

# Fighting against Protectionism: The View from the Front Line

March 27<sup>th</sup>, 2009

Naoko Munakata

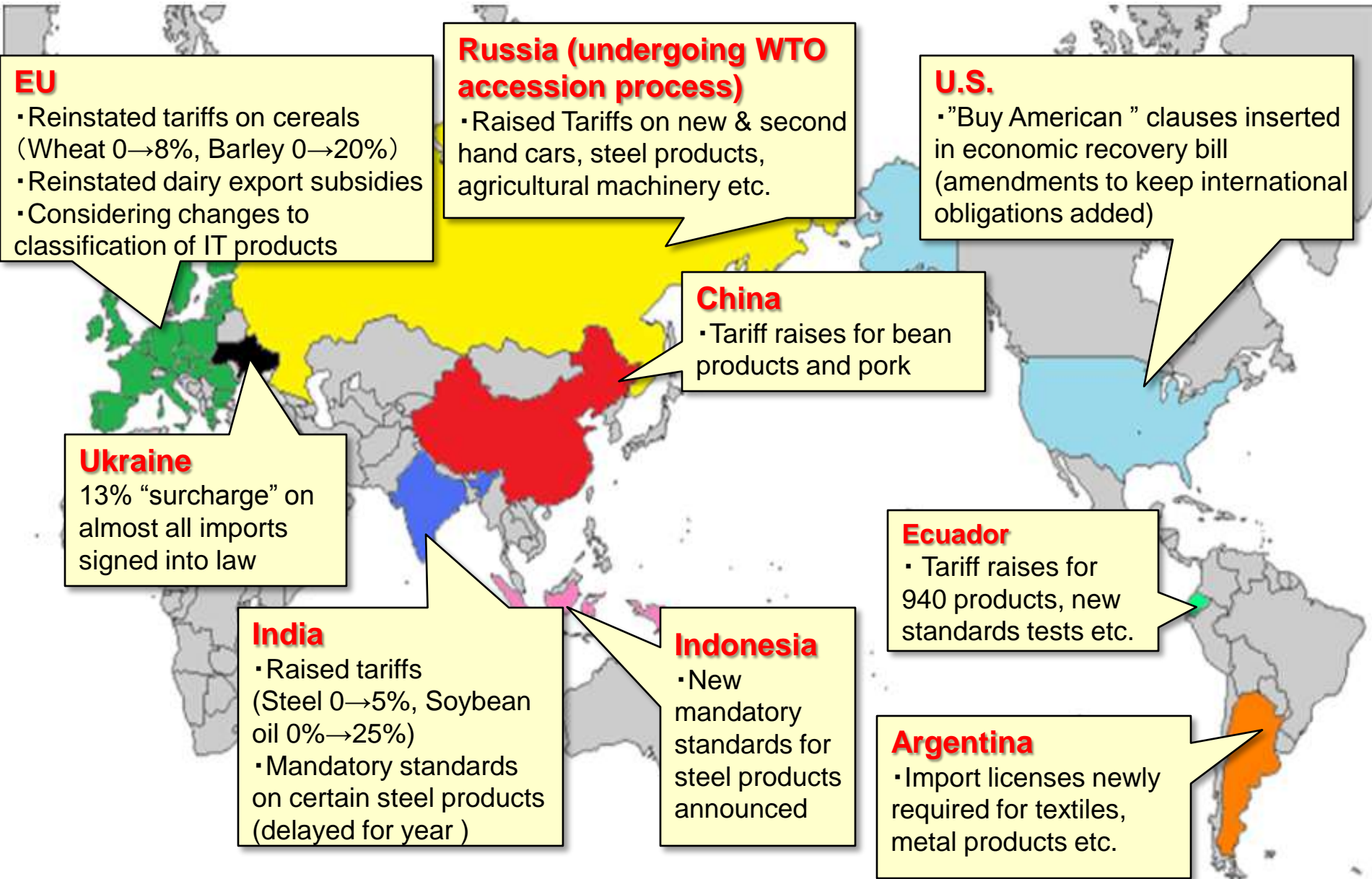
\*All opinions expressed in this presentation are solely those of the author.

# Creeping Protectionism?: Overview of Trade Barriers

1. Tariff Raises
2. Import Restrictions
3. Mandatory Standards
4. Government Procurement
5. AD/CVDs

# The Spread of Trade Barriers

Based in part on press reports.



## EU

- Reinstated tariffs on cereals (Wheat 0→8%, Barley 0→20%)
- Reinstated dairy export subsidies
- Considering changes to classification of IT products

## Russia (undergoing WTO accession process)

- Raised Tariffs on new & second hand cars, steel products, agricultural machinery etc.

## U.S.

- "Buy American" clauses inserted in economic recovery bill (amendments to keep international obligations added)

## China

- Tariff raises for bean products and pork

## Ukraine

13% "surcharge" on almost all imports signed into law

## India

- Raised tariffs (Steel 0→5%, Soybean oil 0%→25%)
- Mandatory standards on certain steel products (delayed for year)

## Indonesia

- New mandatory standards for steel products announced

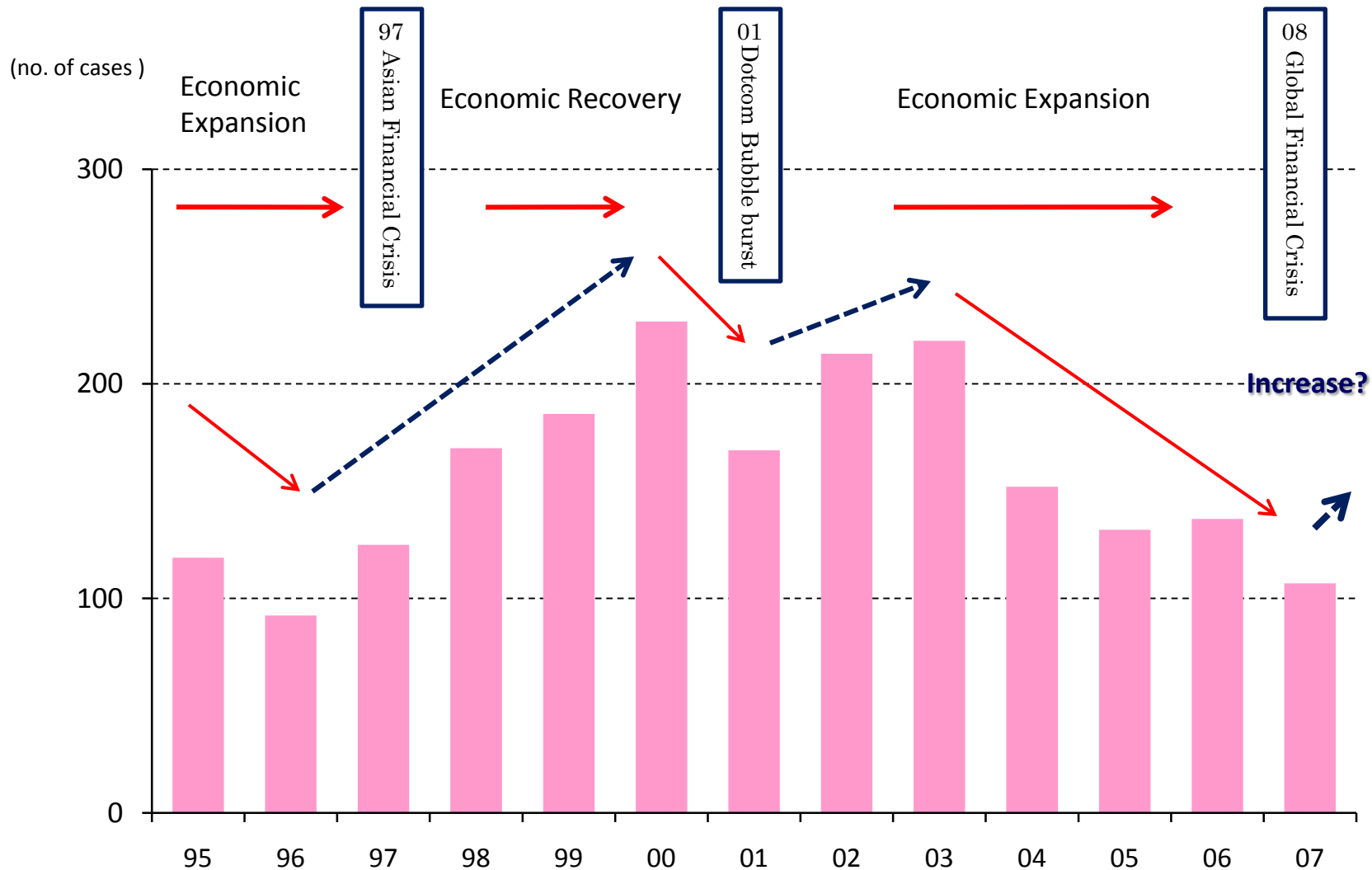
## Ecuador

- Tariff raises for 940 products, new standards tests etc.

## Argentina

- Import licenses newly required for textiles, metal products etc.

# AD/CVDs(1): On the Increase?



# AD/CVDs(2): DDA Rules Negotiations

- Improving & strengthening AD rules would prevent abuse.
- No agreement yet on “zeroing” or the “sunset clause”.

## AD Friends (15 members)



Japan



Thailand



Singapore



Korea



Brazil



Norway

Eager to prevent AD abuses.

- Prohibit “zeroing” practices.
- Impose time limits on AD measures (“Sunset”).

+ Chile, Hong Kong, Mexico, Chinese Taipei, Columbia, Costa Rica, Israel, Turkey,

Switzerland

## Developing members

- Requesting S&D.
- Fears complication of AD rules.

## EC



- Middle ground position.

## U.S.



- Prefers status quo except for improved transparency.
- Insists on legalizing “zeroing”

# Developing Countries' Concerns

- More room for subsidies than trade barriers under G20 commitments.
- Cannot afford subsidies.
- Rich countries' subsidies could cause larger trade distortion.

# Types of Subsidies

(For companies)

- Bailouts
- R&D incentives
- Wage support

(For consumers)

- Financial support for purchases  
(vouchers, tax rebates, etc.)

# What to Do About Subsidies?

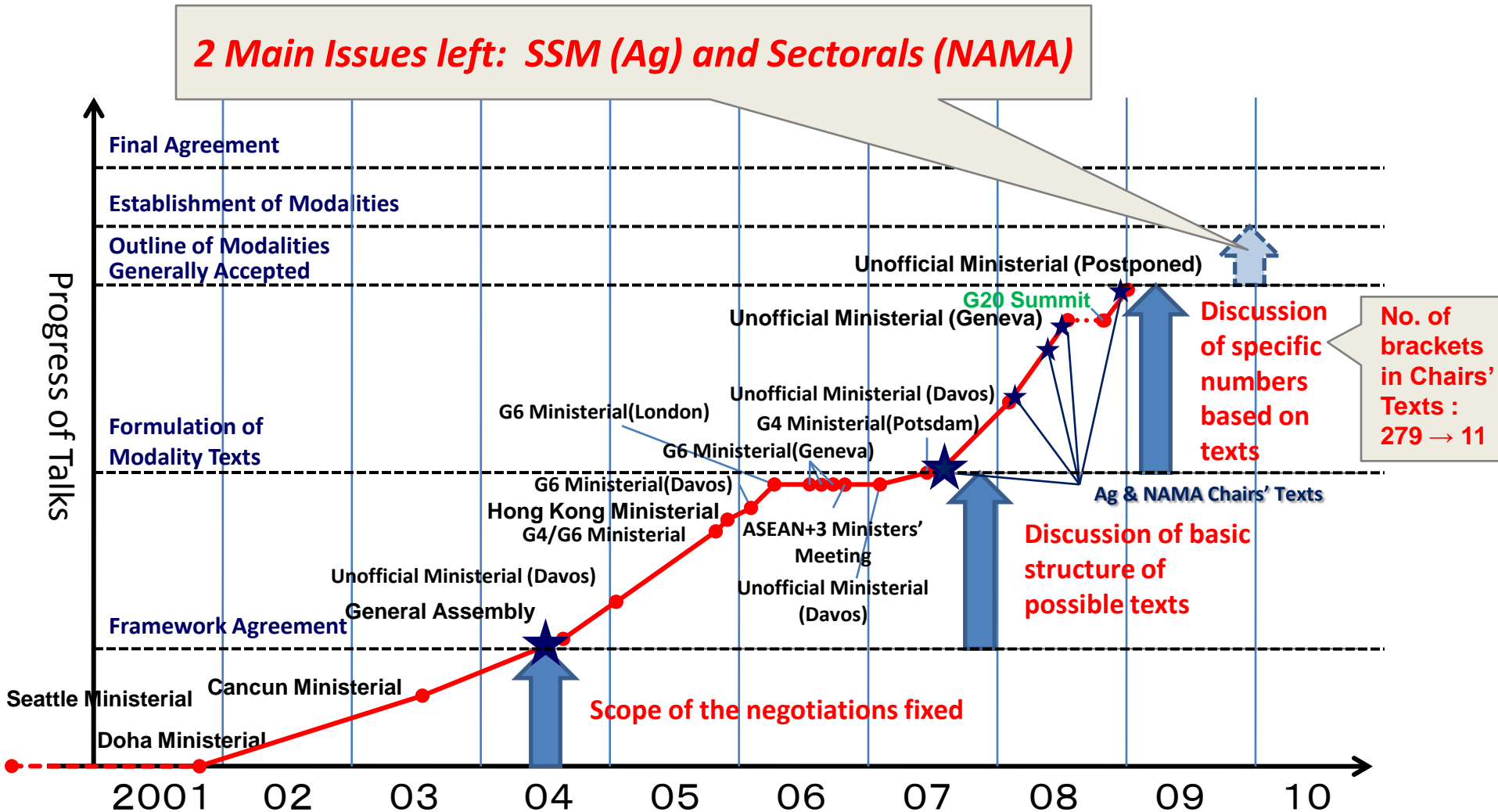
- Strengthened disciplines ?
- Safe harbor ?
- Transparency & peer pressure
  - Non-sector specific
  - Non-discriminatory



# Ways to Fight Protectionism

- Monitoring & peer pressure
- Safe harbor ?
- Time limits ?
- Standstill ?
- Concluding the DDA

# The Doha Round : Progress to Date



\* Warning : This chart is simplified for visual purposes and is not intended to be a precise depiction of the status of negotiations.

# Political Pressure within the U.S.

February 26<sup>th</sup>: 54 Representatives' Letter to President  
“A new agenda needed to replace outdated DDA”

March 5<sup>th</sup>: President, American Farm Bureau Federation  
“Doha like a tractor stuck in the mud”

March 9<sup>th</sup>: Chairmen of House & Senate Ag Committees  
“Doha dead in the water”  
“Start over again from scratch”

# U.S. Still Reviewing its Trade Policy

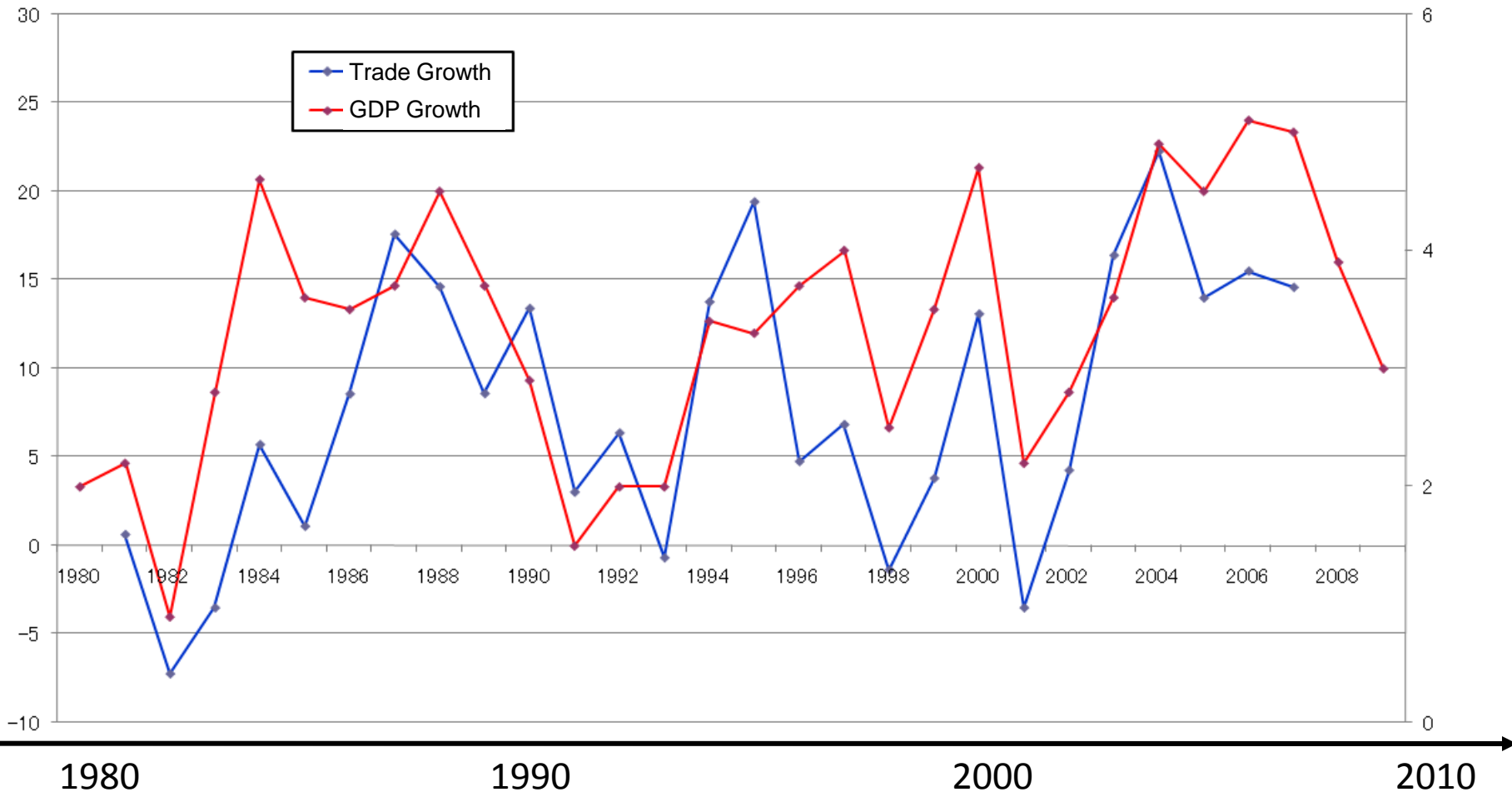
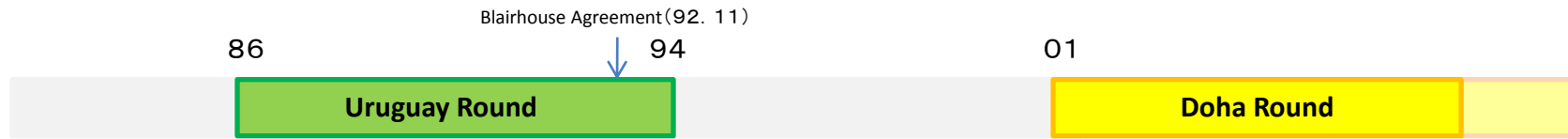
March 2<sup>nd</sup>: The President's Trade Policy Agenda  
“DDA is unbalanced”

March 9<sup>th</sup>: Ron Kirk at Confirmation Hearing  
“Promote U.S. values through trade”

March 14<sup>th</sup>: President Obama with President Lula  
“The goal is not to go backwards”

March 18<sup>th</sup>: Gary Locke at Confirmation Hearing  
“Fair trade more than free trade”

# WTO Rounds and Economic Trends



※Growth in trade shown on left hand scale, growth in GDP shown on right hand scale

# Trade-related Events

