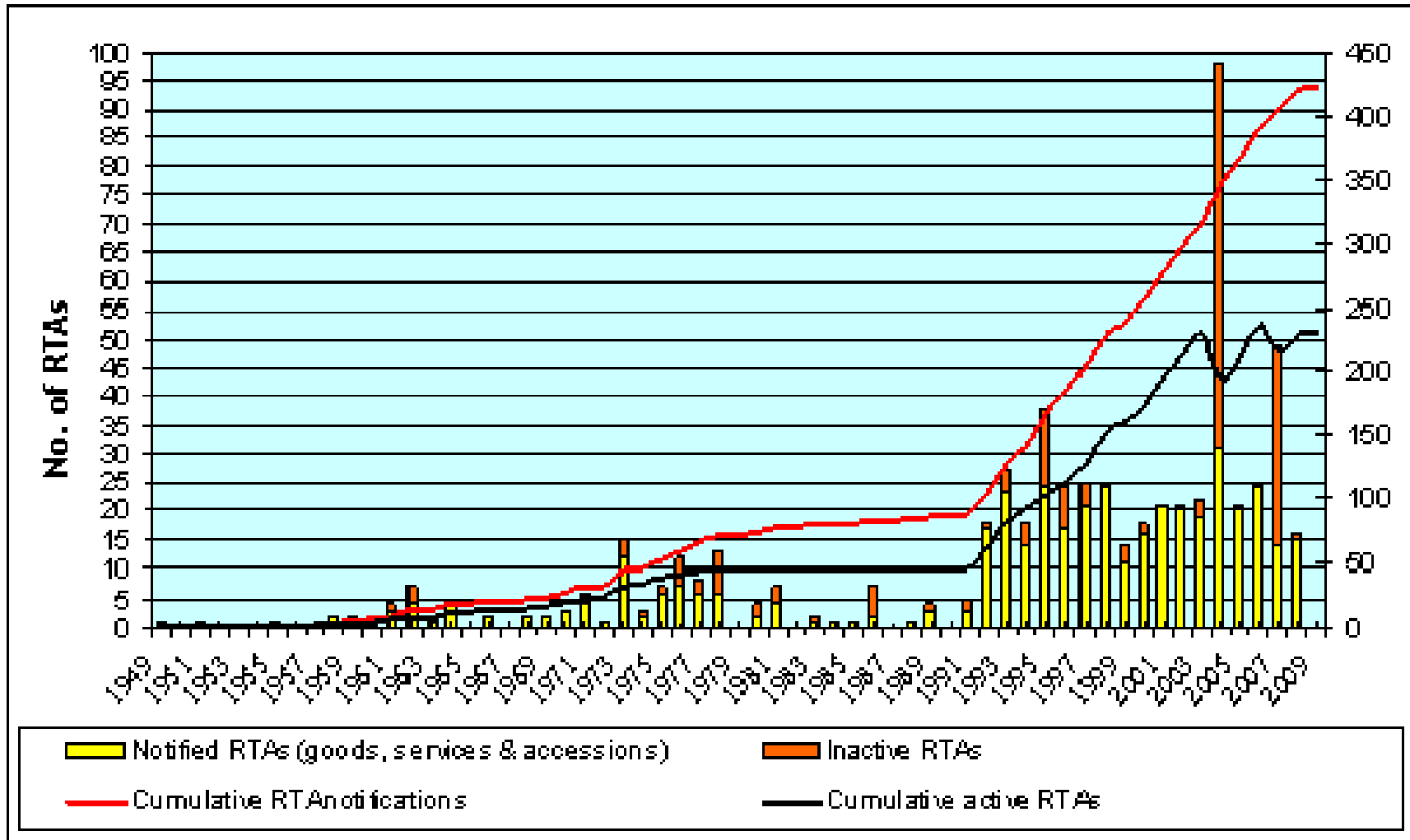




# **Trade Protectionism vs Trade Liberalization in the Northeast Asia**

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# Trade liberalization (RTAs notified to WTO)





## Trade liberalization (FTA Status by selected countries, 2010)

Country	Concluded (signed or implemented)	Under negotiation	Proposed	Total
China	11	6	8	25
Japan	11	5	6	22
Republic of Korea	7	10	10	27
Mongolia	0	0	1	1



**Trade liberalization  
(plurilateral FTA in  
negotiation/consideration)**

- China – Japan – Korea FTA
- ASEAN +1 (China/Japan/ROK)
- ASEAN+3
- ASEAN+6
- East Asian Summit
- APEC FTA
- TPP FTA
- Etc.



## Emerging protectionism (according to WTO)

- New trade measures since the crisis started affect a maximum of 1 per cent of world trade in goods.
- New protectionism is concentrated in sectors that have long been protected: textiles, clothing, footwear, iron, steel, consumer electronics and agriculture.
- New anti-dumping, safeguards and countervailing-duty investigations have increased, but they still affect a tiny share of world trade. And up to one-third of new trade measures have been *liberalising*.



## Trade-related measures since the beginning of financial and economic crisis (No. of cases, Sep 08 – Jun 09)

Country	import		export		
	restriction	liberalization	restriction	liberalization	promotion
China	7		2	2	3
Japan	1				
ROK	2				
Russia	9	9	1	1	



## Emerging protectionism (according to independent monitoring units, e.g. GTA)

- **Global Trade Alert** counts hundreds trade-discriminatory measures since November 2008. And protectionism in the pipeline is trending upwards.
- One-third of new protectionist measures are bailouts to financial services, automobiles and other sectors.
- Thus the good news on remarkably mild “traditional” protectionism (mainly border barriers) is balanced by worrying signs of non-traditional, behind-the-border protectionism.



## Financial mercantilism

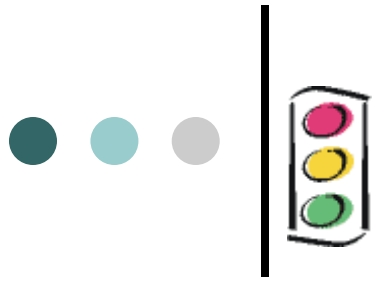
- One aspect of it is home-government pressure on bailed-out banks to “lend local”, i.e. to lend at home at the expense of foreign lending (e.g. through foreign subsidiaries).
- A second aspect is pressure from home governments and regulators to concentrate more financial trading activities at home, with accompanying restrictions on cross-border trade.
- Finally, regulatory proposals may end up with a *cordon sanitaire* around mammoth banks deemed “too big to fail”, with alarming implications for global competition as well as moral hazard.





## **Other non-traditional protectionist instruments**

- Industrial subsidies. These have gone overwhelmingly to the automobile industry. Direct support has gone to domestic firms and could well fall afoul of WTO disciplines on trade-distorting subsidies.
- Public-procurement or “buy-national” restrictions.
- Restrictions on migrant labour.
- FDI restrictions or “investment nationalism”.
- Standards protectionism. There are more restrictive application of technical and food-safety standards on imports since the crisis started.



## **Green, amber, red**

In WTO terminology, subsidies to agriculture in general are identified by “boxes” which are given the colours of traffic lights: green (permitted), amber (slow down — i.e. be reduced), red (forbidden).

In a broader sense, all protectionist measures can be also identified as

- green (permitted)
- amber (be reduced)
- red (forbidden)



## Statistics for Category: Affected Trading Partner

Affected Trading Partner	Measures in database	(Red) Measures in database	Number of implemented measures affecting specified partner	Number of pending measures likely to affect trading partner	Number of pending measures likely to affect trading partner classified as Amber and Red	Number of jurisdictions imposing Red measures with specified partner
Mongolia	92	55	79	13	13	52
DPRK	41	38	38	3	3	15
USA	382	213	328	54	44	68
China	<b>534</b>	<b>282</b>	<b>399</b>	<b>135</b>	<b>122</b>	<b>78</b>
Japan	305	168	249	56	46	63
Republic of Korea	275	149	229	46	45	57
Russia	176	93	143	33	29	56



## Statistics for Category: Implementing Jurisdiction

Implementing Jurisdiction	Measures in database	(Red) Measures in database	Number of tariff lines affected by red measures implemented by specified jurisdiction	Number of sectors affected by red measures implemented by specified jurisdiction	Number of trading partners affected by red measures implemented by specified jurisdiction
Mongolia	14	7	20	5	15
DPRK	0	0	0	0	0
USA	73	14	127	21	120
China	44	19	335	26	123
Japan	14	12	135	12	112
Republic of Korea	13	5	12	9	94
Russia	<b>103</b>	<b>73</b>	<b>421</b>	<b>34</b>	<b>142</b>



## Statistics for Implementing Jurisdiction: China

Statistic	All measures	All measures excluding trade defense measures
Number of measures in database by specified jurisdiction	44	23
Number of measures in database by specified jurisdiction classified ( <b>red</b> )	19	8
Number of tariff lines affected by <b>red</b> measures implemented by specified jurisdiction	335	326
Number of sectors affected by <b>red</b> measures implemented by specified jurisdiction	26	22
Number of trading partners affected by <b>red</b> measures implemented by specified jurisdiction	161	159



## Statistics for Implementing Jurisdiction: Mongolia

Statistic	All measures	All measures excluding trade defense measures
Number of measures in database by specified jurisdiction	2	2
Number of measures in database by specified jurisdiction classified ( <b>red</b> )	1	1
Number of tariff lines affected by <b>red</b> measures implemented by specified jurisdiction	2	2
Number of sectors affected by <b>red</b> measures implemented by specified jurisdiction	2	2
Number of trading partners affected by <b>red</b> measures implemented by specified jurisdiction	2	2



## Statistics for Implementing Jurisdiction: Japan

Statistic	All measures	All measures excluding trade defense measures
Number of measures in database by specified jurisdiction	14	8
Number of measures in database by specified jurisdiction classified ( <b>red</b> )	12	6
Number of tariff lines affected by <b>red</b> measures implemented by specified jurisdiction	135	131
Number of sectors affected by <b>red</b> measures implemented by specified jurisdiction	12	12
Number of trading partners affected by <b>red</b> measures implemented by specified jurisdiction	112	111



## Statistics for Implementing Jurisdiction: Republic of Korea

Statistic	All measures	All measures excluding trade defense measures
Number of measures in database by specified jurisdiction	13	10
Number of measures in database by specified jurisdiction classified ( <b>red</b> )	5	5
Number of tariff lines affected by <b>red</b> measures implemented by specified jurisdiction	12	12
Number of sectors affected by <b>red</b> measures implemented by specified jurisdiction	9	9
Number of trading partners affected by <b>red</b> measures implemented by specified jurisdiction	94	94





## Statistics for Implementing Jurisdiction: Russian Federation

Statistic	All measures	All measures excluding trade defense measures
Number of measures in database by specified jurisdiction	103	91
Number of measures in database by specified jurisdiction classified ( <b>red</b> )	73	65
Number of tariff lines affected by <b>red</b> measures implemented by specified jurisdiction	421	418
Number of sectors affected by <b>red</b> measures implemented by specified jurisdiction	34	33
Number of trading partners affected by <b>red</b> measures implemented by specified jurisdiction	142	141



## Statistics for Implementing Jurisdiction: USA

Statistic	All measures	All measures excluding trade defense measures
Number of measures in database by specified jurisdiction	73	51
Number of measures in database by specified jurisdiction classified ( <b>red</b> )	14	11
Number of tariff lines affected by <b>red</b> measures implemented by specified jurisdiction	127	124
Number of sectors affected by <b>red</b> measures implemented by specified jurisdiction	21	21
Number of trading partners affected by <b>red</b> measures implemented by specified jurisdiction	123	123



## Trading partners harmed by **red** measures implemented by specified jurisdiction (No. of measures)

Trading partners harmed by <b>red</b> measures Implementing jurisdiction	China	Japan	Mongolia	ROK	Russia	USA
China		9	1	10	8	12
Japan	5		0	4	1	5
Mongolia	1	0		0	1	0
ROK	4	3	1		3	3
Russia	47	33	6	36		49
USA	8	5	1	4	3	



**Thank you!**