 1930...”

Douglas Irwin, Foreign Affairs, 2017.

Now that there is a significant risk of protectionist initiatives by the United States, what is the right metric to gauge such bad behaviour? That governments resort to protectionism from time to time is well known, so one informal way of posing this question is to ask: what does it take for an amber warning to turn into a flashing red light?

As shown by the quotes at the start of this chapter, for many the immediate point of reference is the Smoot-Hawley tariff increase of the 1930s. The latter very transparent, across-the-board tariff increase by the United States is rightly condemned and, unfortunately, was emulated by other trading nations. The consequences for world trade are well known.

But is Smoot-Hawley the only sensible benchmark? Is it wise to imply that so long as the US does not resort to across-the-board trade restrictions then the rules governing the world trading system are doing just fine? Surely not.

In this chapter, a straightforward but important point is made: that for most G20 nations—even in apparently diversified industrial economies—imports and exports are concentrated in so few product categories that the trade affected by the cumulation of a small number of surgical protectionist strikes can be substantial as well.⁶ Therefore, avoiding headline-grabbing across-the-board tariff increases is not enough. The fixation on the Smoot-Hawley tariff isn’t a strong enough test of good trade policy behaviour in the 21st century.

In what follows we highlight the high levels of concentration of imports and exports in the United States and then in other G20 nations. The implications of these findings for how best to monitor protectionism are also discussed.

If President Trump wanted to cut US imports in half, how few imported products would need to be targeted?

Using the latest available trade data, the answer is just 72. Of the over 5,000 different types of imported products in the international trade classification used by the United Nations,⁷ the US Congress or President Trump only needs to impose barriers to shut down imports of 1.4% of them in order for American imports to be cut in half. This is because US imports are highly concentrated in a relatively small number of product categories. Another implication is that the amount of commerce at stake should the US raise tariffs on many other goods is trivial. Policymakers’ attention should focus on the big ticket trade flows.

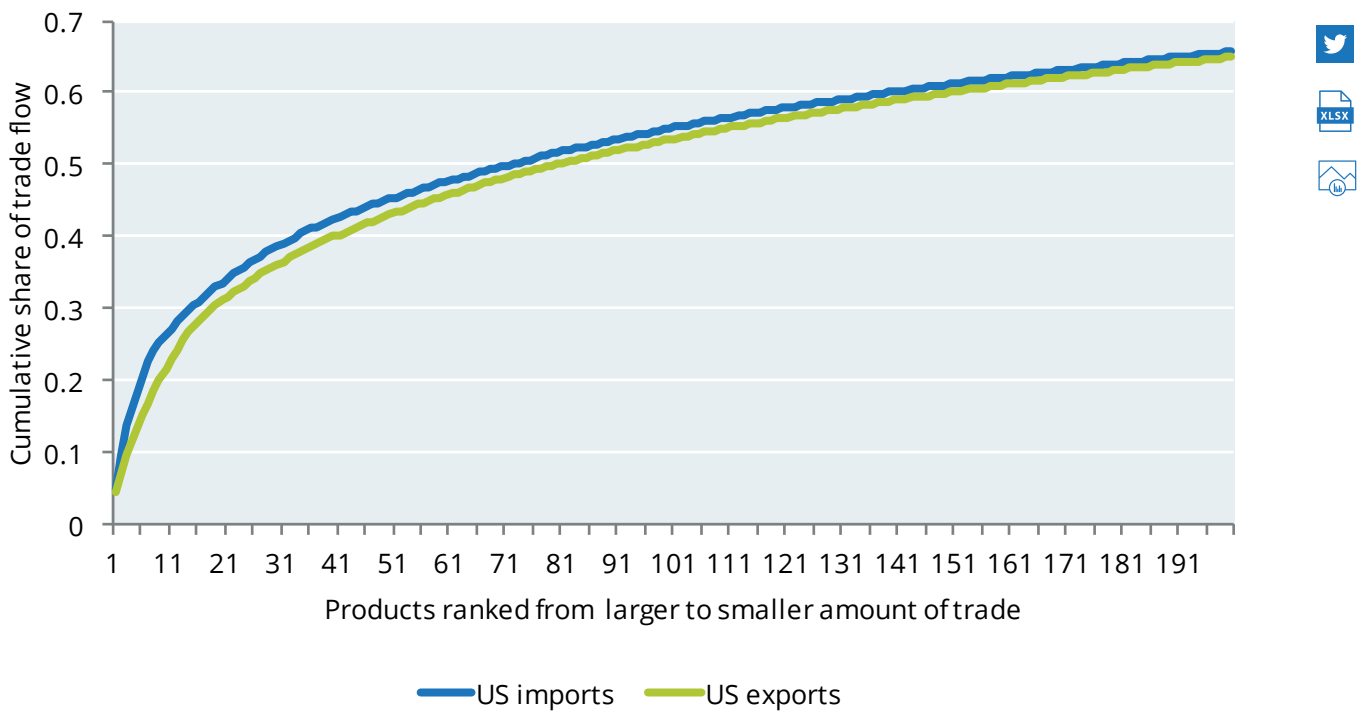
Figure 2.1 shows how concentrated both US imports and exports are in a small range of internationally traded products. The 200 largest products by trade value account for nearly two-thirds of total US imports and exports. These findings imply that fine-grained monitoring and analysis of protectionism at the product level is needed. Given the concentration of US exports in a small number of product categories, then US interests are served by monitoring what policies are being implemented in other countries on these products. Likewise, the US’ trading partners need to track developments in Washington DC as they relate to a relatively small number of products that America imports lots of.

6 Of course, to the extent that contemporary cross-border commerce involves trade in services and the movement of people, ideas, and capital, then any sensible tracking of contemporary protectionism should take account of these forms of commerce.

7 At the six-digit level of disaggregation.

FIGURE 2.1

Two-thirds of US imports and exports are in just 200 product categories



The rest of the G20's imports and exports too are highly concentrated in a relatively small number of products

Despite the substantial differences in their national economies—from productivity levels to dependence on commodity exports and differential service sector sizes—the rest of the G20's imports and exports are highly concentrated in a 200 or fewer products too (see Tables 2.1 and 2.2).

In the case of national imports, only in France and Russia did the largest 100 imports by value account for less than 45% of aggregate purchases from abroad. Once attention shifts to the top 200 imported products, then for every G20 member over half of aggregate imports are accounted for by these products. It is import restrictions on these 200 products in each G20 member that really matter as far as threats to market access is concerned. What import restrictions are imposed on other products are often a sideshow. Put another way, if a G20 member wants to substantially curb imports then they don't have to resort to across-the-board import restrictions.

For most G20 members—with the notable exception of China—the concentration of their exports in a relatively small number of goods is even more pronounced. Given the competitive pressure to specialise production this is not particularly surprising. However, it has one very

important implication for how G20 members should monitor the trade distortions implemented abroad. Arguably attention should focus on the trade distortions in the products that a G20 member exports the most of. So just because the US, for example, has not imposed a contemporary Smoot-Hawley tariff does not imply that its G20 partner's exports have escaped unscathed. A relatively small number of trade policy termites can eat away at significant shares of G20 members' exports.

The lessons of the 1930s are important—but they aren't the only lessons for policymakers committed to keeping borders open

The concentration of G20 members' imports and exports in a relatively small number of products is such that avoiding another Smoot-Hawley round of tariff increases is insufficient to ensure free international commerce in the 21st century. The metric by which each G20 government's resort to protectionism is judged needs to change to reflect this reality. A lot of trade can be affected by discriminatory interventions in a relatively small (less than 4%) of goods traded and smart protectionists have probably worked this out. Consequently, the monitoring of protectionism has to be sufficiently fine-grained.

TABLE 2.1

In every G20 member the 200 largest imported products (by value) account for more than half of national imports



G20 member	Share of total national imports accounted for products, by total value				
	Largest 10	Largest 25	Largest 50	Largest 100	Largest 200
Argentina	0.250	0.358	0.458	0.577	0.696
Australia	0.262	0.376	0.455	0.553	0.669
Brazil	0.183	0.304	0.411	0.537	0.671
Canada	0.209	0.315	0.400	0.495	0.605
China	0.348	0.461	0.549	0.652	0.759
France	0.199	0.284	0.356	0.448	0.567
Germany	0.213	0.298	0.380	0.479	0.595
India	0.407	0.496	0.581	0.674	0.763
Indonesia	0.245	0.335	0.419	0.519	0.641
Italy	0.213	0.288	0.361	0.461	0.582
Japan	0.278	0.374	0.460	0.564	0.678
Mexico	0.191	0.322	0.432	0.552	0.664
Russia	0.135	0.223	0.317	0.428	0.557
Saudi Arabia	0.236	0.338	0.428	0.530	0.651
South Africa	0.326	0.408	0.489	0.583	0.690
South Korea	0.320	0.414	0.503	0.597	0.693
Turkey	0.248	0.364	0.460	0.562	0.671
UK	0.272	0.377	0.455	0.543	0.648
USA	0.263	0.363	0.452	0.550	0.657

These calculations were performed on United Nations trade data for the latest year available.

TABLE 2.2

China's exports are concentrated in fewer products than for the comparable statistic for imports;
the opposite is true for most commodity exporters

G20 member	Share of total national exports accounted for products, by total value				
	Largest 10	Largest 25	Largest 50	Largest 100	Largest 200
Argentina	0.536	0.666	0.769	0.863	0.938
Australia	0.602	0.737	0.821	0.889	0.940
Brazil	0.452	0.625	0.714	0.806	0.881
Canada	0.374	0.498	0.592	0.692	0.790
China	0.249	0.340	0.428	0.521	0.628
France	0.256	0.369	0.456	0.556	0.663
Germany	0.210	0.297	0.377	0.473	0.585
India	0.366	0.450	0.532	0.629	0.735
Indonesia	0.316	0.455	0.556	0.673	0.796
Italy	0.158	0.248	0.336	0.445	0.572
Japan	0.236	0.350	0.455	0.580	0.710
Mexico	0.334	0.490	0.598	0.712	0.823
Russia	0.642	0.744	0.816	0.874	0.923
Saudi Arabia	0.854	0.911	0.943	0.967	0.985
South Africa	0.479	0.667	0.760	0.830	0.893
South Korea	0.379	0.499	0.590	0.692	0.794
Turkey	0.200	0.339	0.472	0.596	0.726
UK	0.303	0.429	0.515	0.610	0.716
USA	0.215	0.338	0.430	0.535	0.650



CHAPTER 3

G20 TARIFF SETTING SINCE THE CRISIS BEGAN

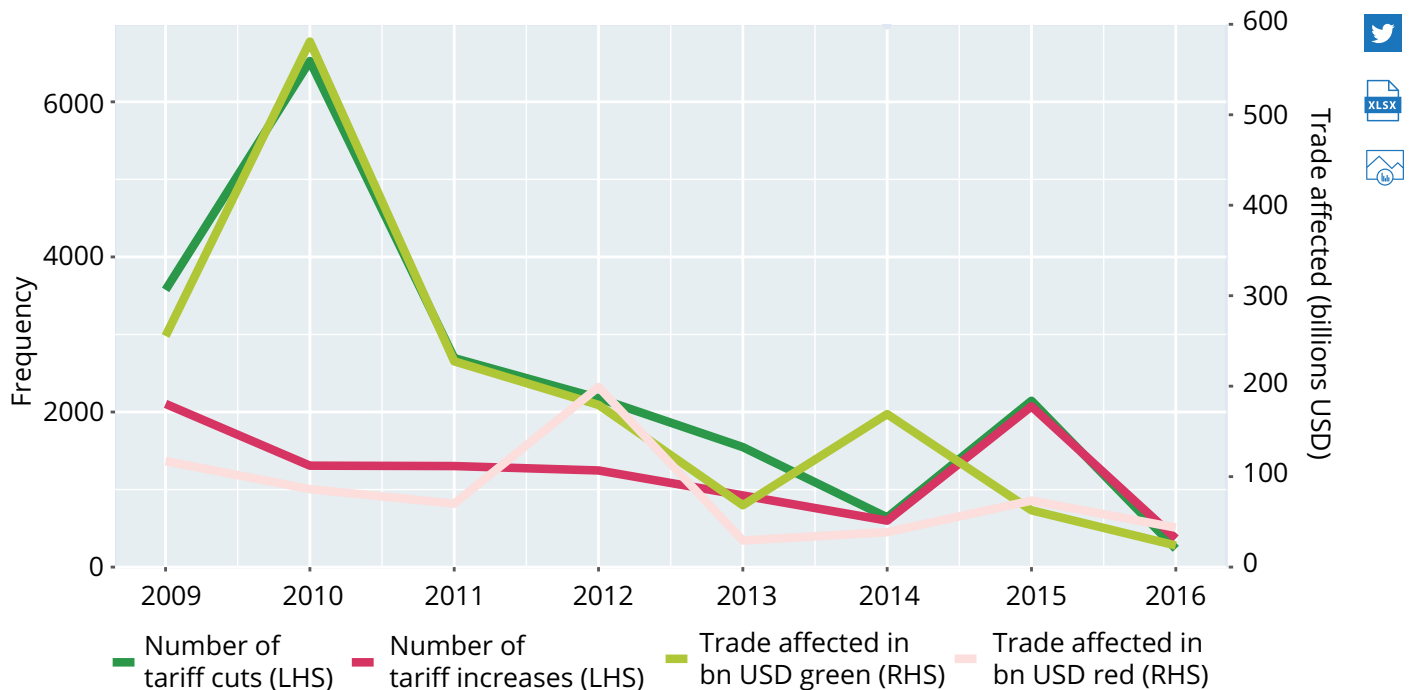
One aspect of the Smoot-Hawley Fixation is an excessive focus on changes in tariffs, in particular increases in tariffs. Using detailed data⁸ on tariff rates submitted by governments to the World Trade Organization (WTO), the purpose of this chapter is to evaluate the track record of the G20 with respect to this the most transparent policy instrument used to discriminate against foreign firms. We examine the G20 as an implementer of tariff changes as well as the tariff changes facing G20 exporters. To the best of our knowledge, we know of no other highly disaggregated analysis of crisis-era G20 tariff setting.

Year-on-year G20 tariff increases affect \$100-200bn of imports—but the overall trade affected accumulated to half a trillion dollars

Contrary to the experience of the 1930s, at least to date, G20 nations have tended to cut tariffs more often than raise them. As Figure 3.1 shows, the number of tariff increases imposed by G20 nations each year only twice exceeded 2,000.⁹ In terms of trade affected, such tariff increases affected around \$200 billion of G20 imports in 2009 and 2015. For most other years, the imports affected by new G20 tariff increases was around \$100 billion.

FIGURE 3.1

Since the crisis began the G20 has cut tariffs more often than increased them



⁸ The tariff data used is at the 6-digit level of United Nations Harmonized System. The tariff levels for over 5,000 products are recorded at this level of disaggregation. It should be noted that Russian tariff data was not available before 2013. Russia joined the WTO in 2012.

⁹ To provide context, note that the 19 G20 members could cut tariffs on 5,200 six-digit product categories each year. Therefore, the total number of possible tariff increases seen during the crisis was rarely in excess of 2% of the total possible number of such increases.

In contrast, the total number of tariff cuts imposed by the G20 peaked in 2010 at over 6,000. Since then, however, the G20 has tended to reduce the number of tariff cuts to between 1,000 and 2,000 per annum. The amount of G20 imports benefiting from tariff reforms has fallen from over \$500 billion to less than \$100 billion.

While the year-on-year G20 tariff increases are not on the scale of Smoot-Hawley, the trade affected by G20 tariff increases accumulated over time. In fact, we calculate that by the end of 2016 some 5.72% of G20 imports were affected by tariff increases by G20 nations. Put another way, crisis-era G20 tariff increases covered \$524 billion of imports in 2016.

If anything G20 exporters have faced far more tariff changes during the crisis era (see Figure 3.2). Given that there are many more non-G20 countries than G20 members then perhaps this is not surprising. Indeed, G20 exporters faced over 10,000 tariff increases in 2012 alone. In that year the total value of G20 exports confronting a crisis-era tariff increase was approximately \$75 billion.

When it comes to tariff reforms in products that the G20 members export, other than 2012, since the crisis began the number of tariff cuts faced by G20 exporters exceeded the number of tariff increases. Over \$100 billion of G20 exports benefited from tariff cuts in both of the years 2009 and 2010. After that, however, tariff cutting has affected smaller and smaller amounts of G20 exports.

That both of these figures show a broad tendency for the total number of reported tariff cuts to fall over time speaks to the engine of tariff liberalisation running out of

steam. Other than an uptick in the total number of tariff increases in 2015, fortunately the declining number of tariff cuts has not been countered by many more tariff increases. To the extent that G20 governments faced pressure to discriminate in favour of domestic commercial interests, they appear to have channelled such pressure into other policy instruments (to where exactly, see the next chapter.)

Further detail on which tariffs were cut and the amounts of trade involved can be found in Figures 3.3 and 3.4, respectively. When the G20 cut tariffs it tended to do so from higher levels than when they raised them—as shown by the distribution of tariff cuts tending to lie to the right of the distribution of tariff increases in Figure 3.3. Moreover, taking account of the dotted blue line in that figure that indicates a 15% tariff rate, a significant number of so-called tariff peaks have been cut by the G20 since the onset of the global economic crisis.

Further evidence on the trade affected by G20 tariff increases can be found in Figure 3.4. That Figure indicates the distribution of the total value of imports associated with tariff changes, where the blue dotted lines represent, respectively, \$1 million, \$10 million, \$100 million, \$500 million, and \$1 billion of imports. Relatively few tariff increases were imposed by the G20 on products where national imports exceeded \$500 million. Instead, almost all of the action, so to speak, was in tariff increases on import flows worth less than \$100 million per annum. If anything, G20 tariff increases have been reserved for the minnows of international trade.

FIGURE 3.2

The amount of G20 exports benefiting from tariff cuts by trading partners exceeded \$100 billion early in the crisis but has fallen significantly since

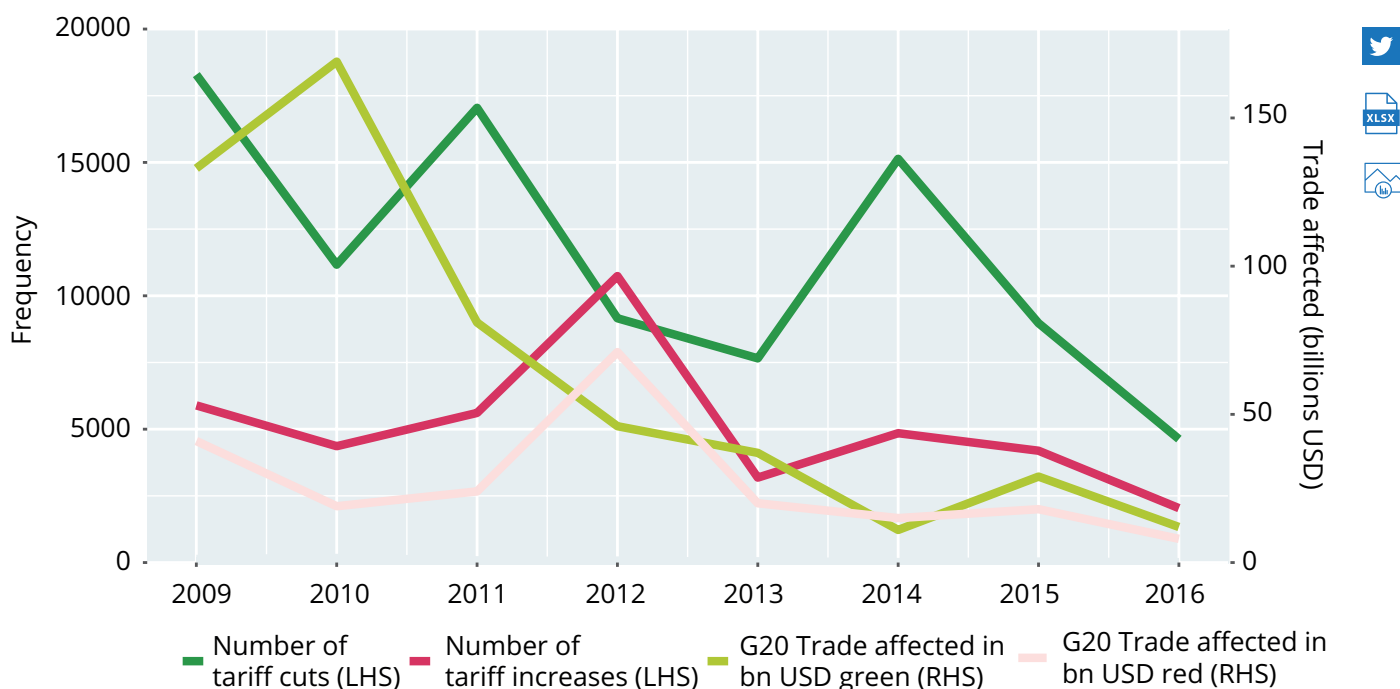


FIGURE 3.3

Most G20 tariff increases were from a relatively low level—not so for G20 tariff cuts

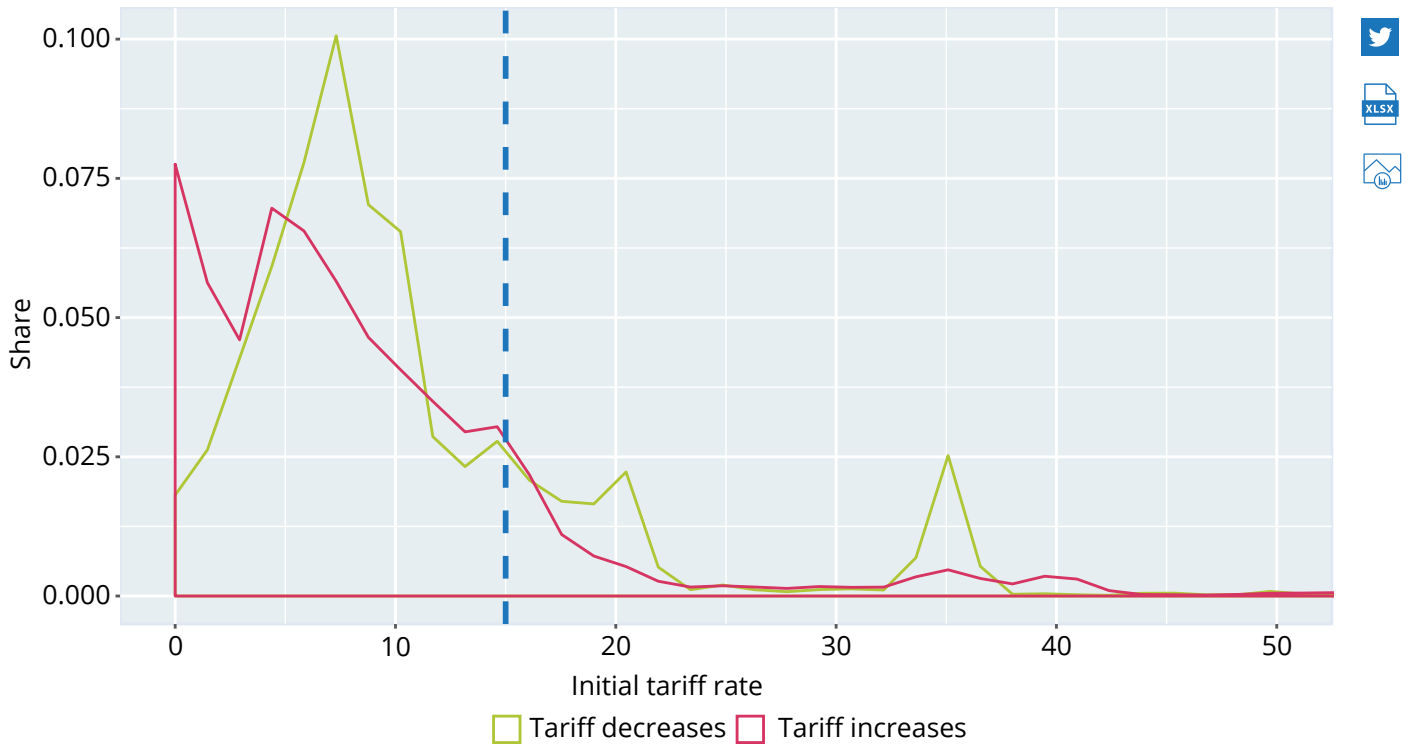
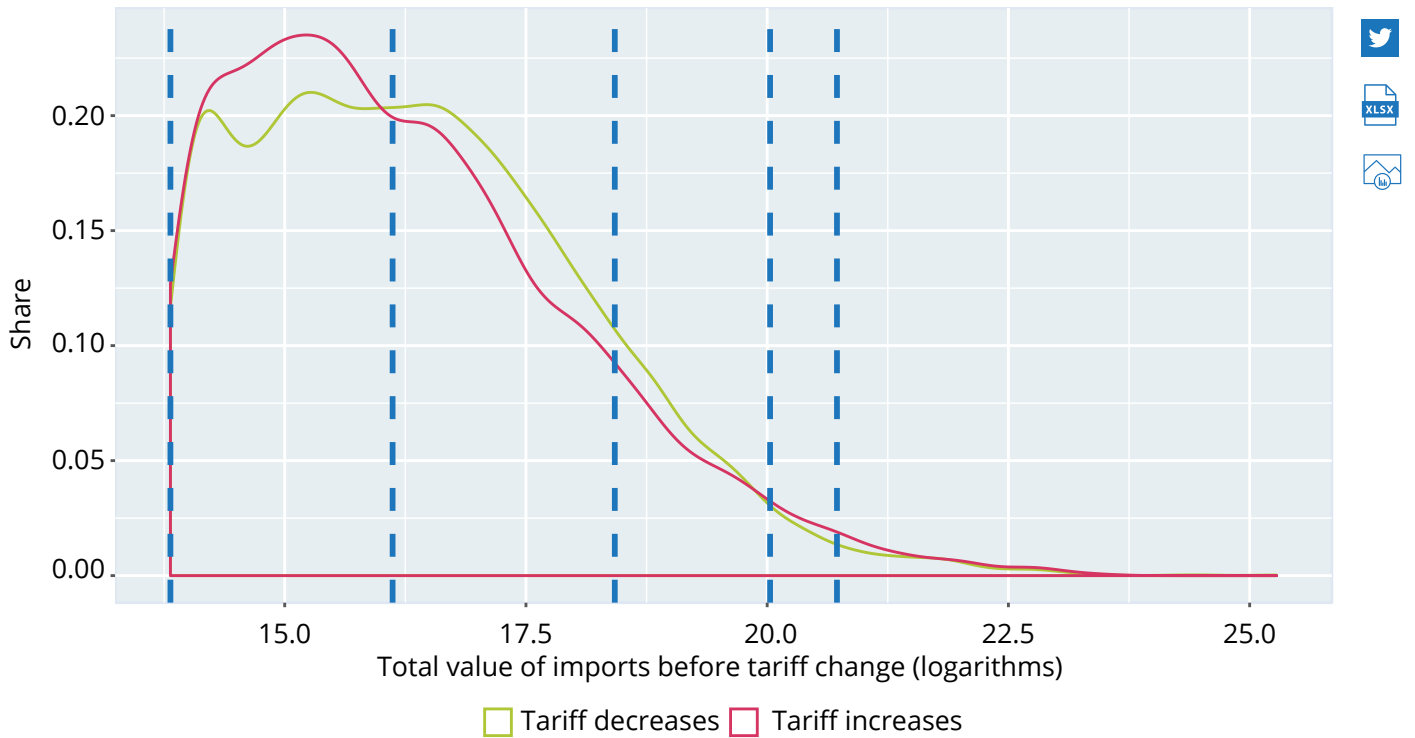


FIGURE 3.4

Most G20 tariff changes were on products where the total value of imports was less than \$100 million



Mexico and Canada are tariff-cutting champions, while India and Indonesia have raised tariffs over 2,000 times since 2008

There is considerable variation across G20 members in their resort to tariff cutting and tariff increases. To gauge how often each G20 member has changed tariffs during crisis era, each nation's tariff schedules were compared year-by-year to identify those products where tariffs changed. The total amount of pre-crisis¹⁰ trade was calculated for those products facing tariff cuts since 2008 and then for those products associated with tariff increases. The results are presented in Table 3.1.

In terms of reluctance to increase tariffs—at least as reported to the WTO—the records of Australia, South Korea, and the United States are impressive. Each has raised tariffs on fewer than 100 product categories. Meanwhile, India and Indonesia have raised tariffs on over 2,000 product categories. The amount of imports into India and Indonesia of those products facing tariff increases was approximately \$14 billion and \$9 billion,

respectively. In terms of reimposing tariffs (that is, raising tariffs previously set at zero), Argentina and Indonesia stand out, doing so 825 and 1047 times, respectively, since the crisis began.¹¹

In contrast, Canada and Mexico have cut tariffs on a substantial number of products since 2008—Canada on nearly 3,000 product categories and over 7,500 in the case of Mexico. We estimate that, between them, Canada and Mexico have cut tariffs on goods involving imports of just under \$100 billion per annum. Such data serves as an important reminder that the tariff cutting option is not a hypothetical one for the governments of medium-sized and large trading nations.

G20 sectors most often affected

When it comes to the sectors affected by G20 tariff cuts, machinery and mechanical appliances, and associated parts stand out—trade in these products has benefited from 1,858 tariff cuts and been hurt by 1,523 tariff increases. International trade in organic chemicals have been affected by in total over 2,000 tariff changes by the

TABLE 3.1
Mexico's early tariff cutting affected over \$70 billion of imports

G20 member	Total number of tariff increases since 2008	Total number of tariff cuts since 2008	Total value of imports affected by tariff increases (\$billion)	Total value of imports affected by tariff reductions (\$billion)
Mexico	556	7620	4.78	70.54
Canada	151	2928	2.05	24.76
Indonesia	2532	1985	9.05	5.84
India	2108	1586	14.03	12.13
Saudi Arabia	883	1023	3.61	3.98
Argentina	1670	996	5.71	4.37
Australia	21	965	0.17	4.79
South Africa	326	507	1.45	2.61
China	437	472	15.21	13.59
South Korea	86	385	2.39	4.97
EU	201	319	5.25	15.29
Turkey	324	219	2.50	1.46
Brazil	360	218	2.12	1.65
Japan	208	209	2.80	2.95
USA	63	112	1.59	2.42



Note: The G20 members are listed in this table in descending order of the total number of tariff cuts implemented since November 2008 (column three of this table.)

¹⁰ So as to avoid having the trade coverage estimates affected by crisis-era shocks, trade data for 2005-2007 were used to indicate the scale of the international commerce in the goods that would subsequently experience tariff changes.

¹¹ Looking across the entire G20, over 400 tariffs were reimposed by the G20 during 2010, 2011, 2013 and 2015. A total of 646 tariffs were reimposed in 2011. On average from 2009 to 2016, 271 tariffs were reimposed every year.

G20. Iron and steel, plastics, and cotton trade have each been affected by over 1,000 G20 tariff changes. In total, trade in 14 sectors have been buffeted by over 500 G20 tariff changes since 2008. In terms of imports affected, tariff increases covered more than \$1 billion of commerce in 18 sectors; whereas tariff cuts affected 32 sectors where total imports each exceeded \$1 billion.

Parts and components trade affected by G20 tariff changes

It is often argued that global value chains were one reason why tariffs were not increased much since the onset of the global economic crisis. Assessing that claim would require a proper counterfactual to be conducted and we don't claim to have done that here. Instead, our goal is more modest. Namely, to check what G20 tariff cuts and increases were undertaken in product categories known to be parts or components.

Figure 3.5 summarises the distribution of G20 tariff cuts and increases in the very products that are typically associated with global value chains. The dotted blue line again indicates the 15% threshold usually associated with a tariff peak. Since the crisis began a total of 333 tariff increases by the G20 were implemented on trade in parts and components, suggesting that such trade is not immune to the pressures of protectionism. Meanwhile,

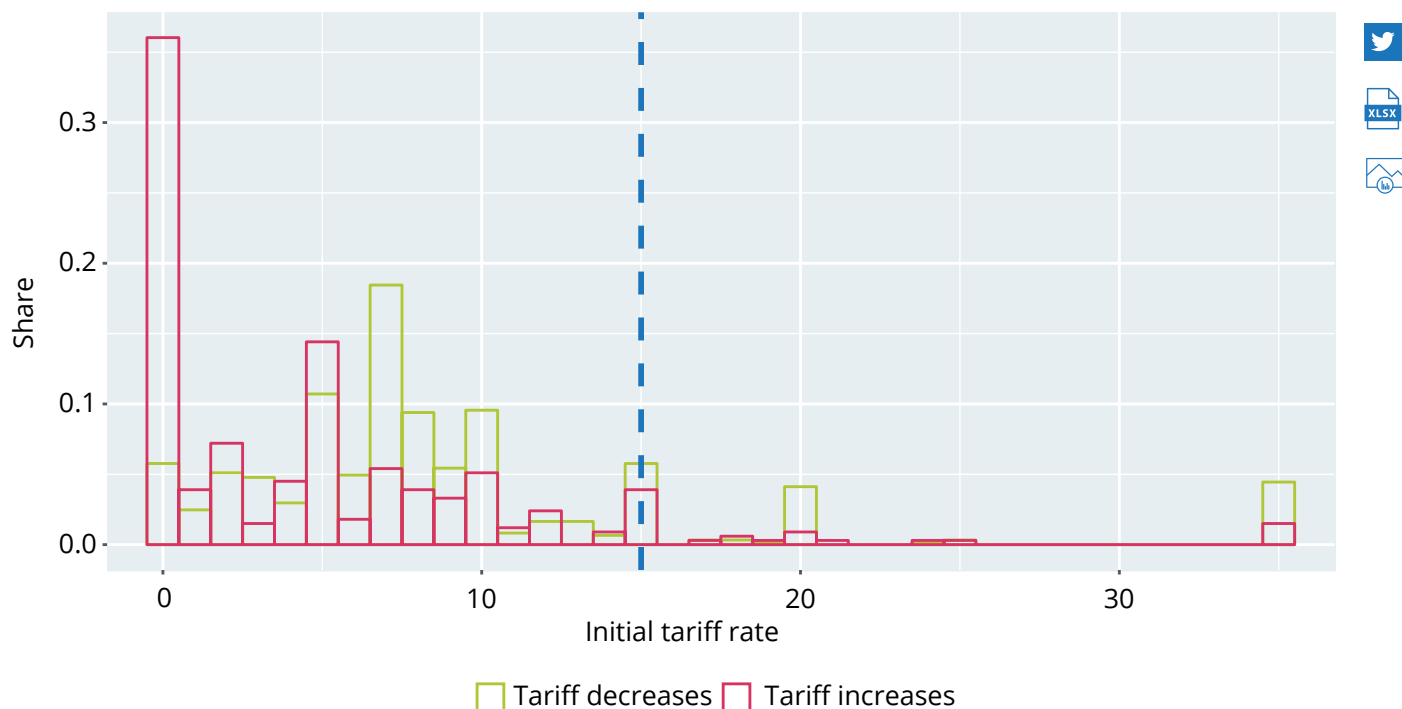
607 G20 tariff cuts were made on such goods—many where initial tariffs were in the 5-10% range. Relatively few tariff changes of either type occurred in parts and components where tariff peaks initially existed.

Concluding remarks

With a few notable exceptions, since the crisis began tariff changes played a modest and diminishing role in the G20 trade policy response. This also appears to be the case for non-G20 countries, at least as far as the evidence on the exposure of G20 exports is concerned. Of course, tariffs are just one element in the trade policymaker's toolkit. In the next chapter we examine which other tools have been used to disadvantage traders from the G20.

FIGURE 3.5

Over a third of G20 tariff increases on parts and components involved raising tariffs from zero



CHAPTER 4

THE THREAT TO G20 TRADE COMES FROM BEGGAR-THY-NEIGHBOUR EXPORT INCENTIVES AND FINANCIAL ASSISTANCE TO FAVOURED FIRMS

Having established the modest role that G20 tariff policies played since the onset of the global economic crisis, now we examine a broad range of policies that can distort G20 trade flows. Our focus is not just on barriers to trade imposed at the border, but also on subsidies, government procurement initiatives, and localisation measures, amongst others, that can also distort cross-border commerce. A very different picture emerges once one stops fixating on import tariffs.

To set the scene consider Figure 4.1. The total value of G20 exports in 2016 was \$9.1 trillion, an amount that has little changed since 2011.¹² This is borne out in the very small year-on-year percentage changes in G20 exports shown in this Figure. At the same time, however, the percentage of G20 exports that compete in foreign markets where one or more discriminatory policy instruments are still in effect has steadily grown. At the end of 2016, we estimate that by value 73.5% of G20 exports compete in foreign markets distorted by crisis-era discriminatory government interventions.

Beware of estimates of crisis-era protectionism based on a limited range of trade restrictions

To understand the context for the ensuing discussion it is worth noting that, in a series of monitoring reports on protectionism, the WTO has stated that only single percentage points of G20 trade have been affected by certain types of import and export restrictions imposed during the crisis. This finding has been taken by (too)

many to imply that crisis-era trade distortions have been limited and protectionist pressures have been contained.

Here we will confirm the WTO's factual finding but will question the policy implications drawn from it. Why? Because that finding does not take account of many relevant forms of crisis-era policy intervention that disadvantage foreign firms. In short, the WTO finding is informative but does not give a comprehensive picture of the trade distortions facing G20 economies. We will present estimates of the trade affected by 38 different types of crisis-era policy intervention, reported separately (see Table 4.1) and grouped together into the United Nations' MAST classification for non-tariff measures (see Table 4.2).

Our choice of which policy interventions to track is informed by the relative treatment standard that we use to assess whether any policy intervention has disadvantaged a foreign commercial interest vis-à-vis domestic rivals. We assess whether a measure's implementation discriminates—and do not exclude certain policy instruments because they traditionally do not involve discrimination. The fact that many consumption subsidies, for example, are implemented in a non-discriminatory manner does not mean that every consumption subsidy is. Here, each government policy intervention is evaluated on a case-by-case basis according to the same test.

Likewise, we reject approaches to identifying protectionism that exclude *a priori* certain classes of policy instruments, such as trade defence measures. Consequently, we won't play the game—all too common among some trade diplomats—of trying to define protectionism away. What

¹² We are well aware that currency fluctuations and changes in the price of traded goods are relevant in assessing the changes over time in global trade flows. Indeed, last year we analysed such matters in detail in our 19th report. Recent global trade volume data from the reputed *World Trade Monitor* has gone haywire—with sizeable jumps up and down. This makes it difficult to be confident that world trade volumes are growing again after a plateau was reached in January 2015. Unfortunately, trade volume data is not reported for the G20 nations separately.

matters for us is the consistent application of the relative treatment standard. As we are not lawyers, we do not opine on the WTO legality of a measure either.

Since we present our results on G20 trade covered by protectionism by policy instrument, readers can feel free to focus on those government interventions that they feel are relevant. We would simply note that ignoring classes of policy interventions may be politically convenient but that a nation's exporters, that face these interventions in practice, may not view the matter the same way.

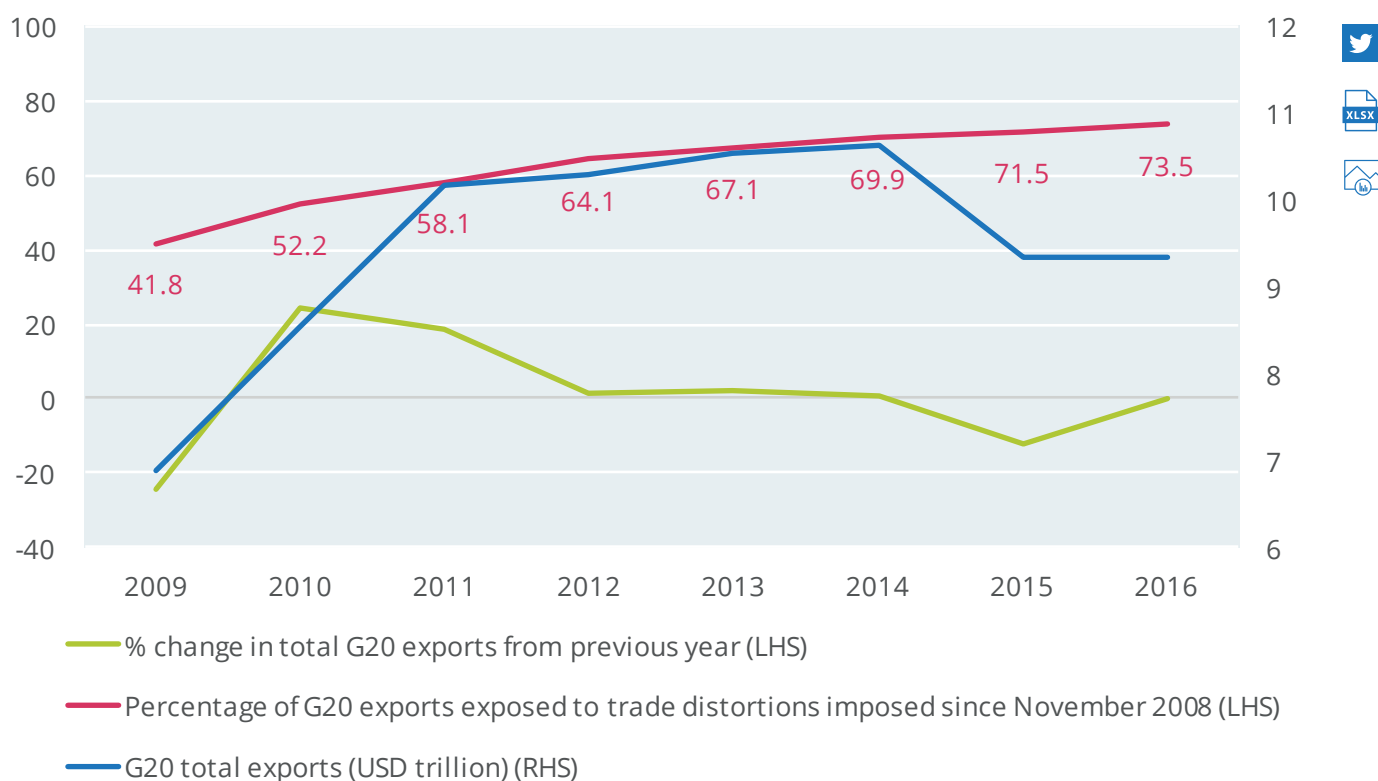
In the preparation of this report, we revisited how we assess the trade affected by crisis-era discriminatory government policies. Much of our original approach was retained—namely, using published trade data to conservatively identify the trading partners affected by a trade distortion¹³—but here we employed more disaggregated trade data to estimate the trade covered by crisis-era commercial distortions.¹⁴ Doing so involved reviewing every measure in our database (which now total over 11,000) and updating measures where necessary. Wherever possible, the identification of trading partners and computations of the size of trade flows affected have been automated, reducing the potential for human error.

In Table 4.1 we report, for 38 different policy instruments whose implementation treats foreign commercial interests worse than domestic rivals, the percentage of G20 exports that compete in markets where a given discriminatory policy instrument was in force. To get a sense of how those percentages varied over time, those calculations were made for each year from 2009 to 2016. We can then compare across policy instruments and over time.

Moreover, bearing in mind that an exporter can face more than one discriminatory policy instrument when competing in a market abroad, we also calculated the total percentage of G20 exports that face some form of crisis-era protectionism (the statistics referred to in Figure 4.1). Lastly, we stress that only policy instruments implemented after 1 November 2008 count towards these totals. The extent of pre-crisis protectionism does not influence the calculations presented here.

FIGURE 4.1

G20 export growth has stalled—meanwhile the share of G20 exports facing trade distortions continues to rise



13 Some examples may be helpful. In the case of an import restriction being imposed by country A on product B, we use trade data to identify which foreign trading partners exported more than \$1 million dollars of product B to country A in the year before the import restriction was implemented. In the case of an export subsidy offered by country C in product D, then we used trade data to identify the foreign trading partners (E,F,G...) where C exports more than \$1 million of product D in the year before the subsidy was offered. Call those foreign trading partners' markets the destination markets. Then we further consult trade data to see which other nations export (X,Y, Z etc) more than \$1 million of product D to those destination markets. We then identify nations X, Y, and Z as the trading partners affected by the export subsidy implemented by country C.

14 Specifically, we changed from using 4-digit to 6-digit classification of products, according to the United Nations' Harmonized System.

Beggar-thy-neighbour export measures and government subsidies more generally are where the action really is

The policy instruments in Table 4.1 are ranked in descending order in terms of the percentage of G20 exports affected at the end of 2016, helping to identify the crisis-era policy interventions of greatest concern. Interestingly import tariff increases—which as noted earlier in this report get a lot of attention—is “only” the fifth most important trade distortion, affecting 8.67% of G20 exports by the end of 2016.¹⁵ The top four discriminatory policy interventions in terms of G20 export coverage relate to various forms of state fiscal incentives. The top three relate entirely to measures to promote national exports at the expense of other countries’ companies.

By far the most prevalent trade distortions are those associated with tax-based incentives for exporters. These may involve lower taxes on inputs and rebates of other kinds for firms that export, and provisions that ultimately reduce the taxes on profits earned from exporting. There was a significant expansion in the range of such tax-based export incentives early in the crisis, so much so that by the end of 2009 already a third of G20 exports competed in overseas markets against foreign firms eligible for export-related tax breaks. By 2016 that percentage had risen to 56%.

Reinforced by other forms of export incentives and a ramping up of trade finance over time—where much of the latter appears to have departed from its original purpose and increasingly looks like export subsidisation through the back door—the total amount of G20 exports facing various forms of crisis-era protectionism reached 73% by the end of 2016.¹⁶ That percentage is ten times the headline percentage found in WTO monitoring reports.

It should now be apparent why looking at the current era through a Smoot-Hawley lens is inappropriate. Governments can distort international commerce in many different ways and there is no reason why governments must respond in the same way to each global economic crisis. The reality is that, since the onset of the most recent global economic crisis, many G20 governments have devoted considerable resources trying to shift market share towards their own nation’s firms in foreign markets as opposed to using blanket trade restrictions to increase own firms’ sales in their home markets.

Moreover, rather than face the pain and reality of adjustment, in a wide range of sectors governments have sought to prop up firms with all manner of state largesse.¹⁷

By the end of 2016, one-sixth of all G20 exports¹⁸ competed in foreign markets against a domestic firm that had received some form of state financial assistance (excluding export-related assistance.) While overcapacity in certain sectors (steel and aluminium being leading examples) has received attention among trade policymakers and at the G20, the problem of state largesse affects a far larger swathe of agriculture and manufacturing worldwide.

As far as crisis-era trade distortions are concerned, the action is in state financial support, not import restrictions. G20 policymakers, their advisers, and analysts would do well to recognise where the real threats to global trade are really coming from and their worrying scale.

15 Trade defence measures (antidumping and anti-subsidy duties) are even lower down the list. Despite the considerable attention given to these measures in the media and in the academic literature, they are simply not where the trade policy action is.

16 Had we kept working at the more aggregate 4-digit product classification this percentage would be closer to 90%.

17 See the data in row L, relating to non-export related subsidies, in Table 4.2.

18 To be clear, the many bailouts of financial institutions during the crisis era do not count towards this estimate. Effectively, only subsidies to farmers and manufacturers will affect trade in goods and so the estimates presented here.

TABLE 4.1

Breakdown of G20 export exposure to discriminatory policies, by policy instrument

Discriminatory policy instrument	2009	2010	2011	2012	2013	2014	2015	2016
Tax-based export incentive	33.87	40.28	45.58	54.22	57.48	55.67	54.20	56.23
Trade finance	0.40	1.13	3.10	3.82	3.97	20.20	21.93	24.63
Other export incentive	2.39	3.62	3.63	3.98	14.71	5.64	11.40	15.39
Tax or social insurance relief	1.79	3.08	6.02	7.73	8.64	8.94	9.25	9.53
Import tariff	0.85	1.73	1.82	2.04	3.43	6.81	7.92	8.67
Public procurement localisation	1.31	2.38	2.57	5.52	6.25	6.54	7.38	7.50
Export subsidy	1.76	8.10	13.64	17.85	23.54	23.72	10.80	7.09
Financial grant	0.47	2.71	3.04	3.71	4.77	5.99	6.49	6.83
Public procurement access	3.41	4.32	4.59	4.60	5.00	5.15	5.17	5.19
State loan	0.30	0.55	0.33	0.21	0.35	0.62	2.21	3.73
Bailout (capital injection or equity participation)	2.17	3.05	3.12	3.30	3.62	3.60	3.61	3.69
Import-related non-tariff measure, nes	0.15	0.63	0.66	0.81	1.36	1.64	3.29	3.36
Local sourcing	0.17	0.97	1.31	1.50	1.54	1.99	2.54	2.67
Import ban	0.02	0.38	0.51	0.49	0.69	0.68	2.00	2.06
Production subsidy	0.23	0.44	0.60	0.65	0.62	1.14	1.41	1.62
Import quota	0.24	1.23	1.22	1.27	1.34	1.36	1.29	1.27
Import licensing requirement	0.33	0.25	0.35	0.53	0.62	0.87	1.09	1.17
Anti-dumping (AD) duties	0.17	0.42	0.63	0.77	0.88	0.98	1.03	1.12
Internal taxation of imports	0.43	0.43	0.47	0.53	0.54	0.71	0.98	1.06
Loan guarantee	0.24	0.41	0.41	0.42	0.66	0.75	0.78	0.81
Localisation incentive	0.19	0.34	0.22	0.23	0.22	0.22	0.29	0.71
Instrument unclear	0.00	0.12	0.18	0.25	0.46	0.73	0.77	0.62
Anti-subsidy (CVD) duties	0.04	0.08	0.15	0.20	0.23	0.29	0.36	0.44
Financial assistance in foreign market	0.00	0.05	0.08	0.08	0.08	0.09	0.22	0.31
Local operations required	0.00	0.00	0.00	0.01	0.02	0.02	0.25	0.30
Interest payment subsidy	1.58	1.77	0.17	0.18	0.20	0.20	0.25	0.28
Import tariff quota	0.24	0.01	0.13	0.23	0.42	0.18	0.21	0.23
In-kind grant	0.00	0.00	0.00	0.00	0.02	0.11	0.14	0.17
Trade balancing measure	0.00	0.00	0.05	0.07	0.07	0.07	0.14	0.16
State aid, nes	0.00	0.00	0.00	0.00	0.01	0.01	0.05	0.13
Public procurement preference margin	0.08	0.07	0.00	0.07	0.10	0.16	0.17	0.12
Consumption subsidy	0.08	0.10	0.10	0.10	0.10	0.10	0.10	0.10



Discriminatory policy instrument	2009	2010	2011	2012	2013	2014	2015	2016
Safeguards	0.03	0.05	0.06	0.06	0.06	0.08	0.08	0.07
Trade payment measure	0.00	0.00	0.00	0.00	0.00	0.00	0.04	0.05
Price stabilisation	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Local labour use	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Import incentive	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Anti-circumvention in trade defence	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
All	41.79	52.20	58.09	64.07	67.08	69.91	71.52	73.46

The data in this table refers to the percentage of G20 exports facing a given discriminatory policy instrument that was in effect during the year in question. Note that some policy instruments appear nationality blind but are implemented in a manner that worsens the relative treatment of foreign commercial interests. The entries in this table have been sorted in descending order according to the G20 export exposure at the end of 2016, the final column of this table.

TABLE 4.2

Breakdown of G20 export exposure to discriminatory policies, by United Nations' MAST classification of trade measures

MAST Chapter	Policy instruments	2009	2010	2011	2012	2013	2014	2015	2016
D	Contingent trade protection	0.20	0.48	0.70	0.83	0.95	1.05	1.11	1.22
E	Non-automatic licensing, quotas	0.83	1.86	2.14	2.44	2.99	3.01	4.52	4.57
F	Price control measures	0.43	0.43	0.47	0.53	0.54	0.71	0.98	1.06
G	Finance measures	0.00	0.00	0.00	0.00	0.00	0.00	0.04	0.05
I	Trade-related investment measures	0.36	1.16	1.41	1.64	1.67	2.10	2.78	3.23
L	Subsidies (except export subsidies)	5.43	7.78	9.44	11.88	13.39	14.67	15.89	17.21
M	Government procurement	4.54	6.38	6.64	9.59	10.73	11.04	11.31	11.39
P	Export measures	34.47	42.80	49.78	56.74	59.01	58.84	60.22	62.86
	Import tariff increases	0.85	1.73	1.82	2.04	3.43	6.81	7.92	8.67
	Instrument unclassified	0.15	0.76	0.84	1.00	1.66	2.37	4.06	3.98



The data in this table refers to the percentage of G20 exports facing a given class of discriminatory policy instrument that was in effect during the year in question.

CHAPTER 5

THE G20'S RECORD ON PROTECTIONISM SINCE THE FIRST LEADERS' SUMMIT

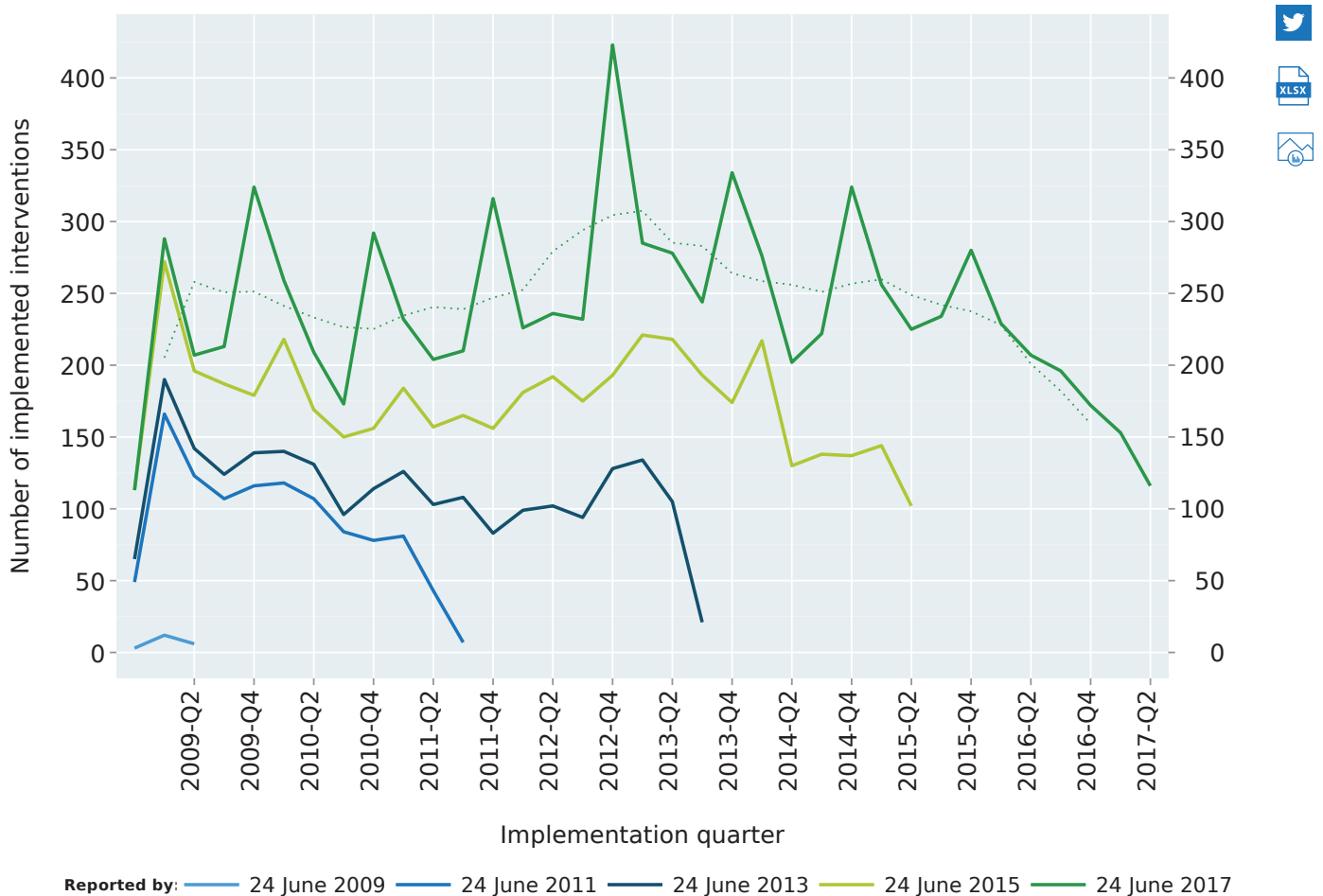
How faithfully have G20 governments stuck to their pledge to avoid resort to protectionism? Has the G20's performance improved over time? And have some G20 members behaved better than others? The purpose of this chapter is to provide empirical evidence that helps answer these questions.

Since our last report was published in August 2016 (before the Hangzhou G20 Leaders' Summit), information

on a further 1,556 government initiatives that could affect cross-border commerce have been added to the Global Trade Alert database. While most of these measures relate to measures from more recent years, some do not. The publication of this report in advance of the Hamburg G20 summit provides an opportunity to take stock of developments since the beginning of the crisis.

FIGURE 5.1

Sustained monitoring results in a markedly worse G20 track record on protectionism



Early crisis-era reports substantially understated G20 protectionism

Figure 5.1 provides quarter-by-quarter totals for the number of protectionist policy instruments implemented by G20 nations that were documented by the Global Trade Alert team by 24 June in the years 2009, 2011, 2013, 2015 and 2017.¹⁹ June 24th was chosen as it was the day that the data collection was completed for this report. We can see from this Figure the extent to which the total number of implemented G20 protectionist measures have been revised upwards over time.

We are still finding more evidence of the protectionism undertaken in the early years of the crisis. Between June 2013 and June 2017 approximately 100 more protectionist policy interventions were documented for the first quarter of 2009 alone, when G20 policymakers were publicly fretting about protectionism. The upward revisions in the quarterly totals—shown graphically by the gaps between the lines for different years—remains substantial and possibly grows from 2010 on.

Another interesting feature of Figure 5.1 is that there is no clear tendency for protectionist totals to fall over time. The totals produced on 24 June 2009 and 24 June 2011 may have given the impression that protectionism spiked in the first quarter of 2009 and then subsequently declined. However, that impression is belied by the totals

documented by 24 June 2013 and thereafter. In short, the notion that G20 adherence to its protectionist pledge has gotten better over time—after a bad start in the first quarter of 2009—is at odds with the data.

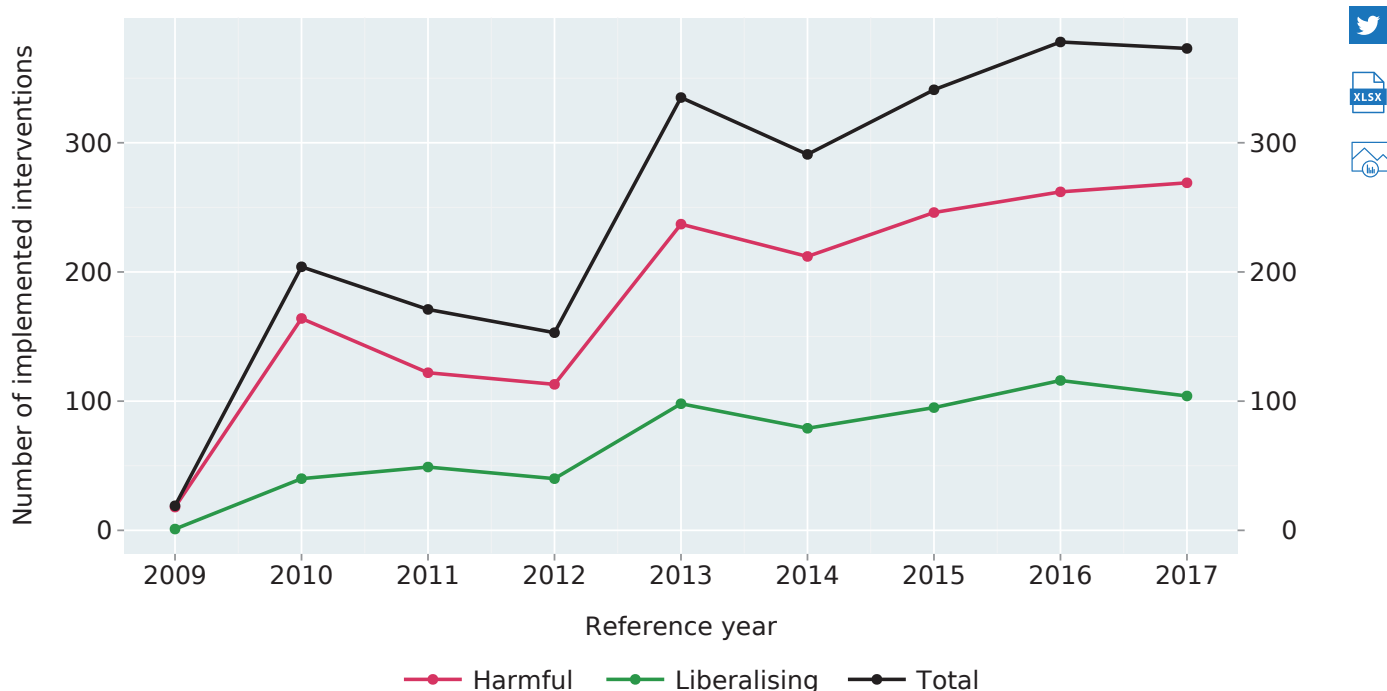
As information on crisis-era government policy intervention is not available immediately and given that governments differ in their levels of transparency, it should not be surprising that the G20 protectionist totals are revised up over time. Consequently, near-term assessments of the G20 record based on totals that are not updated over time are likely to be more benign than is merited. In this respect, it is noteworthy that official reports on G20 protectionism do not update their earlier totals.

Further evidence that G20 resort to protectionism is getting worse over time

One finding from our August 2016 report that raised concerns was the jump in the total number of protectionist measures implemented in the first eight months of last year compared to the same period in 2015. An acceleration in G20 protectionism seemed, at that time, to be in the offing.

FIGURE 5.2

Correcting for reporting lags, overall the G20 is resorting to more protectionism over time



¹⁹ Readers may be wondering why in Figure 5.1 there are large spikes in the number of G20 protectionist measures reported in the fourth quarter of each year. This reflects two matters. First that, in the preparation of this report, many of the annual notifications of tariff changes to the WTO by member governments were included in the GTA database for the first time. Second, that those annual notifications do not indicate on which date a tariff change was made. In line with our conservative approach, we date each of those tariff changes as coming into effect on the last day of the relevant calendar year. A four-quarter moving average was added to Figure 5.1 for the data for 24 June 2017 so as to smooth out these spikes. That moving average is represented by the dotted green line in Figure 5.1.

The data we currently have bears out some of that concern. On the one hand, as shown in Figure 5.2, the total number of discriminatory (protectionist) measures implemented by the G20 has tended to rise over the past five years when reporting lags are taken into account. On the other hand, the rate of acceleration in G20 resort to protectionism since 2015 is smaller than reported last August. Even so, the direction of change is not encouraging and it is very difficult to see how these findings can be characterised as a victory for the G20 pledge or for global trade rules. To reconcile the finding in Figure 5.2 with those in chapter 1 please note that, had the United States been excluded, the total number of protectionist policy instruments imposed by the G20 would have been lower in 2017 than in 2016

The G7 and Australia account for more and more G20 protectionism

From time to time criticism of the BRICS record on protectionism is heard, often from commentators and officials in the industrialised country members of the G20.

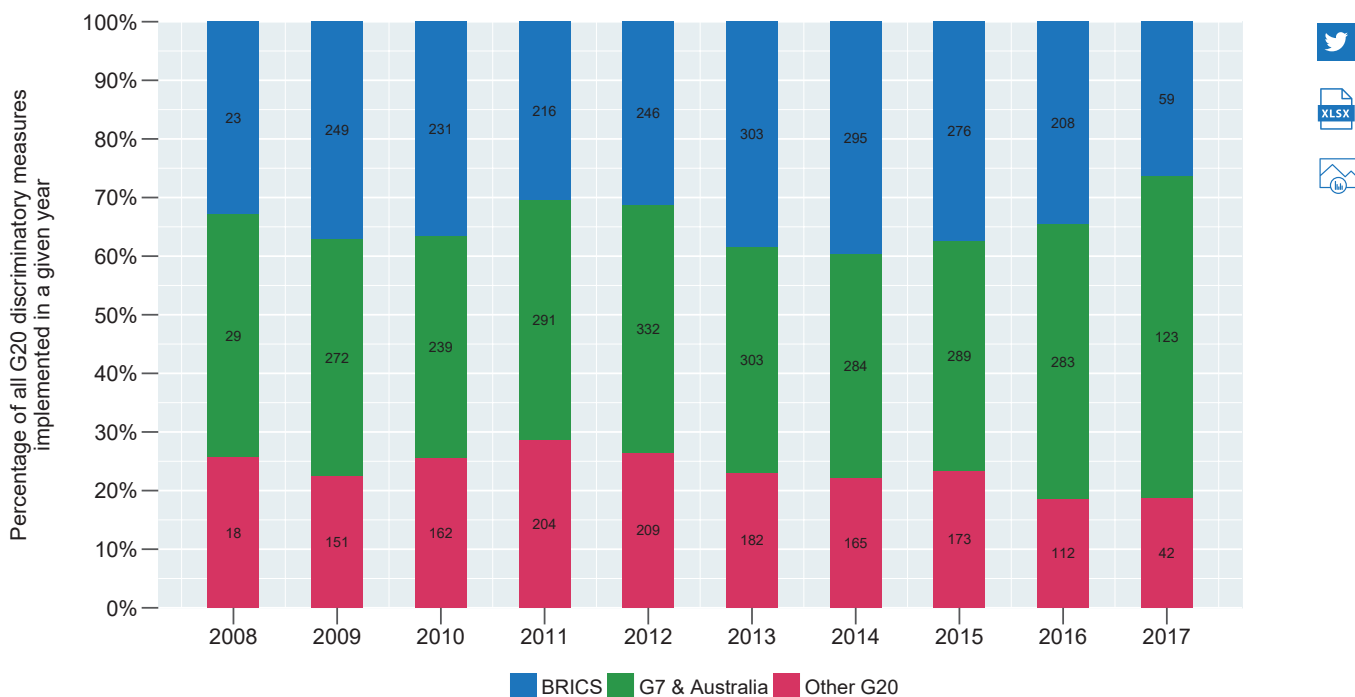
Does the data bear out such criticism? As shown in Figure 5.3, since 2009 the BRICS accounted for around 30% of the G20 protectionist measures implemented, which is not a record to be proud of.

Meanwhile, the share accounted for by the G7 nations and Australia together has grown markedly. Before jumping to too many conclusions, it is worth noting that these statistics refer to the counts of protectionist policy interventions, not their trade or welfare impact. Still, it does suggest that any assumptions about the protectionist records of G20 countries made early in the crisis may need to be revised.

In sum, as a group the G20 have resorted routinely and increasingly to protectionism despite pledging not to repeatedly. Unless one is prepared to argue that a counterfactual trajectory with no G20 pledge would have been much worse, then it is difficult to see how the G20 can claim to have lived up to their commitments concerning protectionism. Worse, as violations of the G20 pledge have become the norm, whatever restraint remains may well weaken over time (and indeed may have already weakened.)

FIGURE 5.3

The industrialised country members of the G20 account for a growing share of this group's protectionism



CHAPTER 6

WHICH G20 MEMBERS DISTORT COMMERCE MOST OFTEN?

Given the high profile of protectionism during last year's US presidential election and the debates over the openness witnessed during the 2016 UK referendum on membership of the European Union and the French presidential election in the second quarter of 2017, perhaps it is not surprising that there is greater interest in comparisons of the protectionist stance of the larger trading nations.

Such evaluations are fraught with difficulty. Nevertheless, they are made. Indeed, in the monitoring of G20 protectionism a minor tradition has arisen whereby counts of protectionist policy interventions are used to compare national trade policy stance. In previous reports we have discussed the pros and cons of approaches based on counts and we have developed a number of ways of using count data to overcome some criticisms (such as the concern that differences across countries in the reported totals arise from differences in transparency of

government action.) In this chapter we update the counts we have reported before and interpret them in light of this year's developments.

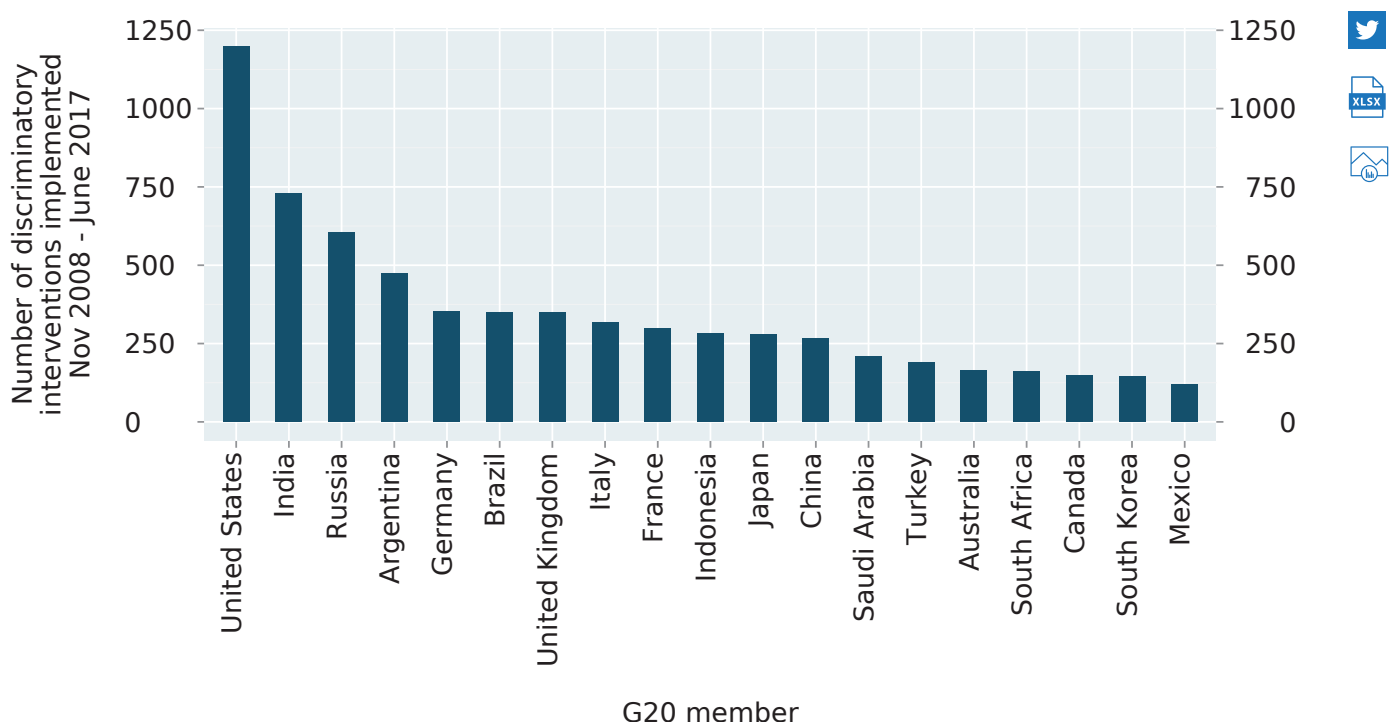
The United States still tops the ranking

Figure 6.1 ranks the G20 members according to the number of protectionist policy instruments implemented since November 2008, the month when G20 Leaders first pledged not to engage in protectionism. G20 members differ markedly in terms of the number of documented discriminatory policy interventions—with the total for the United States almost ten times that for Mexico.

As in our last report the United States has, by a considerable margin over other G20 members, implemented the most protectionist policy instruments. Nearly 1,250 policy instruments have been enacted by the United States

FIGURE 6.1

A ranking of G20 members according to the total number of protectionist measures implemented since the first G20 Leaders' Summit in November 2008



Federal Government, by the US Congress, and by the state governments since November 2008.

India and Russia rank second and third in terms of frequency of resort to protectionism, respectively. Argentina's fourth place position completes the group of the top four most protectionist nations—and there is a clear gap in resort to protectionism by this group and the other G20 members.

In contrast to our last report, some interesting changes in the rankings have occurred. Germany has overtaken Brazil, reflecting the former's continued resort to state subsidies, which in turn says something about the realities of the European Union's state aid regime. Japan has overtaken China which reflects the frequent resort to financial support for the overseas operations of Japanese firms and in financing foreign purchases of Japanese goods.

South Africa overtook Canada and this reflects the documentation of a considerable number of tax breaks for domestic firms, more aggressive and discriminatory public procurement policies, and a number of import tariff increases implemented by the Southern African Customs Union. South Korea swapped bottom place with Mexico, principally due to further documentation of the

former nation's extensive financial support for domestic firms through its Export-Import Bank.

The US and Italy accelerated their resort to trade distortions in 2017

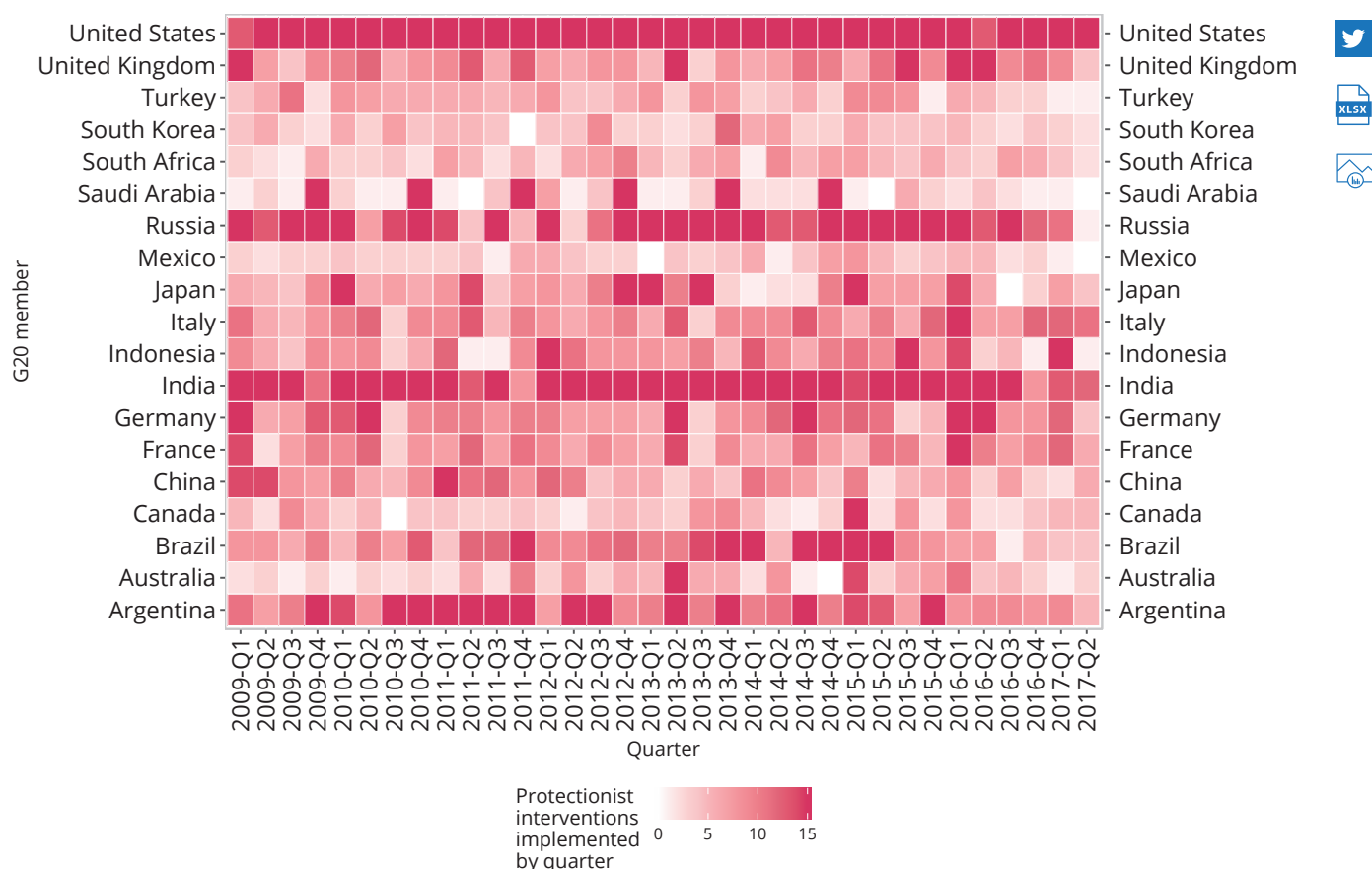
Now that our reporting has been going on for over eight years, it is possible to compare recent national counts of the resort to protectionism to comparable counts earlier in the crisis. This gives a sense of whether a G20 member is now resorting more to protectionism, in both absolute and relative terms.

Figure 6.2 uses a heat map to report quarterly counts of protectionism for each G20 member. The redder is the entry the more protectionism was imposed during a quarter. Looking across the heat map from left to right gives a sense of which nations have consistently resorted to high levels of protectionism. The United States, Russia, and India stand out in this regard, which is consistent with the finding in Figure 6.1. In contrast, Argentina's resort to protectionism appears to have tailed off in 2016 and 2017, having been a heavy user before.

A group of G20 countries, in contrast, engage in periodic bursts of protectionism. This group includes the United Kingdom, Japan, Italy, Indonesia, Germany, France, and

FIGURE 6.2

Quarterly resort to protectionism, by G20 member



Brazil. Indeed, in absolute terms, this group was rather active in engaging beggar-thy-neighbour activity in the first quarter of 2017.

When it comes to counts of protectionist activity in the year to date, however, the United States, Italy, and India stand out as being particularly active, according to the heat map in Figure 6.2.

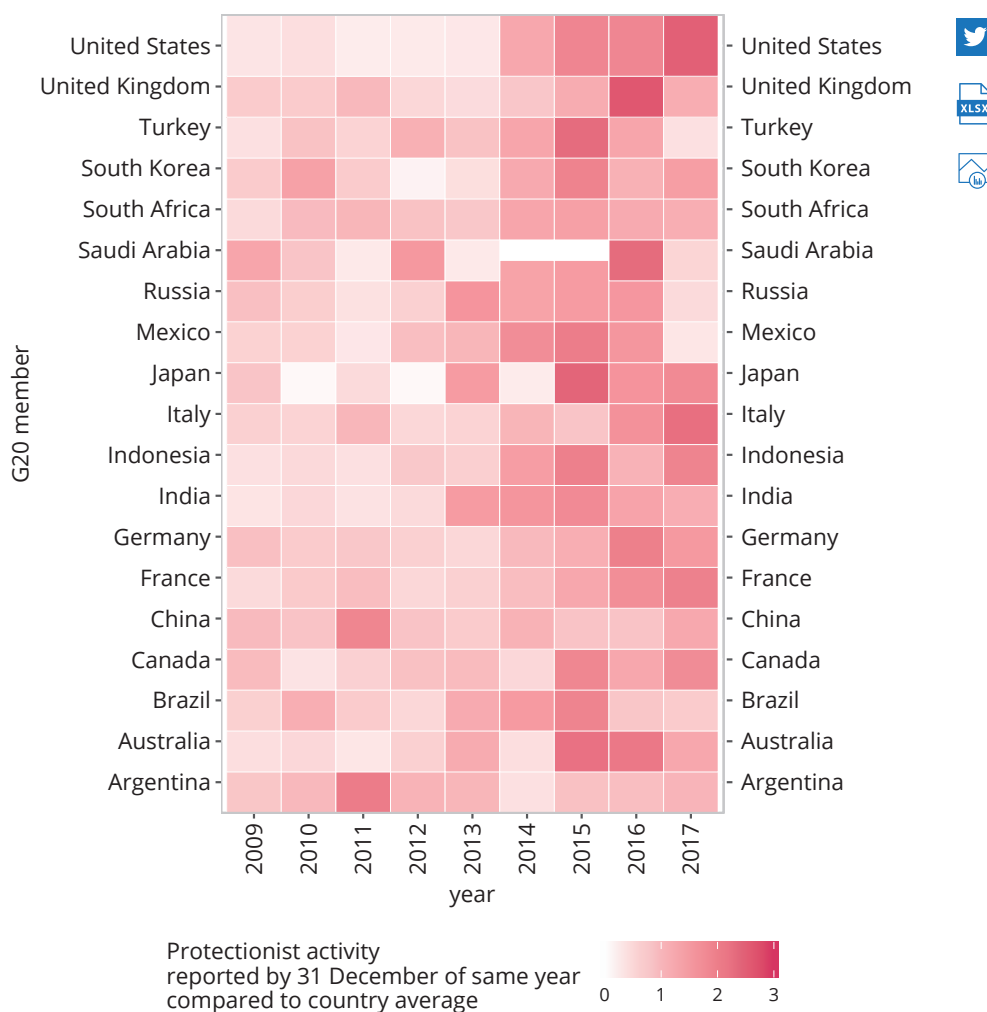
The heat map in Figure 6.3 compares each G20 member's resort to protectionism (as measured by the counts of number of protectionist policy instruments implemented) in a given year to that country's average since 2009. Annualising the year-to-date data for 2017, it is apparent that the United States and Italy are implementing trade distortions this year at rates well above their previous annual averages.

Furthermore, compared to 2015 and 2016, the heat map for 2017 is paler (less red) for many countries. Taken together, this finding bears out the evidence presented in Chapter 1, namely, that since the election of President Trump the United States has engaged in more protectionism and most of its G20 trading partners less. And, this is before any protectionism is imposed as a result of the inquiries President Trump ordered earlier this year.

When compared to other G20 members, or when its 2017 actions are compared to its own crisis-era track record, the United States' disregard for the G20 pledge on protectionism is remarkable. Such findings are hard to square with US Commerce Secretary Ross' recent assertion—quoted at the beginning of this report—that other countries are more protectionist than the United States.

FIGURE 6.3

For many G20 countries resort to protectionism during 2014-2016 was greater than in earlier years



CHAPTER 7

HOW OFTEN HAVE OTHER NATIONS' COMMERCIAL INTERESTS BEEN HIT BY G20 PROTECTIONISM?

There is no reason why the effects of G20 protectionism must be confined to this group of large economies. Spillovers to other country are possible and, when adverse, potentially constitute collateral damage to the world economy from violations of the G20 no protectionism pledge. Moreover, given the many forms of cross-border commerce these days—trade in goods, trade in services, movements of people, foreign direct investment, and transfer of intellectual property etc.—there are numerous different types of negative spillover from G20

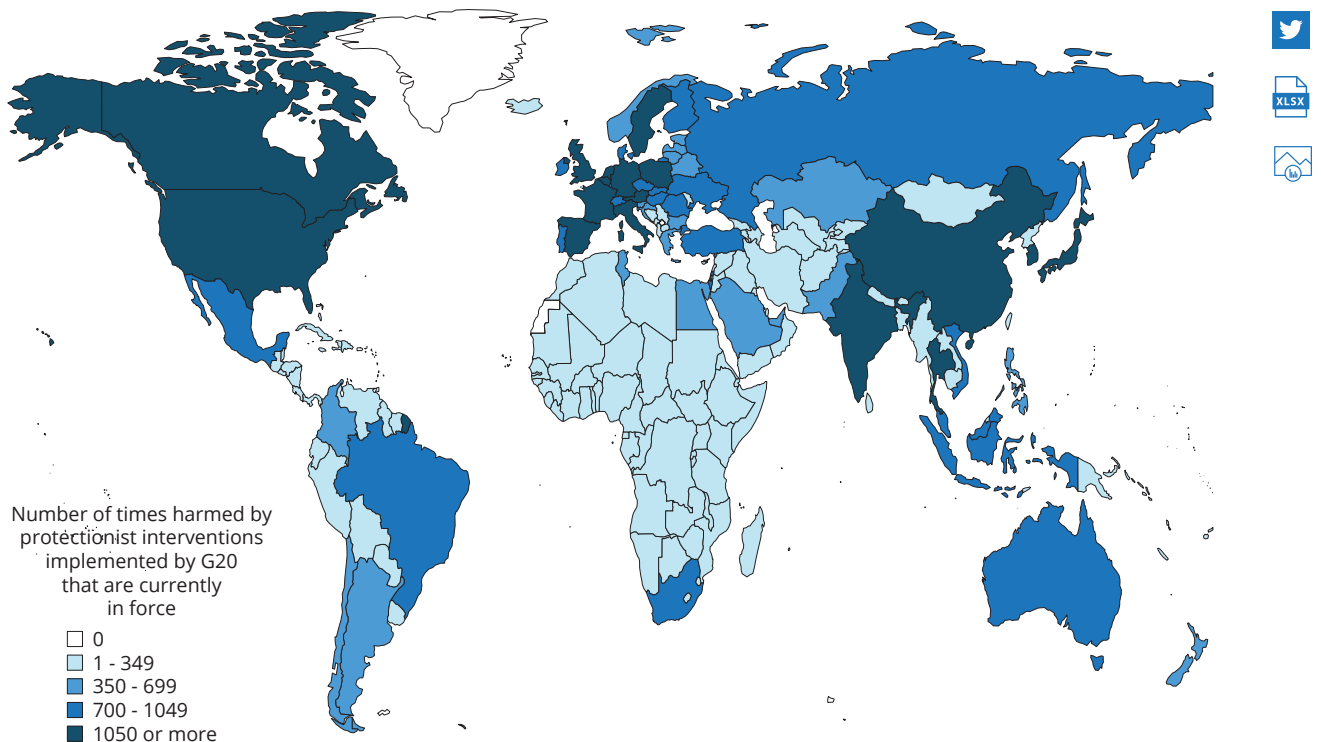
protectionism. In this chapter, we present evidence of the worldwide and regional reach of G20 protectionism.

The global reach of G20 protectionism

So as to be as up-to-date as possible, first we set to one side all of the G20 protectionist policy instruments that have lapsed before 24 June 2017. Having done so, we counted the number of times each nation has been harmed by discriminatory policy interventions implemented by the

MAP 7.1

The worldwide incidence of harm from crisis-era G20 protectionism



G20 that are still in effect. The results are summarised on Map 7.1.

Given their economic heft, it is not that surprising that many G20 members have been hit very often by the protectionism of other G20 members. Nevertheless, there are some non-G20 members—such as Thailand and several other members of the European Union—whose commercial interests have been harmed over 1,050 times by G20 beggar-thy-neighbour acts.

More generally, the worldwide reach of G20 protectionism is laid bare in this Map. We now turn to evidence of the frequency of harm to specific groups of countries, many of which are not members of the G20.

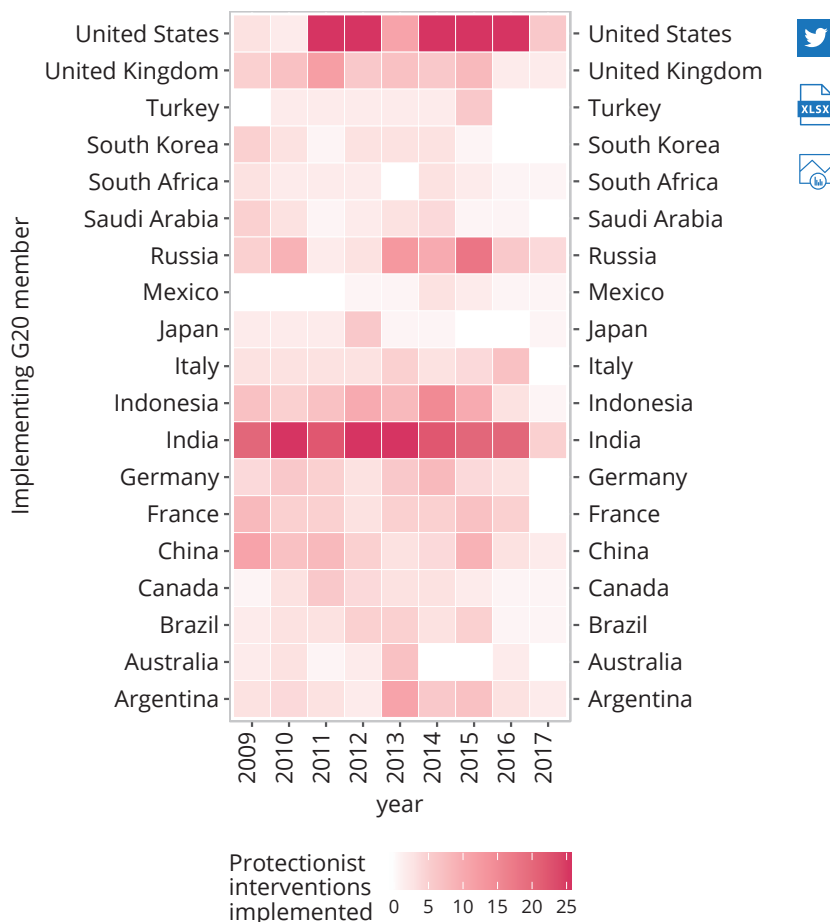
India and the United States have taken the most measures harming LDC commercial interests

Advancing the economic development of the 48 nations that constitute the group of Least Developed Countries is a widely-accepted public policy priority. In the context of the global economic crisis, the concern arose that G20 protectionism might hold back the development of these nations, whose per capita incomes are less than a thousand US dollars per year.

Searching our database reveals that, since November 2008 the commercial interests of the LDCs have been hit by 1,135 discriminatory policy instruments, of which 929 were implemented by G20 members. Of the G20 members, the United States has implemented 226 harmful policy instruments, India 205 such acts, the G20 members of the European Union 98, Russia 71, and Indonesia 67 harmful policy interventions.²⁰ As of 24 June 2017, 619 of these harmful G20 policy interventions remained in effect.

FIGURE 7.1

Collateral damage to LDC commercial interests



²⁰ In the interests of balance we note that the LDCs have benefited from the implementation of 621 policy interventions from abroad since November 2008. Of those 621 beneficial policy interventions, 503 were implemented by G20 members.

Figure 7.1 shows which G20 countries have consistently implemented policy instruments harmful to the commercial interests of the LDCs. India has the most consistent record over time of harming LDC interests, followed by the United States (although, as noted above, the total number of implemented harmful US policy interventions is larger.) Indonesia to a lesser degree and the United Kingdom to an even lesser degree have implemented a stream of policy measures that harm LDC exporters, workers, and migrants. Looking up and down individual columns of Figure 7.1 it is not apparent that—other than 2017—that any of the years in the crisis era have been less damaging to the LDCs.

Such information may be useful for LDC governments and sympathetic parties seeking to advance these countries' interests in international organisations, such as the World Trade Organization. These findings certainly call into question the coherence of trade and development policies of certain G20 members and the claims made by some of them to faithfully represent the interests of the developing countries.

Regional incidence of G20 protectionism

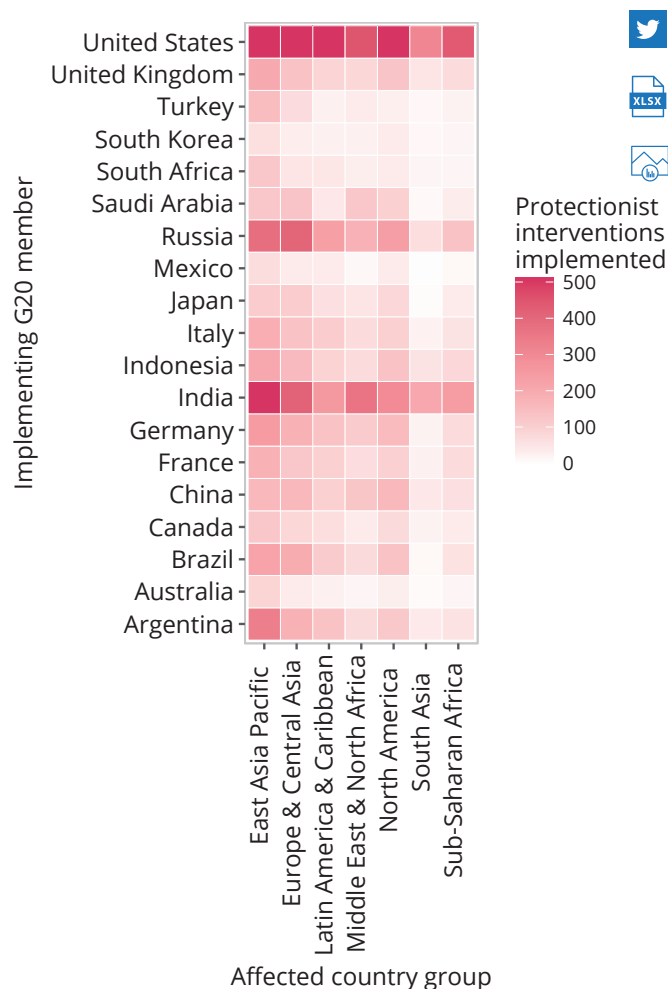
To gauge the incidence of each G20 member's protectionism on different regions of the world economy, Figure 7.2 was constructed. Comparing the columns of this heat map, it appears that fewer G20 members have hit the commercial interests of South Asian nations, while many more have taken steps that harm the commercial interests of countries in the East Asia and Pacific region. Indeed, as far as the latter region is concerned, Australia, Korea, and Mexico have implemented far fewer protectionist measures affecting this region than other G20 members.

There is some evidence of neighbour effects, with Russia and Germany harming the Europe and Central Asia region and Russia hitting commercial interests in the East Asia and the Pacific region as well. The United States has taken steps that harm Latin America and the Caribbean often. More targeted searches—even down to the bilateral level—of which countries have taken steps which harm a specific trading partner's commercial interests are possible on the Global Trade Alert website.

Comparing across the rows of Figure 7.2, the global reach of US and Indian protectionism is evident, at least as measured in terms of counts of harmful policy instruments implemented. Russian protectionism has frequently had adverse effects on the commercial interests of a number of regions. Of course, the actual commercial impact of such G20 protectionism may be another matter. However, these heat maps are still useful—after all, in the absence of any harmful intervention, there cannot be any commercial harm done.

FIGURE 7.2

Collateral damage across the regions of the world economy



Concluding remarks

The inability of G20 governments to resist protectionist pressure has almost certainly had consequences for commercial interests worldwide. While there is certainly variation across regions in the number of times they have been hit by G20 protectionism, no region has emerged from the crisis era unscathed. All regions, then, would have an interest in a process that started the unwinding of G20 protectionism.

CHAPTER 8

WHICH PROTECTIONIST POLICY INSTRUMENTS DO THE G20 USE MOST OFTEN?

Governments can tilt the commercial playing field in many different ways. While textbooks tend to focus on import tariffs and quotas and some, as we have argued, have fixated on the policy instruments used in the 1930s, the realities of 21st century commerce call for keeping an open mind about how governments favour domestic commercial interests.

The potential for substitution over time of one class of policy instruments for another cannot be ruled out. Indeed, the concern has been expressed for decades that the falling tariffs of the post-war era resulted in governments resorting to non-tariff barriers. It is not clear why this concern would have lost currency in the crisis-era.

Another reason why it makes sense to carefully track the policy instruments governments use in a discriminatory manner is that, should WTO members decide to tackle contemporary protectionism at some point in the future, then they ought to know which policy instruments to focus on. There is a helpful precedent here from the 1980s. During and after the severe global recession at the beginning of that decade, a number of governments resorted frequently to Voluntary Export Restraints. Careful documentation of the scale of this form of protectionism facilitated deliberations on banning this policy instrument in the Uruguay Round of multilateral trade talks.

Expanded set of policy instruments tracked

Until this report, the Global Trade Alert team tracked 21 different types of policy instrument that could be used in a discriminatory or protectionist manner. For each report of government action in our database, the relevant policy instruments types were identified and coded.

Inevitably this involved putting several similar policy instruments into the same category—such as putting anti-dumping duties and counter-vailing duties into a

broad trade defence category. Moreover, sometimes the boundary between two different categories may not have been that easy to define—such as between export incentives and certain trade finance measures.

To allow users to have a more fine-grained understanding of what forms of discrimination governments use against foreign commercial interests, we reviewed our experience to date and identified 68 distinct types of policy instruments that had been used. We then employed this broader range of policy instruments in the preparation of this report and took all of our previous database entries and reclassified the policy instruments used according to the new list.²¹

So that readers can assess the implications of this change in classification of policy instruments, in this chapter we present statistics on policy instrument usage generated by both classification schemes, denoted “old” and “new.” Table 8.1 indicates the correspondence between the old and new policy instrument classification in the Global Trade Alert database.

One other change was made in our reporting to align the Global Trade Alert with an ongoing, promising initiative among several international organisations on classifying non-tariff measures. The United Nations Conference on Trade and Development, in consultation with others, has developed a MAST classification for a range of non-tariff measures. Each group of such measures is organised into a “chapter” and each chapter broken down into “sub-chapters” for more fine-grained characterisation of a class of policy instruments. In the preparation of this report we developed a correspondence between the MAST chapter and sub-chapter headings and our new classification of policy instruments. This correspondence was shared with officials from international organisations for comment.

In this report we used the MAST-GTA correspondence to prepare estimates of the export coverage of discriminatory policy instruments that were presented in Chapter 4 and

21 For instance, we felt some policy interventions that had previously been classified as state aid would be more appropriately classified as trade finance measures.

that can be found for each G20 member in the annex. In each case, the goal is the same: to help policymakers, officials, analysts and other interested parties gauge which discriminatory policy instruments were used significantly since the onset of the global economic crisis.²²

TABLE 8.1

Correspondence of classifications of old and new sets of policy instruments

Prior classification	New classification
Bailout / State aid	Bailout (capital injection or equity participation)
Bailout / State aid	State loan
Bailout / State aid	Financial grant
Bailout / State aid	In-kind grant
Bailout / State aid	Production subsidy
Bailout / State aid	Interest payment subsidy
Bailout / State aid	Loan guarantee
Bailout / State aid	Tax or social insurance relief
Bailout / State aid	State aid, nes
Bailout / State aid	Price stabilisation
Competitive Devaluation	Competitive devaluation
Consumption Subsidy	Consumption subsidy
Export Incentive	Tax-based export incentive
Export Incentive	Export subsidy
Export Incentive	Other export incentive
Export Taxes or Restriction	Export tax
Export Taxes or Restriction	Export ban
Export Taxes or Restriction	Export tariff quota
Export Taxes or Restriction	Export quota
Import Ban	Import ban
Import Subsidy	Import incentive
Import tariff	Import tariff
Import tariff	Internal taxation of imports
Intellectual Property Protection	Intellectual property protection
Investment Measure	Repatriation & surrender requirements
Investment Measure	Controls on commercial transactions and investment instruments
Investment Measure	Controls on credit operations
Investment Measure	Control on personal transactions



²² It being understood, of course, that different metrics can be used to gauge significance. The metric used in the statistics reported in this chapter are the counts of different types of policy instruments implemented.

Prior classification	New classification
Investment Measure	FDI: Entry and ownership rule
Investment Measure	FDI: Treatment and operations, nes
Investment Measure	FDI: Financial incentive
Localisation Requirement	Local sourcing
Localisation Requirement	Local operations
Localisation Requirement	Local labour
Localisation Requirement	Localisation incentive
Migration Measure	Labour market access
Migration Measure	Post-migration treatment
Non-Tariff Measure, nes	Trade payment measure
Non-Tariff Measure, nes	Trade balancing measure
Non-Tariff Measure, nes	Export licensing requirement
Non-Tariff Measure, nes	Import licensing requirement
Non-Tariff Measure, nes	Export-related non-tariff measure, nes
Non-Tariff Measure, nes	Import-related non-tariff measure, nes
Not available	Instrument unclear
Other Service sector measure	Foreign customer limit
Public Procurement Localization	Public procurement localisation
Public Procurement Preference	Public procurement preference margin
Public Procurement, nes	Public procurement access
Public Procurement, nes	Public procurement, nes
Quota (including Tariff-Rate Quota)	Import tariff quota
Quota (including Tariff-Rate Quota)	Import quota
Sanitary and Phytosanitary Measure	Sanitary and phytosanitary measure
Technical Barrier to Trade	Technical barrier to trade
Trade Defence Measure	Import monitoring
Trade Defence Measure	Anti-dumping
Trade Defence Measure	Safeguard
Trade Defence Measure	Anti-subsidy
Trade Defence Measure	Anti-circumvention
Trade Defence Measure	Special safeguard
Trade Finance	Trade finance
Trade Finance	Financial assistance in foreign market

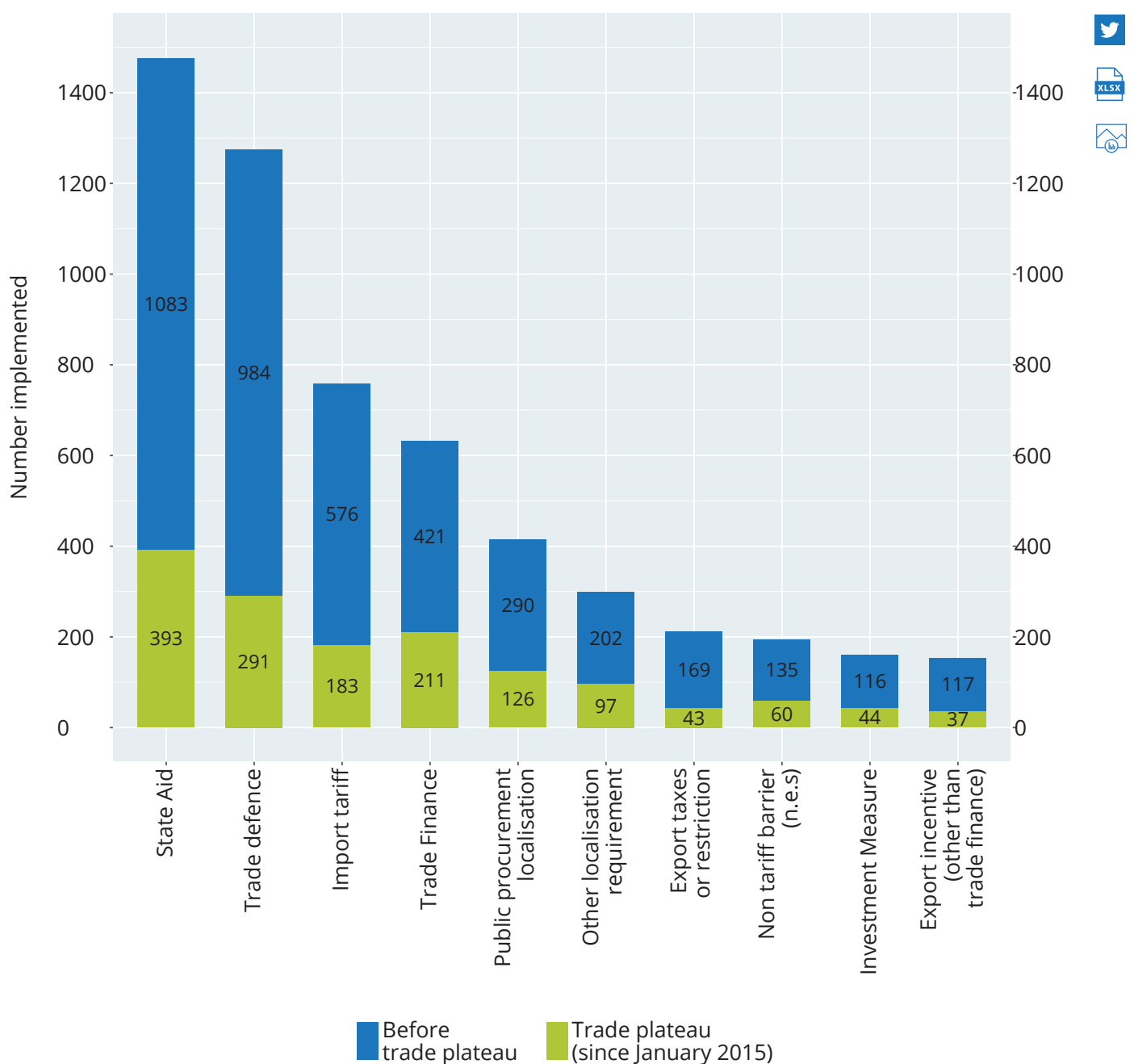
Top 10 policy instruments used by the G20 in a protectionist manner

For both the old and new Global Trade Alert classifications of policy instruments, the total number of times each policy instrument was implemented by a G20 government in a discriminatory manner since November 2008 (and during the more recent period since January 2015 when global export volumes plateaued) was calculated. The top 10 most used instruments were ranked in descending order in Figures 8.1 and 8.2.

Under the old classification, state aids, trade defence actions, and import tariff increases remain, in that order, the three most used protectionist policy instruments (see Figure 8.1). Compared to our previous report, there is some reshuffling among the top 10 most used instruments, with trade finance moving up to fourth position. This reflects the increasingly creative use of some governments' export-import banks to essentially subsidise their nations' exporters. More generally, there has been a substantial increase in the number of trade finance initiatives (over 250 more), import tariff increases (over 150 more), and trade defence actions (nearly 150 more) reported in the Global Trade Alert database.

FIGURE 8.1

Since January 2015 financial assistance has been given to favoured firms by G20 governments nearly 400 times

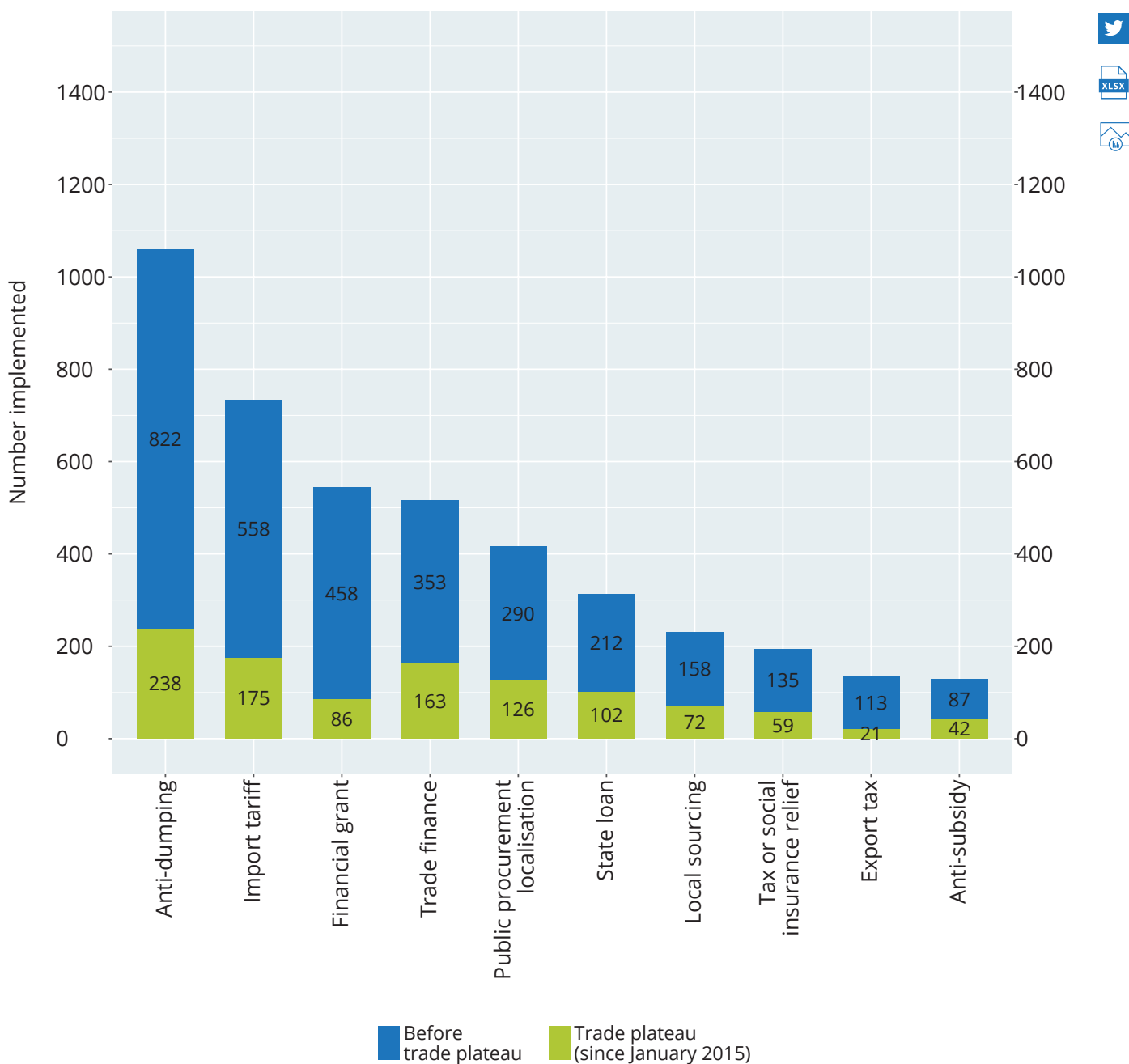


With respect to the new classification of policy instruments, as shown in Figure 8.2, four of the top 10 most used policy instruments are trade restrictions. Another four are forms of state largesse and the remaining two are forms of localisation measure. Reassuringly, the pattern is relatively similar across Figures 8.1 and 8.2. Although with many more categories of state aid included in the new classification, readers are cautioned not to read too much into the finding that some form of state aid is not the most commonly used form of discriminatory policy instrument.

In terms of counts, then, since the onset of the global economic crisis G20 governments have frequently used a blend of trade restrictions, state largesse, and localisation requirements to discriminate against foreign commercial interests. As noted in Chapter 4, however, the trade covered by these different policy instruments varies significantly. There it may be recalled that state assistance to exporters was by far the most commercially significant beggar-thy-neighbour policy intervention in terms of trade affected.

FIGURE 8.2

Trade restrictions, state largesse, and localisation requirements account for a large share of G20 protectionist policy interventions



CHAPTER 9

WHICH SECTORS HAVE BEEN AFFECTED MOST OFTEN BY G20 PROTECTIONISM?

In recent years certain sectors have been at the fore of disagreements between G20 members. Overcapacity in the steel sector and the contribution that government subsidies may have made to such overcapacity has been discussed in both G20 and Organisation for Economic Cooperation (OECD) fora, for example. Similar concerns have been raised in the aluminium and shipbuilding sectors.

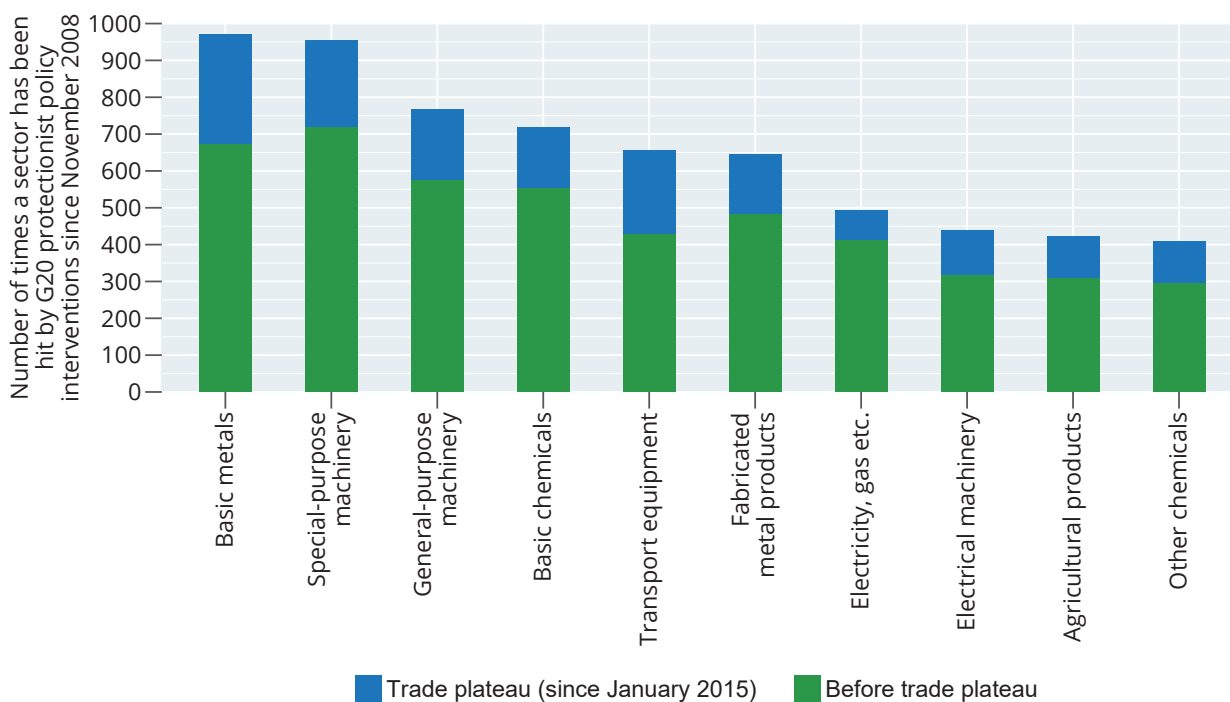
In contrast, the incidence and impact of policy intervention in several other sectors are rarely in the limelight. Such observations beg the question: which sectors have been hit more often by the protectionist measures implemented by the G20 since the onset of the global economic crisis? The purpose of this chapter is to answer this question, first by focusing on steps taken by the G20 and then globally.

Metals, machinery, and chemical sectors affected most often by G20 protectionism

Where credible information exists to identify the sector affected by a government policy intervention, then that is noted in the Global Trade Alert database. It is possible, therefore, to count the number of times discriminatory policy instruments have been implemented by G20 members since the onset of global economic crisis that harm some commercial interests in each sector. Sectors can then be ranked according to the number of times they have been affected by G20 protectionism. The top 10 most affected sectors are reported in Figure 9.1, presented in descending order.²³

FIGURE 9.1

Ten sectors have been hit over 400 times by G20 protectionist policy interventions since the crisis began



23 For the purpose of preparing this figure the two-digit United Nations CPC classification of sectors was used.

What is striking about Figure 9.1 is the frequency with which the metals, machinery, and chemical sectors have been affected by G20 protectionism. Together they account for seven out of the top 10 most affected sectors. Agriculture is in the top 10 most affected sectors but has been affected around half as often as the basic metals sector. The latter has seen nearly 1,000 protectionist policy instruments implemented by G20 members, probably accounting for the fractious trade relations associated with the steel sector.

Compared to our 20th report, there have been substantial increases in the total number of documented protectionist actions affecting the basic metals sector (up around 200), special-purpose machinery (up by around 450), basic chemicals (up around 150) and transport equipment (up around 150). Many of these newly reported measures relate to policy interventions undertaken since January 2015, however, a considerable refer to earlier years of the crisis.

The increase in the number of measures affecting special-purpose machinery has resulted in that sector becoming the second most affected sector by G20 protectionism, as

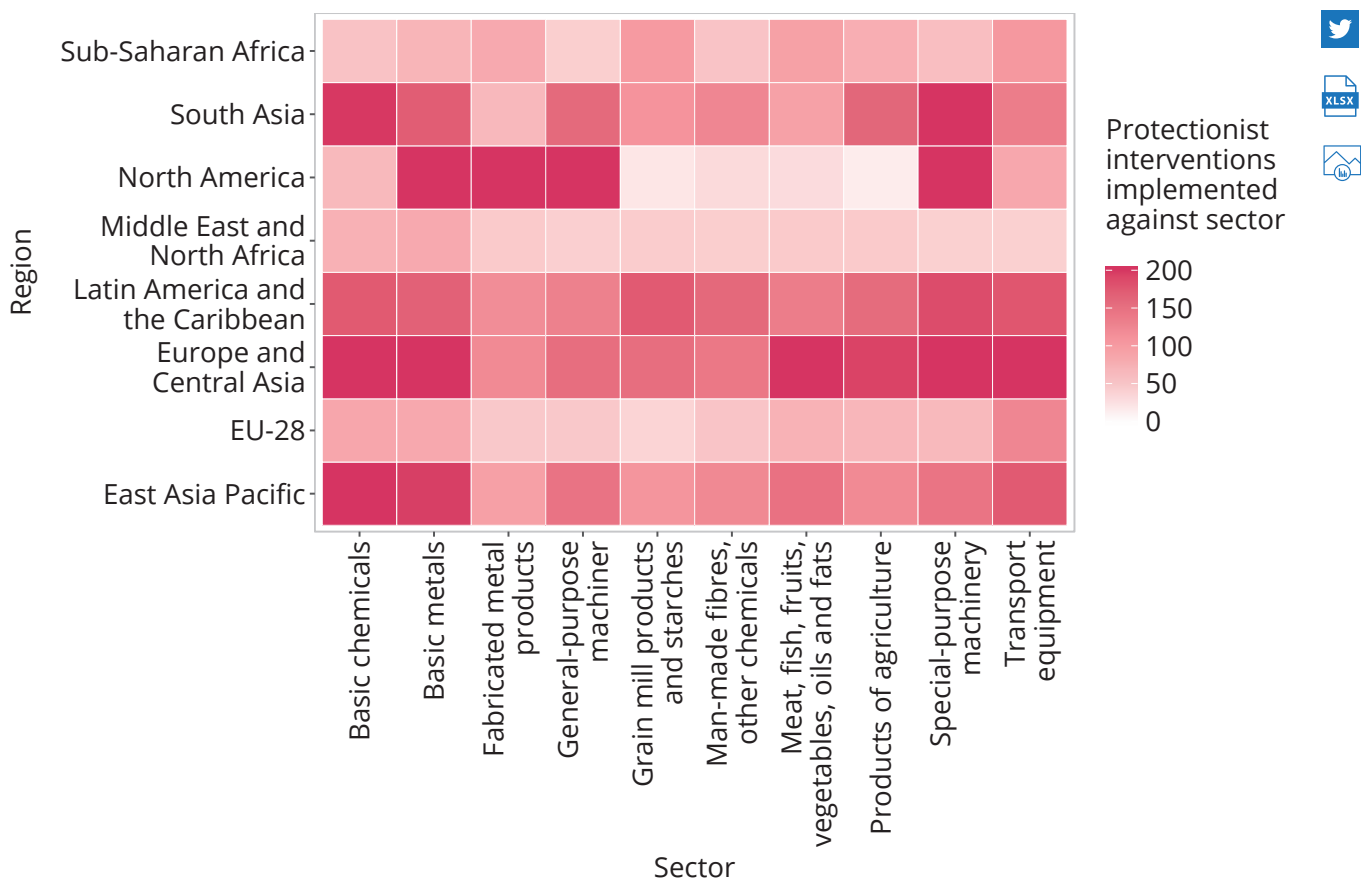
opposed to sixth most hit (the finding in our last report.) General-purpose machinery has moved up into third position as well.

But once worldwide resort to protectionism is taken into account, food-related sectors gain further prominence

Although this report is about G20 protectionism, commercial interests in any one sector may be also concerned about the implementation of protectionism worldwide. We repeated the exercise described above but this time for all protectionism (G20 and non-G20) implemented since November 2008. Furthermore, having identified the top 10 most affected sectors by global protectionism, we identified the contribution of each region of the world economy to the incidence of protectionism in each of these sectors. A heat map—with redder shading indicating that a region is responsible for more protectionism affecting a given sector—was prepared and is reproduced here as Figure 9.2.

FIGURE 9.2

Regional breakdown of harm done to 10 sectors of the world economy



One finding is that, once the focus shifts from G20 protectionism to protectionism worldwide, then more food-related sectors enter the top 10 most affected sectors. Man-made fibres enter too. Chemicals, metals, machinery, and transport equipment remain. Given that many developing countries and Least Developed Countries are heavily dependent on agricultural production and related sectors, the inclusion of three such sectors in the top 10 most affected sectors by crisis-era protectionism signals potentially adverse implications for these economies development.

Examining the regional contributions to the protectionism affecting the top 10 most affected sectors reveals interesting differences. Sub-Saharan Africa and the Middle East and North Africa have contributed relatively little to the incidence of protectionism affecting these 10 sectors. In contrast, the Latin America and the Caribbean and Europe and Central Asia (which includes Russia) groups are responsible for between 100-200 of the protectionist measures affecting all of the top 10 affected sectors, giving a sense of the broad range of economic activity that the governments responsible have sought to influence. A lower level of intervention, but still across many of the top 10 sectors affected, has been undertaken by governments in the East Asia and the Pacific.

North American protectionism is, as far the sectors in Figure 9.2 are concerned, concentrated in the metals and machinery sectors. In contrast, agricultural products, food products, and mill products are less frequently affected by North American beggar-thy-neighbour activity. South Asian protectionism is selective too and appears to affect sectors that are large employers in that region (agriculture) or industries with growing or some degree of comparative advantage (chemicals and base metals.)

Overall, there is considerable variation across regions as to the sectors affected by their governments' protectionism. Some regions appear to target a small number of sectors for protectionism, while two regions' protectionism contributes considerably to the incidence of protectionism in the 10 most affected sectors. The perils of generalisation—or indeed of expecting a generalised protectionist response—should be apparent.

CHAPTER 10

WHAT'S NEW IN THE GLOBAL TRADE ALERT DATABASE?

Since the publication of our last report in August 2016, a number of changes to the Global Trade Alert and its database have been introduced. They are, in no particular order of importance:

- The documentation of a further 1,556 government policy initiatives that have the potential to affect cross-border commerce. As of 24 June 2017, our database contains 11,294 records of crisis-era policy initiatives proposed or implemented since November 2008.
- So as to provide a more accurate picture of the frequency of state intervention, our reports and websites now refer to the number of policy interventions that a government planned or has undertaken, bearing in mind that some government initiatives (such as national budgets) involve several policy interventions.
- To afford a more granular understanding of the different types of policy intervention, the taxonomy of policy instruments was expanded from 21 to 61 types of state act.
- A concordance between the 61 new policy interventions and the United Nations' MAST classification of Non-Tariff Measures was created. This will facilitate comparability with the analysis and data produced by certain international organisations.
- We switched from the 2007 version of the UN Harmonized System classification of products to the 2012 update of that classification.
- To better identify the trading partners that may be affected by a policy intervention potentially affecting trade in goods, we shifted from the four-digit UN Harmonized System classification of products to the six-digit classification. This will change the statistics for the total number of times a country's policy interventions have affected a trading partner's commercial interests.
- A support database of the values of international trade in goods and services and a database of migration flows was constructed so that, as far as possible, once the policy intervention and implementing jurisdiction have been correctly identified, then the identification of affected trading partner and amount of trade affected were established in an automated manner. This reduces the potential for human error.
- The computation of the export and import coverage of policy interventions was also switched to the six-digit UN Harmonized System classification of products. This will result in more fine-grained estimates of trade potentially affected. Given the reduced potential for aggregation bias, not surprisingly this has resulted in reductions in the total export exposure to crisis-era trade distortions reported in the annex and in certain chapters of this report.
- As far as the classification of economic sectors was concerned, we shifted from the United Nations' CPC Prov classification to the version 2.1 of the United Nations' CPC classification.
- Further disaggregation of the sectors affected was made possible by shifting from the two-digit to the three-digit United Nations' CPC classification.
- Where available, as many annual submissions to the World Trade Organization by member governments of their tariff schedules were used to systematically identify the crisis-era changes in tariff rates. Where such changes occurred, they were written up in an automated manner and included in our database.
- Preparation of a new website with substantially enhanced functionality that will be launched at the same time as this report. Doing so required a thorough review of our procedures for classifying and documenting government policy interventions, a step that has imposed greater consistency on our workflow. Moreover, the migration of our reports on government policy intervention to a new website provided the opportunity to review all of our existing database entries and to weed out any duplicates and measures that no longer meet our more demanding standards.

Inevitably, implementing a significant number of changes creates (typically unanticipated) difficulties and potential errors. While a barrage of tests and double checks were performed before the preparation of this report and the launch of the website, more challenges may come to light and they will be dealt with as efficiently as possible and in line with our long-standing goals and practices.

WHAT IS THE GLOBAL TRADE ALERT?

The Global Trade Alert (GTA) was launched in June 2009 when many feared that the global financial crisis would lead governments to adopt widespread 1930s-style beggar-thy-neighbour policies.

Although global in scope, the GTA has given particular attention to the policy choices of the G20 governments ever since their leaders made a “no protectionism” pledge in Washington DC in November 2008.

Initially conceived as a trade policy monitoring initiative, as thousands of policy announcements have been documented, the GTA has become a widely-used input for analysis and decision-making by firms, industry associations, journalists, researchers, international organisations, and governments. As of June 2017, the GTA has been mentioned or its data used in 1,160 entries in Google Scholar.

This usage reflects the fact that, as the International Monetary Fund noted in 2016, the GTA “has the most comprehensive coverage of all types of trade-discriminatory and trade liberalizing measures.”

GTA is a policy-oriented and research initiative of the Centre for Economic Policy Research (CEPR), an independent academic and policy research think-tank based in London, UK. Simon J. Evenett, a Research Fellow of CEPR’s International Trade and Regional Economics Programme, is the coordinator of the GTA. The GTA operates from the Swiss Institute for International Economics at the University of St. Gallen, Switzerland.

For further information, visit www.GlobalTradeAlert.org

ACKNOWLEDGEMENTS

A project as complex and ambitious as this one would not be possible without the dedication and cooperation of a superb team. That this team works so well remotely is all the more remarkable. I am indebted to them all.

The colleagues responsible for documenting the 1,556 new government policy initiatives in the GTA database were Callum Campbell, Tomas Dutra, Andreas Foser, Craig vanGrasstek, Chintan Jadwani, Josse Jakobsen, Piotr Lukaszuk, Iva Mihaylova, Ana Elena Sancho, and Adelina Selima. I thank the team for their diligence, hard work, and commitment to high professional standards.

Johannes Fritz not only took day-to-day responsibility for managing the GTA team and reviewed the first submissions of all of the measures reported. He also designed and executed the large number of changes described above. This report and the new website are a testament to his excellent project management skills.

Piotr Lukaszuk also worked extensively on various aspects of the website upgrade and analysed the data on G20 crisis-era changes in tariff rates. Once again, Anil Shamdasani seamlessly wove together the different parts of this report and contributed a number of valuable insights that enhanced the quality and ascetic appeal of this publication.

The Global Trade Alert is an initiative of the Centre for Economic Policy Research (CEPR), whose leadership has offered fulsome support since we started this venture in the second quarter of 2009. The funding from the Global Trade Alert comes principally from sources associated with the University of St. Gallen. Of the most important of these is the Max Schmidheiny Foundation, whose financial support and practical advice is greatly appreciated.

Simon J. Evenett, Coordinator

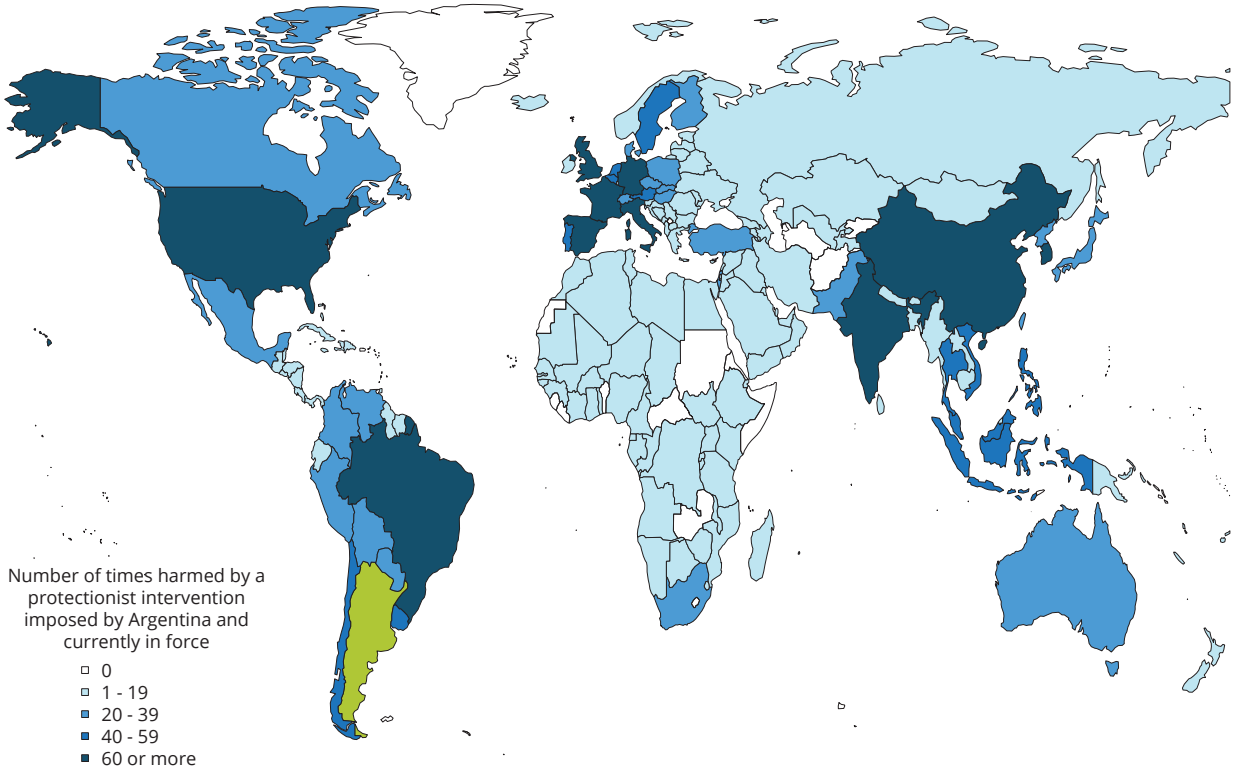
HOLD THEIR FEET TO THE FIRE: THE TRACK RECORD OF EACH G20 MEMBER

ARGENTINA

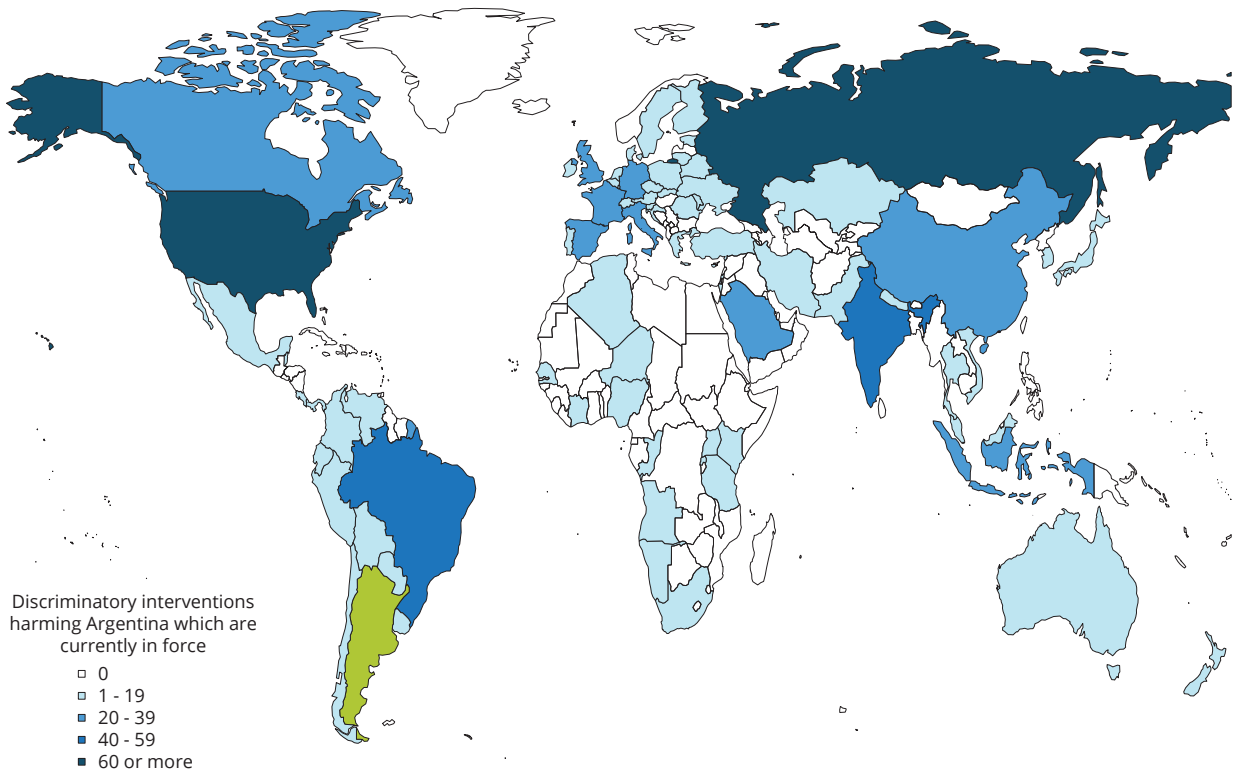
What is at stake for Argentina's exporters?

UN MAST chapter	Foreign discriminatory policy instrument	Percentage of this G20 member's exports at risk due to ...							
		2009	2010	2011	2012	2013	2014	2015	2016
	All instruments	16.29	36.73	48.93	58.20	61.86	68.88	68.40	72.12
D	Contingent trade protection	0.32	0.36	0.38	0.11	0.38	0.52	0.52	0.52
E	Non-automatic licensing, quotas	1.91	3.56	5.07	7.96	8.22	8.99	7.01	7.42
F	Price control measures	0.17	0.17	1.14	3.49	0.42	3.49	4.57	5.12
G	Finance measures	0.00	0.00	0.00	0.00	0.00	0.00	0.01	0.02
I	Investment measures	0.27	0.56	0.17	0.19	0.18	0.89	5.15	6.02
L	Subsidies (except export subsidies)	1.95	2.95	3.70	5.76	8.77	11.58	18.06	14.44
M	Government procurement	0.27	0.33	0.60	3.14	4.25	4.46	4.52	3.30
P	Export measures	12.29	31.68	43.10	48.98	52.89	60.06	59.32	62.78
	Import tariff increases	0.29	0.60	1.76	2.63	8.26	7.92	9.17	9.38
	Instrument unclassified	0.13	0.51	0.51	0.73	0.80	1.00	1.66	1.83

COUNTRIES HARMED BY ARGENTINA'S DISCRIMINATORY INTERVENTIONS

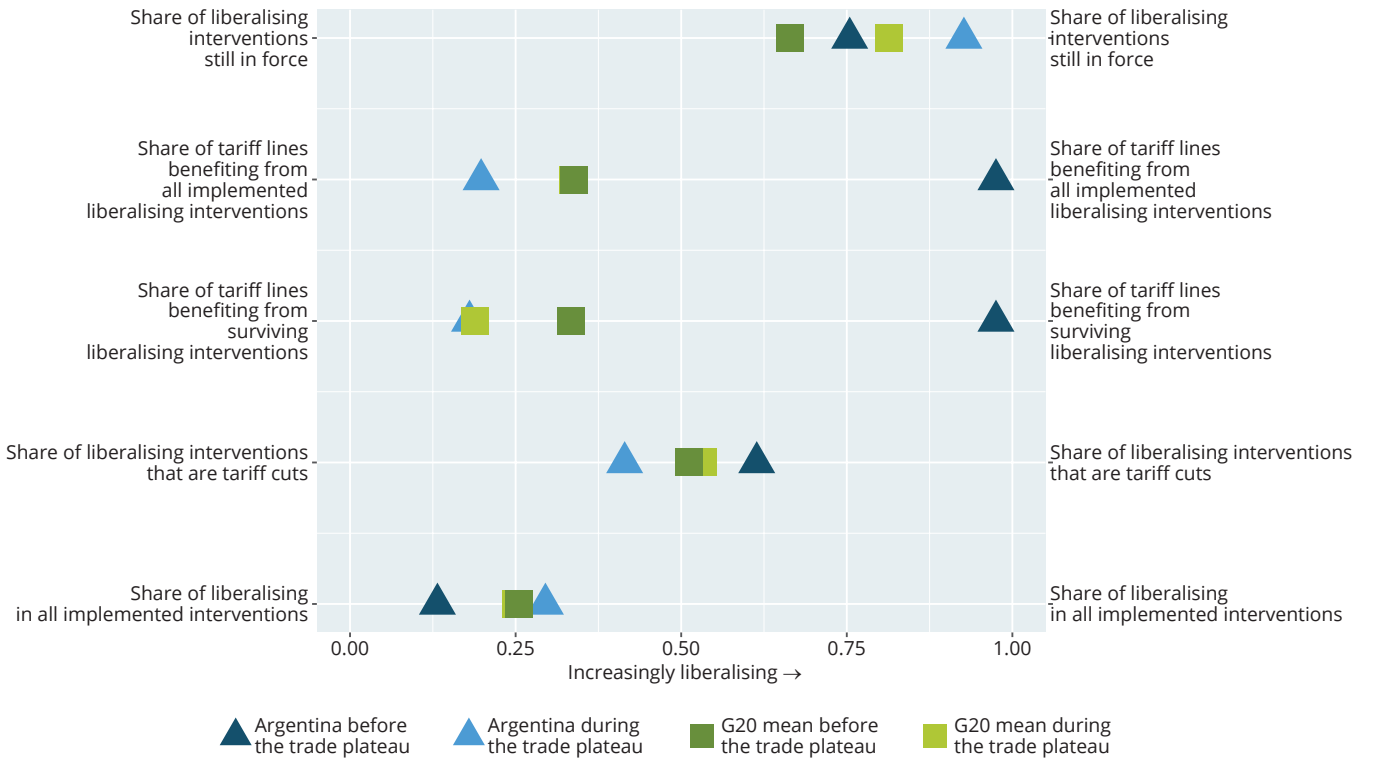


DISCRIMINATORY INTERVENTIONS HARMING ARGENTINA'S INTERESTS



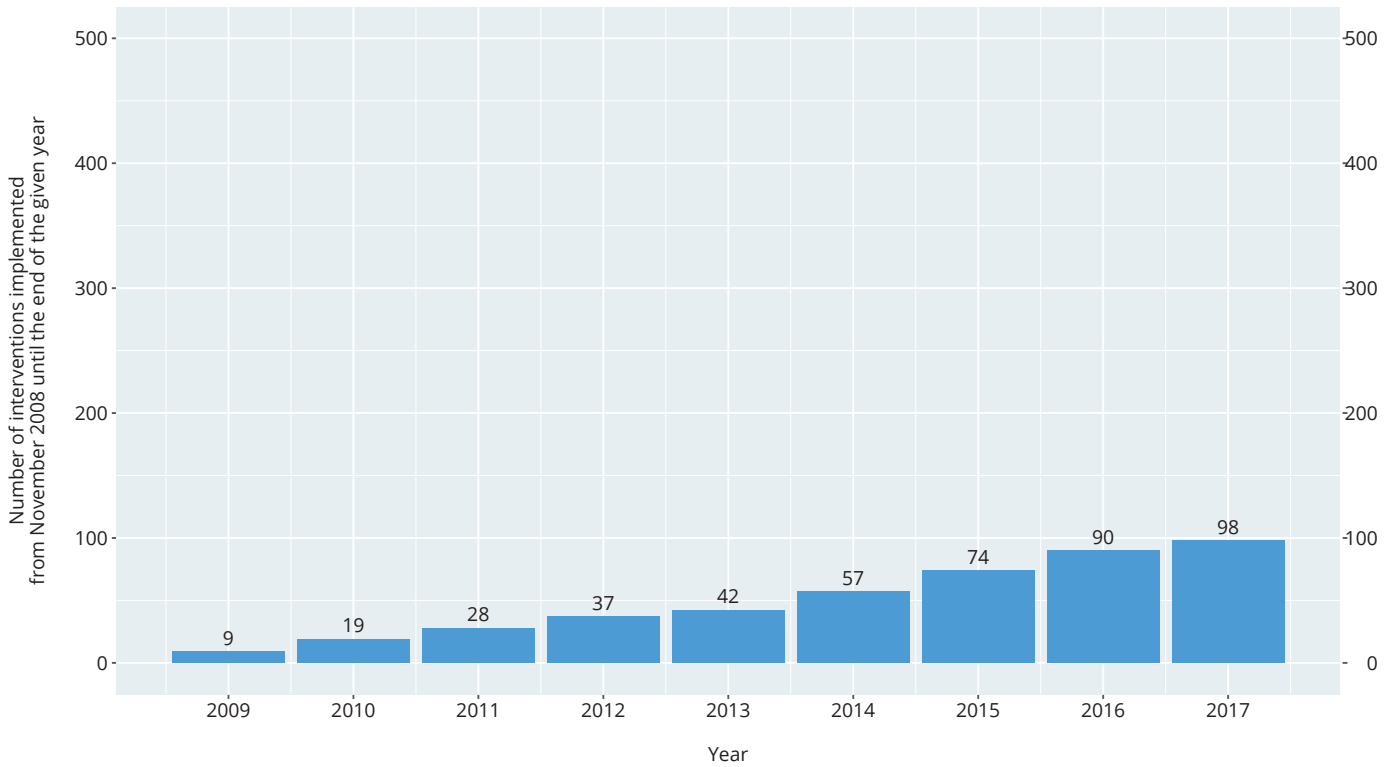
ARGENTINA

Track record of liberalisation



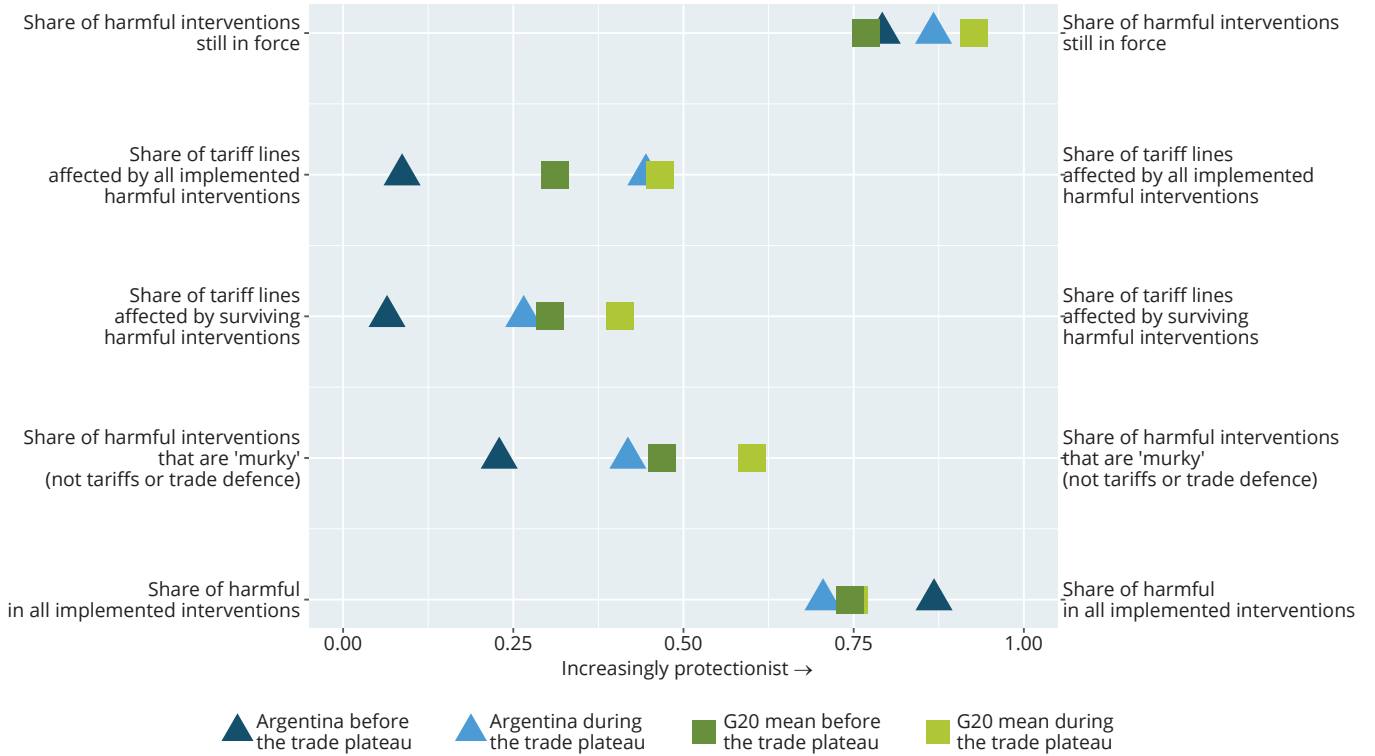
ARGENTINA

Number of liberalising interventions imposed since November 2008



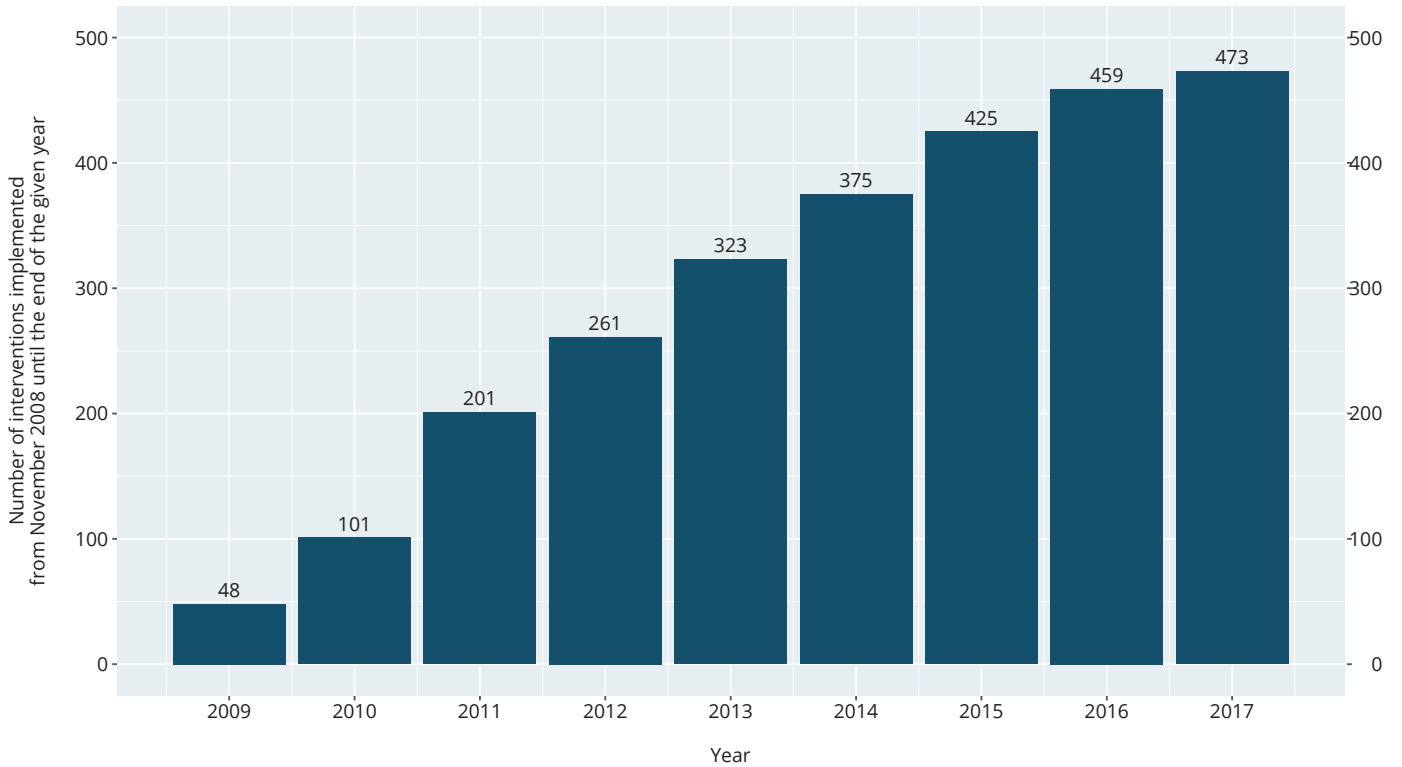
ARGENTINA

Track record of protectionism



ARGENTINA

Number of discriminatory interventions imposed since November 2008

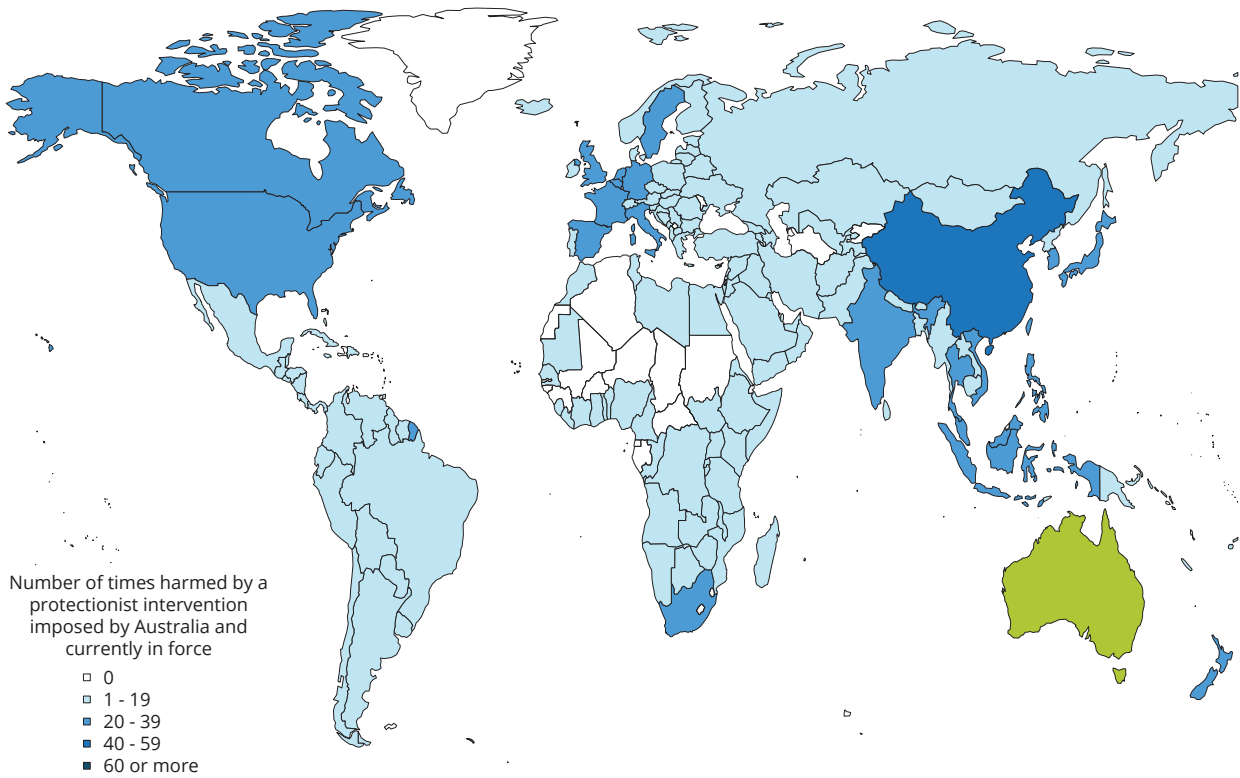


AUSTRALIA

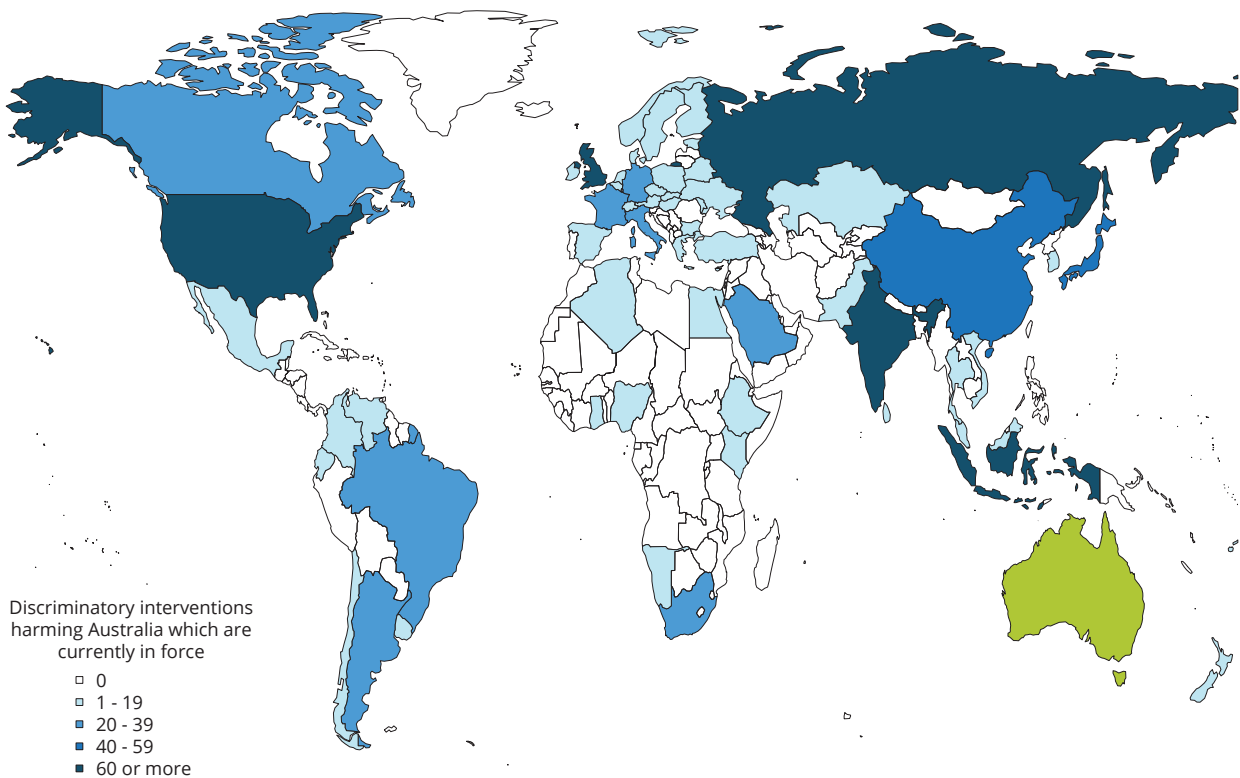
What is at stake for Australia's exporters?

UN MAST chapter	Foreign discriminatory policy instrument	Percentage of this G20 member's exports at risk due to ...							
		2009	2010	2011	2012	2013	2014	2015	2016
	All instruments	23.39	33.16	43.64	50.13	53.82	58.68	60.09	62.40
D	Contingent trade protection	0.05	0.03	0.03	0.03	0.05	0.08	0.12	0.17
E	Non-automatic licensing, quotas	1.78	6.37	8.88	9.98	14.17	14.61	14.95	15.06
F	Price control measures	9.06	9.06	9.06	9.10	9.06	9.06	9.08	9.11
G	Finance measures	0.00	0.00	0.00	0.00	0.00	0.00	0.38	0.51
I	Trade-related investment measures	0.02	0.06	0.17	0.23	0.23	0.56	0.72	0.73
L	Subsidies (except export subsidies)	0.58	1.36	1.93	2.78	3.42	4.11	4.78	6.60
M	Government procurement	0.80	1.26	1.54	3.92	4.11	4.13	4.15	4.17
P	Export measures	10.90	19.01	28.14	32.03	33.42	36.72	36.47	40.41
	Import tariff increases	0.01	0.03	0.06	0.29	0.60	0.44	0.69	0.77
	Instrument unclassified	0.85	3.74	3.75	4.34	5.83	7.58	6.98	6.94

COUNTRIES HARMED BY AUSTRALIA'S DISCRIMINATORY INTERVENTIONS

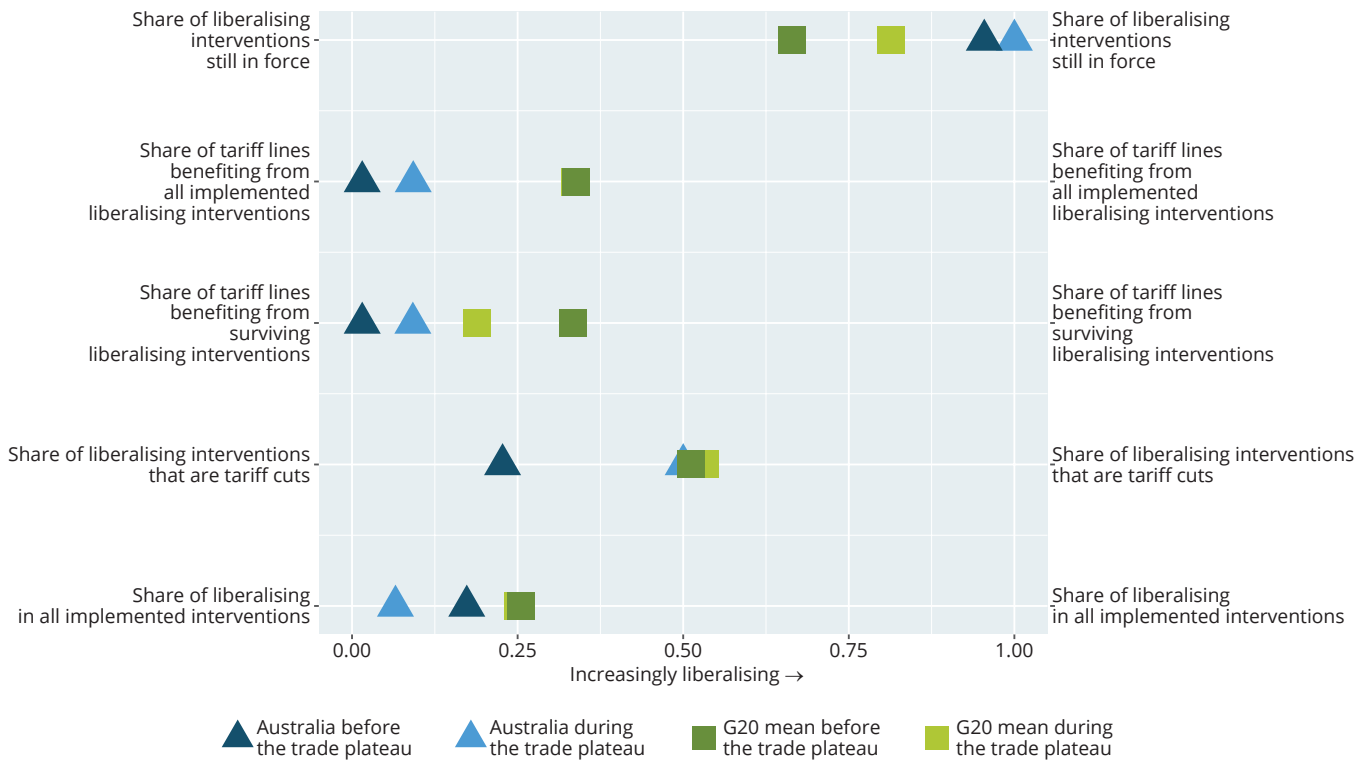


DISCRIMINATORY INTERVENTIONS HARMING AUSTRALIA'S INTERESTS



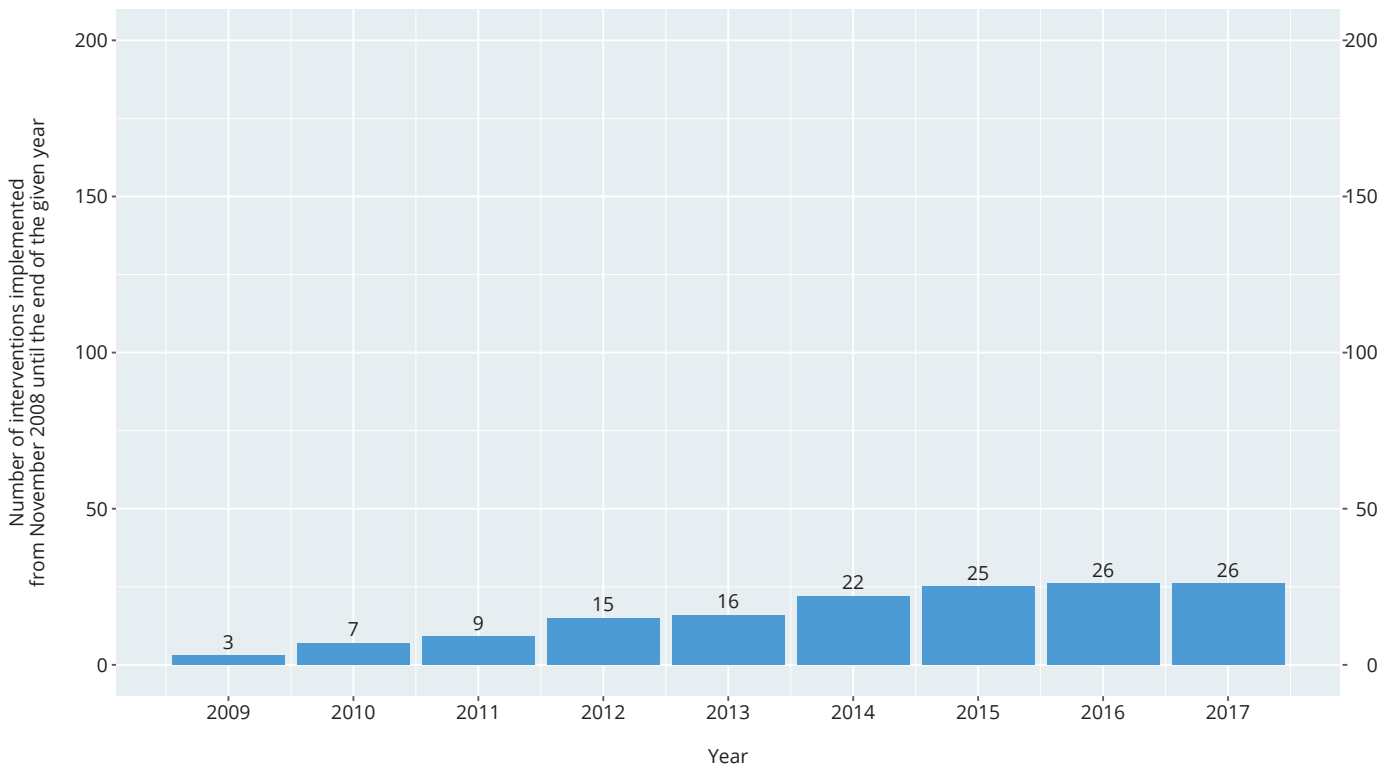
AUSTRALIA

Track record of liberalisation



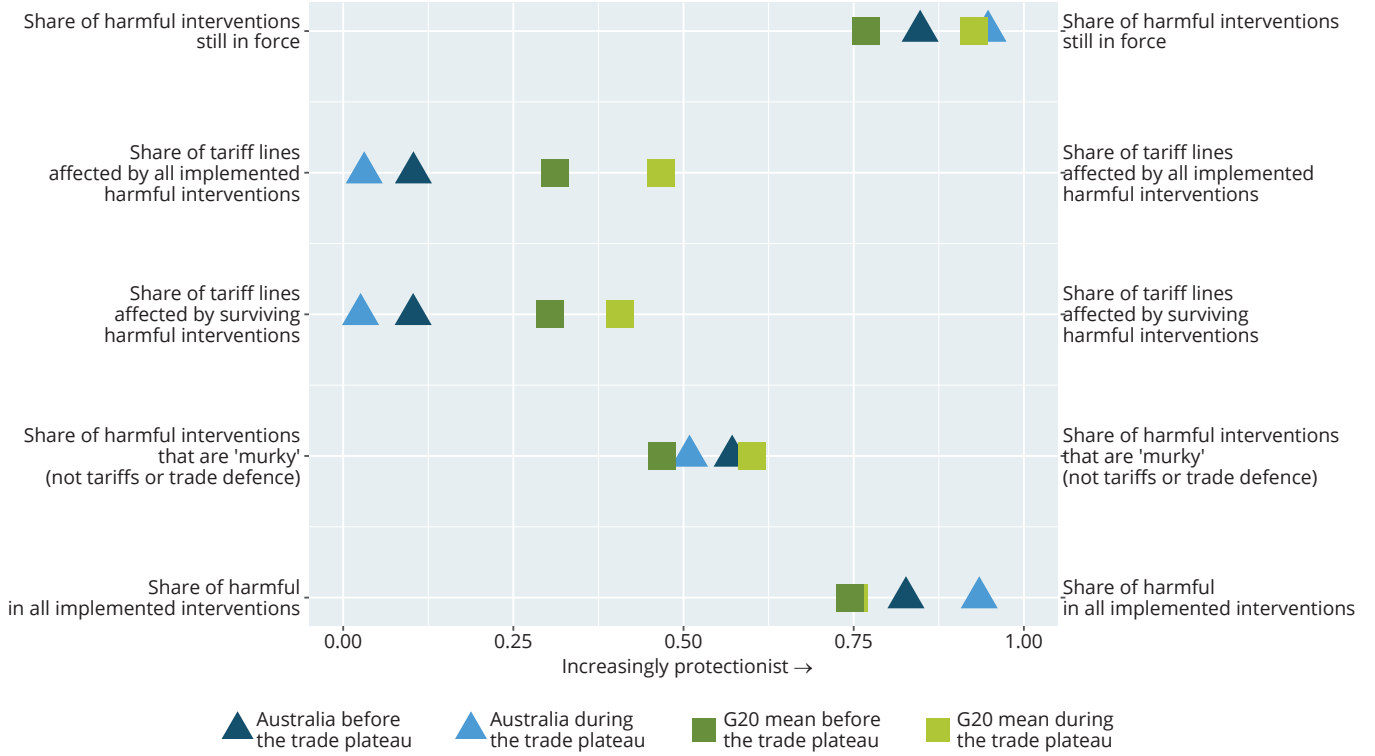
AUSTRALIA

Number of liberalising interventions imposed since November 2008



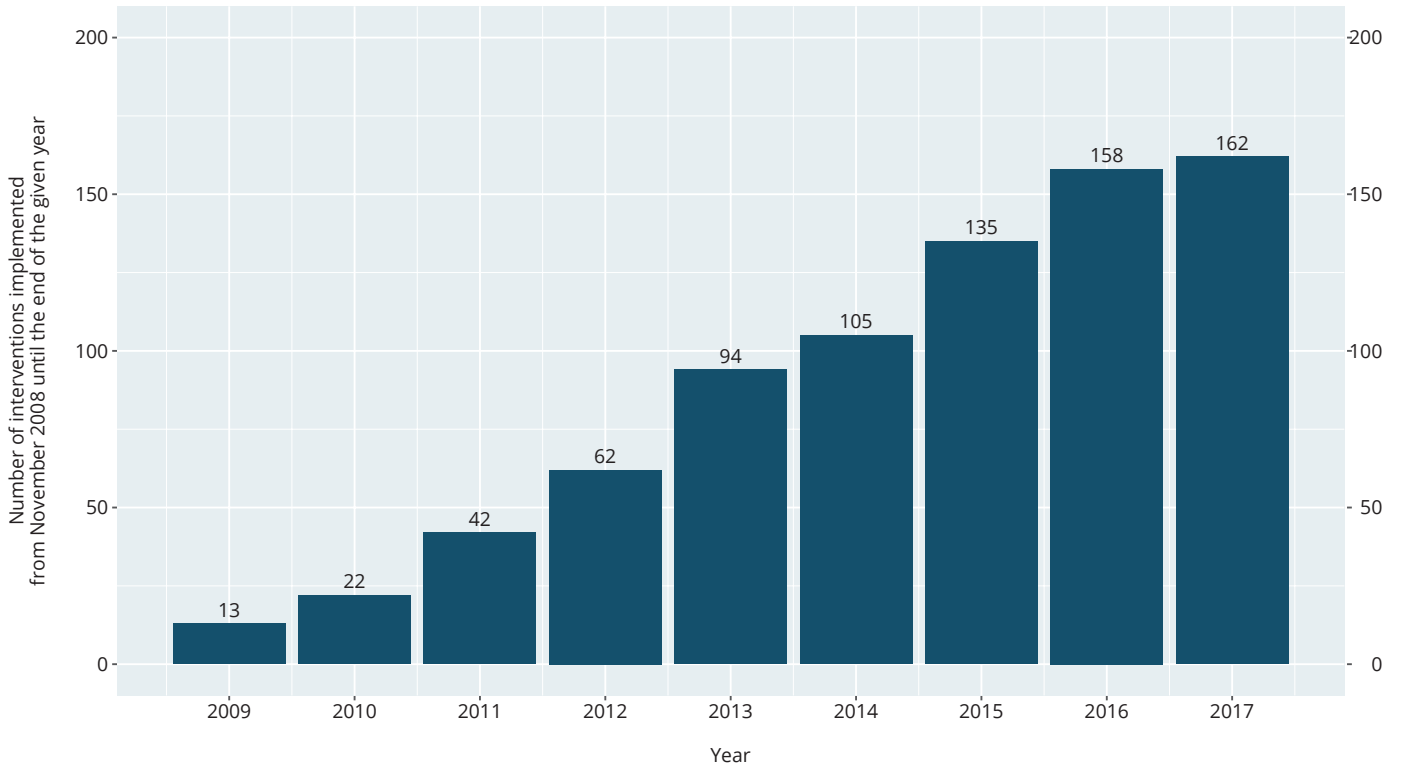
AUSTRALIA

Track record of protectionism



AUSTRALIA

Number of discriminatory interventions imposed since November 2008

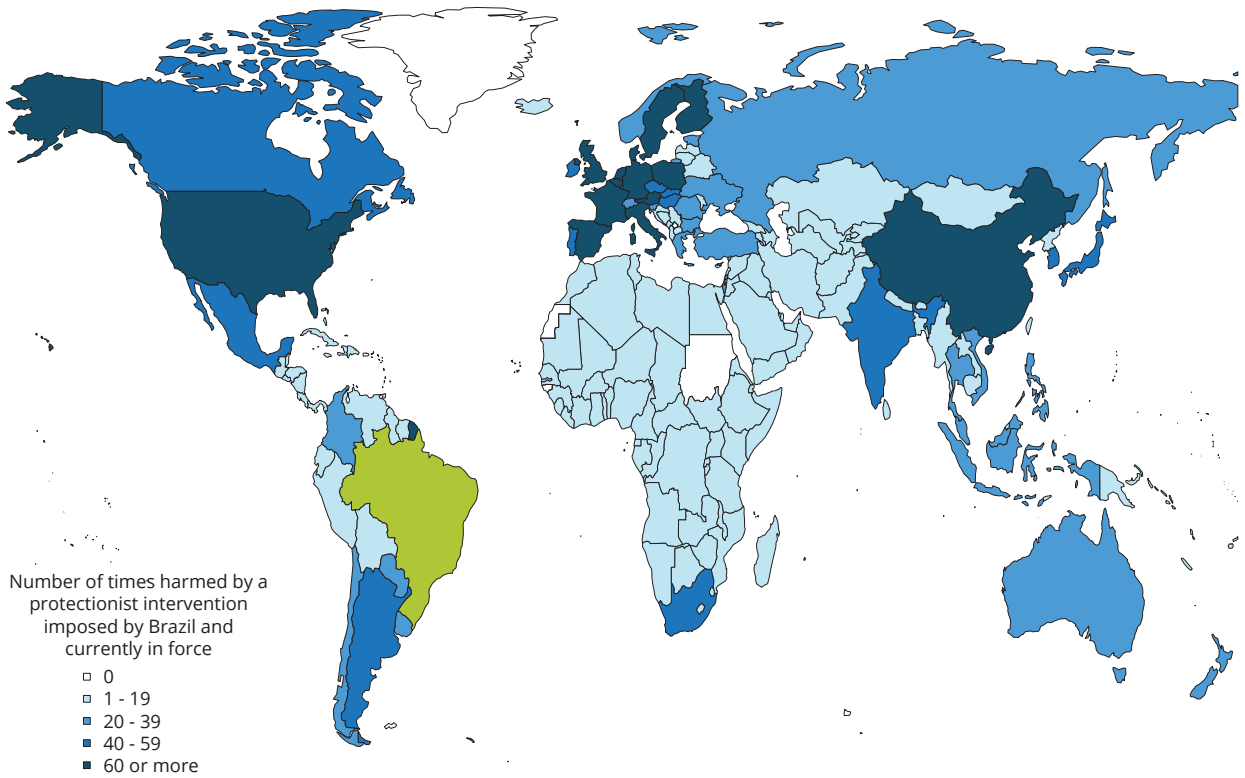


BRAZIL

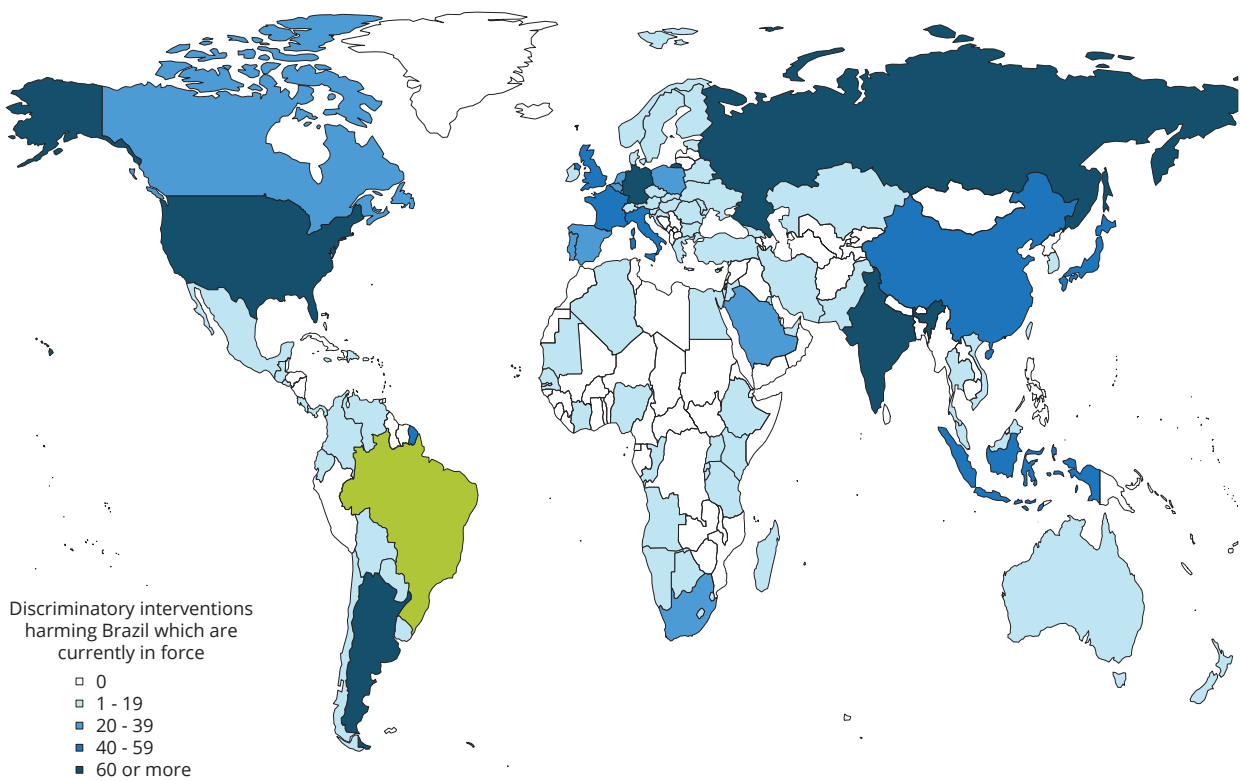
What is at stake for Brazil's exporters?

UN MAST chapter	Foreign discriminatory policy instrument	Percentage of this G20 member's exports at risk due to ...							
		2009	2010	2011	2012	2013	2014	2015	2016
	All instruments	37.07	46.18	48.57	54.39	61.77	62.33	65.01	68.51
D	Contingent trade protection	0.03	0.09	0.17	0.26	0.25	0.27	0.25	0.34
E	Non-automatic licensing, quotas	2.98	7.86	11.39	14.42	15.42	15.60	14.92	12.01
F	Price control measures	4.70	4.72	4.73	4.76	4.75	4.75	4.75	4.77
G	Finance measures	0.00	0.00	0.00	0.00	0.00	0.00	0.05	0.06
I	Trade-related investment measures	0.54	4.78	2.12	2.64	2.65	4.34	6.63	7.03
L	Subsidies (except export subsidies)	3.54	6.58	7.47	9.31	11.71	13.96	17.27	17.06
M	Government procurement	4.05	4.72	5.05	9.05	10.77	10.84	11.16	11.64
P	Export measures	26.38	31.69	33.72	36.54	42.04	41.24	40.85	53.36
	Import tariff increases	0.64	0.62	1.32	1.66	4.76	4.44	7.69	8.73
	Instrument unclassified	0.15	1.65	1.70	1.81	4.38	5.04	6.69	7.55

COUNTRIES HARMED BY BRAZIL'S DISCRIMINATORY INTERVENTIONS

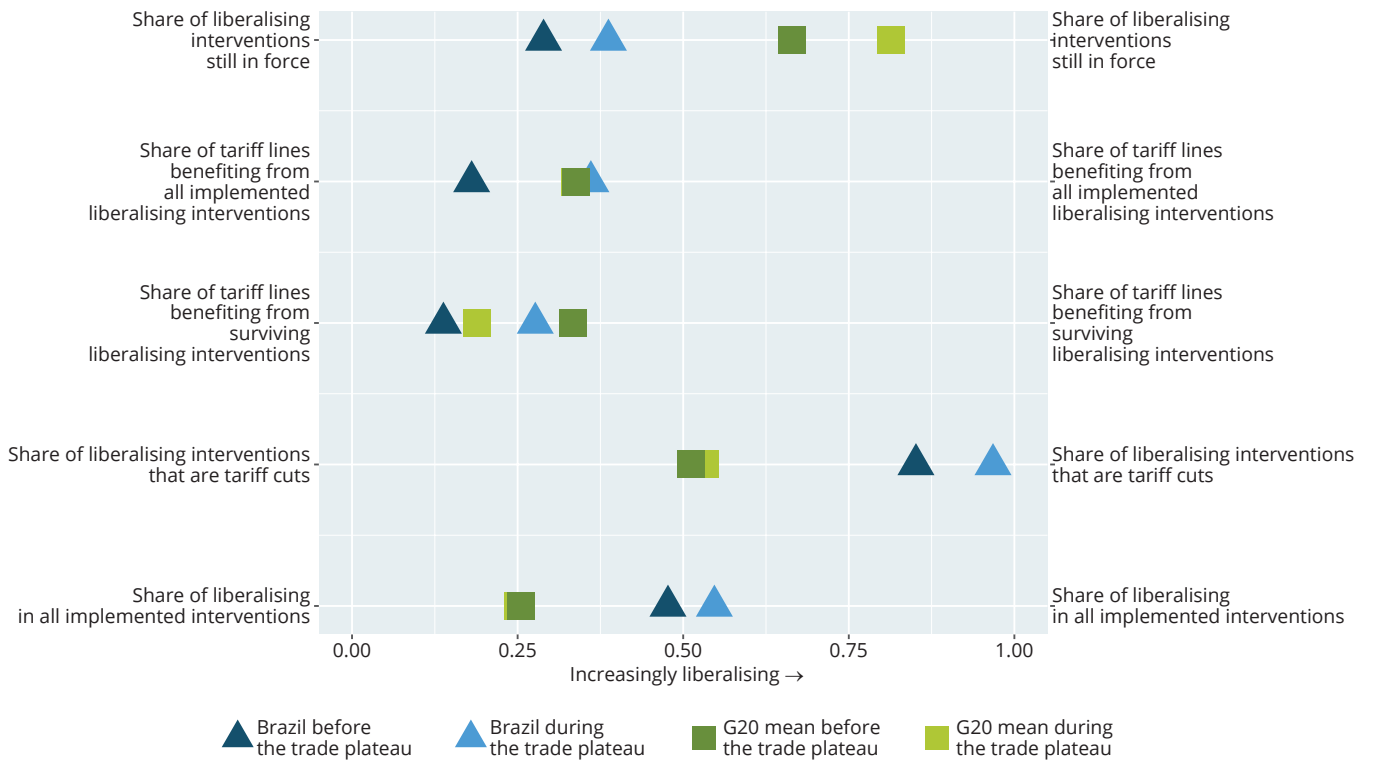


DISCRIMINATORY INTERVENTIONS HARMING BRAZIL'S INTERESTS



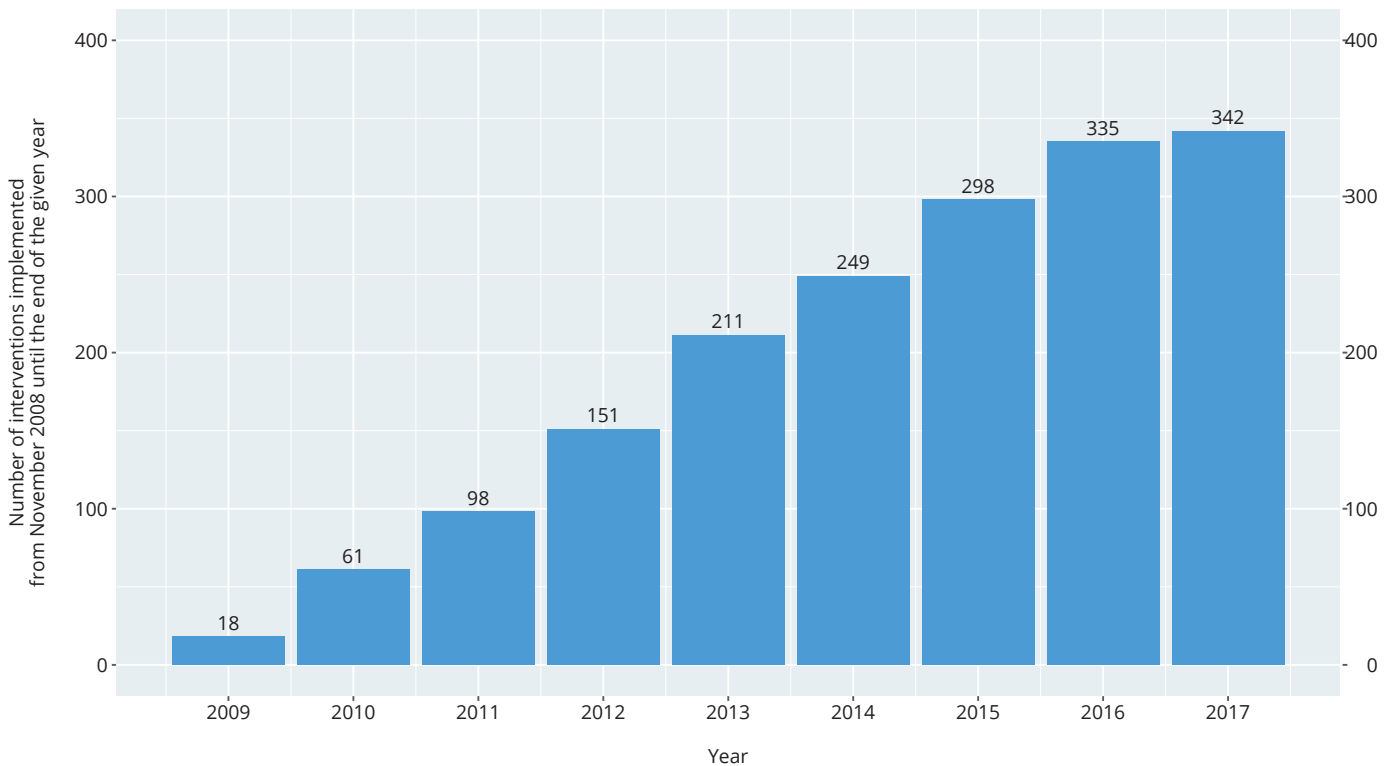
BRAZIL

Track record of liberalisation



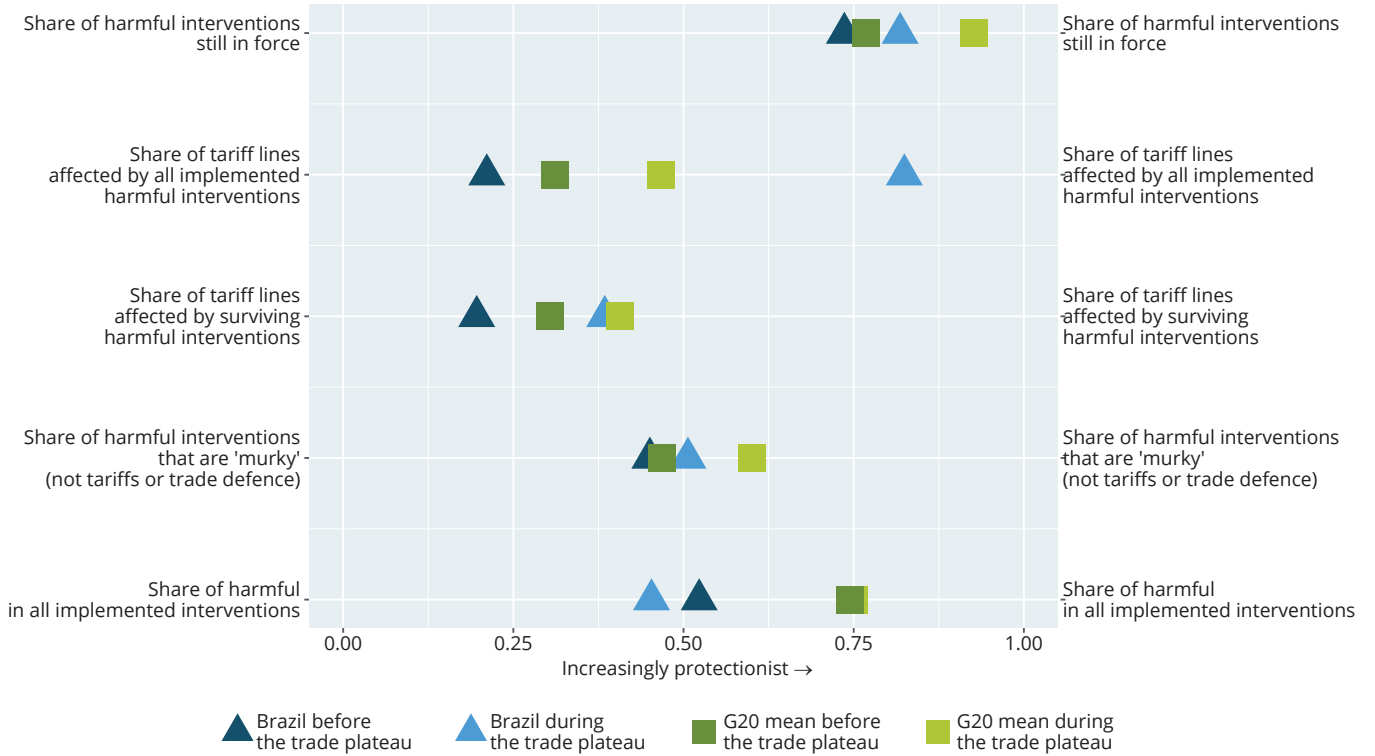
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Number of liberalising interventions imposed since November 2008



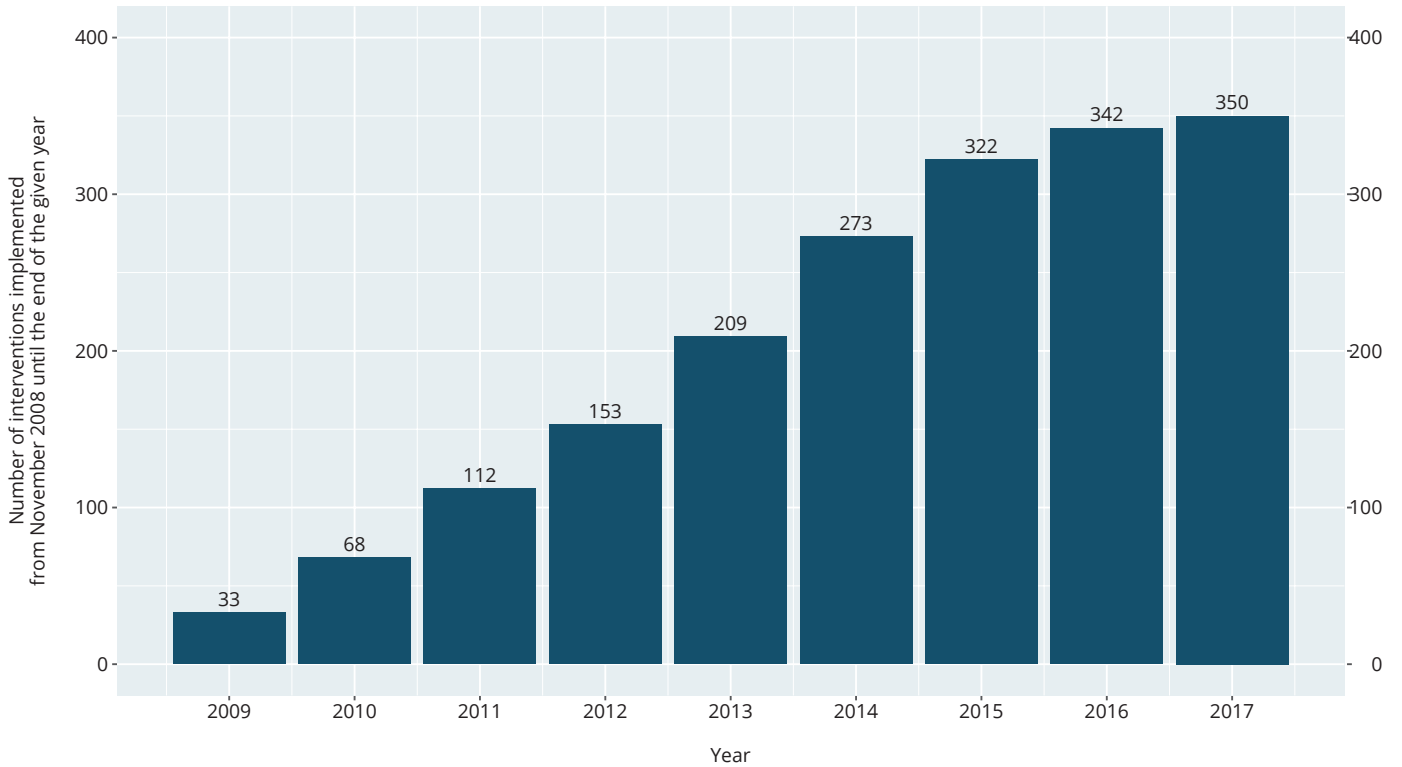
BRAZIL

Track record of protectionism



BRAZIL

Number of discriminatory interventions imposed since November 2008

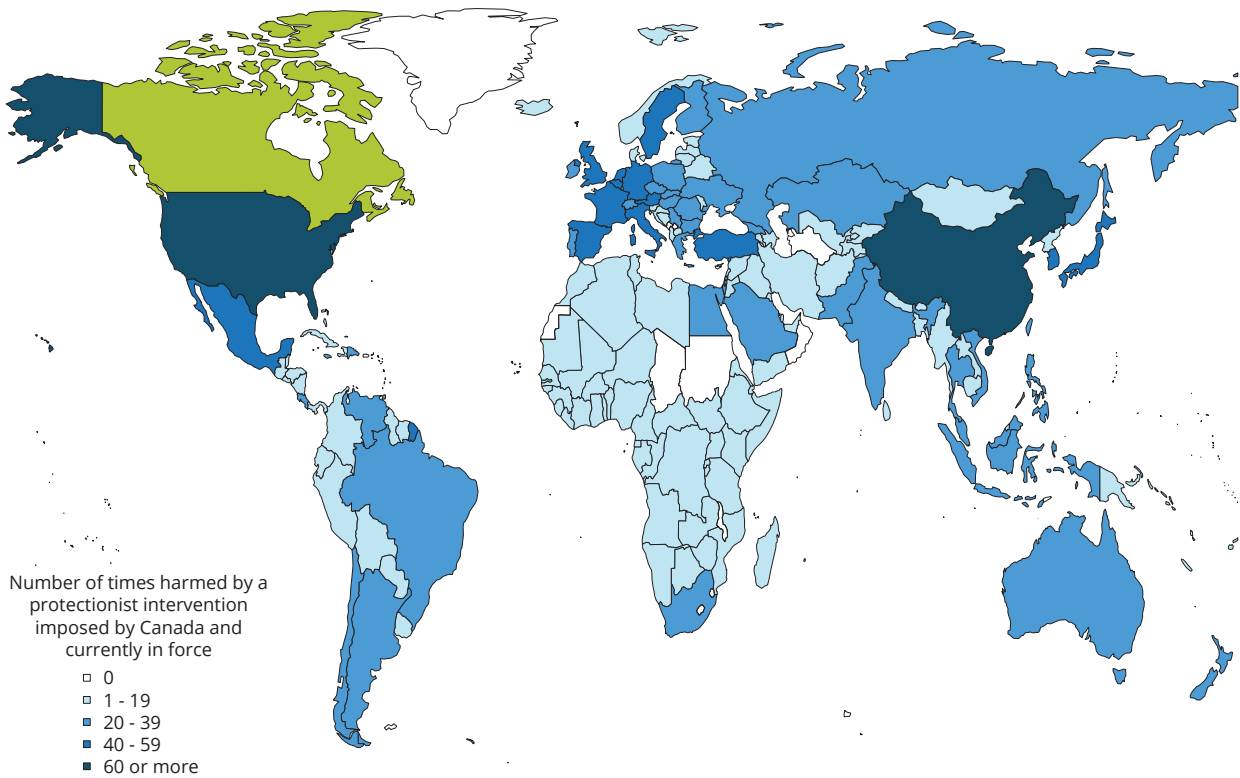


CANADA

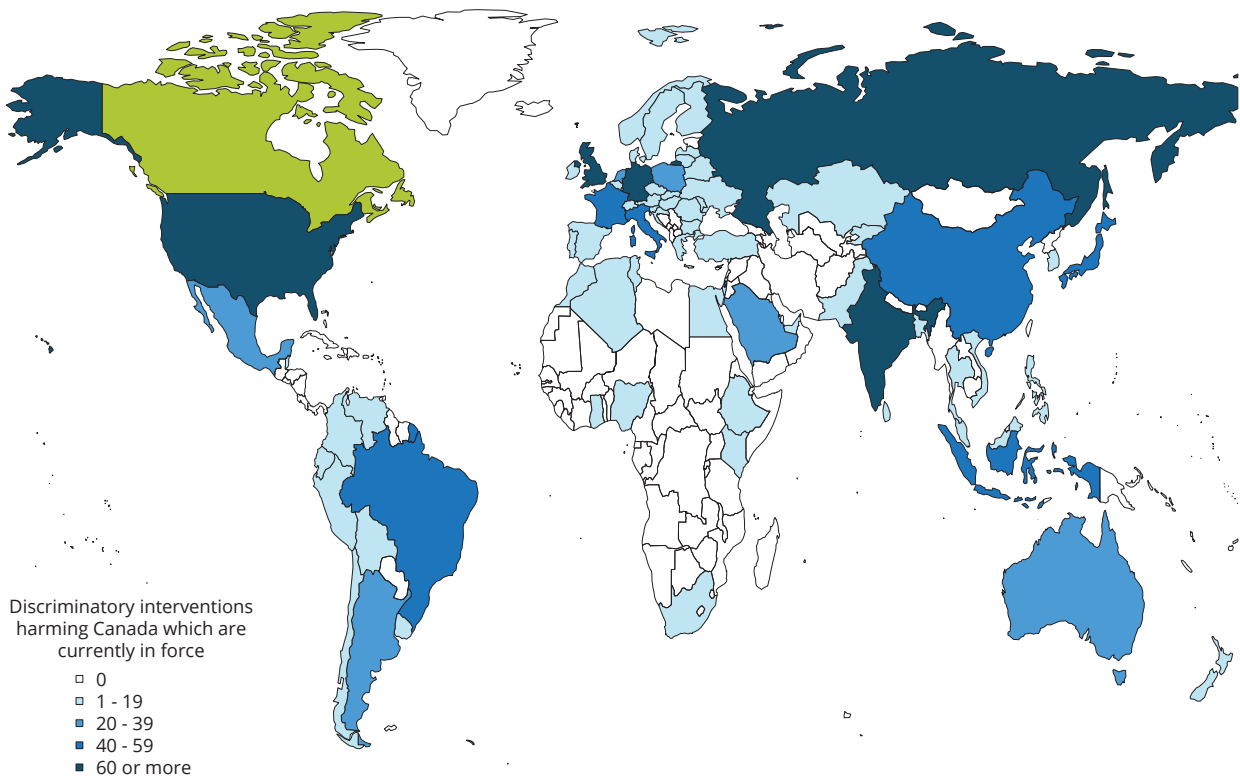
What is at stake for Canada's exporters?

UN MAST chapter	Foreign discriminatory policy instrument	Percentage of this G20 member's exports at risk due to ...							
		2009	2010	2011	2012	2013	2014	2015	2016
	All instruments	41.66	51.88	57.60	70.10	73.42	73.72	84.69	87.70
D	Contingent trade protection	0.06	0.08	0.08	0.08	0.08	0.09	0.40	0.87
E	Non-automatic licensing, quotas	0.17	0.32	0.38	0.58	0.58	0.60	0.95	0.97
F	Price control measures	0.31	0.31	0.31	0.31	0.31	0.33	0.39	0.49
G	Finance measures	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.01
I	Trade-related investment measures	0.16	0.35	0.16	0.19	0.20	1.68	3.08	3.17
L	Subsidies (except export subsidies)	12.10	16.09	19.12	28.22	32.58	33.37	33.98	36.49
M	Government procurement	4.75	6.46	7.37	25.01	28.97	29.13	29.31	29.41
P	Export measures	30.14	36.41	46.58	57.59	56.40	48.49	59.62	62.19
	Import tariff increases	0.00	0.06	0.15	0.38	0.57	0.39	1.09	1.36
	Instrument unclassified	0.15	0.89	0.77	0.86	1.91	4.55	13.13	13.56

COUNTRIES HARMED BY CANADA'S DISCRIMINATORY INTERVENTIONS

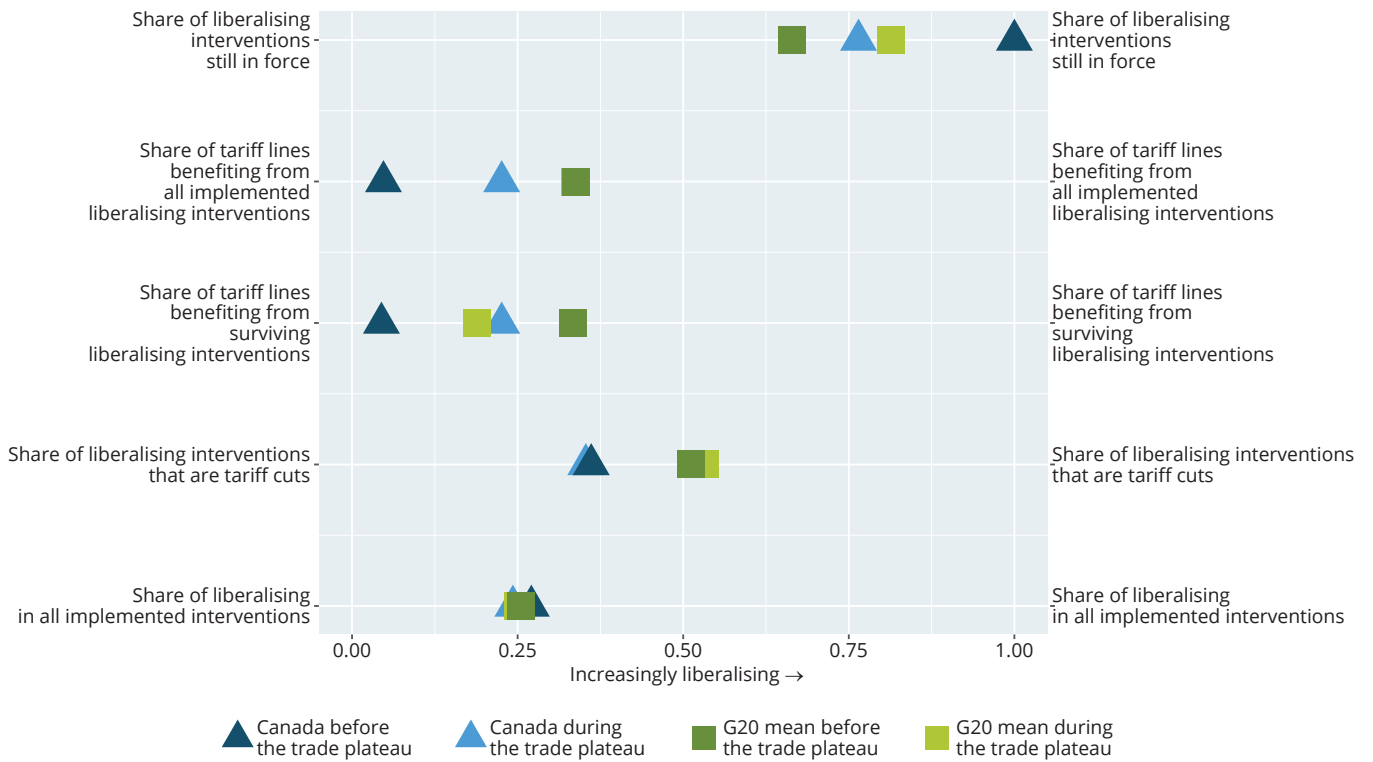


DISCRIMINATORY INTERVENTIONS HARMING CANADA'S INTERESTS



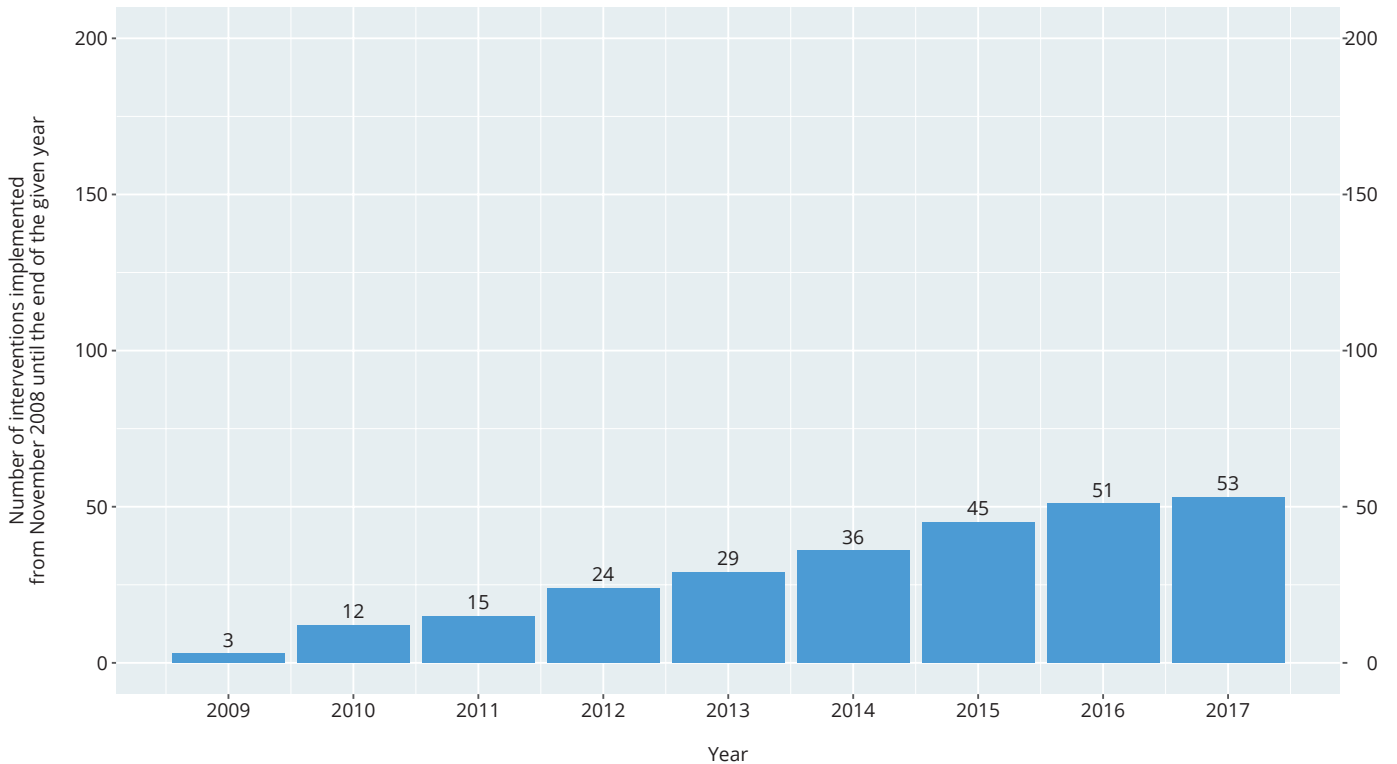
CANADA

Track record of liberalisation



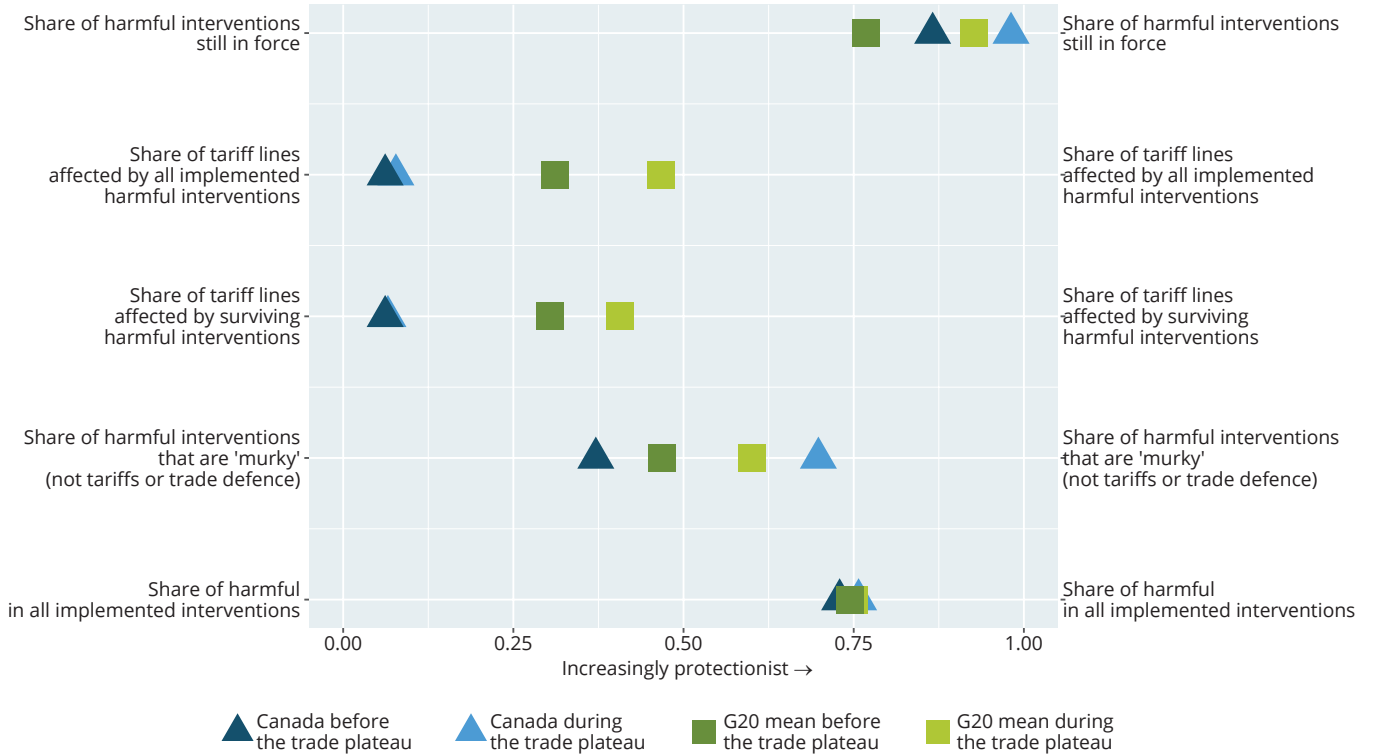
CANADA

Number of liberalising interventions imposed since November 2008



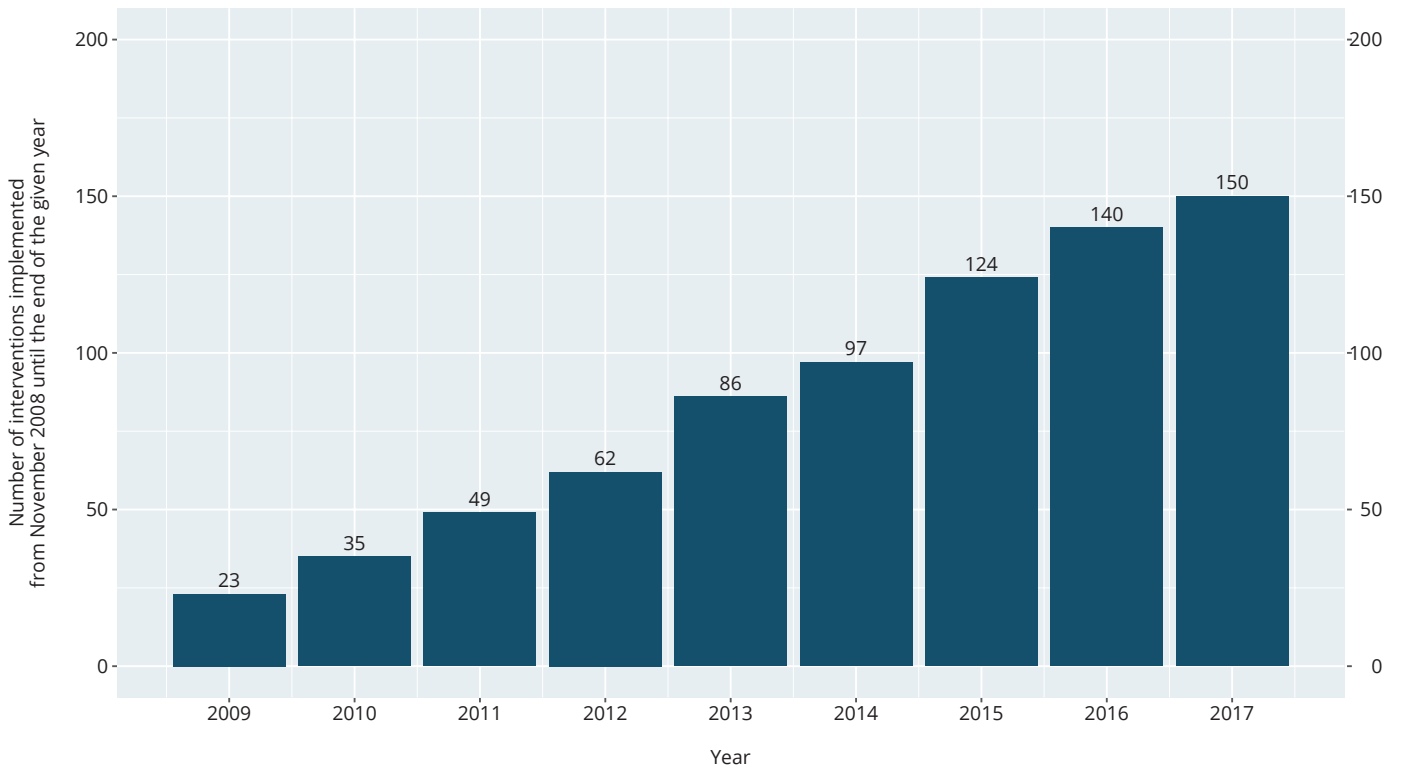
CANADA

Track record of protectionism



CANADA

Number of discriminatory interventions imposed since November 2008

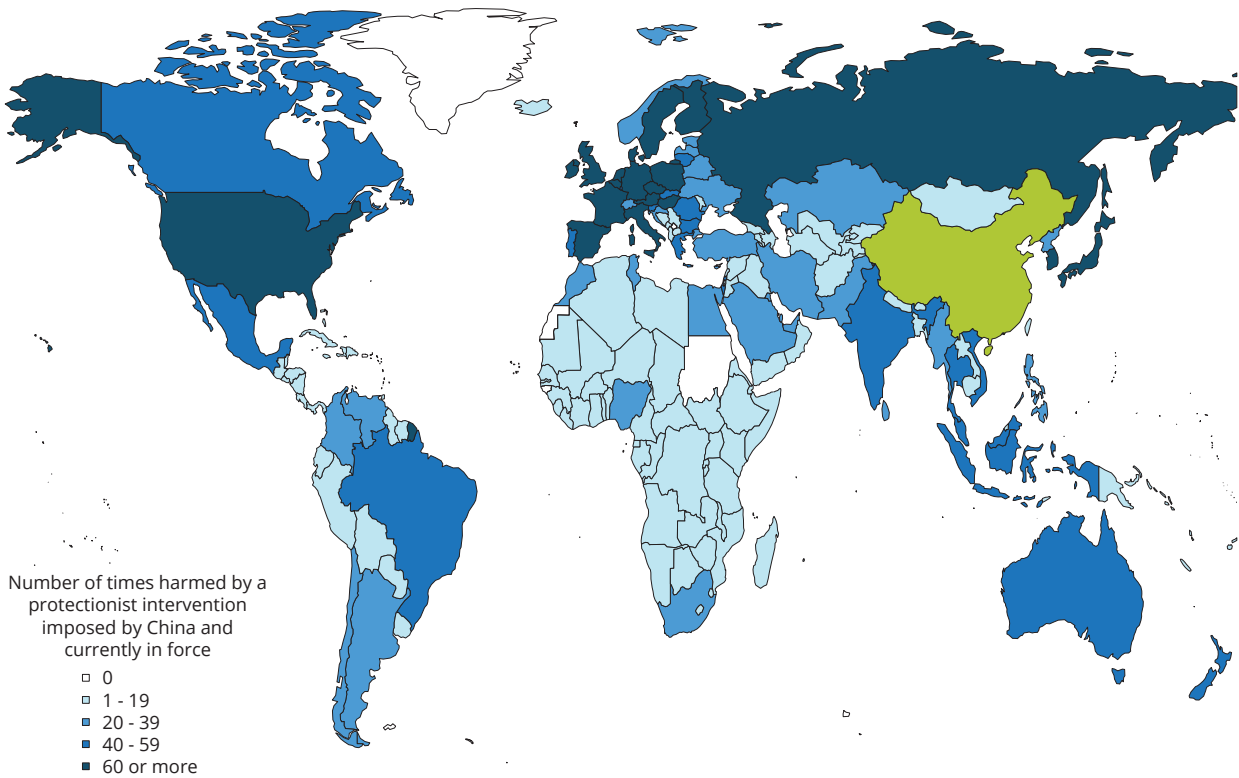


CHINA

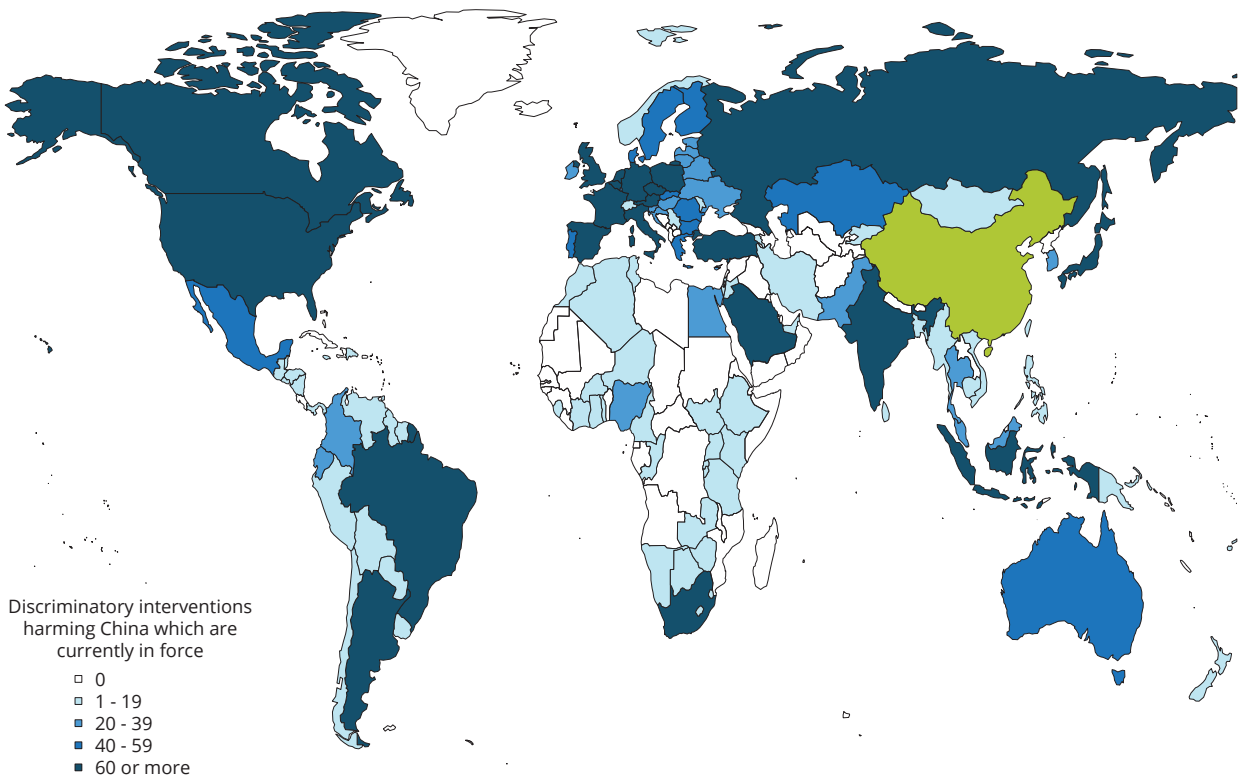
What is at stake for China's exporters?

UN MAST chapter	Foreign discriminatory policy instrument	Percentage of this G20 member's exports at risk due to ...							
		2009	2010	2011	2012	2013	2014	2015	2016
	All instruments	24.15	37.10	46.73	59.15	67.30	75.44	72.20	74.31
D	Contingent trade protection	0.62	1.64	2.51	2.77	3.05	3.41	3.61	3.89
E	Non-automatic licensing, quotas	0.73	2.97	3.13	3.22	3.49	3.50	3.61	3.81
F	Price control measures	0.00	0.00	0.07	0.16	0.16	0.25	0.28	0.26
G	Finance measures	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
I	Trade-related investment measures	0.37	0.79	1.05	1.30	1.35	1.90	2.52	2.68
L	Subsidies (except export subsidies)	1.80	2.54	7.63	11.28	14.37	15.33	16.64	17.58
M	Government procurement	9.19	11.98	12.34	13.33	15.49	16.22	16.38	16.39
P	Export measures	12.89	24.37	36.34	52.21	59.40	59.82	56.17	60.22
	Import tariff increases	0.54	0.90	1.01	1.30	4.10	23.57	21.72	23.01
	Instrument unclassified	0.23	0.82	0.87	0.98	1.21	1.68	1.83	1.78

COUNTRIES HARMED BY CHINA'S DISCRIMINATORY INTERVENTIONS

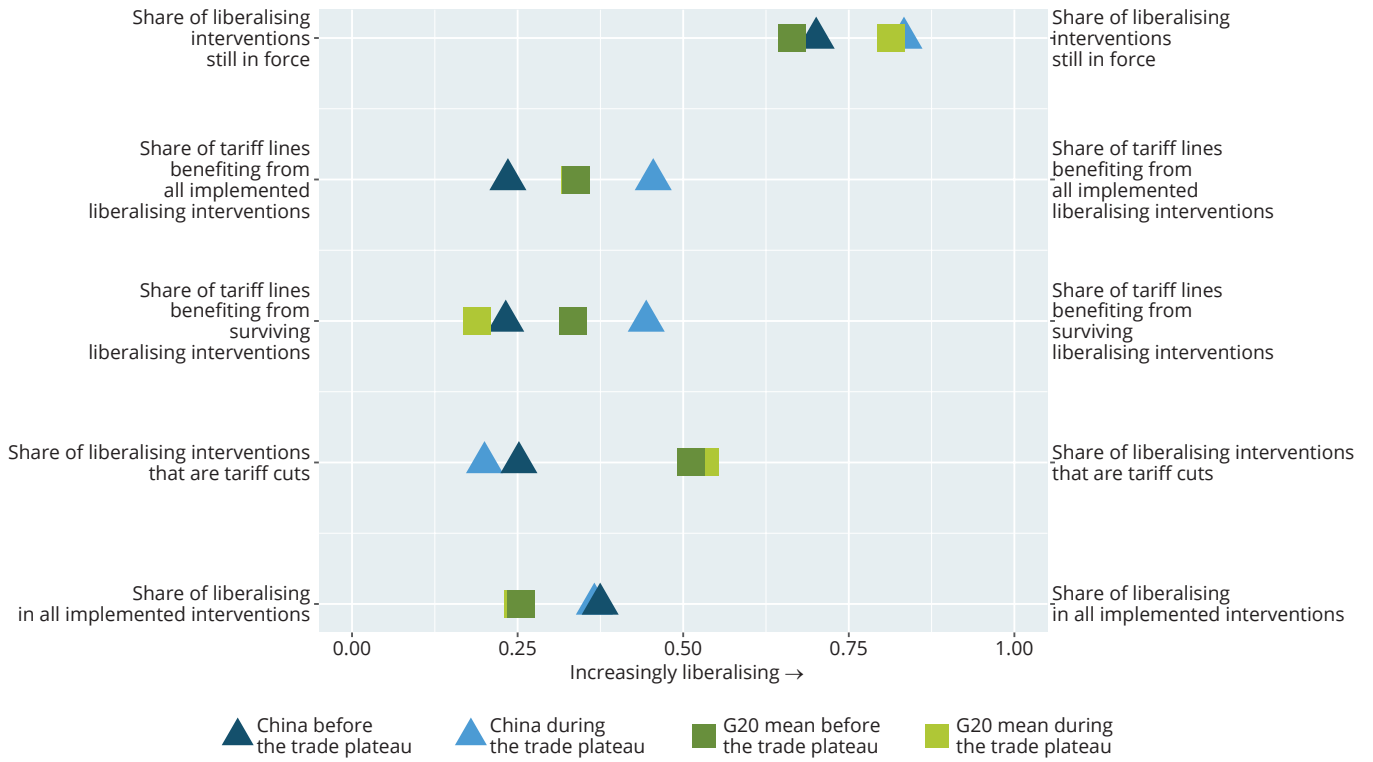


DISCRIMINATORY INTERVENTIONS HARMING CHINA'S INTERESTS



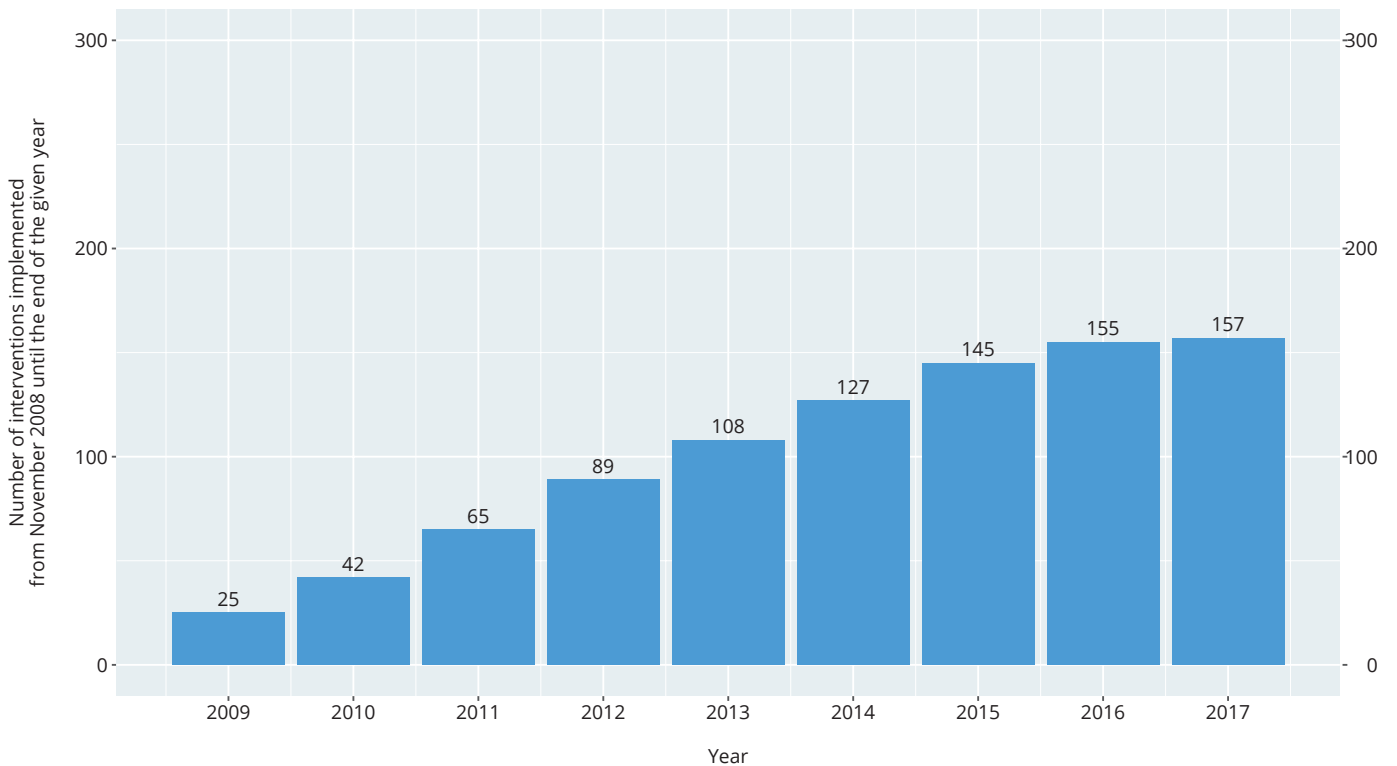
CHINA

Track record of liberalisation



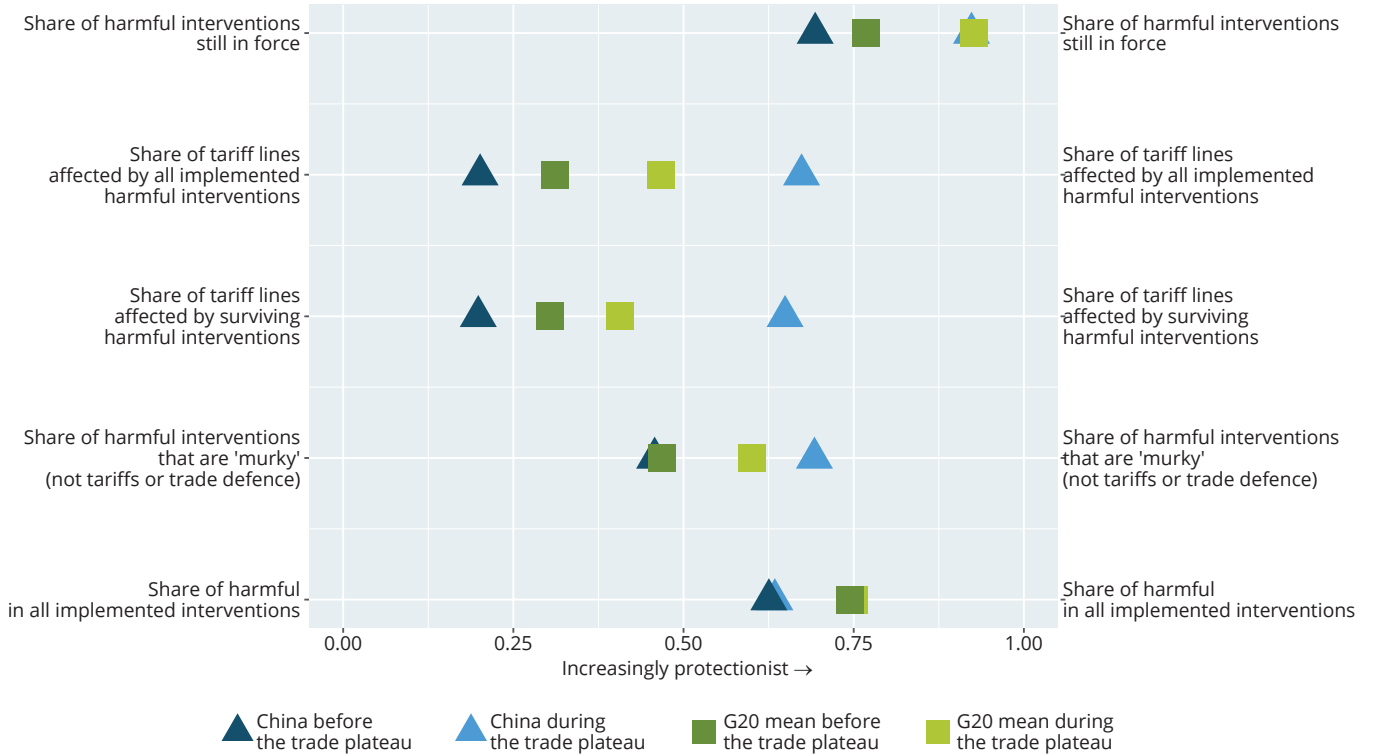
CHINA

Number of liberalising interventions imposed since November 2008



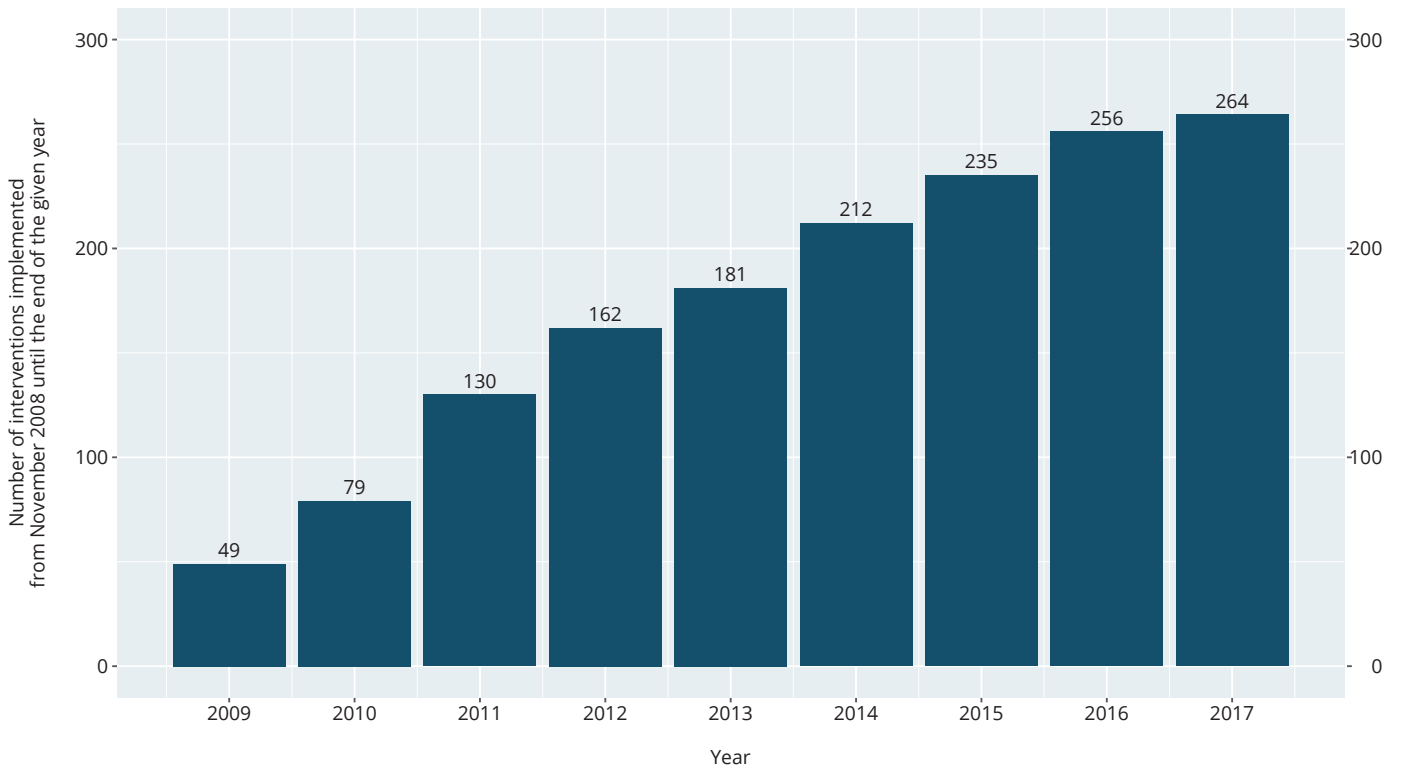
CHINA

Track record of protectionism



CHINA

Number of discriminatory interventions imposed since November 2008

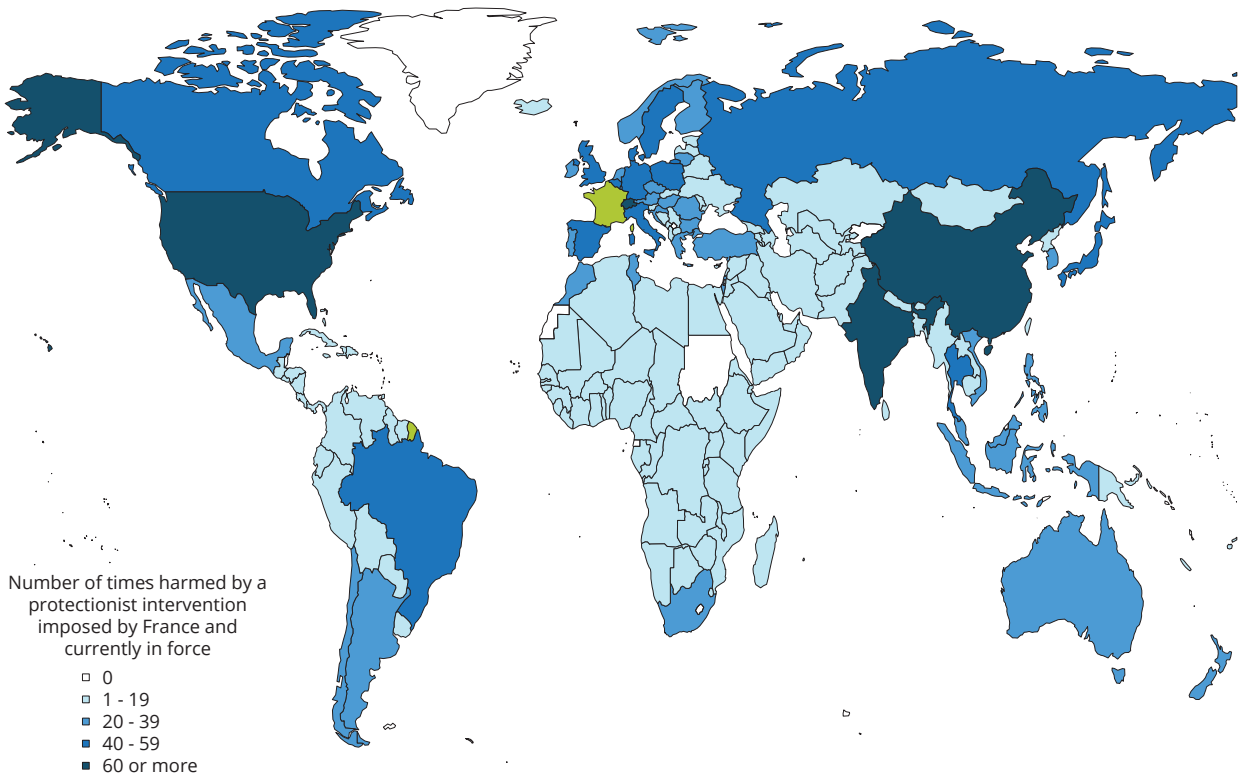


FRANCE

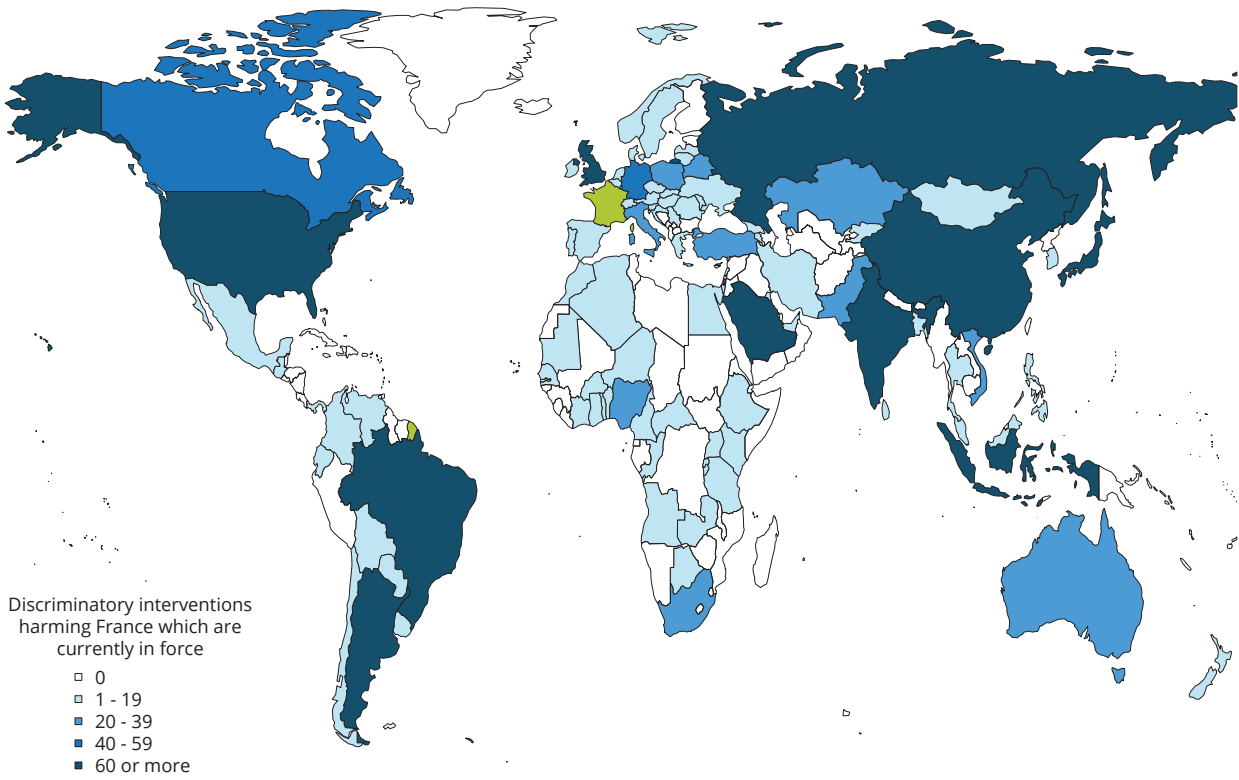
What is at stake for France's exporters?

UN MAST chapter	Foreign discriminatory policy instrument	Percentage of this G20 member's exports at risk due to ...							
		2009	2010	2011	2012	2013	2014	2015	2016
	All instruments	41.12	52.66	58.01	63.26	64.98	67.96	67.53	69.27
D	Contingent trade protection	0.01	0.03	0.03	0.05	0.08	0.18	0.17	0.16
E	Non-automatic licensing, quotas	0.19	0.75	0.92	1.00	1.06	1.15	1.45	1.41
F	Price control measures	0.00	0.00	0.01	0.03	0.24	0.77	0.93	1.00
G	Finance measures	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
I	Trade-related investment measures	0.16	0.51	1.05	1.30	1.30	1.53	1.81	1.92
L	Subsidies (except export subsidies)	5.61	9.56	7.41	9.31	9.87	12.80	13.44	14.52
M	Government procurement	1.03	1.50	1.65	2.55	2.67	2.77	2.92	3.16
P	Export measures	37.23	45.50	53.53	59.63	60.84	61.80	61.20	62.83
	Import tariff increases	0.37	1.52	1.72	2.06	2.40	2.53	2.66	3.11
	Instrument unclassified	0.07	0.26	0.30	0.44	1.11	1.41	1.47	1.40

COUNTRIES HARMED BY FRANCE'S DISCRIMINATORY INTERVENTIONS

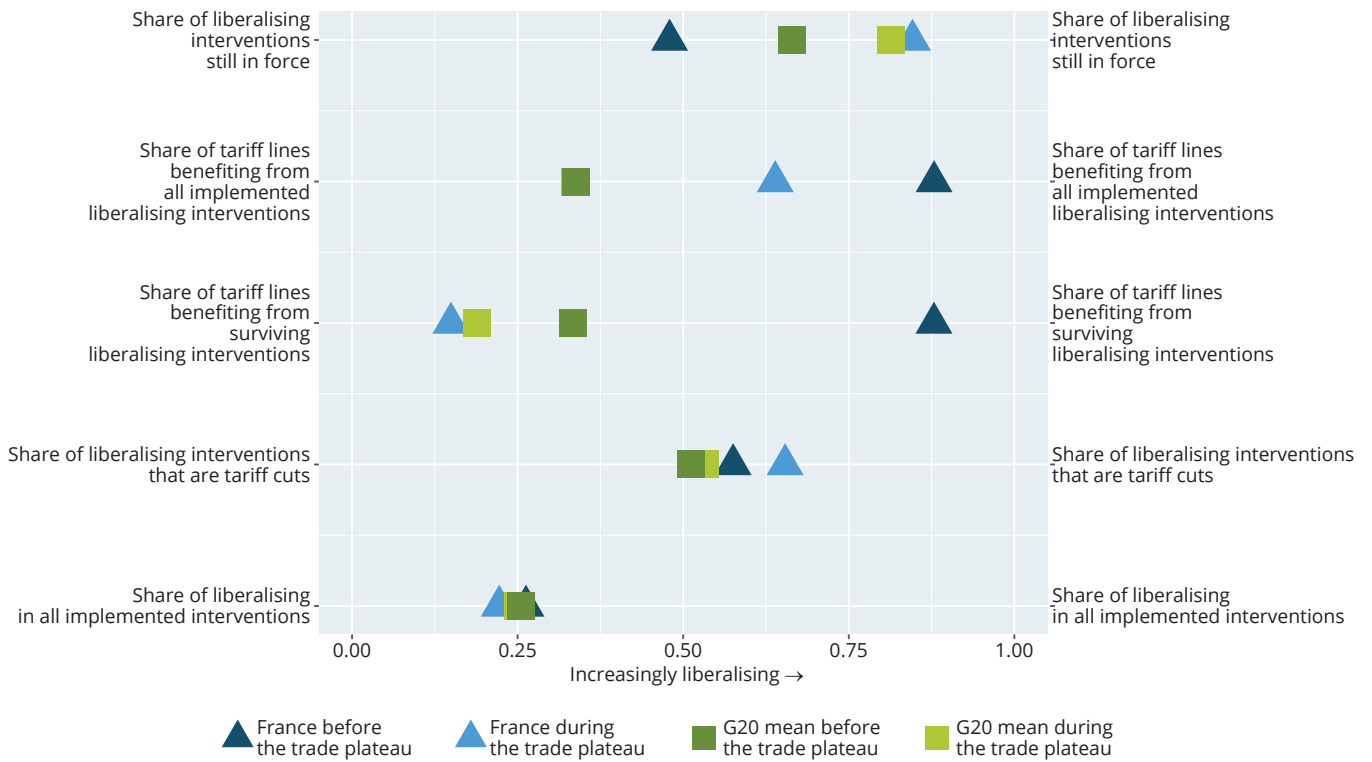


DISCRIMINATORY INTERVENTIONS HARMING FRANCE'S INTERESTS



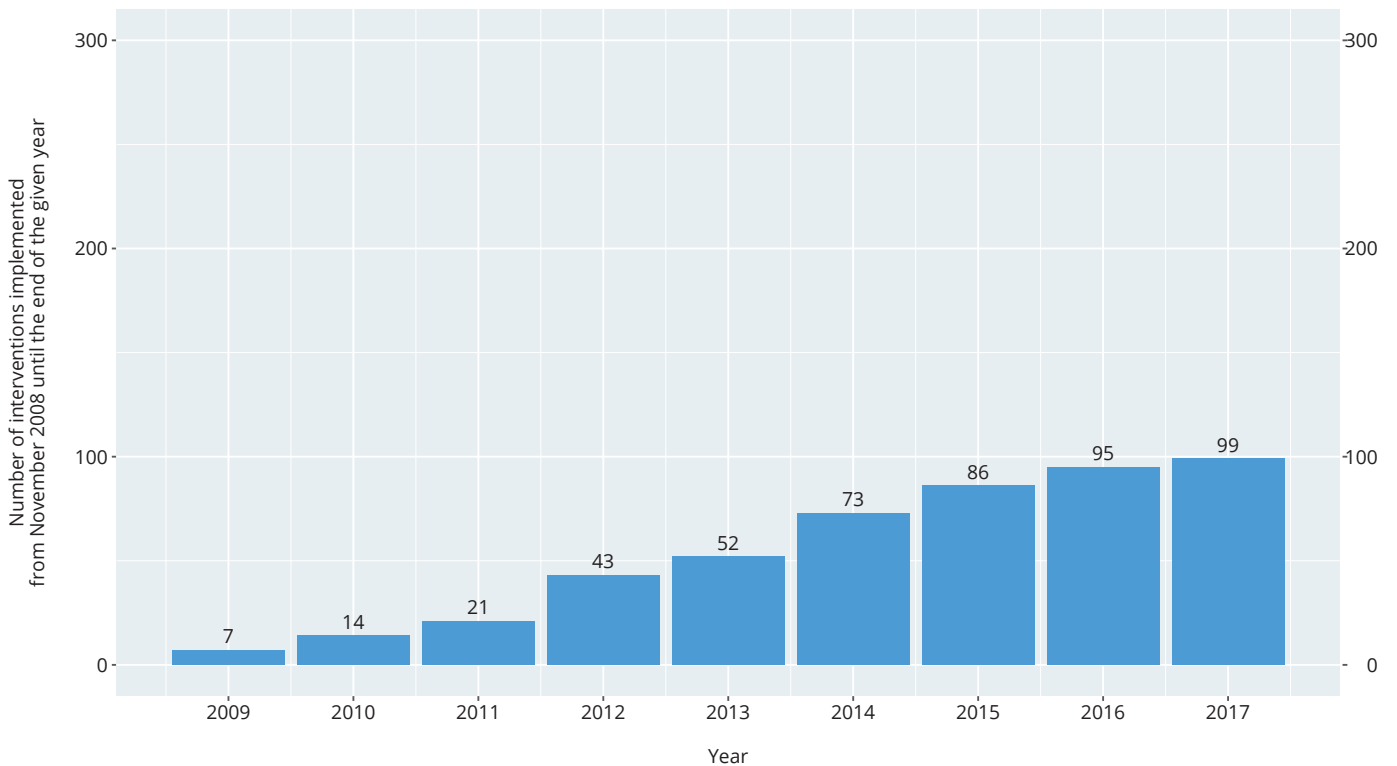
FRANCE

Track record of liberalisation



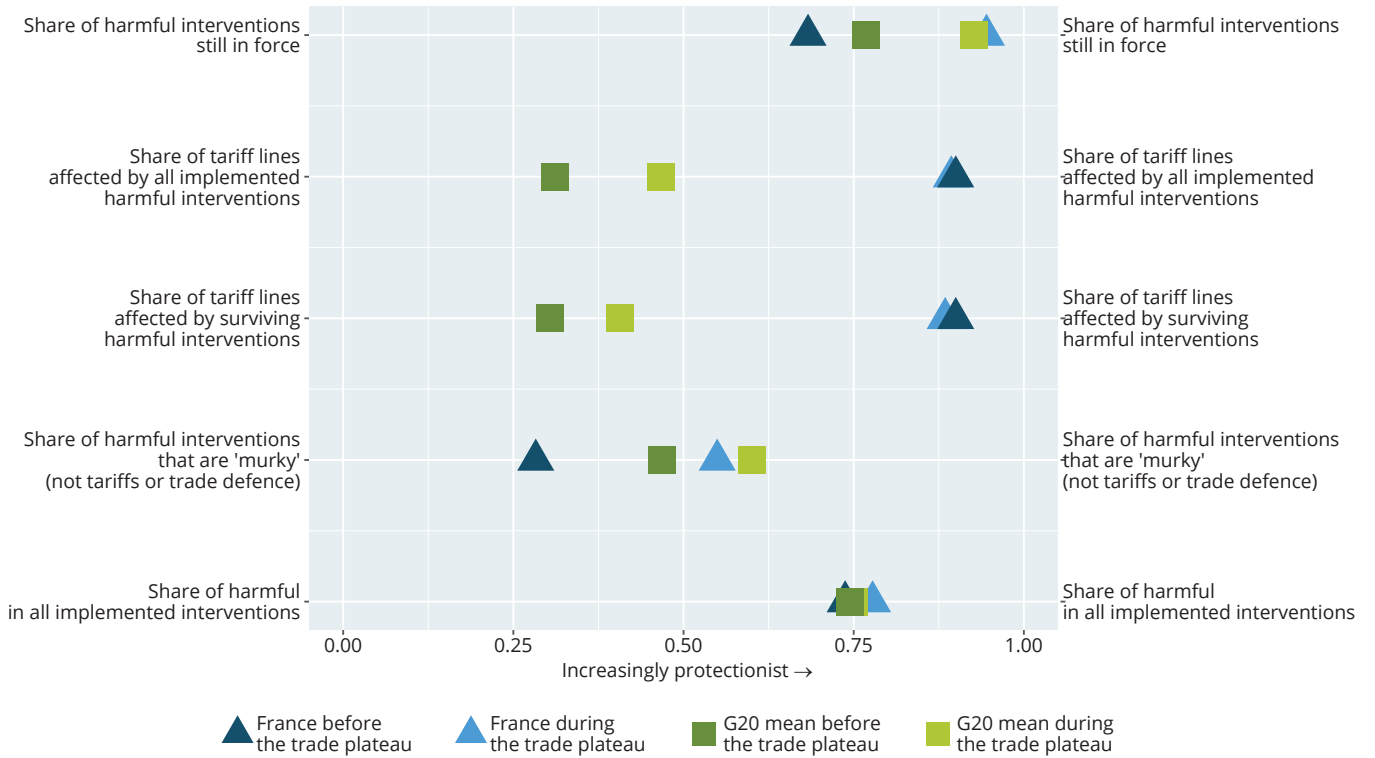
FRANCE

Number of liberalising interventions imposed since November 2008



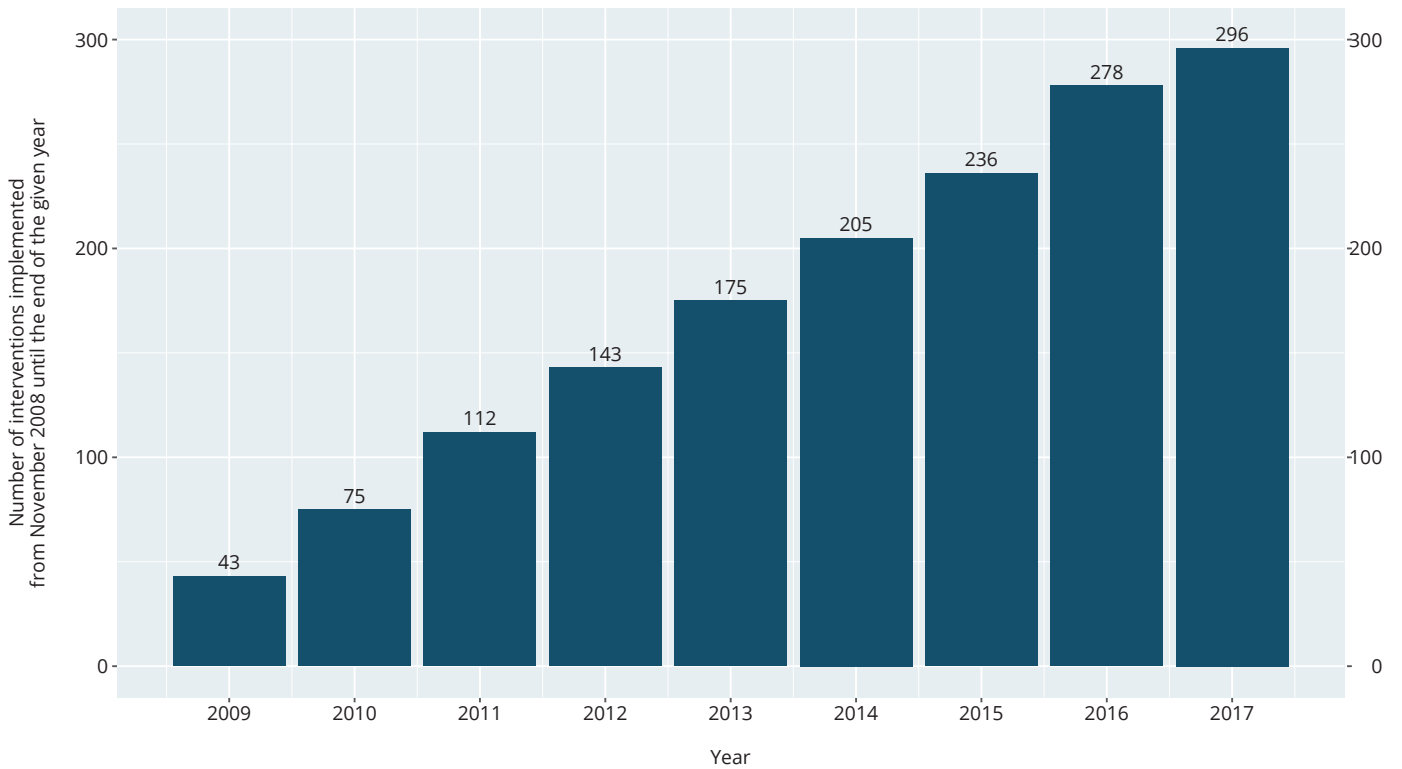
FRANCE

Track record of protectionism



FRANCE

Number of discriminatory interventions imposed since November 2008

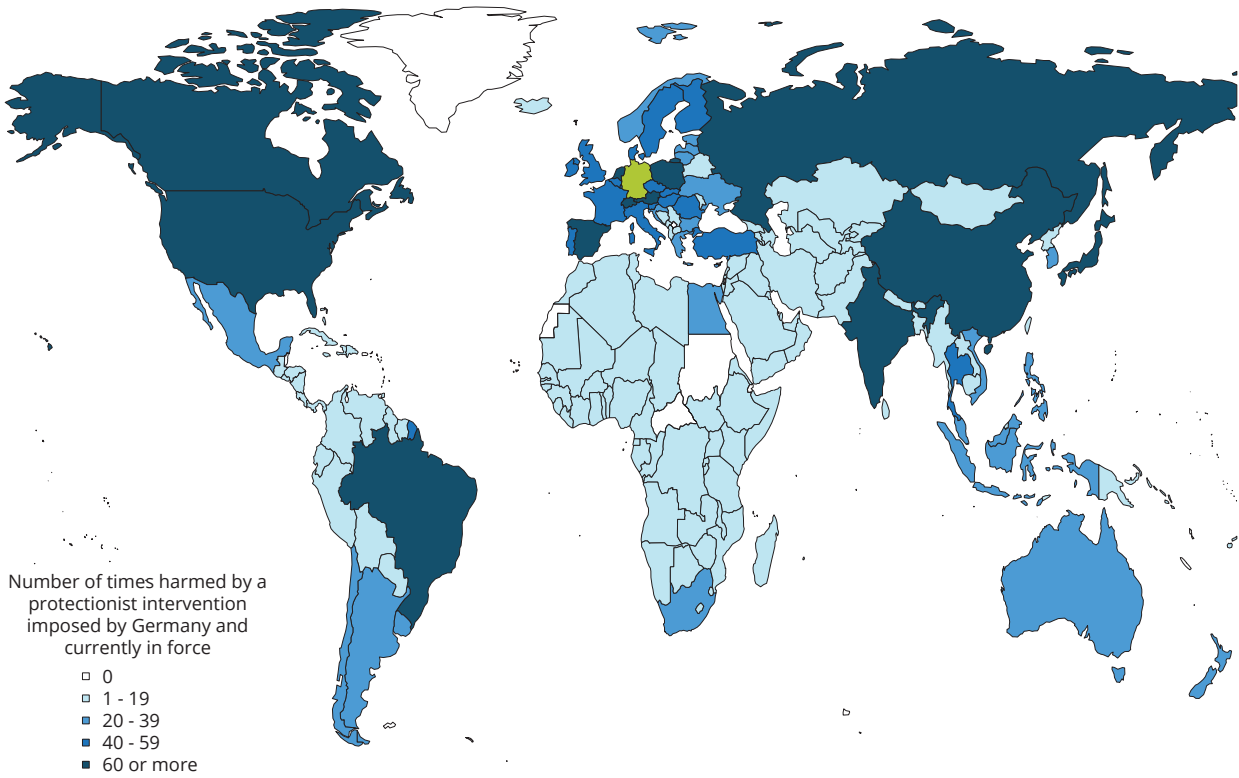


GERMANY

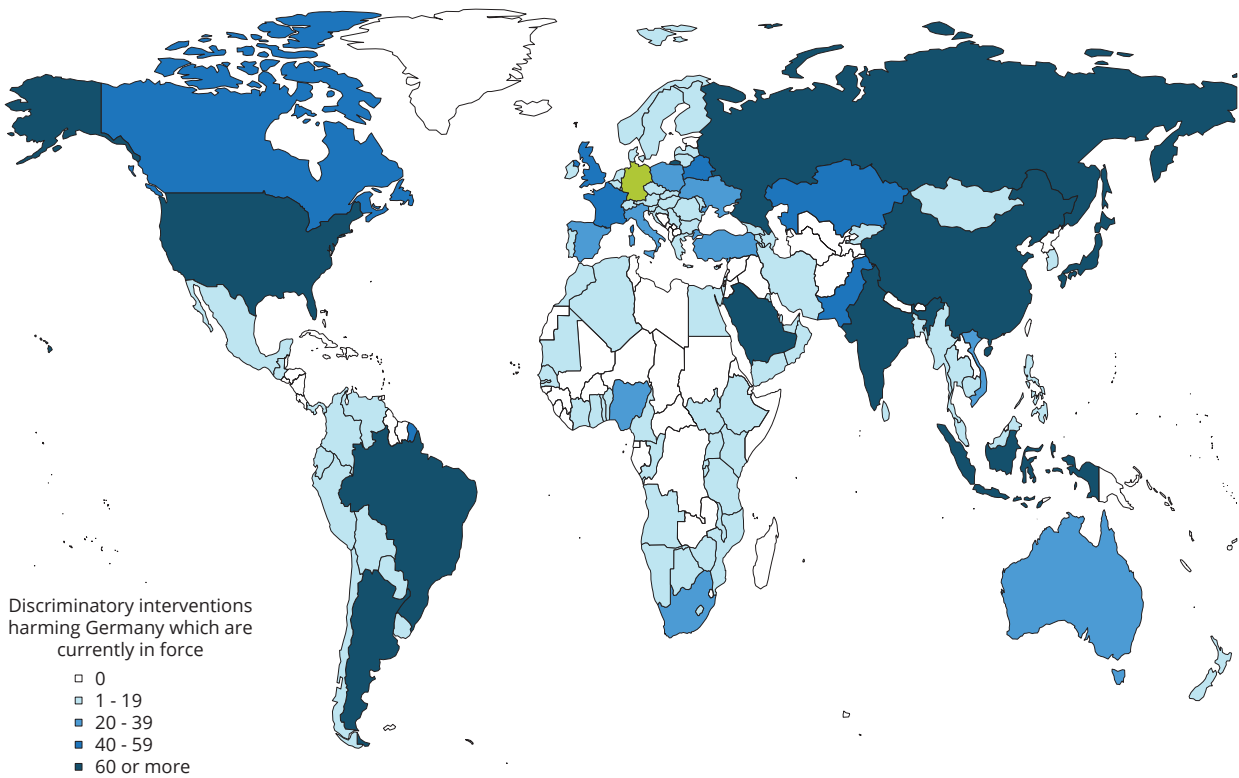
What is at stake for Germany's exporters?

UN MAST chapter	Foreign discriminatory policy instrument	Percentage of this G20 member's exports at risk due to ...							
		2009	2010	2011	2012	2013	2014	2015	2016
	All instruments	47.45	57.15	59.64	62.46	63.85	65.04	64.70	66.86
D	Contingent trade protection	0.04	0.10	0.11	0.16	0.22	0.25	0.26	0.24
E	Non-automatic licensing, quotas	0.49	0.29	0.34	0.45	0.83	0.87	1.24	1.22
F	Price control measures	0.00	0.00	0.03	0.07	0.09	0.24	0.40	0.50
G	Finance measures	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
I	Trade-related investment measures	0.36	1.90	2.65	2.96	2.99	3.17	3.47	3.74
L	Subsidies (except export subsidies)	8.36	11.59	8.30	9.47	10.07	11.32	11.58	13.23
M	Government procurement	1.81	2.63	2.72	4.63	5.19	5.45	5.78	5.97
P	Export measures	41.21	49.76	53.53	57.40	58.63	58.04	57.62	59.23
	Import tariff increases	0.95	2.40	2.52	2.82	3.36	3.59	3.73	4.15
	Instrument unclassified	0.05	0.28	0.37	0.48	0.71	1.18	2.81	2.70

COUNTRIES HARMED BY GERMANY'S DISCRIMINATORY INTERVENTIONS

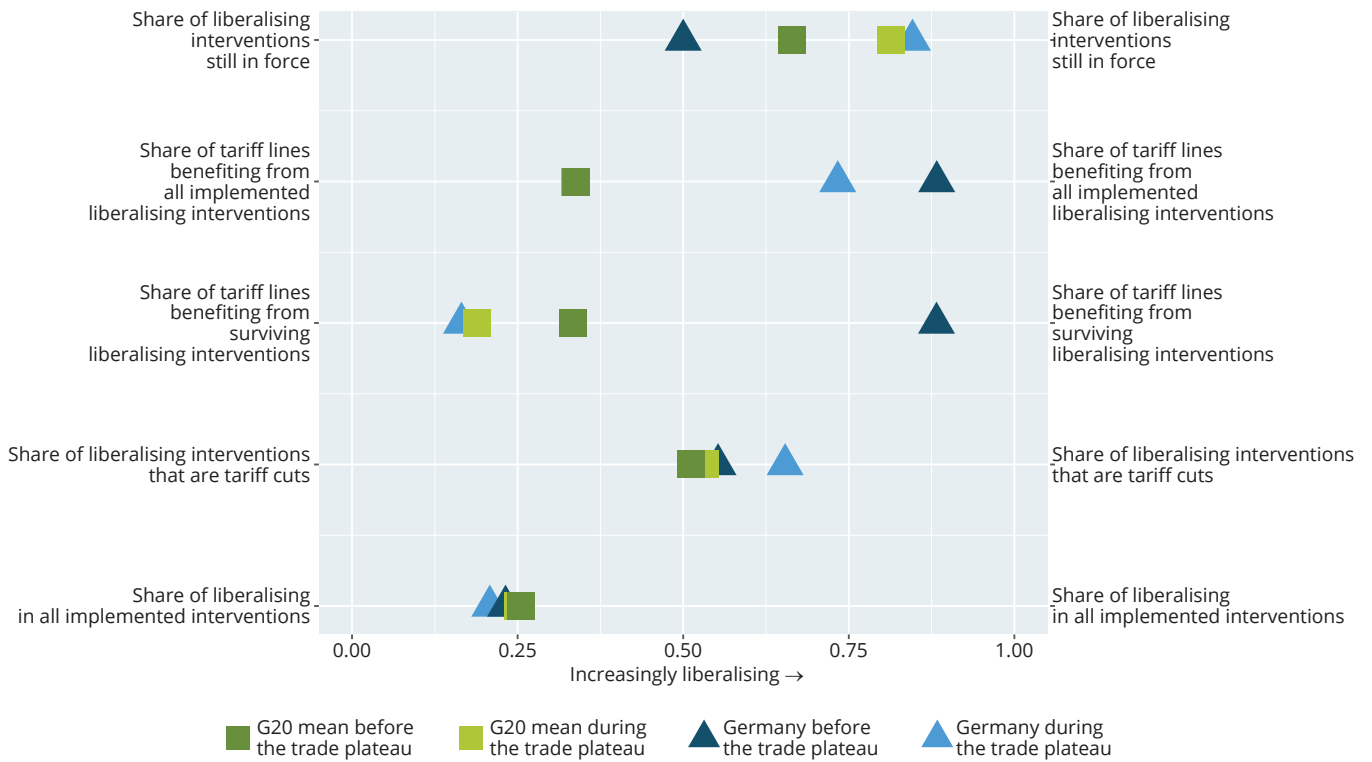


DISCRIMINATORY INTERVENTIONS HARMING GERMANY'S INTERESTS



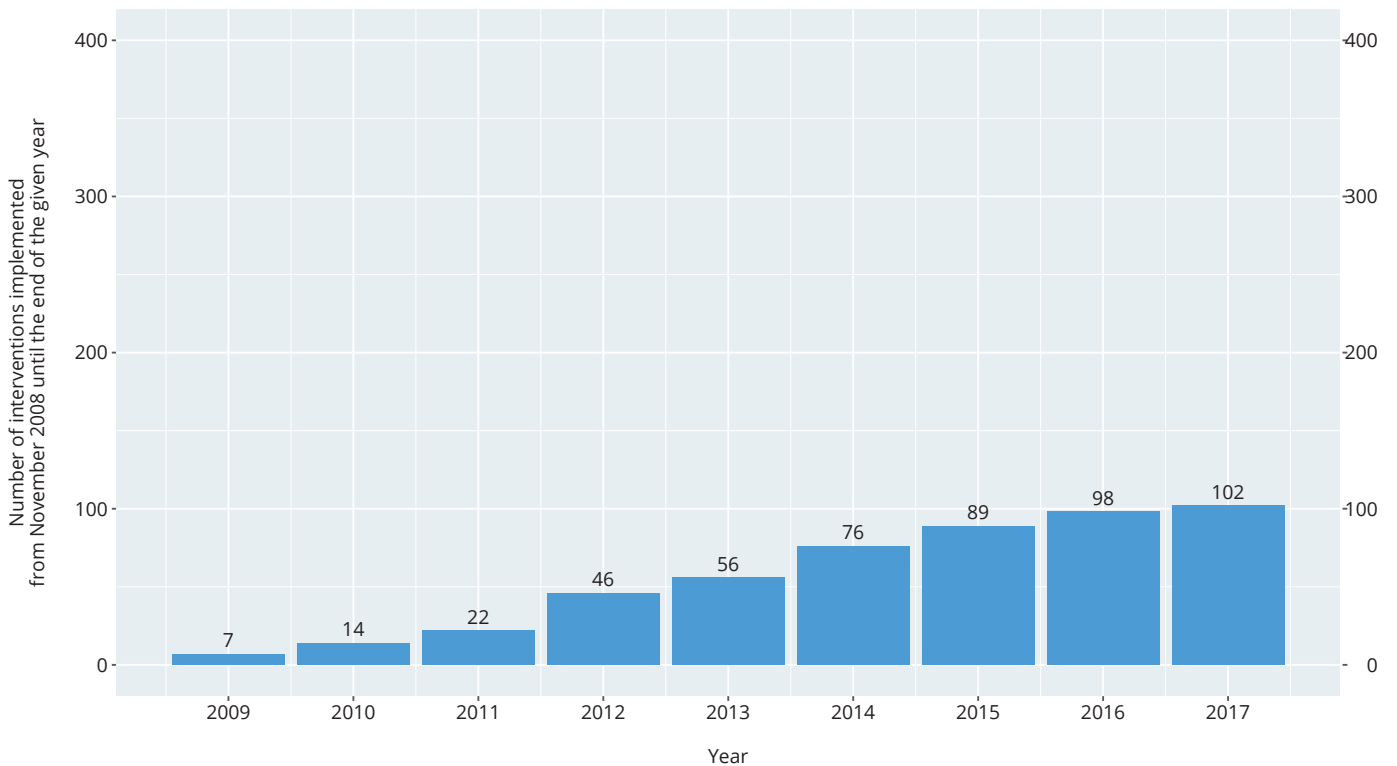
GERMANY

Track record of liberalisation



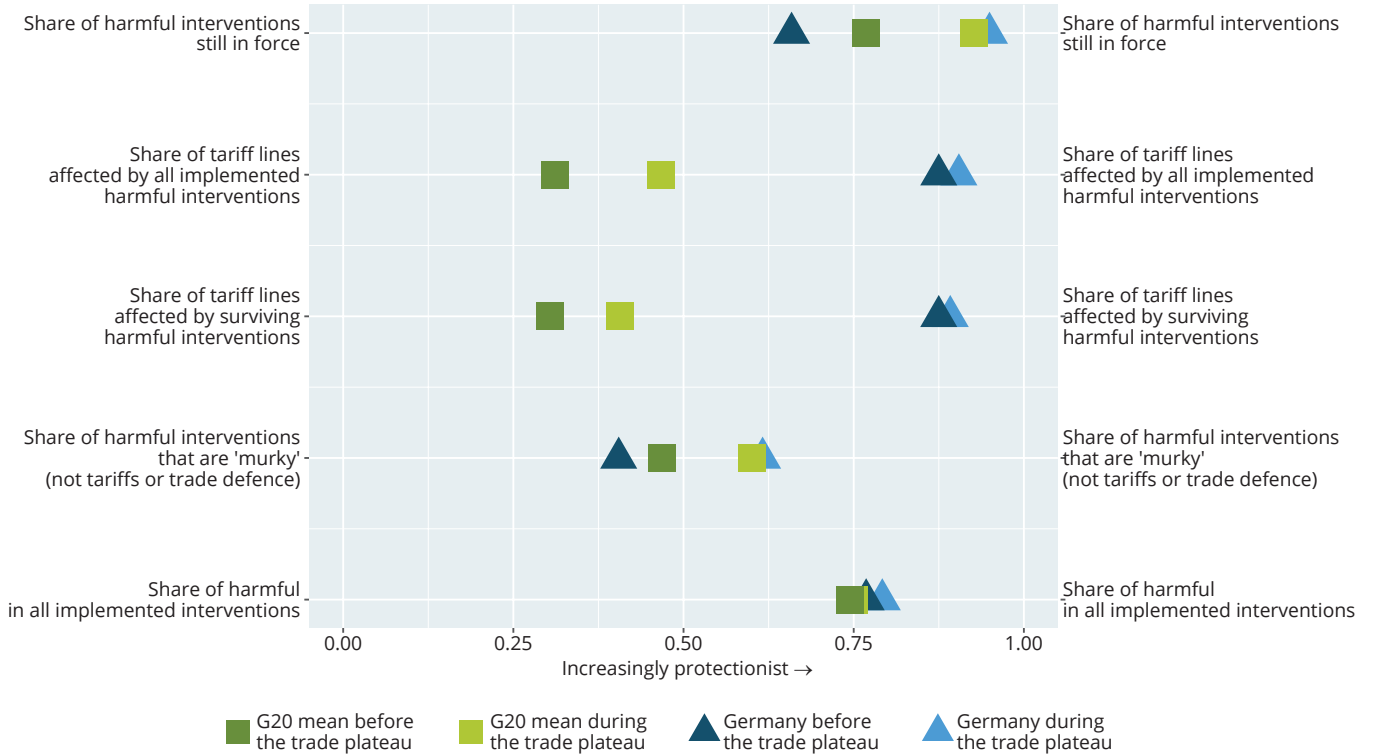
GERMANY

Number of liberalising interventions imposed since November 2008



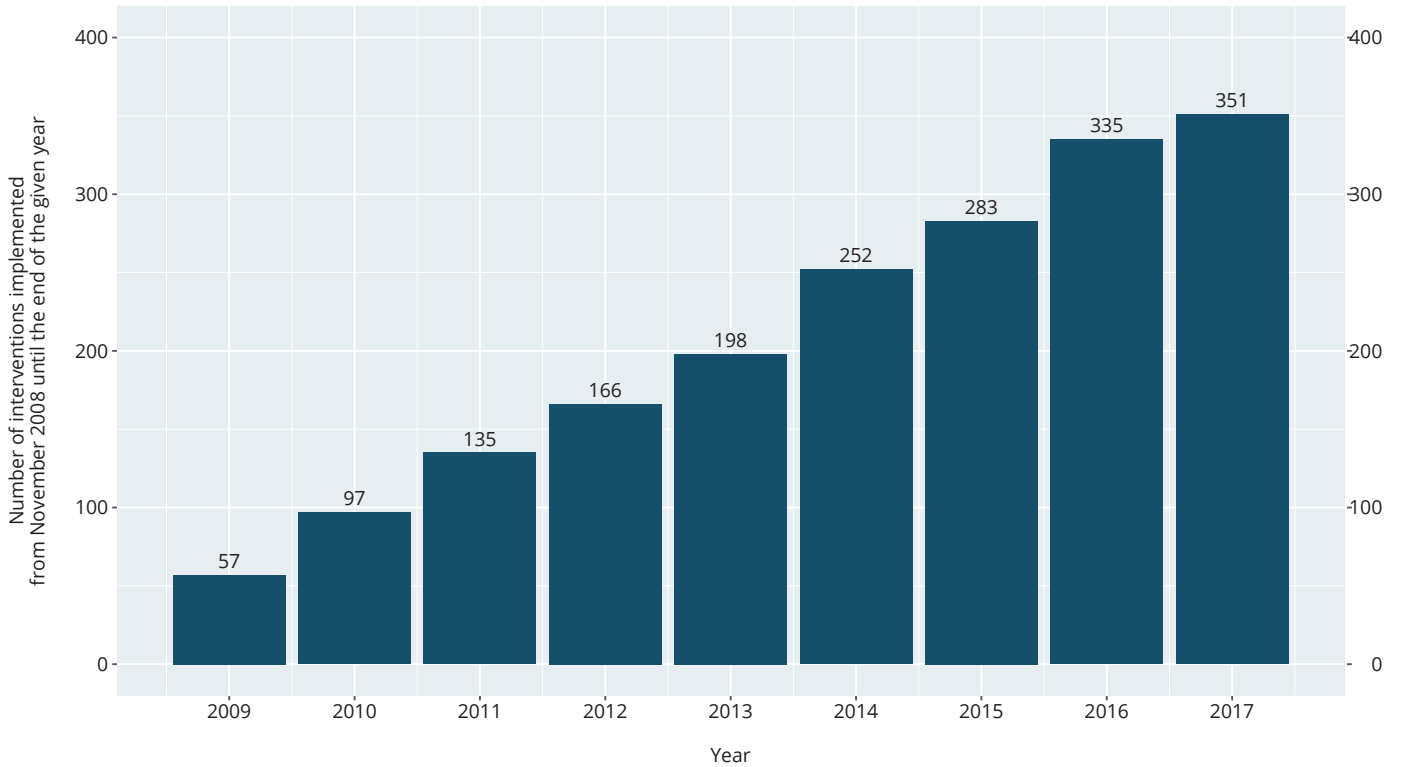
GERMANY

Track record of protectionism



GERMANY

Number of discriminatory interventions imposed since November 2008

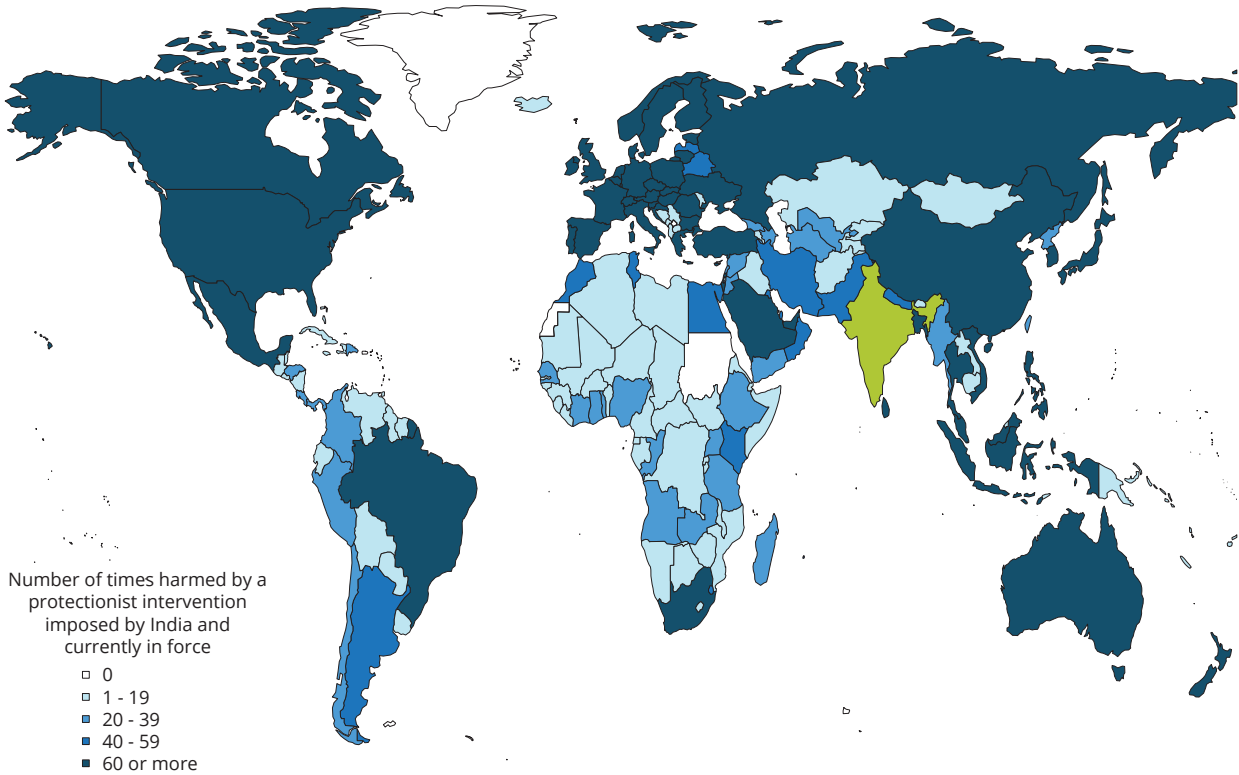


INDIA

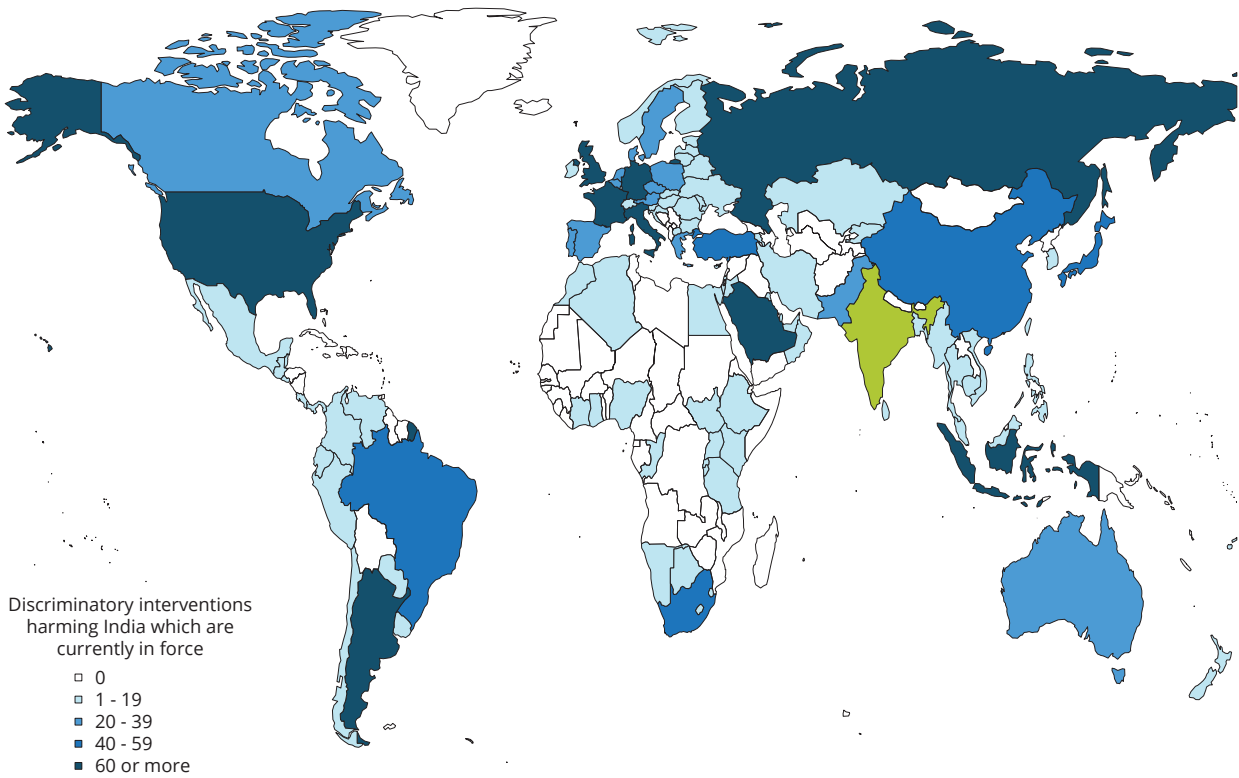
What is at stake for India's exporters?

UN MAST chapter	Foreign discriminatory policy instrument	Percentage of this G20 member's exports at risk due to ...							
		2009	2010	2011	2012	2013	2014	2015	2016
	All instruments	39.85	46.02	56.84	55.40	56.00	64.66	71.74	75.62
D	Contingent trade protection	0.15	0.23	0.58	0.74	0.83	0.97	1.03	1.27
E	Non-automatic licensing, quotas	1.30	10.07	11.51	13.06	12.35	12.67	12.81	13.24
F	Price control measures	5.35	5.35	5.35	5.37	5.35	5.49	5.56	5.59
G	Finance measures	0.00	0.00	0.00	0.00	0.07	0.00	0.02	0.03
I	Trade-related investment measures	0.04	0.18	0.56	0.77	0.81	1.71	2.90	3.04
L	Subsidies (except export subsidies)	1.15	2.20	2.75	4.62	5.80	7.05	9.07	10.19
M	Government procurement	2.87	5.37	5.77	10.48	11.69	11.97	12.15	12.56
P	Export measures	32.33	37.67	48.07	42.58	41.96	48.64	61.38	71.17
	Import tariff increases	0.11	0.20	0.33	0.50	1.80	19.88	5.04	6.80
	Instrument unclassified	0.15	0.51	0.42	0.48	1.35	1.44	2.22	2.33

COUNTRIES HARMED BY INDIA'S DISCRIMINATORY INTERVENTIONS

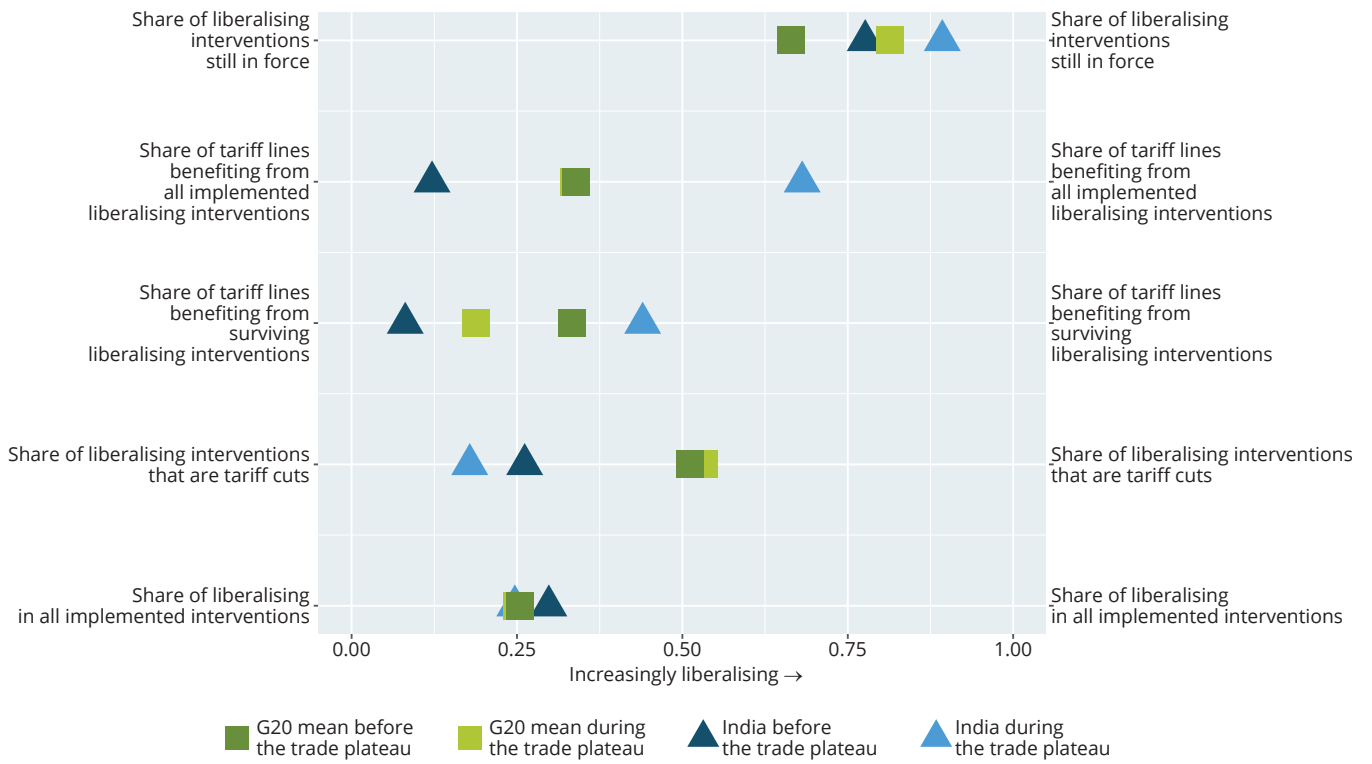


DISCRIMINATORY INTERVENTIONS HARMING INDIA'S INTERESTS



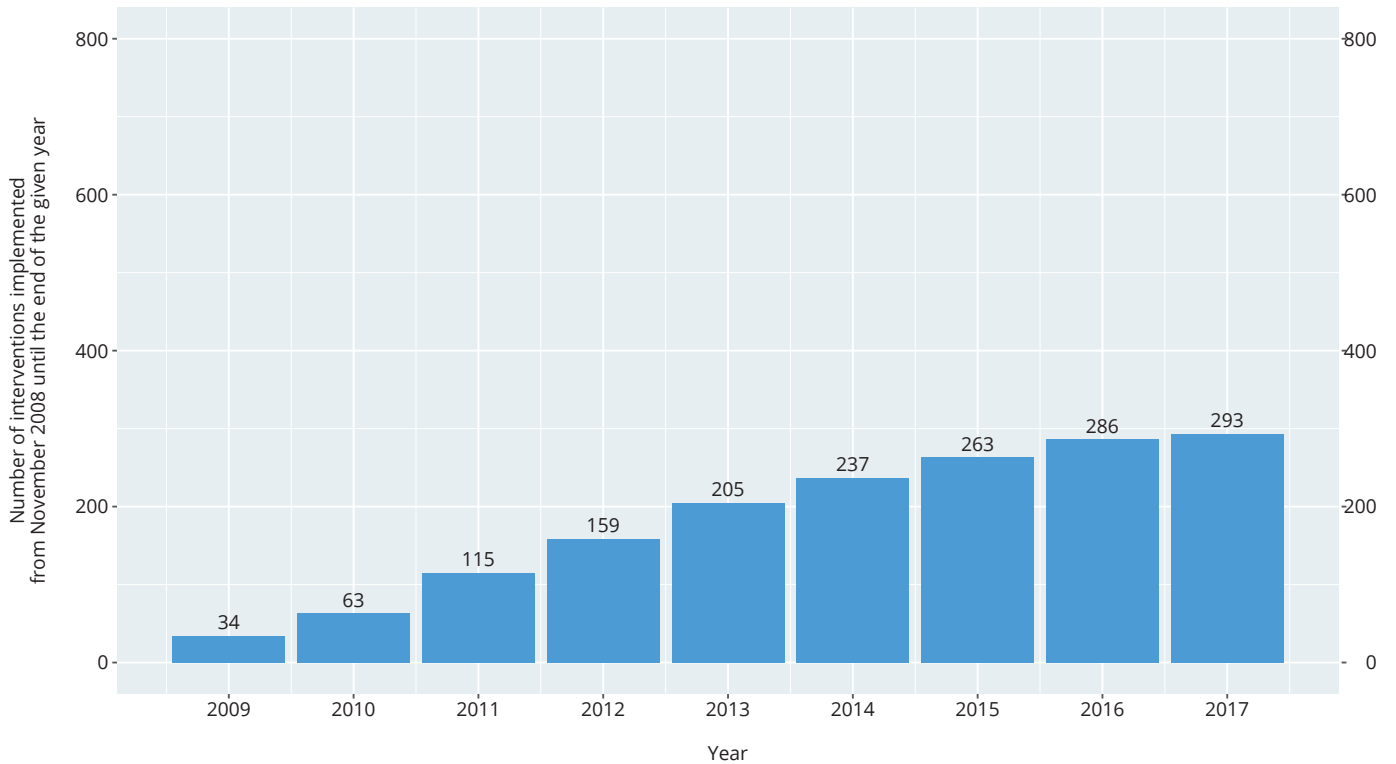
INDIA

Track record of liberalisation



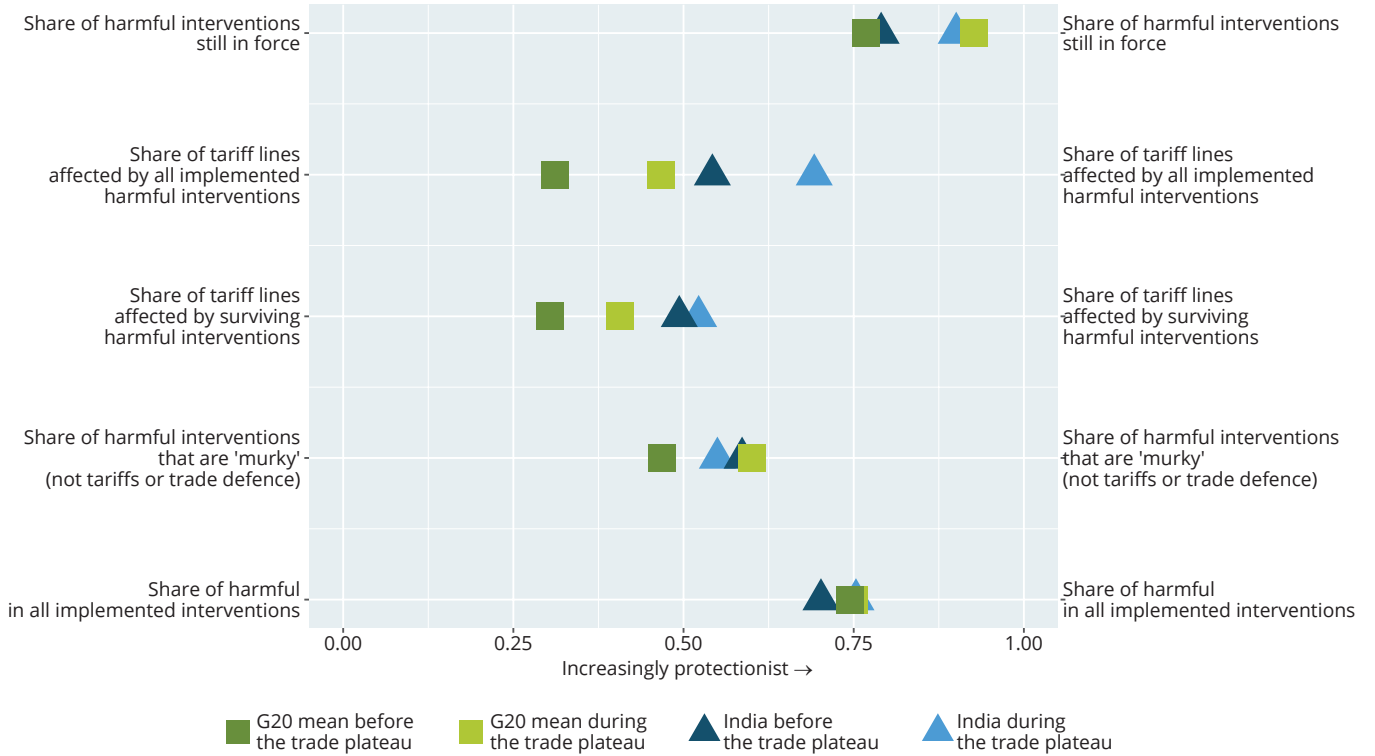
INDIA

Number of liberalising interventions imposed since November 2008



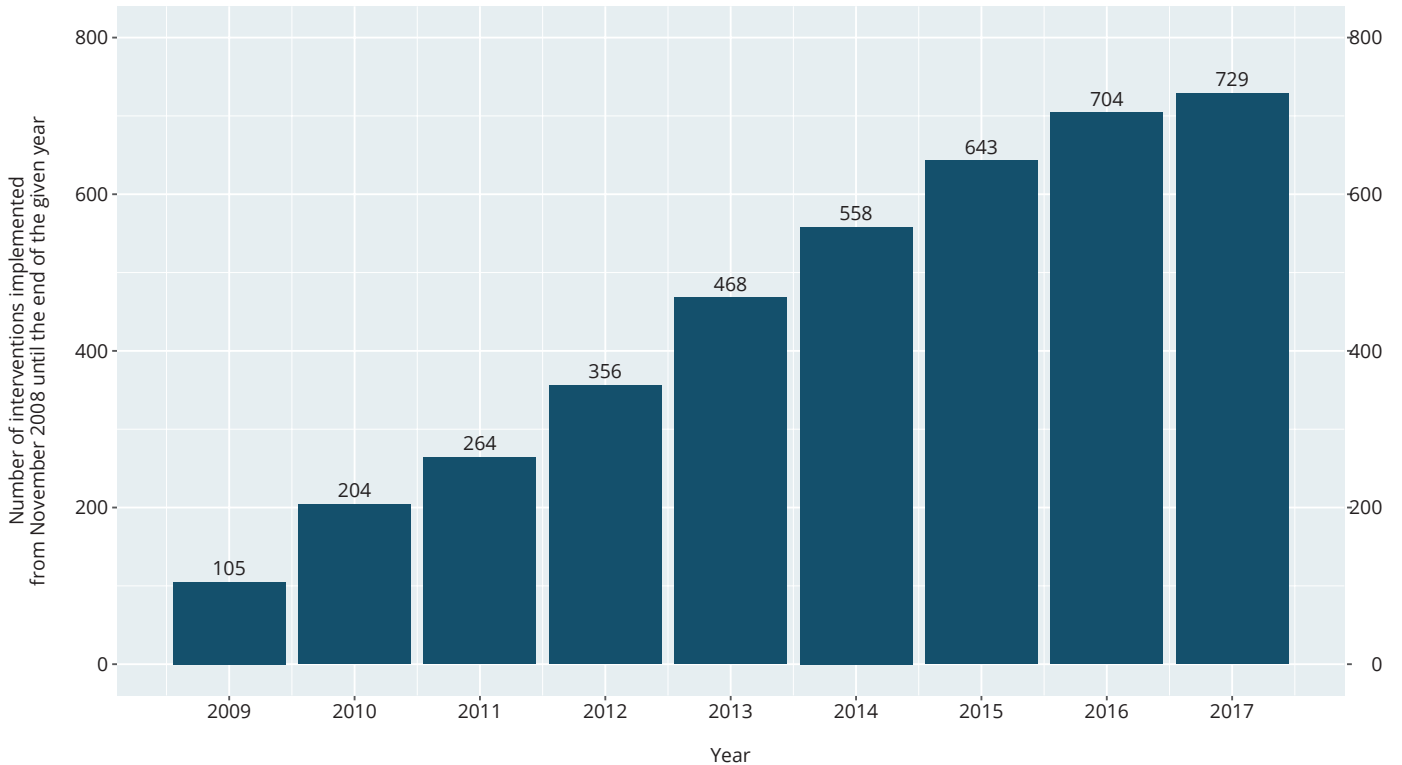
INDIA

Track record of protectionism



INDIA

Number of discriminatory interventions imposed since November 2008

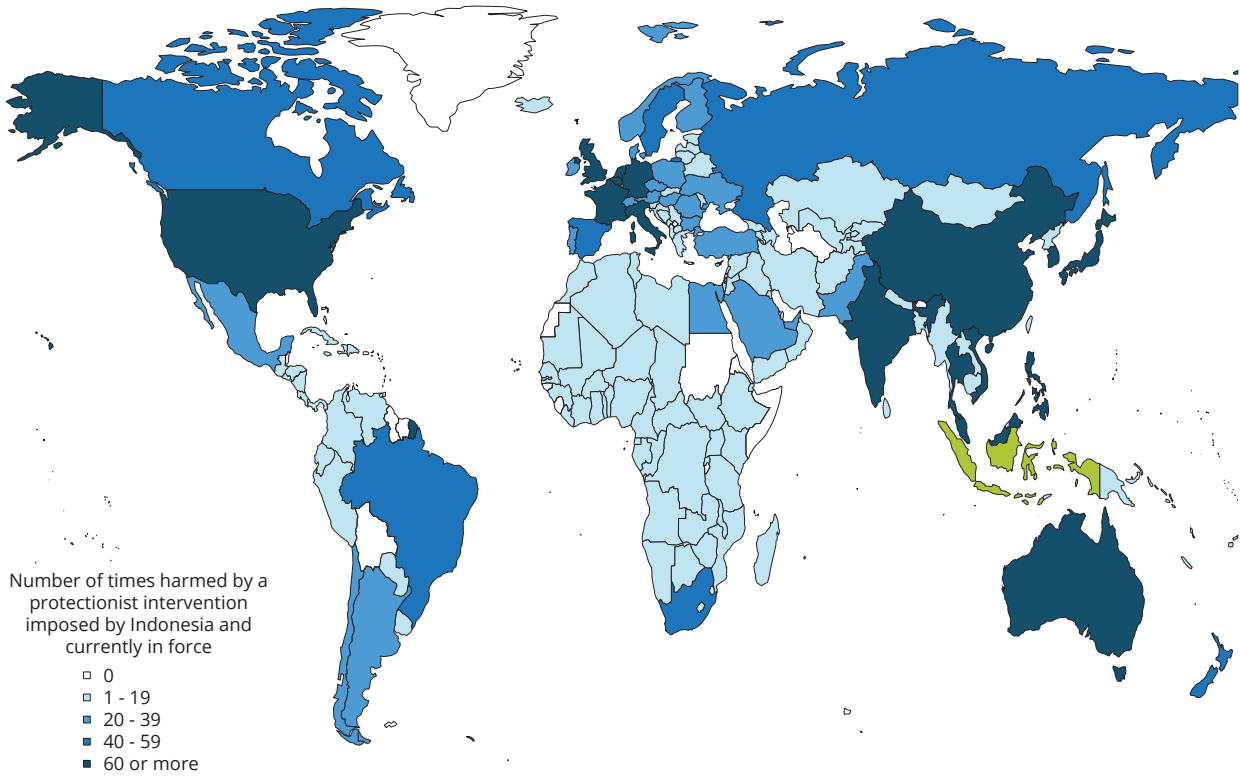


INDONESIA

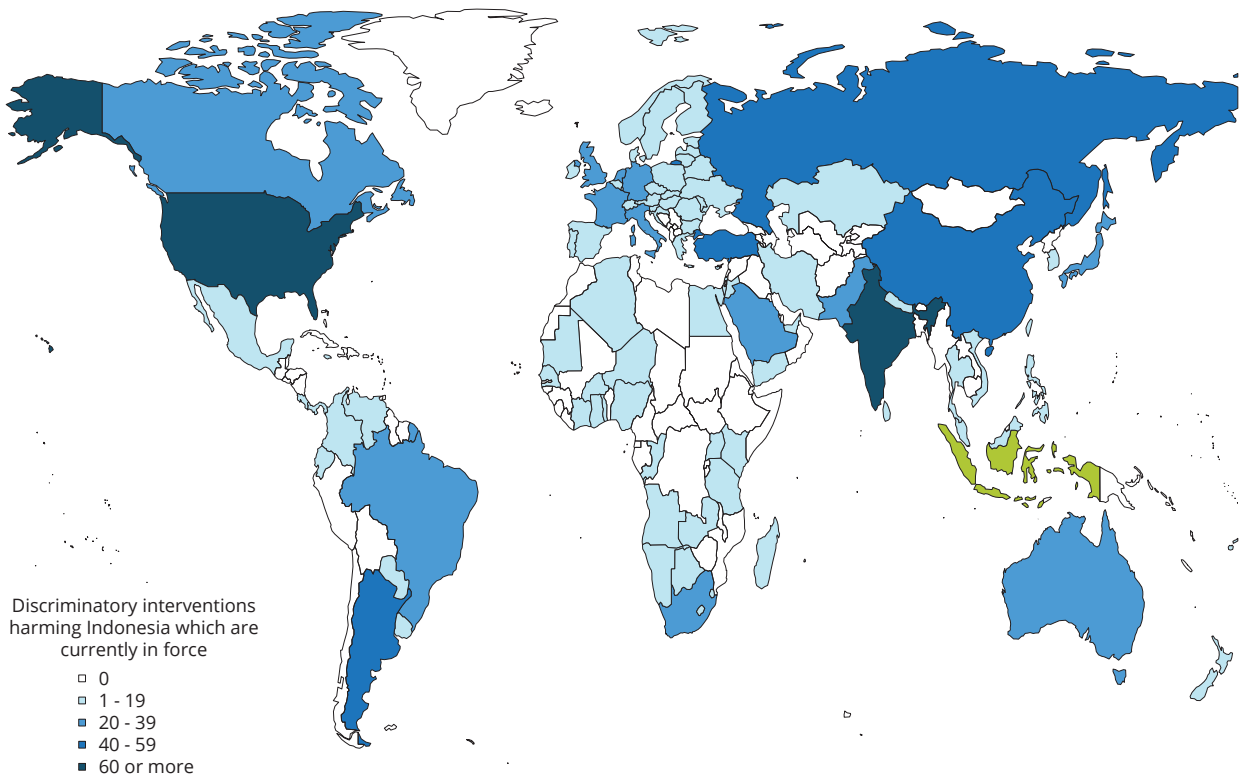
What is at stake for Indonesia's exporters?

UN MAST chapter	Foreign discriminatory policy instrument	Percentage of this G20 member's exports at risk due to ...							
		2009	2010	2011	2012	2013	2014	2015	2016
	All instruments	38.86	45.22	49.17	51.71	54.77	66.04	65.78	69.78
D	Contingent trade protection	0.21	0.29	0.36	0.41	0.47	0.51	0.51	0.51
E	Non-automatic licensing, quotas	1.20	3.36	3.55	3.87	3.76	3.95	5.52	5.45
F	Price control measures	1.18	1.18	1.24	1.31	1.30	1.31	1.63	1.65
G	Finance measures	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
I	Trade-related investment measures	0.03	0.10	0.39	0.63	0.75	0.86	0.92	0.95
L	Subsidies (except export subsidies)	0.81	1.07	2.22	2.97	3.90	4.26	6.12	7.37
M	Government procurement	3.46	7.48	7.68	9.44	9.71	9.77	9.78	9.80
P	Export measures	35.72	41.13	44.92	46.87	49.86	57.83	57.81	62.04
	Import tariff increases	0.08	0.13	0.19	0.40	0.88	10.26	3.51	4.31
	Instrument unclassified	0.06	0.44	0.28	0.30	0.45	2.34	4.14	4.49

COUNTRIES HARMED BY INDONESIA'S DISCRIMINATORY INTERVENTIONS

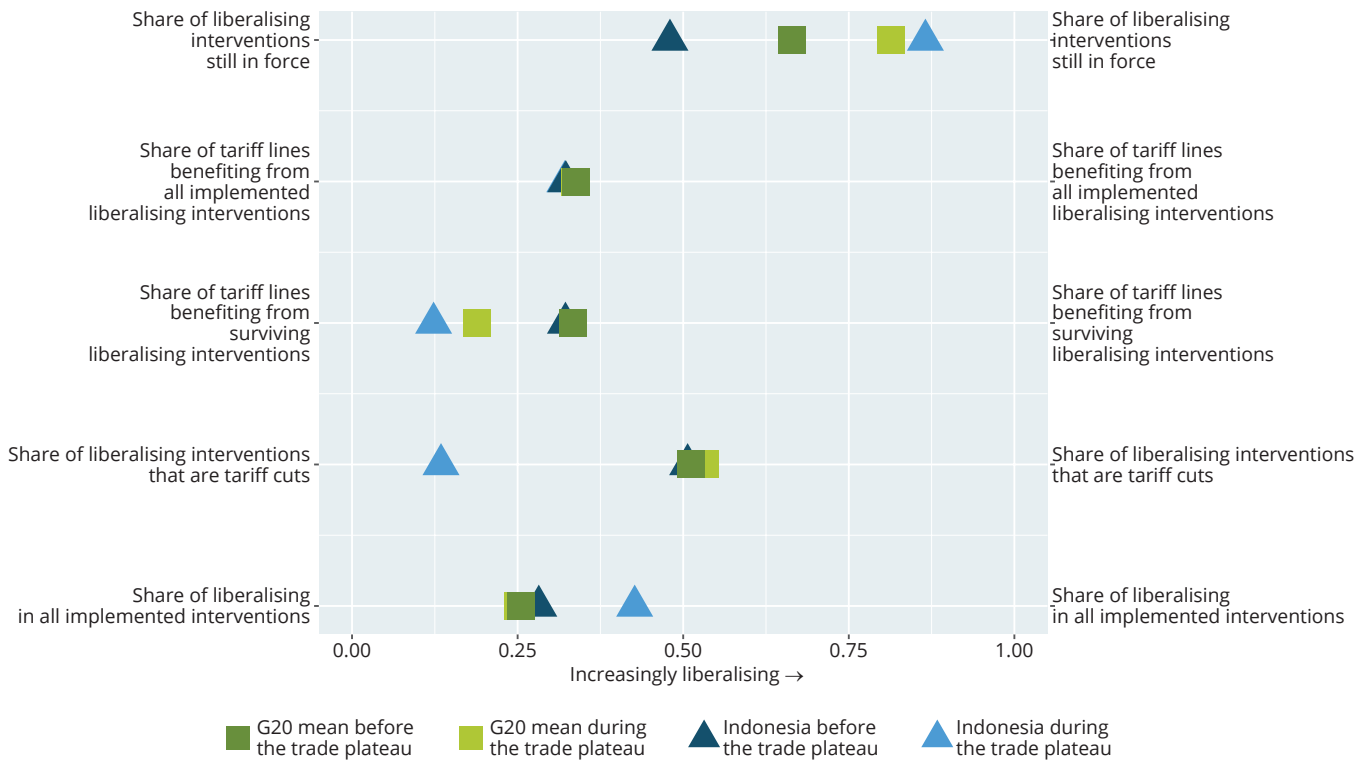


DISCRIMINATORY INTERVENTIONS HARMING INDONESIA'S INTERESTS



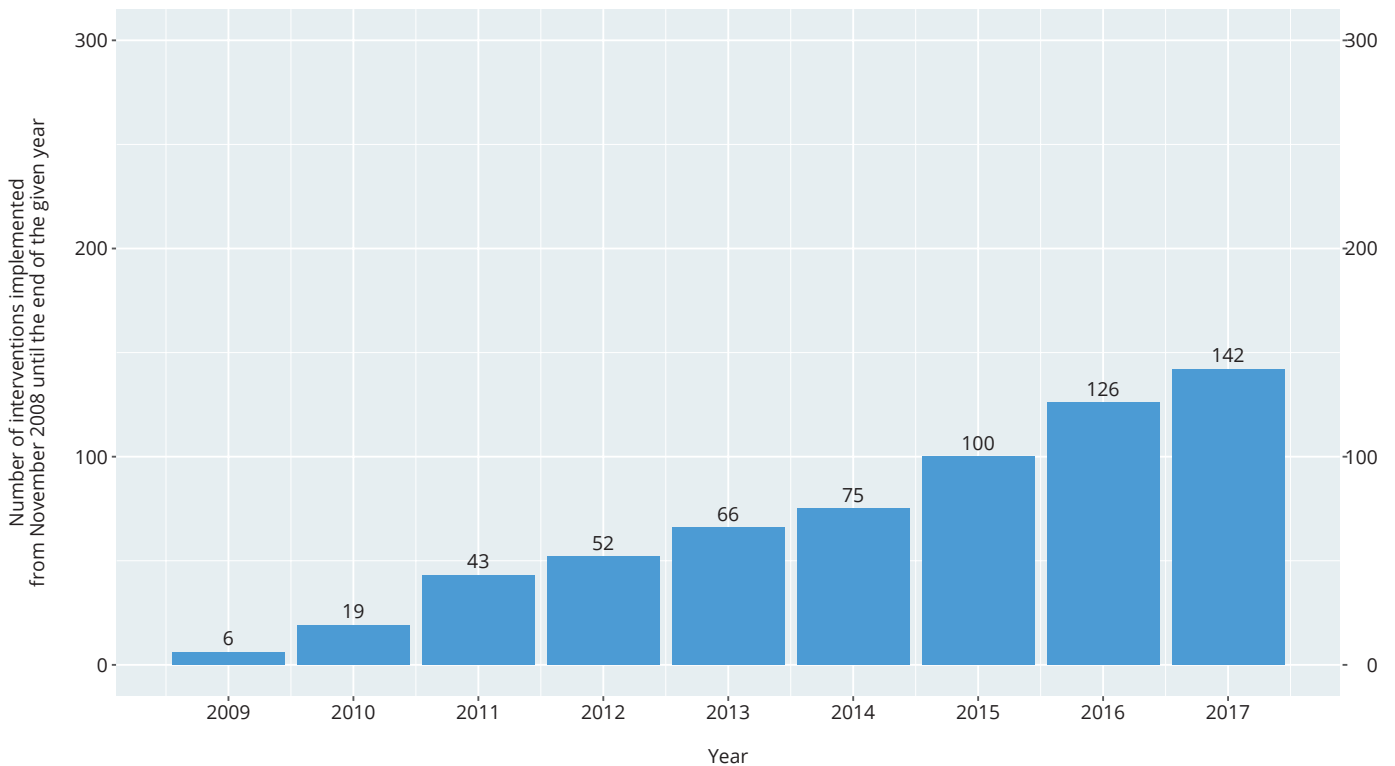
INDONESIA

Track record of liberalisation



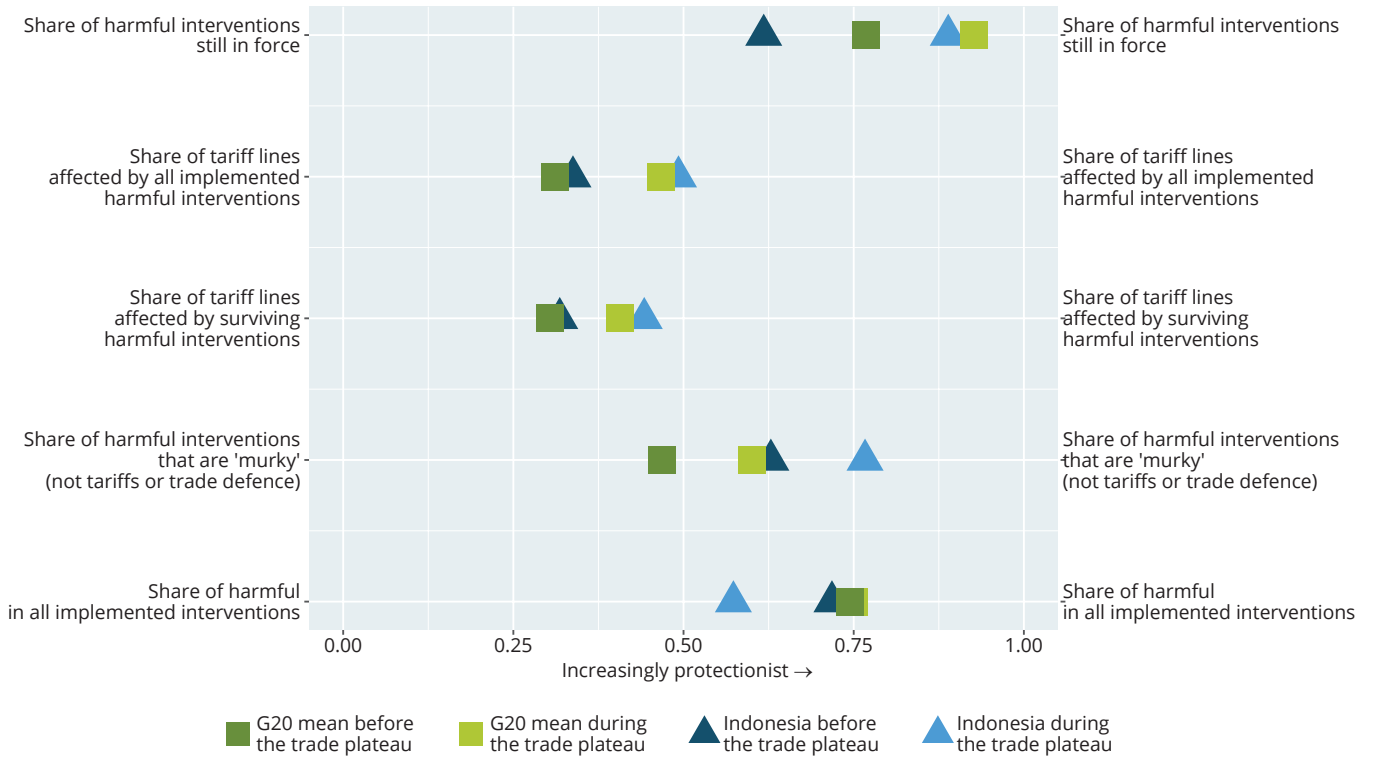
INDONESIA

Number of liberalising interventions imposed since November 2008



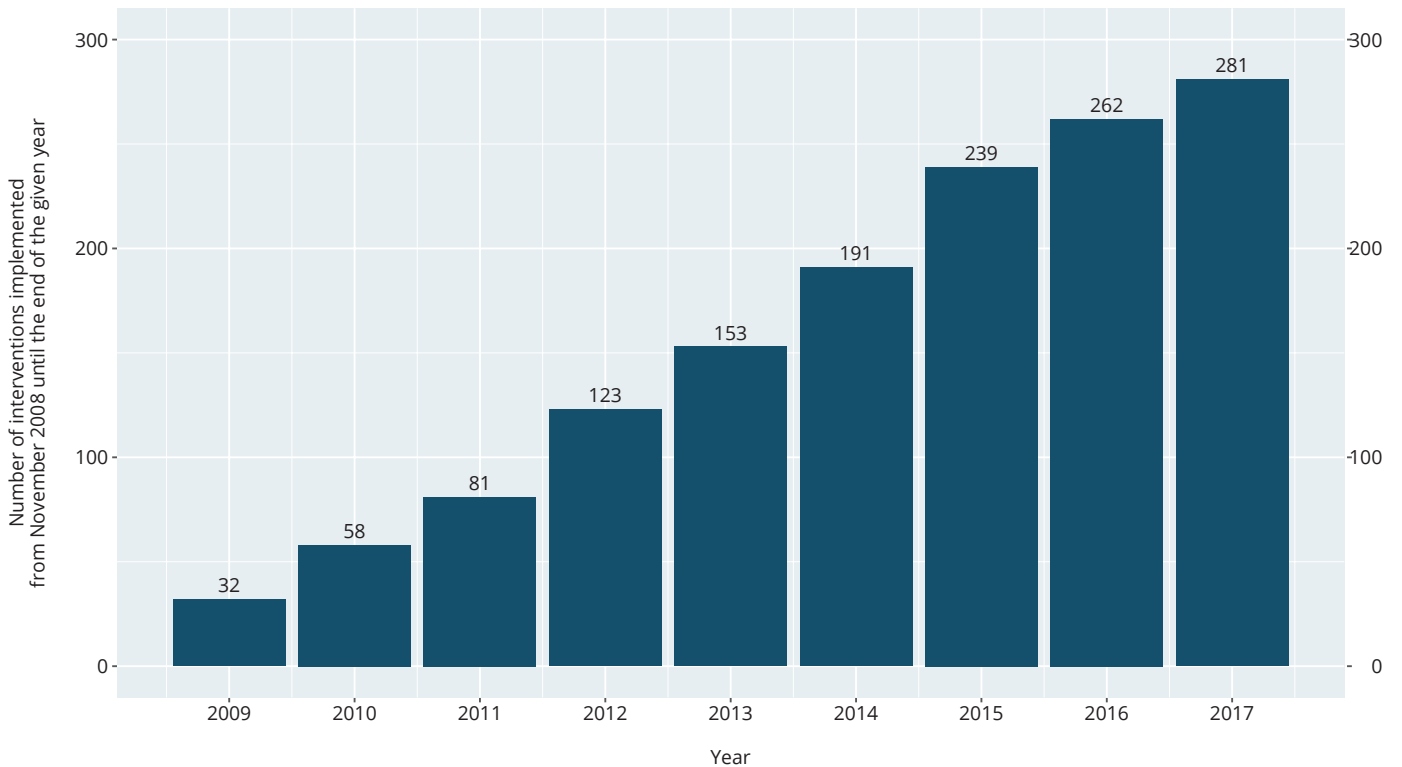
INDONESIA

Track record of protectionism



INDONESIA

Number of discriminatory interventions imposed since November 2008

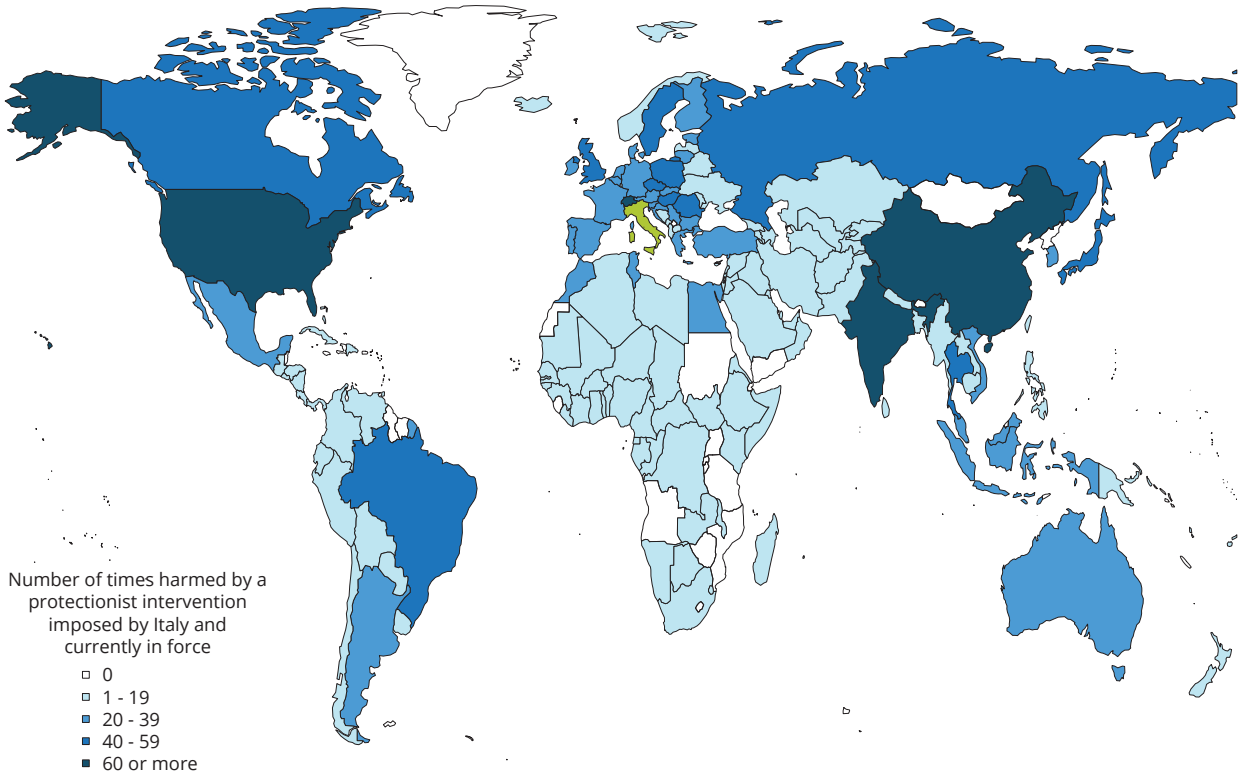


ITALY

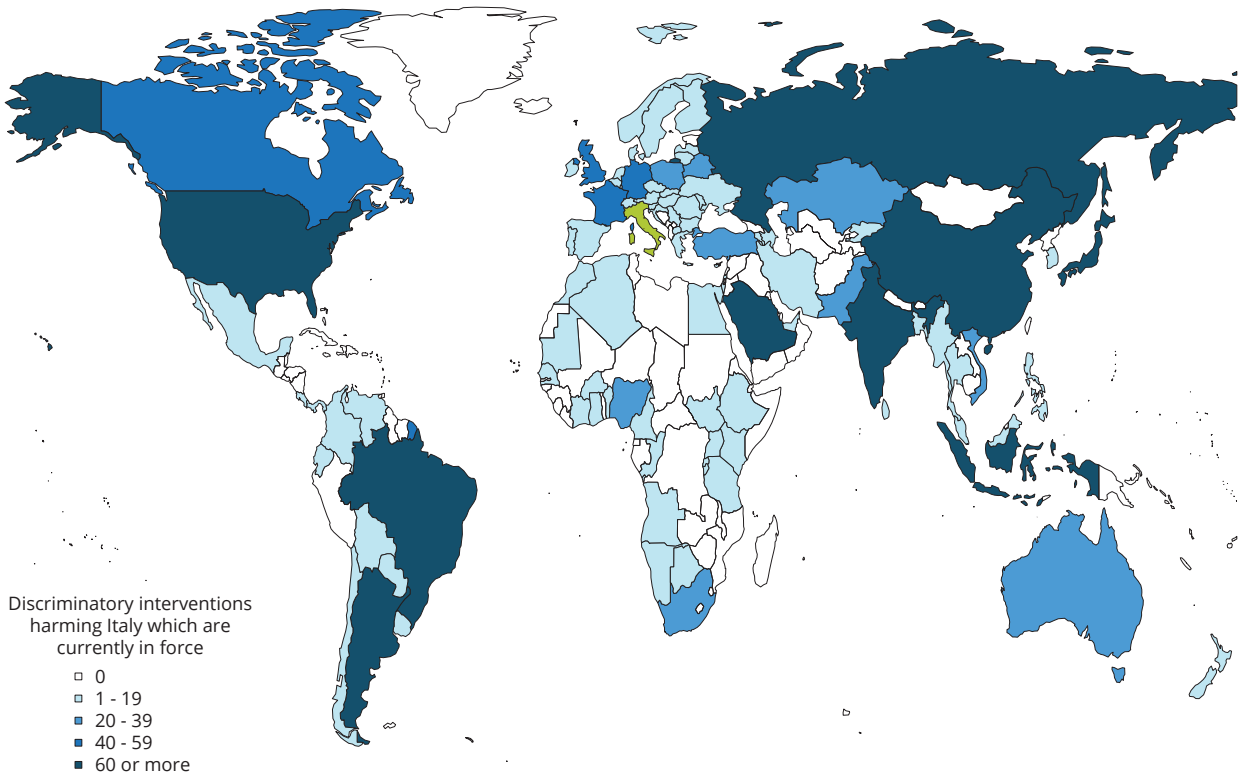
What is at stake for Italy's exporters?

UN MAST chapter	Foreign discriminatory policy instrument	Percentage of this G20 member's exports at risk due to ...							
		2009	2010	2011	2012	2013	2014	2015	2016
	All instruments	51.62	61.29	64.54	67.85	69.19	70.52	70.14	71.95
D	Contingent trade protection	0.03	0.06	0.07	0.11	0.15	0.21	0.21	0.21
E	Non-automatic licensing, quotas	0.39	0.40	0.51	0.62	0.74	0.94	1.31	1.29
F	Price control measures	0.00	0.00	0.01	0.03	0.03	0.05	0.19	0.26
G	Finance measures	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
I	Trade-related investment measures	0.14	1.01	1.91	2.33	2.37	2.67	3.00	3.10
L	Subsidies (except export subsidies)	3.76	5.76	4.19	5.34	6.69	9.10	9.70	12.42
M	Government procurement	2.09	2.98	3.13	4.41	4.62	4.78	5.00	5.14
P	Export measures	48.73	57.29	60.91	64.25	65.66	65.94	65.19	66.71
	Import tariff increases	0.52	1.52	1.67	1.92	2.41	2.56	2.62	3.01
	Instrument unclassified	0.06	0.21	0.22	0.31	0.47	0.55	0.77	0.75

COUNTRIES HARMED BY ITALY'S DISCRIMINATORY INTERVENTIONS

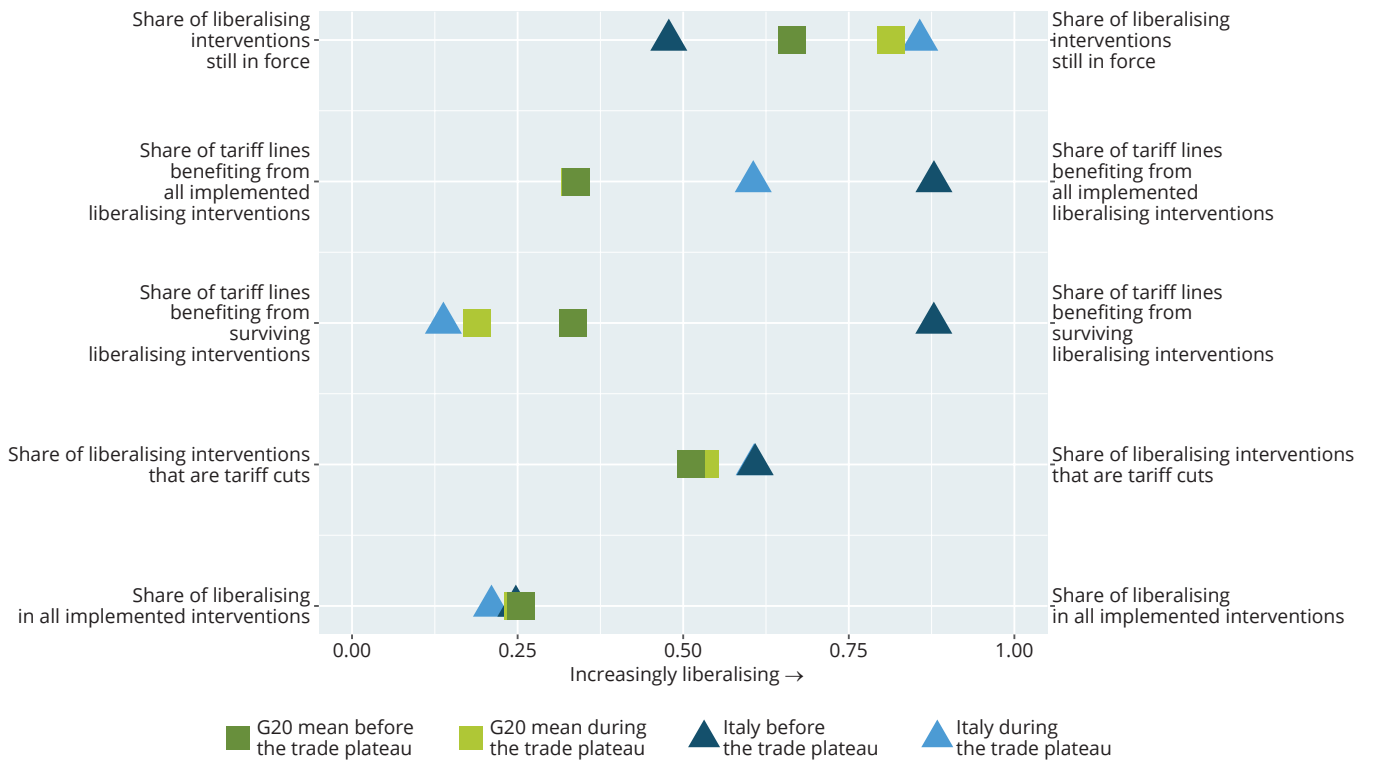


DISCRIMINATORY INTERVENTIONS HARMING ITALY'S INTERESTS



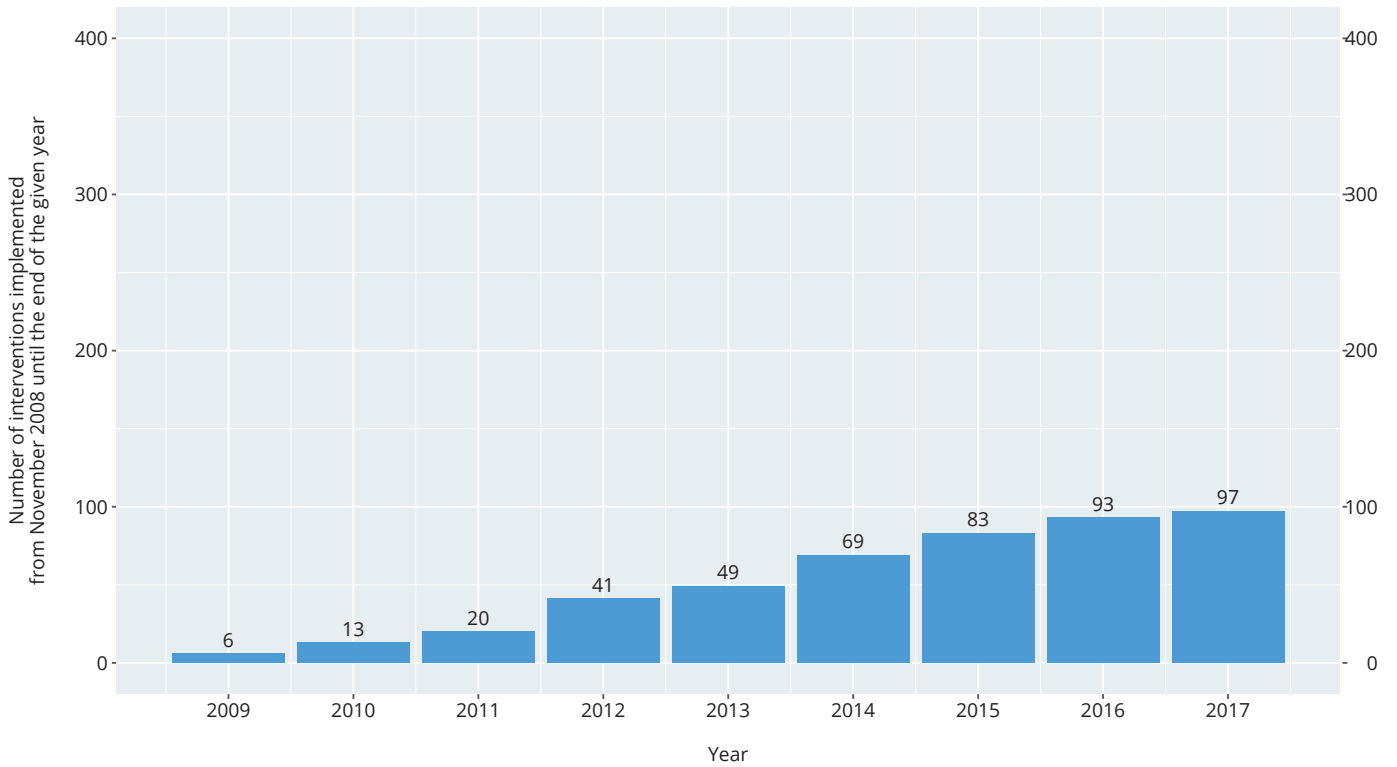
ITALY

Track record of liberalisation



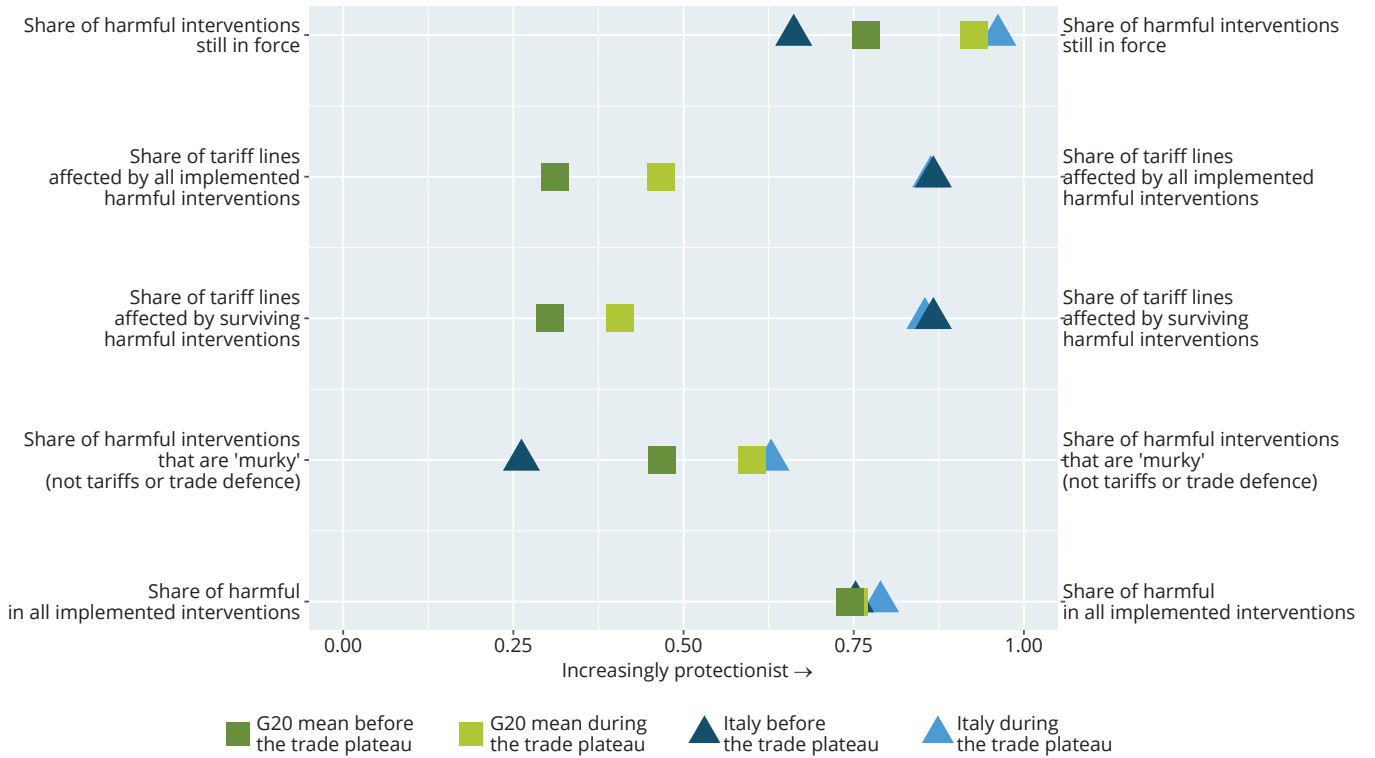
ITALY

Number of liberalising interventions imposed since November 2008



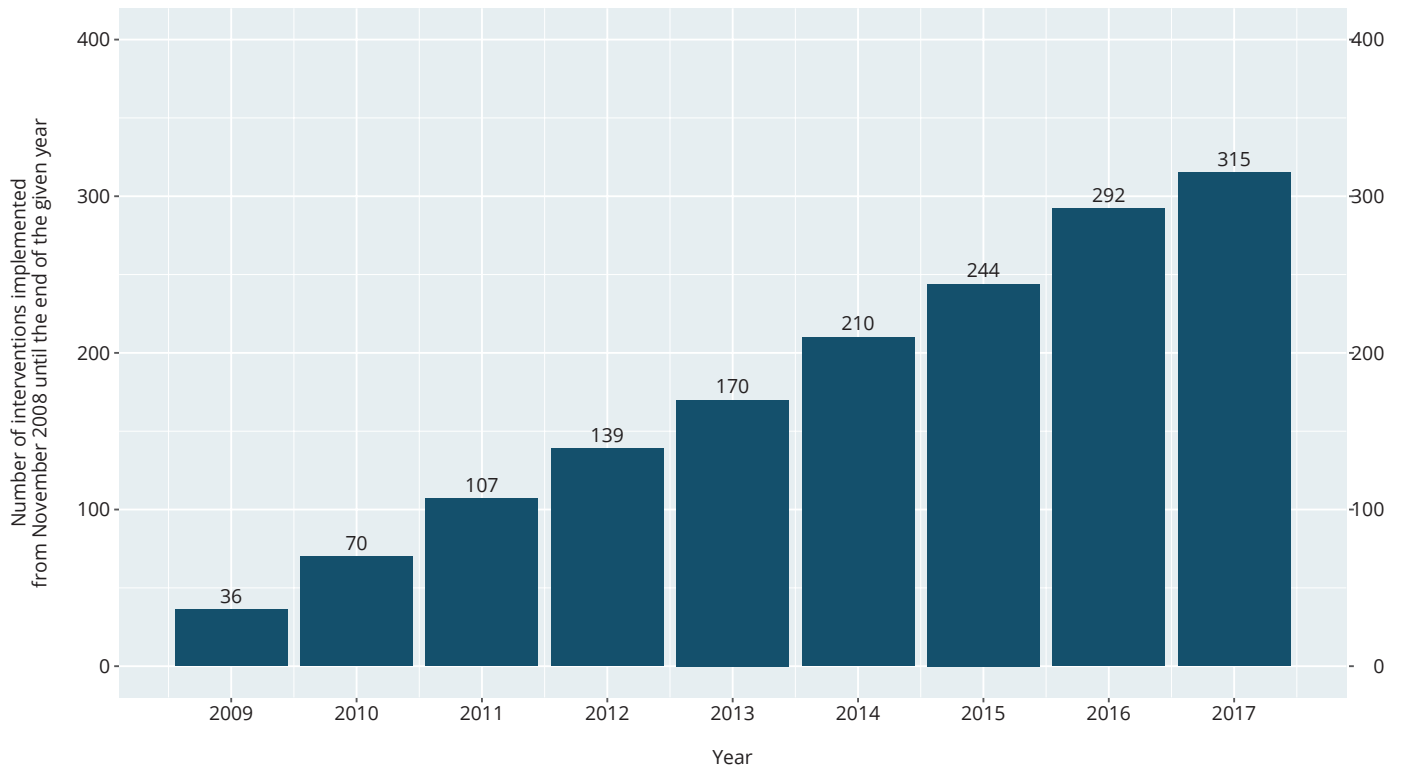
ITALY

Track record of protectionism



ITALY

Number of discriminatory interventions imposed since November 2008

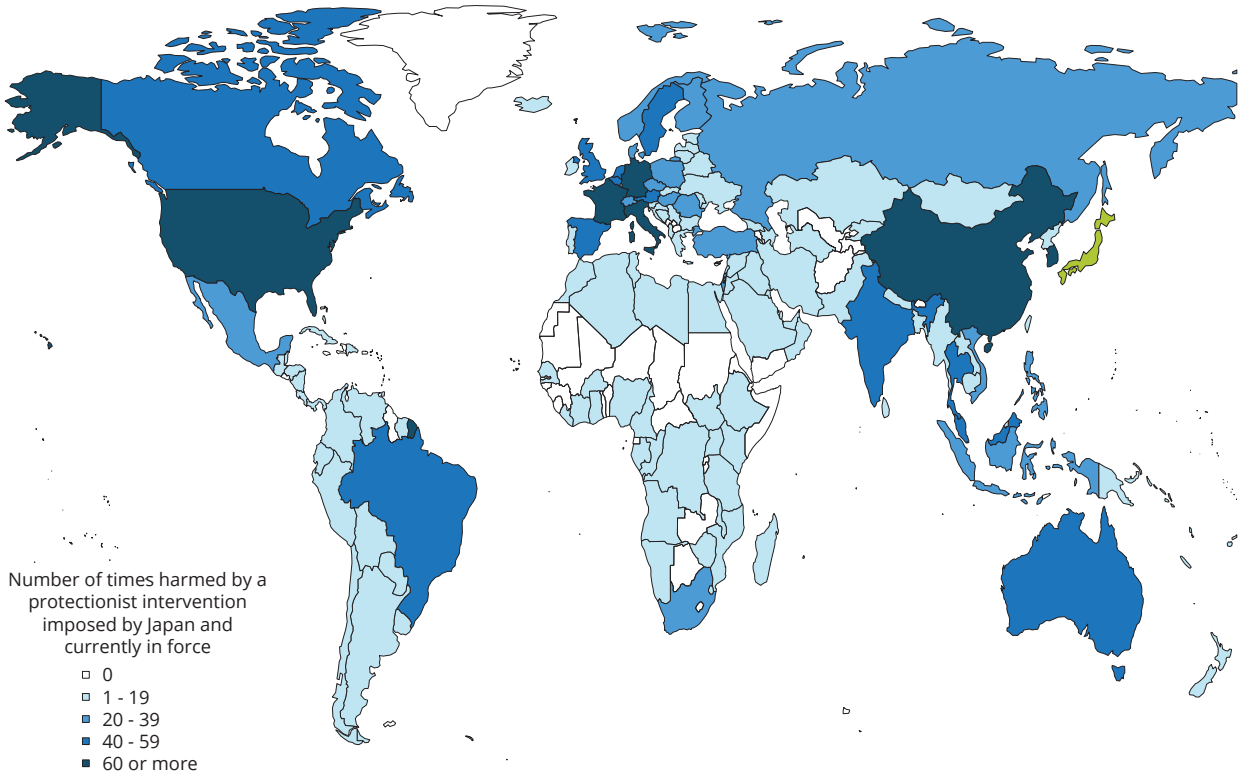


JAPAN

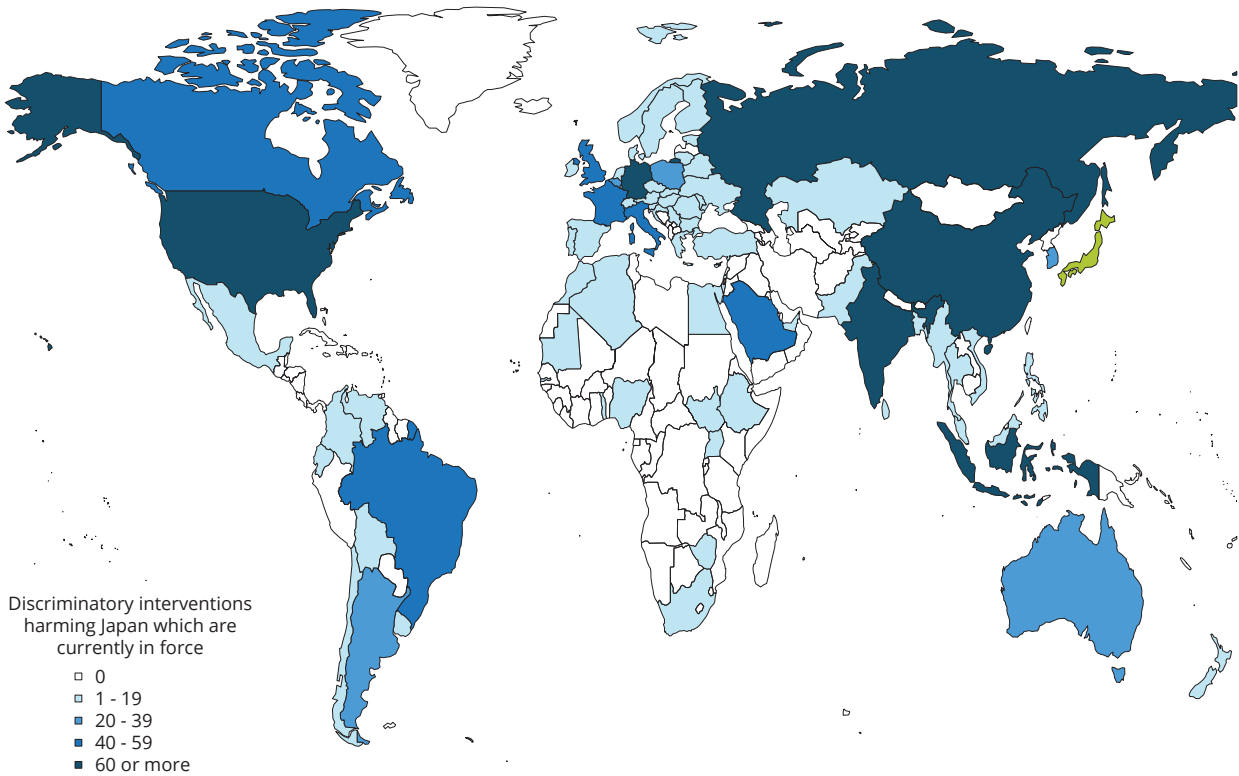
What is at stake for Japan's exporters?

UN MAST chapter	Foreign discriminatory policy instrument	Percentage of this G20 member's exports at risk due to ...							
		2009	2010	2011	2012	2013	2014	2015	2016
	All instruments	63.33	72.72	75.45	79.01	80.56	81.40	81.85	83.19
D	Contingent trade protection	0.14	0.32	0.59	0.95	1.08	1.14	1.14	1.20
E	Non-automatic licensing, quotas	1.26	0.84	0.99	1.22	3.33	2.60	7.38	7.49
F	Price control measures	0.02	0.02	0.04	0.08	0.06	0.23	0.90	1.02
G	Finance measures	0.00	0.00	0.00	0.00	0.01	0.00	0.00	0.00
I	Trade-related investment measures	0.86	1.81	1.89	2.05	2.05	2.32	2.88	3.62
L	Subsidies (except export subsidies)	11.06	14.48	18.25	20.50	21.18	21.76	22.53	23.77
M	Government procurement	7.34	11.26	11.54	16.92	18.61	18.94	19.47	19.59
P	Export measures	52.64	61.75	65.81	73.11	74.64	72.39	72.06	73.61
	Import tariff increases	1.58	2.32	1.33	1.22	3.47	1.46	7.00	7.40
	Instrument unclassified	0.14	0.87	1.34	1.60	1.86	3.57	8.74	8.51

COUNTRIES HARMED BY JAPAN'S DISCRIMINATORY INTERVENTIONS

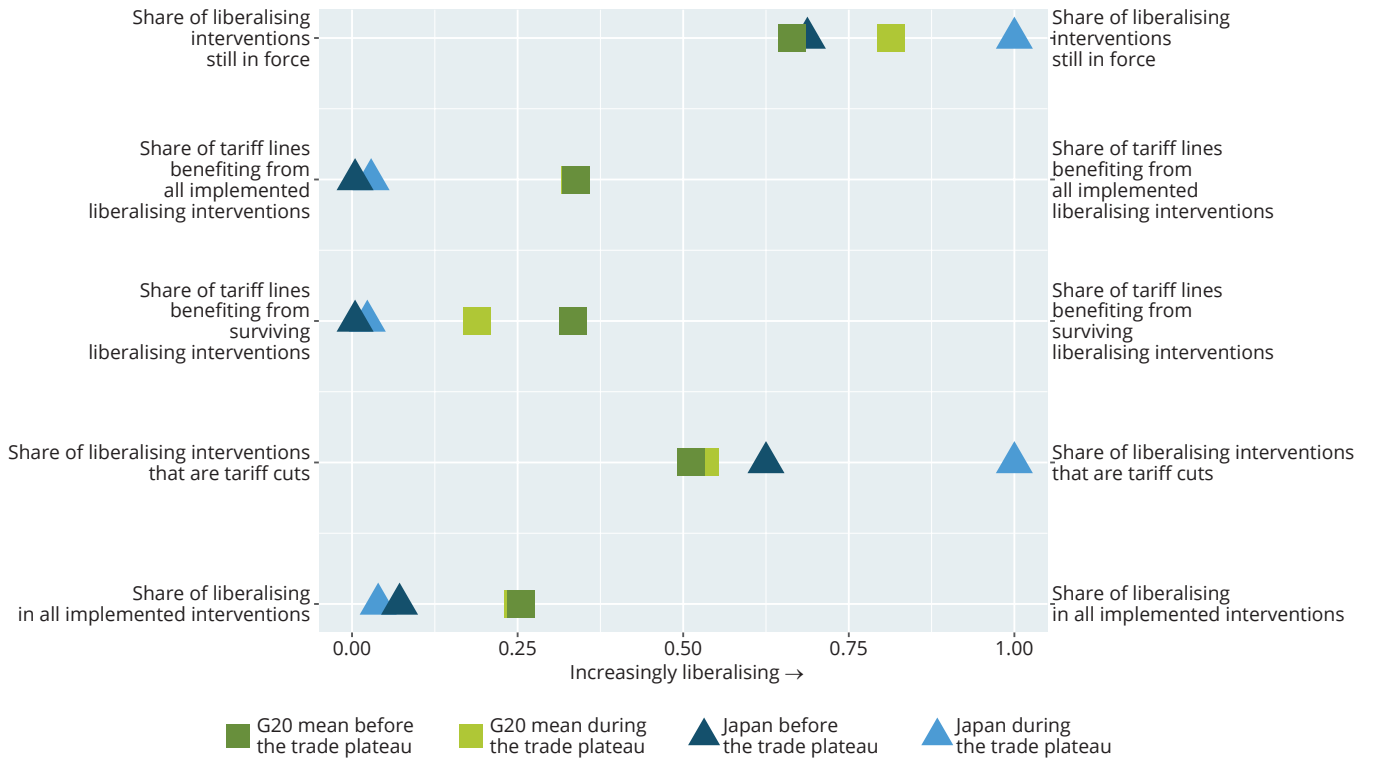


DISCRIMINATORY INTERVENTIONS HARMING JAPAN'S INTERESTS



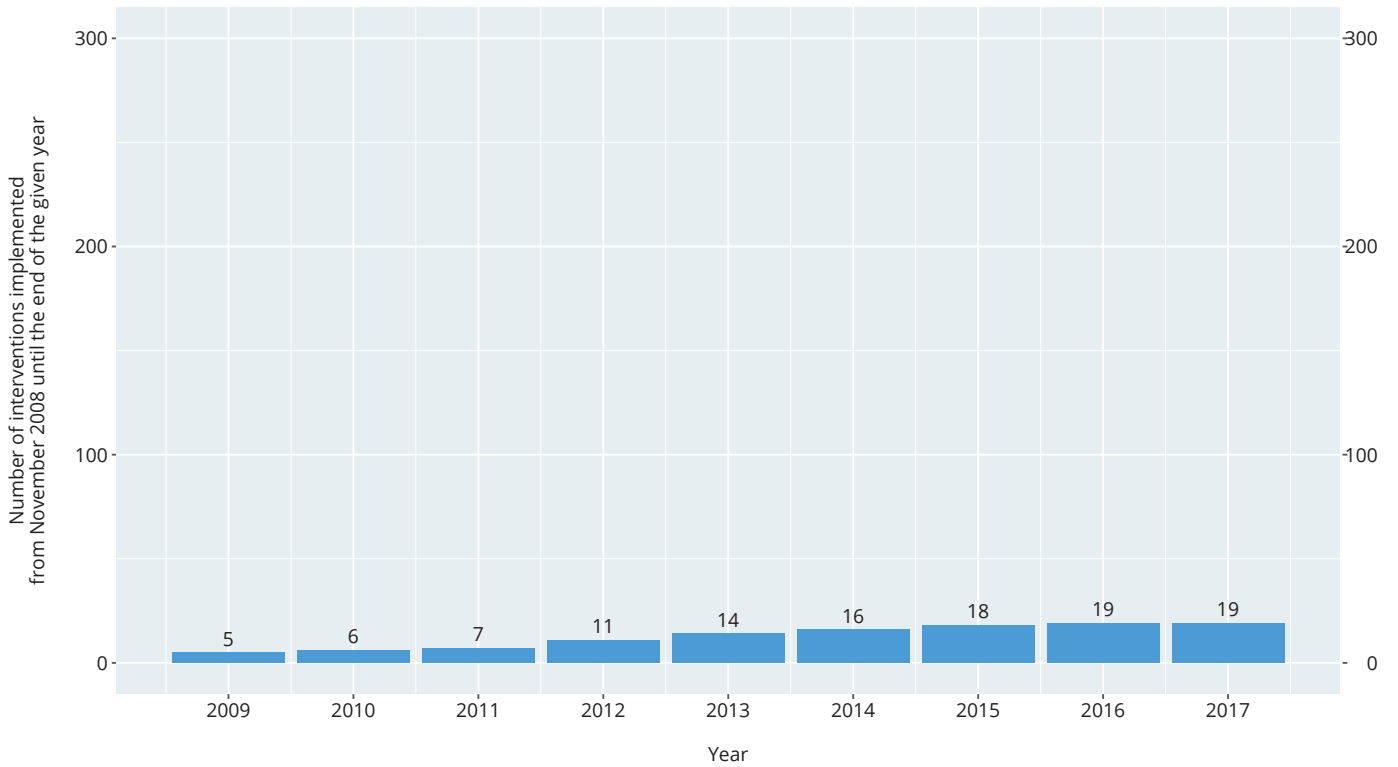
JAPAN

Track record of liberalisation



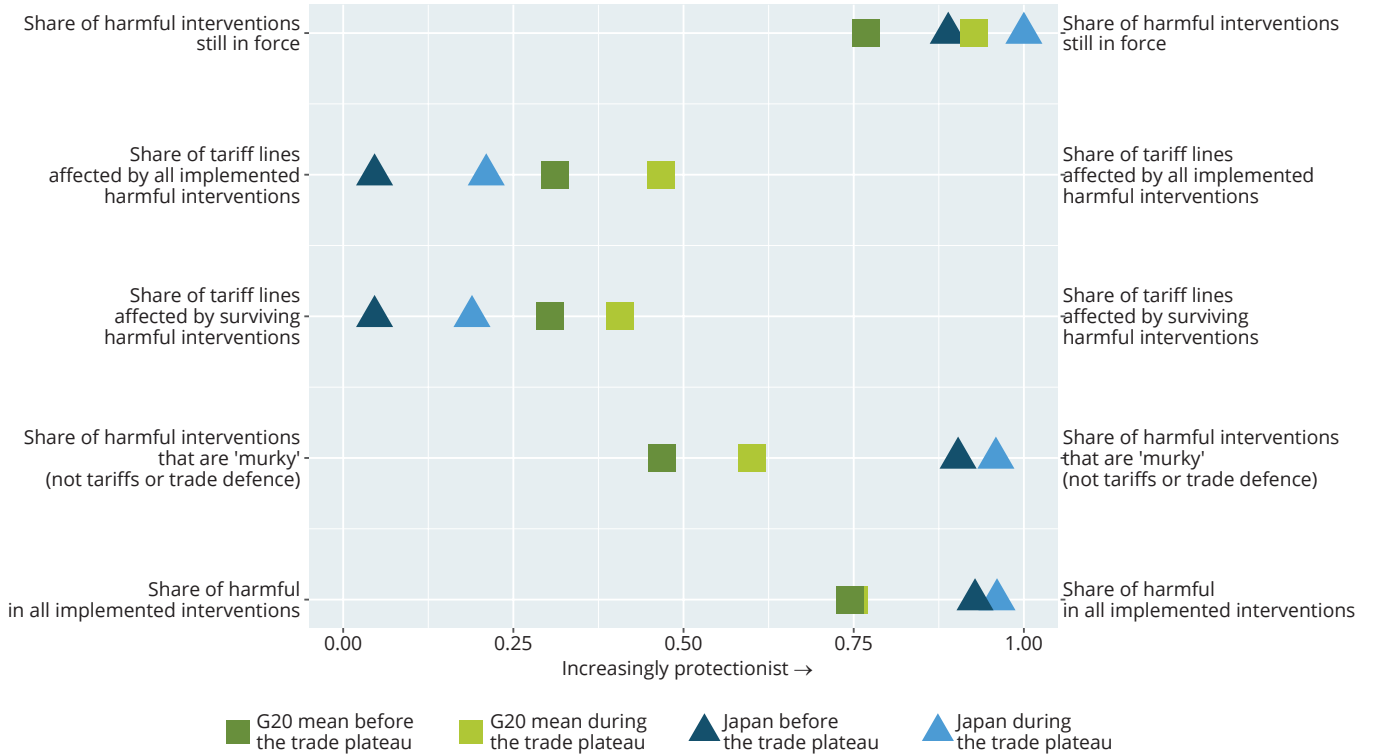
JAPAN

Number of liberalising interventions imposed since November 2008



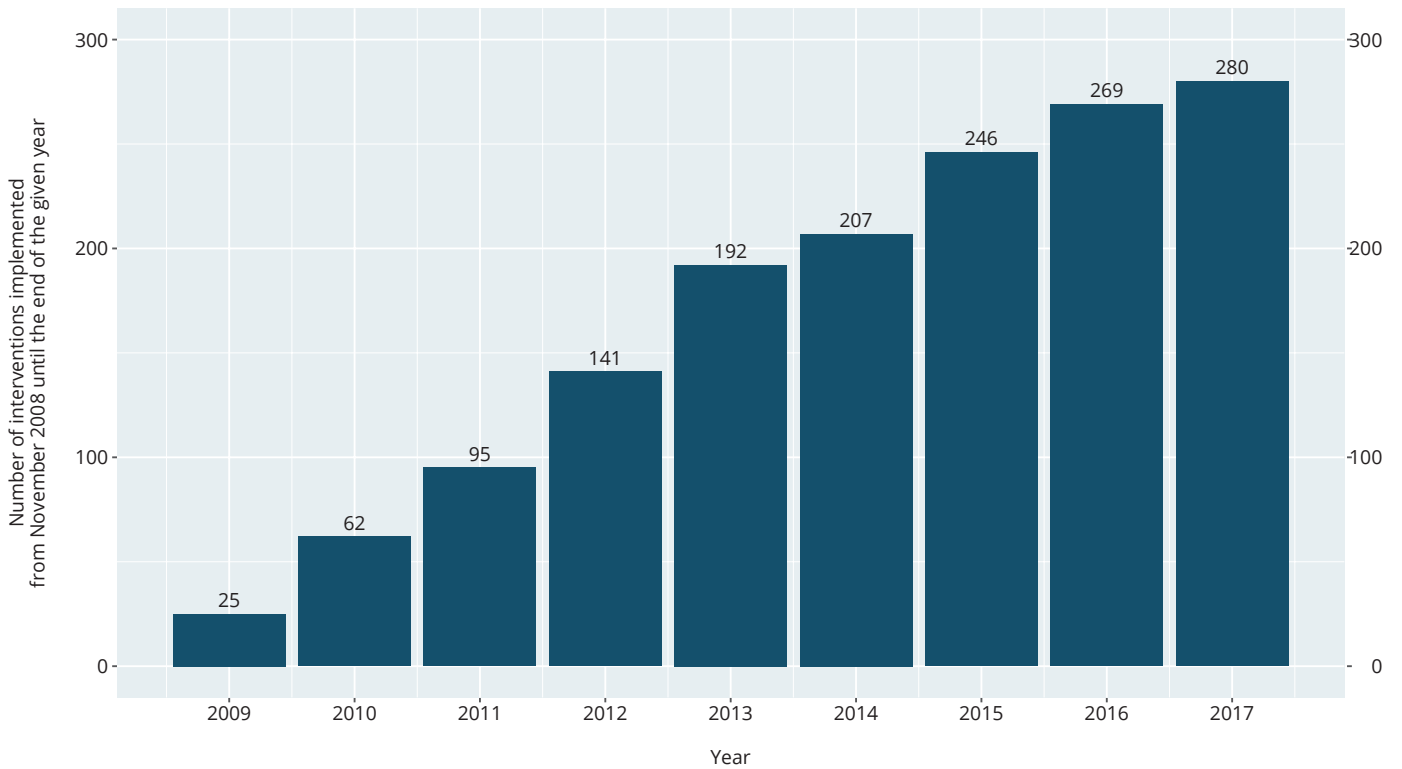
JAPAN

Track record of protectionism



JAPAN

Number of discriminatory interventions imposed since November 2008

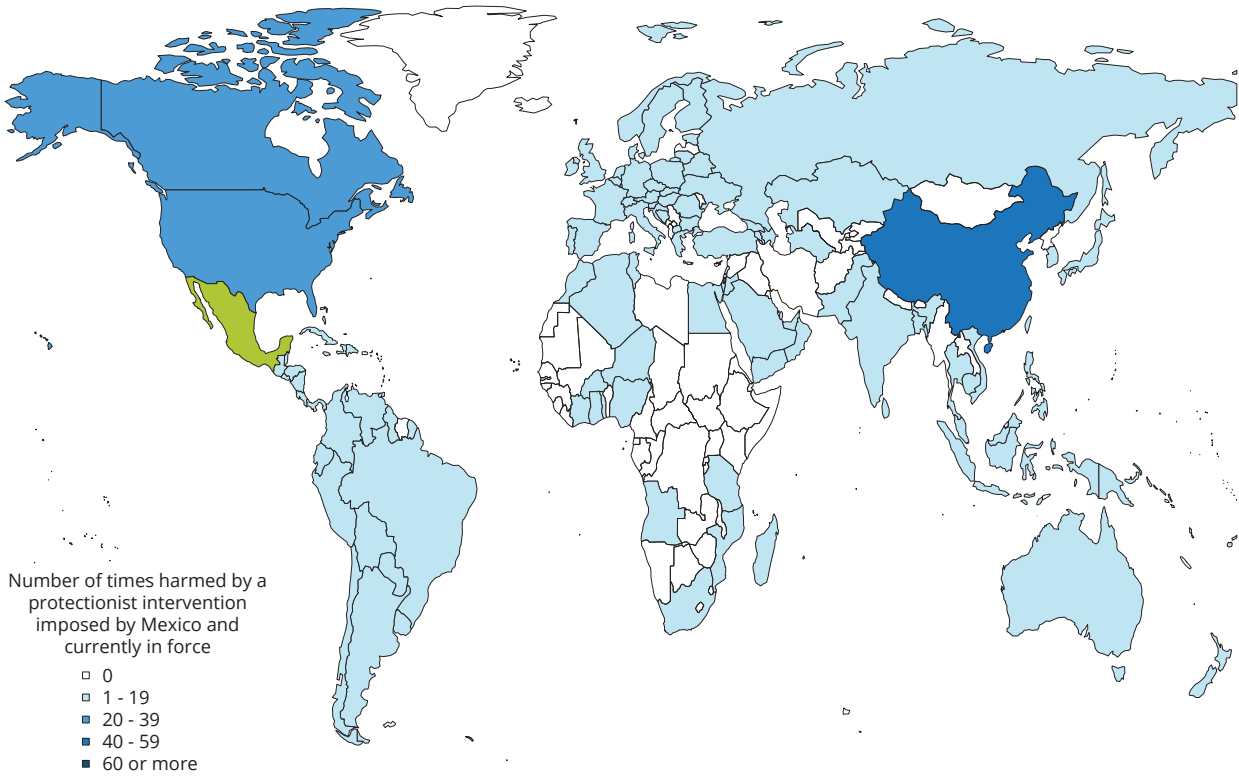


MEXICO

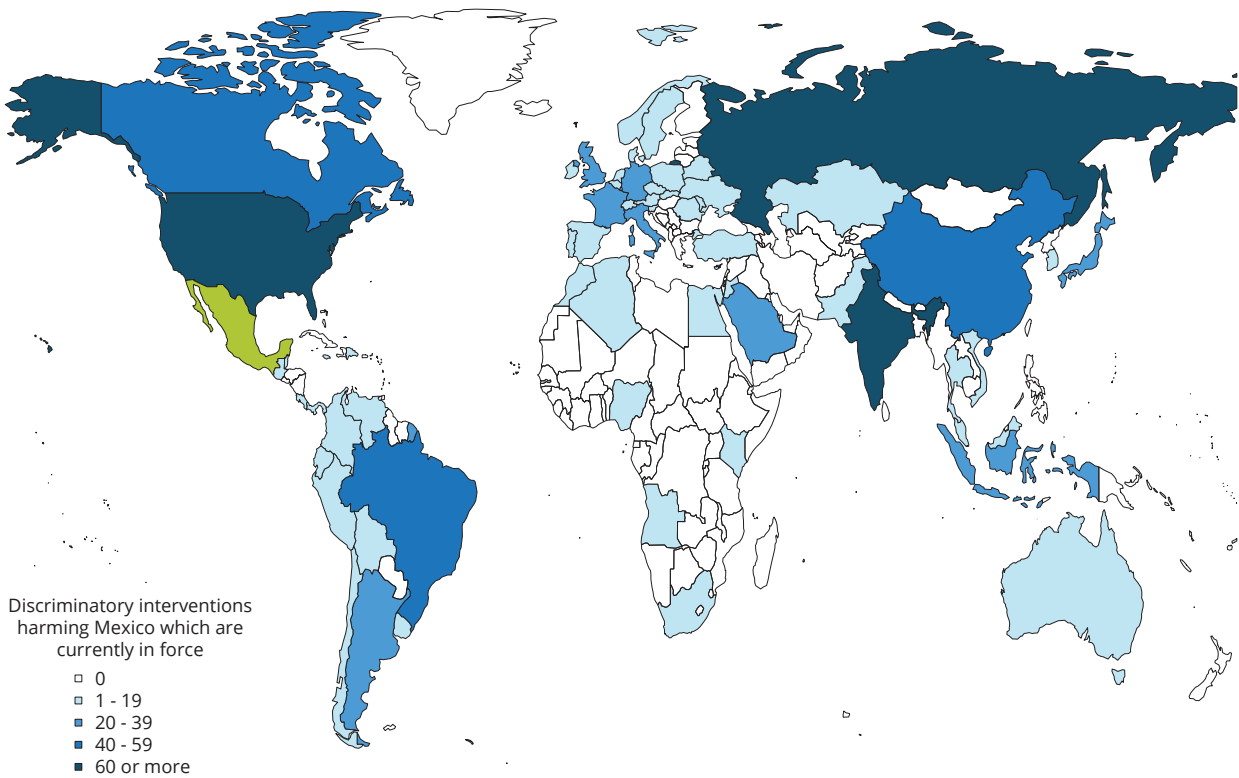
What is at stake for Mexico's exporters?

UN MAST chapter	Foreign discriminatory policy instrument	Percentage of this G20 member's exports at risk due to ...							
		2009	2010	2011	2012	2013	2014	2015	2016
	All instruments	66.73	72.57	75.24	79.22	79.78	80.38	92.71	93.12
D	Contingent trade protection	0.00	0.11	0.52	0.55	0.97	1.10	1.20	1.20
E	Non-automatic licensing, quotas	0.09	0.20	0.30	0.51	0.59	0.65	1.14	1.14
F	Price control measures	0.11	0.11	0.15	0.24	0.12	0.25	0.31	0.38
G	Finance measures	0.06	0.64	0.51	0.63	0.70	1.85	2.92	3.44
I	Trade-related investment measures	8.42	11.16	24.31	30.24	31.67	32.29	34.09	35.14
L	Subsidies (except export subsidies)	20.38	25.51	26.49	38.64	42.48	43.09	43.17	43.27
M	Government procurement	60.39	64.47	68.87	73.73	73.55	70.72	83.93	84.51
P	Export measures	0.06	0.14	0.18	0.20	0.33	0.32	0.38	0.39
	Import tariff increases	0.04	0.34	0.29	0.30	0.53	1.97	6.41	6.54
	Instrument unclassified								

COUNTRIES HARMED BY MEXICO'S DISCRIMINATORY INTERVENTIONS

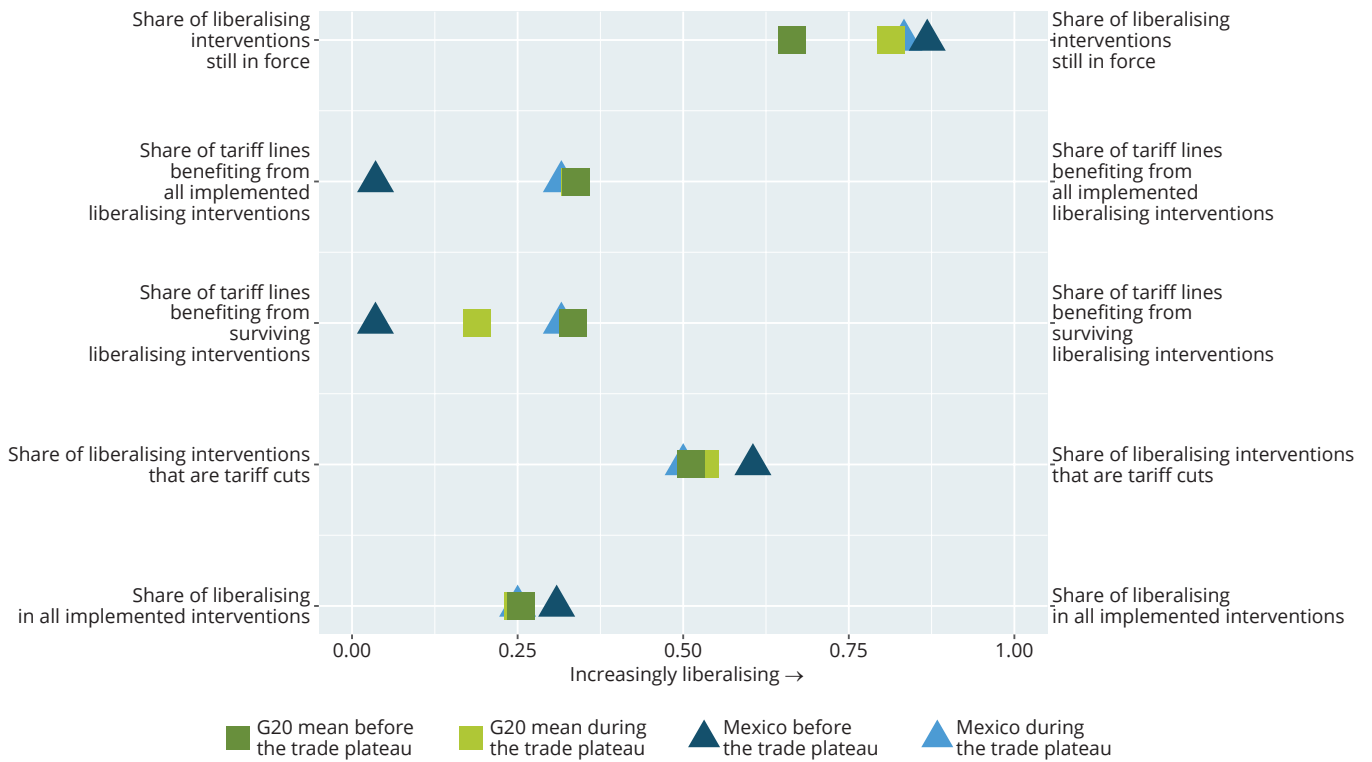


DISCRIMINATORY INTERVENTIONS HARMING MEXICO'S INTERESTS



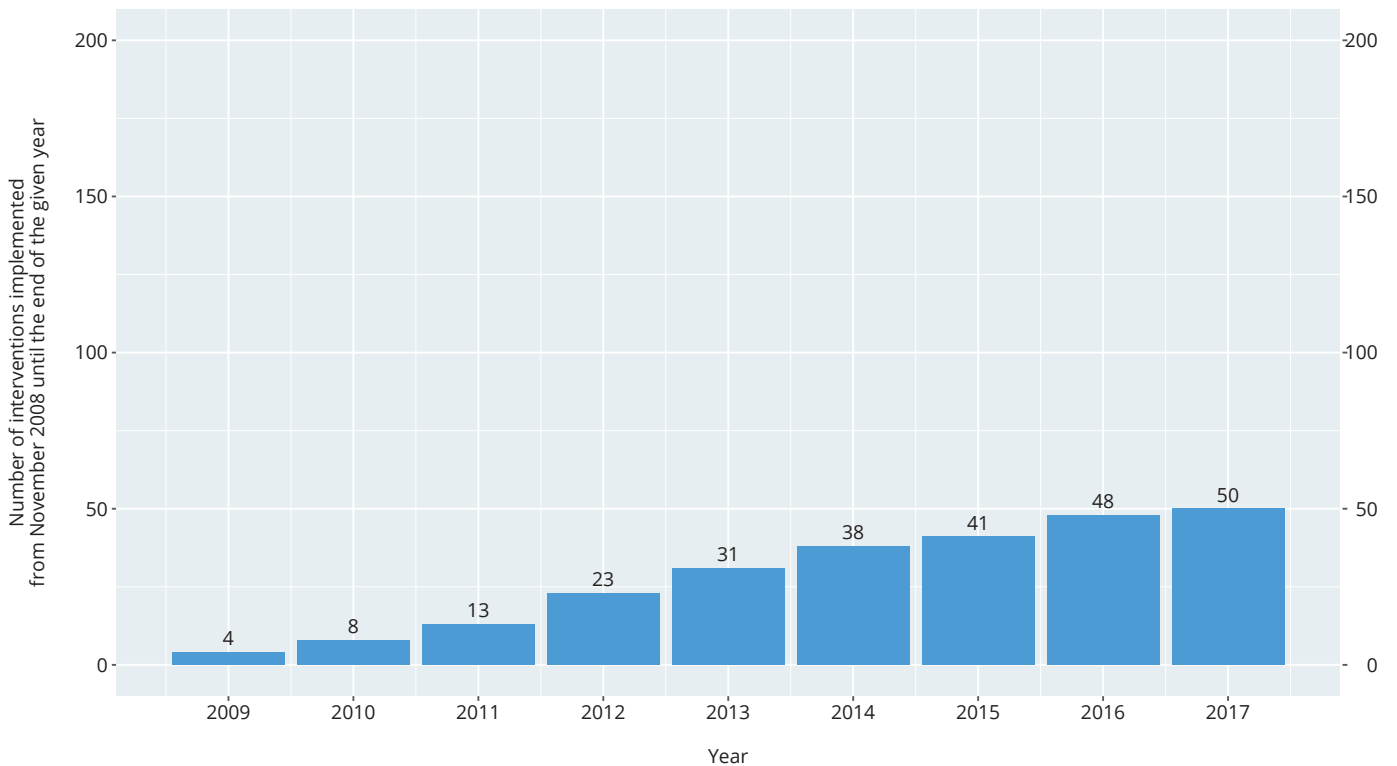
MEXICO

Track record of liberalisation



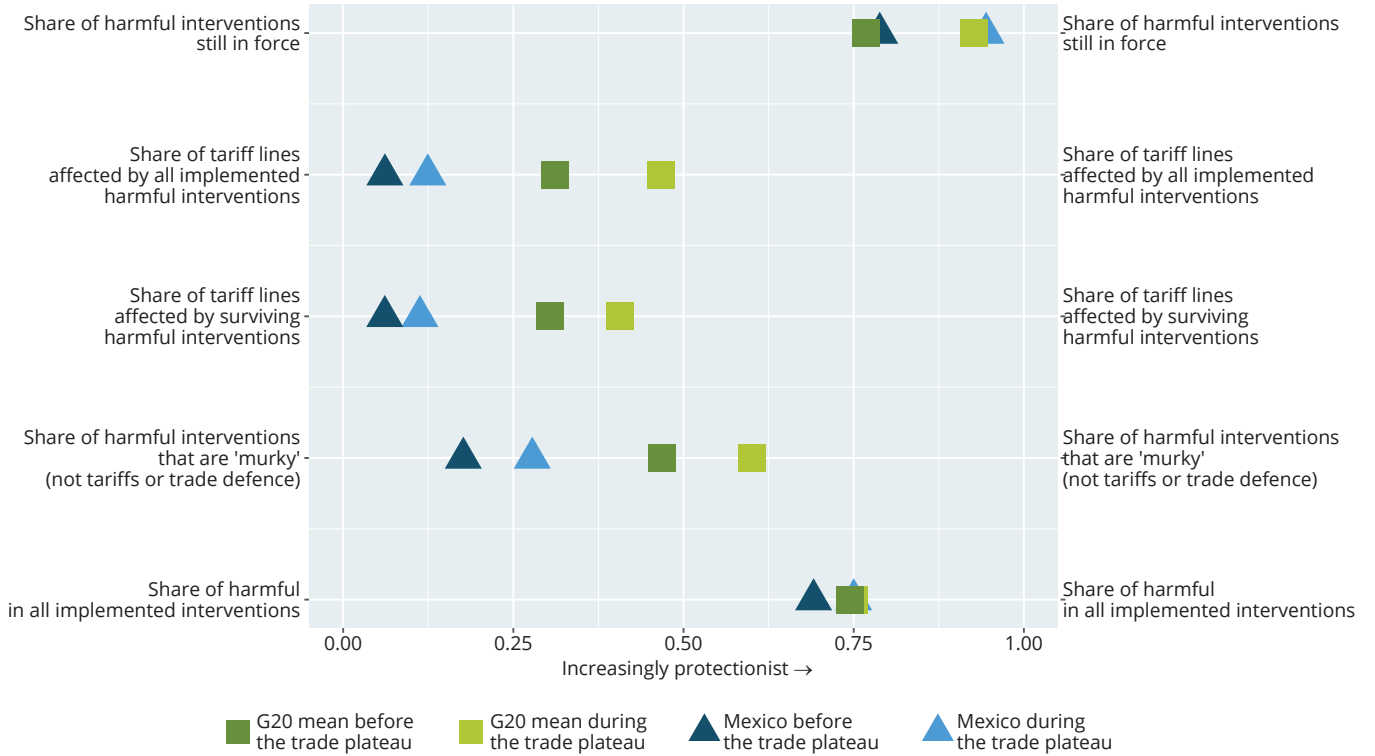
MEXICO

Number of liberalising interventions imposed since November 2008



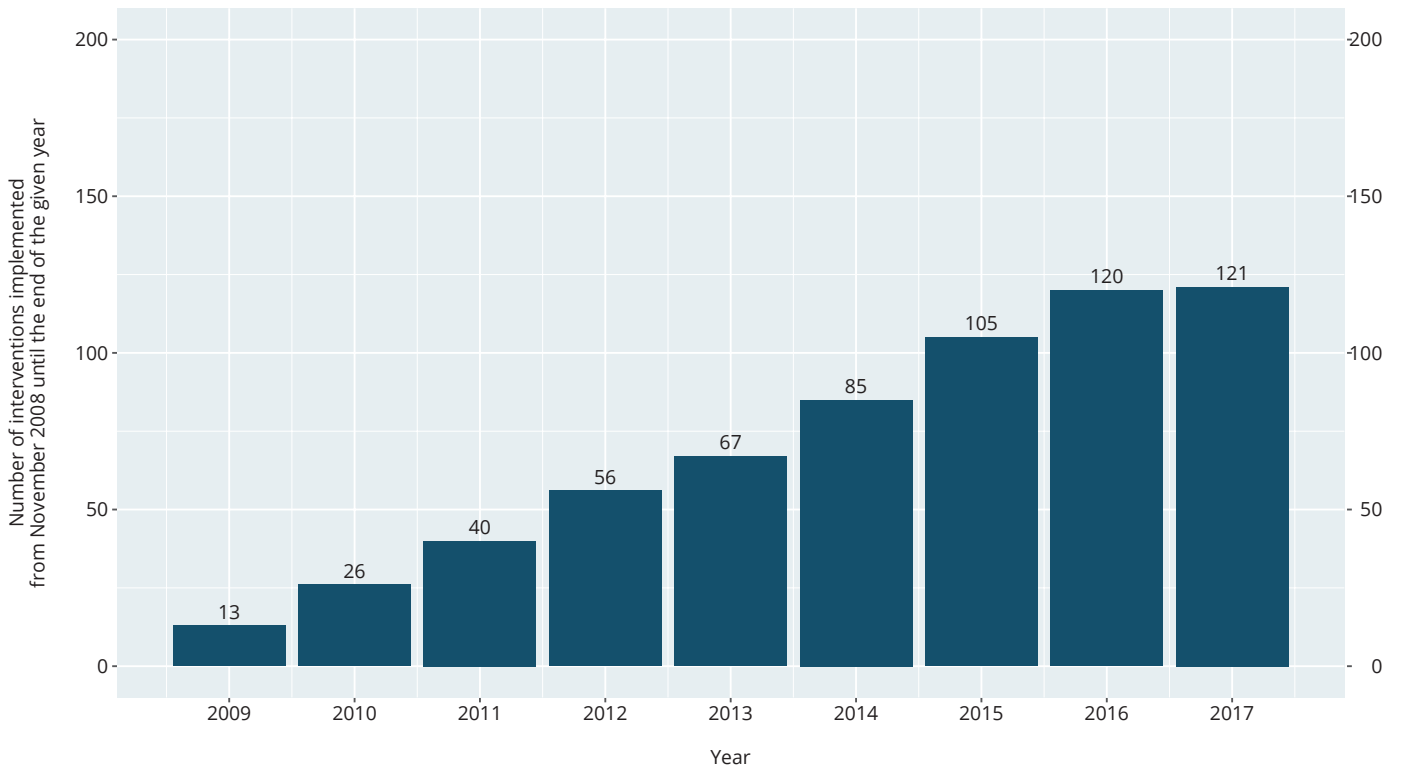
MEXICO

Track record of protectionism



MEXICO

Number of discriminatory interventions imposed since November 2008

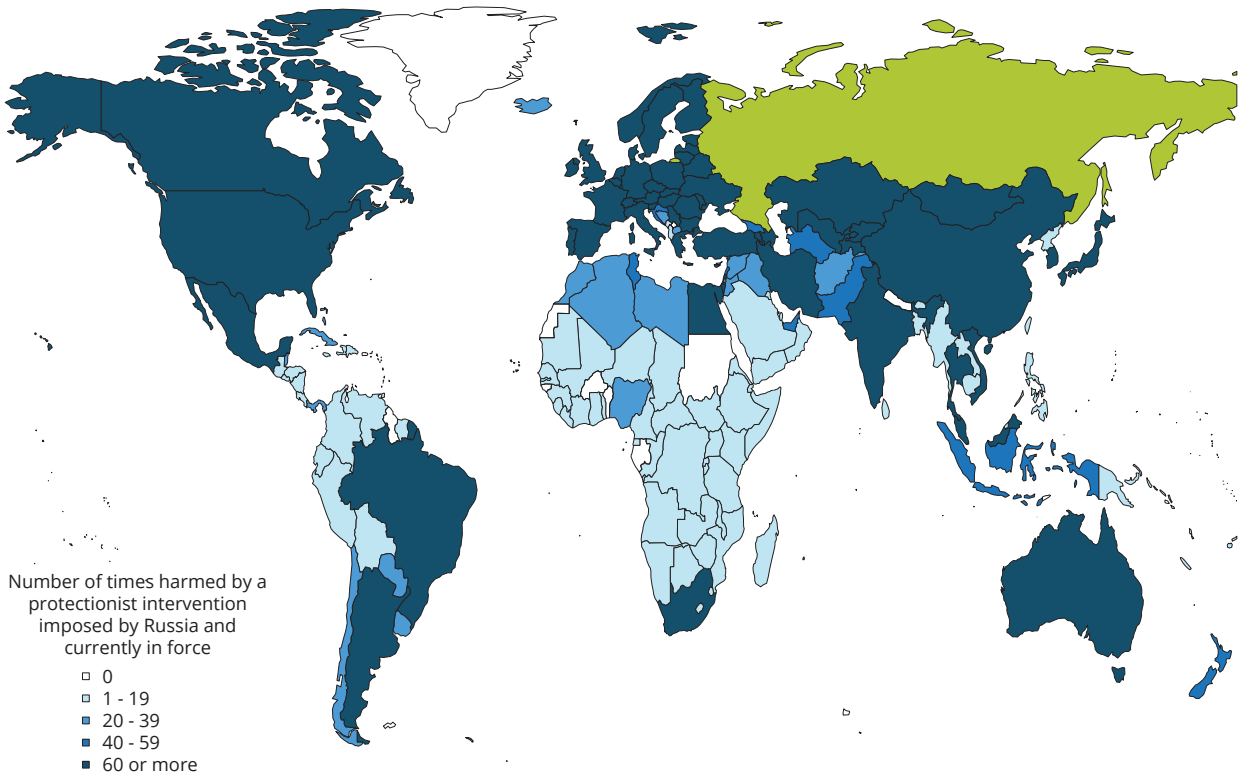


RUSSIA

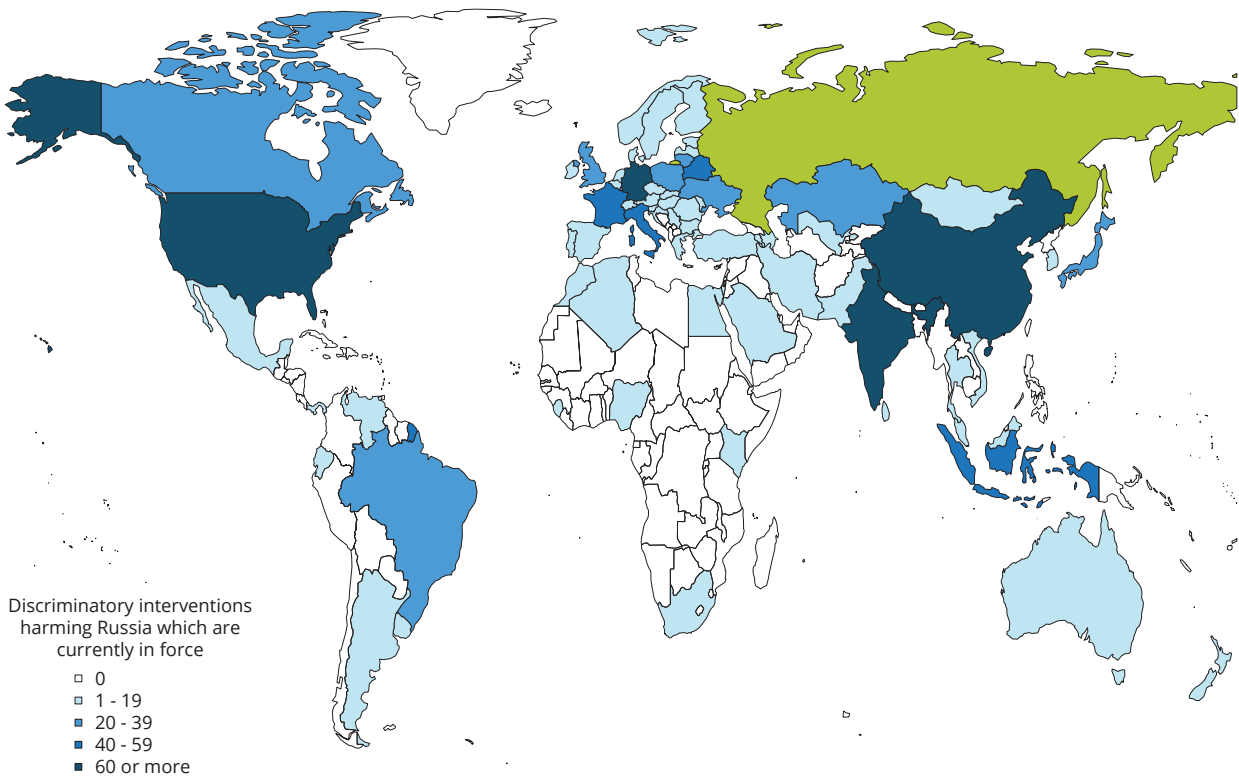
What is at stake for Russia's exporters?

UN MAST chapter	Foreign discriminatory policy instrument	Percentage of this G20 member's exports at risk due to ...							
		2009	2010	2011	2012	2013	2014	2015	2016
	All instruments	9.05	22.48	33.27	38.10	39.91	39.11	44.05	46.08
D	Contingent trade protection	0.03	0.14	0.19	0.52	0.70	0.77	0.81	0.99
E	Non-automatic licensing, quotas	0.94	3.08	3.24	3.80	3.77	3.71	4.29	4.81
F	Price control measures	0.22	0.22	0.23	0.24	0.25	0.28	1.07	1.36
G	Finance measures	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
I	Trade-related investment measures	0.03	1.12	2.67	3.34	3.45	3.83	5.82	6.17
L	Subsidies (except export subsidies)	1.50	4.89	6.49	8.22	8.75	9.95	10.28	11.74
M	Government procurement	0.52	0.81	0.90	1.34	1.45	1.46	1.51	1.59
P	Export measures	5.64	11.74	22.16	26.19	25.73	25.29	29.57	31.14
	Import tariff increases	0.81	1.76	1.81	1.80	2.25	2.05	7.04	11.24
	Instrument unclassified	0.03	0.23	0.17	1.11	7.38	4.59	6.07	4.31

COUNTRIES HARMED BY RUSSIA'S DISCRIMINATORY INTERVENTIONS

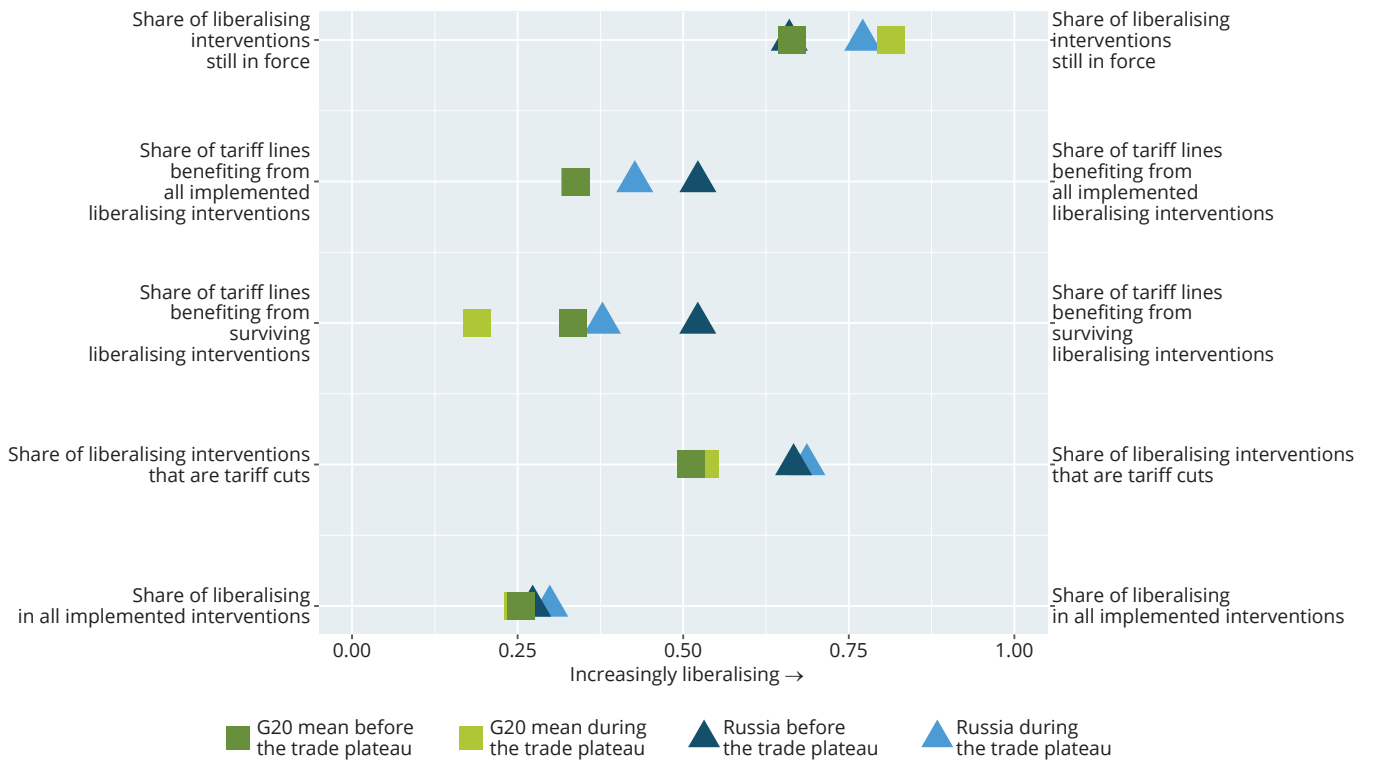


DISCRIMINATORY INTERVENTIONS HARMING RUSSIA'S INTERESTS



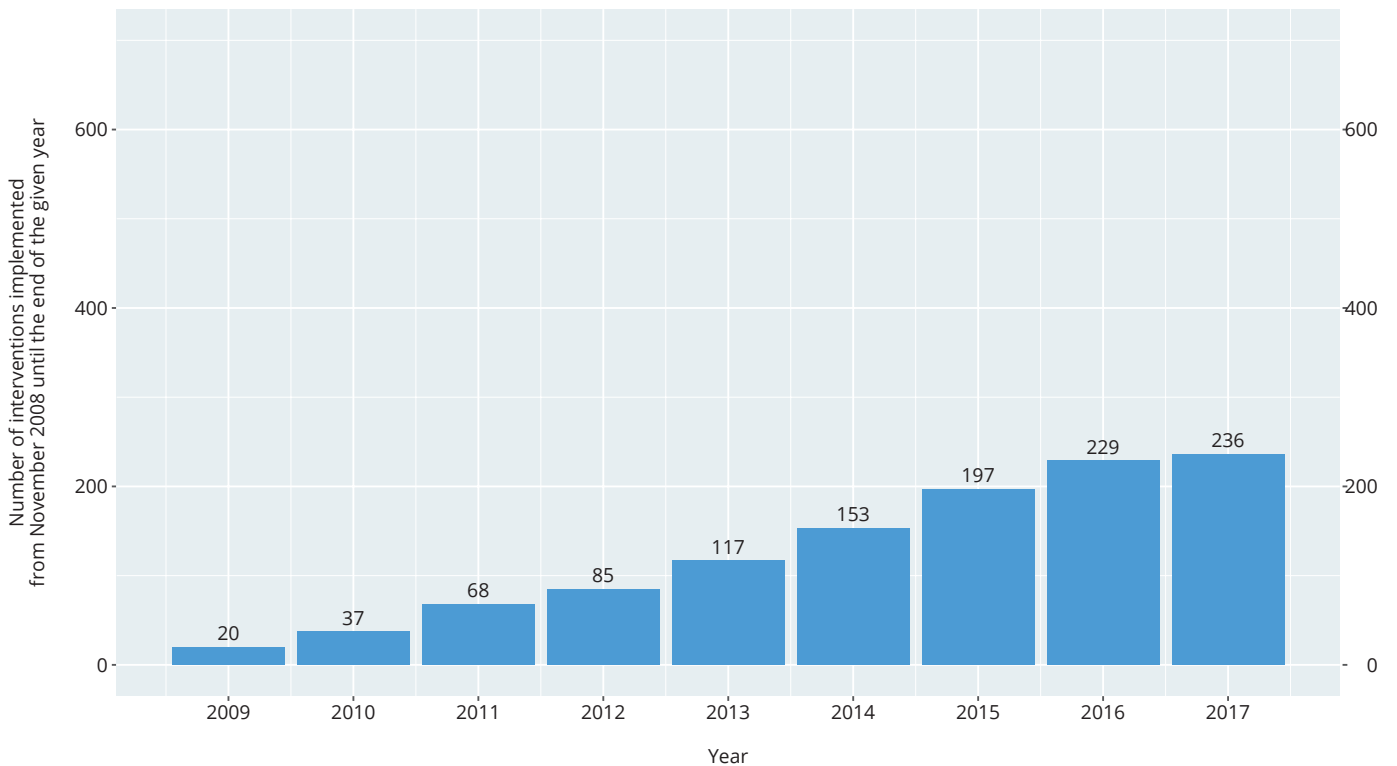
RUSSIA

Track record of liberalisation



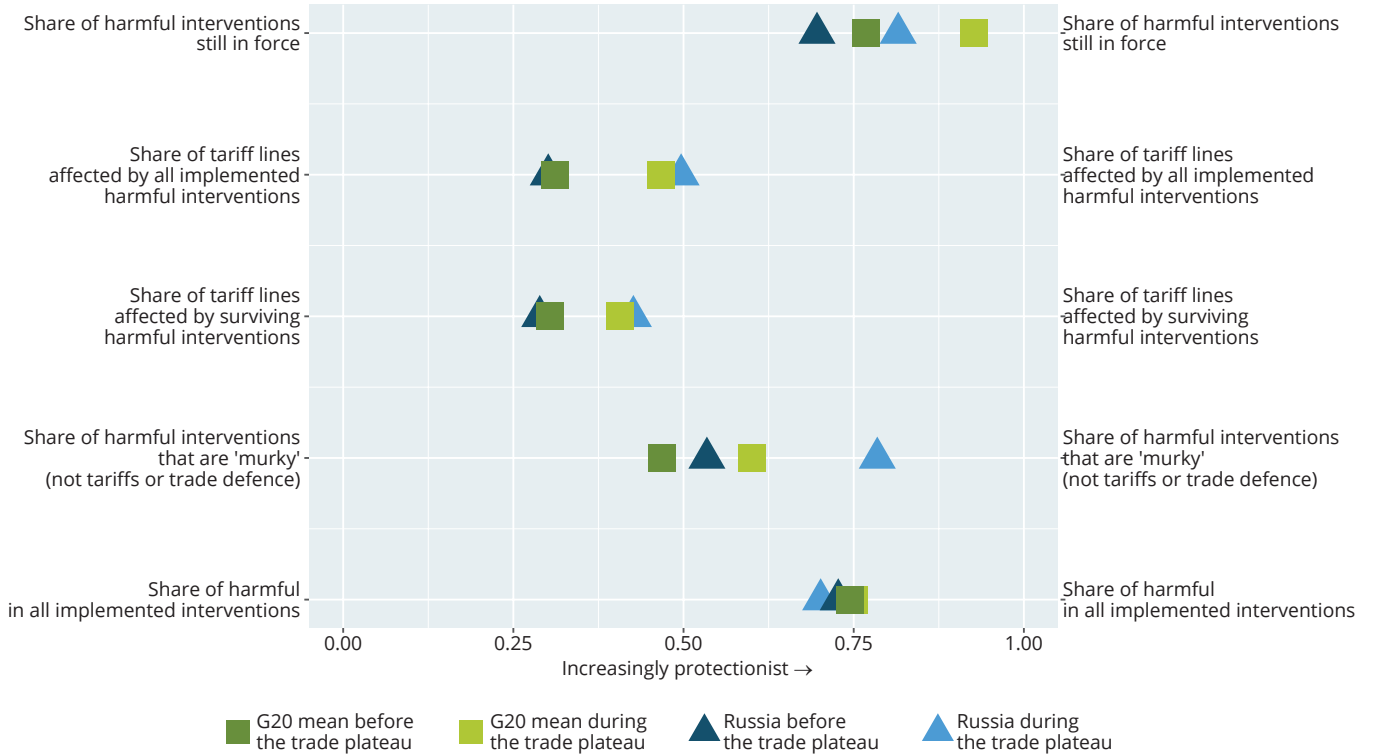
RUSSIA

Number of liberalising interventions imposed since November 2008



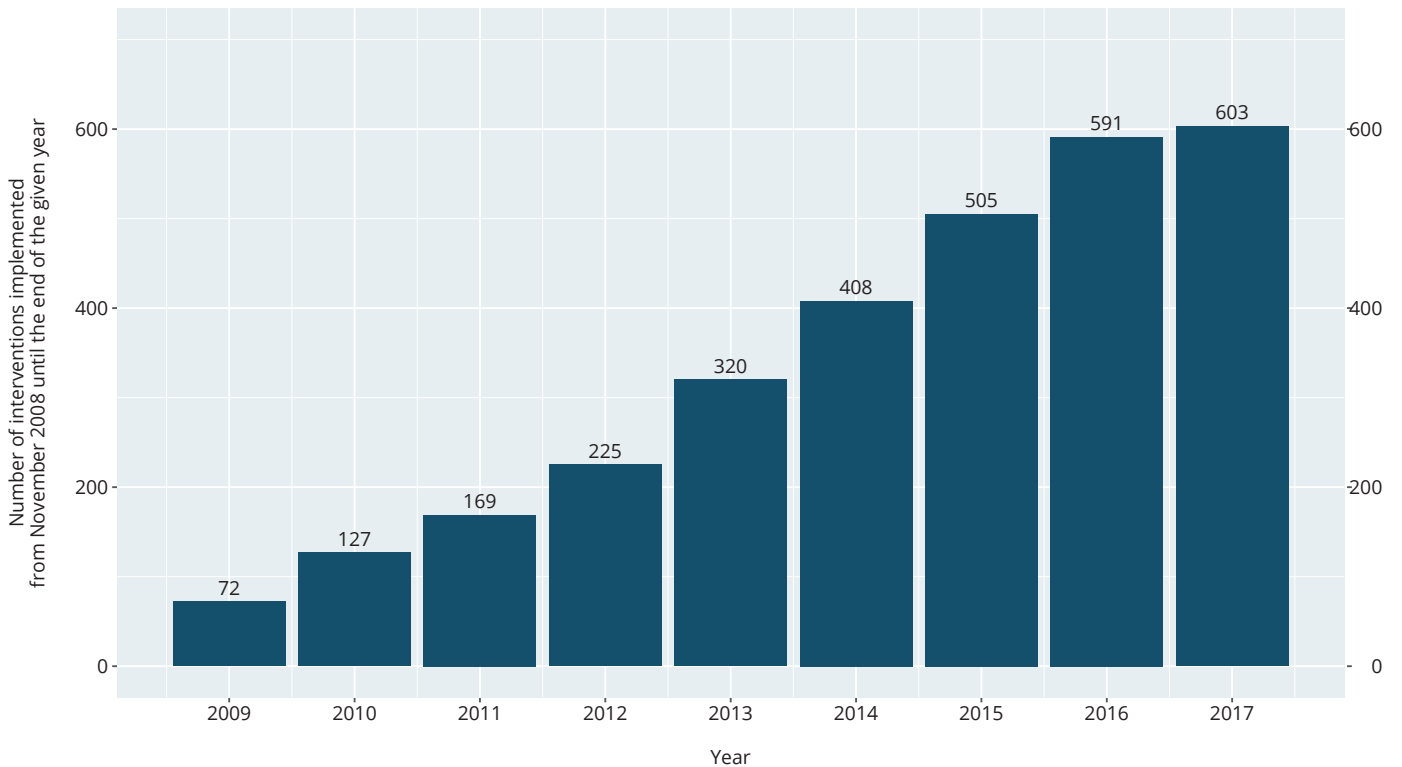
RUSSIA

Track record of protectionism



RUSSIA

Number of discriminatory interventions imposed since November 2008

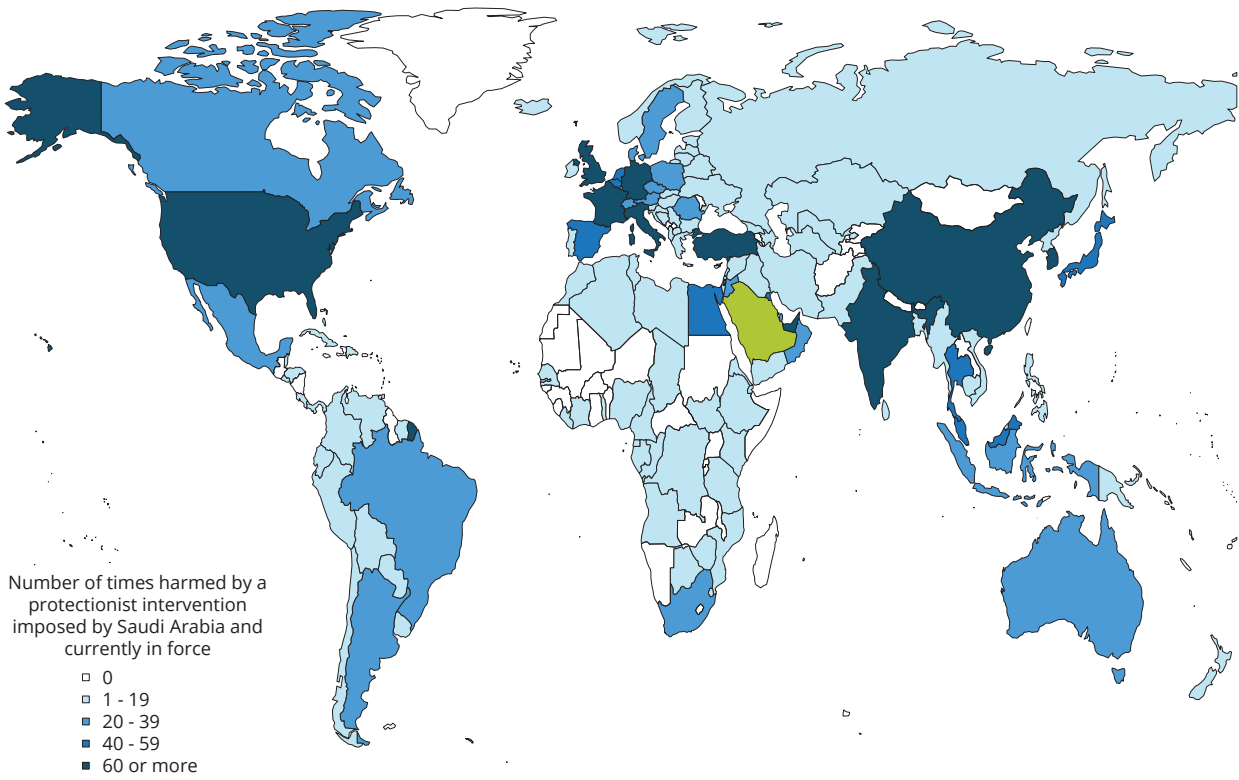


SAUDI ARABIA

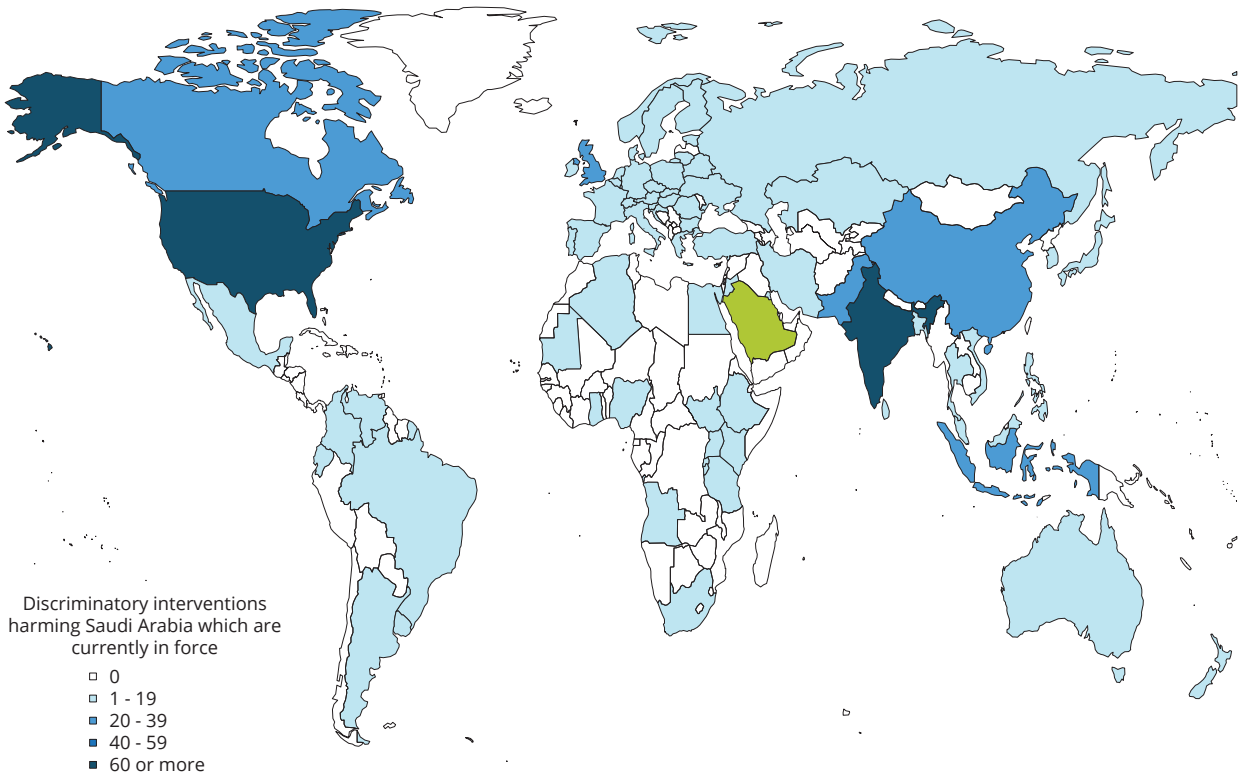
What is at stake for Saudi Arabia's exporters?

UN MAST chapter	Foreign discriminatory policy instrument	Percentage of this G20 member's exports at risk due to ...							
		2009	2010	2011	2012	2013	2014	2015	2016
	All instruments	10.34	23.41	34.65	37.54	38.89	40.18	58.17	58.76
D	Contingent trade protection	0.01	0.03	0.08	0.10	0.08	0.08	0.05	0.00
E	Non-automatic licensing, quotas	4.57	5.89	5.89	6.67	5.96	5.97	7.40	7.79
F	Price control measures	0.07	0.07	0.16	0.28	0.28	0.28	0.40	0.41
G	Finance measures	0.00	0.00	0.00	0.00	0.00	0.00	1.08	1.43
I	Trade-related investment measures	0.00	0.00	0.02	0.03	0.03	0.04	0.06	0.06
L	Subsidies (except export subsidies)	0.04	0.08	2.24	4.13	4.80	5.21	6.02	6.22
M	Government procurement	0.00	0.00	0.00	0.01	0.05	0.16	0.20	0.20
P	Export measures	2.71	7.15	13.09	14.44	15.29	15.43	42.10	44.38
	Import tariff increases	7.40	10.48	14.19	14.42	15.15	15.15	18.86	20.97
	Instrument unclassified	0.00	0.00	0.00	0.00	0.81	1.44	2.03	2.03

COUNTRIES HARMED BY SAUDI ARABIA'S DISCRIMINATORY INTERVENTIONS

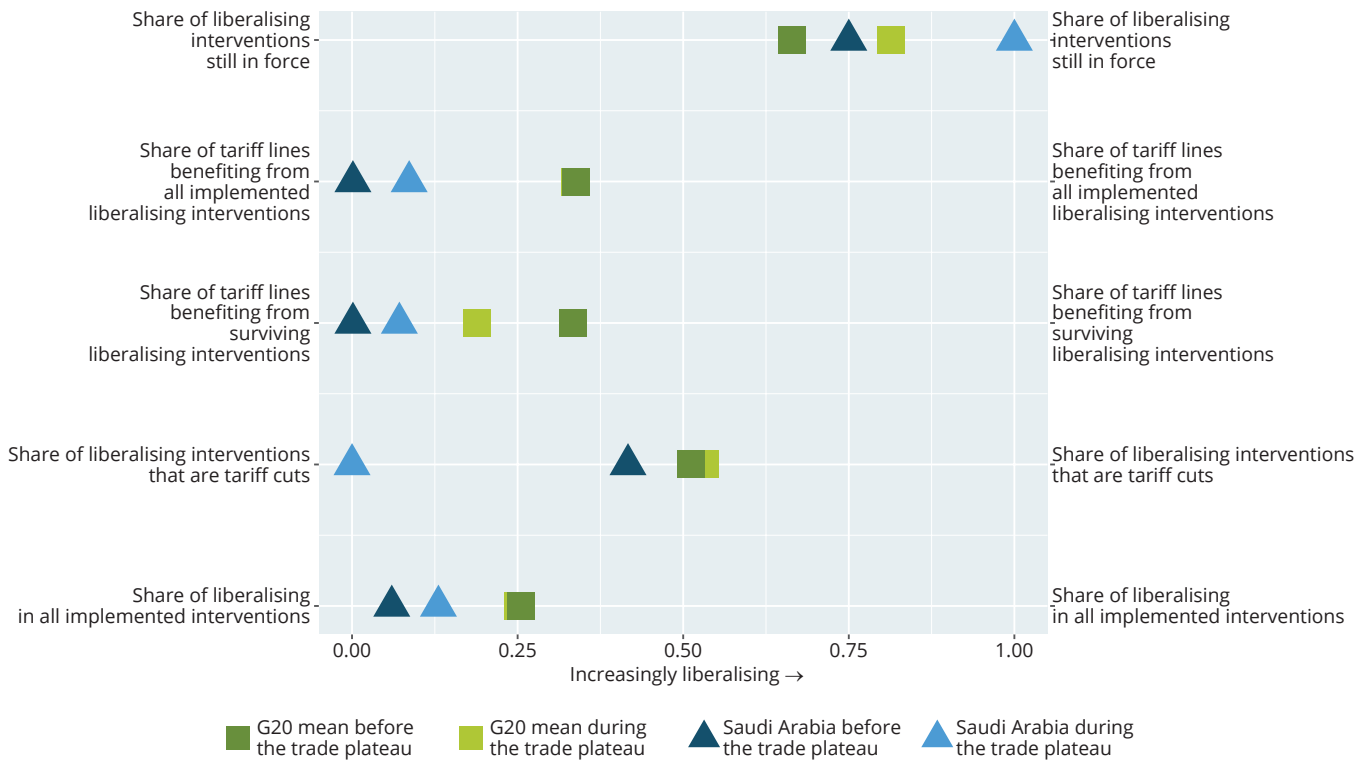


DISCRIMINATORY INTERVENTIONS HARMING SAUDI ARABIA'S INTERESTS



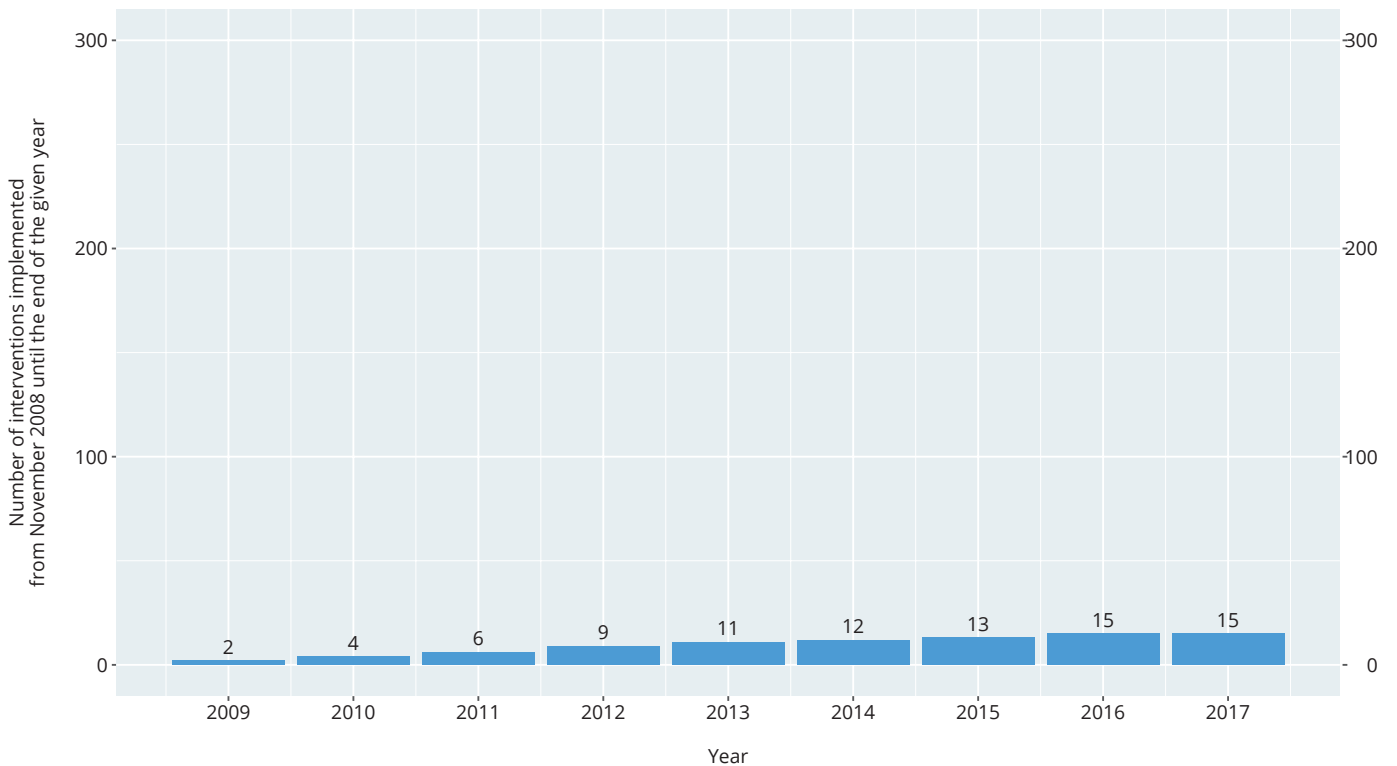
SAUDI ARABIA

Track record of liberalisation



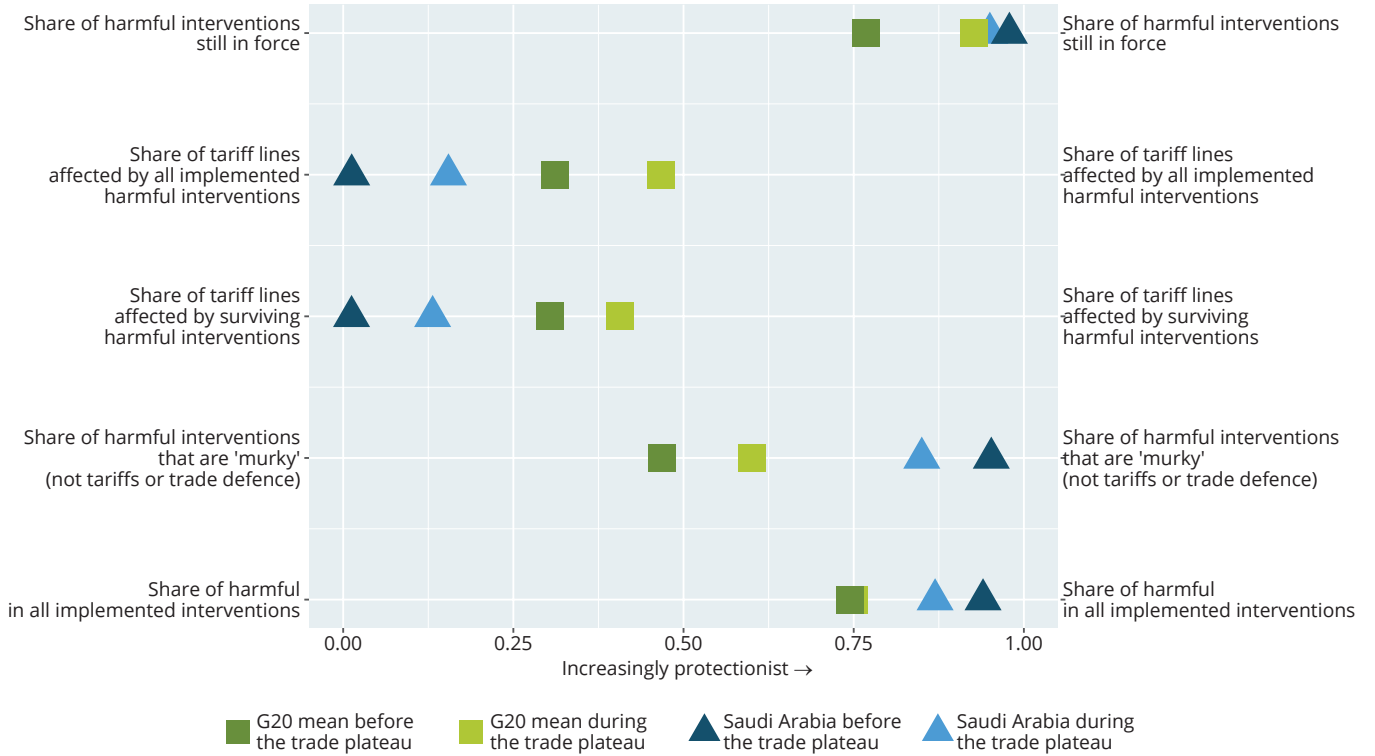
SAUDI ARABIA

Number of liberalising interventions imposed since November 2008



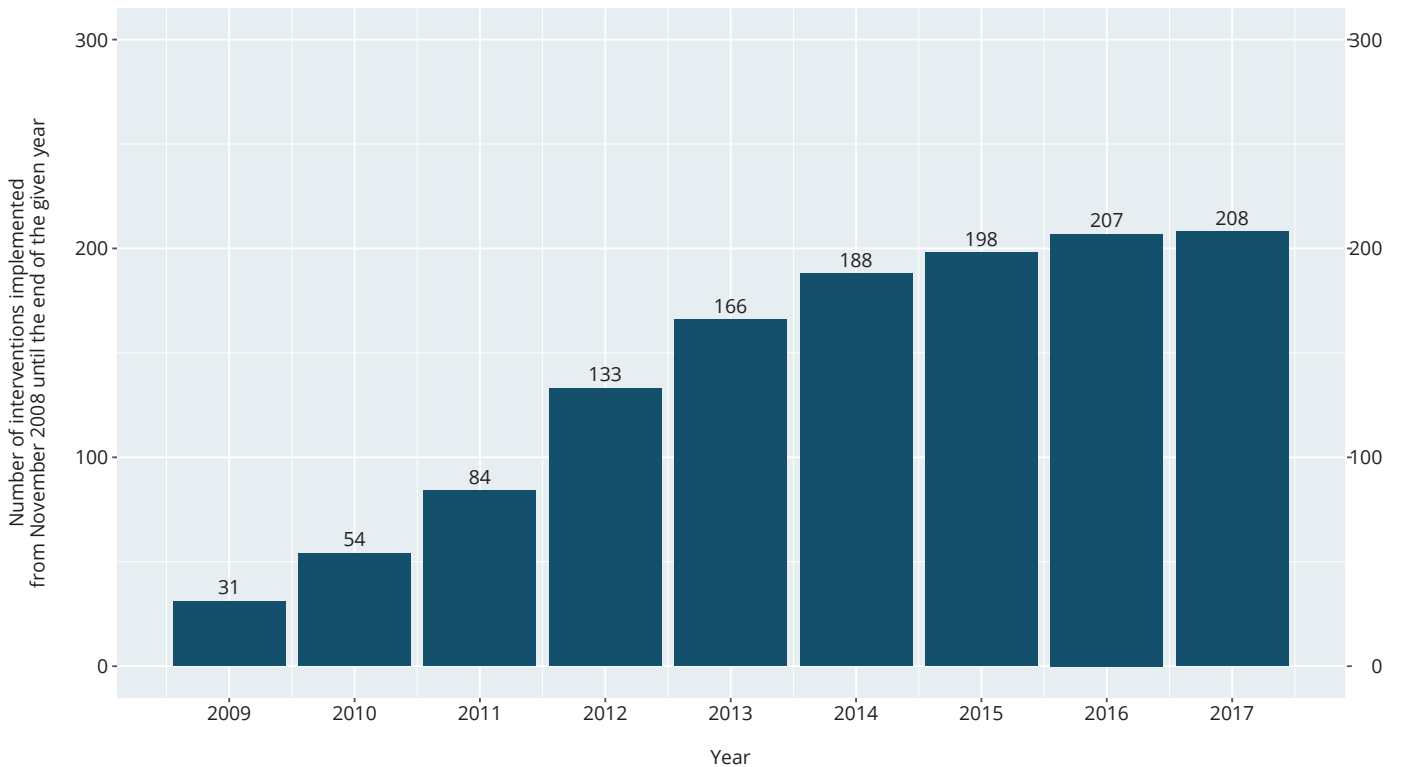
SAUDI ARABIA

Track record of protectionism



SAUDI ARABIA

Number of discriminatory interventions imposed since November 2008

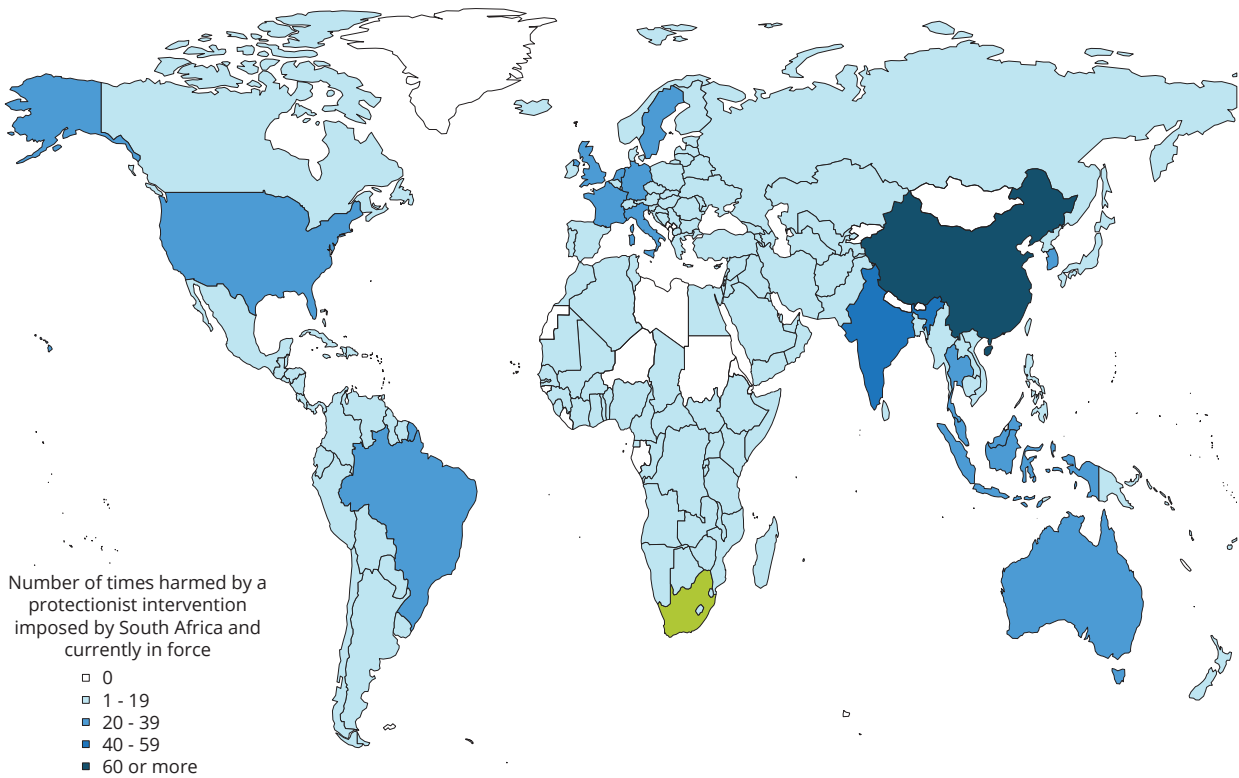


SOUTH AFRICA

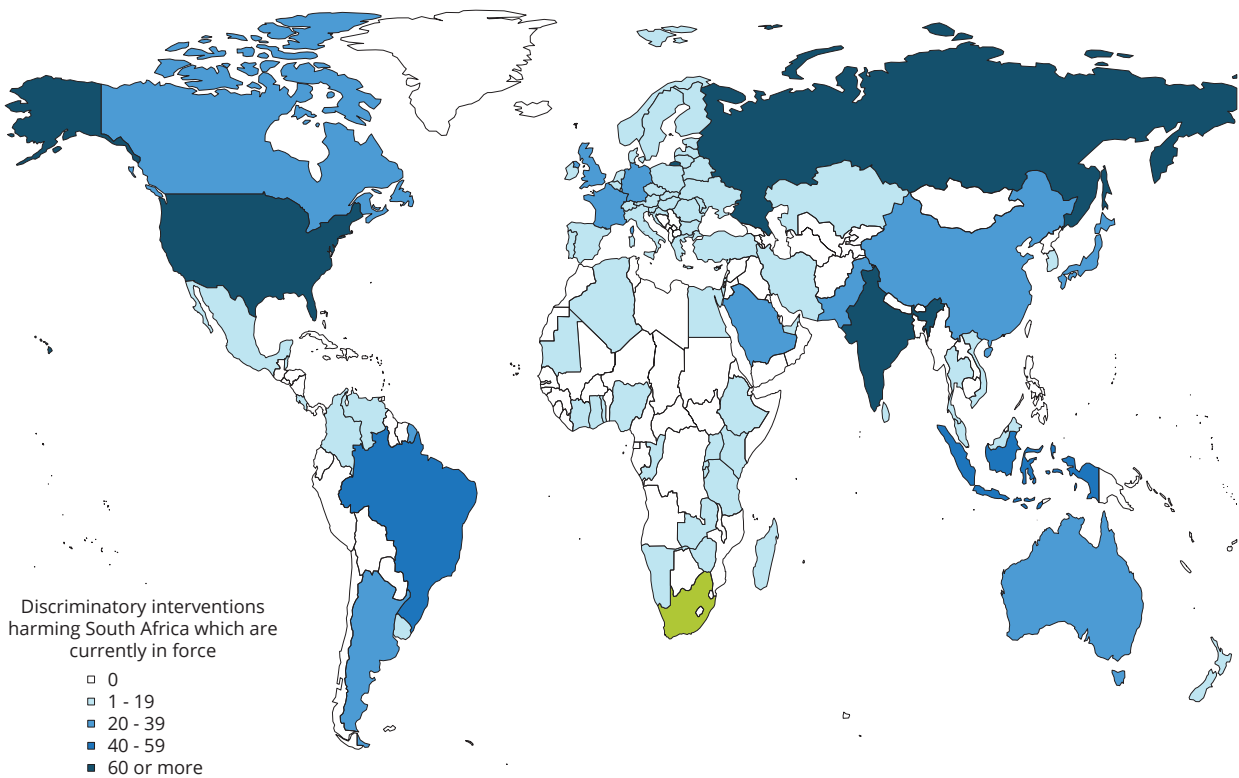
What is at stake for South Africa's exporters?

UN MAST chapter	Foreign discriminatory policy instrument	Percentage of this G20 member's exports at risk due to ...							
		2009	2010	2011	2012	2013	2014	2015	2016
	All instruments	32.23	38.86	45.66	49.14	51.51	52.90	51.46	54.73
D	Contingent trade protection	0.02	0.03	0.05	0.06	0.06	0.12	0.15	0.18
E	Non-automatic licensing, quotas	1.59	1.94	3.64	4.21	6.51	7.51	7.14	7.52
F	Price control measures	2.12	2.12	2.15	2.23	2.22	2.23	2.24	2.25
G	Finance measures	0.00	0.00	0.00	0.00	0.00	0.00	0.01	0.01
I	Trade-related investment measures	0.01	0.13	0.25	0.29	0.30	1.03	1.61	1.64
L	Subsidies (except export subsidies)	3.41	5.28	4.42	5.03	6.41	8.25	9.85	11.39
M	Government procurement	0.99	1.20	1.28	6.40	7.94	7.96	8.08	8.19
P	Export measures	25.09	29.55	37.01	38.23	39.52	40.30	38.23	42.81
	Import tariff increases	1.43	4.23	4.44	4.62	5.47	5.86	6.36	6.95
	Instrument unclassified	0.11	0.99	0.98	1.00	2.12	2.92	1.05	1.17

COUNTRIES HARMED BY SOUTH AFRICA'S DISCRIMINATORY INTERVENTIONS

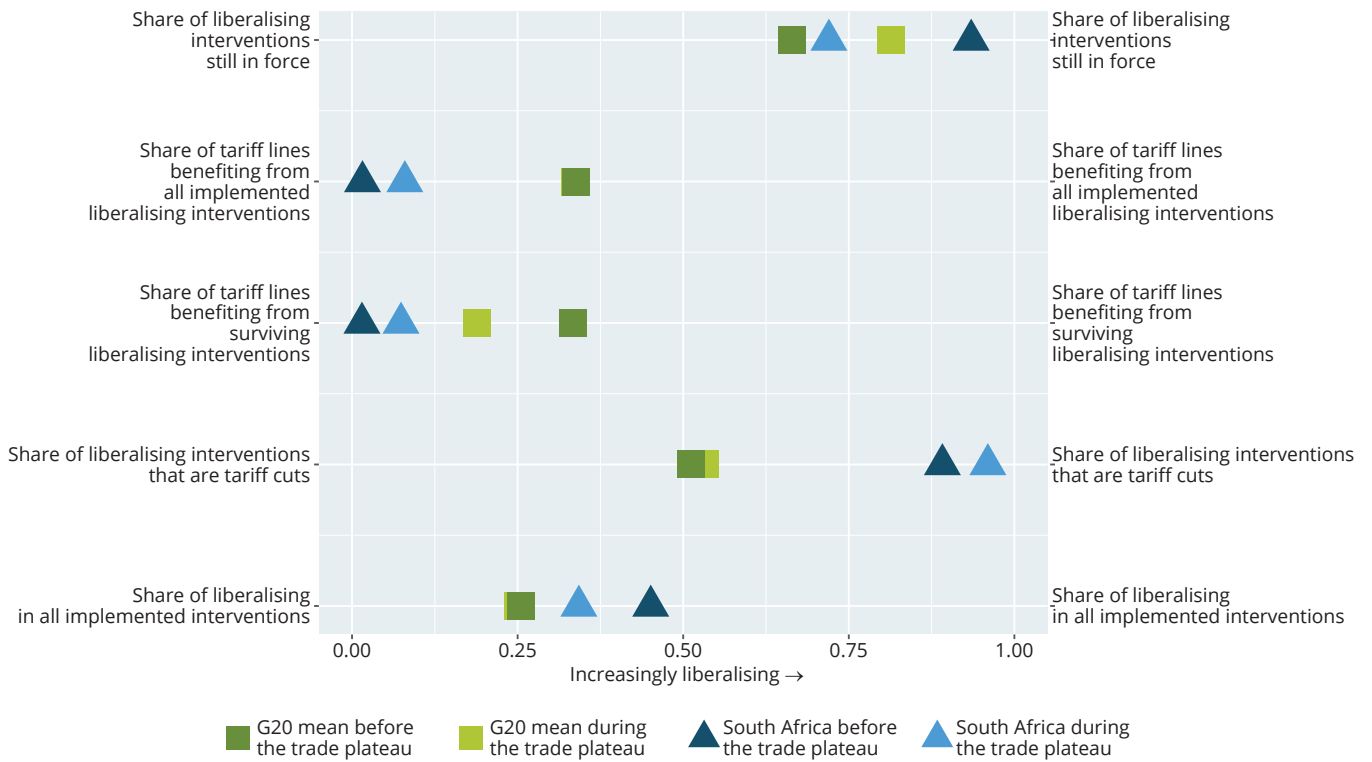


DISCRIMINATORY INTERVENTIONS HARMING SOUTH AFRICA'S INTERESTS



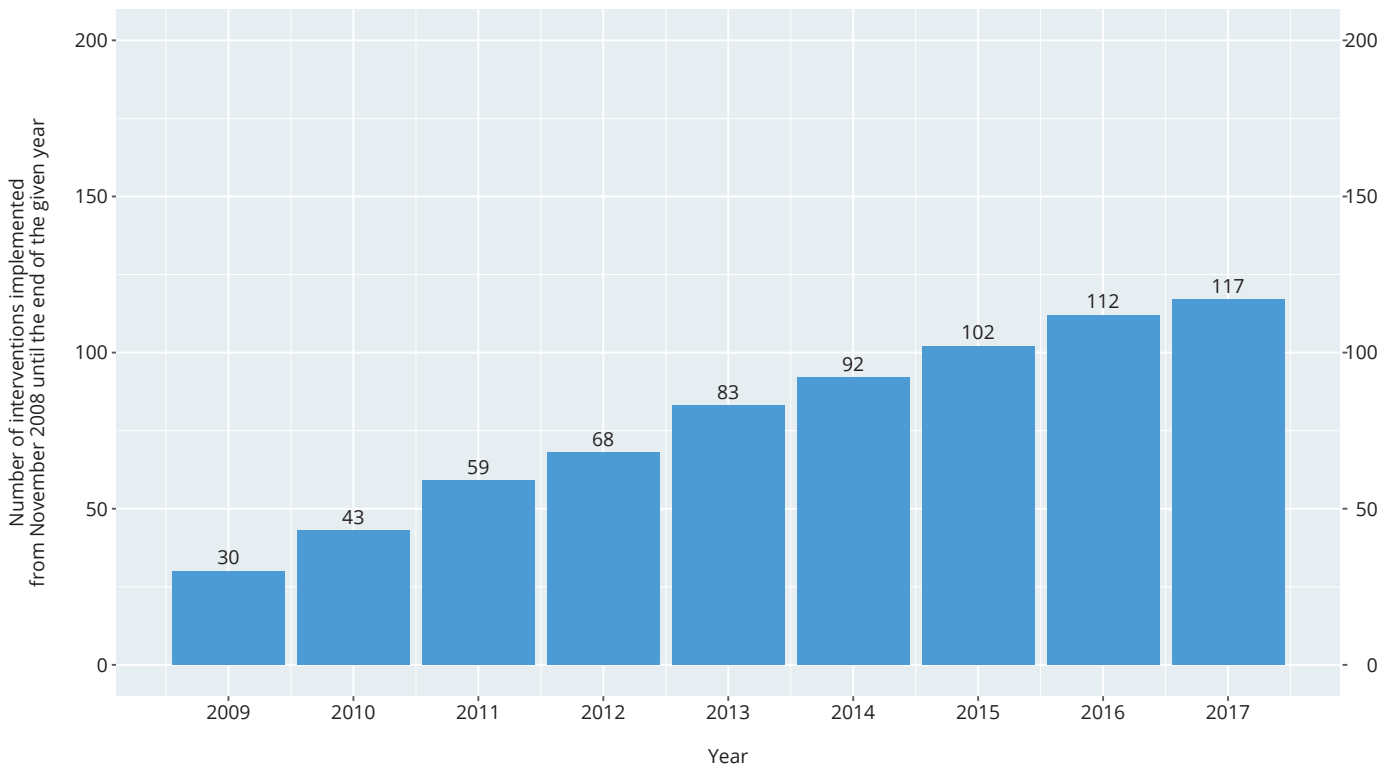
SOUTH AFRICA

Track record of liberalisation



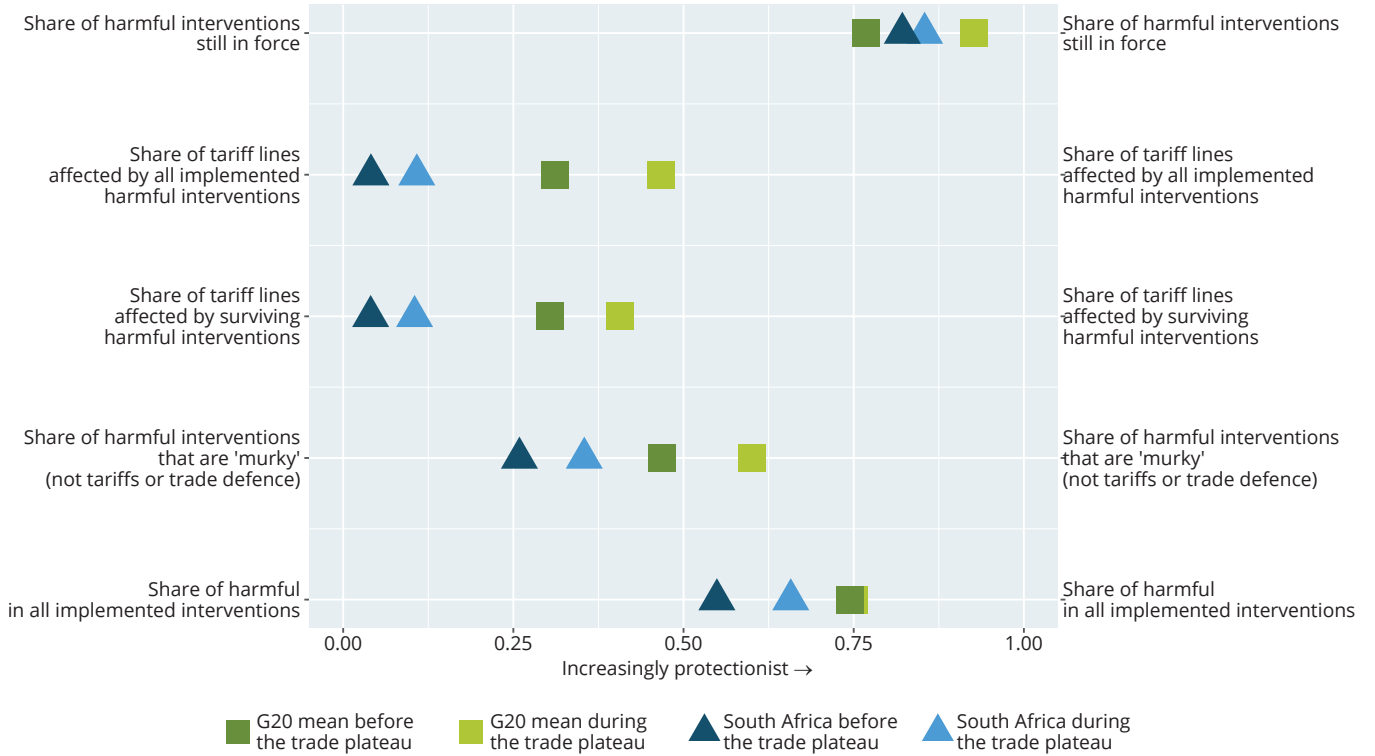
SOUTH AFRICA

Number of liberalising interventions imposed since November 2008



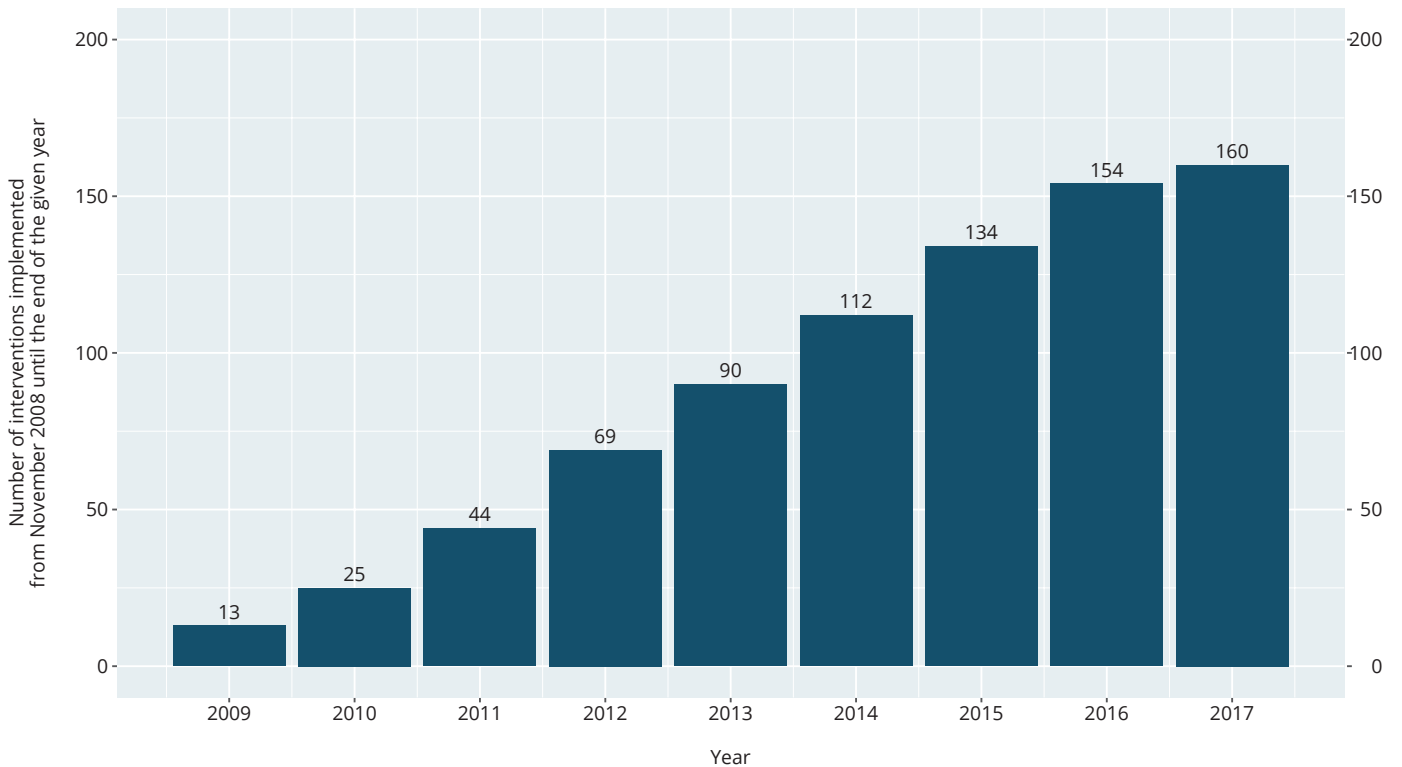
SOUTH AFRICA

Track record of protectionism



SOUTH AFRICA

Number of discriminatory interventions imposed since November 2008

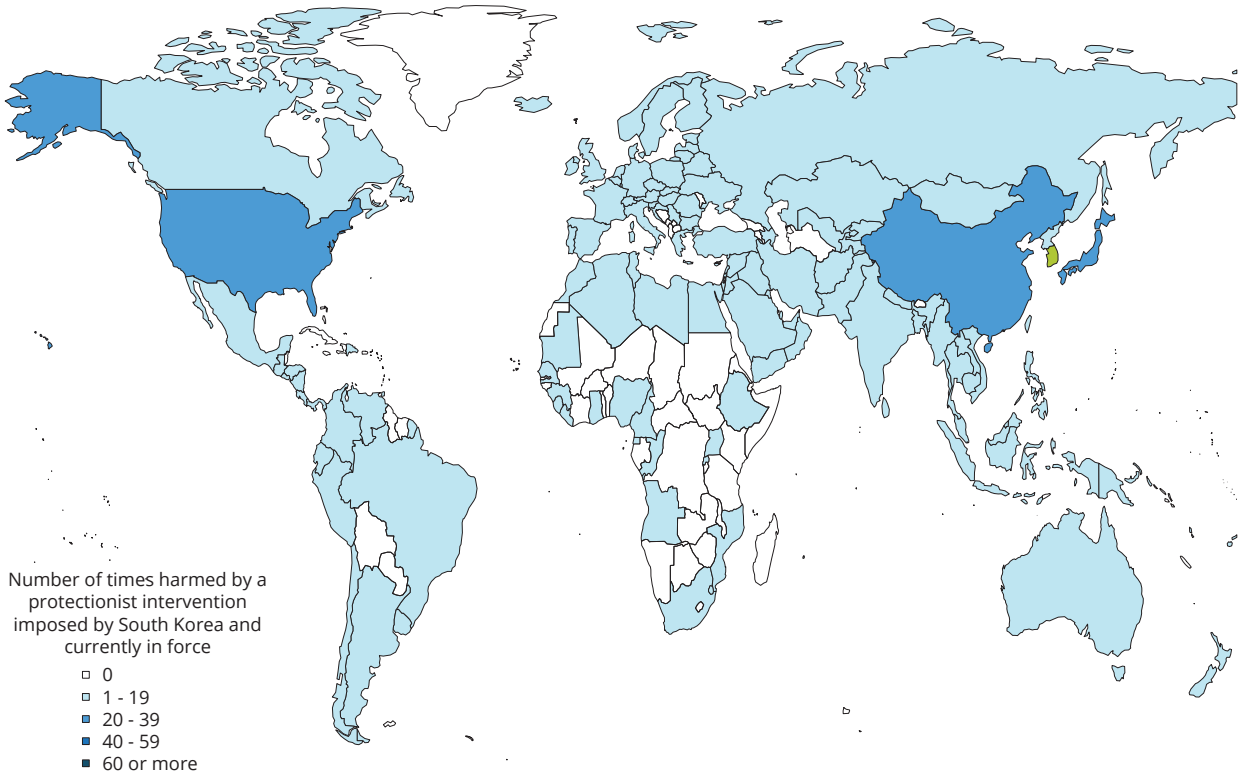


SOUTH KOREA

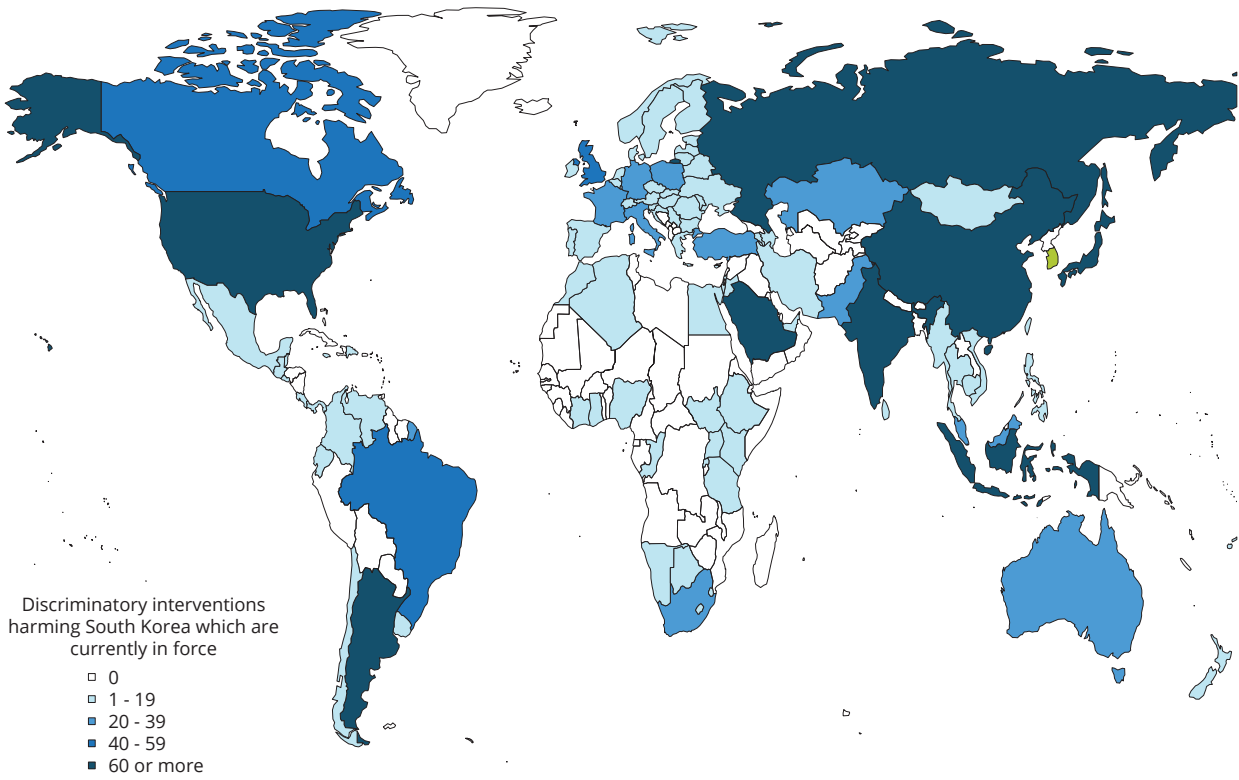
What is at stake for South Korea's exporters?

UN MAST chapter	Foreign discriminatory policy instrument	Percentage of this G20 member's exports at risk due to ...							
		2009	2010	2011	2012	2013	2014	2015	2016
	All instruments	60.24	74.09	79.11	82.78	84.24	84.90	84.65	86.06
D	Contingent trade protection	0.24	1.22	1.34	1.51	1.74	1.76	1.73	1.99
E	Non-automatic licensing, quotas	0.99	0.97	1.03	1.18	1.49	2.03	13.52	13.74
F	Price control measures	0.02	0.02	0.06	0.12	0.07	0.25	1.92	2.03
G	Finance measures	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
I	Trade-related investment measures	0.70	1.34	1.85	2.12	2.16	2.83	3.69	4.23
L	Subsidies (except export subsidies)	9.34	13.70	22.02	24.26	26.25	26.83	28.04	29.51
M	Government procurement	10.85	16.30	16.47	18.98	19.98	20.26	20.44	20.53
P	Export measures	51.12	63.14	67.61	74.82	76.86	76.47	76.01	77.77
	Import tariff increases	0.62	0.70	0.59	0.95	1.05	1.06	1.28	1.33
	Instrument unclassified	0.15	0.80	1.04	1.15	1.21	1.73	3.99	4.03

COUNTRIES HARMED BY SOUTH KOREA'S DISCRIMINATORY INTERVENTIONS

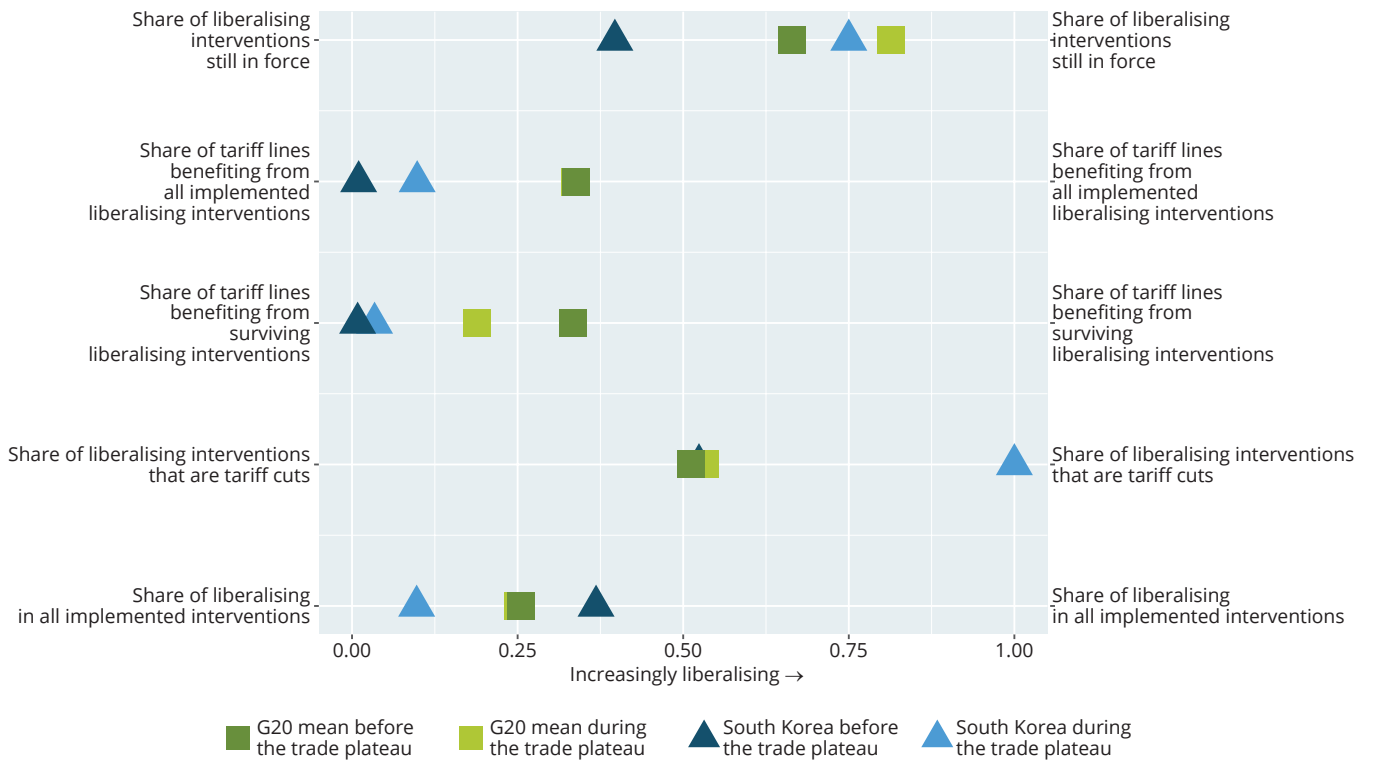


DISCRIMINATORY INTERVENTIONS HARMING SOUTH KOREA'S INTERESTS



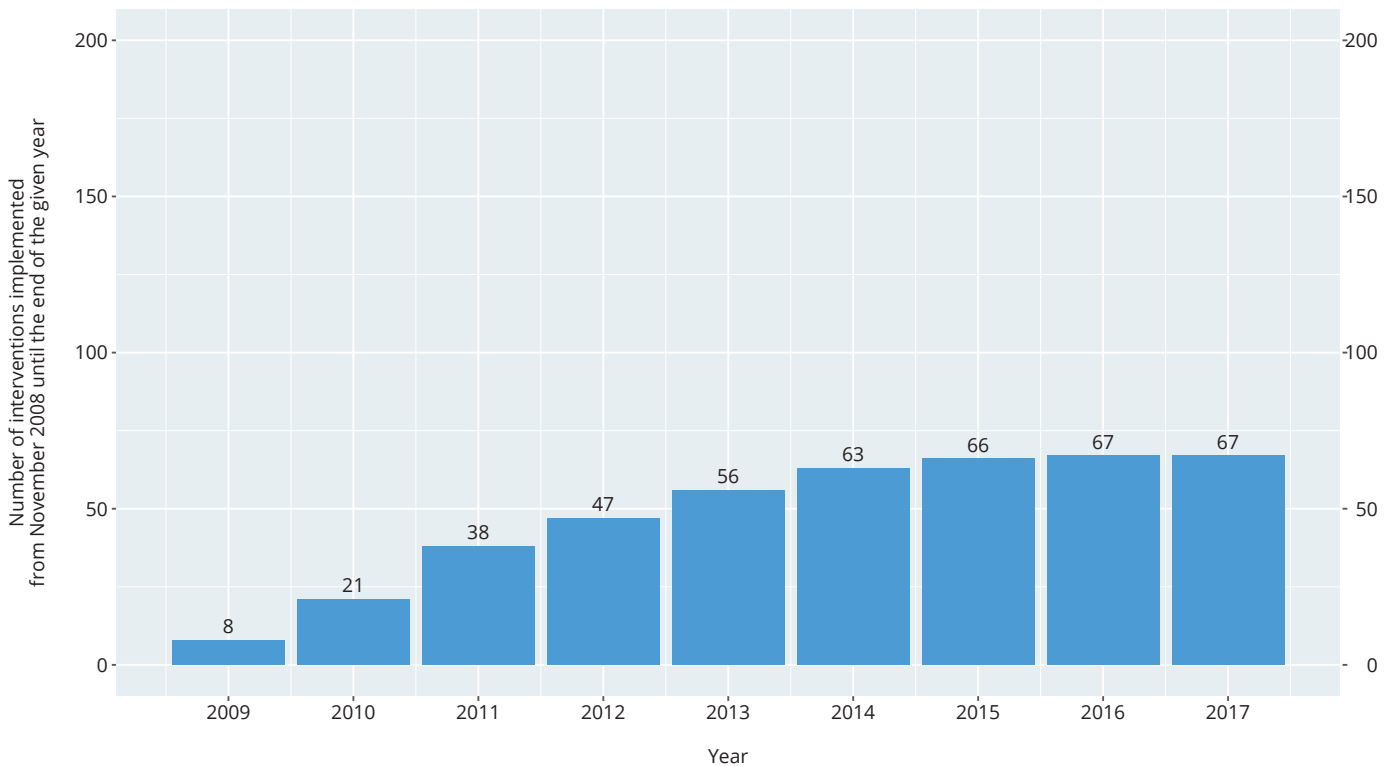
SOUTH KOREA

Track record of liberalisation



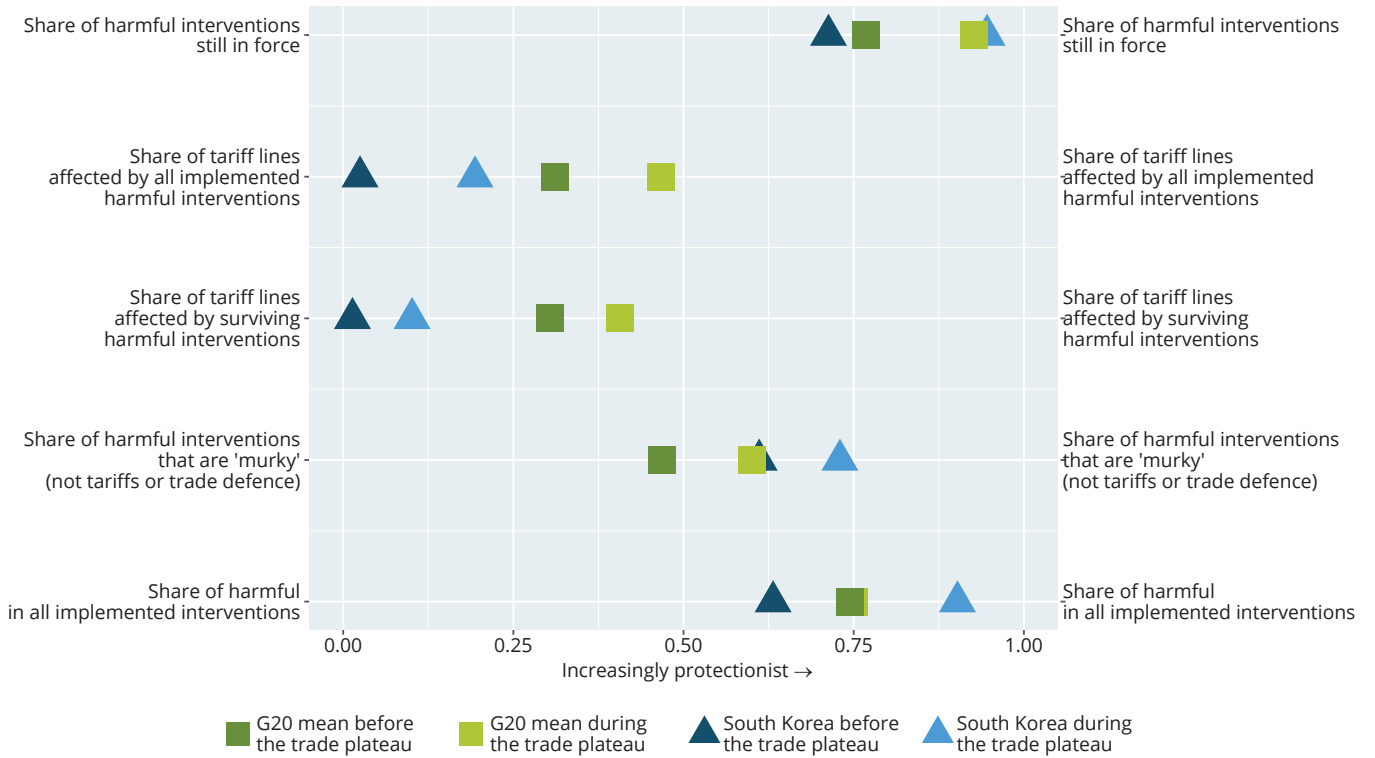
SOUTH KOREA

Number of liberalising interventions imposed since November 2008



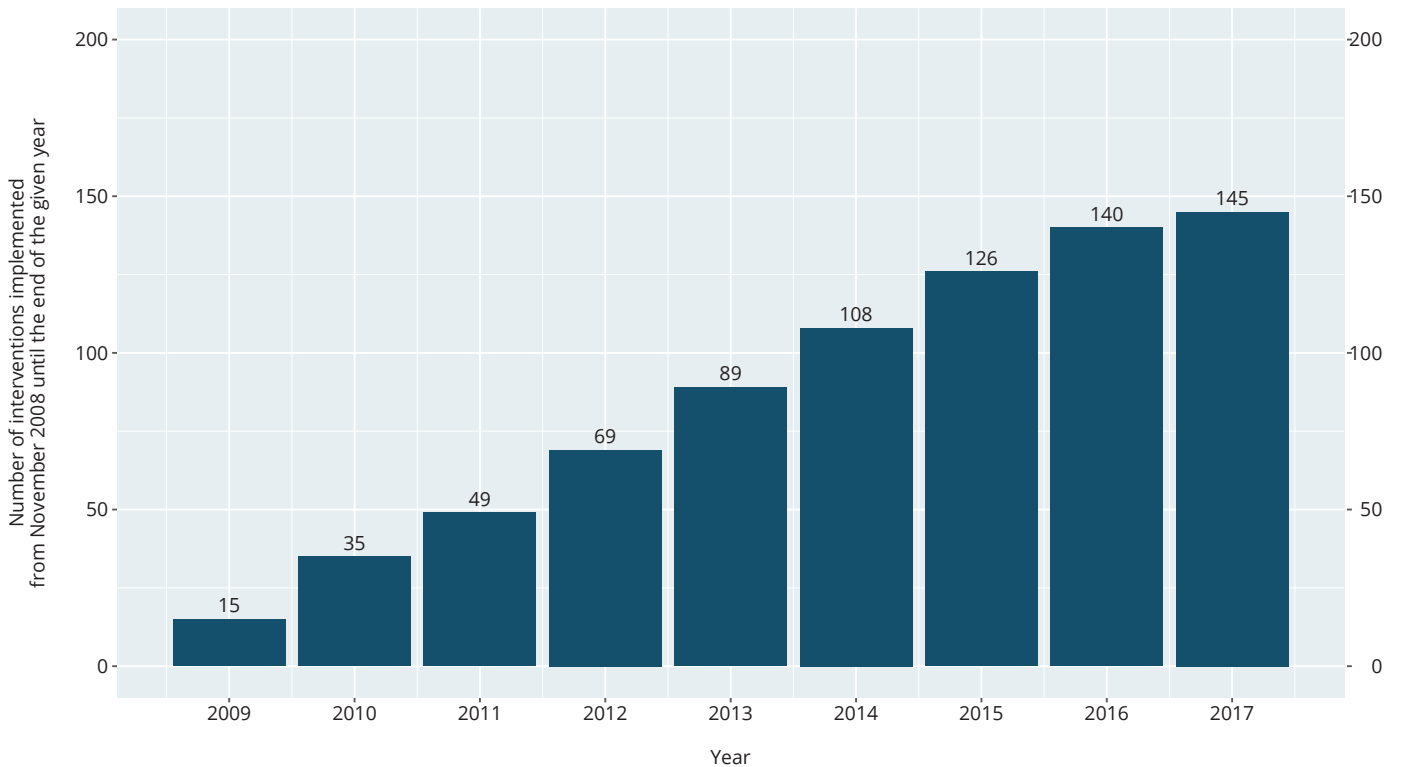
SOUTH KOREA

Track record of protectionism



SOUTH KOREA

Number of discriminatory interventions imposed since November 2008

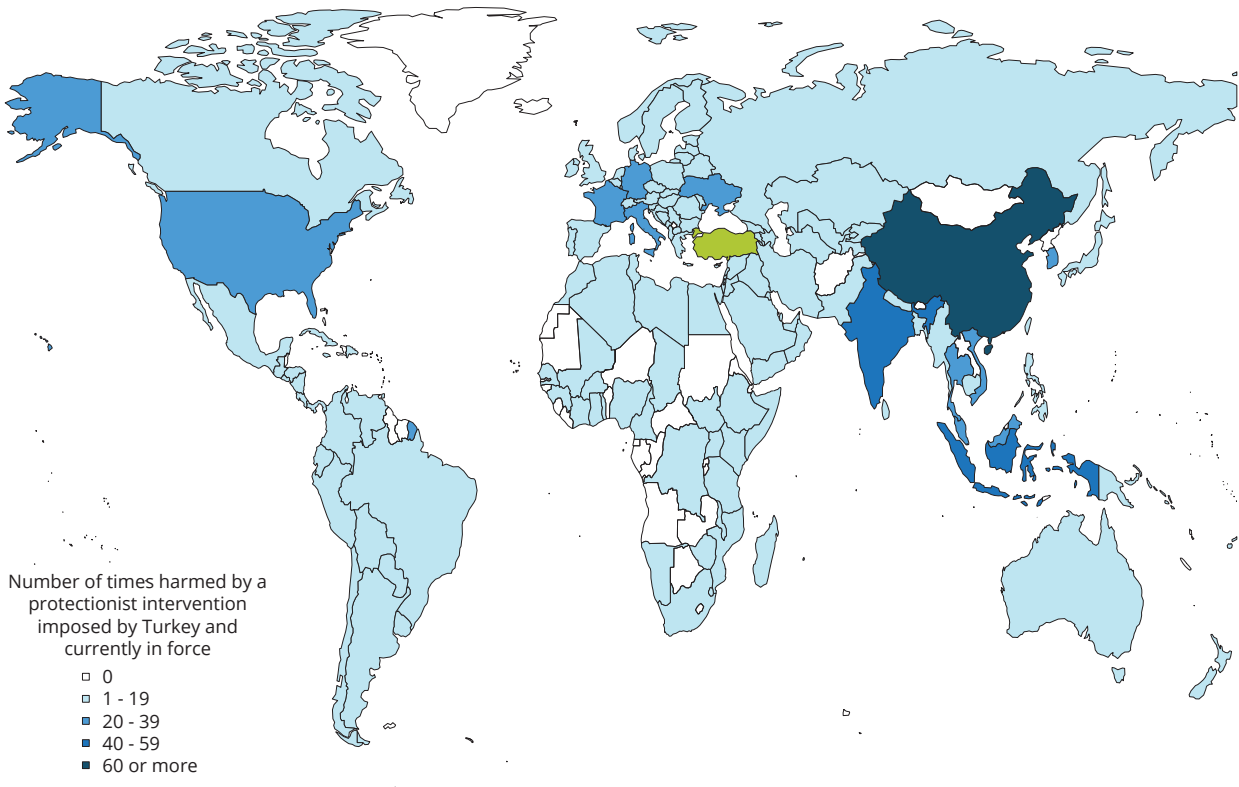


TURKEY

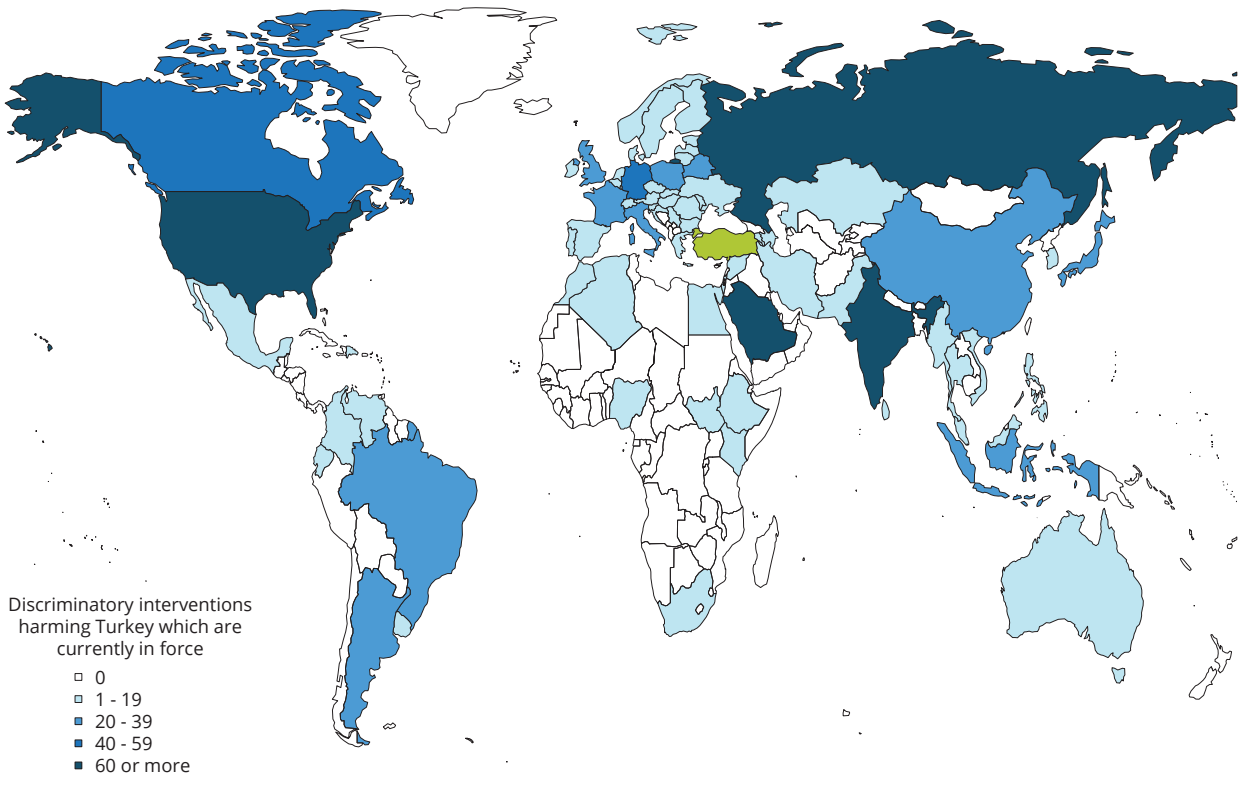
What is at stake for Turkey's exporters?

UN MAST chapter	Foreign discriminatory policy instrument	Percentage of this G20 member's exports at risk due to ...							
		2009	2010	2011	2012	2013	2014	2015	2016
	All instruments	57.98	67.44	70.48	72.92	73.74	73.84	73.93	76.07
D	Contingent trade protection	0.68	0.67	0.75	0.76	0.86	1.02	1.47	1.50
E	Non-automatic licensing, quotas	1.10	17.84	18.47	18.71	19.06	18.72	18.94	20.84
F	Price control measures	0.43	0.46	0.46	0.46	0.46	0.55	0.59	0.60
G	Finance measures	0.07	0.00	0.00	0.00	0.00	0.00	0.21	0.28
I	Trade-related investment measures	0.48	2.17	2.42	2.51	2.63	3.17	3.68	3.72
L	Subsidies (except export subsidies)	6.89	9.74	6.78	7.82	9.15	11.13	12.65	15.13
M	Government procurement	1.59	2.61	2.91	3.87	4.04	4.48	4.93	5.18
P	Export measures	52.94	61.13	63.95	66.07	66.74	66.84	66.68	68.04
	Import tariff increases	0.00	0.00	0.00	0.02	0.04	0.04	0.09	0.38
	Instrument unclassified	0.04	0.62	0.81	1.04	1.80	1.37	1.41	1.13

COUNTRIES HARMED BY TURKEY'S DISCRIMINATORY INTERVENTIONS

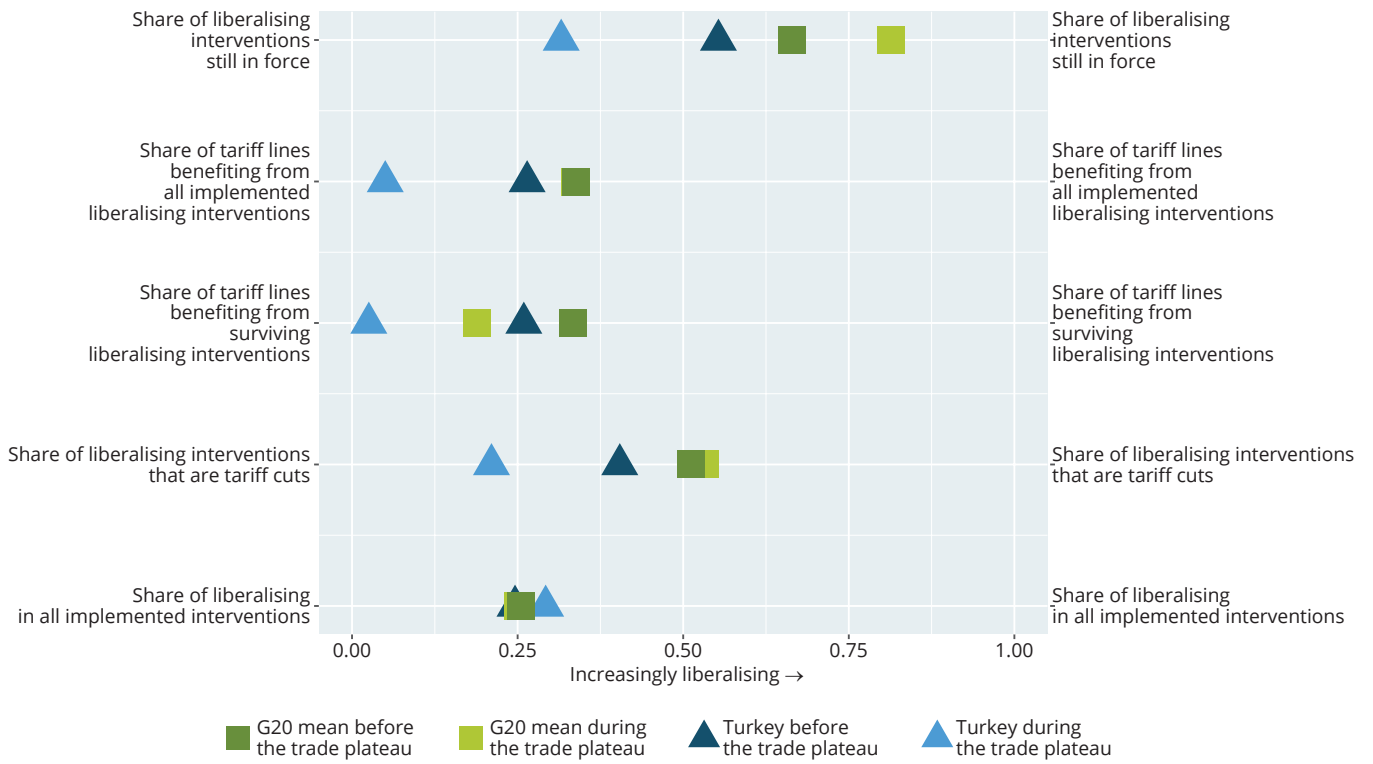


DISCRIMINATORY INTERVENTIONS HARMING TURKEY'S INTERESTS



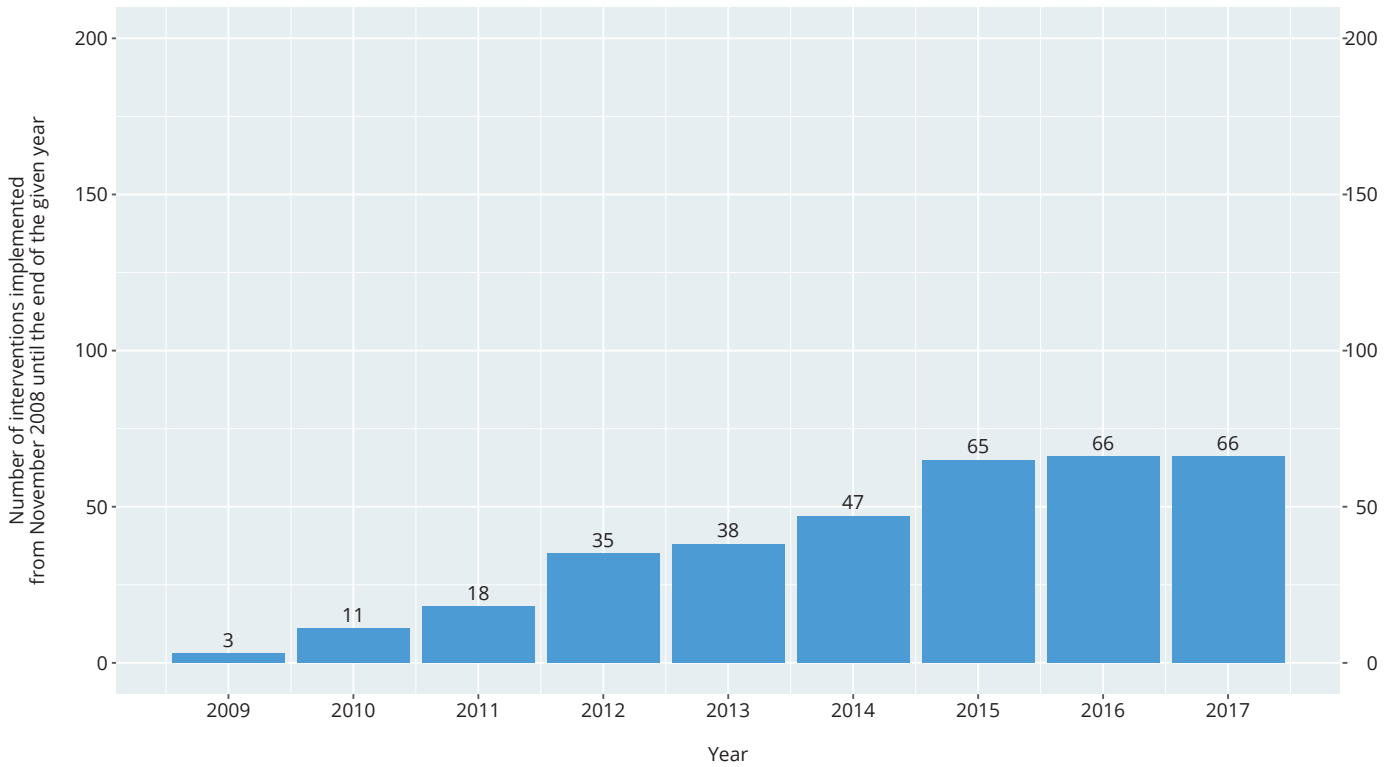
TURKEY

Track record of liberalisation



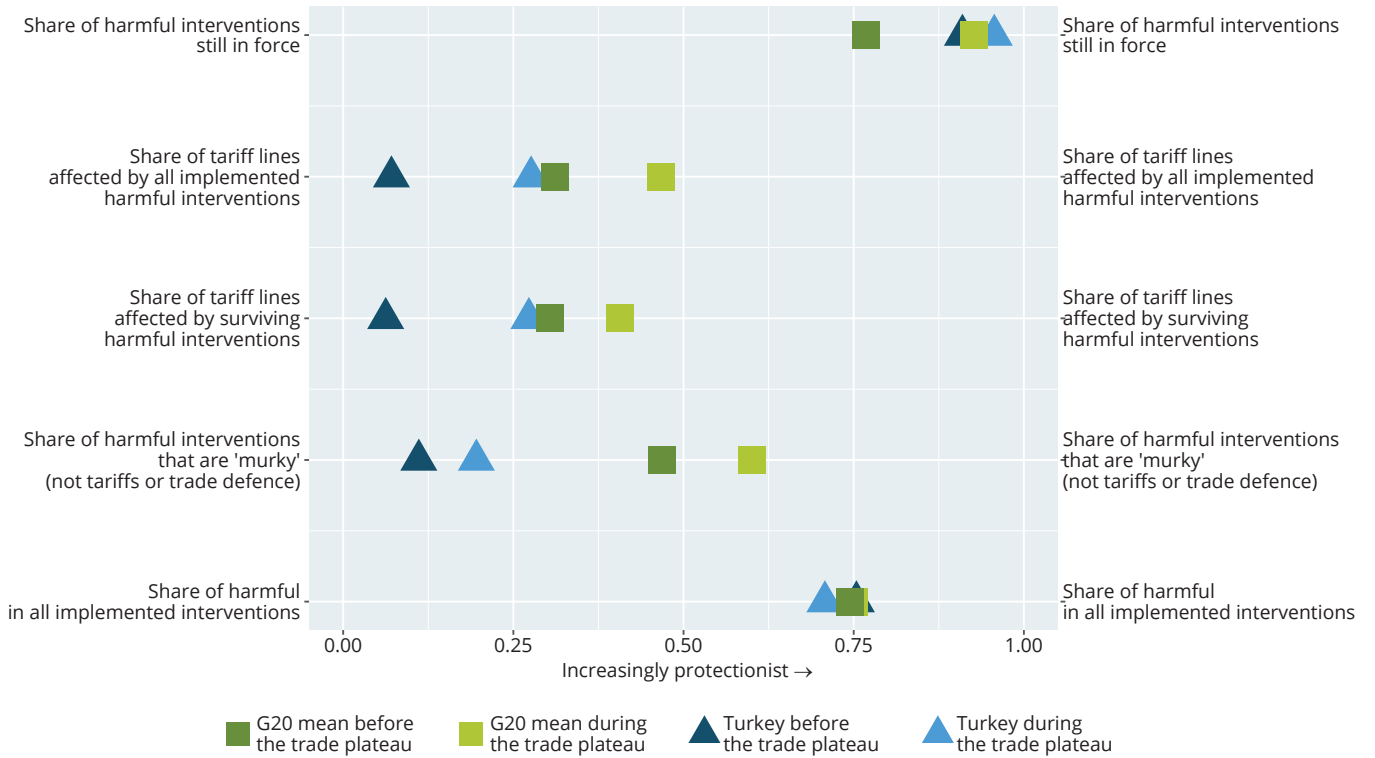
TURKEY

Number of liberalising interventions imposed since November 2008



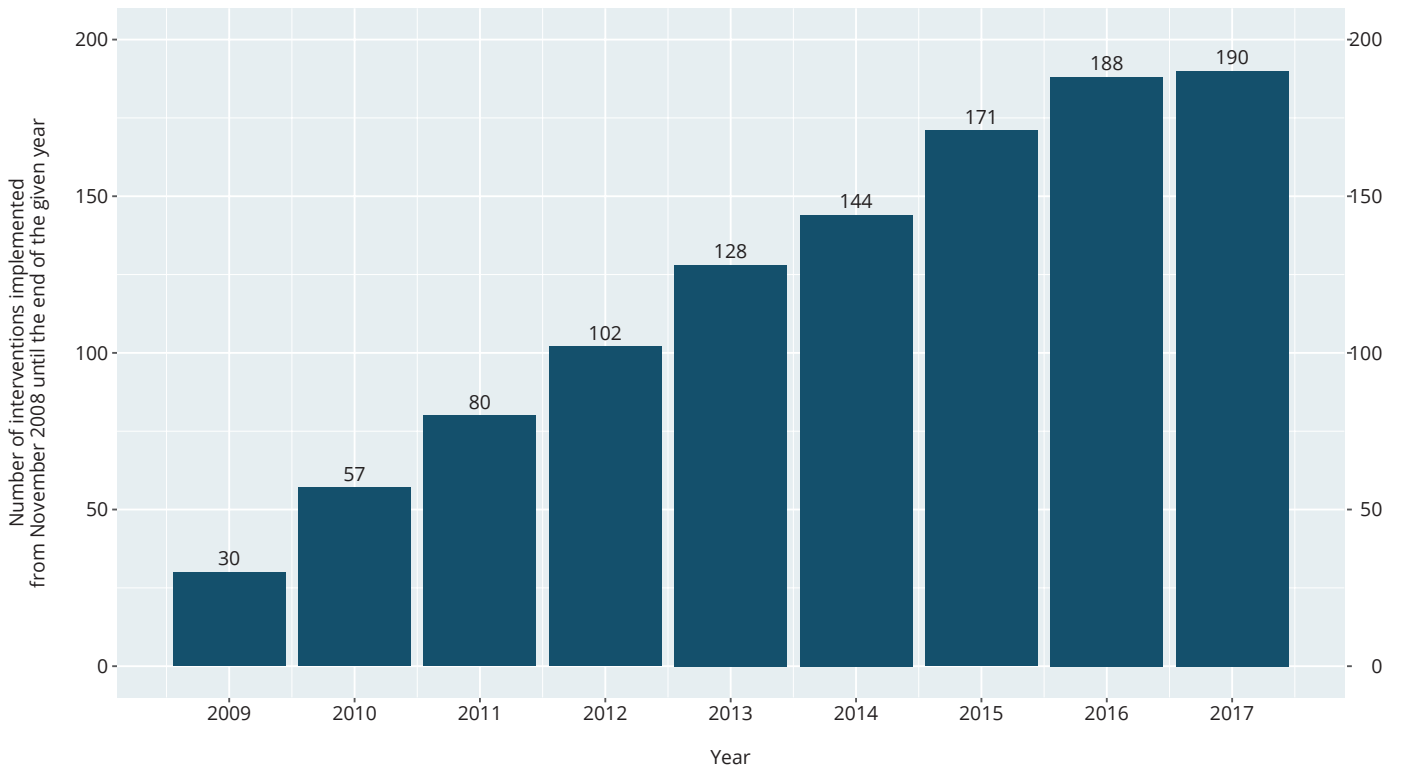
TURKEY

Track record of protectionism



TURKEY

Number of discriminatory interventions imposed since November 2008

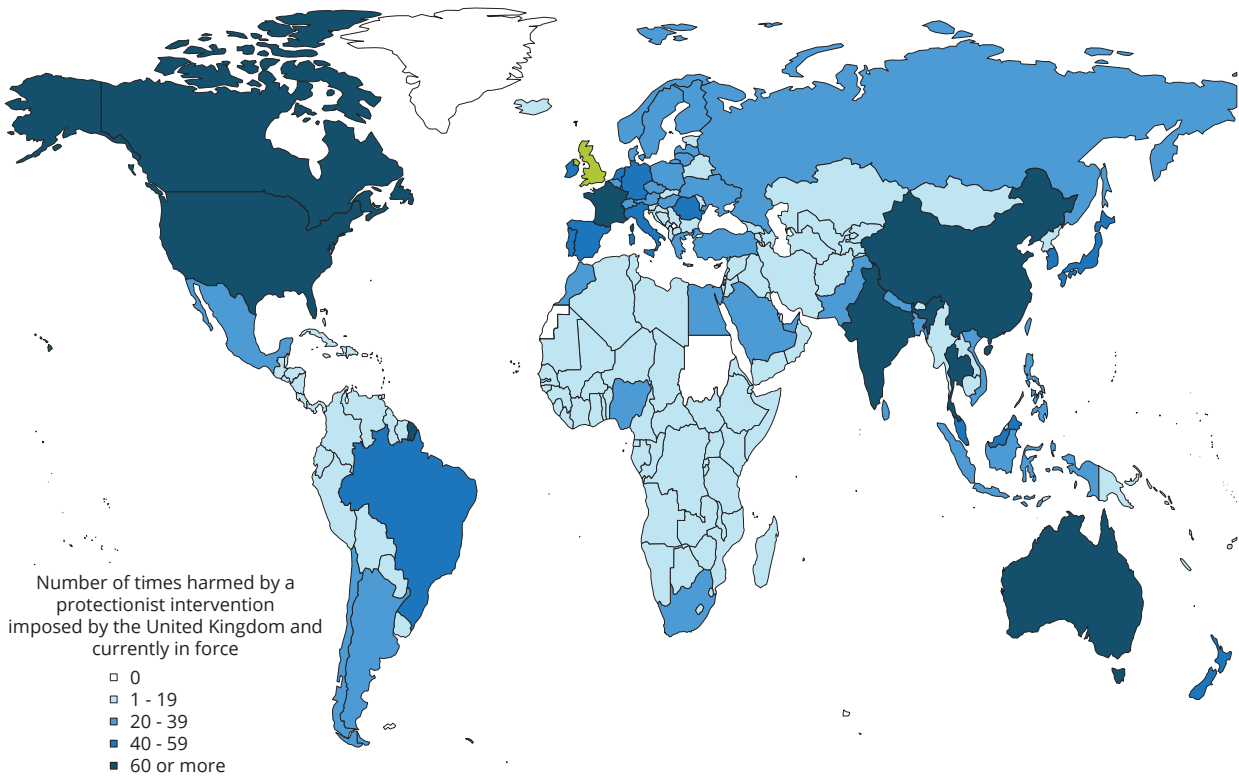


UNITED KINGDOM

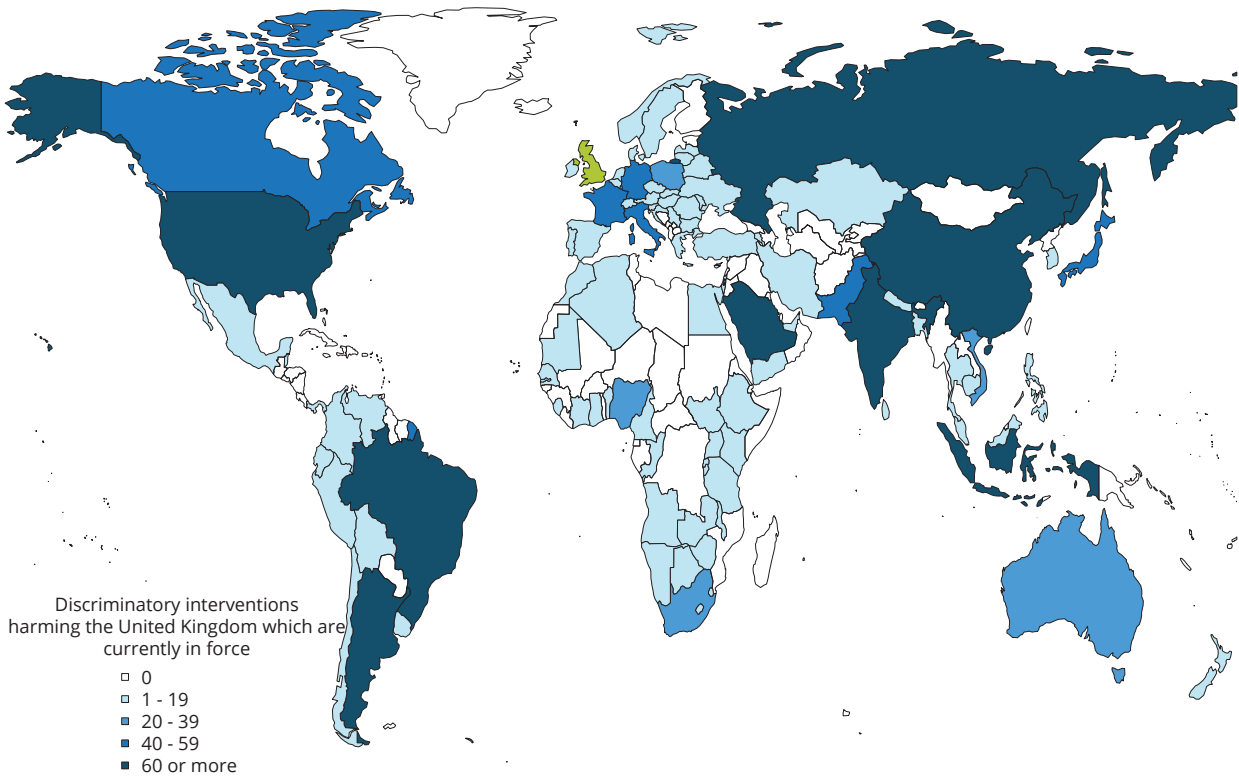
What is at stake for the United Kingdom's exporters?

UN MAST chapter	Foreign discriminatory policy instrument	Percentage of this G20 member's exports at risk due to ...							
		2009	2010	2011	2012	2013	2014	2015	2016
	All instruments	40.55	49.30	55.06	60.60	62.48	64.48	65.91	67.69
D	Contingent trade protection	0.01	0.03	0.07	0.12	0.15	0.16	0.17	0.16
E	Non-automatic licensing, quotas	0.16	0.16	0.19	0.25	0.54	0.52	0.84	0.78
F	Price control measures	0.00	0.00	0.02	0.04	0.03	0.05	0.13	0.17
G	Finance measures	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
I	Trade-related investment measures	0.41	1.34	1.82	2.02	2.05	2.26	2.51	2.65
L	Subsidies (except export subsidies)	3.75	5.91	7.42	11.06	12.23	15.05	15.17	16.27
M	Government procurement	1.35	2.16	2.42	4.57	5.14	5.32	5.50	5.59
P	Export measures	37.27	44.11	50.23	56.31	57.72	56.70	57.95	60.51
	Import tariff increases	1.01	1.85	1.91	2.08	2.57	2.54	2.79	3.15
	Instrument unclassified	0.01	0.31	0.43	0.50	0.65	2.22	3.61	3.60

COUNTRIES HARMED BY THE UK'S DISCRIMINATORY INTERVENTIONS

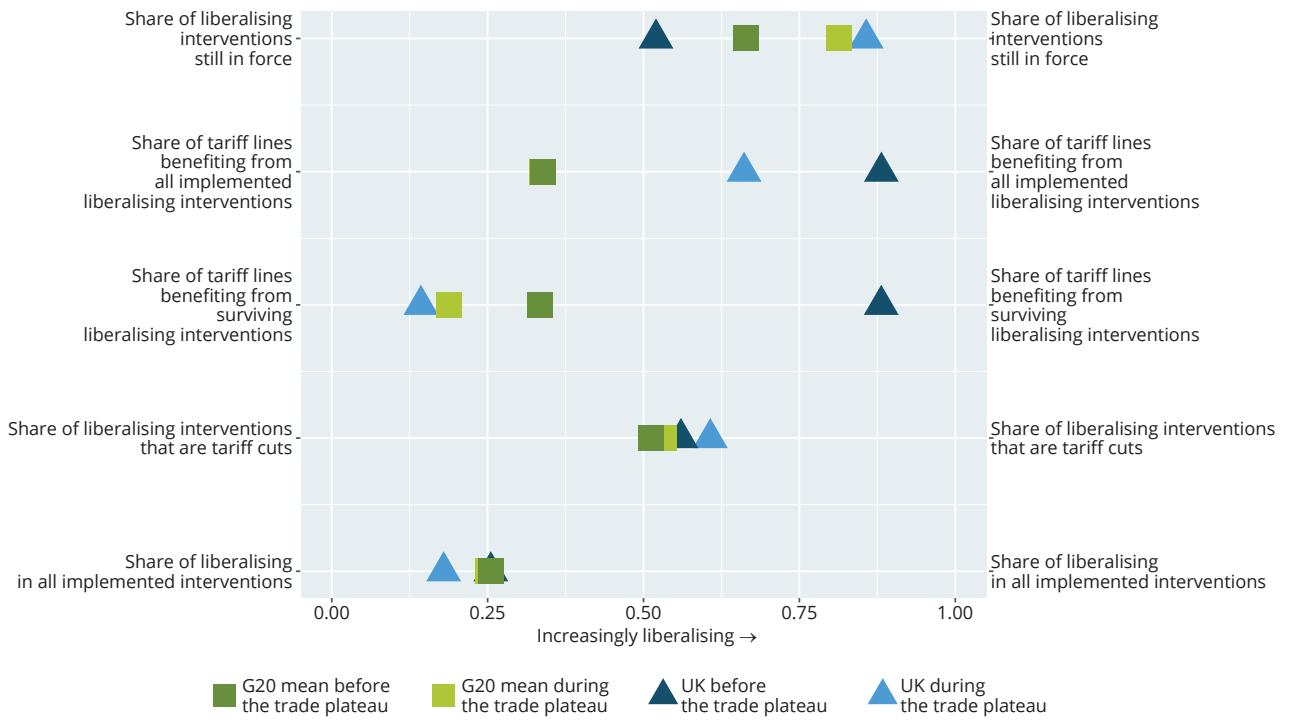


DISCRIMINATORY INTERVENTIONS HARMING THE UK'S INTERESTS



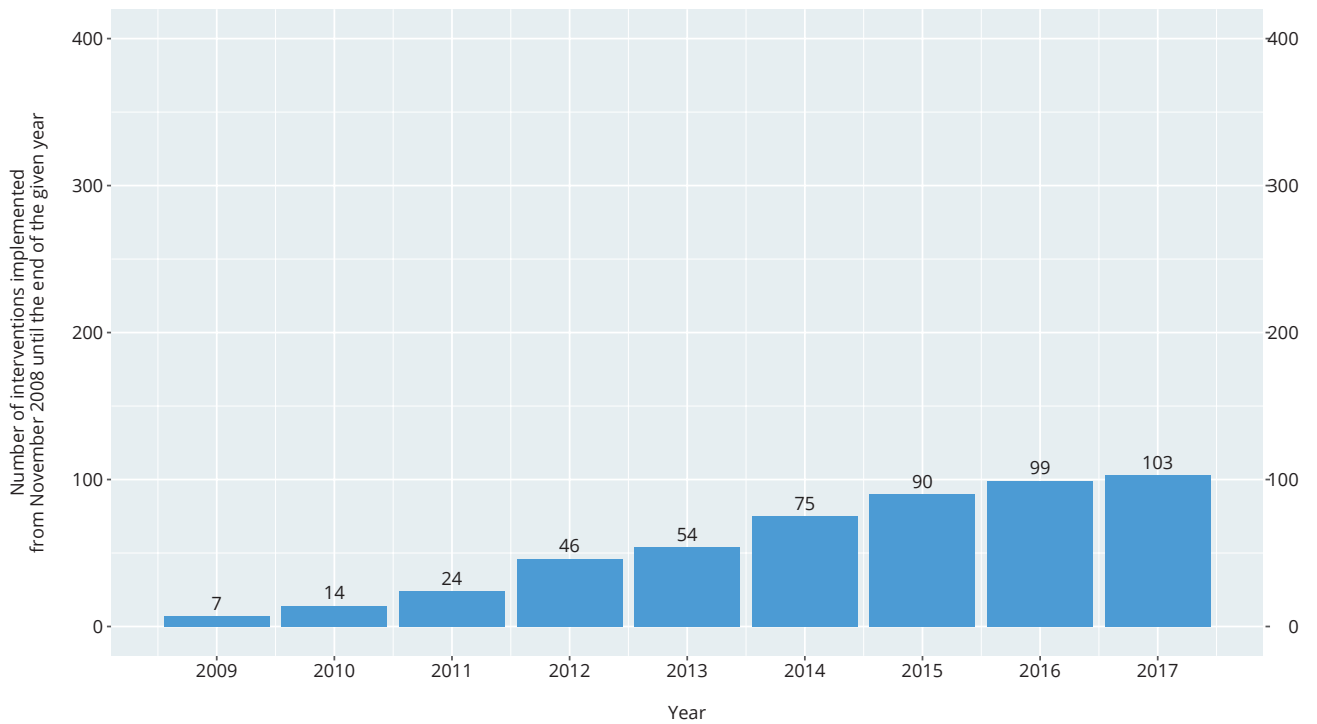
UNITED KINGDOM

Track record of liberalisation



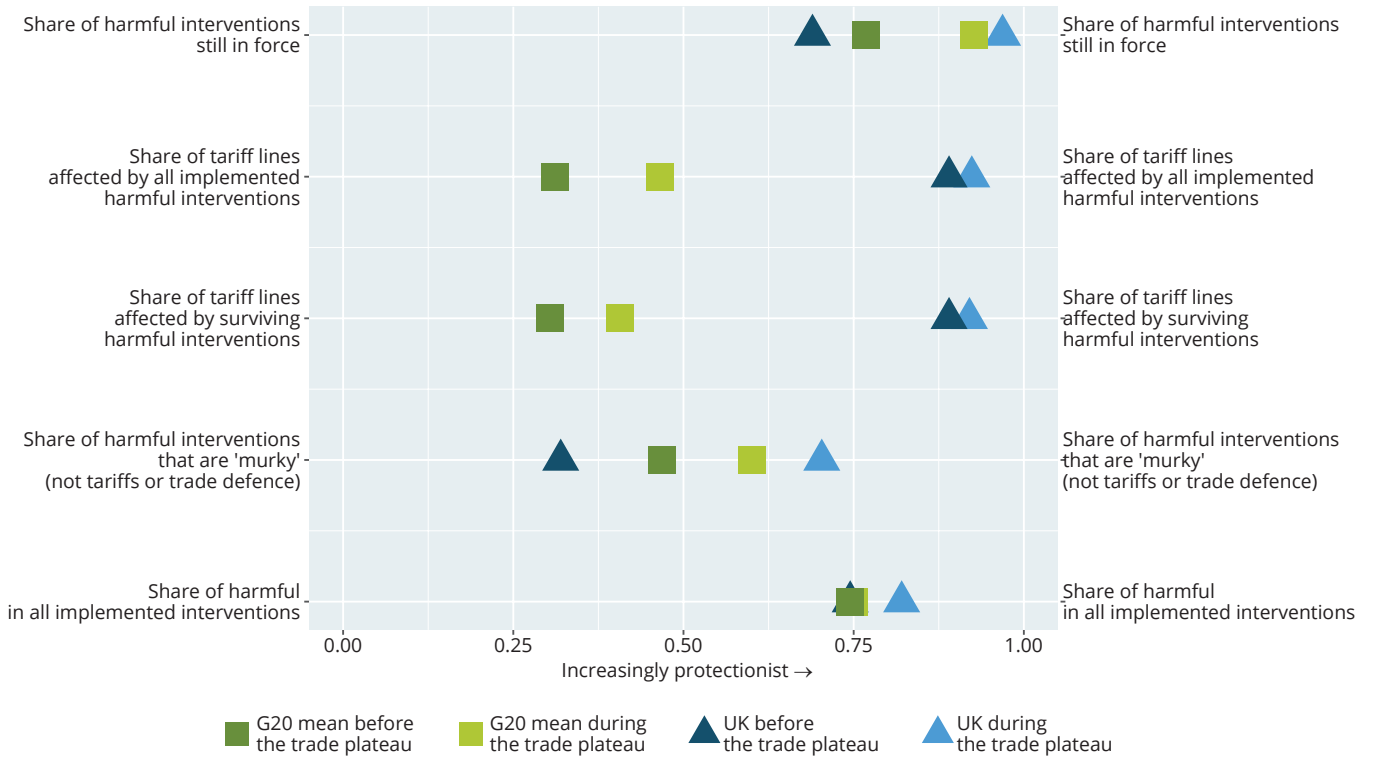
UNITED KINGDOM

Number of liberalising interventions imposed since November 2008



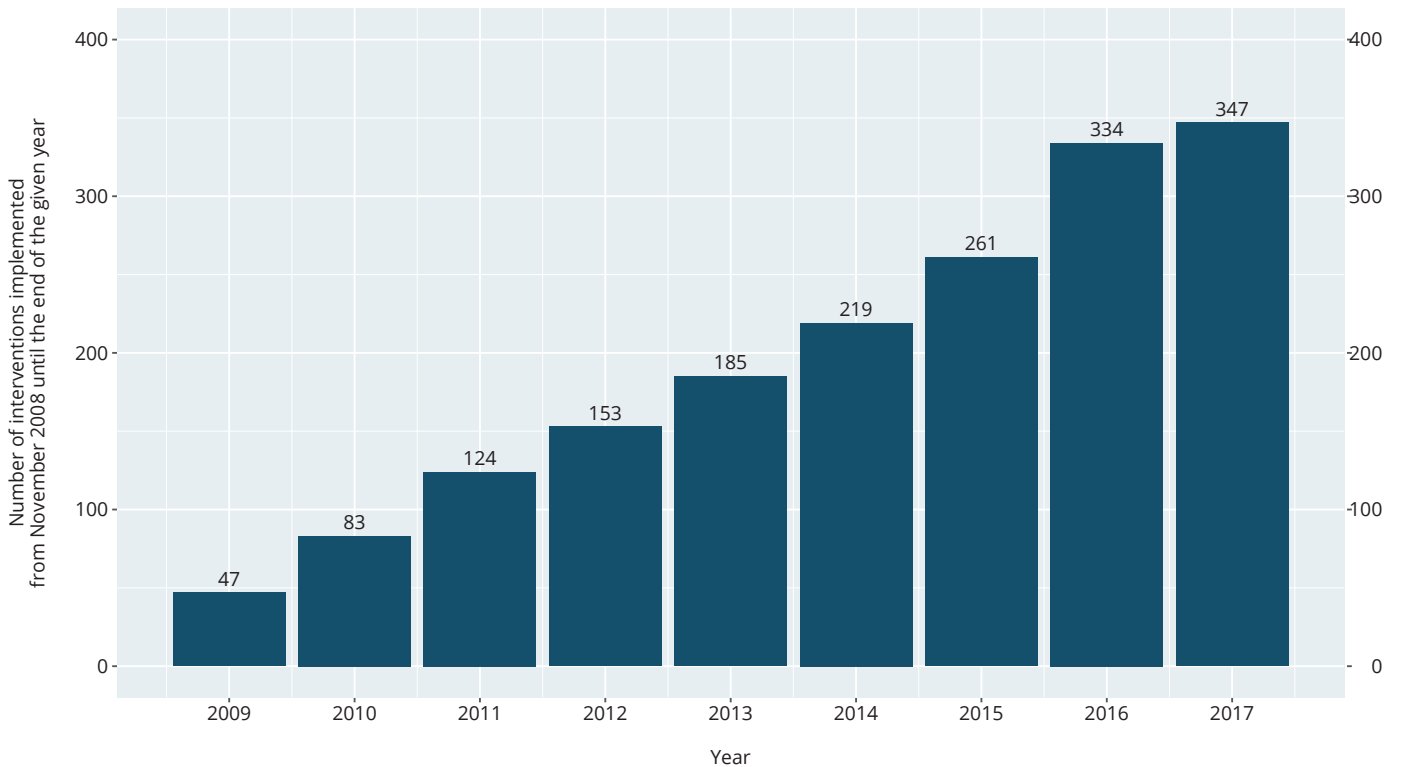
UNITED KINGDOM

Track record of protectionism



UNITED KINGDOM

Number of discriminatory interventions imposed since November 2008

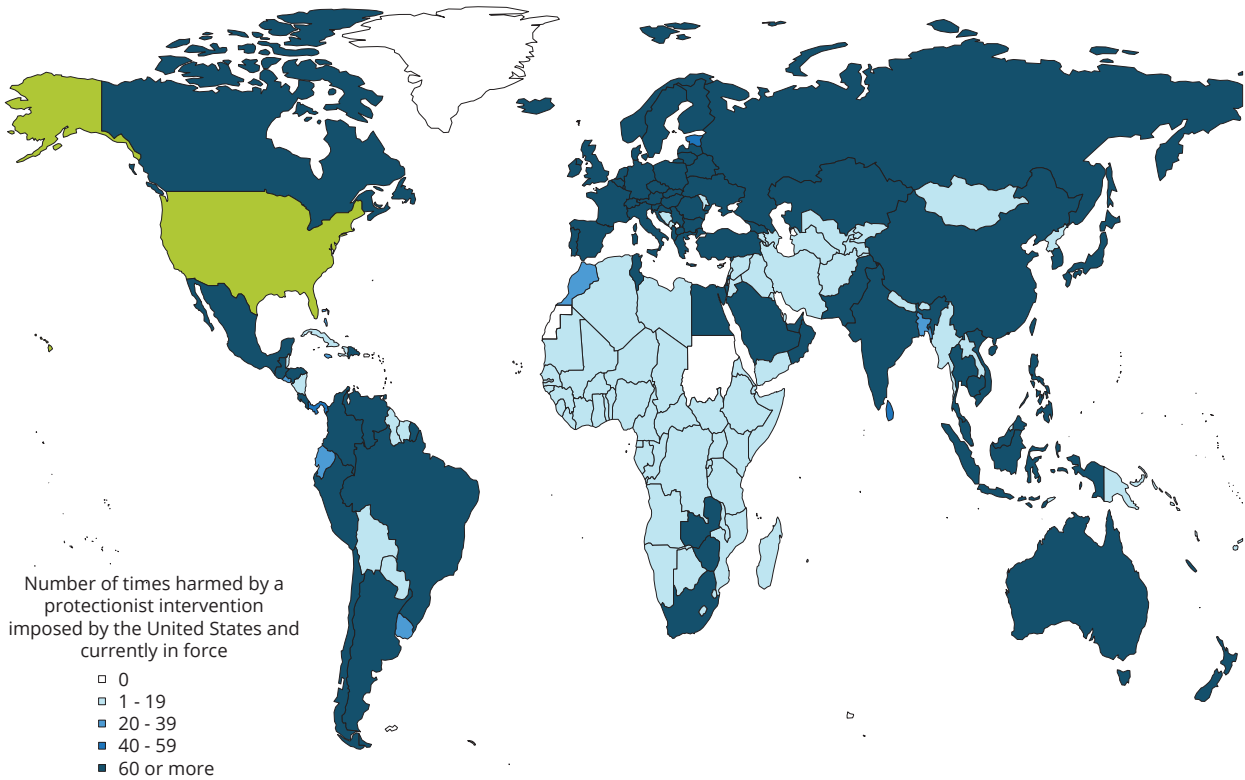


UNITED STATES

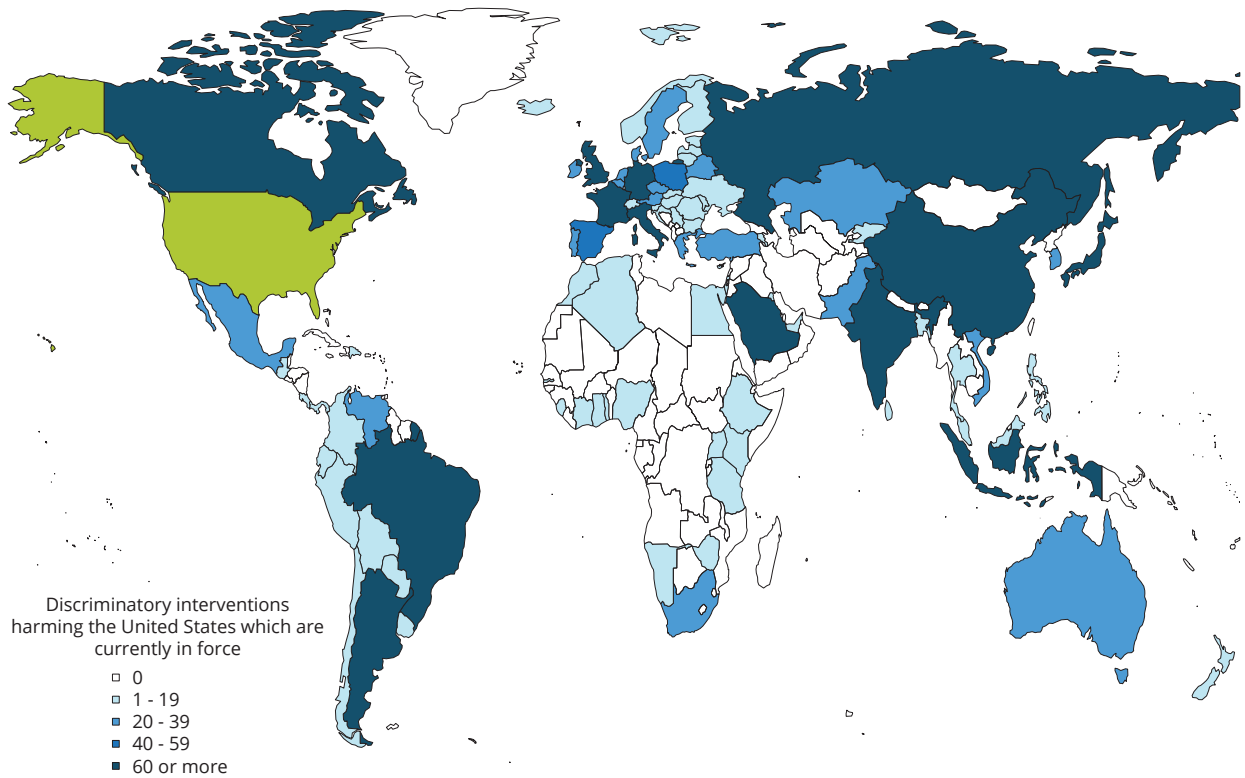
What is at stake for the United States' exporters?

UN MAST chapter	Foreign discriminatory policy instrument	Percentage of this G20 member's exports at risk due to ...							
		2009	2010	2011	2012	2013	2014	2015	2016
	All instruments	47.78	56.65	62.94	68.63	71.01	73.06	75.45	76.99
D	Contingent trade protection	0.30	0.43	0.48	0.61	0.66	0.72	0.72	0.78
E	Non-automatic licensing, quotas	0.65	0.68	0.82	1.07	1.98	2.02	4.38	4.36
F	Price control measures	0.08	0.08	0.12	0.19	0.32	0.62	0.88	1.01
G	Finance measures	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
I	Trade-related investment measures	0.50	1.24	0.89	0.98	1.01	1.09	1.78	3.39
L	Subsidies (except export subsidies)	4.05	5.54	5.10	5.61	6.54	7.62	10.67	11.92
M	Government procurement	0.93	1.71	1.75	1.96	2.15	2.33	2.91	2.83
P	Export measures	43.02	50.07	57.18	62.92	64.86	66.43	66.79	68.83
	Import tariff increases	0.61	2.19	2.17	2.41	5.06	3.29	9.20	9.57
	Instrument unclassified	0.32	1.61	1.68	1.86	2.26	3.07	3.42	3.35

COUNTRIES HARMED BY THE US' DISCRIMINATORY INTERVENTIONS

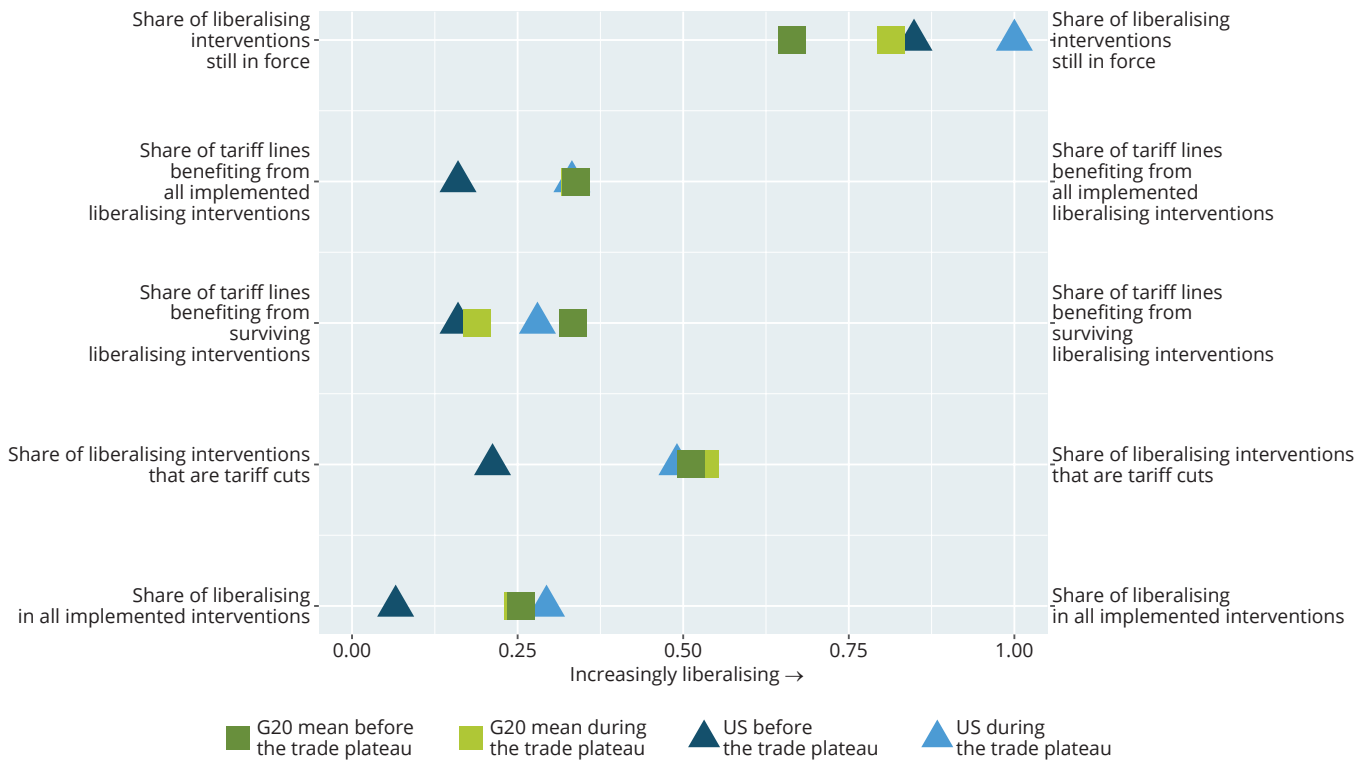


DISCRIMINATORY INTERVENTIONS HARMING THE US' INTERESTS



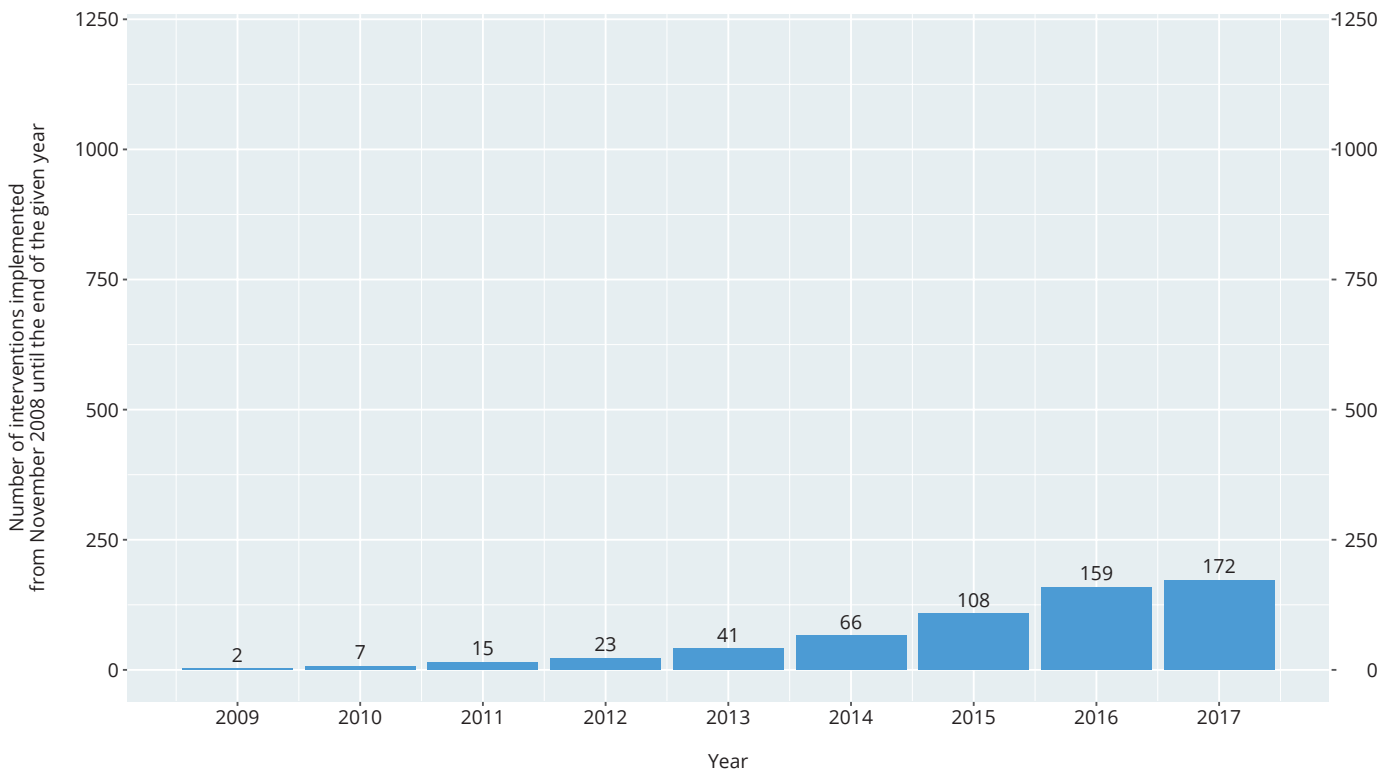
UNITED STATES

Track record of liberalisation



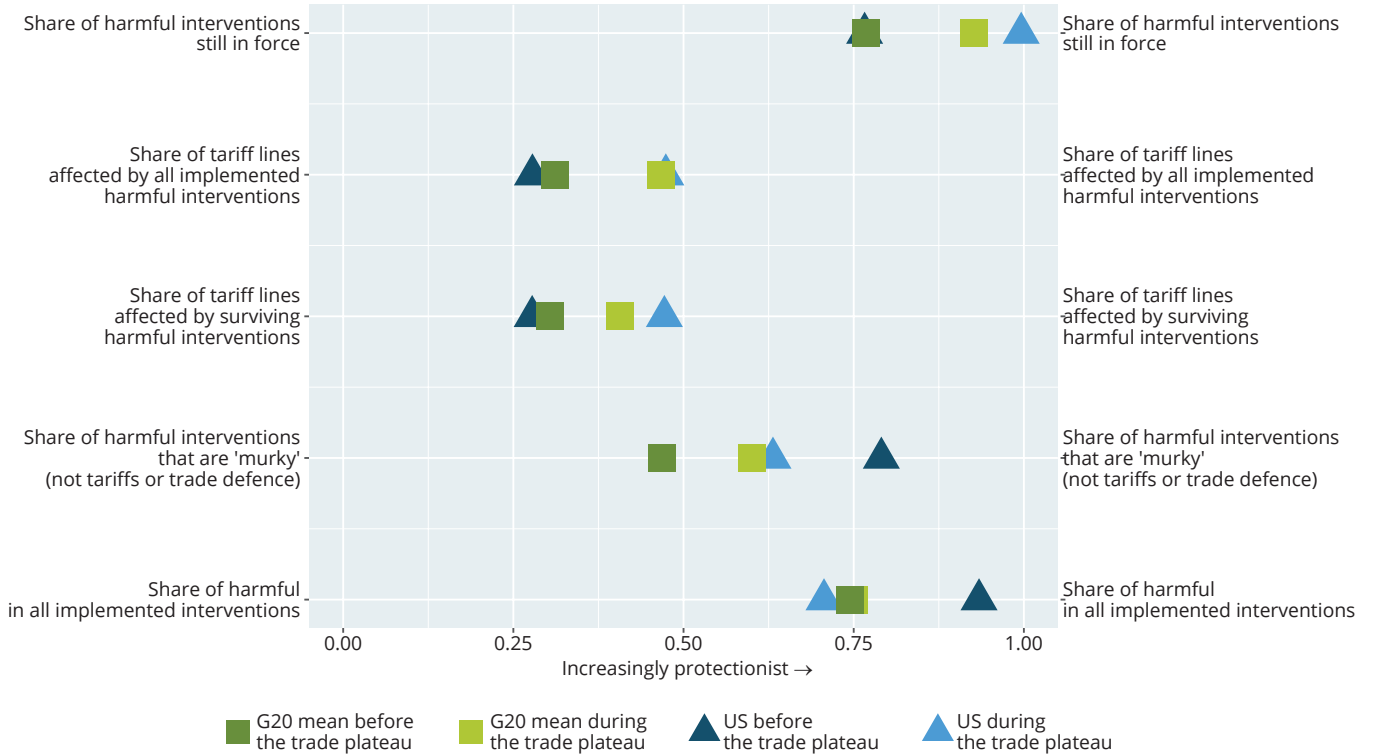
UNITED STATES

Number of liberalising interventions imposed since November 2008



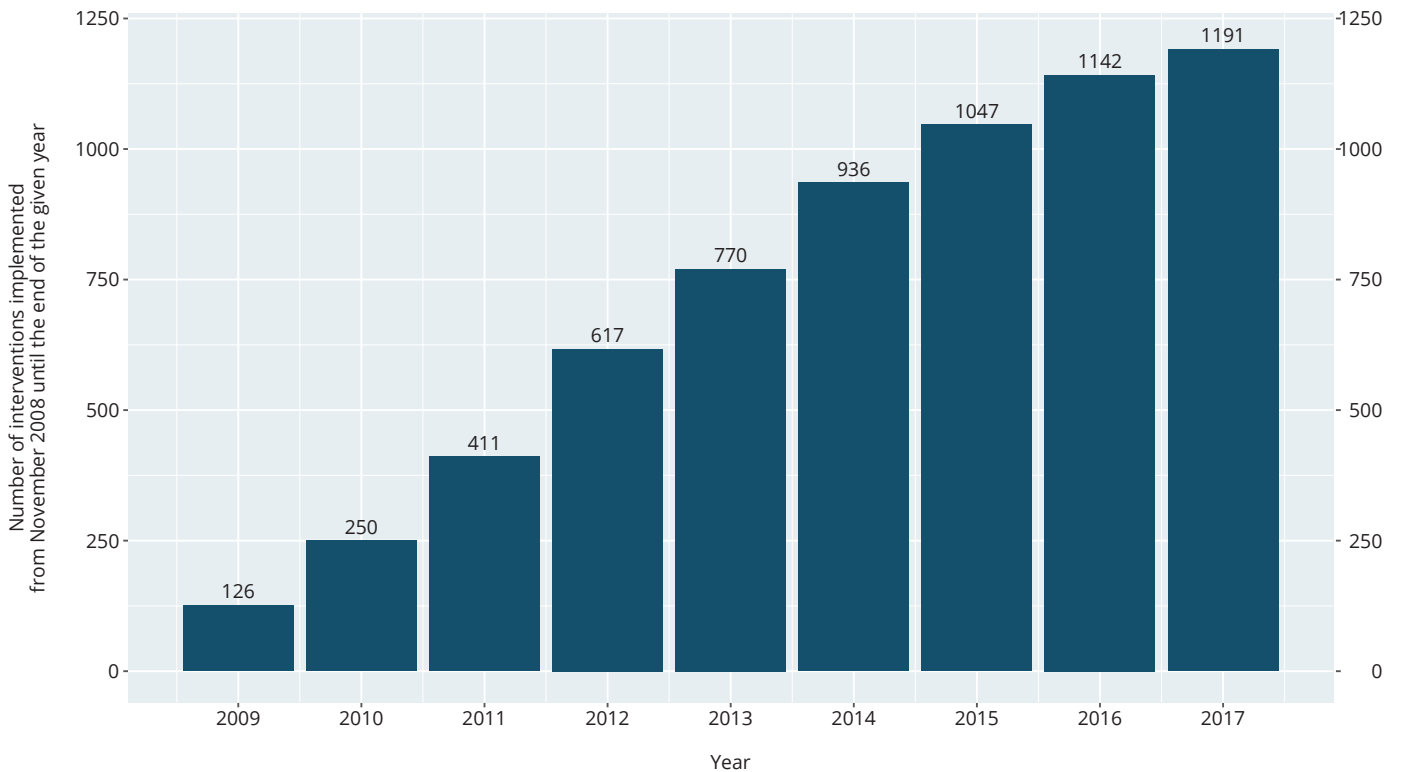
UNITED STATES

Track record of protectionism



UNITED STATES

Number of discriminatory interventions imposed since November 2008



Not since the London Summit in April 2009 has protectionism had such a high profile in the run up to a G20 Leader's Summit. President Trump's America First policies have drawn sharp criticism from leaders of other G20 governments. Accusations and counter-accusations of unfair trading practices have become a regular occurrence. So as to shed light on the veracity of these competing claims, this Global Trade Alert report documents the actions taken by G20 governments through to the end of June 2017.

Five of the principal findings of this report are:

- Compared to 2016, US commercial policy this year became more protectionist and markedly less liberalising. Meanwhile, the rest of the G20 resorted less to protectionism. Has President Trump's bluster accomplished what the G20 pledge failed—namely, to curb protectionism?
- Such is the failure of the G20 "no protectionism" pledge that by the end of 2016 a total of 1,883 protectionist measures were still in effect that harm US commercial interests. Put simply, if the US administration is looking for evidence to bash trading partners, they will find it.
- The G20 members that reduced their hits to US commercial interests the most this year were those that had harmed the US more often in the years before President Trump was elected.
- Those who worry only about across-the-board US tariff increases fail to realise that US imports are concentrated in so few product categories that a series of sectoral measures could substantially reduce trade. Bear this in mind as the US targets unfair trade practices at the sectoral level.
- Import restrictions are far less important trade distortions for most G20 governments than those created by state largesse given to farmers and manufacturers and by fiscal incentives for exporters that seek to gain market share from trading partners in overseas markets. Expect more clashes between G20 members over subsidies rather than import restrictions.

For far too long the G20 has maintained a diplomatic fiction that crisis-era protectionism was tamed. Now that a US president has been elected that is clearly dissatisfied with the status quo, there is a real risk that the accumulation of G20 beggar-thy-neighbour acts will be used to justify all manner of US protectionism. If that happens, the G20's protectionist chickens will have come home to roost.

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