

RIETI BBL Lunch

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SHORT TERM PESSIMIST, LONG TERM OPTIMIST

Trade Protection on the Road to the Seoul Summit;
Potential Trade Growth over the Next Decade

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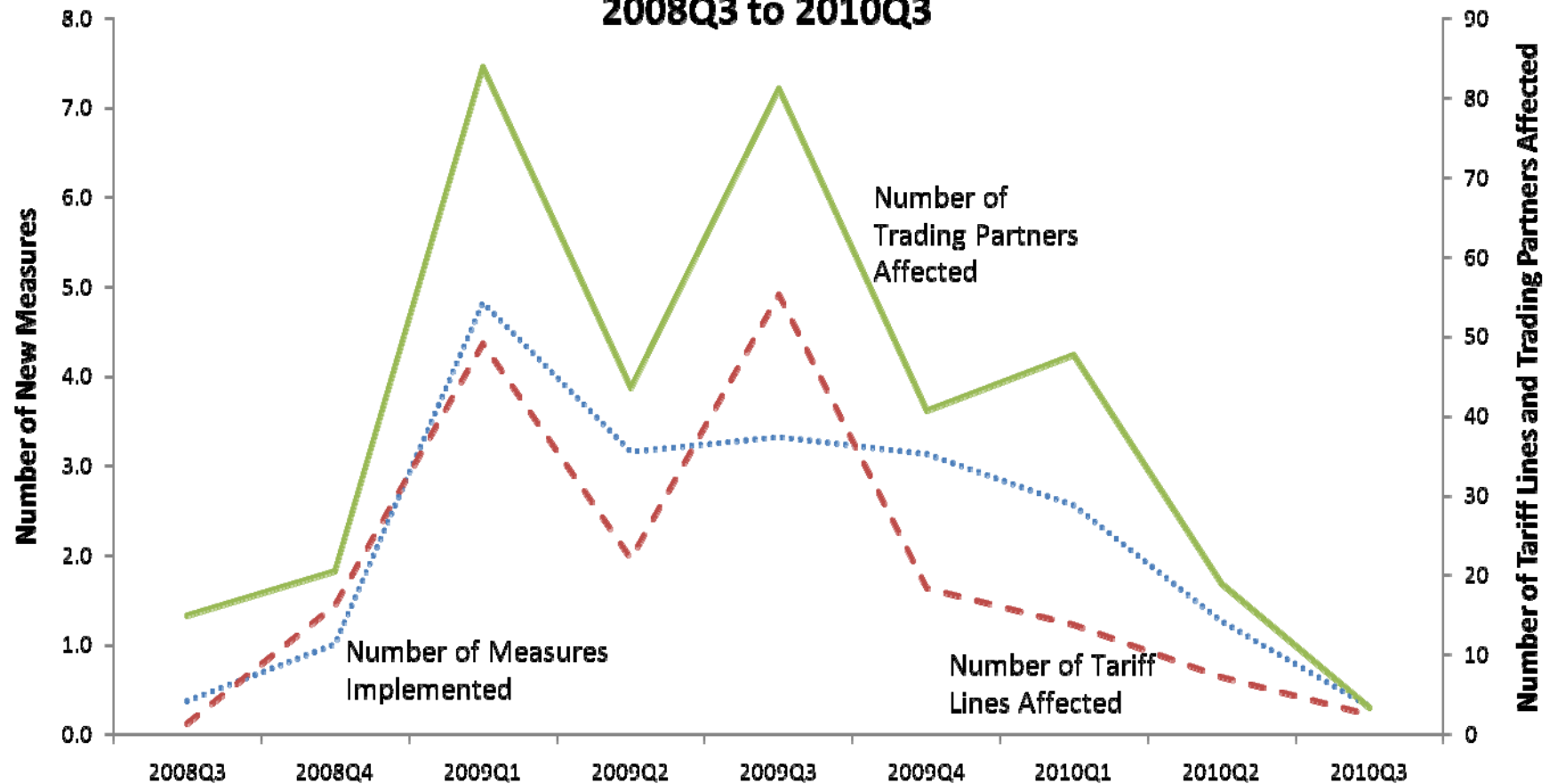
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G-20 Implementation of Final Protectionist Policies

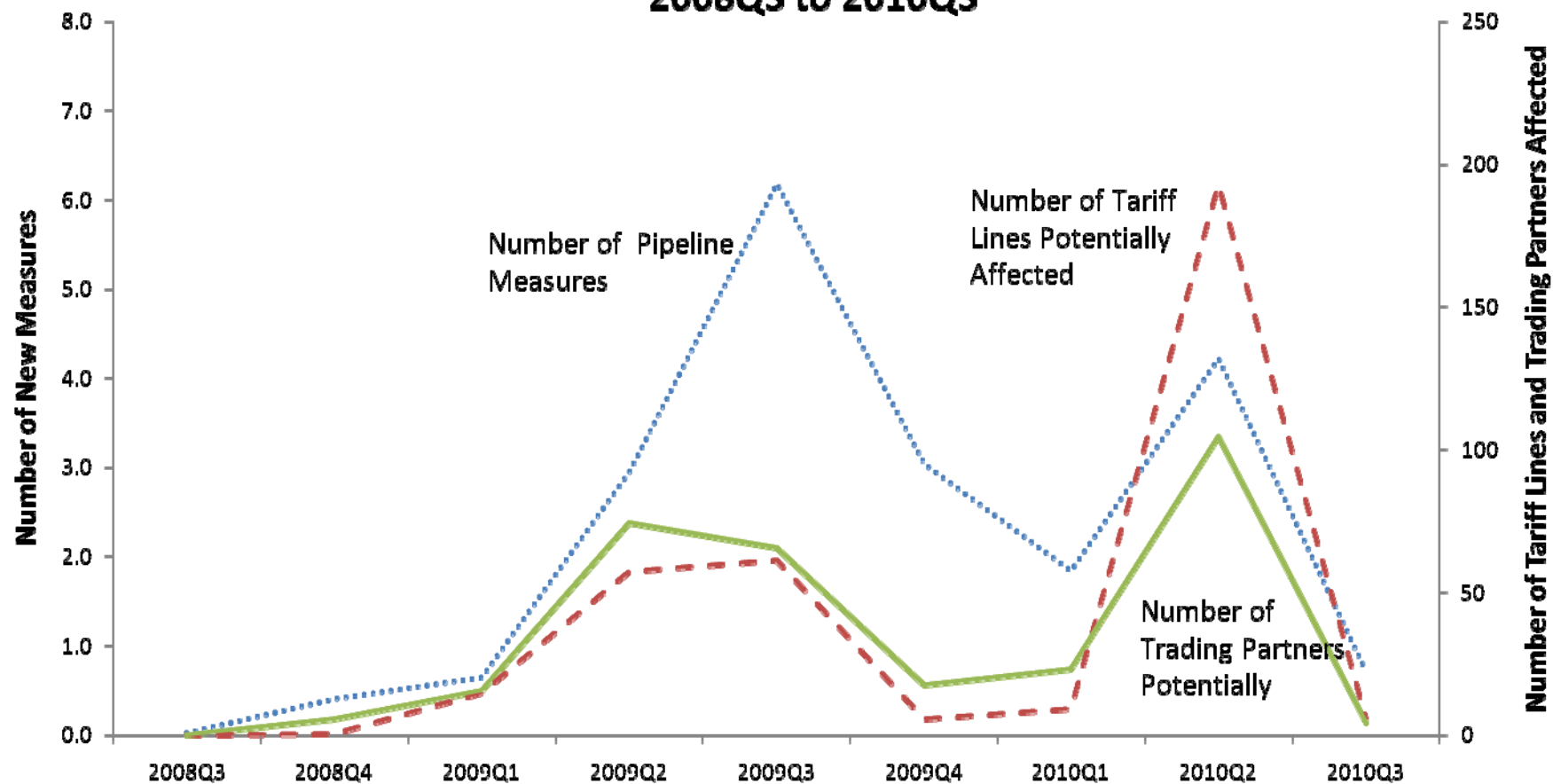
Trade-Weighted Averages of Final Protectionist Policies Implemented, 2008Q3 to 2010Q3



Source: Global Trade Alert (2010), International Monetary Fund DOTs (2010); World Bank Trade Watch (Second Quarter 2010); Authors' calculations.

G-20 Pipeline of Protectionist Policies

**Trade-Weighted Averages of Pipeline Protectionist Policies,
2008Q3 to 2010Q3**



Source: Global Trade Alert (2010), International Monetary Fund DOTS (2010); World Bank Trade Watch (Second Quarter 2010); Authors' calculations.

Virtuous Acts by G-20 Countries that Terminate Trade Protection

| Country | Scale of Virtue | | |
|--------------------|-----------------|--------|-----|
| | High | Medium | Low |
| Argentina | 0 | 0 | 7 |
| Australia | 0 | 0 | 11 |
| Brazil | 0 | 0 | 10 |
| Canada | 1 | 0 | 7 |
| China | 2 | 0 | 6 |
| EU | 0 | 0 | 21 |
| India | 2 | 0 | 23 |
| Indonesia | 1 | 1 | 1 |
| Japan | 0 | 0 | 1 |
| Republic of Korea | 1 | 0 | 4 |
| Mexico | 0 | 0 | 22 |
| Russian Federation | 7 | 23 | 0 |
| Saudi Arabia | 0 | 0 | 0 |
| South Africa | 0 | 0 | 12 |
| Turkey | 0 | 0 | 2 |
| United States | 0 | 1 | 7 |

Source: WTO (2010)

List of Top Offenders

| Rank | Country |
|------|--------------------|
| 1 | Brazil |
| 2 | Russian Federation |
| 3 | United States |
| 4 | India |
| 5 | China |
| 6 | Argentina |
| 7 | Indonesia |
| 8 | France |
| 9 | United Kingdom |
| 10 | Germany |
| 11 | Japan |
| 12 | Italy |
| 13 | South Africa |
| 14 | Republic of Korea |
| 15 | Canada |
| 16 | Mexico |
| 17 | Australia |
| 18 | Saudi Arabia |
| 19 | Turkey |

Source: Hufbauer, Kirkegaard, and Wong (2010).

Other Reasons for Pessimism

- Persistent High Unemployment
- Prospect of slow OECD growth, owing to debt burdens
- Difficulty of concluding the Doha Round

Projected Merchandise Exports, 2010-2020 (billions of constant US dollars)

| | Baseline Trade | | Aggregate Trade | | | | | |
|--------------------|-------------------------|----------------------------|-----------------|---------------|-------------------------|---------------|---------------|-------------------------|
| | Aggregate (SITC 0-8) | Manufactures (SITC 5-8) | Unadjusted | | | Adjusted | | |
| | | | 2015 | 2020 | Growth 2010- 2020 | 2015 | 2020 | Growth 2010- 2020 |
| United States | 1,218 | 968 | 1,481 | 1,828 | 4.1 | 2,603 | 3,215 | 10.2 |
| European Union | 5,036 | 4,122 | 5,973 | 7,120 | 3.5 | 5,905 | 7,052 | 3.4 |
| Japan | 804 | 771 | 1,007 | 1,285 | 4.8 | 1,006 | 1,284 | 4.8 |
| China | 1,690 | 1,617 | 2,509 | 3,746 | 8.3 | 2,508 | 3,745 | 8.3 |
| India | 183 | 125 | 279 | 430 | 8.9 | 279 | 430 | 8.9 |
| Brazil | 205 | 86 | 260 | 334 | 5.0 | 259 | 334 | 5.0 |
| Russia | 434 | 107 | 666 | 1,027 | 9.0 | 644 | 1,006 | 8.8 |
| East Asia & Pac. | 733 | 481 | 1,032 | 1,449 | 7.1 | 1,031 | 1,448 | 7.0 |
| South Asia | 45 | 37 | 53 | 64 | 3.7 | 53 | 64 | 3.7 |
| Lat Am & Caribbean | 669 | 330 | 816 | 1,010 | 4.2 | 815 | 1,010 | 4.2 |
| ME & N Africa | 420 | 57 | 647 | 1,051 | 9.6 | 646 | 1,051 | 9.6 |
| Sub Saharan Africa | 363 | 83 | 441 | 545 | 4.1 | 440 | 545 | 4.1 |
| Developing Europe | 709 | 502 | 845 | 1,021 | 3.7 | 839 | 1,015 | 3.7 |
| Rest of World | 2,446 | 1,249 | 3,146 | 4,268 | 5.7 | 3,253 | 4,375 | 6.0 |
| World | 14,954 | 10,535 | 19,153 | 25,180 | 5.3 | 20,281 | 26,573 | 5.7 |

Source: DeRosa (2010).

Projected Merchandise Imports, 2010-2020 (billions of constant US dollars)

| | Baseline Trade | | Aggregate Trade | | | | | |
|--------------------|-------------------------|----------------------------|-----------------|---------------|-------------------------|---------------|---------------|-------------------------|
| | Aggregate (SITC 0-8) | Manufactures (SITC 5-8) | Unadjusted | | | Adjusted | | |
| | | | 2015 | 2020 | Growth 2010- 2020 | 2015 | 2020 | Growth 2010- 2020 |
| United States | 2,091 | 1,461 | 2,603 | 3,308 | 4.7 | 2,603 | 3,308 | 4.7 |
| European Union | 5,638 | 4,099 | 6,740 | 8,241 | 3.9 | 6,988 | 8,531 | 4.2 |
| Japan | 749 | 365 | 945 | 1,220 | 5.0 | 1,011 | 1,296 | 5.6 |
| China | 1,128 | 765 | 1,704 | 2,589 | 8.7 | 1,793 | 2,718 | 9.2 |
| India | 284 | 145 | 448 | 716 | 9.7 | 473 | 752 | 10.2 |
| Brazil | 173 | 126 | 222 | 289 | 5.3 | 246 | 317 | 6.2 |
| Russia | 254 | 210 | 379 | 600 | 9.0 | 393 | 621 | 9.4 |
| East Asia & Pac. | 503 | 350 | 716 | 1,014 | 7.3 | 756 | 1,065 | 7.8 |
| South Asia | 58 | 30 | 74 | 96 | 5.1 | 76 | 98 | 5.3 |
| Lat Am & Caribbean | 621 | 476 | 773 | 977 | 4.6 | 976 | 1,220 | 7.0 |
| ME & N Africa | 184 | 117 | 280 | 460 | 9.6 | 295 | 481 | 10.1 |
| Sub Saharan Africa | 213 | 145 | 260 | 325 | 4.3 | 271 | 338 | 4.7 |
| Developing Europe | 946 | 685 | 1,154 | 1,449 | 4.4 | 1,179 | 1,478 | 4.6 |
| Rest of World | 2,113 | 1,562 | 2,853 | 3,896 | 6.3 | 3,221 | 4,350 | 7.5 |
| World | 14,954 | 10,535 | 19,153 | 25,180 | 5.3 | 20,281 | 26,573 | 5.8 |

Source: DeRosa (2010).

Merchandise Exports Adjusted to “Norm” Levels when Bilateral APT Ratios are less than Unity, 2005

| | Exports | | |
|-----------------------------------|-----------------------|-------------------------|---------------------------|
| | Actual (\$Billion) | Adjusted (\$Billion) | Adjusted/ Actual Ratio |
| <u>Aggregate Trade (SITC 0-8)</u> | | | |
| World | 9,117 | 61,680 | 6.8 |
| Argentina | 42 | 90 | 2.1 |
| Australia | 100 | 129 | 1.3 |
| Brazil | 123 | 291 | 2.4 |
| Canada | 333 | 527 | 1.6 |
| China | 941 | 1,454 | 1.5 |
| France | 412 | 7,184 | 17.4 |
| Germany | 882 | 14,770 | 16.8 |
| India | 95 | 344 | 3.6 |
| Indonesia | 99 | 159 | 1.6 |
| Italy | 328 | 3,521 | 10.7 |
| Japan | 588 | 3,366 | 5.7 |
| Mexico | 206 | 432 | 2.1 |
| Russia | 223 | 267 | 1.2 |
| Saudi Arabia | 150 | 163 | 1.1 |
| South Africa | 49 | 49 | 1.0 |
| South Korea | 282 | 1,520 | 5.4 |
| Turkey | 67 | 171 | 2.6 |
| United Kingdom | 327 | 4,606 | 14.1 |
| United States | 868 | 2,459 | 2.8 |

Source: DeRosa (2010).

Merchandise Imports Adjusted to “Norm” Levels when Bilateral APT Ratios are less than Unity, 2005

| | Imports | | | |
|---------------------------------------|----------------------|-----------------------|-------------------------|------------------------------|
| | Average APT Ratio | Actual (\$Billion) | Adjusted (\$Billion) | Adjusted/ Actual Ratio |
| <u>Aggregate Trade (SITC 0-8)</u> | | | | |
| World | 1.00 | 9,117 | 61,680 | 6.8 |
| Argentina | 0.45 | 28 | 45 | 1.6 |
| Australia | 0.46 | 109 | 158 | 1.4 |
| Brazil | 0.63 | 74 | 84 | 1.1 |
| Canada | 1.18 | 300 | 627 | 2.1 |
| China | 0.51 | 514 | 1,375 | 2.7 |
| France | 0.71 | 461 | 6,768 | 14.7 |
| Germany | 0.65 | 706 | 13,270 | 18.8 |
| India | 0.64 | 86 | 291 | 3.4 |
| Indonesia | 0.92 | 53 | 77 | 1.5 |
| Italy | 0.70 | 340 | 2,943 | 8.7 |
| Japan | 0.14 | 437 | 3,944 | 9.0 |
| Mexico | 0.96 | 214 | 408 | 1.9 |
| Russia | 1.01 | 97 | 242 | 2.5 |
| Saudi Arabia | 0.36 | 54 | 90 | 1.7 |
| South Africa | 0.97 | 47 | 54 | 1.1 |
| South Korea | 0.44 | 224 | 1,690 | 7.5 |
| Turkey | 0.44 | 101 | 258 | 2.6 |
| United Kingdom | 0.65 | 463 | 4,141 | 8.9 |
| United States | 0.88 | 1,553 | 3,691 | 2.4 |

Source: DeRosa (2010).