Avoiding Protectionism and Fostering Openness

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The point of departure: key factors

• The nature of systemic crises for protectionism.
• Macro and exchange rate flexibility.
• Supply chains: changes in corporate organisation.
• WTO accords are incomplete.
• Many forms of government discrimination.
  – Witness recent trade agreements.
  – Murky protectionism.

• What has happened?
• How can we do better? (Policy recommendations)
Level playing field? Most prevalent forms of discrimination

<table>
<thead>
<tr>
<th>Measure</th>
<th>Number implemented and discriminatory</th>
<th>Number pending</th>
<th>Number of jurisdictions responsible for implementation</th>
<th>Number of jurisdictions hurt</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bailout/subsidies</td>
<td>192</td>
<td>13</td>
<td>45</td>
<td>185</td>
</tr>
<tr>
<td>Trade defence measures</td>
<td>142</td>
<td>146</td>
<td>56</td>
<td>77</td>
</tr>
<tr>
<td>Tariff measures</td>
<td>93</td>
<td>31</td>
<td>34</td>
<td>143</td>
</tr>
<tr>
<td>Export taxes</td>
<td>40</td>
<td>10</td>
<td>46</td>
<td>184</td>
</tr>
<tr>
<td>Procurement</td>
<td>31</td>
<td>15</td>
<td>19</td>
<td>133</td>
</tr>
<tr>
<td>Migration</td>
<td>28</td>
<td>42</td>
<td>19</td>
<td>95</td>
</tr>
<tr>
<td>Other NTBs</td>
<td>28</td>
<td>43</td>
<td>18</td>
<td>129</td>
</tr>
</tbody>
</table>

3 Source: Global Trade Alert, www.globaltradealert.org
Number of times a jurisdiction's commercial interests are harmed
Jurisdictions responsible for the most discriminatory measures

Number of discriminatory measures implemented

Source: Global Trade Alert, www.globaltradealert.org
It's not the 1930s—Much of this map is not red.
The creeping scope of protectionism: December 2009
Protectionism in 2009 was much worse than thought at the time.

![Bar chart showing the number of protectionist measures from Nov/Dec 2008 to Q3 2009. The chart compares the measures from the Pittsburgh report and Today’s report. Q1 2009 has the highest number of protectionist measures.]
What to make of contemporary protectionism?

• The diversity of contemporary protectionism is a key feature.
• During the trade slump, trade restricting measures were almost certainly offset (how much is unclear) by manufacturing bailouts.
• Export incentive schemes have almost certainly facilitated the recovery of world trade.
• WTO rules are not useless, but they have been circumvented.
  – WTO rules have a greater impact on composition of protectionism than on its quantum.
• Assessment of G20 initiative.
  – The glass houses problem.
Policy recommendations

• Focus on the national level.
  – Empower the potential losers from protectionism/discrimination.
  – Toughness of a rule is no guarantee of success.
• Develop a body of effective, non-discriminatory measures.
• Encourage the unwinding of crisis-era protectionism.
• Finish the Doha Round.
• Avoid an acrimonious breakdown.