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Agenda Item: 1b

Key Trends and Developments Relating to Trade and Investment Measures and Their Impact on the APEC Region – May 2010

Purpose: Information
Submitted by: Policy Support Unit, APEC Secretariat



**Ministers Responsible for Trade Meeting –
Retreat Session
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KEY TRENDS AND DEVELOPMENTS RELATING TO TRADE AND INVESTMENT MEASURES AND THEIR IMPACT ON THE APEC REGION – MAY 2010¹

EXECUTIVE SUMMARY

Recent Economic Developments

This report meets the commitment made at the AMM meeting in Singapore in November 2009 to continue to review trade, fiscal and monetary measures undertaken by APEC economies. The APEC Secretariat was instructed to work closely with the WTO, ABAC and other relevant bodies in compiling relevant information for the reviews.

The IMF's April 2010 World Economic Outlook (WEO) found that the global recovery has been stronger than expected after an output decline of 0.6% in 2009, with growth projected to reach 4.2% in 2010 and 4.3% in 2011. While activity is increasing solidly in most emerging and developing economies, growth is more tepid in many advanced economies. Positive real GDP growth is predicted across all APEC economies in 2010 and through the next several years. The volume of global trade fell 10.7% in 2009, but is expected to grow by 7.0% in 2010² and 6.1% in 2011, with growth expected to be higher in emerging and developing economies.

The IMF's April 2010 Asia and Pacific Regional Economic Outlook (REO) found that Asia is leading the global recovery. Along with a rebound in exports, recovery in Asia has been supported by strong domestic demand from household consumption as well as a surge in net capital inflows. Business spending has also started to pick up and manufacturing capacity utilization in Asia has returned to more normal levels.

However, there remains a predominance of downside risks for both short-term outcomes (including a successful transition from stimulus-induced to market-led demand growth) and the long-term (including the need for rebalancing global demand, financial sector reforms, and growth-enhancing structural policies).

Overall, global growth is returning, but the downside risks provide sufficient fragilities that policy makers need to manage and address in order to increase the robustness of the recovery path.

A note on **Recent Economic and Trade Developments** (drawn from 2010 outlook reports by the IMF, World Bank, and Asian Development Bank) is at [Annex 1](#). A separate note on **Recent Developments in FDI Flows** (drawn from UNCTAD's investment monitor) is at [Annex 2](#).

¹ The Policy Support Unit would like to place on record its appreciation to the IMF, WTO, and UNCTAD for their assistance and rapid response to our requests for data. Also, data and reports from the World Bank, ADB, and ABAC were vital resources in the compilation of this report.

² According to WTO estimates, the volume of world trade is expected to grow by 9.5% in 2010 after contracting 12.2% in 2009. (March 2010 Press Release available at http://www.wto.org/english/news_e/pres10_e/pr598_e.htm).

Trade and Trade-Related Measures in APEC Economies

In a report to the G20 in March 2010, the WTO Secretariat, jointly with the Secretariats of the OECD and UNCTAD, considered that the trade and investment policy response to the global recession had been relatively muted so far and there had been no indication of a significant intensification of trade or investment restriction since the last report to the G20 in September 2009. The PSU confirmed with the WTO Secretariat in recent discussions that this still accurately represents the situation, not just for the G20, but also for APEC. It was also noted that trade policy slippage continued in a few cases where newly adopted measures could directly or indirectly restrict trade.

While trade restrictions have been imposed by APEC and G20 members, they have been limited and an escalation to widespread protectionism has not eventuated. The WTO has provided partial inputs received from APEC members on **Trade and Trade-related Measures – 1 November 2009 – mid-May 2010**, which is at [Annex 3](#).

World Bank data reveals that there was a 40% decrease in the number of newly initiated trade remedy investigations by APEC members in the fourth quarter of 2009 compared to the previous quarter – the first quarterly decrease since the onset of the global economic crisis in mid-2008. However, the fourth quarter of 2009 also saw an increase of 80% over the previous quarter in the number of newly imposed trade remedy measures by APEC members. This was anticipated given the high number of investigations initiated previously in recent quarters and is a trend expected to continue in forthcoming quarters. (See [Annex 5](#) for more details.)

A recent paper³ from IMF staff provides a quantitative estimate indicating that the aggregate impact of new trade restrictions was about 0.25% of global trade⁴. While acknowledging that this impact is modest, the IMF noted that an outlook of sustained high unemployment, uneven growth, and an unwinding of government stimulus measures suggests that protectionist pressures may rise. Since existing WTO commitments leave ample scope to further restrict trade, the surest way to avoid a downside scenario is to tighten multilateral trade commitments by completing the WTO Doha Round. This should be viewed as a key part of the exit strategy from the global economic crisis.

ABAC's Views

ABAC highlights that while some measures remain to be withdrawn, the situation appears to be stable and trade protectionism is not escalating. (See [Annex 4](#) for more details.)

For Discussion

Although growth is forecast to recover, there are many downside risks that will require careful monitoring and managing of fiscal, monetary and structural policy settings, including a careful withdrawal of stimulus measures, synchronized with the return of market-led growth drivers. Rebalancing and policy measures that underpin a return to sustainable global growth will provide the most suitable environment for continuing trade and investment flows.

³ Gregory, R., et al. 2010. Trade and the Crisis: Protect or Recover. IMF Staff Position Note SPN/10/07.

⁴ Based on an econometric analysis using a sample of 184 measures identified as highly likely to be discriminatory by Global Trade Alert (GTA).

Widespread and pervasive protectionism has not occurred, but it is evident sporadically and can have a significant adverse effect in the areas where it has occurred. Whilst protectionist measures around the globe and within APEC remain muted, there remains the potential within existing WTO rules to initiate trade restricting measures. Completing the DDA and tightening multilateral trade commitments will reduce the scope of trade restricting activity within the rules.

Ministers are invited to endorse the following concrete steps:

1. APEC will remain vigilant in the face of protectionist pressure, noting that sporadic actions can have significant impact in affected areas, notwithstanding the continuing absence of an endemic and significant trade protectionist response to the global crisis.
2. APEC reiterates its pledge to maintain free and open markets and renews its commitment to rectify existing restrictive measures and resist new protectionism measures during the economic recovery.
3. APEC will continue to undertake regular review of the trade, fiscal and monetary measures adopted by APEC economies, with the APEC Secretariat to prepare its next review for AMM in November 2010.

ANNEX 1 – RECENT ECONOMIC AND TRADE DEVELOPMENTS⁵

The IMF's April 2010 World Economic Outlook (WEO) found that the global recovery has been stronger than expected. However, there are two tracks evident – activity is recovering solidly in most emerging and developing economies, but only tepidly in many advanced economies. The IMF predicts global growth of 4½ per cent in 2010 and 2011. Positive real GDP growth across all APEC member economies is expected from 2010 and continuing through the next several years (Table 1).

Table 1. Real GDP Growth

year-on-year (%)	Latest projection			
	2009	2010	2011	2012
Australia	1.3	3.0	3.5	3.5
Brunei Darussalam	-0.5	0.5	1.0	1.2
Canada	-2.6	3.1	3.2	3.0
Chile	-1.5	4.7	6.0	4.8
China	8.7	10.0	9.9	9.8
Hong Kong, China	-2.7	5.0	4.4	4.2
Indonesia	4.5	6.0	6.2	6.5
Japan	-5.2	1.9	2.0	2.0
Korea	0.2	4.5	5.0	4.1
Malaysia	-1.7	4.7	5.1	5.3
Mexico	-6.5	4.2	4.5	5.2
New Zealand	-1.6	2.9	3.2	3.0
Papua New Guinea	4.5	8.0	5.5	3.0
Peru	0.9	6.3	6.0	5.7
Philippines	0.9	3.6	4.0	4.0
Russia	-7.9	4.0	3.3	3.7
Singapore	-2.0	5.7	5.3	5.1
Chinese Taipei	-1.9	6.5	4.8	4.9
Thailand	-2.3	5.5	5.5	5.4
United States	-2.4	3.1	2.6	2.4
Viet Nam	5.3	6.0	6.5	7.0

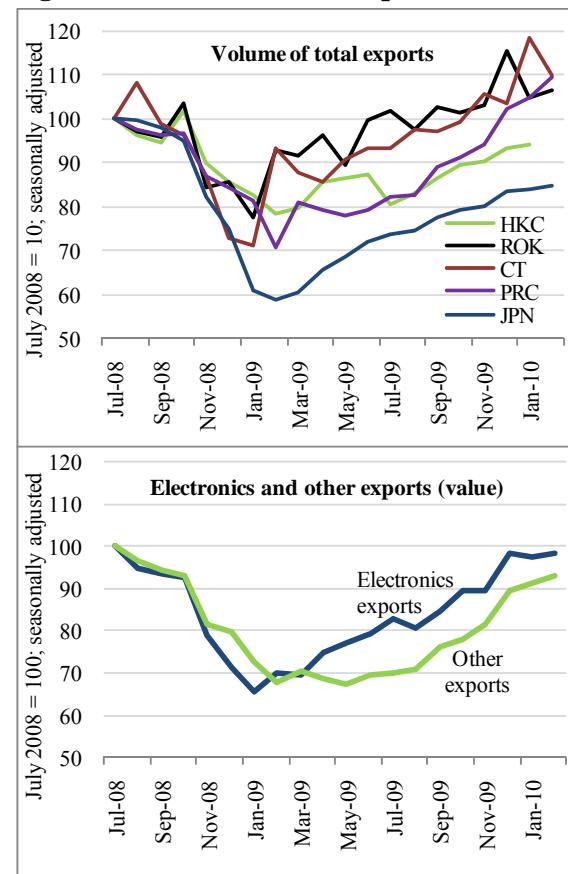
Source: IMF, April 2010 WEO database.

Note: 2009 figures for Australia; Brunei Darussalam; Chile; China; Papua New Guinea; Peru; and Russia are estimates.

The volume of global trade fell 10.7% in 2009, but is expected to grow by 7.0% in 2010 and 6.1% in 2011, with growth expected to be higher in emerging and developing economies.

The IMF's April 2010 Regional Economic Outlook (REO) for Asia and the Pacific found that Asia is leading the global recovery process. Along with a rebound in exports (Figure 1), the recovery in Asia has

Figure 1. Selected APEC: Exports



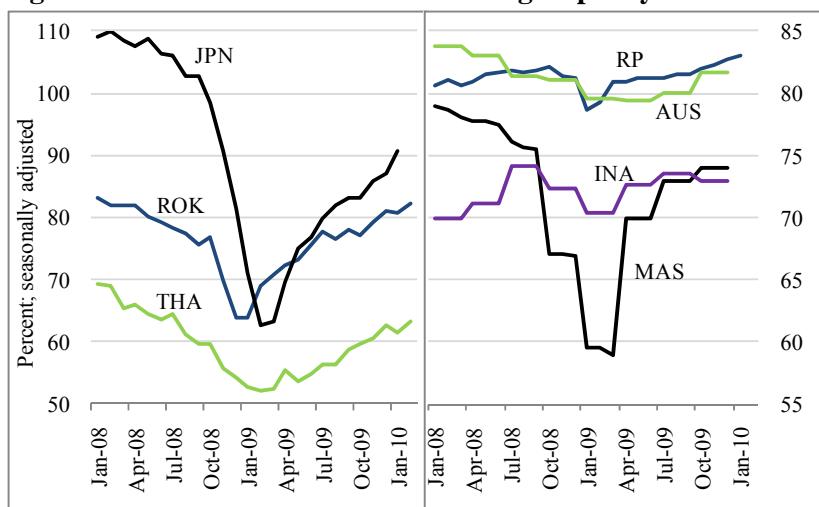
Source: IMF, April 2010 Regional Economic Outlook: Asia and Pacific.

Note: Value of electronics and other exports includes China; Hong Kong, China; Japan; Korea; Malaysia; Philippines; Singapore; Chinese Taipei; and Thailand.

⁵ Drawn from IMF's April 2010 World Economic Outlook and April 2010 Asia and Pacific Regional Economic Outlook; World Bank's Global Economic Prospects 2010; and Asian Development Bank's Asian Development Outlook 2010.

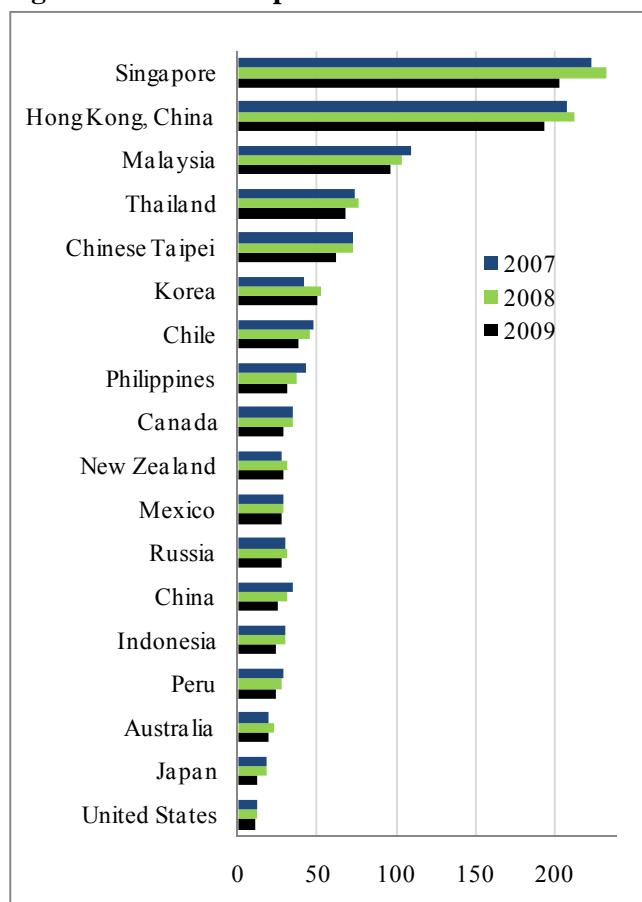
been supported by strong domestic demand from household consumption as well as a surge in net capital inflows. Business spending has also started to pick up and manufacturing capacity utilization in Asia (Figure 2) has returned to more normal levels. However, on an annualized basis, exports as a percentage of GDP in 2009 have not yet been restored to pre-global crisis levels in most APEC economies (Figure 3).

Figure 2. Selected APEC: Manufacturing Capacity Utilization



Source: IMF, April 2010 Regional Economic Outlook: Asia and Pacific.

Figure 3. Ratio of Exports to GDP

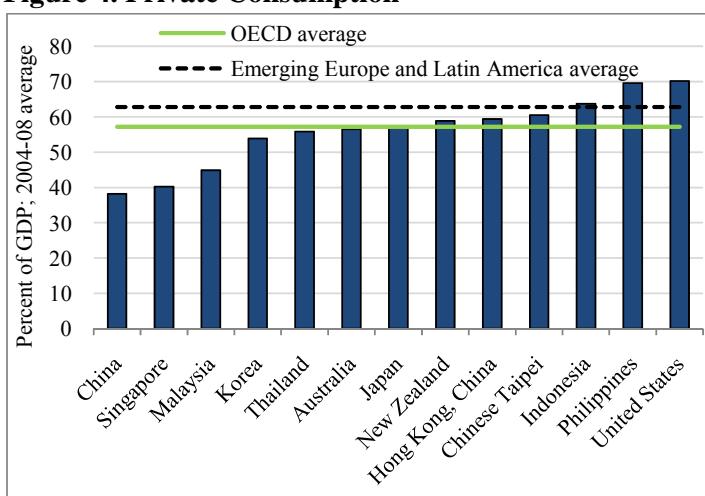


Source: CEIC Data Company Ltd.

The trends of Asia's recovery are expected to continue in 2010 for two main reasons. First, the global and domestic inventory cycle is likely to boost Asia's industrial production and exports further for most of the year. Second, even with less accommodative fiscal and monetary policy, including the withdrawal of policy stimulus, domestic demand in Asia is expected to remain strong. However, recovery of domestic demand in advanced economies is expected to remain sluggish over the next two years, so Asia's exports are likely to moderate in 2011.

Therefore, the main policy challenge in Asia in the medium term will be to ensure that its future growth is based on strong market-led domestic demand, especially considering that decreased demand in the advanced economies makes any export-led growth strategy unsustainable. Asia will therefore need to continue rebalancing towards domestic demand, in the form of increased consumption, investment or productivity (Figure 4).

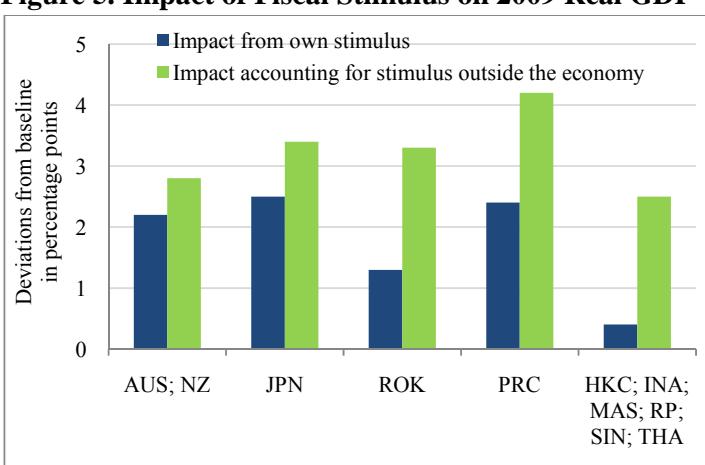
Figure 4. Private Consumption



Source: IMF, April 2010 Regional Economic Outlook: Asia and Pacific.

The pace of recovery in advanced economies has been hindered by high unemployment rates, weak household demand, and weak bank credit. Advanced economies still remain heavily dependent on the stimulus packages which provided support during the deep downturn (Figure 5). The pace of recovery in the advanced economies will depend on the rate of recovery in the financial sector, including increases in both liquidity and the flow of credit.

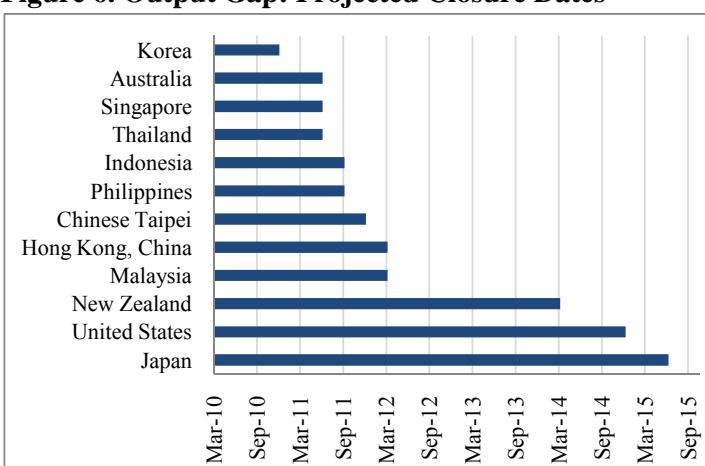
Figure 5. Impact of Fiscal Stimulus on 2009 Real GDP



Source: IMF, April 2010 Regional Economic Outlook: Asia and Pacific.

The IMF's World Economic Outlook also considered the recovery in advanced economies to be sluggish and uncertain due to the remaining downside risks, especially related to the level of public debt. Recent events in Europe also provide an indication of the "brittleness" of global markets and confidence that arise from the occurrence of, and responses to, economic shocks.

Figure 6. Output Gap: Projected Closure Dates



Source: IMF, April 2010 Regional Economic Outlook: Asia and Pacific.

To sustain recovery in 2010, the advanced economies need to not only fully implement the fiscal stimulus, but also to embark on a medium-term "exit strategy" that provides clear signals of significant fiscal consolidation. The reform and repair of the financial sector will be necessary to sustain growth as well as in the recovery of households' balance sheets. The IMF predicts that it will take many years to close the output gap in some economies (Figure 6).

The Asian Development Bank's Asian Development Outlook 2010 expressed a more cautious

optimism regarding Asia's recovery. The report highlighted that recovery was driven mainly by fiscal support and that more robust sources of growth will need to come to the fore, while also highlighting the threat from unemployment and uneven job recovery. The ADB projects that developing Asia will grow by 7.5% in 2010 and 7.3% in 2011, a strong acceleration from its 5.2% growth in 2009, but still below its 9.6% growth in 2007.

The report noted that the following downside risks could derail the growth momentum:

- a slower global recovery;
- mistimed withdrawal of macroeconomic stimulus measures;
- a sharp increase in international commodity prices;
- deteriorating fiscal positions; and
- the persistence of global imbalances.

The Asian Development Outlook 2010 states that policy makers must also closely watch asset price trends and take action to prevent asset bubbles from developing. A shift towards more flexible exchange rates will also be important as it will help economies to rebalance demand towards domestic sources. Developing Asia should also maintain the fiscal discipline that has served it well in past crises.

The World Bank's Global Economic Prospects 2010 noted that the level of output remains depressed globally, with the level of industrial production still 5% below its pre-crisis peak in October 2009. The volume of world trade also remains 2.8% lower than its pre-crisis level and 10% below the level consistent with its pre-crisis trend growth rate. The report states that "considerable slack remains in the global economy, with unemployment continuing to rise, disinflation widespread, and commodity prices between 50 and 25 percent lower than their levels in mid-2008" (p. 2). A sustainable recovery will depend on the extent to which private sector consumption and investment demand responds to the fiscal and monetary stimulus as well as to the inventory cycle.

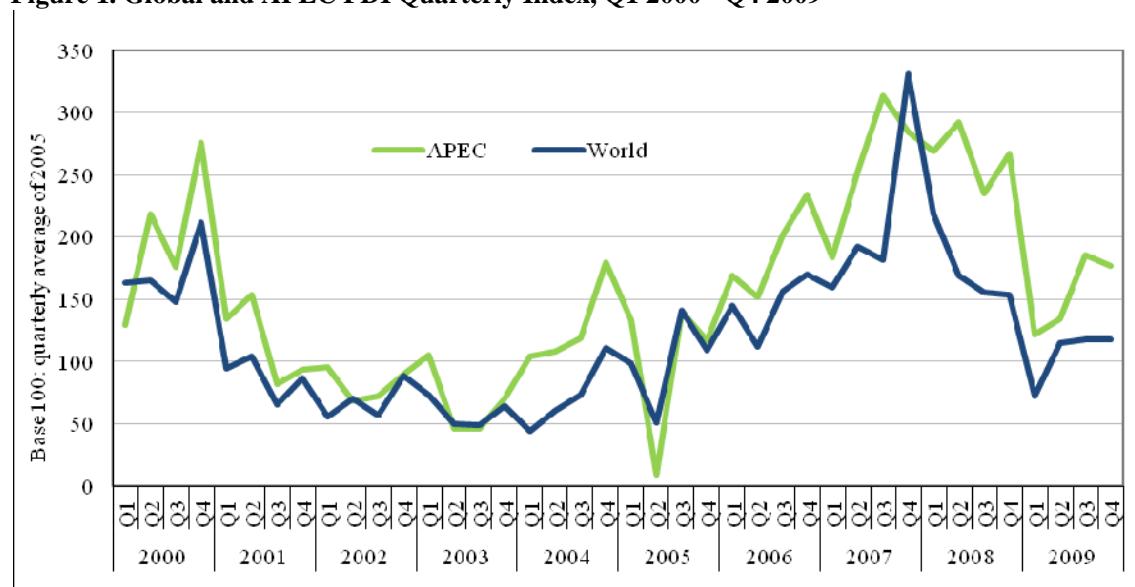
In summary, there appears to be a consensus that a nascent recovery is in progress, which benefits from and will contribute to a continuing trade recovery. However, for that to be sustained there will need to be:

- a deft handling of stimulus withdrawal;
- a focus on reducing public debt;
- a sustained increase in industrial capacity utilization (beyond an inventory cycle);
- a rebalancing of demand; and
- a more balanced period in which stability can replace turbulence.

ANNEX 2 – RECENT DEVELOPMENTS IN FDI FLOWS⁶

UNCTAD's FDI Quarterly Index shows that FDI inflows to the APEC region have fallen considerably after reaching a peak in late 2007, a similar trend to global FDI flows (Figure 1). After a very large drop in the first quarter of 2009, FDI flows to the region increased slightly in the second and third quarters of 2009. However, by the end of the year, they were still substantially lower than they had been in 2007 and 2008. According to UNCTAD, FDI inflows to Canada, Japan, Russia, and the United States dropped significantly in the fourth quarter of 2009, while FDI inflows to China and Hong Kong, China were larger in the last quarter of 2009 than they had been in the quarterly average of 2007.

Figure 1. Global and APEC FDI Quarterly Index, Q1 2000 - Q4 2009



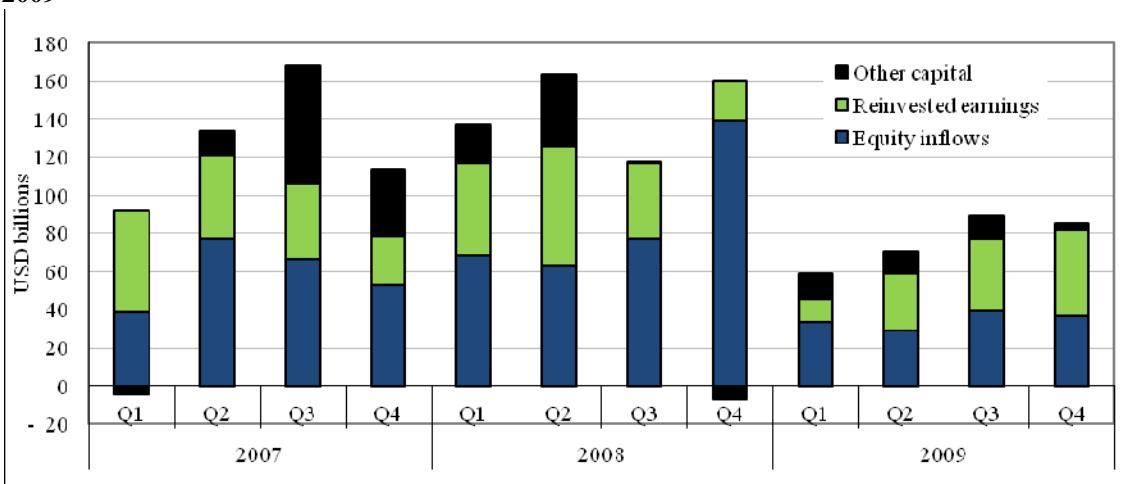
Source: UNCTAD.

Note: Data cover 67 economies for the global index and 16 economies for the APEC index.

Among the components of FDI flows, reinvested earnings were the major contributor to the recent increase in FDI flows to the region (Figure 2). Their value in the fourth quarter of 2009, USD 45 billion, was slightly above their 2007 and 2008 quarterly averages. However, equity inflows to the region in the fourth quarter of 2009, USD 36.8 billion, remained substantially lower than their quarterly averages of USD 58.8 billion in 2007 and USD 87 billion in 2008.

⁶ UNCTAD, 2010. Global Investment Trends Monitor No. 3: Fourth Quarter of 2009 and First Quarter of 2010, available at http://www.unctad.org/en/docs/webdiaeia20104_en.pdf.

Figure 2. Quarterly FDI Inflows by Components for Selected APEC Economies, Q1 2009 - Q4 2009



Source: UNCTAD.

Note: Selected APEC economies includes Australia; Chile; Hong Kong, China; Japan; Mexico; New Zealand; Philippines; Russia; Chinese Taipei; and the United States.

An increase in cross-border mergers and acquisitions in the APEC region during the first quarter of 2010, along with the return to positive GDP growth in mid-2009, are expected to drive FDI flows in early 2010. However, UNCTAD cautions that it is too soon to say that FDI is now on a strong rebound, especially considering the slight drop in the number of greenfield FDI projects in the first quarter of 2010. Government policies introduced during the current crisis have “double-edged effects” – while the majority of them may promote and facilitate FDI, some may impede renewed flows.

ANNEX 3 – TRADE AND TRADE-RELATED MEASURES SELF-REPORTED TO WTO BY SOME APEC ECONOMIES: 1 NOVEMBER 2009 – MID-MAY 2010

The following list, which provides information on trade and trade-related measures implemented from 1 November 2009 to mid-May 2010, is copied directly from raw inputs (reformatted to this table) provided to the WTO from some APEC economies under the agreement reached to share information between the WTO and the APEC Secretariat. It is not a complete list of measures by all APEC economies.

This list complements a similar list provided at the AMM meeting in Singapore in November 2009, which covered the period October 2008 – October 2009 and can be found at http://aimp.apec.org/Documents/2009/MM/AMM/09_amm_015.pdf.

Economy	Measure	Source/Date	Status
Australia	Gradual reduction of applied tariffs on textiles, clothing and footwear products until 2015.	Permanent Delegation of Australia to the WTO (March 2009).	Duty rates for textiles, clothing and footwear goods were reduced on 1 January 2010. Where the General rate of duty was 17.5%, the reduction was to 10%, where the General rate was 10% or 7.5%, to 5%.
Australia	Reduction in tariffs on passenger motor vehicles and parts components by 2010.	Permanent Delegation of Australia to the WTO (March 2009).	Duty rates for passenger motor vehicles and parts components were reduced on 1 January 2010. Where the rate of duty was 10%, the reduction was to 5%.
Australia	Initiation of anti-dumping investigation on imports of polyethylene, linear low density (HS 3901.10; 3901.90) from Canada (28 May 2009).	Permanent Delegation of Australia to the WTO (28 May 2009).	Investigation terminated on 25 November 2009.
Australia	Initiation of anti-dumping investigation on imports of linear low density polyethylene (HS 3901.10; 3901.90) from the United States (28 May 2009).	Permanent Delegation of Australia to the WTO (28 May 2009).	Investigation terminated on 25 November 2009.
Australia	Anti-dumping duties on imports of certain toilet paper (HS 4818.10) from China (23 June 2009).		Terminated on 12 January 2010 following a reinvestigation.
Australia	Anti-dumping duties on imports of certain toilet paper (HS 4818.10) from Indonesia (23 June 2009).		Terminated on 12 January 2010 following a reinvestigation.
Australia	Initiation of anti-dumping investigation on imports of aluminium extrusions (HS 7604.10; 7604.21; 7604.29, 7608.10; 7608.20; 7610.10; 7610.90) from China (24 June 2009).	Permanent Delegation of Australia to the WTO (24 June 2009).	Provisional dumping securities imposed on 6 November 2009. Final report due 15 April 2010. <u>Final report with Minister for consideration.</u>
Australia	Initiation of countervailing duty investigation on imports of aluminium extrusions (HS 7604.10; 7604.21; 7604.29, 7608.10; 7608.20; 7610.10; 7610.90) from China (24 June 2009).	Permanent Delegation of Australia to the WTO (24 June 2009).	Provisional countervailing securities imposed on 15 April 2010. Final report due 15 April 2010. <u>Final report with Minister for consideration.</u>
Australia	Initiation of anti-dumping investigation on imports of silicone emulsion concrete admixtures (HS 3824.40) from the United States (14 August 2009)		Anti-dumping duties imposed on 13 April 2010.
Australia	Initiation of anti-dumping investigation on imports of certain plywood (HS 4412.31; 4412.32; 4412.39) from Brazil (3 December 2009).		Final report due date extended to 5 August 2010.
Australia	Initiation of anti-dumping investigation on imports of certain plywood (HS 4412.31; 4412.32; 4412.39) from		Final report due date extended to 5 August 2010.

Economy	Measure	Source/Date	Status
	Chile (3 December 2009).		
Australia	Initiation of anti-dumping investigation on imports of certain plywood (HS 4412.31; 4412.32; 4412.39) from China (3 December 2009).		Final report due date extended to 5 August 2010.
Australia	Initiation of anti-dumping investigation on imports of certain plywood (HS 4412.31; 4412.32; 4412.39) from Malaysia (3 December 2009).		Final report due date extended to 5 August 2010.
Australia	Initiation of anti-dumping investigation on imports of certain clear float glass (HS 7005.29) from China (19 April 2010).		Final report due 21 September 2010.
Australia	Initiation of anti-dumping investigation on imports of certain clear float glass (HS 7005.29) from Indonesia (19 April 2010).		Final report due 21 September 2010.
Australia	Initiation of anti-dumping investigation on imports of certain clear float glass (HS 7005.29) from Thailand (19 April 2010).		Final report due 21 September 2010.
Australia	Anti-dumping duties on imports of certain silicon (HS 2804.69) from China.		Measures expired on 16 February 2010. No continuation application received.
Australia	Anti-dumping duties on imports of hot dipped galvanised steel pipe (HS 7306.30) from Thailand (9 June 2009).		Measures expired on 17 February 2010 following a continuation inquiry.
Australia	Anti-dumping duties on imports of polyvinyl chloride homopolymer resin (HS 3904.10) from Korea (24 August 2009).		Measures expired on 23 March 2010 following a continuation inquiry.
Australia	Anti-dumping duties on imports of polyvinyl chloride homopolymer resin (HS 3904.10) from Hungary.		Measures expired on 23 March 2010. No continuation application received.
Australia	Anti-dumping duties on imports of polyethylene, linear low density (HS 3901.10; 3901.90) from Indonesia.		Measures will expire by 27 July 2010 following a continuation inquiry.
Australia	General Economic Stimulus Measure: Stimulus Package "Economic Security Strategy (ESS)" (1% of GDP), including lump-sum cash payments for families and pensioners.	Permanent Delegation of Australia to the WTO (October 2008).	Over 90% of one-off cash payments have been made.
Australia	General Economic Stimulus Measure: The A\$42 billion (US\$38.2 billion) Nation Building and Jobs Plan, announced in February 2009, included tax bonus payments for working Australians and investment in shovel-ready infrastructure projects. A further \$22 billion, under the 'Nation Building for the Future' infrastructure package, was announced in the 2009-10 Budget for road, rail, ports, broadband, energy efficiency, education and health.	Permanent Delegation of Australia to the WTO (12 May 2009).	Implementation ongoing.
Australia	General Economic Stimulus Measure: New South Wales Government Procurement: "Local Jobs First Plan" included in its Stimulus Package, providing a price preference for Australian and New Zealand content.	Permanent Delegation of Australia to the WTO (16 June 2009).	Implementing guidelines have been issued and these measures are only applicable to SME.
Australia	Financial Institutions Measure: All eligible deposits of up to A\$1 million (US\$909,200) per depositor, per authorised deposit-taking institution are guaranteed for free.	Permanent Delegation of Australia to the WTO.	The guarantee of large deposits (deposits of over \$1 million) and wholesale funding for Australian authorised deposit-taking institutions was closed to new liabilities on 31 March 2010. Guaranteed liabilities remain guaranteed until maturity, for up to 60 months (October 2015 for at-call deposits). Eligible deposits of up to \$1 million are still guaranteed for free.

Economy	Measure	Source/Date	Status
Australia	Financial Institutions Measure: The car dealership financing special purpose vehicle was activated on 1 September 2009 and provided liquidity support to Ford Credit Australia.	Permanent Delegation of Australia to the WTO (6 July 2009).	Activated on 1 September 2009, and scheduled to conclude by 30 June 2010.
Canada	As part of Canada's 2010 federal budget, elimination of customs duties on 1541 tariff items covering machinery & equipment and manufacturing inputs, with MFN rates ranging from 2.0% to 15.5%. This establishes Canada as the first G20 country to be a tariff-free zone for industrial manufacturers. For a list of the affected Canadian tariff items, see WTO document G/MA/W/101, dated 19 April 2010, or the following notice: http://www.cbsa.gc.ca/trade-commerce/tariff-tarif/2010/tn49-eng.html .	Permanent Delegation of Canada to the WTO.	Permanent measure, effective 5 March 2010, pending Parliamentary approval. 1100 tariffs eliminated as of that day; remainder reduced that day and to be eliminated by no later than 1 January 2015.
Canada	Trade facilitating measure liberalising the conditions under which shipping containers can temporarily be imported into Canada on a duty-free basis. The Canadian tariff item affected is 9801.10.20.	Permanent Delegation of Canada to the WTO.	Permanent measure, effective 15 December 2009.
Canada	Trade facilitating measure to ensure trade with Haiti is not unduly impacted following the January 2010 earthquake. The measure ensures that Haitian exports to Canada continue to be eligible for tariff-free treatment under Canada's preferential tariff treatments for developing and least-developed countries.	Permanent Delegation of Canada to the WTO.	Measure in place since March 11, 2010 (see http://canadagazette.gc.ca/rp-pr/p2/2010/2010-03-31/html/sor-dors58-eng.html).
Canada	Termination on 6 January, 2010 of an anti-dumping finding concerning certain stainless steel fasteners originating in or exported from Chinese Taipei.	Permanent Delegation of Canada to the WTO.	
Canada	Termination on May 6, 2010 of an anti-dumping investigation on polyiso insulation board originating in or exported from the United States, further to a no-injury finding by the Canadian International Trade Tribunal.	Permanent Delegation of Canada to the WTO.	
Canada	Initiation on 22 March, 2010 of an investigation with respect to the dumping of greenhouse bell peppers originating in or exported from the Netherlands.	Permanent Delegation of Canada to the WTO.	Investigation ongoing.
China	Initiation of anti-dumping and countervailing investigations into saloon cars and cross-country cars (of a cylinder capacity \geq 2000cc) originating from the United States (6 November 2009).	Permanent Delegation of China to the WTO (18 May 2010).	
China	"Administrative Measures for the Establishment of Partnership Enterprises within China by Foreign Enterprises or Individuals" to regulate the establishment of partnership enterprises in China by foreign enterprises or individuals, facilitate foreign enterprises or individuals to invest in China in the form of partnership, and expand foreign economic cooperation and technology exchanges.	Permanent Delegation of China to the WTO (18 May 2010).	Measures came into force on 1 March 2010.
China	Preliminary ruling on the anti-dumping investigation of certain iron or steel fasteners originating from the European Union (23 December 2009).	Permanent Delegation of China to the WTO (18 May 2010).	Case was placed on file on 29 December 2008 and the final ruling is expected to be made by 29 June 2010.
China	Final ruling on the anti-dumping investigation of BDO (1,4-butanediol), and deciding to impose anti-dumping duty ranging from 4.5% to 13.6% on imported BDO originating from Saudi Arabia and Chinese Taipei (24 December 2009).	Permanent Delegation of China to the WTO (18 May 2010).	
China	Implemented the fourth-round all-round tariff cuts in	Permanent Delegation of	

Economy	Measure	Source/Date	Status
	accordance with "China-ASEAN Framework Agreement on Comprehensive Economic Cooperation - Agreement on Trade in Goods". Each side grants zero tariff treatment to more than 90% of the products originating from the other side (1 January 2010).	China to the WTO (18 May 2010).	
China	Preliminary ruling on the anti-dumping investigation of nucleotide-type food additives originating from Indonesia and Thailand since 5 January 2010 (4 January 2010).	Permanent Delegation of China to the WTO (18 May 2010).	Case was placed on file on 24 March 2009 and the final ruling is expected to be made by 24 September 2010.
China	Import ban of poultry products from Pennsylvania and Texas of the United States due to the low pathogenic avian influenza (15 January 2010).	Permanent Delegation of China to the WTO (18 May 2010).	
China	Import ban of artiodactyl products from Korea due to the foot and mouth disease (15 January 2010).	Permanent Delegation of China to the WTO (18 May 2010).	
China	Preliminary ruling on the anti-dumping investigation of terephthalic acid originating from Korea and Thailand (2 February 2010).	Permanent Delegation of China to the WTO (18 May 2010).	
China	Preliminary ruling on the anti-dumping investigation of broiler products and chicken products, and deciding to apply provisional anti-dumping measures on broiler products and chicken products originating from the United States since 13 February 2010 (5 February 2010).	Permanent Delegation of China to the WTO (18 May 2010).	
China	Lifted the import ban on pigs and related products from Mexico, the United States, Canada and other countries due to influenza A/H1N1 (23 February 2010).	Permanent Delegation of China to the WTO (18 May 2010).	
China	Applied agreed preferential tariff rates on products under 6809 tariff lines originating from Peru, in accordance with China-Peru Free Trade Agreement (1 March 2010).	Permanent Delegation of China to the WTO (18 May 2010).	
China	Import ban of poultry products from Bhutan due to the high pathogenic avian influenza (12 March 2010).	Permanent Delegation of China to the WTO (18 May 2010).	
China	Final ruling on the anti-dumping and countervailing investigations of grain oriented flat-rolled electrical steel, and deciding to impose anti-dumping and countervailing duties on imported grain oriented flat-rolled electrical steel originating from the United States and Russia since 11 April 2010 (10 April 2010).	Permanent Delegation of China to the WTO (18 May 2010).	
China	Lifted the import restrictions due to the bird flu in Belgium (15 April 2010).	Permanent Delegation of China to the WTO (18 May 2010).	
China	Final ruling on the anti-dumping investigation of polyamide-6, and deciding to impose anti-dumping duties on imported polyamide-6 originating from the United States, the European Union, Russia and Chinese Taipei (21 April 2010).	Permanent Delegation of China to the WTO (18 May 2010).	
China	Initiation of anti-dumping investigation into imported dispersion unshifted single-mode optical fiber originating from the United States and the European Union (22 April 2010).	Permanent Delegation of China to the WTO (18 May 2010).	
China	Initiation of anti-dumping investigation into imported caprolactam originating from the European Union and the United States (22 April 2010).	Permanent Delegation of China to the WTO (18 May 2010).	

Economy	Measure	Source/Date	Status
China	“Several Opinions of the State Council on Improving the Utilization of Foreign Investment” to enable foreign investment to better play its positive role. It contains 20 measures in 5 aspects, namely, “optimizing foreign capital utilization structure”, “guiding foreign investors to divert investment into the middle and western parts of China and to increase investment”, “promoting the diversification of foreign capital utilization”, “deepening the reform of foreign investment management system” and “creating a good environment for investment” (April 2010).	Permanent Delegation of China to the WTO (18 May 2010).	
Indonesia	Prioritizing the Supply of Mineral and Coal to Domestic Needs to manage and prevent shortage of mineral and coal supply, as well as to ensure domestic availability (31 December 2009).	Permanent Delegation of Indonesia to the WTO (18 May 2010).	
Indonesia	Removed several overlapping textile HS in the Provisions on the Import of Textile and Textile Products and, in addition, prevent the misuse and/or manipulation of the facilities of the bonded zone (26 January 2010).	Permanent Delegation of Indonesia to the WTO (18 May 2010).	
Indonesia	Allocation and Use of Natural Gas to ensure the efficient and effective use of natural gas, due to its non-renewable nature, as well as enhance national energy security (27 January 2010).	Permanent Delegation of Indonesia to the WTO (18 May 2010).	
Indonesia	Implementation of Mineral and Coal Mining Business Activity Regulation, which provides guidelines for acquiring license for mineral and coal mining sector (1 February 2010).	Permanent Delegation of Indonesia to the WTO (18 May 2010).	
Indonesia	Revocation of the temporary import ban on swine and its derivatives which had been imposed since May 2009 following the outbreak of the H1N1 flu virus. The ban has been lifted following a risk assessment procedure which confirmed no infection transmission from swine to man.	Permanent Delegation of Indonesia to the WTO (18 May 2010).	The ban was lifted on 11 February 2010.
Indonesia	Import surveillance mechanism on the importation of machine, machine equipments, raw materials, blank optical discs, and loaded optical disks to protect intellectual property rights (IPR), in particular copyrights. However, it allows importation of blank optical discs and loaded optical discs for non-commercial purposes such as by government institutions, foreign embassies and international organizations and their officials, private collection, passengers and crews of carrier service of maximum 10 discs, and private property sent through forwarding service of maximum 10 discs (15 March 2010).	Permanent Delegation of Indonesia to the WTO (18 May 2010).	
Indonesia	Provision of importer’s identification number (API) to increase business certainty and expedite services to boost investment (29 March 2010).	Permanent Delegation of Indonesia to the WTO (18 May 2010).	
Indonesia	Implementing regulation on the Mandatory Application of Indonesian National Standard (SNI) for Cable Products to boost national competitiveness, ensure the quality of products and protect consumers, as well as create a fair and balanced competition (30 March 2010).	Permanent Delegation of Indonesia to the WTO (18 May 2010).	
Korea	Base duty rate applying to refined sugar was lowered from 40% to 35% in order to attain price level stability and thereby to protect consumers’ rights. The change is expected to facilitate continued imports of sugar (1 January 2010).	Permanent Delegation of Korea to the WTO (18 May 2010).	
Mexico	Implementation of the Program towards the Improvement	Permanent Delegation of	

Economy	Measure	Source/Date	Status
	of the Management of the Federal Public Administration to Modernize the Public Sector, which includes objectives related to trade facilitation such as the elimination of unnecessary trade-related procedures and the increase in the use of new technologies, among others.	Mexico to the WTO (12 May 2010).	
Peru	Implementation of the Economic Stimulus Plan to mitigate the impact of the international crisis and reduce the infrastructure gap.	Permanent Delegation of Peru to the WTO (19 May 2010).	
Peru	Implementation of the Doing Business Plan to stimulate private investment and improve the business conditions.	Permanent Delegation of Peru to the WTO (19 May 2010).	
Peru	Anti-dumping duties on imports of flip-flops/thongs, sandals, slippers and mules, espadrilles and clog-style shoes with uppers of textile materials (HS 6404.11, 6404.19 and 6405.20) from Viet Nam (7-8 November 2009).	WTO Document G/ADP/N/195/PER of 7 April 2010.	
Peru	Initiation of anti-dumping investigation on imports of woven fabrics of polyester staple fibres, mixed mainly or solely with viscose rayon staple fibres (HS 5515.15) from India (8 November 2009).	WTO Document G/ADP/N/195/PER of 7 April 2010.	
Peru	Anti-dumping duties on imports of sandals and flip-flops (HS 6402.19, 6402.20, 6402.91, 6402.99, 6403.91, 6403.99, 6404.11, 6404.19, 6404.20, 6405.10, 6405.90) from China (8 November 2009).	WTO Document G/ADP/N/195/PER of 7 April 2010.	
Peru	Anti-dumping duties on imports of sandals and flip-flops (HS 6402.19, 6402.20, 6402.91, 6402.99, 6403.91, 6403.99, 6404.11, 6404.19, 6404.20, 6405.10, 6405.90) from Chinese Taipei (8 November 2009).	WTO Document G/ADP/N/195/PER of 7 April 2010.	Terminated on 8 November 2009.
Peru	Anti-dumping duties on imports of pure biodiesel (B100) and blends containing more than 50% biodiesel (B50) (HS 3824.90) from the United States (15 November 2009).	WTO Document G/ADP/N/195/PER of 7 April 2010.	Terminated on 17 March 2010.
Peru	Termination of anti-dumping duties on imports of stainless steel articles: pots, frying pans, teapots and saucepans (HS 7323.93.10.00) from China, India, and Chinese Taipei (6 December 2009).	WTO Document G/ADP/N/195/PER of 7 April 2010.	Anti-dumping measures expired on 6 December 2009.
Peru	Countervailing duties on imports of pure biodiesel (B100) and blends containing more than 50% biodiesel (B50) (HS 3824.90) from the United States (23 December 2009).	WTO Document G/SCM/N/203/PER of 7 April 2010.	
Peru	Anti-dumping duties on imports of plain weave fabrics (HS 5513.11, 5513.21 and 5513.41) from Pakistan (14 March 2010).	Permanent Delegation of Peru to the WTO (19 May 2010).	
Chinese Taipei	Initiation of anti-dumping investigation on imports of Benzoyl peroxide (HS: 2916.32.10.00.9) from China.	WTO Document G/ADP/N/195/TPKM of 15 February 2010.	
Chinese Taipei	Initiation of anti-dumping investigation on imports of Formaldehyde Sulfoxylate (HS: 2831.1020, 2831.9000) from China.	Permanent Delegation of Chinese Taipei to the WTO (18 May 2010).	
Chinese Taipei	Amendment of the "Quarantine Requirements for the importation of plants or plant products" to facilitate the trade in lettuce, broccoli, strawberry and asparagus.	WTO Documents G/SPS/N/TPKM/181 of 23 March 2010 and Add.1 of 5 May 2010.	
Chinese Taipei	Amendment of the "Quarantine Requirements for the	WTO Documents	

Economy	Measure	Source/Date	Status
	importation of plants or plant products" to add Amaryllis spp., Muscari spp. and Abelmoschus esculentus to the list of non-host plants.	G/SPS/N/TPKM/174, Add.1 and Corr.1 (various dates in November 2009).	
Chinese Taipei	Watt-hour meters, Var-hour meters, and static electricity meters, including those domestically manufactured and imported, to be required to pass verification in accordance with the requirements specified in a technical specification, before placed on the market.	WTO Document G/TBT/N/TPKM/78 of 15 February 2010.	Effective as from 1 July 2010.
Chinese Taipei	Use of formaldehyde glue in fancy veneer overlaid structural glulam posts, structural glulam, fancy veneer overlaid glulam and glulam for decorative use to be regulated to address the public concern about pollution of indoor air by formaldehyde emitted from adhesive bonded wood products.	WTO Document G/TBT/N/TPKM/79 of 19 January 2010.	Effective as from 1 July 2010.
Chinese Taipei	Mandatory inspection of power press or shearing machinery and similar equipment to ensure protection of workers in the working place.	WTO Document G/TBT/N/TPKM/56/Add.1 of 29 January 2010.	
Chinese Taipei	Inspection standard "Non-refillable metallic gas canisters for portable liquefied petroleum gas appliances" adopted to ensure safety and protect consumers' rights and interests.	WTO document G/TBT/N/TPKM/80 of 3 March 2010.	Effective as from 1 July 2010.

ANNEX 4 –



APEC Business Advisory Council



*Gempachiyo Aihara
ABAC Chair 2010*

1 June 2010

Mr. Shigeru Nakamura
APEC 2010 SOM Chair &
Ambassador for International Economic Affairs
Ministry of Foreign Affairs
Japan

Mr. Hidehiko Nishiyama
APEC 2010 SOM Chair &
Director General for Trade Policy
Ministry of Economy, Trade and Industry
Japan

Dear Messrs. Nakamura & Nishiyama:

We would like to take this opportunity to offer ABAC's updated assessment of the level of protectionism in the regional economy. This assessment is drawn from our latest Monitoring Protectionism report which was prepared for the ABAC Liberalization Working Group meeting in Taipei on 19th May 2010.

In preparing that monitoring report, we received input from five ABAC Member economies. They reported on a range of protectionist policy measures encountered in other markets. We have shared this detailed input with APEC's Policy Support Unit. This input gave a mixed picture, with some positives and some continuing negatives. The range of measures reported by ABAC included the imposition of State aid, tariff increases, lack of regulatory transparency and other behind the border measures, government procurement issues, export restrictions, discriminatory environmental legislation, mandatory pricing and import licensing. It was however pleasing to see a few measures, which had been reported to ABAC at past meetings, removed from the list.

The input from ABAC members was supplemented by the 4th report of the Global Trade Alert published in February 2010 which reported 63 new protectionist measures in the last quarter of 2009. This suggests that stabilization has not ended protectionism and ongoing vigilance is warranted.

We find it encouraging that ABAC members have not reported any dramatic worsening in the incidence of protectionist measures. This tends to support the conclusion of the WTO report to the G20 meeting in Pittsburgh in March 2010, that there has been no indication of a significant intensification of trade or investment restriction since the previous Report to the G20 in September 2009. While some economies have continued to implement new trade restrictive policies, the overall extent of these restrictions has been limited. There have been fewer instances of potentially trade restrictive measures, and more cases of trade opening measures and

of the termination of investigations into "unfair" trade practices without the imposition of new trade remedy measures.

It is good news that an escalation of protectionism has been avoided. The situation appears stable and is not getting worse. However some protectionist measures remain to be withdrawn. As a result, ABAC agreed at its recent meeting in Taipei to maintain its current level of monitoring for the remainder of 2010.

As noted in our most recent letter to APEC Ministers Responsible for Trade, economies must maintain an ongoing commitment to resist protectionism and conclude the WTO Doha Development Agenda in the near term.

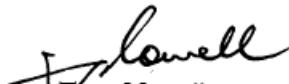
We should be grateful if you would share this report with your fellow senior officials and incorporate our comments into your advice to Ministers.

We look forward to seeing you in Sapporo.

Yours sincerely,



Gempachiro Aihara
ABAC Chair 2010 Chair



Tony Nowell
ABAC Liberalization Working Group

APEC BUSINESS ADVISORY COUNCIL

ABAC II, TAIPEI, MAY 2010

LIBERALISATION WORKING GROUP

MONITORING OF PROTECTIONISM

Notification by: ABAC Canada (June 2009 and May 2010)

Implementing economy	Trade or other measure	Reference (WTO or other)	Comment on impact
United States	Section 1605 of the American Recovery and Reinvestment Act of 2009 (Recovery Act), which requires that the iron, steel, and manufactured goods used in a project are or will be produced in the United States.	Buy American provisions of the US\$90 billion Recovery Act.	<p>Canadian companies are losing contracts, leading to production shutdowns, and forcing some businesses to consider moving production to the United States. Some companies report dramatic losses of up to 80 to 90% of business in the U.S. since the passage of the Recovery Act.</p> <p>There has been the added burden of increased bureaucracy and red tape. Buy American provisions mean that Canadian companies are being asked to sign affidavits verifying that their products are manufactured in the U.S.</p> <p>There are fears that similar protectionist legislation will be adopted in other U.S. legislation, such as the Water Quality Investment Act and the Green Schools Act. There are also fears that other countries or regions will adopt similar protectionist legislation in retaliation. Canada's CDN \$7 billion water and wastewater equipment industry is one sector that stands to be particularly negatively affected by its exclusion from US state and local markets.</p>

		<p>The Buy American provisions are required to be consistent with U.S. obligations under international trade agreements; however, because there are no international agreements at the sub-national level, Buy American provisions limit the ability of states and municipalities to procure products from Canada. US companies will continue to have access to Canadian provincial and municipal projects.</p> <p>The provisions can be extended to mean an outright restriction on imports of iron, steel, and manufactured goods, unless waivers are applied.</p> <p>Within the United States, Buy American provisions serve to limit procurement choices at the local level; to place heavy administration burdens on projects; and to prevent contracting officials from selecting the most cost-efficient solutions.</p> <p>This means fewer projects are able to go forward, delays and fewer workers working, and more costly projects.</p> <p><i>Update: In February 2010, the US and Canadian governments reached a tentative agreement on government procurement issues. The agreement has two elements: (a) a permanent and reciprocal commitment under the WTO Government Procurement Agreement with respect to provincial, territorial and state procurement and (b) reciprocal guarantees of access on a temporary basis. One of the temporary guarantees concerns access for Canadian suppliers to the state and local public works projects in a range of programs funded by the American Recovery and Reinvestment Act. This “exemption” to the current Buy America clause has been applauded by the business community but is also seen as just one step in the broader fight against protectionist, Buy American policies. Canadian businesses remain watchful for tighter regulations and new Buy American provisions affecting our cross-border trade with the US.</i></p>
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Notification by: ABAC Japan (July 2009, January 2010 and April 2010)

Implementing economy	Trade or other measure	Reference (WTO or other)	Comment on impact
United States	The US economic stimulus bill with Buy American Provisions (The American Recovery and Reinvestment Act of 2009, ARRA)	The American Recovery and Reinvestment Act of 2009, which became law on 17 February, 2009. The American Clean Energy and Security Act of 2009 which passed the House on 25 May, 2009	<p>The Buy American provisions limit foreign purchases of iron, steel and manufactured goods used in infrastructure projects in the stimulus package in a manner consistent with the US obligations under international agreements including WTO Government Procurement Agreement and NAFTA.</p> <p>However, we are concerned that the provisions may prompt US and other countries to adopt other protectionist measures such as the American Clean Energy and Security Act of 2009, <u>still currently in consideration in the Senate</u>, which includes a provision that limits financial assistance for foreign purchase of batteries for electric drive vehicles produced in US (<i>Section 124, Plug-In Electric Drive Vehicle Manufacturing</i>).</p>
United States	Transportation of Lithium Batteries by air	Federal Register as Docket No. PHMSA-2009-0095(HM-224F) published in the January 11, 2010	<p>The US Department of Transportation proposed tougher regulations for the air transportation of lithium batteries.</p> <p>If adopted, the cost of implementing the new packaging, testing, and control could increase very much.</p> <p>The impact on business is highly concerned and we believe that it is important NOT to resort to tougher rules, but to come up with more effective ones by analyzing the cause of the accidents and to harmonize with the existing global standards.</p>

Russian Federation	<p>1) Temporary increase of import tariffs on (for nine months) on LCD and plasma TVs by 10% up to 15% to be effective from May 2009.</p> <p>2) The uniform customs duties of Russia, Belarus and Kazakhstan took effect on January 1, 2010</p>	<p>1) The Russian government committee on trade protection policy and custom Permanent s duties.</p> <p>2) The Eurasian Economic Community (EurAsEC) Interstate Council</p>	<p>Such a step would run counter to the spirit of the WTO, to which Russia currently seeks to accede, and the electrical and electronics industry is highly apprehensive that the proposed tariff hike could prompt other countries to adopt protectionist measures in the midst of a global economic slowdown, impacting heavily on not only this industry but also the world economy as a whole.</p> <p><u>The import tariffs on LCD and plasma TVs remained unchanged after the uniform customs duties of Russia, Belarus and Kazakhstan took effect on January 1, 2010. The measure will seriously harm the competitiveness of the imported LCD and plasma TVs.</u></p>
Russian Federation	Temporary increase of import tariffs on LCDTV (by 10% up to 15%)	Permanent delegation of the Russian Federation	The impact of the tariff increase is very serious, especially as the Russian market is in the growth. The measure will certainly affect the future growth.
Russian Federation	Temporary increase of import tariffs (for nine months) on cars by 5% up to 30%.	The Russian government committee on trade protection policy and customs duties.	<p>Export sales to Russia <u>in 2009</u> showed a sharp downturn of about one half from those in 2008 and January, 2009.</p> <p>Its sudden announcement of import tariff increase (announced around mid-December 2008 and effected from January 11 after new year holiday <u>to July 2010</u>) caused confusion of import & sales operation at the end of the year and seriously harmed the profitability of vehicle-importers to compete with domestic products which were not influenced.</p>

China	Formal implementation regulations concerning the addition of IT security products to the coverage of the China Compulsory Certification (CCC) system to be implemented as of 1 May, 2010.	China Compulsory Certificate (CCC) system.	<p>The regulation would limit the scope of the requirements to products sold to China's government under its government procurement laws. But the rules are inconsistent with international norms. The Japanese Government and industry associations have identified problems with this issue that government procurement in China has a very broad range and has not been clearly defined. There is concern that leakage of intellectual property may occur through the disclosure of source code as part of the certification process, even though the scope of application is limited to government procurement.</p> <p><u>In March 2010, the Chinese government made the notification about the exclusion of the Chinese state-owned enterprises from the scope of application.</u></p>
China	The rule to pre-install Chinese Internet filtering program (Green Dam) to all computers produced and sold in China, to take effect on 1 July, 2009.	The mandatory internet filtering software rule to be imposed by China's Ministry of Industry and Information Technology (MIIT).	<p>The rule raises fundamental questions regarding regulatory transparency and concerns about compliance with WTO rules such as notification obligations. There are numerous concerns raised by global technology companies about the stability of the software, the scope and extent of the filtering activities and its security weaknesses. Denying manufacturers and consumers freedom to select filtering software poses a serious barrier to trade.</p> <p>MIIT announced 30 June that it would postpone the implementation of the mandatory rule, but there was no indication how long the mandate would be postponed.</p>

China	Quantitative trade restriction and export duty for raw materials based on implementation of export licensing system	USA and EU presented the case to WTO on 23 June, 2009.	The restricted materials include resources indispensable for digital electronics equipment production. Most of electrical and electronics manufacturers depends on production of such products in China.
China	Preference measure for Indigenous Innovation Products in government procurement	Joint circular by Ministry of Science and Technology, National Development and Reform Commission and Ministry of Finance (Notice No. 618) that would implement an Indigenous Innovation Product Accreditation system.	<p>Joint circular (Notice No. 618) that would implement an Indigenous Innovation Product Accreditation system was released on November 17, 2009. According to the Circular. Made in China Indigenous Innovation Products are preferred in government procurement. Conditions to be recognized as the China Indigenous Innovation Products include: 1) products with IPRs owned by China; and 2) products registered in China first in the world. If the measure will take into effect as it is, almost all of overseas products would possibly be eliminated from the government's procurement market in China.</p> <p><u>On April 10, 2010, Chinese government issued the Draft Notice Regarding the Launch of the National Indigenous Innovation Product Accreditation Work for 2010. The draft is a step in the right direction, but problems remain given its vagueness.</u></p>

Republic of Korea	Burden charge for wastes	Law on resource saving and promote recycling	<p>The measure of charging for wastes that require making a declaration of contained weight of plastics except for discharged items of imported products was took effect in 2003, and products classified into HS 1701 has been subjected to charge since January 2008. Tax charge per 1kg was raised from KRW7.6 to KRW30, and again in 2010 to KRW90. It will further be raised to KRW150 in 2015. The tax imposition was begun without an announcement of the clear definition of plastics and it imposes a heavy burden to importers.</p> <p>《Solved》</p>
Republic of Korea	Rule to declare and get examined by certification body appointed by the Korean government for all lithium ion batteries used for goods manufactured and sold in Korea to be effective from 1 July, 2009.	South Korean Government	<p>The Japanese government has raised concern on this new South Korean rule at the WTO TBT Committee in Geneva on 25 June, 2009 as Japanese battery industry holds 60% of the global lithium ion battery market and may pose a serious trade barrier for the Japanese battery industry.</p> <p>The Korean government announced to set a transition period until December 2009 and accept mutual recognition between Japanese and Korean certification bodies.</p> <p>《Solved》</p>
Malaysia	Ban of the hiring of new foreign workers in key services and manufacturing sectors.	Associated press	This ban will greatly affect the manufacturing operation within a few years.

Notification by: ABAC Malaysia (July 2009 and May 2010)

Implementing economy	Trade or other measure	Reference (WTO or other)	Comment on impact
United States	Imposition of emission allowance on energy – intensive products	Waxman-Markey Bill passed by the US House of Representatives in June 2009 (remains before the Senate)	Imposition of a charge on importers of certain energy intensive products which include chemicals, iron and steel, cement, glass, lime, some pulp and paper products, and non-ferrous metals such as aluminium and copper. The rate imposed will depend on how much carbon dioxide is emitted during the making of these products. Exports from middle-income developing countries are expected to be affected by this new requirement.

Notification by: ABAC New Zealand (June 2009 and May 2010)

Implementing economy	Trade or other measure	Reference (WTO or other)	Comment on impact
United States	Resumption of dairy export subsidies (Dairy Export Incentive Programme, DEIP)	UDSA announcements of 22 May 2009 and 6 July 2009	<p>Provides export subsidies on US dairy products (in response to similar EU measures announced 22 January 2009). Reduces cost of US dairy exports under subsidy; results in lost opportunities for unsubsidised competition; lowers global dairy prices to detriment of all suppliers; invites retaliatory action from EU and other suppliers.</p> <p>The export subsidies are no longer being used.</p>
Canada	Imposition of cheese composition standards and subsidised inputs to reduce/eliminate milk protein imports	<p>2007 amendments to Food and Drug Regulations and Dairy Products Regulation.</p> <p>2009 decision by Canadian Milk Supply Management Committee (CMSMC) to offer low milk price for manufacture of protein products</p>	<p>The intention of the regulatory amendment is to require that cheese made in Canada includes a required amount of domestic milk and less imports of milk proteins.</p> <p>The CMSMC decision provides a low price for milk used in manufacturing protein products thus subsidising domestic producers against foreign suppliers</p>
Indonesia	Pre-shipment inspections and registration of importers	Decree 56 implemented from February 2009	Gives Indonesian authorities the power to withhold permits and restrict trade. Unnecessary compliance cost for importers.

Russia	Increase in tariffs on butter (derived from milk) to not less than 0.35 Euro/kg, up from 0.22 Euro/kg; and increase in tariff on milk (and cream) from 15 percent ad valorem to 20 percent.	Announcement by the Russian Government, 30 January 2009	Restricts trade by discriminating against imports in favor of local production.
Viet Nam	Increase in tariff rates on a range of products, including chilled and frozen beef (tariff on fresh and frozen beef will rise from current 17% to 33%)	Ministry of Finance decision, reported in press 20 March 2009	Adds cost and discriminates against imports
Viet Nam	Price control regulations across a range of consumer products	Ministry of Finance Decree 104, December 2009	Excessive administration requirements will add significantly to the cost of doing business and will be a disincentive to trade.

Notification by: ABAC Singapore (May 2010)

Implementing economy	Trade or other measure	Reference (WTO or other)	Comment on impact by sector or economy
Philippines	Modifying the rates of duty on certain imported articles as provided under the tariff and customs code of 1978, as amended in order to implement the commitment to eliminate the tariff rates on the remaining products in the inclusion list in year 2010 under the <u>Common Effective Preferential Tariff (CEPT) Scheme for the Asean Free Trade Area (AFTA/Asean Trade in Goods Agreement (ATIGA))</u>	Executive Order no. 850 (By the President of the Philippines) Date: December 23, 2009	Lowering of tariffs according to the agreed schedule for ASEAN CEPT. Positive trade measure.
Philippines	Modifying the rates of duty on certain Imported Articles as provided under The TCCP of 1978 In Order to Implement the Commitment to Reduce the Tariff Rate Included in the Agreement Between The Republic of the Phils. and Japan for an Economic Partnership	EO 767 Date: November 7, 2008	Lowering of tariffs according to the agreed schedule for JPEPA - Japan Philippines Economic Partnership Agreement. Positive trade measure.

Philippines	Modifying the rates of duty on certain Imported Articles as provided under the TCCP of 1978 In Order to Implement the 2009 - 2012 Philippine Schedule of Tariff Reduction under the Normal Track of the ASEAN-CHINA FREE TRADE AREA on Certain Products and to implement the transfer of certain Tariff Lines from Sensitive Track to the Normal Track Category of the ASEAN-CHINA FREE TRADE	EO 814 Date: June 30, 2009	Lowering of tariffs according to the agreed schedule for ACFTA - ASEAN China Free Trade Agreement. Positive trade measure.
Philippines	Modifying the rates of duty on certain imported articles as provided for under the Tariff and Customs Code of 1978, as amended, in order to implement the commitment to reduce the tariff rates on ninety percent (90%) of the products in the normal track to zero with flexibility under the ASEAN-KOREA FREE TRADE AREA (AKFTA)	EO 812 Date: June 15, 2009	Lowering of tariffs according to the agreed schedule for AKFTA - ASEAN Korea Free Trade Agreement. Positive trade measure.

Philippines	Modifying the rates of duty on certain imported articles as provided under the Tariff and Customs Code of 1978, as amended, in order to implement the commitments on trade in goods chapter of the agreement establishing the ASEAN-AUSTRALIA-NEW ZEALAND FREE TRADE AREA (AANZFTA)	EO 851 Date: December 23, 2009	Lowering of tariffs according to the agreed schedule for AANZFTA - ASEAN Australia New Zealand Free Trade Area. Positive trade measure.
Thailand	Thailand requires Form D/Form AI with effect from Jan 10 for respondent company's resin/material import	Jan 2010	Without Form D/Form AI (Certificates of Origin), additional tariffs ranging from 2.5% to 5% is imposed, resulting in higher operating and compliance costs.
Viet Nam	Form D amendment is not allowed by Vietnam custom.	Vietnam general department of custom no. 7119 Dated 24 Nov 2009	Form D (certificates of origins) required to qualify for preferential tariff rates (up to 40% tax deduction) is cumbersome and non-flexible, resulting in higher costs (operating and compliance costs). In a way, acting as a non-tariff barrier to trade. There are fears of inflation as a result that would impact negatively for the ASEAN economies.
Malaysia	Bilateral trade agreement between ASEAN countries implemented we have seen more reduction in tariff rather than increase.	Various ASEAN Plus One FTAs	Reduction in tariffs. Positive trade measure
Malaysia	Removal of import licensing for machinery and industrial equipment.	APEC IAP Study Report for Malaysia Dated 16 Feb 2009	Import licenses on port cranes such as gantry cranes, hydraulic loading cranes and crawler cranes and heavy machinery such as bulldozers and road rollers was abolished in 2009. Positive non-tariff trade measure

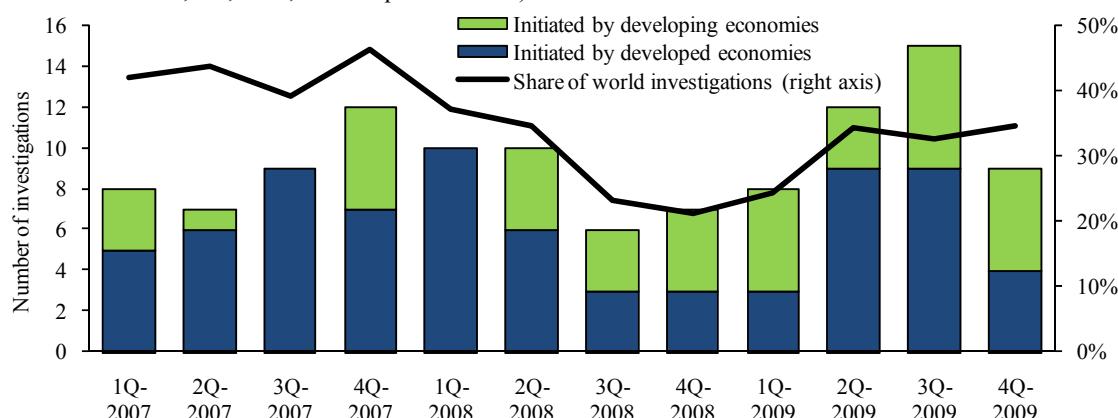
ANNEX 5 – APEC TRENDS IN TRADE REMEDY MEASURES⁷

Newly Initiated Investigations⁸

In the fourth quarter of 2009, the APEC region saw a 40% decrease in the number of newly initiated trade remedy investigations compared to the previous quarter, the first quarterly decrease since the onset of the global economic crisis in mid-2008, largely due to a fall in the number of investigations initiated by developed APEC economies (Figure 1)⁹. However, there were two more cases initiated in 4Q 2009 than had been initiated in 4Q 2008, and the cumulative number of investigations in 2009 (44) was 33% higher than in 2008. Globally, the number of newly initiated investigations in 4Q 2009 (26) fell 43% compared to 3Q 2009; however, there were 140 product-level investigations initiated in 2009, an increase of 22% over 2008.

Several sectors were targeted in the newly initiated investigations by APEC members in 4Q 2009, including two investigations for wood and wood products, and one investigation each for plastics and rubber; machinery; vehicles; miscellaneous manufacturing; textiles; chemicals; and metals.

Figure 1. Newly Initiated Trade Remedy Investigations by APEC Members
(non-redundant AD, SG, CSG, CVD at product-level)



Source: Chad P. Bown, Global Antidumping Database, Version 6.0, March 2010.

Eight out of the nine investigations initiated in 4Q 2009 (and 37 out of the 44 investigations initiated in 2009) were seeking protection under antidumping (AD) policies (Figure 2). Among these investigations, six specifically named at least one APEC member as one of the targets.

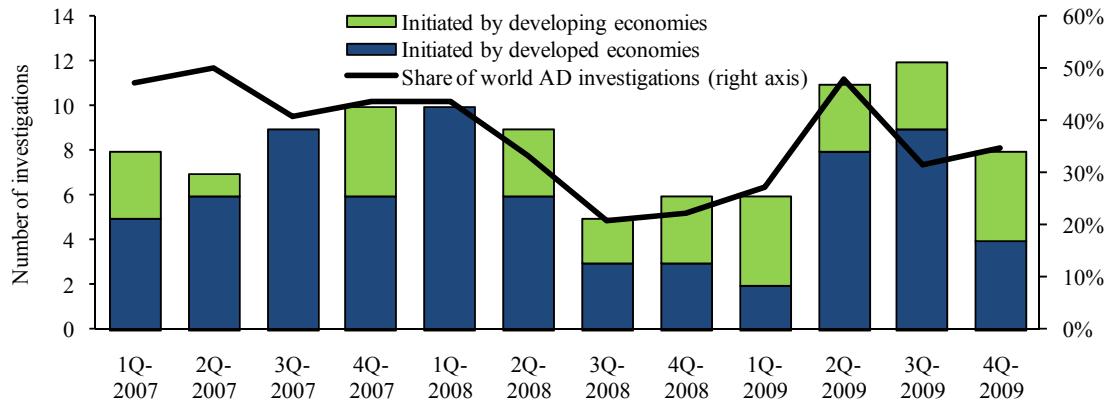
⁷ Based on the World Bank and Chad P. Bown's "Fourth Quarter 2009 Protectionism Data: Requests for New Trade Barriers Fall for First Time in Crisis; but Newly Imposed Barriers Increase", 17 February 2010. All data are from the World Bank's Antidumping Database: Bown, Chad P. (2010) "Global Antidumping Database," [Version 6.0, March], available at www.brandeis.edu/~cbrown/global_ad/.

⁸ Using the same methodology as applied by Bown (2010), initiated or concluded investigations are counted at the non-redundant product level. That is, two investigations initiated or concluded by one economy on two different exporting economies targeting the same product(s) are considered to be one case. Similarly, a CVD investigation and an AD investigation affecting the same product(s) are treated as one case.

⁹ APEC economies are divided into developed and developing using the World Bank's 2008 classification. Developed APEC economies are those in the high-income group: Australia; Canada; Hong Kong, China; Japan; Korea; New Zealand; Singapore; Chinese Taipei; and the United States. Developing APEC economies are those classified in any of the other income groups.

Two of these AD investigations had been initiated simultaneously with countervailing duty (CVD) investigations against the same products and the same exporting economies. In 2009, 16 out of 19 CVD investigations initiated by APEC members had also been covered by AD investigations initiated simultaneously. This is consistent with the recent world trend in which CVD investigations have usually been initiated together with corresponding AD investigations.

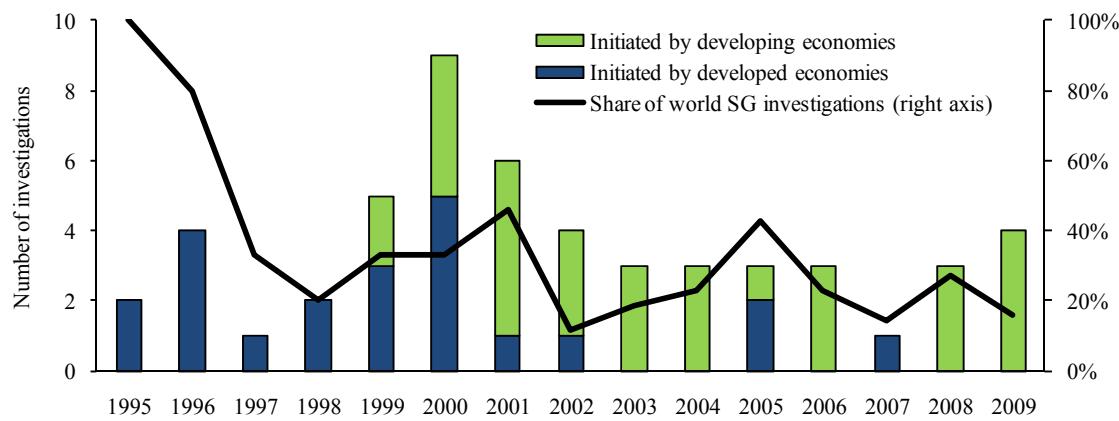
Figure 2. Newly Initiated Antidumping (AD) Investigations by APEC Members
(non-redundant at product-level)



Source: Chad P. Bown, Global Antidumping Database, Version 6.0, March 2010.

One global safeguard (SG) investigation was initiated by an APEC member during 4Q 2009, resulting in four cases for the entire year (Figure 3). APEC constitutes approximately 20% of the SG investigations initiated globally, and developed APEC economies have not initiated any SG investigations for the past two years.

Figure 3. Newly Initiated Global Safeguard (SG) Investigations by APEC Members
(non-redundant at product-level)



Source: Chad P. Bown, Global Antidumping Database, Version 6.0, March 2010.

China-specific safeguards (CSG) are not frequently used by APEC members, with only one investigation initiated on average per year. The CSG investigation initiated by an APEC member in 2Q 2009 concluded with a trade remedy being imposed in 3Q 2009. There were no CSG investigations initiated by an APEC member in 4Q 2009.

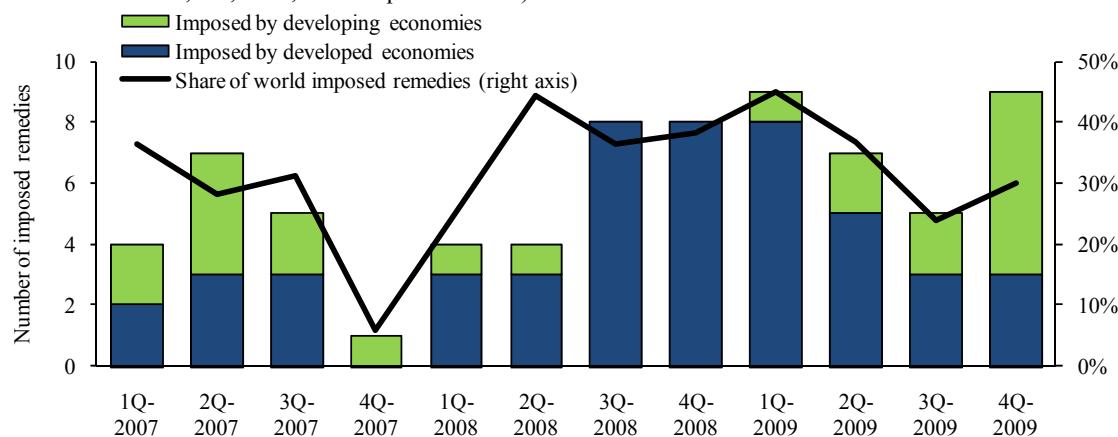
Newly Imposed Measures

APEC members imposed nine new product-level definitive import-restricting trade remedies in 4Q 2009, matching the number imposed in 1Q 2009, the highest in any single quarter over the past three years (Figure 4). Unlike the previous peak in 1Q 2009, developing APEC economies imposed more trade remedies than developed APEC economies in 4Q 2009. APEC members' share of the world total increased to 30% in 4Q 2009 after declining in each of the previous two quarters. The number of newly imposed trade measures in the APEC region in 2009 was 25% higher than in 2008, compared to a 32% increase in the world total over that period.

This increase was expected given the increase in the number of investigations initiated between 4Q 2008 through 3Q 2009. All of the newly imposed measures in 4Q 2009 were imposed after months of consideration for investigations initiated no earlier than 3Q 2008. Given the large number of ongoing investigations, the number of newly imposed trade remedies is expected to be high in forthcoming quarters.

The main sectors affected by newly imposed trade restrictions by APEC members in 4Q 2009 were chemicals (three cases) and materials (two cases), while metals, plastics and rubber, textiles and apparel, and miscellaneous manufacturing each faced one newly imposed trade restriction.

Figure 4. Newly Imposed Trade Remedies by APEC Members
(non-redundant AD, SG, CSG, CVD at product-level)



Source: Chad P. Bown, Global Antidumping Database, Version 6.0, March 2010.

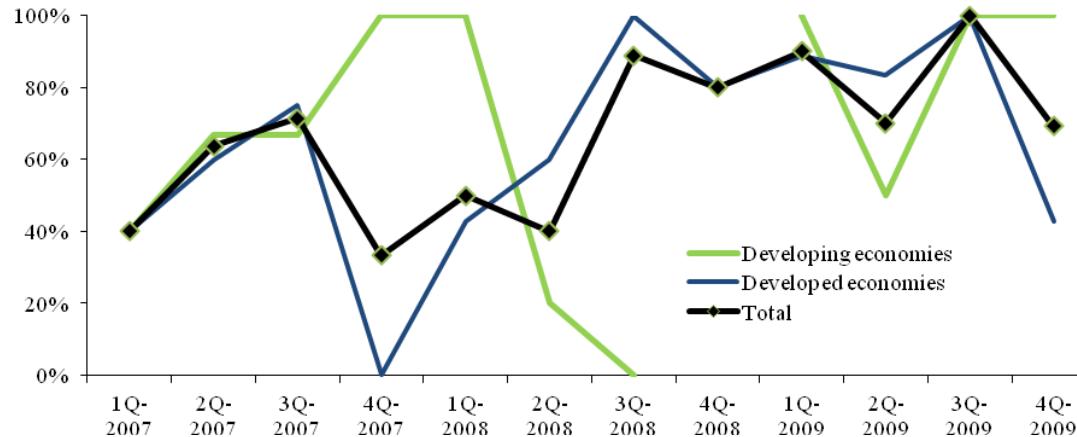
Of the completed investigations¹⁰ in 4Q 2009 that had been initiated by APEC members, 70% resulted in definitive import barriers, compared to 73% of the world total (Figure 5). Four product-level investigations initiated by two APEC economies against five economies, including four APEC economies, ended without any trade remedies imposed. For the investigations initiated by developed APEC economies, the number of completed investigations resulting in definitive trade restrictions fell to 43% in 4Q 2009 from 100% in

¹⁰ According to Bown (2010), a “completed investigation” is defined as any initiated investigation that terminates in a given quarter because of any of the following: (i) definitive measures were imposed; (ii) the final decisions in the investigation were made and the government decided that no measures would be imposed; (iii) the preliminary decisions in the investigation were made and the government decided that no measures would be imposed; or (iv) the domestic industry withdrew the petition requesting new import restrictions.

3Q 2009. However, similar to 3Q 2009, all of the investigations completed in 4Q 2009 that had been initiated by developing APEC economies resulted in definitive import barriers.

Figure 5. Share of Completed Investigations Resulting in Definitive Import Barriers, by Investigating APEC Members

(non-redundant AD, SG, CSG, CVD at product-level)



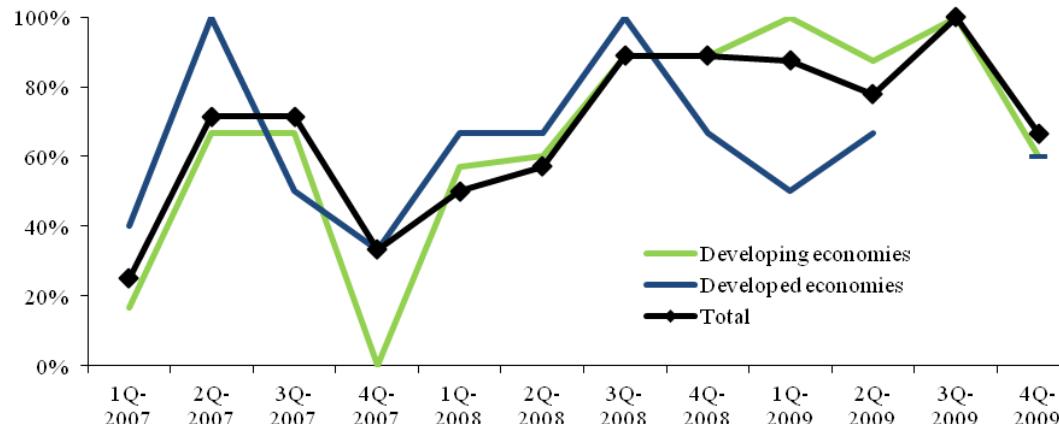
Source: Chad P. Bown, Global Antidumping Database, Version 6.0, March 2010.

Note: There is no data point for “Developing economies” in 4Q 2008 since there were no cases completed by developing APEC economies in that quarter.

Among the investigations initiated by APEC members and specifically targeting at least one other APEC member, the share of completed product-level investigations that resulted in the imposition of definitive import barriers decreased to 67% in 4Q 2009 from 100% in 3Q 2009 (Figure 6). (Global Safeguards are not considered in this analysis). For both developed and developing APEC economies, the share of completed investigations initiated by other APEC members against them and resulting in new trade restrictions fell to 60%.

Figure 6. Share of Completed Investigations Resulting in Definitive Import Barriers, by Investigated Exporting APEC Members

(non-redundant AD, CSG, CVD at product-level)



Source: Chad P. Bown, Global Antidumping Database, Version 6.0, March 2010.

Note: There is no data point for “Developed economies” in 3Q 2009 since there were no cases completed against developed APEC economies in that quarter.

A recent paper¹¹ from IMF staff provides an empirical estimation of the impact of newly implemented trade restrictions. It suggests that while they have already had a strong negative impact in those areas where measures have been implemented, they have distorted only a small share of aggregate world trade, estimated to be about 0.25%.

The paper also noted the increased frequency of requests for trade remedy measures and indicated that there remains a risk of increased protectionism due to sustained high unemployment and limited fiscal space in many economies. Other factors contributing to protectionist pressures include uneven growth, an unwinding of government stimulus measures, and a potential retaliation effect. The IMF staff considered that the surest way to avoid such a downside scenario is to tighten the multilateral trade commitments by completing the WTO Doha Round, viewing it as a key part of the exit strategy from the global economic crisis.

¹¹ Gregory, R., et al. 2010. Trade and the Crisis: Protect or Recover. IMF Staff Position Note SPN/10/07.