Temporary Trade Barriers and the Global Economic Crisis

Chad P. Bown
DECTI
The World Bank
Combined G20 Use of Temporary Trade Barriers, 1997-2009

Source: Bown (2010), data compiled from DECTI's Temporary Trade Barriers Database

Takeaways from policy User economy data
- **25%** more products sitting under these trade barriers at the end of 2009 compared to the pre-crisis level of 2007
- Most of the policy activity in 2008-2009 adding to the “stock” of these import barriers was **antidumping**
Takeaways from affected Exporter data (compare 2009 to 2007)

- 0% increase in the stock of barriers facing developed economy exports
- 4% increase in the stock of barriers facing developing (non-China) economy exports
- 40% increase in the stock of barriers facing China’s exports

Source: Bown (2010), data compiled from DECTI’s Temporary Trade Barriers Database
While 4% is the aggregated change, there are some non-China developing economy exporters also increasingly subject to antidumping and temporary trade barriers.

Source: Bown (2010), data from DECTI’s Temporary Trade Barriers Database

From where are these new trade barriers arising?
- The crisis-era growth in new trade barriers facing these exporters is increasingly in the form of South-South protectionism
Countries with the Largest Increases in Temporary Trade Barrier Stocks During the Crisis

**Source:** Bown (2010), data from DECTI’s Temporary Trade Barriers Database

- These figures show the growth of product-import source combinations
- In terms of growth of product coverage only (not shown) between 2007 and 2009: Argentina (48%), India (61%), Indonesia (105%), Turkey (46%)
Conclusions

- The **post-crisis** stock of products covered by temporary trade barriers (antidumping, safeguards, countervailing duties) is **25% higher** than pre-crisis levels.
- Much of this increase confronts developing economy exports (e.g., China, India, Indonesia, Thailand) and is due to new trade barriers imposed by developing country users – i.e., **“South-South” protectionism**.
- These WTO-permitted temporary trade barrier “exceptions” may have helped **prevent** a **larger** protectionist **backlash** during the 2008-2009 economic crisis.
- However, there are longer term **costs** given what **has resulted**, for example
  - **“Temporary?”** – these barriers are not automatically removed, as we have learned from the experience of other (developed) countries.
  - The **discriminatory** application of antidumping and countervailing duties can induce other economic distortions into trade flows.
- As import-competing industries in developing countries adjust to the likelihood of **more South-South trade**, they may generate political pressure for **more** South-South protectionism in the form of such temporary trade barriers.
- We must be concerned not only with developing countries making new market-opening commitments to each other, but also **preventing the erosion** through such temporary trade barriers of the market access that has **already been promised**.