



Cross-border trade and emerging protectionism

Development through Trade
Programme

SAIIA

15th September, 2009



African Perspectives. Global Insights.



Overview

- The Trade Collapse: Some Empirics
- Patterns of Protectionism
- The Multilateral Trading System:
Emerging Systemic Issues





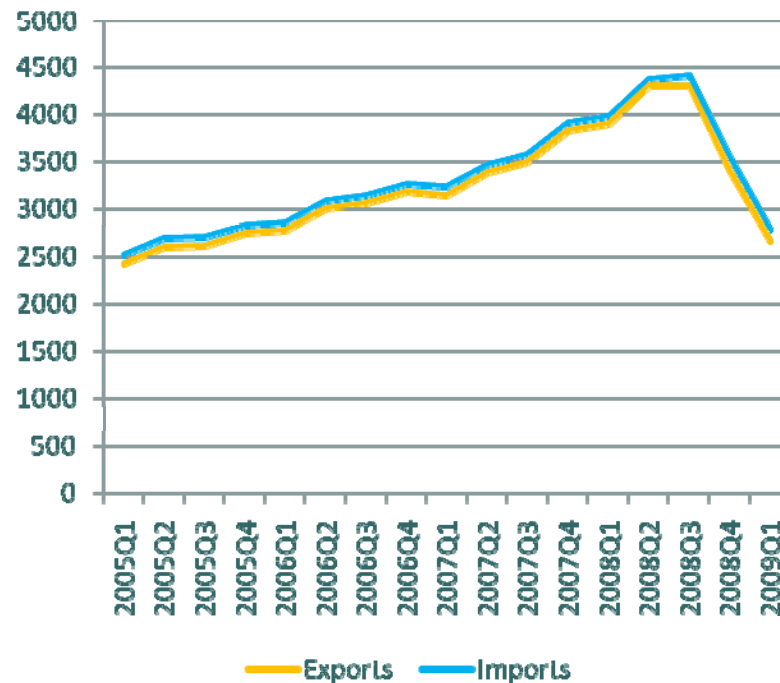
The Trade Collapse: Some Empirics





Developments in Global Trade

Quarterly world trade developments, 2005-2009, USD billion

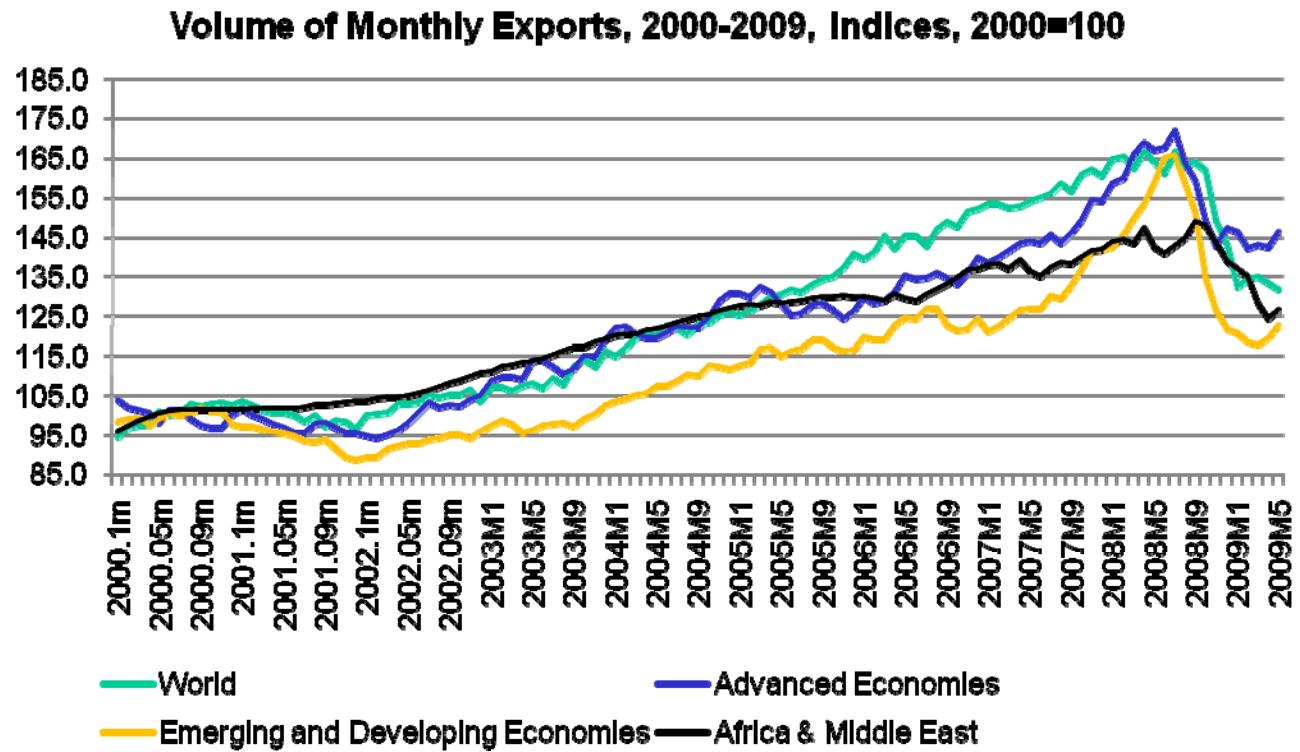


- In the 1st quarter of 2009 World exports decreased by 22% quarter on quarter & by 31% year on year
- Contraction began in the 4th quarter of 2008
- Developed economies hard hit- exporters of automotive products & machinery
- Commodity exporters in developing countries have also been affected
- Exports of iron & steel, fuels & mineral ores have declined





Developments in Global Trade (cont..)

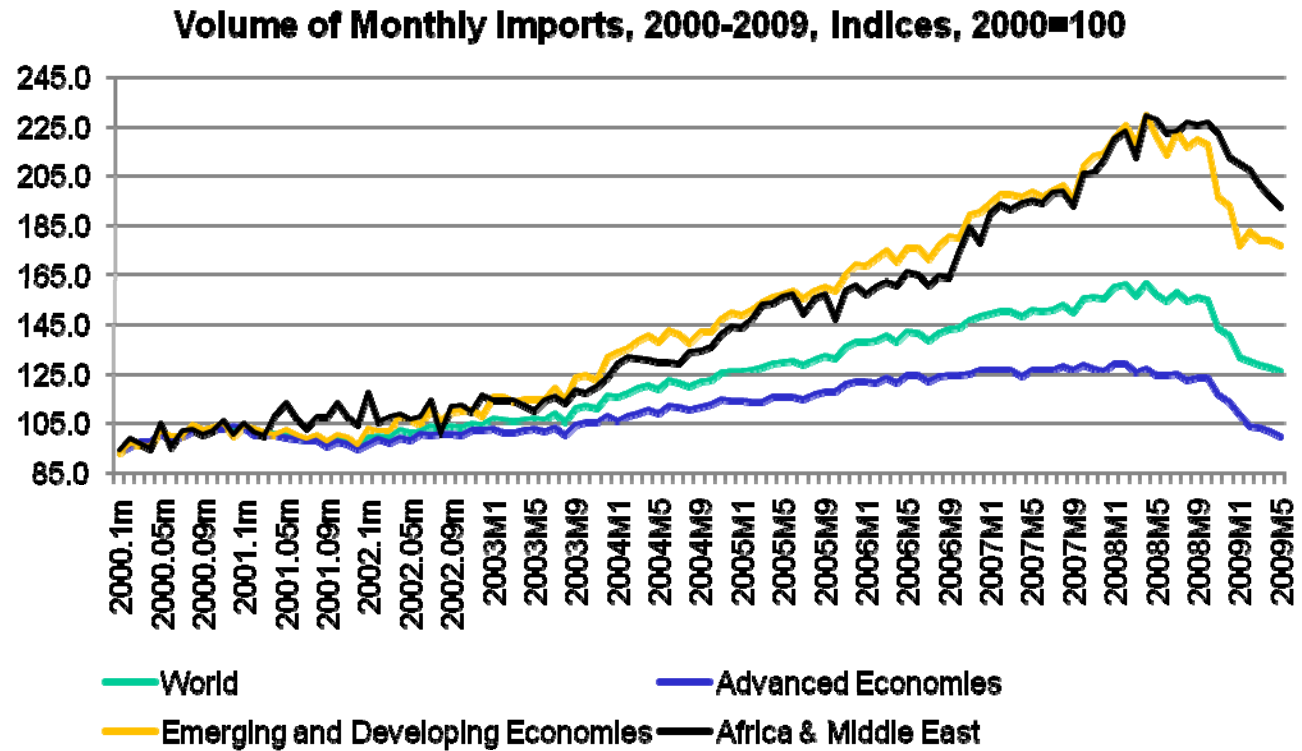


Source: CPB Netherlands Bureau for Economic Policy Analysis, 2009





Developments in Global Trade (cont..)

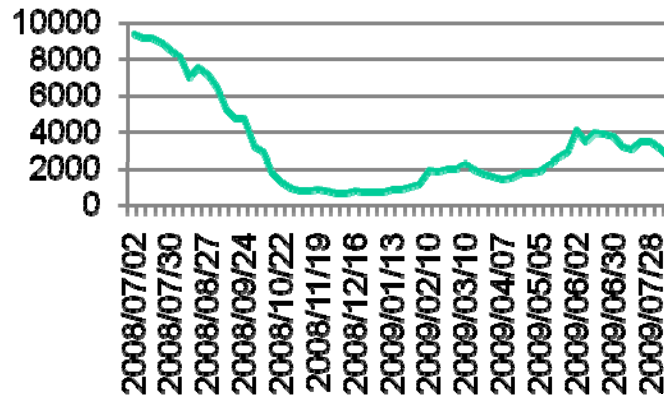


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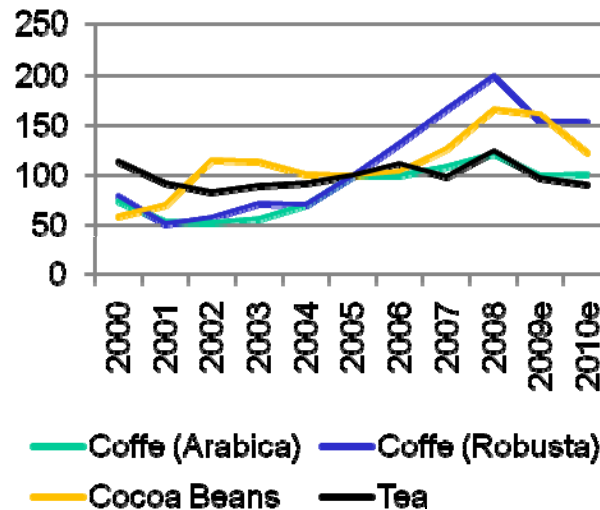
Developments in Global Trade (cont..)

Weekly Baltic Dry Index, July 2008-
July 2009

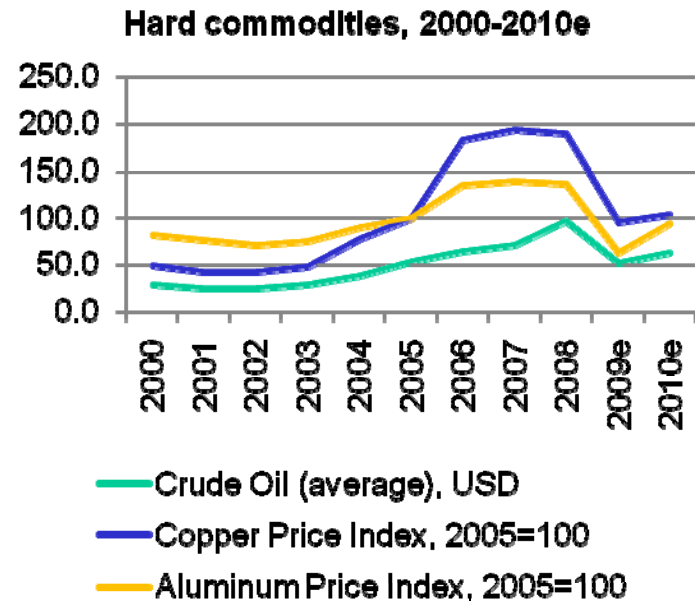


- The Baltic Exchange Index dropped by 93% between July & December 2008
- Soft commodities prices have fallen but have shown some resilience

Soft commodities Indices, 2000-
2010e, 2005=100



Developments in Global Trade (cont..)



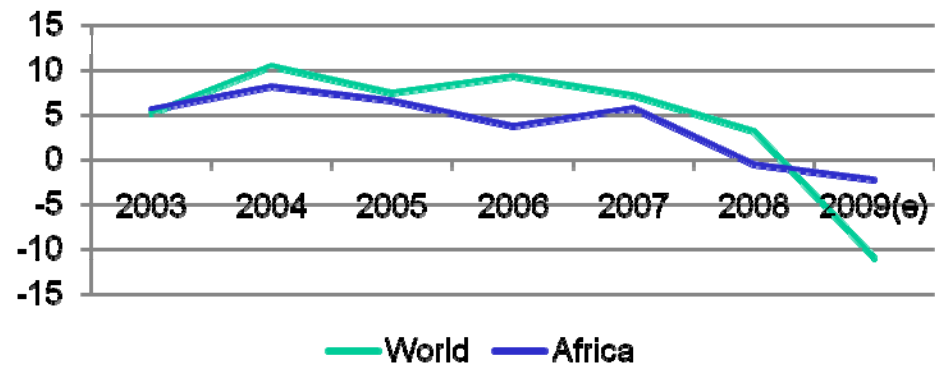
• Hard commodity exporters have been struggling because of falling commodity prices



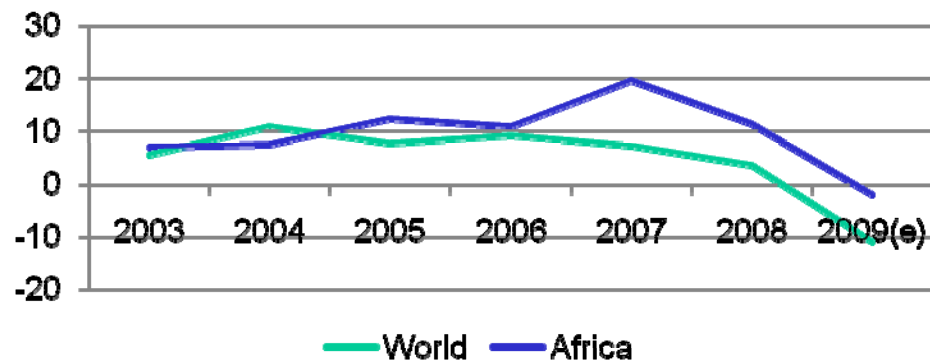


Developments in Global Trade (cont..)

Annual export growth* (% change), 2003-2009(e)



Annual import growth* (% change), 2003-2009(e)



Source: IMF, World Economic Outlook, 2009

* Total Goods and Services exports & imports





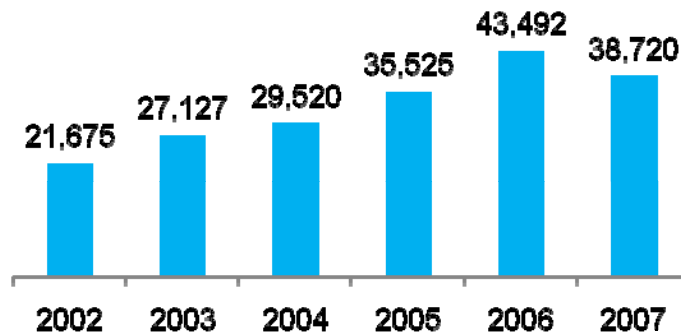
Developments in Global Trade (cont..)

- Trade in services has been more resilient than goods trade
- Countries which are relatively specialised in services have experienced less of a decline in their exports
- Demand for services is less cyclical and less dependent on external finance

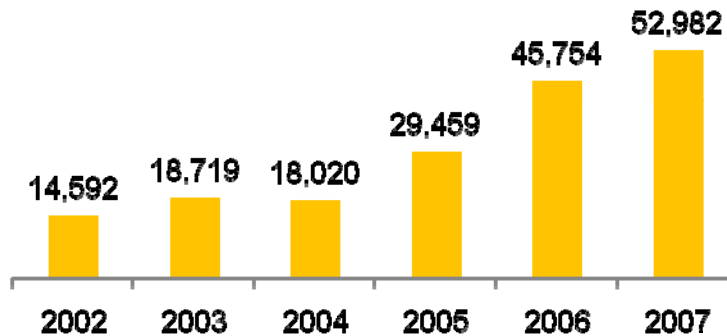


Capital Inflows

Aggregate ODA to Africa, 2002-2007, USD million



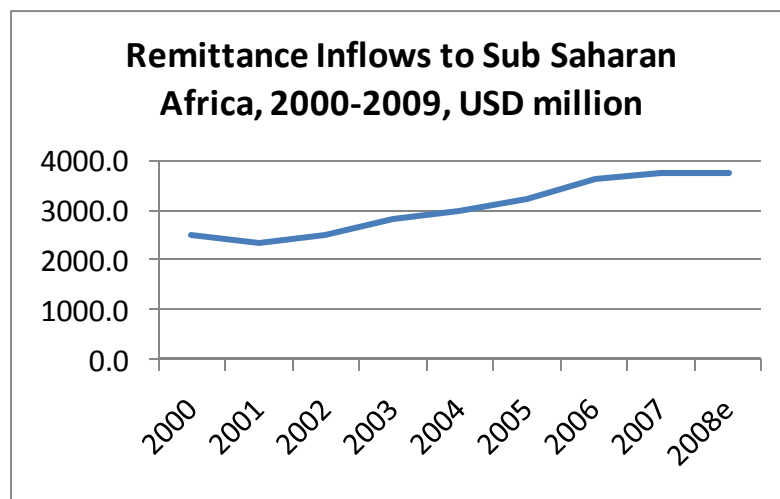
FDI Inflows to Africa, 2002-2007, USD million



- ODA decreased by 12.3% in 2007
- In the same period FDI grew by 15.8%
- Capital flows to Africa are widely expected to decline in 2008/09



Capital Inflows...(cont..)



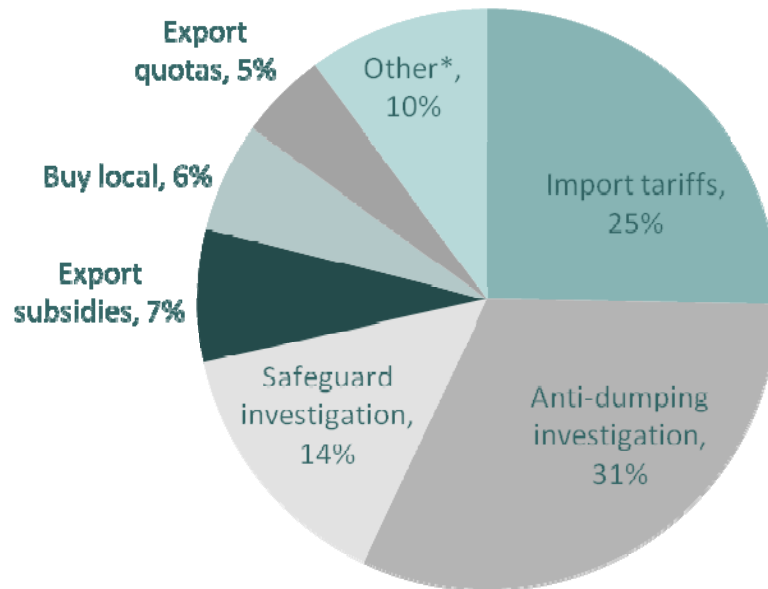
- World Bank's forecast indicates that remittances to developing countries and Sub-Saharan Africa are expected to decline by 7.3% % 8.3% respectively in 2009

Remittances Growth Rate (%)					
Year	2006	2007	2008e	2009f	2010f
Developing Countries	17.2	25.2	14.8	-7.3	2.9
Sub-Saharan Africa	34.5	47.3	6.5	-8.3	4.4



Global Protectionism

Proportion of Trade & Trade Related Measures announced/implemented as of 1 March 2009



- The financial crisis has triggered the adoption of new protectionist measures
- Import restrictions such as increase in tariffs have been on the rise
- There has been widespread restrictions on pork/pork related products associated with the A(H1N1) influenza pandemic
- Anti-dumping & safeguard measures have also been on the rise
- Export subsidies in the agricultural sector have been rising, particularly in the dairy sector

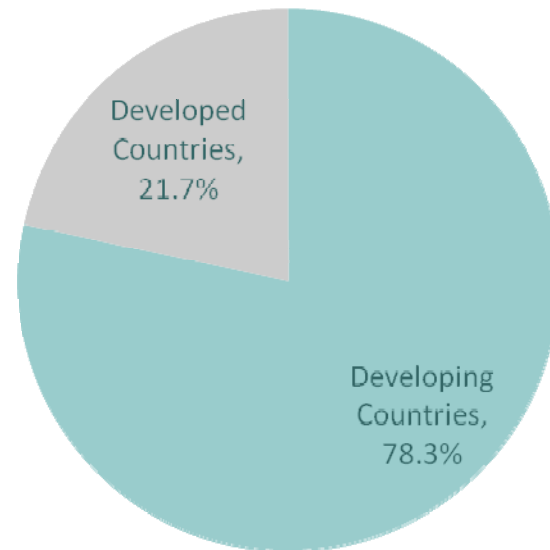
Source: SAIIA's calculations from WTO's data

* Other, includes import bans, investment and labour restrictions



Global Protectionism...(cont..)

Proportion of Trade & Trade Related Measures announced/implemented by country's development status since 1 March 2009



- About 78% of all trade & trade related measures have been announced or implemented by developing countries
- In Africa, a few countries have instituted import bans on pork & pork related products e.g. Cameroon, Ghana, Morocco, Sudan, Gabon
- Egypt has increased tariffs on cocoa, steel products, chemicals & machinery
- Egypt also instituted an export ban on rice until October 2009

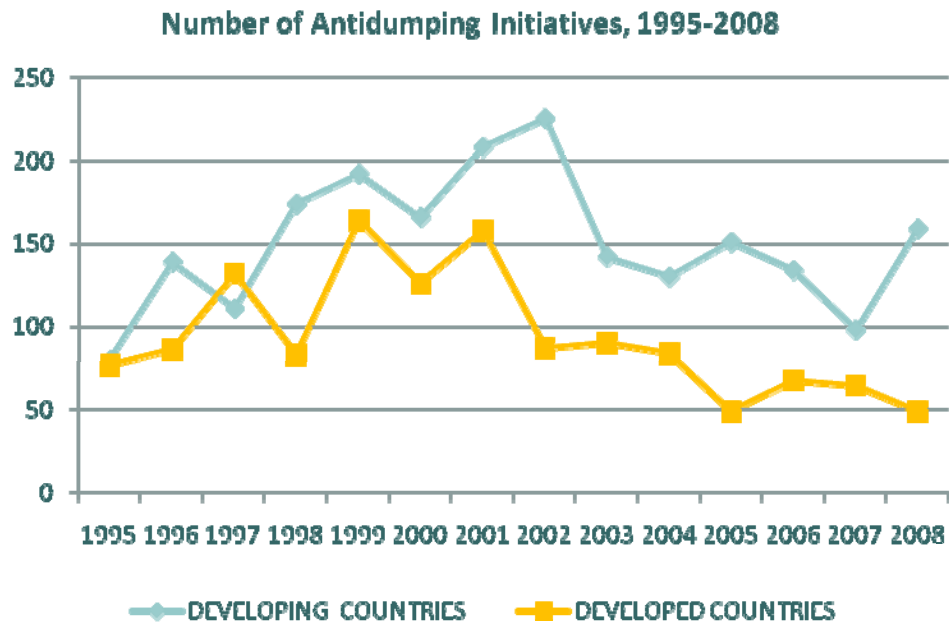


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Source: SAIIA's calculations from WTO's data



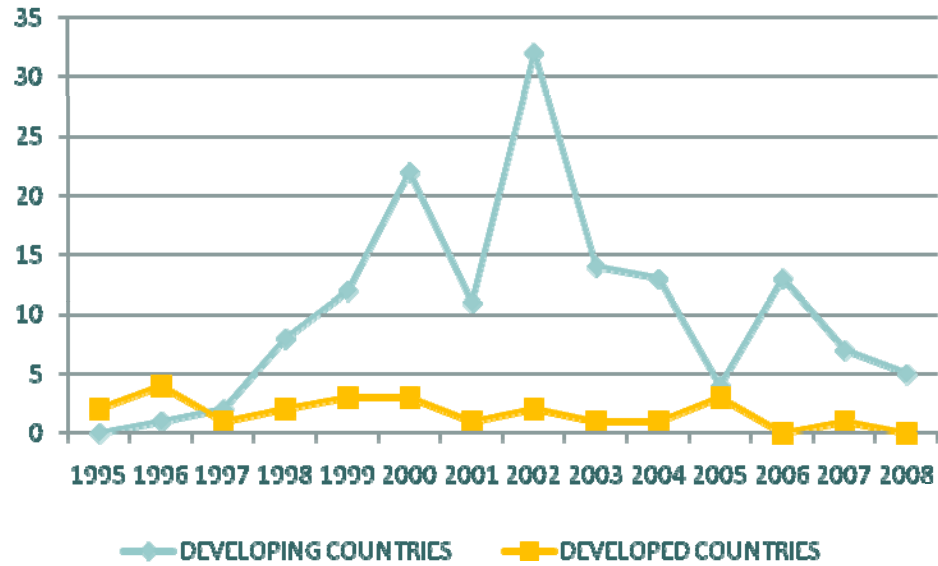
Global Protectionism...(cont..)





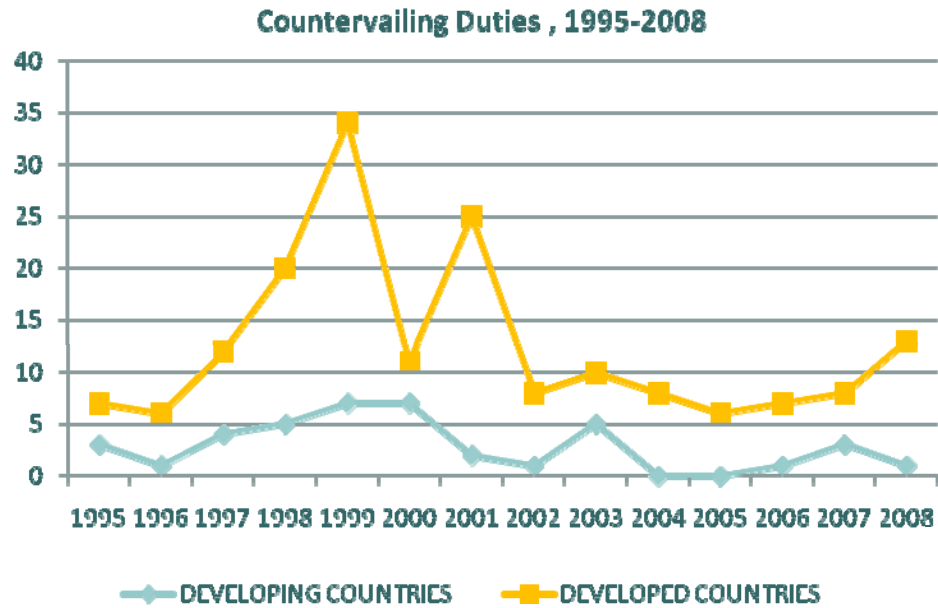
Global Protectionism...(cont..)

Number of Safeguard Measures, 1995-2008





Global Protectionism...(cont..)





Global Protectionism...(cont..)

- Some African countries have announced stimulus packages to ease the effects of the financial crisis, notably Egypt & South Africa
- South Africa's stimulus package includes stated intentions to increase tariffs, use administrative measures to minimize imports, reference price system & preference of domestic firms in government procurement



The Multilateral Trading System: Emerging Systemic Issues

- By and large the system has worked concerning those trade issues covered by WTO disciplines
 - But some gaps are evident (Evenett and Hoekman, 2009):
 - Subsidies disciplines (exports; finance)
 - Government procurement
 - Policies affecting movement of services workers
 - Services exports
 - Transparency and notification mechanisms
 - Climate change





The Multilateral Trading System: Emerging Systemic Issues

- Global economic imbalances and the trading system:
 - Should the WTO be involved in exchange rate issues?
 - If yes, how?
 - Implications for dispute settlement?
 - Division of labour between WTO, IMF and World Bank
 - G20's role?





The Multilateral Trading System: Emerging Systemic Issues

- Shifting economic power-balances
 - Accommodating emerging market needs in the MTS?
- Is the US retreating from global trade leadership?

