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G20 Trade and Investment Reports Find Increases in Trade Barriers and Export Restrictions

May 26, 2011

Three leading multilateral organizations issued their semiannual report on trade measures and restrictions in the G20 countries on May 24, 2011, finding that leading countries are "faltering" in their commitments to resist protectionism and to eliminate trade restrictions.

The Organization for Economic Co-operation and Development (OECD), World Trade Organization (WTO)and United Nations Conference on Trade and Development (UNCTAD) provided a joint summary on trade and investment measures, which warned that "[o]ver the past six months most G20 governments have put in place more new trade restrictive measures ..." In addition, G20 countries' "commitment to roll back export restrictions has not been followed; in fact, new export restrictions are on an increasing trend."

The joint summary was accompanied by detailed reports from all three organizations. The WTO Report, which examined trade measures taken from October 2010 to April 2011, raised serious concerns about many new trade restrictive measures taken by G20 countries. The report found that "certain types of trade restrictions are more prevalent, particularly increases in import tariffs, more non-automatic import licensing, and new export restrictions."

- According to the WTO Report, "[t]he G20 collective resolve and political courage to resist protectionism in the context of the global crisis ... may now be under stress."
- The WTO also confirmed "an increasing trend in export restrictions imposed mainly on food products and some

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minerals." These include a series of problematic export quotas and taxes on metals and mineral products. The WTO noted that "export restrictions distort trade flows" and "have 'beggar-thy-neighbor' effects in the sense that they can be attractive for the country imposing them, but are damaging for trading partners."

- According to the OECD, the number of countries applying export taxes has increased in the last 10 years. In 2009, half of all WTO Members applied export taxes to some products.
- The WTO also noted "a strong incidence of quantitative export restrictions (bans, quotas, non-automatic licensing) applied to natural resources relative to other sectors."
- The report listed more than 20 specific export restrictive measures taken since October 2010, including: China's export quotas and export tax increases on rare-earth minerals; India's export taxes on a variety of products (including leathers, ferrous waste scrap and iron and steel scrap ingots); India's export tax increases on iron ore fines, lumps and pellets; and Ukraine's postponement of export tax reductions on scrap metal.

WTO members have also raised an increasing number of concerns with various technical barriers to trade relating to products such as food, alcoholic beverages, hazardous substances and chemicals. The WTO Committee on Technical Barriers to Trade (TBT) is the primary location for discussion of these issues; more than 45 specific trade concerns were raised at the most recent Committee meeting on March 24-25. In addition, four TBT issues have been taken to the WTO Dispute Settlement Body.

The WTO report also analyzed new trade remedy investigations in G20 countries, although the use of trade remedy laws is permitted under WTO rules. The report noted that, contrary to expectations, there has not been a surge of new trade remedy cases as a result of the global financial crisis.

- The WTO report lists all antidumping and countervailing duty investigations initiated during the October 2010 – April 2011 period. Brazil led all countries with 25 new AD investigations, followed by India with 15, Argentina with 11, the United States with 9 and the European Union with 8.
- Leading sectors for new antidumping investigations included chemicals, paper, metals, plastics and machinery.