



# 21-6 The Unappreciated Trend Toward Unilateral Trade Liberalization

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## INTRODUCTION

A frequently voiced complaint from the trade specialists in the Trump administration was that US firms have faced a competitive disadvantage in exports because the US market is open and US tariffs are low but US trading partners protect their markets with high tariffs. One example cited often was that the United States applies a 2.5 percent tariff on automobile imports, whereas Canada charges 10 percent, China 15 percent, and India 125 percent.<sup>1</sup> The Trump administration used this concern to justify raising US tariffs whenever it could.<sup>2</sup>

This Policy Brief argues that these claims need to be more nuanced and should take account of the extensive unilateral liberalization that many countries have undertaken over the past 30 years and that the grievances that motivated the Trump trade policies are increasingly misplaced. The norm of lowering tariffs has spread not because of externally imposed constraints but because the opportunities of participating in global value chains have convinced many countries that trade liberalization is beneficial.

Many developing countries have reduced their tariffs unilaterally to rates that are far lower than they applied three decades ago and far less than the bound rates reflected in their World Trade Organization (WTO) obligations. Their attachment to their applied rates could be seen when on average global tariffs were not raised during the global financial crisis in 2008—and continued to decline through at least 2018. Even when shocks from imports resulted in serious injury to domestic industries, several developing countries temporarily provided safeguard protection but at levels that were lower than their WTO bound rates.

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1 See “A ringing defense of Trump on trade,” *Harvard Gazette*, April 26, 2019.

2 Actually, the Trump administration tended to cherry-pick their examples. For instance, President Trump [pointed](#) to Canada’s 250 percent tariff on dairy products but not the US tariff of 187 percent on sour cream.

This evidence of import liberalization also suggests that rising protectionism was not responsible for the slow growth in world trade that has been evident since 2011. It remains uncertain whether countries will now respond to disruptions to global supply chains since 2018 caused by Trump's trade policies and the COVID-19 pandemic by reversing these policies, but the sustained enthusiasm for new megaregional trade agreements suggests many countries will not.

### Why Trump's Trade Policies Were Misplaced

For over eight decades, in the aftermath of its disastrous Smoot-Hawley tariffs, the United States tried to persuade other countries to lower their tariff barriers on a reciprocal basis.<sup>3</sup> But since average US tariffs are still below those in most other countries, many Americans believe these efforts have not been successful. They complain that the playing field of international competition is not level and that Uncle Sam has become Uncle Sucker (Fletcher 2020). The Trump administration not only complained about the much higher tariffs in many developing countries but also singled out the tariffs of the European Union as egregiously violating reciprocity with the United States.

The statements and trade policies of the Trump administration reflected a profound sense of grievance over these disparities. As observed by Peter Navarro (2019), former White House advisor on trade, "Whether you're a pure free trader or a fair, reciprocal and balanced trader like the president, if you live in a relatively low-tariff country like the U.S. you should oppose an international trading system that helps institutionalize nonreciprocal tariffs."<sup>4</sup>

Trump's trade policies were designed to redress this situation. Regardless of whether they were compatible with the rules agreed to by his predecessors or the norms they had adhered to, Trump used every pretext available to raise US tariffs.<sup>5</sup> He broke the unwritten WTO understanding against using national security exceptions by raising US tariffs on imports of steel and aluminum on even his closest allies. He used his (legal) discretion to invoke the safeguard rules to raise tariffs on imports of washing machines and solar panels. He used the unfair treatment of US firms and the failure to protect intellectual property in China as reasons to raise tariffs unilaterally on US imports from China, and he even threatened tariffs on Turkey when it arrested a US priest and on Mexico when it failed to prevent immigrants crossing their country from entering the United States. Although it was never implemented, Trump also initiated a national

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3 This approach was embodied in the Reciprocal Trade Agreement Act of 1934, which transferred the power to set tariffs from Congress and instead authorized the president to negotiate tariff reductions on a reciprocal basis.

4 Ironically, given complaints that the WTO has been insufficiently constraining with respect to national trade policies, Dani Rodrik (2017) has raised the opposite concern: that, since the 1990s, the WTO has been excessively limiting the policy space available to its members.

5 Robert Lighthizer, the US Trade Representative, has [claimed](#) that "the years of talking about these problems has not worked, and...we must use all instruments we have to make it expensive to engage in non-economic behavior, and to convince our trading partners to treat our workers, farmers, and ranchers fairly. We must demand reciprocity in home and in international markets."

security investigation on automobiles, motivated by the desire to impose higher tariffs on automobiles produced by the United States's European allies in the North Atlantic Treaty Organization (NATO).<sup>6</sup>

It is true that US exports face many trade barriers and on average US barriers are still lower than those of most of its trading partners. It is also true that tariffs are only the most visible of the constraints on trade; the many behind-the-border policies that impact trade and investment have become the central focus of trade negotiations. Nonetheless, unilateral changes in applied tariffs remain the best indicator of the direction in which countries believe their trade policies should move.

This Policy Brief demonstrates the growing revealed preference for freer trade evidenced by tariffs applied over the past three decades. While not yet at US levels, there is clear convergence toward those levels. Raising US tariffs in the name of compelling other countries to reduce theirs (or achieving reciprocity) would be counterproductive because tariffs in the rest of the world have already been moving strongly in the direction sought by the United States. Indeed, it is noteworthy that while China has been raising its tariffs against US producers in response to US bullying, it has been lowering its tariffs on imports from other countries.<sup>7</sup>

Changing minds is the most potent weapon for changing behavior. And the reason for more open markets has not been the persuasion of US power but the power of persuasion. Ultimately, effective and sustainable trade liberalization is achieved not when other countries are bludgeoned with tariffs but when they decide for themselves that they benefit from freer trade. Broadly, certainly until recently, trade liberalization in the form of lower tariffs has become more widely accepted as an important aspect of economic reform. As international transportation and communication costs have declined, both domestic and foreign firms have found that access to imported components and assembly can be the key to improving competitive performance. And as countries have turned away from import substitution policies toward export promotion, they have discovered that they become more competitive when they can join global supply chains by reducing imported input costs (Amiti et al. 2020). Given the preferences of global supply chain operators, more intense competition to attract foreign investors has promoted liberalization.

Former WTO Director-General Pascal Lamy (2013) observed that, globally, the import content of exports has steadily increased and that “enacting ‘protectionist’ measures in the modern world to protect jobs—such as raising import barriers—can have an inverse reaction in economies that are increasingly reliant on imports to complete their exports.” He added, “In effect, we are seeing the end of the centuries-old doctrine of ‘mercantilism,’ which proclaimed that a country’s economic strength depended on it being able to export more than it imported.”

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6 For a more detailed description of the policies, see Bown and Kolb (2021).

7 China began the trade war with the United States with average tariffs of 8.0 percent. But as shown by Bown, Jung, and Zhang (2019), in 2018 China reduced its import tariffs on other countries to 6.7 percent while raising them to 20.7 percent on US goods.

## PERVASIVE LIBERALIZATION TRENDS

The evidence of international trends in support of trade liberalization is sustained and substantial. The following sections present illustrative data in average trade-weighted global tariffs, lower applied than bound tariff rates, use of safeguards, and the lack of raised tariffs during the 2008 financial crisis.

### Average Trade-Weighted Global Tariffs Are Declining

The growing commitment to reducing trade barriers in America's trading partners can be seen in table 1, which shows the World Bank's data on trade-weighted average most-favored-nation (MFN) tariffs applied by major countries and regions since 1990.<sup>8</sup> Although these are imperfect measures because tariff structures are complex and high tariffs may impact the volume of trade used as weights, trade-weighted measures are useful to illustrate trends. And what they reveal is remarkable.

As late as 2000, the Trump view had some merit. Average trade-weighted global tariffs were 2.5 times higher than those in the United States, and in large emerging markets such as Brazil, China, and India they were five or more times greater than those of the United States. And these ratios had been even higher in 1990. Some of the declines, especially in the 1990s, reflected the impact of the WTO negotiations; and some of the declines in the Chinese rates reflected the impact of its WTO accession agreement in 2001. But most of the declines reflected unilateral liberalization.

By 2018, applied tariffs were still higher in developing than developed countries but, clearly, despite the failure of market access negotiations in the WTO's Doha Round, the trend toward tariff convergence was strong. Moreover, these data understate the liberalization that occurred in the trading system as a whole because they do not take account of reductions achieved through the many free trade agreements negotiated since 2000.<sup>9</sup>

Some tariff rates in the European Union are higher than those in the United States for the same products; in particular, the Trump administration complained about the difference between the 2.5 percent US tariff on auto imports and the 10.0 percent EU tariff. However, as is shown in table 1, since 2000 the EU-US differences in average trade-weighted tariffs have been small, with US rates lower than EU rates by just 0.2 percentage points in 2000 and 0.1 percentage points in 2018.

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8 I have used trade-weighted average tariffs to measure protection, but simple averages fail to take account of the value of trade in each tariff heading, and if high tariffs discourage imports, import-weighted measures may be biased to understate protection. In addition, the responsiveness of trade volumes (trade elasticities) to tariffs may differ by industry. For an example of a more sophisticated "trade restrictiveness index" that combines tariff rates, trade volumes, and elasticities, see Kee, Neagu, and Nicita (2013). For a broader discussion of tariff measures see *Tariff Aggregation Methods: What Are the Implications?* [WTO Tariff Profiles 2006](#) (accessed on February 28, 2021).

9 See the [WTO Database on Preferential Trade Arrangements](#).

Table 1  
**Trade-weighted average applied most-favored-nation tariffs (all products), percent**

Country/region	1990 <sup>a</sup>	2000	2017	2018	Change (percentage points)		
					1990–2000	2000–2017	1990–2017
United States	3.9	2.1	1.7	1.6	-1.8	-0.4	-2.3
European Union	4.8	2.3	1.8	1.7	-2.5	-0.5	-3.0
Europe & Central Asia (excluding high-income)	11.9	3.9	3.1	n.a.	-8.0	-0.7	-8.7
Latin America & Caribbean	19.0	13.0	3.5	n.a.	-6.0	-9.4	-15.4
East Asia & Pacific (excluding high-income)	14.9	10.3	3.4	n.a.	-4.7	-6.8	-11.5
Middle East & North Africa	25.9	14.3	4.9	n.a.	-11.5	-9.5	-21.0
Sub-Saharan Africa	14.1	9.7	5.7	n.a.	-4.4	-4.1	-8.4
Brazil	19.0	12.7	8.6	8.0	-6.3	-4.1	-10.4
China	32.2	14.7	3.8	3.4	-17.5	-10.8	-28.3
India	56.4	23.4	5.8	4.9	-33.0	-17.6	-50.6
World	6.8	5.0	2.6	n.a.	-1.9	-2.4	-4.2

n.a. = not available

a. 1991 data for Europe and Central Asia and 1992 data for China.

Source: World Bank staff estimates using the World Integrated Trade Solution system, based on data from United Nations Conference on Trade and Development's Trade Analysis and Information System (TRAINS) database and the World Trade Organization's (WTO) Integrated Data Base (IDB) and Consolidated Tariff Schedules (CTS) database.

### Applied Rates Are Much Lower than Bound Rates

In the WTO, many developing countries have agreed not to exceed maximum or so-called bound tariff rates that are often very high. But these rates give a false impression of the rates that they believe serve their interests—i.e., those that they apply at the border. As shown in table 2, according to WTO data on simple averages (rather than trade-weighted averages), applied rates are far lower than bound rates, suggesting that the resistant WTO negotiation stances of developing countries over bound rates are more about exercising political pushback than avoiding reductions that really matter.<sup>10</sup>

<sup>10</sup> The negotiations over agricultural tariffs in the Doha Round were highly contentious. Yet David Laborde (2014) calculated average *applied* tariff rates for agricultural import protection by both high and low middle-income countries in 2012 and found that applied rates on imports (including those in preferential regimes) averaged 13.3 percent in low middle-income countries—less than the 15.5 percent average rate for agriculture applied by high-income countries! By contrast, the bound rates in the poor countries were 20 percentage points higher than in the high-income countries.

Table 2  
**Simple average bound and applied most-favored-nation (MFN) tariff rates, selected developed and developing economies, 2019, percent**

<b>Economy</b>	<b>Bound rate</b>	<b>Applied MFN rate</b>
Australia	9.7	2.4
Brazil	31.4	13.4
Chile	25.2	6.0
China	10.0	7.5
Costa Rica	43.1	5.6
Egypt	36.6	19.0
European Union	5.1	5.1
India	50.8	17.6
Indonesia	37.1	8.1
Israel	23.1	3.6
Japan	4.7	4.3
Korea	16.5	13.6
Malaysia	21.0	5.6
Mexico	36.2	7.1
New Zealand	9.7	2.0
Nigeria	120.9	12.1
Norway	20.2	6.0
Peru	29.5	2.4
Philippines	25.7	6.1
Singapore	9.5	0
South Africa	19.2	7.7
Switzerland	8.0	6.0
Tanzania	120.0	13.1
Turkey	28.9	10.0
United States	3.4	3.3
<b>Average</b>	<b>29.8</b>	<b>7.5</b>

Source: [World Trade Organization, World Tariff Profiles 2020](#).

## **Safeguards Are Used Even When Applied Rates Are Much Lower Than Bound Rates**

The WTO rules for safeguards allow countries to implement temporary protection and raise their tariffs even higher than their bound rates if import causes significant injury. But even when free to raise tariffs for any reason because their applied rates are much lower than their bound rates, many developing countries still use formal safeguard disciplines when their firms seek higher tariffs on the grounds of injury from imports. As the agreement on safeguards formally requires, industries must demonstrate serious injury from imports due to unforeseen circumstances in order to qualify. And governments respond to these findings of injury with tariffs that are required to be reduced over time.

Homa Taheri (2020) has undertaken painstaking research assembling data on safeguard actions that shows that countries such as India, Indonesia, and Turkey have provided safeguard protection. Given that in most cases their applied rates were far lower than their bound rates, one might have expected that the response to findings of injury would have resulted in these countries raising their levels of protection to their bound rates; indeed, maintaining the leeway to do this is often given as the reason why countries maintain their bound rates at high levels in the first place. But as shown in the appendix for India and Indonesia, which unlike Turkey are not part of an EU customs union, they have not. This suggests that these countries generally set their applied tariff schedules at rates they determine as being in their interest and then provide additional protection only to industries that can meet the demanding requirements of safeguard provisions. This revealed preference for disciplining their tariff-granting process underscores their commitments to their applied tariff schedules.<sup>11</sup>

## **Tariffs Were Not Raised Globally During the Financial Crisis**

During the 2008 financial crisis, the volume of world trade initially plummeted by more than it had during the Great Depression in the 1930s (Eichengreen and O'Rourke 2010). Since many developing countries could legally raise their applied tariffs without violating their WTO commitments, there were widespread fears that the protectionist responses that had occurred during the Great Depression were likely to be repeated. Yet the system displayed remarkable resilience. Undoubtedly the disastrous experience of the 1930s served as an important consideration motivating the G20 countries to issue statements pledging their opposition to protectionism.<sup>12</sup> But their actions spoke even louder than their words.

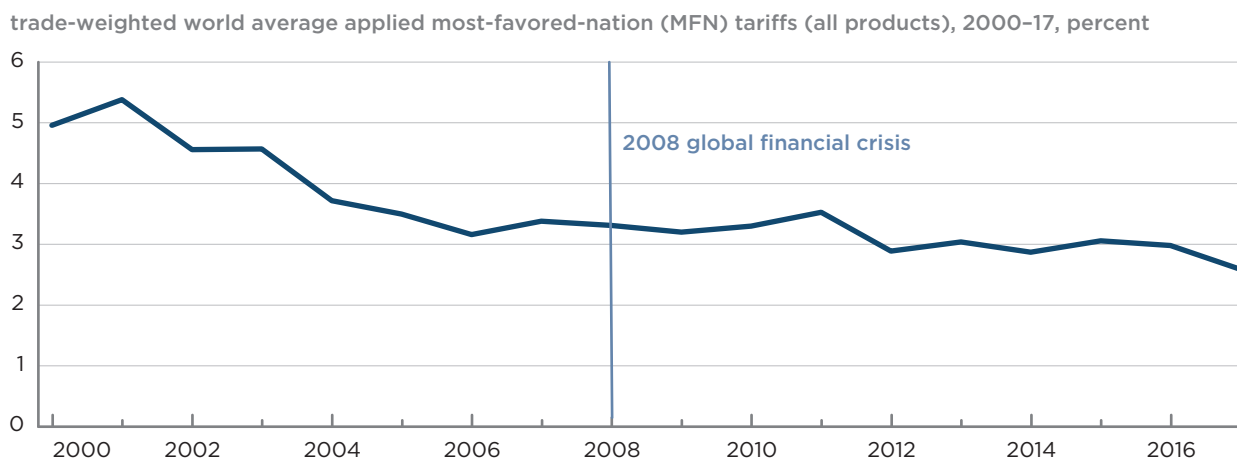
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11 When it comes to safeguards, high bound rates serve an additional purpose. WTO safeguard measures have proven extremely vulnerable to legal challenges under the WTO dispute settlement process; indeed, virtually all the safeguards implemented by the United States and European Union have been found to violate the safeguards agreement. However, by implementing safeguard tariffs that are lower than their bound rates, countries can inhibit challenges by other WTO members. For example, according to Taheri (2020), in 1995–2020 India applied 20 safeguard measures but these triggered only one WTO dispute; Turkey implemented 23 safeguard measures and Indonesia 23, but only one of these was challenged at the WTO.

12 See the [communiqué from the G20 summit in 2010](#) (accessed on February 28, 2021).

As shown in figure 1, the crisis is simply not evident in the average global tariff data for 2008 and 2009: The average applied MFN tariff rates in the immediate aftermath of the crisis were no higher than they were before it. This is not to say that no countries raised their tariffs, but the increases were offset by other countries' reductions.<sup>13</sup> In addition, as chronicled by the [Global Trade Alert](#) (a network of trade analysts that monitor trade policy actions), some countries did use temporary tariff measures such as safeguards antidumping and countervailing duties.

**Figure 1**  
**Globally, tariffs were not raised during the 2008 financial crisis**



Source: [World Bank staff estimates using the World Integrated Trade Solution system](#), based on data from United Nations Conference on Trade and Development's Trade Analysis and Information System (TRAINS) database and the World Trade Organization's (WTO) Integrated Data Base (IDB) and Consolidated Tariff Schedules (CTS) database.

But studies that take such actions into account still conclude that there was remarkable restraint with respect to import barriers. For example, using an overall Trade Restrictiveness Index that includes not only MFN tariffs but those applied in free trade agreements and other preferential arrangements, Hiao Looi Kee, Cristina Neagu, and Alessandro Nicita (2013) found that together the impacts of tariffs and antidumping measures accounted for less than 2 percent of the collapse of world trade in response to the crisis. Among their explanations is that “countries are likely to take account of the diverse impact of tariffs in raising input costs for products used in their exports” (p. 343).

Looking back from the vantage point of 2019, the Global Trade Alert found that in response to the crisis, “transparent import restrictions were placed on just 1.4 percent of world trade, with another 6.9 and 20.8 percent of world trade being subject to subsidies to import competing firms and state largesse to exporters respectively.” However, almost all the temporary import restrictions and half of the subsidies to import-competing firms were unwound by 2013.

<sup>13</sup> For an extensive examination of measures in response to the crisis see the volume by Bown (2011). Henn and McDonald (2014) similarly find a decline equal to only 0.2 percent of world trade on account of crisis protectionism.



Simon Evenett and Richard Baldwin (2020) note that patterns of trade have remained more heavily distorted by export subsidies since the financial crisis; but while they do distort trade, in principle export subsidies should increase rather than reduce trade.

While the declining growth in trade volumes relative to GDP since 2011 has been the focus of much discussion, increased trade protection does not appear to be the reason. As shown in figure 1 there was a small increase in average global tariffs in 2009-11, but it was more than fully reversed by 2012, and by 2017 global trade-weighted average applied MFN rates were considerably lower than they had been in 2008.

Marc Auboin and Floriana Borino (2017) studied the falling elasticity of global trade to economic activity and found that while the slowdown in the growth of global value chains and changes in the composition of demand were important parts of the explanation for slower trade responses to growth after 2011, “protectionism does not come up as statistically significant.”

## CONCLUDING COMMENTS

This Policy Brief has provided evidence that even setting aside participation in regional and multilateral trade agreements, developing countries have steadily narrowed the differences between their tariffs and those of the United States. They have also revealed a preference for lower tariffs by consistently applying tariffs that are much lower than those obligated by the WTO. Their commitment to lower tariffs was shown by their discipline in not, on average, raising tariffs in response to the financial crisis in 2008 and their continued reductions in applied tariffs between 2011 and 2017. The available data at the country level show additional reductions in 2018. The commitment to these lower rates is also evident in the regimes for administered protection instituted by several countries, requiring proof of serious injury and other conditions before safeguard protection is provided.

All this liberalizing behavior reflects widespread changes in views of trade protection. The spread of global value chains, which have increased the import content of both exports and domestic production, have convinced many that increased protection can reduce domestic output and employment.

In many industries supply chains consist of production facilities that produce highly customized goods and services that are not easy for firms to produce in other countries or to shift back to their home country. It is noteworthy that, for all their talk about the North American Free Trade Agreement (NAFTA) being a disastrous trade agreement, both President Trump and many Democrats agreed to a US-Mexico-Canada Agreement (USMCA) that made far fewer modifications to the original agreement than might have been expected from their rhetoric.<sup>14</sup>

Since 2018, however, global supply chains have been subjected to two major shocks: the first from US trade policies and the countermeasures other countries have taken in response, and the second from the COVID-19 pandemic, which initially set off a global scramble for medical equipment. Some commentators have responded to these disruptions by arguing that countries should now be

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14 For an appraisal of the USMCA, see Lovely and Schott (2019).

more self-sufficient (Rapoza 2020).<sup>15</sup> And it is common to see predictions that the world has now passed the high point of globalization. But it is too soon to tell whether these developments will lead to a reversal of the policy trends discussed in this Policy Brief.

The recent shocks certainly point to the desirability of diversification of supply chains and the need for adequate domestic strategic reserves of essential products. Pinelopi Goldberg (2020) makes the case that they have also underscored the extent to which countries are interdependent. And they have shown the ability of an open global system to enable more resilient responses than those based on self-reliance—the WTO has documented that, in response to the pandemic, trade-facilitating measures undertaken by the G20 have far outweighed trade-restricting measures.<sup>16</sup>

Indeed, despite the talk of deglobalization, many countries have recently increased their commitments to further trade liberalization, albeit at the regional level. Since 2018, for example, 11 Asia-Pacific countries have implemented the Comprehensive and Progressive Agreement for Trans-Pacific Partnership, more than 50 countries agreed to the African Continental Free Trade Area, and 15 countries in the Asia-Pacific concluded the Regional Comprehensive Economic Partnership in late 2020.

As Mark Twain said about his death, reports of the end of globalization may be greatly exaggerated.

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15 However, see Subramanian (2020) for an argument that developing countries should not respond to recent events by turning inward.

16 "COVID-19 related trade-facilitating measures on goods implemented since January [2020] covered trade worth an estimated USD 155 billion, while pandemic-related trade-restrictive measures—most of which were export controls—covered trade worth USD 111 billion. Of the 133 COVID-19 trade and trade-related measures recorded for G20 economies since the outbreak of the pandemic, 63 per cent were of a trade-facilitating nature and 37 per cent were trade restrictive," *WTO Trade Monitoring news item*, November 18, 2020 (accessed on February 28, 2021).

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## APPENDIX

### EXAMPLES OF SAFEGUARD MEASURES UNDERTAKEN BY INDIA AND INDONESIA, 2015–2017

#### India

In November 2016 India implemented a definitive safeguard measure on imports of hot-rolled flat sheets and plates with HS codes 72254013, 72254019, 72254020, 72254030, and 72259900. While the bound tariff rate on these products is set at 40 percent, the applied tariff rate was as low as 10 percent in 2016. With this measure, India applied a safeguard surcharge tariff of 10 percent for the first year, 8 percent for the second year, and 6 percent for the third year.<sup>18,19</sup> In 2018 the applied tariff rate on these products was increased to 15 percent.

In March 2016 a definitive safeguard measure was applied to another HS code of the same family, 72253090. While this product, like the others, had a bound tariff of 40 percent and applied tariff of 10 percent, India implemented a surcharge ad valorem tariff of 20 percent for the first year, 18 percent for the second year, and 15 percent for the third year,<sup>20</sup> and in 2018 increased the applied tariff rate to 15 percent.

In March 2015 India imposed a definitive safeguard measure on imports of saturated fatty alcohol. The bound tariff on products with HS codes 38237010, 38237020, 38237040, and 38237090 (group 1) is 50 percent, while HS code 29051700 (group 2) has a bound tariff of 40 percent. All these products had applied tariffs of 7.5 percent at the time. India applied a definitive safeguard duty of 20 percent ad valorem for the first year, 18 percent ad valorem for the second year, and 12 percent ad valorem for the third year on imports of these products.<sup>21</sup> In 2018 the applied tariff rate of groups 1 and 2 increased to 50 and 10 percent, respectively. With this change, India used up its full margin for group 1 products (no tariff overhang), while maintaining a tariff overhang of 30 percent for the group 2 products.

#### Indonesia

In September 2015 Indonesia applied a safeguard measure on imports of coated paper and paperboard, not including banknotes paper, with HS codes 4810131100, 4810131900, 4810139190, 4810139990, 4810141100, 4810141900, 4810149190, 4810149990, 4810191100, 4810191990, 4810199190, and 4810199990. The bound

17 This appendix was written by Homa Taheri. All bound tariff rates are from <http://tariffdata.wto.org/> and applied tariff rates are from <https://tao.wto.org/welcome.aspx?ReturnUrl=%2f>.

18 All these are ad valorem rates minus antidumping duty, if any, payable on imports of this class of products.

19 WTO document number G/SG/N/8/IND/30/Suppl.1-G/SG/N/10/IND/21/Suppl.1- G/SG/N/11/IND/16/Suppl.1.

20 WTO document number G/SG/N/8/IND/28/Suppl.1-G/SG/N/10/IND/19/Suppl.1-G/SG/N/11/IND/14/Suppl.3.

21 WTO document number G/SG/N/8/IND/26/Suppl.2-G/SG/N/10/IND/17/Suppl.2-G/SG/N/11/IND/12/Suppl.2.

tariff rate for these products is set at 40 percent and the applied tariff rate at 5 percent. The country applied safeguard duties of 9 percent in the first year, 7 percent in the second year, and 5 percent in the third year.<sup>22</sup>

In January 2015 Indonesia applied definitive safeguard measures on imports of I and H Sections of other alloy steel with HS codes 7228701000 and 7228709000. The bound tariff rate for these products was 40 percent, and the applied tariff rate was set 5 percent for the first product and 12.5 percent for the second. Under this safeguard measure, a surcharge of 26 percent during the first year, 22 percent during the second year, and 18 percent during the third year has been imposed on these products.<sup>23</sup> Starting in 2016, Indonesia set the applied tariff of both products at 7.5 percent.

In October 2018 Indonesia imposed a safeguard measure on imports of ceramic flags and paving, hearth or wall tiles with HS codes 69072191, 69072192, 69072193, 69072194, 69072291, 69072292, 69072293, 69072294, 69072391, 69072392, 69072393, and 69072394. The bound tariff rate for these products was 40 percent and the applied tariff rate 20 percent. A safeguard duty of 23 percent, 21 percent, and 19 percent has been imposed for the first, second, and third years, respectively.

In November 2019 Indonesia initiated a safeguard measure on imports of aluminum foil with HS code 76071100. The bound tariff rate for this product at the 6-digit level varies between 30 and 40 percent, with an average value of 35 percent; the applied tariff rate was 20 percent in 2018. With the 2019 measure, Indonesia applied a safeguard duty of 6 percent for the first year and 4 percent for the second year.<sup>24</sup>

In January 2020 Indonesia applied a safeguard on imports of evaporators with HS code 84189910. The country's bound tariff rate on imports of evaporators is set at 40 percent, and the MFN applied tariff has been at the 5 percent level as of 2018. With the 2020 measure, a safeguard duty of 17 percent was applied for the first year, 15.5 percent for the second year, and 14 percent for the third year.<sup>25</sup>

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22 WTO document number G/SG/N/8/IDN/19/Suppl.1-G/SG/N/10/IDN/19/Suppl.1.

23 WTO document number G/SG/N/8/IDN/17/Suppl.1-G/SG/N/10/IDN/17/Suppl.1-G/SG/N/11/IDN/15.

24 WTO document number G/SG/N/10/IDN/21/Suppl.1-G/SG/N/11/IDN/21.

25 WTO document number G/SG/N/10/IDN/22/Suppl.1-G/SG/N/11/IDN/22.



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