Eighth Report on Potentially Trade Restrictive Measures

October 2010-September 2011

REPORT

TRADE RESTRICTIVE MEASURES IDENTIFIED IN THE CONTEXT OF THE ECONOMIC CRISIS

OCTOBER 2010 – 1 SEPTEMBER 2011

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Executive summary

The eight edition of the report on the **monitoring of potentially trade restrictive measures** of the European Commission's Directorate-General for Trade provides the latest state of play regarding trade activities of the EU's trade partners between October 2010 and 1 September 2011[1]. This monitoring activity was launched in the aftermath of the financial and economic crisis in autumn 2008 and represents a crucial aspect of the enforcement and implementation agenda of the EU's trade policy, as set out in the Trade, Growth and World Affairs Communication[2].

The past three years have indicated that major recourse to trade protectionism has overall been contained during the recovery period and that trade openness has been a crucial element to ensure economic recovery worldwide. Nonetheless, 333 trade-restrictive measures were introduced between January 2008 and September 2010, many of them with horizontal impact on world trade.

After encouraging signs of recovery in the first part of 2011, latest indications suggest the **world economy has slid back into a new phase of uncertainty**, mainly due to the debt crisis in industrialised countries. Conversely, emerging economies are expected to keep a rapid pace of economic growth. At the same time, those countries are witnessing emerging risks of overheating which, in turn, spur attempts to employ more restrictive macroeconomic measures to calm down internal demand. These developments are therefore likely to decrease import demand, which may have a further negative impact on developed economies' recovery efforts. Against this background, trade openness still remains the key element to sustainable and balanced recovery worldwide. Nevertheless, this report confirms yet again that emerging economies appear more inclined to apply trade-distorting measures, with many of them now locked in as part of national industrialisation plans.

In light of the above, the **G20 Summit of Cannes on 3 and 4 November 2011** marks another opportunity for leaders to take stock of their two-fold pledge[3] taken at the beginning of the crisis in 2008: (i) not to resort to trade restrictive measures during the economic and financial crisis and, (ii) to rectify without delay any measures introduced. This commitment was reiterated and extended until 2013 at the Seoul G20 Summit in November 2010 together with the request that the WTO, OECD and UNCTAD continue the monitoring of trade-related developments in this regard.

As this report shows, the overall picture has not improved. The pace of introduction of new measures has not decelerated; most of the measures introduced since the beginning of the monitoring are still applicable. Moreover, we observe a consolidation of a tendency to lean towards **new industrialisation policies, based on protecting own markets from international competition.** This worrying trend runs counter to the necessity of keeping trade flows open, which is the only way to ensure a sustainable and balanced growth worldwide. Given that this trend dominates among emerging economies and in light of their increasing economic weight, these countries have a particular responsibility for maintaining trade openness.

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[1] The seventh edition of the report covered a six-month period and was released ahead of the G20 Summit in Seoul of November 2010.

[2] European Commission, *Trade, Growth and World Affairs*, COM(2010)612, 9 November 2010, http://trade.ec.europa.eu/doclib/docs/2010/november/tradoc_146955.pdf

[3] G20 Leaders commitment, initially made in Washington in November 2008.

This is why **avoiding any new trade-restrictive measures, as well as rectifying those previously introduced, becomes extremely relevant at this new critical juncture of the economic recovery.**

Against this background, the main conclusions of this report are as follows:

- **Global and EU trade flows have recovered** to pre-crisis levels at the beginning of 2011, having contributed to foster a more sustained recovery of the global economy. Given the significantly stronger dynamism of growth in **emerging economies**, their use of **trade restrictive measures** continues to be a cause of major concern.

- In September 2011, **424 potentially trade restrictive measures remain in force, whereas only 76 were removed to date.** In the past twelve months, **131 new measures** of potentially restrictive character were introduced, while **only 40 were removed** within the same period. Accordingly, **the roll-back of potentially trade-restrictive measures remains insufficient** and slow. Furthermore, a number of measures introduced during the crisis have been extended and/or prolonged.

- **A tendency towards industrialisation policies, which combine industrial support and trade-restrictive measures, has consolidated among emerging economies** (e.g. Argentina, Brazil, Russia, India and China). Trade restrictions applied for this purpose represent a mix of measures based on import substitution policy through border measures, local content requirements, mandatory technology transfers and financial support to specific sectors, having an overall worrisome trade-distortive impact on world trade and investment.

- New, planned or reinforced trade-related restrictions in **government procurement** continue to be a cause of concern, in particular those undertaken or planned by **Brazil, Russia, Argentina and Algeria.**

- The number of trade-related restrictive measures adopted in the **services (Brazil, Argentina, Indonesia) and investment** areas have increased lately, in particular with regard to local content requirements.

- Adoption of measures to **restrict exports of raw materials** remains a cause of concern, with new measures being introduced by **Russia, China and India**, but also other countries.

I. Macroeconomic outlook and trade policy trends in key partner countries

I.1. Macroeconomic outlook

Although global output continued to expand over the past quarters there are increasing signs that economic dynamism is again slowing down. Global GDP growth is set to slow down over 2011 and 2012 to 4% (down from 5% in 2010).

The outlook is particularly challenging for the main industrialised economies. Concerns about excessive sovereign debt levels are leading to the sharp tightening of fiscal policy at a time when still fragile financial systems and persisting high unemployment levels continue to hold back private demand. Together, these developments are undermining business and consumer confidence and expectations. Against this background, projected growth rates for 2011 and beyond in industrialised economies are being revised down to 1.6% in 2011 and 1.9% in 2012. The latest EU forecasts already reflect a considerable softening in economic activity across Europe[4]. While EU GDP growth for 2011 as a whole has been only cut slightly to 1.7%, growth in the second quarter is stagnating. EU GDP is set to expand only by 0.2% in the final two quarters of the year. For 2012, the IMF predicts growth in the EU weakening to 1.4% and in the euro-area to 1.1%.

Across the emerging world, prospects continue to be markedly better. However, there is also some easing of economic activity growth due to the countercyclical policies that many countries have put in place to prevent overheating and tame inflationary pressures. Output growth in emerging and developing economies is set to slow down slightly to 6.4% in 2011 and 6.1% in 2012, from projected 7.3% in 2010. This will further weaken global demand.

Still, international trade continues to be an important driver of global growth. Trade flows have fully recovered from the steep decline registered in 2008 and 2009: in **2010 world trade volumes increased by 14.5%,** offsetting the 12% decline registered in 2009. Over the whole of 2011 they are due to expand by 7.5%. EU exports have also continued to grow robustly. The value of EU sales to the rest of the world increased by almost 23% in 2010 and 18 % in the first semester of 2011 (compared to the first six months of 2010). However, slower growth of emerging economies is expected to have an impact on global trade flows, with projections that trade will expand only by 5.8% in 2012. This will have a further impact on outlook for EU exporters, even if a large contraction is not expected to take place.

Trade is therefore an engine for global economic growth and job creation that we cannot afford to lose, in the industrialised and the emerging or developing countries alike. One of the biggest dangers the global economy is currently facing is that, as global growth continues to slacken, policy makers may be led to fall into the temptation of resorting to protectionism. This has been successfully prevented in 2008/9 mostly with the active and coordinated use of supporting fiscal policies. This option is now considerably more constrained in view of the tight fiscal situation in many countries. This can only mean that vigilance is needed more than ever.

[4] Interim forecast of September 2011, available at: http://ec.europa.eu/economy_finance/articles/eu_economic_situation/pdf/2011/2011-09-interim-forecast-final_en.pdf.

I.2. Overview: Industrial policy objectives and new trade measures[5]

In the past twelve months, we have observed a **consolidation of industrial policy paradigms** among many trade partners, as noted already in the previous edition of this report.[6] Whereas in the immediate aftermath of the economic crisis complex packages of measures were adopted, such as subsidy schemes, which were intended as countercyclical measures to sustain demand and avoid massive layoffs, the tides of the crisis were used by many countries to design industrial policies to strengthen competitiveness of particular domestic sectors. In 2010-11, several economies initiated more or less comprehensive plans which mixed industrial policy measures with trade policy ones in order to spur industrial base growth and economic diversification. Accordingly, support measures for particular industrial sectors have been combined with tariff and/or behind-the-border trade measures aimed to protect them from foreign competition on the domestic market and boost their export performance at the same time.

Whereas the international trade framework is supportive of policies that do not distort trade and competitiveness' level-playing field, the **emerging industrialisation trend** does not quite belong to this category. New industrialisation policy, aimed to attract foreign technology and investment, is condition- rather than incentives-based. Although country-specific features may differ, in general this policy relies on **import substitution, local content and technology transfer requirements, and sector-specific financial support**.

New measures observed in the current reference period confirm this pattern for several emerging economies, which search to strengthen their international competitiveness in selected sectors. It remains worrisome, however, that this objective is coupled with trade measures that may have adverse effects on their partners; particularly so in the context of ongoing economic difficulties and the risk of further economic setback, while better targeted, less trade distortive alternatives are available.

In this regard, recent policy initiatives go hand in hand with the continued trend in terms of adoption of new measures. Accordingly, this report takes stock of numerous developments in trade policy whereby **industrialisation efforts feature as the main theme across countries, sectors targeted and trade measures adopted**. A certain **spill-over effect** has also been observed in some cases, with countries adopting measures as a response to trends emerging in their neighbourhood. More than ever, the numbers and nature of measures point in one direction, so the quantitative side of this analysis does not indicate any sign of abatement.

Recent examples of the industrialisation trend mentioned above include **Argentina,** whose authorities openly announce the implementation of the "import substitution policy"[7] via measures such as import licensing for a wide range of products, and by requesting companies to level out values of imports and exports. This trend is gradually **spilling-over** to the Mercosur region: the support schemes foreseen in **Brazil's** 'Plano Maior', for instance, target the manufacturing, textile, footwear, mobile and software industries among others, which will benefit from redistribution of revenues coming from export and tax exemptions. Of significant concern in this context is Brazil's increase by 30% of the Tax on Industrial Products

[5] New and updated as well as recently removed measures can be found in tables at the end of the report, in annex 1, 2 and 3. Annex 4 contains detailed description of all measures currently in force, as well as those removed, since October 2008.

[6] European Commission, Directorate-General for Trade, *Seventh report on potentially trade-restrictive measures*, May 2010 – September 2010, November 2010, pp. 11-12.

[7] 'La Argentina ya es el país más proteccionista del mundo', El Cronista Comercial, 12 September 2011.

(IPI) for certain categories of motor vehicles with less than 65% local content (defined as that of Brazil, Mercosur or Mexico), which risks creating serious distortions for imported goods, while it appears to be in breach of the WTO commitments. Furthermore, Brazil's steel industry could very soon benefit from a new export tax on iron ore, which would make ore cheaper to domestic producers.

The **automotive sector**, in addition to measures adopted by Brazil and Argentina, is also one particularly targeted by other emerging economies' industrialisation plans. **China** for instance is targeting the new energy vehicles sector as one key component of industrial development. China clearly aims to become the world's biggest producer of e-vehicles. Draft measures indicate China may be considering limiting foreign investment to no more than 49% in joint ventures with Chinese partners, not only for final assembly but also for suppliers of key components. Persistent rumours also indicate that the Ministry of Industry (MIIT) may plan to restrict sales of e-vehicles to Chinese brands only as from 2015. The issuance of the New Energy Vehicle plan is expected to be released in the coming weeks. The Commission will closely monitor whether any of the worrying signals will be withheld in the final version.

By the same token, **Russia** also continues to apply similar measures to encourage technology transfers and attract productive capital from industrialised economies. New rules relating to the industrial assembly regime in the car sector, the so-called 'localisation initiative' have been consolidated during this period, aiming at making foreign investment conditional upon local content and technology transfer requirements.[8] Proposed import tariff increases for various ICT equipment seems to suggest this logic could be gradually extended to this sector as well. At the same time, Russia has also introduced or extended new or already existing support schemes for industries in various sectors such as agricultural machinery, civil aviation and textile among others.

Protectionist trends are also being reported in other manufacturing sectors. **India**, for instance, is also trying to create incentives for its **telecommunication equipment industry** to develop. The Telecom Authority of India (TRAI) recently adopted recommendations on a policy that would entail the obligation for both public and private telecom services providers to procure domestically-manufactured products. TRAI has also set the objective to increase the share of domestic equipment on the market from the current 12% to 80% by 2020. Additionally, equipment whose IPR is registered in India would receive preferential treatment so that their share on the market would reach 50% by 2020, up from the current 3%.

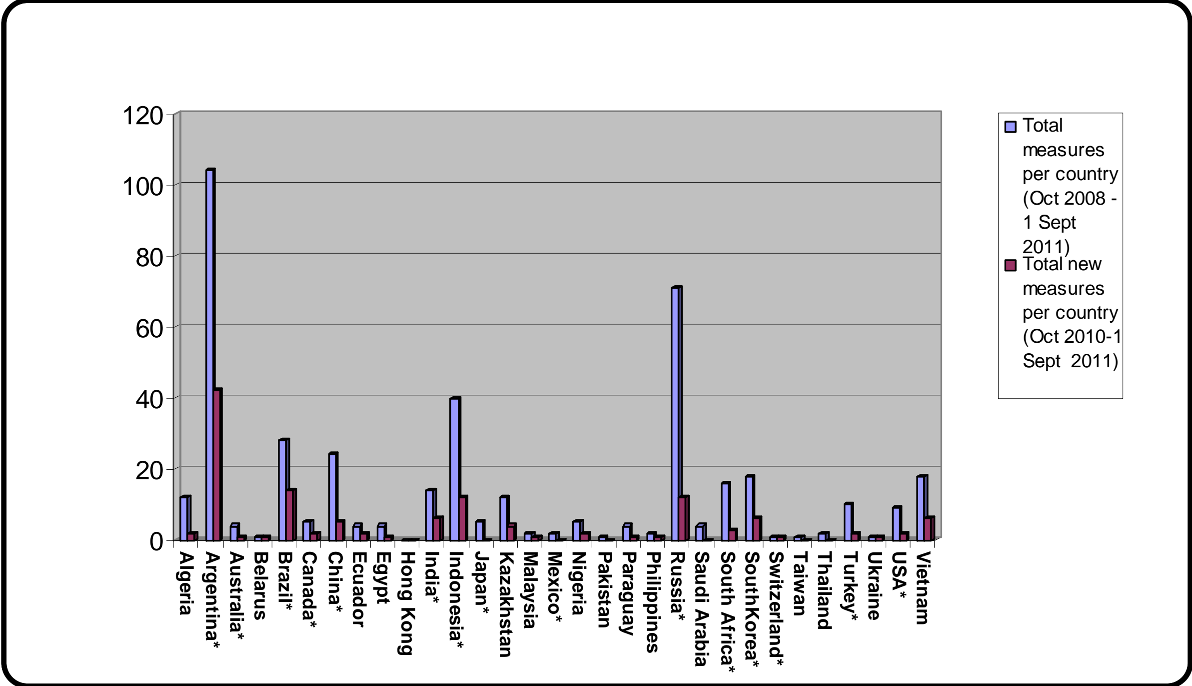
The above trends form part of qualitative and quantitative developments in the period between October 2010 and August 2011, which does not provide major improvements regarding new trade-restrictive measures taken. **131 new measures** with a potential impact on trade and investment have been noted, with majority already in force. This figure compares with 139 new measures registered year-on-year in the previous period of analysis[9]. At the same time, a **significant number of measures** also **continue to be updated, extended in scope or prolonged**. During the present period of analysis, 57 measures were subject to such revision.

[8] For the details see section II 1.3 on Services and investment restrictions.

[9] 73 new measures were reported in the period between November 2009 and April 2010; 66 new measures were reported between May 2010 and September 2010.

All in all, the **total number of trade-restrictive measures imposed since the beginning of monitoring in October 2008 and still in force amounts to 424** going up from 333 at the end of the previous reporting period in September 2010.

Table 1. Potentially trade restrictive measures by country, since October 2008.



On an individual basis, **Argentina and Brazil** stand out both for the number and the type of measures introduced during the period of analysis. As in previous reports, **Argentina** figures amongst the biggest users of trade-restrictive measures. Argentina has made extensive use of the non-automatic import licences. These are now required for a wide range of products with a significant trade-distortive effect and casting serious doubts about WTO compatibility of those measures. During the period of analysis, Argentina further extended the application of non-automatic import licences to a list of 178 tariff lines (8-digit level) including economically significant categories of products such as cars, car parts, motorcycles, bicycles, textile, metallurgical products and some electronic products. This brings the number of products covered by the non-automatic licensing system to more than 600. Moreover, Argentina continues resorting to reference prices for imported goods with 37 new acts adopted between October 2010 and September 2011. On the other hand, **Brazil** is actively catching up as several measures have been introduced during the reference period, from duty increases and other border measures to a new 25% preference margin in the national law on government procurement. Moreover, the 'Plano Brasil Maior', which was adopted in August 2011, introduces a set of measures aimed at fostering industrial development in several sectors. This plan contains measures that are likely to limit market access for foreign products and operators on one hand, and sectoral support schemes, on the other.

As confirmed in previous reports, **Russia** still deserves attention as one among the most frequent users of trade-restrictive measures. Further to the import tariff increases that Russia adopted as a response to the economic crisis and despite its hopefully imminent accession to the WTO, it has continued in the past year to increase certain import tariffs (non woven-

products, certain types of agricultural machinery and other machinery, telecommunication equipment). Further increases in other sectors such as the dairy and ICT products appear to be under consideration. Also, export restrictions on raw materials continue being raised or introduced.

II. Trade policy responses 2010-2011

In the course of 2010-11 several types of potentially trade-restrictive measures continued to be introduced at a regular pace.

Focus of policy-makers on behind-the-border measures continues to be observed, while the objective to shield the domestic economy from external influence appears to be a driving force behind many policy initiatives of the past months. If measures adopted by Argentina are excluded[10], nearly two-thirds of all measures imposed so far affect trade behind the border. Additionally, there are certain policy areas where the tendency to adopt trade-related restrictions continues to be particularly notable, such as in government procurement. In many cases, 'package' measures have been designed as part of a coherent strategy aiming to support industrial development, which result in adoption of several potential trade restrictions of varying nature and often horizontal coverage. Main trends of the 2010-2011 are highlighted below.

[10] Argentina does appear as the country that resorted most to trade-restrictive measures, most of them through to reference price setting. It has to be taken into account, however, that reference prices continue being introduced by means of separate legal acts for individual tariff lines, thereby somewhat inflating the numbers of measures introduced.

Table 2. Potentially trade restrictive measures per country and type of measure, in force since October 2008.

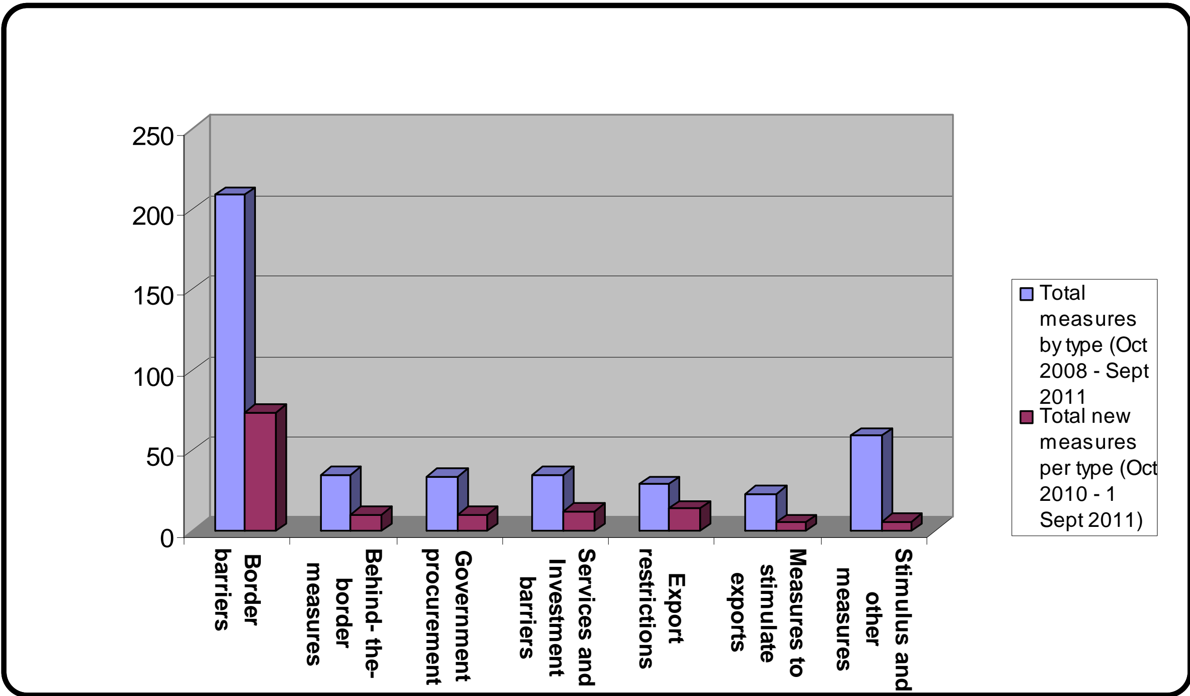
Country	Border barriers	Behind-the-border measures	Government procurement	Services and Investment barriers	Export restrictions	Measures to stimulate exports	Stimulus and other measures	Total measures per country
Algeria	2	3	2	3	1		1	12
Argentina*	101		1	1	1			**104**
Australia*			3	1				4
Belarus					1			1
Brazil*	11	1	5	1	1	5	4	28
Canada*		1	2				2	5
China*	1	3	4	4	1	1	10	24
Ecuador	2	1	1					4
Egypt	1			1	2			4
Hong Kong								0
India*	3	2		1	4	3	1	14
Indonesia*	11	10	4	12	3			**40**
Japan*		1				1	3	5
Kazakhstan	1	1	2		5	2	1	12
Malaysia					1	1		2
Mexico*							2	2
Nigeria	3		1	1				5
Pakistan					1			1
Paraguay	3		1					4
Philippines						2		2
Russia*	49	3	2	3	4	2	8	**71**
Saudi Arabia	3						1	4
South Africa*	7		3	1			5	16
SouthKorea*				1		3	14	18
Switzerland*						1		1
Taiwan						1		1
Thailand				2				2
Turkey*	1	2	1	1	2		3	10
Ukraine					1			1
USA*	3	1	1	1		1	2	9
Vietnam	7	6	1	1	1		2	18
Total measures by type	**209**	**35**	**34**	**35**	**29**	**23**	**59**	**424**

* G20 countries

II.1. Border measures: import and export restrictions

In the last 12 months the resort to border measures has continued unabated, if compared with the period autumn 2008 – autumn 2010. Yet, relative to other types of trade restrictive measures, the volume of trade affected by border restrictions seems to be overshadowed by the scope of behind the border measures. Nonetheless, the overall stock of measures in this category continues to grow. Accordingly, between autumn 2010 and autumn 2011, the total number of border measures has increased from 160 (import and export restrictions taken together) to 238.

Table 3. Potentially trade restrictive measures by type, in force since October 2008.



To date, **Argentina** remains the main user of border restrictions targeting **imports**, which continue to enhance the cost of trade through application of reference prices and import licences. In comparison with 2009-10, however, the last year has seen **Brazil** joining Argentina in seeking greater protection for its market. Year on year, Brazil has accelerated its use of border measures through application of several import duty increases and import licences, such as that for imported cars or toys. It has also come back to tighter import procedures for textiles and clothing products, while there are signals that such intensified import controls may be applied to other sectors in the future. Although the measures adopted by the two countries are persistently claimed to target customs fraud and other unfair practices related to goods imported mainly from Asia, exports from the EU as well as those of EU-invested companies in those countries have not been shielded from their effects. Given the adoption by Brazil of the Plano Brasil Maior (see above) to dynamically address the question of economic industrialisation and diversification from excessive reliance on current and future exports of raw materials, there are no signs that this trend is likely to reverse in the coming months, at the expense of undistorted trade. As already confirmed, Brazil started to further

raise its import tariffs, independently of the Common External Tariff of Mercosur, which suggests that the current trend will continue in the near future.

Despite its expected WTO accession in the coming months, **Russia** has resorted to revisions of import duties. Even if these remain relatively limited, domestic industry protection appears to be their main objective. On a further note, **Indonesia** also resorted to increasing import duties affecting a wider number of sectors and products (agro-food, pharmaceuticals, and industrial products).

Vietnam, by means of border measures, has rendered the import of several categories of products gradually more complex. Among latest measures, a new Notice No. 197 on imports of wines and spirits, mobile phones and cosmetics entered into force. It requires that all imports of these products have access to Vietnam only through three international seaports. Moreover, additional customs documentation - with consulate approval in exporting countries - is required. Similar measures were also adopted for certain categories of cars in June 2011.

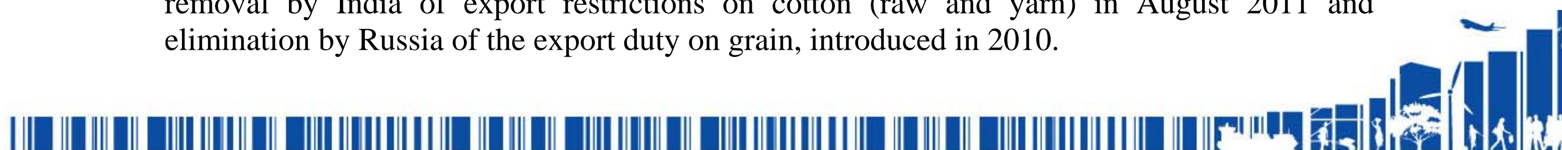
Several emerging economies resorted to **restrictions on export**, most notably for primary materials, but also certain foodstuffs. In the past twelve months, concerns about **China's** applied export quota on several raw materials have not abated despite the initial ruling of the WTO panel, which found that China's export restrictions on several raw materials violate its WTO-commitments. As regards rare earth in particular, although the 2011 quota has in the end not been diminished when compared to 2010 allocation (following a quota revision for the second semester of 2011), the addition of another category of industrial products (ferro-alloys containing rare earths) in fact reduces the 2011 rare earth export quota by as much as 30%. This reduction is contrary to what China officially conveys.

Restrictions on other raw materials have been also imposed by **India**, which increased its export duty on **iron ore**. All duties on all types of this material have been harmonized at a unified rate of 20%. The impact of this measure on European companies is potentially high given the knock-on effect on the world market where India plays an important role. There is also a growing concern that **Brazil** may follow suit by planning an export duty on iron ore in order to protect local industry development. Given the two countries position in the market, further tightening of supply against the growing demand may make prices soar in the coming months.

Russia and **Kazakhstan** continue to adjust their export duties on several products to world prices, thereby stirring further price increases. This has been the case for **energy products**, where export duties on oil and oil products were increased amid domestic supply shortages in fuel and other energy products. The latter led the two countries to adopt either a ban on export of petrol and gas oil (Kazakhstan) or a prohibitive export duty on petrol (Russia). Similarly, Russia revised upward its export duties on **nickel and copper**, in line with world prices.

Certain **agro-food products** have also become subject to export duties, with **India** prohibiting export of milk products, **Indonesia** introducing an export duty on cocoa and **Ukraine's** export duty on grain. During the period covered in this report, India also maintained, and subsequently withdrew, export restrictions on wheat, certain types of rice and edible oils.

Whereas most of the export restrictions remain in place, **positive exceptions** include the removal by India of export restrictions on cotton (raw and yarn) in August 2011 and elimination by Russia of the export duty on grain, introduced in 2010.



II.2. Behind-the-border measures

Significant activity in terms of adopting new initiatives with potentially restrictive impact on trade behind the border has been observed between autumn 2010 and autumn 2011. In particular, emerging economies have widely resorted to various types of behind-the-border measures as a way of protecting local producers, frequently with the aim of developing further local industry on the basis of technology and know-how transfer. Whereas the exact trade restrictive impact of individual measures needs to be assessed in more detail to determine its WTO incompatible character, several measures have been introduced in areas not well covered by the international legal framework, touching upon matters of international competition and competitiveness. In quantitative terms, 2010-11 has noted an increase in the total number of measures in force and/or planned. When compared to border measures, it is also clear that fewer of them have been removed or terminated so far. Findings of this report confirm that the probability of their long-term consolidation in the international trade regime remains higher than that of border measures. Accordingly, many of the behind-the-border measures already in place have been subject to prolongation or other extension of scope. In September 2011, we note that, in total, 103 measures of behind-the-border character remain in place, as compared to 89 in September 2010.

II.1.1. Technical barriers to trade

In the reference period, new technical barriers mainly relate to **product conformity assessment** (testing, inspection, certification, marking etc.), whereby products are increasingly requested to demonstrate compliance with domestically-developed technical regulations and standards that often deviate from (or add to) international standards. Proof of compliance with international standards prior to exportation is therefore not necessarily a guarantee of market access to a third country and additional tests to prove compliance with national requirements must be conducted before product release on the market. Such tests are often requested to be done in laboratories of the country of importation, and cannot be performed by conformity assessment bodies in the product's country of origin, even if such bodies have been accredited by an accreditation body member of ILAC or IAF[11]. This in turn implies further costs for producers, procedural delays and resulting delay in product's entry on the market.

Such tendencies are marked especially in emerging markets of **Indonesia**, **China** and **India** but were also observed in other parts of the world, for instance in **Ecuador**. Accordingly, China adopted local certification requirements for wind turbines, Ecuador did so for imported ceramic tiles, and India has implemented local standards for tires, as well as, marking rules and fees that constitute a clear obstacle to trade. Indonesia continued its trend of introducing mandatory SNI standards coupled with local third party certification requirements, having adopted by June 2011 seventy-three mandatory national standards, and plans adopting a further thirty in 2011-12.

Security standards present an interesting case study. India proposed, under the 'Telecom Equipment Manufacturing Policy' of TRAI, the setting up of an Indian Telecom Standards Organisation that should also draw up its own specifications, including security standards. By the same token, **China** consolidated its regulatory approach in the IT security sector, which

[11] International Laboratory Accreditation Cooperation (http://www.ilac.org) and International Accreditation Forum (http://www.iaf.nu).

pursues a strategy to develop home-grown standards, while at the same time discriminating against foreign information security products. In July 2011, it issued six draft standards, which would consolidate the implementation of the Multi-Level Protection Scheme (MLPS) and OSCCA regulations on commercial encryption. Should China decide to enforce the application of those standards on a mandatory basis, it would entail a prohibition on the use of foreign technology in IT systems considered critical for infrastructure even if used in purely commercial sectors. Furthermore, product certification by Chinese authorities or authorised third-party laboratories would be mandatory while sensitive information, such as source codes, would need to be disclosed in order to obtain the necessary certification.

II.1.2. Government procurement

Potentially trade-restrictive measures continue to be particularly relevant in the area of public procurement where in the reference period several revisions of 'Buy National' policies were registered.

Argentina[12] **and Indonesia** are now considering adoption of new 'Buy National' laws. In the case of Argentina, the new law is likely to introduce the principle of discretionary powers as regards sectors considered of strategic importance, thereby serving the purpose of fostering industrialisation by closing the market to competition from foreign providers.

In addition, the risk of locking-in previous anti-crisis measures in the field of public procurement is also gaining ground. **Russia** extended its 'Buy Russian' legislation, which was introduced in December 2008 on a temporary basis, until the end of 2011. Wide resort to single-source procurement in the basic act has also been confirmed as a principle in the Agreement on Government Procurement of the Customs Union of Russia, Belarus and Kazakhstan, signed in late 2010. It provides for 27 instances where single-sourcing can be applied, while a simple presidential order or a government decision of any Customs Union Member State suffices to launch the procedure. A revision of the basic public procurement law in Russia is also expected and it cannot be excluded that further attempts to extend the Buy Russian principle will be made.

By the same token, **Brazil's** initially temporary 'Buy Brazilian' law of July 2010 – which set a very high 25% preference margin for domestic suppliers – was made permanent in December 2010.[13] The preference margin was immediately applied to the ICT sector and is now being extended to cover such other sectors as health, communication and high-tech equipment following the Plano Brasil Maior, adopted by President Rouseff on 2 August 2011.

Similarly, the law on public procurement in **Algeria** entered into force in the last months of 2010. It consolidated the 'Buy Algerian' principle already set in motion during the economic crisis where annual fiscal policy updates foresaw strengthening of domestic public procurement provisions. The new law of 7 October 2010 consolidates these attempts and replaces a law of 2002, providing a 25% preference margin (an increase from 15%) for national bidders with an Algerian capital majority and an obligation for potential foreign bidders to establish a partnership with a local company to qualify for bidding.

As part of a large plan to support industrialisation and job creation, **South Africa** is considering measures to be applied in government procurement, including a provision that

[12] Argentina's public procurement market is estimated to be worth €15 billion.
[13] Brazil's public procurement market is estimated to be worth €133 billion.

foreign suppliers awarded government contracts either invest in the local economy or undertake other actions that would enhance local production and/or stimulate exports.

Given that government procurement is only partially covered by international trade rules, many countries continue to consider it a critical area where policies favouring domestic production and services can be applied. However, in countries that are members to the GPA, various initiatives also continue to emerge at the sub-federal level. This is the case of **Canada** for instance, where the Ontario province has introduced local content requirements in energy projects involving renewables equipment. Moreover, the National Shipbuilding Strategy foresees the use of Canadian shipyards for the procurement of certain kinds of ships.

II.1.3. Services and investment restrictions

Until autumn 2010, trade restrictions in the area of services were relatively limited. Although this area has remained largely untouched by the increased governmental activity, some restrictions have emerged lately in certain services sectors. At the same time, the efforts of several emerging economies to strengthen domestic industry base have particularly targeted investment as an area where local content clauses, as well as other instruments in the wider context of industrial development, have been developed to enforce and accelerate transfer of technology and know-how, frequently coupled, as analysed above, with assisting border measures.

With regard to **services**, **Brazil** and **Argentina** have targeted the **reinsurance sector** to limit the scope for cross-border cooperation between international companies within the sector. In Brazil, two resolutions were adopted providing for new limitations, whereby insurers are only allowed to cede a maximum of 20% of reinsurance business to affiliates abroad. This measure negatively affects global insurers, who will no longer be able to take full advantage of inter-company risk-transfer arrangements. At the same time, Argentina's initial modifications in February 2011 to the regulatory framework for the sector limited the cross-border provision of reinsurance services or consumption abroad. Although these provisions were again modified in May 2011, establishing a threshold above which cross-border service provision would be allowed, other restrictions remain in place.

Similarly, **Vietnam** recently introduced a new decree No. 46 on employment and administration of foreign employees. This new decree entered into force on 1 August 2011, introducing a requirement for employers to offer an apprenticeship contract to a Vietnamese employee as a precondition to obtaining the extension of a work permit for a foreign employee.

In the area of **investment**, the last 12 months witnessed a consolidation of new rules relating to the industrial assembly regime in **Russia's car sector** in, the so-called 'localisation initiative'. These rules range from minimum production thresholds[14] to local content requirements[15]. Moreover, car companies should commit to set up an R&D centre in the territory of Russia. The incompatibility of this new investment scheme with the WTO

[14] Car manufacturers should either establish new production facilities capable to produce at least 300 thousand motor vehicles per year within 48 months after signing the additional agreement, or modernise the existing production facilities to be able to produce at least 350 thousand motor vehicles per year within 36 months after signing the additional or new agreement.

[15] At least 30% motor vehicles to be equipped with domestically manufactured gear-boxes or engines; new and modernised production facilities must reach 60% of annual rate of local content within 6 years.

Agreement on Trade-Related Investment Measures (TRIMS) constitutes a critical element in the context of the current WTO accession negotiations. The localisation initiative is likely to spill over to other sectors. There are indications that Russia considers doing so in the ICT sector for example, where import-substitution policy intentions appear to lie behind the planned tariff increases for imported final IT products.

China follows suit with regard to **vehicle manufacturing**. It has announced the adoption of the 'Energy Conservation and New Energy Vehicle Development Plan' for the period 2011-2020, which purportedly may include a provision requiring that from 2015 all electric vehicle sales in China be of Chinese 'own brands'. China has stated its intention to become a world leader in the production of electric cars. This plan, in combination with strict conditions of access to investment[16], suggests a government- rather than a market-induced investment, potentially at the expense of trade and wider economic efficiency.

Local content requirements in the **telecommunications** sector continue to be imposed in **India**. Following earlier difficulties related to increasing number of security and local content requirements imposed on operators[17], India, in April 2011, adopted recommendations on preference for domestically manufactured products in the sector. Accordingly, both government and licensed operators would be required to give preference to domestic products in their purchases.

Local content requirements are also a cornerstone of recent legislation of **Nigeria** in the **oil and gas** industry. It requires operators in the sector to apply a set level of local content for every good or service during production. Some of the services affected are financial, telecommunications and maritime transport. Restrictions on foreign workers also feature.

In a similar manner, **South Africa** is in the process of adopting several acts with the aim of strengthening the domestic economy. A comprehensive law on foreign direct investment currently in preparation sets out to balance economic development and business opportunities with social policy needs, and is expected to apply notably to large mergers and acquisitions. It is not yet certain whether local content provisions will form part of the new law.

Notwithstanding the stated policy of attracting foreign capital, a tendency to reduce access to foreign investment has been noticed in **Indonesia**. In the past months it adopted several laws limiting the participation of foreign business in the domestic market. Requirements such as mutual recognition agreements, partnerships with local companies and local content have been set as preconditions to enter the Indonesian market, in particular in the accounting and banking services. Furthermore, a recent law reduced the allowed foreign equity cap in the horticulture sector from full ownership down to 30%. This law is particularly worrisome as it counters the principle of grandfathering by obliging foreign companies to disinvest their shares.

Similar concerns with regard to restricted access to investment remain to **Russia**, where the Strategic Sectors Law of 2008 continues to apply a broad definition of sector of importance to national security. In addition to limits of participation of foreign investors in abroad number of sectors, approval of investment continues to be issued by a special commission led by Prime Minister Putin. Nonetheless, the recent decline in inflow of foreign investment to

[16] Foreign participation in joint ventures to be limited to 49%, also in the car components sector when these concern energy vehicles.
[17] Some progress has been achieved on this front. See section III.

Russia accelerated discussions regarding the need to revise the Law. It is expected to take place this autumn.

Further, it is important to note the recent review mechanism of mergers and acquisitions introduced in **China**, whereby all mergers and acquisitions are now to be screened against national security considerations. This mechanism raises concerns due to its broad scope of application, which is also to include economic considerations. The EU has submitted in writing its concerns on the provisional implementing provisions that will be in force until 31 August 2011. However, new implementing measures adopted end-August and in force since September 2011 have not taken EU comments in consideration. In spring China also published the draft Investment Catalogue[18], which is a framework document setting forth the conditions for inbound investment in China, which needs to be analysed in combination with the 12th Five Year Plan. The Catalogue's content suggests that the investment climate is not likely to substantially improve in China in the next years. This is in spite of the ambitious development goals outlines in the Plan such as developing modern services and a green and more sustainable economy. Limitations to investment in sectors such as banking, insurance and telecommunications would remain and access to important manufacturing sectors (e.g. automotive, biotechnologies and transport equipment) would not be improved either. However, China has published the draft Catalogue for consultation and the Commission has conveyed its concerns to the Chinese authorities. So far China has not indicated to what extent comments will be taken into account and when the new Catalogue would enter into force.

II.3. Stimulus packages and export support measures

Given the size of fiscal stimulus released in the course of 2008-09, last year has not witnessed a major uptake in support measures. It appears, nonetheless, that certain countries continue disbursing the funds in support to strategic sectors in order to build national industrial champions, while other countries continue supporting domestic manufacturers through support measures aimed to increase their export performance.

Russia and **South Korea** certainly stand out in terms of volumes and scope of measures applied to support domestic industry. However, there are certain differences in approach and objectives. Russia simply continues to allocate additional support funding on the basis of already existing programmes to sectors such as agriculture and agricultural machinery, defence, timber industry, aviation and textiles. Korea targets development of the pharmaceutical, steel, marine and shipbuilding industries. On the other hand, however, Korea consistently pursues the strategy of green growth, shifting the economy's focus toward green technologies, including a wide support to small and medium-sized enterprises in that context.

Worth attention also are activities of **Brazil**, where the National Development Bank continues to support exporters through provision of low-cost credits. Recent extension of its programmes (until 2014) also aims to foster growth of national industry in the context of the wide-ranging Plano Brasil Maior. The latter foresees a series of measures aimed at industrialisation of the economy, development of other sectors and strengthening overall technology base. Accordingly, revenues from exports are expected to co-finance the programme's objectives. At the same time, company taxes are expected to be reduced for

[18] The Catalogue of Industries Guiding Foreign Investment was published in draft form by the National Development and Reform Commission (NDRC) on 1 April 2011. Stakeholders can comment until 30 April 2011 before final publication.

automotive, textiles, footwear, mobile and software producers. Developments under the umbrella of this comprehensive programme pose multiple questions in terms of the direction that Brazil's trade policy is taking along with the measures' compatibility with international law and practice.

II. 4. Trade defence instruments[19]

The trend in terms of trade-defence activity of third countries targeting the EU from previous periods has not changed and the **number of *newly initiated* investigations continues to decline. At the same time, in 2011 the number of *imposed* measures rose significantly.**

Positive news is that the number of investigations initiated went down to 19 initiated cases in the first 8 months of 2011, compared to 36 during the corresponding period of 2010. This may be expected to result in a lesser number of measures imposed in the following months.

After a rather moderate number of measures imposed between January and September 2010, there is a serious increase in the number of measures imposed in the first 8 months of 2011 (25 measures were imposed). At the same time, the number does not go beyond the level of measures imposed in 2009 (33 measures).

Despite of these improvements, China continues to intensively use anti-dumping instrument against the EU. The frequent use of the safeguard instrument (*inter alia* by Indonesia and Ukraine) remains a subject of concern. A particular focus needs to be given to the extension of certain measures imposed by Russia to the territory of Belarus and Kazakhstan due to the created Customs Union between the three countries, which is reflected in the increased numbers of measures imposed during the monitored period.

Table 4. TDI measures imposed, 1 October 2010 – 1 September 2011[20]

[19] Trade defence instruments are legally justified if the relevant international rules have been respected.

[20] For more details on the Commission's monitoring activity of third-country actions please see the Commission's annual report at http://trade.ec.europa.eu/doclib/docs/2011/july/tradoc_148046.pdf, and guide for exporters at http://trade.ec.europa.eu/doclib/docs/2010/october/tradoc_146701.pdf.

Country	Product	Instrument	Type Of Measure	Date of Imposition
Belarus	Metal bolts, nuts, springs	SG	Definitive	2011-Jun-22
	Flatware from corrosion-proof steel	SG	Definitive	2011-Jun-22
	Stainless steel pipes	SG	Definitive	2011-Jun-22
Brazil	Glaze paper	AD	Provisional	2011-Jun-02
Canada	Bell peppers	AD	Definitive	2010-Oct-19
China	Photographic paper	AD	Provisional	2011-Aug-10
	X-Ray security inspection equipment (energy above 100 thousand KeV)	AD	Definitive	2011-Jan-23
	Potato starch	CVD	Provisional	2011-May-19
	Caprolactam	AD	Provisional	2011-Jan-24
	Optical fibre	AD	Definitive	2011-Apr-22
Dominican Republic	Certain sports and other socks	SG	Definitive	2010-Dec-06
	Polypropylene Bbgs	SG	Definitive	2010-Oct-18
Ecuador	Windshields	SG	Definitive	2010-Nov-01
Egypt	PET containers	AD	Definitive	2011-Jun-14
India	Notification N1, 3-dimethyl butyl-N Phenylenediamine (PX-13)	SG	Definitive	2011-Jun-06
Indonesia	Wire of iron/non-alloy steel not plated/coated, containing carbon < 0.25% by weight	SG	Definitive	2011-Mar-23
	Stranded wire, rope & cable, for locked coil, flattened strands and non-rotating wire ropes	SG	Definitive	2011-Mar-23
	Cotton yarn other than sewing thread	SG	Provisional	2011-Feb-09
	Woven fabrics of cotton	SG	Definitive	2011-Mar-23
	Certain wire of iron / non alloy steel, plated with zinc	SG	Definitive	2011-Mar-23
	Stranded wire, rope & cable excluding locked coil, flattened strands and non-rotating wire ropes	SG	Definitive	2011-Mar-23
Kazakh stan	Stainless steel pipes	SG	Definitive	2011-Jun-22
	Metal bolts, nuts, springs	SG	Definitive	2011-Jun-22
	Flatware from corrosion-proof steel	SG	Definitive	2011-Jun-26
Peru	Olive oil	CVD	Definitive	2010-Dec-05
Russia	Steel pipes (for oil and gas industry)	SG	Definitive	2010-Dec-15
	metal bolts, nuts, springs	SG	Definitive	2011-Mar-18
	Caramel	SG	Definitive	2011-Jun-03
Thailand	Glass block	SG	Definitive	2011-Aug-18
Ukraine	Float glass unreinforced, transparent, colourless (thickness 3.5 - 4.5 mm)	SG	Definitive	2010-Oct-23

III. Compliance with the G20 rollback commitment

Compliance with the **G20 pledge to remove without delay potentially trade-restrictive measures** remains meagre. Extension of this commitment until 2013, which took place at the G20 summit in Seoul in November 2010 recognised that further efforts are necessary to reduce the level of potential trade restrictions introduced since the onset of the economic crisis in autumn 2008.

Table 5. Removed/terminated measures per country and type, October 2008 – September 2011

Country	Border barriers	Behind-the-border measures	Services and investment barriers	Government procurement	Export restrictions	Measures to stimulate exports	Stimulus packages and other measures	Total measures per country
Algeria	1							1
Argentina*								0
Australia*								0
Belarus	2							2
Brazil*								0
Canada*							2	2
China*								0
Ecuador	1							1
Egypt	1				1		2	4
Hong Kong							1	1
India*	2				2			4
Indonesia*	1	2	3		1		1	**8**
Japan*							1	1
Kazakhstan	1							1
Malaysia								0
Mexico*	1							1
Nigeria								0
Pakistan								0
Paraguay	3							3
Philippines								0
Russia*	12						1	**13**
Saudi Arabia								0
South Africa*								0
South Korea*							2	2
Switzerland*						2		2
Taiwan							1	1
Turkey*								0
Ukraine	3	1		2			2	8
USA*		1	5	8			5	19
Vietnam	2							2
Total measures by type	**30**	**4**	**8**	**10**	**4**	**2**	**18**	**76**

Against the stock of 424 measures which remain in place or are planned, **only 76 measures have been removed in the last three years**. In the current reference period, between October 2010 and September 2011, 40 measures were eliminated, which compares a bit more favourably with the 36 measures that were brought to an end in the two precedent years. However, the final result remains clearly unsatisfactory even if last year's record indicates certain progress. Nonetheless, this relative acceleration in the past year as compared with the period 2008-2010 needs to be qualified.

Nearly half of all measures terminated in recent months originated in the **United States**. In line with customary practice, November 2010 elections to Congress cleared the legislative agenda of bills which have not passed in both chambers of the Congress before the elections. The **political calendar** alone has therefore contributed to the seemingly accelerated level of eliminating potential trade restriction, which is clearly distinct from political will to ensure compliance with G20 commitments. Against the above connection to the political calendar, only 25 measures could be classified as removed or terminated on points of substance or due to their planned termination schedule.

In qualitative terms, among measures removed so far, **border restrictions**, mainly through import duty increase on a limited and selected category of products, continue to prevail among removed measures. In this context, **Russia** has a proportionately bigger share of removed measures. However, it must be kept in mind that Russia continues to maintain all tariff increases introduced during the economic crisis period, which were subsequently consolidated in the Customs Union Common External Tariff, and extended to its partners, Kazakhstan and Belarus.

The slightly higher number of removed measures in the area of **government procurement** is again due to multiple initiatives which originated in the United States and have not come into being before 2010 Congressional elections. Similar conclusions can be reached about the allegedly terminated stimulus measures. Significant presence of the United States on the list indicates that the risk posed by various draft bills, particularly with respect to the 'Buy National' policy, have been moderated at this stage, while it remains to be seen whether the new Congress decides to revive any of the previous initiatives. With regard to **China**, it seems that important progress is on the way with regard to the issue of indigenous innovation requirements in government procurement. At the third EU-China High-Level Economic Dialogue of 21 December 2010, China indicated that foreign and domestic products will be treated equally and that relevant laws and regulations will be amended accordingly. On other occasions, China further indicated that there will not be any link between procurement and the origin of intellectual property. Following these announcements, China's Ministry of Finance announced the suspension of three key pieces of legislation linking indigenous innovation to government procurement[21], thereby eliminating the legal basis for indigenous innovation. What remains to be solved is the issue of implementation at the provincial level, where catalogues for the public provision of home-grown intellectual property are still in place. This represents the bulk of the barrier in quantitative terms.

Furthermore, **Indonesia** takes a relatively significant share of removed measures, which in most cases were terminated or amended in points of substance. It remains, however, one of

[21] Namely evaluation measures on indigenous innovation products for government procurement, administrative measures on budgeting for the procurement of indigenous innovation products and administrative measures on government procurement contracts for indigenous innovation products.

the most active countries in adopting new potentially restrictive measures influencing trade and investment frequently used as industrial policy tools.

Finally, as far as **India** is concerned, the positive evolution regarding the draft telecom security measures, in the pipeline for adoption since 2009, is also worth attention. In March 2011, India decided to allow telecom operators to – temporarily - choose between a regime based on self certification (but subject to the assessment of competent authorities) and the new system of prior security clearance (based on the signature of specific template agreement where disclosure of source codes and transfer of technology is foreseen). As recently as May 2011, a new license Amendment was issued superseding all prior telecom security-related policies dating back to December 2009. The Amendment reflects some positive developments, including removing (i) the source code escrow and (ii) the transfer of technology requirements, and (iii) the mandatory contractual terms stipulated by the 2010 template agreement. However, the proposed changes raised some new policy issues[22]. The situation will be kept under close monitoring.

[22] Including a requirement for mandatory security testing in an Indian laboratory by 2013, inspection of hardware, software, design, development, and manufacturing facilities as well as supply chains; employment of only resident, trained Indian nationals as executives responsible for certain security cases; and the potential for companies to be "blacklisted" from the Indian market, should they fail to comply with certain laws and regulations.

IV. Conclusions

The findings of this eighth report on potentially trade restrictive measures underline new concerns with regard to trade policies adopted by many countries in the aftermath of the 2008 economic crisis. Current macroeconomic challenges and revised trade outlook as compared with earlier 2011 forecasts suggest a period of uncertainty. This, coupled with signs of slow down in the emerging economies suggest that trade may again become an easy target for policy makers. The desire to maintain economic growth, along with the building up of a domestic industrial base, may favour industrial policies that are contradictory to open trade principles. These, in turn, could have a further negative impact not only in respect of the G20 commitment but also on future recovery efforts, economic growth and employment.

It remains highly worrisome that a number of G20 trading partners continue to resort to trade restrictions. Three aspects are particularly striking: (i) the comparatively wide use of trade restrictive measures by some emerging economies in the context of new industrialisation policy (despite the impressive growth rates of their economies) with Argentina, and increasingly so Brazil, in open contradiction with its G20 commitment; (ii) the continued use of restrictions on raw materials, government procurement – where crisis-related measures are clearly locking in - and investment; and (iii) the still insufficient roll-back of existing measures despite continued commitment to do so by G20 leaders.

In the course of 2011, there were moments when it appeared that the danger of trade protectionism was less relevant. The current state of affairs, however, backed by figures and findings of this report, paints a slightly less optimistic picture.

The EU will continue to vigorously support efforts – at the level of the G20, the WTO and other international organisations – to rein in protectionist tendencies, so that the global trading system does not fall victim to a deteriorating economic situation and European companies can benefit from fair access to global markets.

ANNEX 1

New potentially trade restrictive measures, October 2010 - 1 September 2011

In italic: planned measures

Country	Date of adoption	Measure
Algeria	January 2010 - 2011	A Circular No. 31 imposes a requirement to close disbursement accounts within 90 days bringing about a restriction on maritime transport. Enforced effectively in the course of 2011.
	23 May 2011	Maritime services companies fall under the scrutiny of an implementing act to the 2009 Finance Law, which imposes 40% participation of local capital both on existing and new companies.
Argentina	8 October 2010	General Resolution 2931/2010- Set reference values for imports of swabs (CC 5601.10 and 5601.21) from Asian countries.
	8 October 2010	General Resolution 2932/2010- Set reference values for imports of tyres (CC 4011.61) from Asian countries.
	2 November 2010	General Resolution 2951/2010- Set reference values for imports of plastic nets (CC 3926.90) from Latin American, European and Asian countries.
	2 November 2010	General Resolution 2952/2010- Set reference values for imports of a plastic material (polyethylene terephthalate, CC 3907.60) from Asian countries.
	2 November 2010	General Resolution 2953/2010- Set reference values for imports of musical instrument parts (CC 9209.92) from Asian countries.
	26 November 2010	General Resolution 2970/2010- Set reference values for imports of staple fabric fibres (CC 5516.21, 5516.22, 5516.23 and 5516.24) from Asian countries.
	3 December 2010	General Resolution 2978/2010- Set reference values for imports of certain metal accessories (CC 8104.90) from Asian countries.
	3 December 2010	General Resolution 2979/2010- Set reference values for imports of drinking glasses (CC 7013.28) from European, Asian, Latin American and other countries.
	14 December 2010	General Resolution 2993/2010- Set reference values for imports of certain fabrics (CC 6001.10) from Asian countries.

	15 December 2010	General Resolution 2994/2010- Set reference values for imports of ceramic tableware (CC 6912.00) from European, Asian, Latin American and North American countries.
	15 December 2010	General Resolution 2995/2010- Set reference values for imports of certain fabrics (CC 6006.21, 6006.22, 6006.23 and 6006.24) from Asian countries.
	31 December 2010	Decree 2112/2010-PEN – Reintroduced the prohibition to import used garments (CC 6309.00) for a period of five years.
	31 December 2010	General Resolution 2998/2010- Set reference values for imports of certain fabrics (CC 6005.31, 6005.32, 6005.33, 6005.34, 6005.41, 6005.42, 6005.43 and 6005.44) from Asian countries.
	31 December 2010	General Resolution 2999/2010- Set reference values for imports of certain fabrics (CC 5407.91, 5407.92, 5407.93 and 5407.94) from Asian countries.
	27 January 2011	General Resolution 3025/2011 – Set reference values for imports of glasses (9001.40.00) from 9001.50.00) from China, India and South East Asia.
	27 January 2011	General Resolution 3026/2011 – Set reference values for imports of zippers (9607.1.00 and 9607.20.00) from Asia and South America.
	27 January 2011	General Resolution 3024/2011 – Set reference values for imports of laminated rubber and rubber carpets (4008.21.00 and 4016.91.00) from China, India and South East Asia.
	11 February 2011	General Resolution 3040/2011 – Set reference prices for imports of vinyl chloride polymers (3916.20.00) from South America, some EU member states and Asia.
	11 February 2011	General Resolution 3041/2011 – Set reference prices for imports of rivets and buttons (8308.20.00 and 9606.10.00) from Asia.
	11 February 2011	General Resolution 3042/2011 - Set reference prices for imports of hats (6505.90.00 and 6506.91.00) from Asia.
	24 February 2011	General Resolution 3051/2011 - Set reference prices for imports of graphic equalisers (8543.70.99) from Asia.
	February/March 2011	The application of non-automatic licenses (NALs) was extended to a list of 178 new tariff lines (at 8-digits) including some cars, car parts, motorcycles, bicycles (and its parts), textiles, metallurgical products and some electronic products. The measure is effective since 7 March 2011.

	February-May 2011	Resolution 35794/2011, amending its earlier version, allows cross-border supply of reinsurance services, yet maintains restrictions on reinsurance abroad of life insurance and transfer abroad of more than 40% of premiums of local reinsurers The new provisions are effective since 1 September 2011.
	3 March 2011	General Resolution 3057/2011 - Set reference prices for imports of water and juice sprinklers (8418.69.31) from Asia.
	18 March 2011	General Resolution 3070/2011 – Set reference values for imports of fibre glass fabrics (CC 7019.52.90) from China, India and South East Asia.
	30 March 2011	*Argentine Senate approved a bill modifying public procurement law 25.551 (Buy Argentine) including provisions which could potentially affect EU companies' access to Argentina's public procurement markets.*
	16 May 2011	General resolution 3106/2011–AFIP – sets reference values for imports of certain woven fabrics (CC 5516.14) from Asian countries.
	16 May 2011	General Resolution 3107/2011–AFIP – sets reference values for imports of coated paper and paperboard (CC 4810.13 and 4810.19) from the EU, Russia, North America, South Africa and several Asian countries.
	16 May 2011	General Resolution 3108/2011-AFIP – sets reference values for imports of certain woven fabrics (CC 5515.21) from Asian countries.
	8 June 2011	General Resolution 3121/2011-AFIP – sets reference values for imports of certain cotton fabrics (CC 5209.29, 5209.51, 5209.52 and 5209.59) from Finland, Hungary, Norway, Poland, UK, Czech Republic, Romania, Sweden, Switzerland, South Africa, and other Latin American and Asian countries.
	8 June 2011	General Resolution 3122/2011-AFIP – sets reference values for imports of transmission shafts (CC 8483.10) from Asian countries.
	4 July 2011	General Resolution 3141/2011-AFIP – sets reference values for imports of cotton textiles (CC 5205.11.00, 5205.12.00, etc) from Poland, Romania, Czech Republic and Asian and South American countries.
	4 July 2011	General Resolution 3142/2011-AFIP – sets reference values for imports of glasses (CC9003.11, 9003.19, 9004.10 and 9004.90.10) from Asian countries.

	4 July 2011	General Resolution 3143/2011-AFIP – sets reference values for imports of alarms (CC 8531.10.90, 8531.90 and 8536.41) from Asian countries.
	22 July 2011	General Resolution 3153/2011-AFIP – sets reference values for imports of leather bags (CC 4201.22.10, 4201.22.20 and 4201.29.00) from Asian countries.
	22 July 2011	General Resolution 3154/2011-AFIP – sets references values for imports of plates, sheets and strip of polymers of vinyl chloride and polyurethane.
	22 July 2011	General Resolution 3155/2011-AFIP – sets reference values for imports of toys (CC 9503.00) from Asian countries.
	22 July 2011	General Resolution 3156/2011-AFIP – sets reference values for imports of nylon textiles (CC 5407.42.00) from Asian countries.
	22 July 2011	General Resolution 3157/2011-AFIP – sets reference values for imports of conveyor belts (CC 4010.12.00) from Asian countries.
	22 July 2011	General Resolution 3158/2011-AFIP – sets reference values for imports of polyester textiles (CC 5402.33.00) from Asian countries.
	4 August 2011	General Resolution 3159/2011-AFIP – sets reference values for imports of glasses (CC 9001.50.00) from Asian countries.
		Export tax of 1% applied to a set of fish products (0304.19.19, 0304.19.90, 0304.29.10, 0304.99.00, 0305.49.90, 1604.19.00, 1604.20.90, 1605. 90.00).
Australia	10 May 2011	*Buy Australian at Home and Abroad* initiative foresees additional funding in the domestic 2011-12 budget to reinforce domestic firms' competitive position in procurement bids
Belarus[23]	16 March 2011	Introduced an export duty on linseed, rapeseed and rapeseed oil on a temporary basis, until 16 September 2011.
Brazil	14 December 2010	Tariff increase for tools for pressing, stamping or punching (HS 8207, from 14% to 25%), moulds for metal or metal carbides for injection or compression types (HS 8480, from 14% to 30%).

[23] Given the existence, since 1 January 2010, of the Common External Tariff regime between Belarus, Kazakhstan and Russia, members of the Customs Union, any i*mport restrictions* as proposed by any of the member countries and adopted by the Customs Union Commission are applicable in all three countries. The same applies to import duty increases undertaken by Russia in the run up to January 2010, which were consolidated in the Common External Tariff of the Customs Union.

	December 2010	Buy Brazilian provisions applied to broadband equipment procurement
	27 December 2010	Import tariff increase for toys (HS 9503).
	17 February 2011	Tariff increase on other amino-resins (HS 3909, from 14 to 20%).
	1 March 2011	Tariff increase for moulds for rubber or plastics for injection or compression types (HS 8480, from 14 to 30%).
		Presidential administration is reportedly considering creating an iron ore export tax meant to spur investment in local steel production and reduce reliance on commodities exports.
	31 March 2011	Resolution 224 on reinsurance provides that insurers can only cede a maximum of 20% of their activities to affiliates abroad.
	12 May 2011	Non automatic import licences on automobiles and auto parts were introduced.
	2 August 2011	*"Plano Brasil Maior" was announced as a package of measures aimed at fostering industrial production. The government would apply 25% price preference for domestic products in the area of health, defence, communications and high-tech equipment.*
	2 August 2011	Law Decree Law 7.546 establishes preferential public procurement conditions for domestic bidders in the ICT field. Purchases can be restricted to equipment and services developed and produced in Brazil, with a 25% price preference margin.
	2 August 2011	*Brazil announced the proposal, to be submitted to its Mercosur partners, to raise the number of products in the list of exceptions to the TEC (Common external tariff) from 100 to 200.*
	2 August 2011	Plano Brasil Maior foresees that 3% of export revenues would be redistributed to the benefit of the manufacturing industry.
	August 2011	Customs procedures for imports of textiles and clothing were tightened.
	2 August 2011	Payroll tax cuts are foreseen for textile, footwear, mobile and software producers, also exempted from the payment of the 20% social security tax.

	6 September 2011	Following the planned extension of the list of exceptions to the Common External Tariff of Mercosur, Brazil increased tariffs on imported ceramic tiles, which were put on the list of exceptions, from 12% to 35%.
	16 September 2011	As part of Plano Brasil Maior the Tax on Industrial Products (IPI) is increased by 30% for cars with less than 65% local content (defined as that of Brazil, Mercosur or Mexico). Applicable to cars, lorries and commercial trucks. Valid until December 2012.
Canada	*3 June 2010*	*In the context of the National Shipbuilding Strategy Canadian Government foresees procurement preferences for domestically built ships in selected shipyards.*
China	*August 2010*	*Price control measures for medical devices limiting the companies' mark-up on price, whereby cost calculations would differ for domestic and foreign producers. Expected to enter into force on 1 July 2012.*
	1 January 2011	Requirements for certification tests of wind turbines that seems to discriminate against foreign products.
	March 2011	Review mechanism for mergers and acquisitions on the ground of a broad definition of national security.
	27 July 2011	*Six new technical regulations in the field of IT security are being prepared, to apply to IT facilities of national government departments as well as all other facilities. On grounds of national security, even with respect to commercial use, third party certification*
Ecuador	January 2011	New requirements of conformity assessment for import of ceramic tiles.
	July 2011	Public procurement tender for medicines set a 38% preference margin for domestic suppliers, in line with the 2008 National Procurement System Organic Law.
	26-31 August 2011	COMEX Resolucion no. 17, modified with Resolucion no. 24 of 31 August 2011 introduced a system of non-automatic licences for importation of products such as mobile phones, vehicles and tires, with the aim of restricting imports to protect national industry.
Egypt	June 2011	Higher export duties applicable to crude marble (HS 2515.11) and granite (HS 2516.11) and to unwrought lead, lead waste and scrap (HS 78.01 and 78.02).
India	18 February 2011	Export ban on different kinds of milk and milk-based products was introduced.
	1 March 2011	An export duty of 10% on de-oiled rice ban cake was introduced.
	24 March 2011	Increase of import duties from 10% to 30% for pre-assembled engines, gearboxes and transmission mechanism.

	April 2011	*The telecom regulatory authority recommendations suggest the adoption of discriminatory measures in the telecom sectors (preferential market access to domestically-manufactured products, subsidies, etc).*
	9 September 2011	Export of all varieties of onions is prohibited.
Indonesia	2010	An Investment Negative List continues to be discussed; contains restrictions on provision of services and differentiated treatment of ASEAN and non-ASEAN investors and service providers
	October 2010	The Horticulture Law reduced the foreign equity cap in the sector from 95-100% down to 30%.
	December 2010	*A new government procurement law is currently discussed in the parliament (local content, preference margin, applicable to tenders by private companies in telecoms and electricity sectors).*
	22 December 2010	Regulation No. 241/2010 stipulated import duties for farming products, fishery, pharmaceuticals, manufacture, agri-industry, etc.
	March 2011	*Draft Trade Law has critical provisions such as possibility to stop trade for national interest (vaguely defined) and compulsory character of SNI standards.*
	5 April 2011	New limitations for foreign accountancy firms (e.g. MRA, partnerships with local companies, local content).
	18 April 2011	Temporary increase of import duties for eight food items from 5 to 10 percent.
	2011	*Lower foreign ownership in the banking sector is being considered. Limiting foreign ownership to 50% was suggested. Currently, 99% private ownership is allowed without discrimination.*
		Ministerial Decree 15/2011 specifies the types of fishery products that can be imported. This has resulted in shortage of certain kinds of fish and in an import ban on dory fish fillets.
		Ministerial decree of 17/2010 on aquaculture quality control and safety sets up an import licensing regime for fish.
	2011	Payments and settlements of all domestic commercial transactions and obligations should be conducted in national currency from May 2012, with some exception.
		The Indonesian Parliament is discussing a 'halal law' possibly making certification and labelling obligatory, at a per item cost.

Kazakhstan[24]	January 2011	A ban on export of gas oil (except for heating oil), motor gasoline, and kerosene is in force until end 2011.
	7 August 2011	Export duties on light oil and heavy oil were increased by 16%.
		Export subsidies are planned for export of grain toward the Black Sea and the Baltic Sea regions.
	August 2011	An import duty on raw sugar was increased to USD 140 per ton.
Malaysia	July 2011	Imported meat is subject to Halal quality inspections. While the measure has been in force since 2010, in July 2011 it has been extended to pork products. An arbitrary quota for import of certain pork cuts has been imposed.
Nigeria	30 March 2011	Buy Nigerian instructions for public procurement. Consumer credit facility to be developed, available only for made-in-Nigeria products.
		A tariff review is foreseen to ensure protection of local industries and promote locally-made goods.
Paraguay	17 June 2011	Import licence for import of woven fabrics and lace was introduced through a resolution no.407.
Philippines	July 2011	The Philippine Export Development Plan 2011-13 was approved, allocating PHP 80 million to the Export Support Fund for 2011.
Russia[25]	November 2010	A 5% import duty on certain types of agricultural machinery was introduced.
		An import duty of 10% but no less than 0.15/kg on non-woven materials was introduced.
		Russian Ministry of Economic Development (MED) proposes to increase from 5 to 15% the Russian import duty on soda ash.
		Russian Agriculture Ministry is considering import duty increases on some dairy products, including butter.
		The Ministry of Economic Development (MED) proposes to introduce a 10% import duty on computers, computer monitors and notebook computers, while imported computer components will not be subject to import duties.
		New draft technical regulation on safety of alcoholic beverages threatens to unfairly discriminate foreign producers in several aspects (labelling, certification, etc).

[24] See supra.
[25] See footnote 23.

	28 January 2011	An import duty on certain types of tropical oils was consolidated within the Customs Union territory at the rate of €0.4/kg for containers of 20,000kg or less. The duty is applicable both in Kazakhstan and Belarus.
	24 March 2011	A 10% import duty was imposed on base stations for wireless networks and certain apparatus for the system of fibre-optic network.
		An export duty on petrol has been set at a prohibitive 415.8 USD/ton.
	16 August 2011	5% import duty on elevators and conveyors for underground works was set by the Customs Union Decision No. 736.
	16 August 2011	A specific duty of 5EUR/piece was set on imported fluid-filled radiators, in addition to the 10% ad valorem, by Customs Union Decision No. 738
	16 August 2011	A 5% import duty was set on disc harrows and press balers by Customs Union Decision No. 763.
South Africa	22 July 2011	An import tariff increase on sewing thread of synthetic filament was introduced at 15%.
		The Government is planning to condition the participation of foreign suppliers in public procurement bids on localisation initiatives or stimulation of local exports.
		A new comprehensive FDI policy is in preparation, with planned scrutiny of foreign companies' operations in terms of their impact on social policy. Details to be unveiled.
South Korea	January 2011	State support offering payment guarantee coverage to SMEs has been introduced, with an increase in funding by 16% for 2011 as compared to 2010.
	30 March 2011	Special Act on Fostering and Supporting Pharmaceutical Industry was enacted.
	April 2011	Company-specific payment guarantee coverage for the local shipbuilders to ensure financing needed to cover ship orders.
	10 June 2011	A strategy for upgrading the steel industry foresees substantial funding to increase its competitiveness.
	15 June 2011	Stabilisation fund was created for SMEs having problems with access to raw materials.
Switzerland		*The Swiss Parliament is debating the reintroduction of export credit support for exports of breeding cattle and productive animals.*
Turkey	29 December 2010	A new Law on Renewable Energy No. 6094 specifies incentives for investors using local content in investment projects in the renewable energy sector.

	21 April 2011	Recovered (waste and scrap) paper or paperboard and aluminium waste and scrap were made subject to export registration with a communiqué without stipulating transparent conditions for obtaining an export license.
	June 2011	New decision modifies investment conditions for foreign investors. It foresees subsidised sale of land to investors in the organised industrial zones (OIZ) at variable rates depending on location.
	July 2011	Provisional tariff increases on certain woven fabrics and apparel products reaching up to 20 % and 30 % for fabrics and apparels respectively.
Ukraine	1 July2011	The ban on exports of grain, introduced in 2010, was replaced with an export duty, applicable until 1 January 2012.
USA	1 April 2011	A 'National Dairy Promotion and Research Program' introduces a requirement for importers to pay 7.5 cents per hundredweight of imported milk, or equivalent. The levy will be used to fund promotion and research in the dairy sector.
	1 August 2011	The draft 'Textile and Enforcement Security Act' has been introduced in the Congress, seeking to strengthen customs controls on imported textiles and clothing to prevent fraud.
Vietnam	1 January 2011	Import duty on gold materials (HS 8718) increases from 0% to 10%.
	1 January 2011	Decree 109/2010/ND-CP introduces stricter requirements regarding storage and rice processing facilities.
	21 January 2011	Reference prices introduced for 13 product categories. As a result, import duties are being set at higher levels.
	1 June 2011	The list of reference prices issued on 21 January 2011 was expanded so as to include 7 additional product categories.
	1 June 2011	All imports of wines & spirits, mobile phones and cosmetics shall enter Vietnam only through three ports. Additional customs documentation is required, which has to be consulate-approved before export. Equivalent to an import ban.
	26 June 2011	Importers of motors vehicles with capacity up to nine passengers shall include additional customs documents that need to be approved by the consulate beforehand.
	1 August 2011	A decree No. 46 on employment and administration of foreign employees conditions extension of work permits for foreign workers with employment of local labour force.

ANNEX 2

Extended, modified or prolonged restrictions, October 2010 – 1 September 2011

In italic: planned measures

Country	Date of adoption	Measure
Algeria	7 October 2010	A new public procurement law consolidates Buy Algerian principles introduced in the Presidential decree of 11 July 2010, and sets a high, 25% domestic preference margin.
	8 May 2011	The list of pharmaceutical products banned from importation has been modified as the ban continues to be in place.
Australia	22 June 2011	Victorian Competition and Efficiency Commission recommended removal of the local content and local jobs requirements from criteria in assessment of government procurement bids.
	Autumn 2011	Review of the stimulus package adopted by the New South Wales giving preference in government procurement to domestic bidders is expected in the autumn 2011.
Brazil	15 December 2010	The initially temporary modification of Brazilian public procurement law in 2009, introducing 'buy Brazilian' clauses, was made permanent by means of the Law 12.349/10.
	2 August 2011	Subsidised loan programmes provided by Brazil's state development bank, BNDES, have been extended with additional financing until 2014 to support industrial production.
	2 August 2011	Plano Brasil Maior foresees further support to exporting companies as well as reduction of time lags in access to export refunds.
Canada		Further support to milk processing industry through subsidised prices of milk. The industry is encouraged to use domestic rather than imported products in the production process.
	1 January 2011	Local content requirements have been specified by Ontario under the Green Energy Act for wind and solar energy projects.
China	December 2010/ July 2011	Export quotas of rare earths for H1/2011 represent a decline by 35.2% y-o-y. The reduction of the quotas was higher for foreign invested exporting companies (-38.4%) than for domestic exporting companies (-34%). In addition, a new category of products was added under the quota, while keeping it at 2010 level, resulting in a de facto a reduction of the total quota for 2011 by 30% y-o-y.
	December 2010	*China introduced a number of amendments to the Indigenous Innovation Act and committed to decouple government procurement from intellectual property rights.*

	March 2011	*Draft 'Energy Conservation and New energy Vehicle Development Plan (2011-2020)' foresees that as from 2015 all electric vehicles sales in China must be of Chinese own brands. Entry into force expected for September 2011.*
	1 April 2011	*NDRC published the draft Investment Catalogue for public consultation Adoption expected in autumn 2011.*
Egypt	October 2010	Entry into force of requirements for foreign shipping companies were again postponed, until September 2011.
	23 January 2011	Ad valorem duty for imported sugar was complemented by a specific duty of LE500 (€70) per tonne.
India	*9 November 2010 – May 2011*	*The Indian Tyre Manufacturers' Association launched a legal proceeding against the compulsory certification for tyres, pending the outcome of which the application of the requirements has been suspended (the measure was due to enter into force on 13 May 2011).*
	1 March 2011	The export duty on iron ore fines and lumps was raised to a unified rate of 20%.
	March-May 2011	*India decided to temporarily allow telecom operators to choose between a regime based on self certification and the new system of prior security clearance and issued a new license amendment superseding all prior telecom security-related policies dating back to December 2009.*
	June 2011	The validity of the stimulus package for export-oriented industries was prolonged until September 2011, and further to March 2012.
	24 June 2011	Steel and Steel Products (Quality Control) Second Order 2011. 9 products will have to comply with national standards and certification.
Indonesia	September 2010	*Approval and registration requirements enforced by BPOM are no longer applicable to cosmetics. Decree 1176/2010 replaced the registration with a notification requirement.*
	December 2010	Decree 57/2010 extends the validity of decree 56/2008 on import controls until 31 December 2012.
	December 2010	Decree 54/2010 extends the validity of decrees 8/2009 and 21/2009 on import control of iron and steel until 31 December 2012.
	2011-12	*Additional 30 SNI mandatory standards and certification obligation are planned for adoption in 2011-2012.*
		The use of Bahasa Indonesia on labels and stickers prior to importation continues to be discussed.
	April 2011	Law on Shipping, prohibiting foreign vessels in cabotage, was relaxed, exempting upstream oil and gas vessels from the cabotage rules.

	22 July 2011	Regulation 19/2011 introduced new export taxes on cocoa, valid until end August 2011.
Japan	April 2011	Support for infrastructure exports (E-FACE) to emerging economies in the context of the New Growth Strategy I though this is a clear example of an export support measure which may distort normal trade – and an update on the measure already in the annex. Shouldn't be kept?
	2010	A subsidy scheme for production of eco-friendly vehicles was introduced.
Kazakhstan	January 2011	Crude oil export duty was doubled to USD 40 per tonne (double from USD 20 per tonne before).
	2011	Exporters continue to receive compensation of export costs, with a further 700 million tenge in 2011.
Malaysia		A revision of the National Automotive Policy is ongoing.
Paraguay	30 May 2011	Decree 6674 modifies Decree 6255 and Decree 4008 on government procurement: preference margins, initially increased from the variable 5% to a single 40%, were now modified and lowered in certain cases.
Philippines	July 2011	The government allocated PHP 80 million for another Export Support Fund for the year 2011.
Russia	December 2010	Export duties on nickel and copper, were increased as planned to 10%
	14 January 2011	Buy Russian provisions of public procurement law were extended for 2011
	22 February 2011	Export duty on oil was increased according to world price increases.
	February 2011	New decree introducing stricter conditions for the car industrial assembly scheme which runs until 2020. Under the new decree there are more stringent investment-related measures, like in the case of local content requirements.
	19 May 2011	The import duty on corrosion-resistant pipes was extended in its application to the whole territory of the Customs Union with Belarus and Kazakhstan.
	22 June 2011	The import duty on cutlery made of corrosion-resistant steel, introduced in November 2009, will be applicable until 26 December 2012.
	1 July 2011	Import of cars for personal use is now governed by a Customs Union regulation, applicable also in Kazakhstan and Belarus.
	29 July 2011	Further cuts to the existing meat quotas were made for poultry and pork in 2012.

	Autumn 2011	*Strategic Sectors Law is expected to be reviewed.*
	2011	Further subsidies are disbursed in the course of 2011 to the following sectors: agriculture and agricultural machinery, defence, timber, aircraft, textiles.
	2011	Export support for manufactured goods is foreseen to continue in 2011-13.
South Africa	8 June 2011	New Preferential Procurement Regulations entered into force, aligning procurement principles with the Black Economic Empowerment Act of 2003.
South Korea	*23 February 2011*	*Triple 15 Strategy for wind and solar energy sector development under the Green New Deal.*
	February 2011	Further support for the introduction of green certification and costs of setting up quality inspections for green SMEs.
	March 2011	Support for the marine and shipbuilding industry to enhance its competitiveness.
	June 2011	Comprehensive scheme for automobile parts producers was introduced.
	23 June 2011	Revised Distribution Industry Development Act envisages further restrictions on access to the market for large retailers.
	November 2011	Further support to R&D of pharmaceutical industry.
Thailand		*Life and Non-Life Insurance Acts are being amended so as to keep 75% ownership and voting rights to Thai nationals. Reintroduction of a draft notification that would introduce foreign dominance criteria in the telecom sector by taking into account such elements as shareholding, management control and supply relationship.*
Turkey	February 2011	Amendment to the Public Procurement Law partly revised the preferential margins applicable to domestic bidders. Procuring entities may grant 15% domestic price advantage to domestic or international bidders in supply tenders if they offer domestically produced goods.
USA		*A draft bill (H.R. 6969) introduced in Congress in 2009 to amend the Internal Revenue Code (the Neal bill) is expected to be reintroduced in the new Congress in the coming months.*
	14 March 2011	The draft 'Free and Fair Trade Act of 2011' reintroduces the previous proposal on removal of trade preferences for import of certain sleeping bags currently benefitting from the GSP regime.
Vietnam	25 March 2011	List of products discouraged from importing has been modified and replaced the previous list of 16 April 2010. Scope extended to foodstuff, some chemicals and manufactured articles.

ANNEX 3

Lifted/ terminated restrictions[26], October 2010 – 1 September 2011

Country	Date of adoption / entry into force	Measure description
Algeria	24 March 2011	Requirement to supply certification documents with each delivery of goods to Algeria has been removed.
Canada	2009-2010	Subsidies for the purchase by the Canadian Coast Guard of domestically made vessels were terminated.
	2010-11	Subsidies for the automotive industry have been terminated.
Egypt	End 2010	The fiscal package addressing the effects of the crisis on domestic economy expired.
	End 2010	Third fiscal package worth EGP 10 billion for 2008-10 aimed at addressing the impact of the global crisis on the domestic economy have been spent. The measure terminated.
Hong Kong	End 2010	The stimulus package, introduced in the course of the economic crisis, was terminated end of 2010.
India	April 2011	Export tax on raw cotton and cotton yarn was revoked.
	August 2011	All export restrictions on cotton were terminated.
Indonesia	2010	A fiscal stimulus package adopted in 2009 with measures aiming at improving the purchasing power, strengthening competitiveness and increasing job opportunities was discontinued.
	January 2011	Decree 45/2009 was amended by decree 39/2010 which allows economic operators to import both finished goods for sale on the domestic market and raw materials for production, under the same legal entity. The law is no longer considered as restrictive or discriminatory for trade.
		Ministry of Trade Decree 19/2009 required electronics and telecommunications producers to have six service centres in Indonesia. The obligation is no longer in force.
		Draft regulation on cosmetics of the Food and Drug Safety authority (BPOM) was intended to tighten the labelling and packaging requirements for imported cosmetics. It has not entered into force.
		Draft Trade Law would set limitations in retailing and distributions for large companies and SMEs.

[26] Previously reported draft measures are included.

		Obligation for exporters of certain products (palm oil, minerals, also coal, coffee, cocoa and rubber) to obtain letters of credit from local banks for export transactions exceeding US$ 1 million. And now?
Japan	March 2011	Car scrapping scheme favouring domestic brands was terminated.
Mexico	6 July 2011	Mexico and the US signed an agreement allowing Mexican trucks into the US territory; in exchange, the Mexican authorities published the 50% reduction on retaliatory tariffs that were imposed on 99 products (mainly agricultural).
Paraguay	End 2009	Tariff increases for certain chemical products are no longer in force.
	11 February 2010	Import licensing requirements for poultry meat expired on 11 February 2010. *The government is however evaluating the possibility to extend the measure again.*
Russia	24 December 2010	Ministry of Industry's earlier plans to increase import duties on car parts and components was not introduced by means of separate legislation. Preferential conditions of import of car parts have instead become part of individual investment packages with car producers, as per confirmed rules on car assembly regime, introduced in a joint ministerial order.
	June 2011	Cash for clunkers programme was terminated.
Ukraine	1 January 2011	Resolution "On amendments to the resolution on public procurement of goods, works and services" introducing 'Buy National' provisions expired, while the new Public Procurement law adopted in July 2010 removed the potentially trade-distortive provisions.
		Resolution No. 264 "On enlargement of internal market for domestic producers of machine-building for agriculture complex", restricting purchase of agricultural equipment to domestic producers, expired.
USA	November 2010	The Foreign Manufacturers Legal Accountability Act of 2009 was not adopted by the Congress before the November 2010 elections. No further action on the draft was taken.
	November 2010	Financial Services and General Government Appropriations bill (S 1432, HR 3170) was not adopted by the Congress before the November 2010 elections. No further action on the draft was taken.
	November 2010	“National Defense Authorization Act for Fiscal Year 2010”, which included 'Buy American' provisions was not adopted by the Congress before the November 2010 elections. No further action on the draft was taken.
	November 2010	'Buy American' provisions on steel and iron and manufactured goods and 'Hire American' provisions, expected to be included

		in the economic stimulus legislation, were not adopted.
	November 2010	The Assistance, Quality and Affordability Act (HR 5320), which included new Buy American requirements, was not adopted by the Congress before the November 2010 elections. No further action on the draft was taken.
	November 2010	Buy American Improvement Act, S 2890, was not adopted by the Congress before the November 2010 elections. No further action on the draft was taken.
	November 2010	Extension of the Federal Aviation and Administration act has not taken place before the November 2010 elections. Temporary extensions expired.
	November 2010	Consolidated Land, Energy, and Aquatic Resources Act, H.R. 3534, which inter alia provided for Buy American-type of clauses, was not adopted by the Congress before the November 2010 elections. No further action was taken.
	2010	Car industry support measures expired.
	November 2010	'Car scrappage' legislation (HR 1550) was not passed by the Congress before the November 2010 elections. No further action on the draft was taken.
	November 2010	American Clean Energy and Security Act of 2009 (H.R. 2454), was not adopted by the Congress before the November 2010 elections. No further action on the draft was taken.
	November 2010	Initiatives related to 'black liquor' production were streamlined into the Tax Relief, Unemployment Insurance Reauthorisation, and Job Creation Act of 2010 (H.R.4853) which renewed tax reliefs for alternative energy production but removed black liquor fuel as an eligible fuel.
	November 2010	Amendments to the Jones Act were not adopted by the Congress before the November 2010 elections. No further action was taken.
	November 2010	The Reciprocal Market Access Act was not adopted by the Congress before the November 2010 elections. No further action was taken.
	November 2010	The Berry Amendment Extension Act was not adopted by the Congress before the November 2010 elections.
	November 2010	Made in America Promise Act (HR 2039) was not adopted by the Congress before the November 2010 elections. No further action was taken.
Vietnam	15 November 2011	Circular 216/2009 increasing import duty on alloyed steel from 5% to 10% was withdrawn.
	2011	Tariff increases levied on newsprint and printing/writing paper were removed.

ANNEX 4

Potentially trade restrictive measures adopted or planned in the context of the economic crisis, since October 2008

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I. BORDER BARRIERS[27]

Algeria:

- On 30 November 2008, Algeria introduced measures restricting imports of a certain number of products such as drugs allegedly in order to protect the local pharmaceutical industry. Accordingly, a foreign-manufactured medicine cannot be imported if the same medicine is produced by at least three manufacturers in Algeria in quantities satisfying the market demand. **A new order of 8 May 2011 modifies the original regulation which introduced a de facto import ban on pharmaceutical products. The list of drugs banned for imports in Algeria, as established in November 2008, initially included 358 products of all categories, resulting in repetitive market deficiencies since the ban was enforced. 59 new products were added to the list, while 160 were removed from the original list. 257 types of medicine remain formally banned from importation.**

- A new Algerian Decree (Décret executif n° 10-89), issued on 14 March 2010 makes the exemption of import duties (zero tariffs) within the framework of free-trade agreements with Algeria, including includes the EU-Algeria Association agreement, dependent on an approval by the Algerian trade authorities. This new procedure will oblige companies exporting to Algeria to submit supporting documents (invoice, legal and fiscal documents) to the *Directions régionales du commerce*, which shall issue import authorisations within 30 days from the date of request. These provisions were implemented for all shipments made as of 15 March 2010. It remains to be seen at this stage whether this new provision will translate (1) into a new system of non-automatic licenses, whereby imports will be submitted to the approval of Algerian authorities on a case by case basis or (2) into a more burdensome import regime, whereby imports will not be submitted to licenses but will only have to undergo a more heavy administrative procedure (in this respect, it is worth noting that Algeria states that this approval procedure has to be considered as a "statistical license").

Argentina:

- Import Licences
  - In October 2008, the Government implemented the requirement for non-automatic import licenses for ovens and TV/video sets (Customs Codes 8516.60.00 and 8528.72.00) and in November 2008 introduced the requirement for a Certificate of Imports (CIM) for metallurgical products, yarns and fabrics and footwear.
  - In December 2008 the Government announced that it would increase the use of non-automatic licenses for sensitive sectors (footwear, textiles, etc.) and in January 2009, licenses (the so-called "Certificado de Importación" or CIN) for imports of tyres.

[27] Measures reported since November 2009 are marked in **bold.**

- In February 2009, the Government updated the list of merchandise subject to automatic import licenses (LAPI) in which it included, for example, aluminium bars.

- On 4 March 2009, through Resolution 61/2009, Argentina extended the coverage of import licenses to 200 new product lines. Non-traditional sensitive goods (air conditioners, furniture, machinery, etc) have been included.

- On 14 April 2009 Argentina introduced import licenses for 60 new product lines, covering mechanical appliances, clothing, musical instruments, dye/paint and other manufactured products.

- On 14 April 2009 Argentina suspended for 30 days the licensing requirement for imports of self-tapping screws and other types of screws and bolts and as of 21 April 2009 it made licenses for imports of tyres mandatory only for final consumption purposes.

- On 13 July 2009 by Resolution 251/2009 Argentina extended the list of products requiring an import licence by some 60 items, such as motor powered fans, vacuum cleaners and cotton textiles. This Resolution modifies the previous ones on import licence requirements (444/2004, 343/2007, 588/2008, 589/2008 and 61/2009).

- On 21 August 2009, through Resolution 337/2009, Argentina introduced import licences for some auto parts (5903.10.00, 5903.20.00, 5903.90.00, 6813.81.90, 6813.89.10, 8507.10.00 – those of more than 12 volts or 28mA, 8708.30.19 and 8708.93.00).

- Import license requirements were set for stamps-photos, labels, ballasts and water pumps as of 11 November 2009.

- Argentina reintroduced the application of import licences initially suspended on 8 September 2009 for 60 days (Resolution 61/2009). The following products are again subject to the regime: trade & advertising material (4911.10.90), pictures-designs & photographs (4911.91.00), printed matter in general (4911.99.00) and electrical transformers (8504.10.00).

- Argentina reintroduced the application of import licences initially suspended through Resolution 29/2010 regarding tyres (HS 4011). The measure is back in force.

- **Between February 14 and March 9, through Resolutions 45/2011 and 77/2011, the Government of Argentina extended the application of non-automatic licenses (NALs) to a list of 178 new tariff lines (at 8-digits) including some cars, car parts, motorcycles, bicycles (and its parts), textiles, metallurgical products and some electronic products. The measure, effective since March 7, 2011 (20 days after the publication of the measure in the Official Gazette), excludes for 60 days those items already shipped before said date.**

- <u>Reference prices (covering around 24,000 products)</u>

- Since September 2008, reference values for imports have been updated in order to avoid commercial fraud (under invoicing) for several sectors, such as textiles, metallic products and tyres.

- In October 2008 the customs administration set new revised reference prices for toys, textiles, footwear, steel, etc. In January 2009 reference prices were set for steel pipes and in February 2009 for glass fibre discs, cotton fabrics, backpacks, drive-axles, guitars, flash memories, etc.

- The External Note 20/2009 of 3 March 2009 introduced reference values for imports of 'brake parts' from the EU, China, South East Asia and MERCOSUR countries.

- The External Note 24/2009 of 17 March 2009 introduced reference values for imports of sweaters and pullovers from South-East Asia and Mercosur countries.

- The External Note 28/2009 of 27 March 2009 introduced reference values for imports of ceramic and metal products.

- In April 2009, Argentina set minimum FOB prices for imports of roller chains, tableware, kitchenware and household items, cooling pumps for cars and tube and pipe fittings from China.

- Additionally, Argentina set reference values for imports of wool products from China, South-East Asia, MERCOSUR and Latin America and for imports of brooms and brushes from China and South-East Asia.

- On 14 May 2009, by the External Note 43/2009, reference values were introduced for synthetic textiles of South Asian origin.

- On 15 May 2009 Argentina introduced reference values for imports of plastic tableware.

- On 22 May 2009 Argentina established reference value for copper wire imported from South-East Asia, Mercosur, Ecuador, Chile, Colombia and China.

- The External Note 49/2009 of 28 May 2009 introduced reference price for tyres from China and South-East Asia.

- On 3 June 2009 reference price was established for steel products imported from Chile and Mercosur countries through the External Note 54/2009.

- On 16 June 2009 Argentina introduced reference values for electrical connection terminals, implemented through the External Note 57/2009.

- On 26 June 2009 reference price was set for fibreglass imports from South-East Asia.

- On 14 July 2009 reference price was introduced for imports of crossheads from Korea, India and other South-East Asian countries through the External Note 65/2009.

- On 14 July 2009 Argentina also set reference price for brake parts and dampers by the External Note 66/2009.

- Reference price for imports of flanges from China, Hong Kong and other South-East Asian countries since 17 July 2009 were introduced through the External Note 68/2009.

- Reference price was also set for imports of footwear from China since 20 July 2009, on the basis of the External resolution 259/2009.

- The External Note 70/2009 of 5 August 2009 introduced reference price for imports of embroideries (8544.11.00) from South-east Asia, MERCOSUR, Ecuador, Chile and Colombia since 28 July 2009. .

- Reference values for imports of wire (8544.11.00) from China, Hong Kong, Korea, the Philippines, South-East Asia, MERCOSUR, Ecuador, Chile, and Colombia were implemented through External Note 76/2009 of 3 September2009.

- Reference values for imports of gloves (6116.10.00, 6116.91.00, 6116.92.00, 6116.93.00, 6116.99.00) from China, Hong Kong, Korea, the Philippines, South-East Asian countries, India, Pakistan, etc. were implemented through External Note 77/2009 of September 3, 2009.

- A minimum FOB value for imports of colorants and pigments from China and India (3204.14.00 at USD 5.36 per kg, 3204.12.10 at USD 10.56 per kg, and 3204.17.00 at USD 8.38 per kg) was implemented through Resolution 365/2009 of 10 September 2009.

- A minimum FOB value for imports of glass fibre from New Zealand (7019.39.00) of USD 1.525 (uncoated) and USD 3.28 per kg (coated) was implemented through Resolution 376/2009 of 16 September 2009.

- A minimum FOB value for imports of pneumatics tyres for bicycles (position 4011.50.00) made by HWA FONG RUBBER Company from China and Thailand at USD 2.59 per kg was implemented through Resolution 377/2009 of 19 September 2009.

- A minimum FOB value for imports of compact disks (8523.40.11) from Paraguay at USD 0.25 per unit was implemented through Resolution 393/2009 of 18 September 2009.

- Reference values were set for the import of fungicides and food grinders as of 4 November 2009.

- Reference values were set for the imports of compact discs as of 4 November 2009.

- Reference values were set for imports of motorcycle part from India, China and South-East Asia as of 4 November 2009.

- Reference values were set for imports of denims from China as of 9 November 2009.

- Reference values were set for the import of wheels and steel rims from China at USD 3.14/Kg as of 13 November 2009.
- Reference value were set for imports of glasses and parts thereof from Indian, China and South-East Asia as of 17 November 2009.
- Reference values were set for imports of wires from India, China, MERCOSUR and other Latin American countries as of 17 November 2009.
- Reference values were set for imports of strollers from China, India and South Africa as of 30 November 2009.
- Reference values were set for imports of hinges and parts thereof from China, India and South-East Asia as of 9 December 2009.
- Reference values for imports of electric water heaters from India, China and South-East Asia as of 26 February 2010.
- Reference values were set for imports of baths, shower baths, sinks and washbasins, boxes, cases, crates and similar articles of plastic, plastic seats, plastic furniture, footwear, from Brazil, Colombia, Chile, Ecuador, Paraguay, Uruguay, India, China and South-East Asia were introduced through Resolutions 2781/2010 and 2782/2010 of 26 February 2010.
- Through Resolutions 2777/2010, 2778/2010, 2779/2010, 2780/2010, 2802/2010, 2785/2010 of 26 February 2010 reference values were set for imports of pulleys, automatic circuit breakers, dyed artificial fabrics, benzoyl peroxide, press-fasteners, buttons, tubular or bifurcated rivets from India, China and South-East Asia.
- Through Resolution 2783/2010 of 28 February 2010 reference value was set for imports of glasses from some EU Member States (Finland, Hungary, Poland, UK, Czech Republic, Romania and Sweden), Canada, US, Mexico, China and South-East Asia, Colombia, Chile, Ecuador, Paraguay.
- Reference values were set for imports of lighters from China through Resolution 58/2010 of 19 March 2010.
- Through General Resolution 2808/2010 of 4 July 2010, 2871/2010 of 15 July 2010 and 2896/2010 of 17 August 2010 set reference values for imports of copper coil, copper pipes, copper products and boxes, cases, crates and similar articles from MERCOSUR, Chile, Colombia, Ecuador, India, China and South-East Asia.
- Through General Resolution 2870/2010 of 7 July 2010 reference values were introduced for imports of apples from MERCOSUR, Chile, Colombia and Ecuador.
- Through General Resolution 2872/2010 and 2874/2010 of 15 July 2010, and 2893 and 2895 of 17 August 2010 set reference values for imports of glasses, bags, polyester textiles and chlorodifluoromethane from India, China and South-East Asia.

- Through General Resolution 2894/2010 of 17 August 2010 reference values for imports of auto accessories (87089990) from Finland, Hungary, Poland, UK, Sweden, Romania, Russia, China, India, South-East Asia.
- Through General Resolutions 2899/2010 of 24 August 2010, 2897/2010 of 17 August 2010 and 2891/2010 of 17 August 2010 set reference values for import of blank CDs/DVDs, plates, sheets, film, foil and trip and synthetic filaments from Germany, Belgium, the Netherlands, Span, France, Italy, Japan, NAFTA countries, India, China and South-East Asia.
- Through General Resolution of 2859/2010 of 22 June 2010 set reference values for imports of yarn from India, China and South-East Asia.

- **General Resolution 2931/2010- Set reference values for imports of swabs (CC 5601.10 and 5601.21) from Asian countries (08.10.2010)**
- **General Resolution 2932/2010- Set reference values for imports of tyres (CC 4011.61) from Asian countries (08.10.2010)**
- **General Resolution 2951/2010- Set reference values for imports of plastic nets (CC 3926.90) from Latin American, European and Asian countries (02.11.2010)**
- **General Resolution 2952/2010- Set reference values for imports of a plastic material (polyethylene terephthalate, CC 3907.60) from Asian countries (02.11.2010)**
- **General Resolution 2953/2010- Set reference values for imports of musical instrument parts (CC 9209.92) from Asian countries (02.11.2010)**
- **General Resolution 2970/2010- Set reference values for imports of staple fabric fibres (CC 5516.21, 5516.22, 5516.23 and 5516.24) from Asian countries (26.11.2010)**
- **General Resolution 2978/2010- Set reference values for imports of certain metal accessories (CC 8104.90) from Asian countries (03.12.2010)**
- **General Resolution 2979/2010- Set reference values for imports of drinking glasses (CC 7013.28) from European, Asian, Latin American and other countries (03.12.2010)**
- **General Resolution 2993/2010- Set reference values for imports of certain fabrics (CC 6001.10) from Asian countries (14.12.2010)**
- **General Resolution 2994/2010- Set reference values for imports of ceramic tableware (CC 6912.00) from European, Asian, Latin American and North American countries (15.12.2010)**

- **General Resolution 2995/2010- Set reference values for imports of certain fabrics (CC 6006.21, 6006.22, 6006.23 and 6006.24) from Asian countries (15.12.2010)**

- **General Resolution 2998/2010- Set reference values for imports of certain fabrics (CC 6005.31, 6005.32, 6005.33, 6005.34, 6005.41, 6005.42, 6005.43 and 6005.44) from Asian countries (31.12.2010)**

- **General Resolution 2999/2010- Set reference values for imports of certain fabrics (CC 5407.91, 5407.92, 5407.93 and 5407.94) from Asian countries (31.12.2010)**

- **General Resolution 3025/2011 – Set reference values for imports of glasses (9001.40.00) from 9001.50.00) from China, India and South East Asia (27.01.2011).**

- **General Resolution 3026/2011 – Set reference values for imports of zippers (9607.1.00 and 9607.20.00) from Asia and South America (27.01.2011).**

- **General Resolution 3024/2011 – Set reference values for imports of laminated rubber and rubber carpets (4008.21.00 and 4016.91.00) from China, India and South East Asia (27.01.2011).**

- **General Resolution 3040/2011 – Set reference prices for imports of vinyl chloride polymers (3916.20.00) from South America, some EU member states and Asia (11.02.2011)**

- **General Resolution 3041/2011 – Set reference prices for imports of rivets and buttons (8308.20.00 and 9606.10.00) from Asia (11.02.2011).**

- **General Resolution 3042/2011 - Set reference prices for imports of hats (6505.90.00 and 6506.91.00) from Asia (11.02.2011)**

- **General Resolution 3051/2011 - Set reference prices for imports of graphic equalisers (8543.70.99) from Asia (24.02.2011)**

- **General Resolution 3057/2011 - Set reference prices for imports of water and juice sprinklers (8418.69.31) from Asia (03.03.2011)**

- **General Resolution 3070/2011 – Set reference values for imports of fibre glass fabrics (CC 7019.52.90) from China, India and South East Asia (18.03.2011).**

- **General resolution 3106/2011–AFIP – sets reference values for imports of certain woven fabrics (CC 5516.14) from Asian countries (16 May 2011).**

- **General Resolution 3107/2011–AFIP – sets reference values for imports of coated paper and paperboard (CC 4810.13 and 4810.19) from the EU,**

Russia, North America, South Africa and several Asian countries (16 May 2011).

- **General Resolution 3108/2011-AFIP – sets reference values for imports of certain woven fabrics (CC 5515.21) from Asian countries (16 May 2011).**

- **General Resolution 3121/2011-AFIP – sets reference values for imports of certain cotton fabrics (CC 5209.29, 5209.51, 5209.52 and 5209.59) from Finland, Hungary, Norway, Poland, UK, Czech Republic, Romania, Sweden, Switzerland, South Africa, and other Latin American and Asian countries (8 June 2011).**

- **General Resolution 3122/2011-AFIP – sets reference values for imports of transmission shafts (CC 8483.10) from Asian countries (8 June 2011).**

- **General Resolution 3141/2011-AFIP – sets reference values for imports of cotton textiles (CC 5205.11.00, 5205.12.00, etc) from Poland, Romania, Czech Republic and Asian and South American countries (4 July 2011).**

- **General Resolution 3142/2011-AFIP – sets reference values for imports of glasses (CC9003.11, 9003.19, 9004.10 and 9004.90.10) from Asian countries (4 July 2011).**

- **General Resolution 3143/2011-AFIP – sets reference values for imports of alarms (CC 8531.10.90, 8531.90 and 8536.41) from Asian countries (4 July 2011).**

- **General Resolution 3153/2011-AFIP – sets reference values for imports of leather bags (CC 4201.22.10, 4201.22.20 and 4201.29.00) from Asian countries (22 July 2011).**

- **General Resolution 3154/2011-AFIP – sets references values for imports of plates, sheets and strip of polymers of vinyl chloride and polyurethane (22 July 2011).**

- **General Resolution 3155/2011-AFIP – sets reference values for imports of toys (CC 9503.00) from Asian countries (22 July 2011).**

- **General Resolution 3156/2011-AFIP – sets reference values for imports of nylon textiles (CC 5407.42.00) from Asian countries (22 July 2011).**

- **General Resolution 3157/2011-AFIP – sets reference values for imports of conveyor belts (CC 4010.12.00) from Asian countries (22 July 2011).**

- **General Resolution 3158/2011-AFIP – sets reference values for imports of polyester textiles (CC 5402.33.00) from Asian countries (22 July 2011).**

- **General Resolution 3159/2011-AFIP – sets reference values for imports of glasses (CC 9001.50.00) from Asian countries (4 August 2011).**

Tariff increases

- o Since 15 October 2008 Argentina implements the legislation adopted in September 2007 on increase of the external Mercosur tariff on textiles and footwear to 26-35% (depending on the product).

- o In October 2008 controls of all imports were increased with the stated objective of "preventing commercial fraud" in the context of the global financial turmoil. The customs administration also sent alerts to increase border controls for sensitive goods.

- o Specific duty to laminated steel from Korea, South Africa, Australia and Taiwan applies as from 19 November 2009.

- o In December 2009, MERCOSUR countries raised the common external tariffs on a number of items including some dairy products (tariff rise from 11% to 28% ad valorem), some textile (14% to 18%) and some bags, backpacks and suitcases (18% to 35%).
- o Decree 1192/2010-PEN of 28 September 2010 adopted MERCOSUR Decision 25/2009, which temporarily increases import taxes on dairy products (CC 0402.10, 0402.21, 0402.29, 0402.99, 0404.10, 0406.10 and 0406.90) up to 28% until 31.12.2011, and reduces it to 16% after that date.

- Import ban on food products, introduced through an informal note 232 of the Secretary of Internal Trade, applicable since 7 May 2010 through non-issuance of certificates of free circulation by the National Food Institute. All importers are now required to obtain approval from the Secretary of Internal Trade. The measure is reportedly aimed to restrict food imports in order to protect Argentina's balance of payment surplus.

- **Decree 2112/2010-PEN of 31 December 2010 – Reintroduced the prohibition to import used garments (CC 6309.00) for a period of five years.**

Brazil:

- On 5 June 2009 Brazil raised tariffs applied on eight steel products from 0 to 12-14%. The measure hits mainly China, NAFTA, Argentina and Russia, the main suppliers of Brazil.

- On 18 June 2009, the Ministry of Trade increased import tariffs from zero to 14% on all wind turbines with capacity up to 3,300kVA, which corresponds to approximately 2.640kW (CAMEX Resolution No. 37, of 18 June 2009). Turbines with capacity over 3,300kVA continue to face a zero tariff. The tariff measure includes a grace period for imports registered until 21 December 2009.

  The Brazilian bound tariff for this product at WTO is 35%. The affected trading partners are all countries producing wind-powered electric

generating sets. In 2007, four countries were responsible for 94% of all wind turbine exports: Denmark (49.6%), Germany (28%), Japan (10.2%) and Spain (5.7%)[28].

- Brazilian government raised on 26 August 2009 the import duty on lauryl alcohol and stearyl alcohol, which are used in the production of cosmetics, from 2 to 14% (bound WTO tariff is 35%).
- **On 14 December 2010, Brazil increased tariffs for tools for pressing, stamping or punching (HS 8207, from 14% to 25%), moulds for metal or metal carbides for injection or compression types (HS 8480, from 14% to 30%).**
- **On 27 December 2010, Brazil increased import tariffs for toys (HS 9503) from 20 to 35%.**
- **On 17 February 2011, Brazil increased tariffs on other amino-resins (HS 3909, from 14 to 20%).**
- **On 1 March 2011, Brazil increased tariffs for moulds for rubber or plastics for injection or compression types (HS 8480, from 14 to 30%).**
- **On 12 May 2011, Brazil introduced non automatic import licences on automobiles and auto parts. In accordance with the WTO import licensing agreement, licenses are applicable *erga omnes* and are intended to be issued within the mandatory 60 day period.**
- ***In its Programme Brasil Maior announced on 2 August, Brazil announced the proposal, to be submitted to its Mercosur partners, to raise the number of products in the list of exceptions to the TEC (Common external tariff) from 100 to 200.***
- **Brazil has tightened its procedures for imports of textiles and clothing. This is part of an operation defined as "Panos Quentes III" (warm cloth III), which foresees stricter customs controls. Textiles and clothing imports are now passing through the grey and red customs procedures, which means that goods are subject to physical inspection and samples can be subject to tests in laboratories. As a result, time for imports to be liberated could take as long as 90 days (+ 90 additional days if need be). Additionally, a higher number of certificates being requested by customs authorities. It is a response to alleged fraud in declarations of origin, mainly in the context of triangular trade practices denounced by industry. *The same procedures are likely to be extended to other sectors in the future.***
- **On 6 September 2011, Brazil included ceramic tiles in the list of exceptions to the Mercosur Common External Tariff (extension of the list of exceptions was announced as part of the Plano Brasil Maior), and increased the applicable duty for imports from 12 to 35% (HS 6907).**

China:

- The Ministry of Finance released the Circular on Suspending the Policy of Tariff Reduction and Exemption on Imported Taxable Products in the Trade Remedy Measures. It entered into force on 1 May 2009.

[28] According to the UN Comtrade.

Ecuador:

- The Government's Executive Decree 367 introduced, from 1 June 2010, new tariffs for footwear, 10% ad valorem and a specific tariff of 6 USD. Executive Decree No. 372, in force since 1 June 2010, set the tariff on clothing and textiles at 10% ad valorem plus a specific tariff of USD 5.50/kg.
- **COMEX Resolucion no. 17 of 2 August 2011, modified with Resolucion no. 24 introduced a system of non-automatic licences for importation of products such as mobile phones, vehicles and tires, with the aim of restricting imports to protect national industry. There are indications that the objective of the licence is to limit imports of certain products by as much as 20%.**

Egypt:

- On 20 August 2009, all import duties on sugar were abolished be it on raw or on refined sugar until the end of December 2009. The measure aims at lowering domestic prices for sugar, in line with the policy of subsidising basic foodstuffs for citizens, especially those of the low income segment. The exemption of import duties on sugar was extended until 30 June 2010. However, in October 2010, import duties were revised and partly reintroduced, as per Ministerial Decree 1035/2010. While raw sugar is subject to 0% import duty, imports of white sugar now face a 10% duty. **In January 2011, a specific duty was added to the existing 10% levy, in the amount of LE500 (€70) per tonne.**

India:

- India is increasingly using import licences at the discretion of the authorities to limit imports of sensitive products. On 21 and 24 November 2008, less than one week after the G20 declaration on standstill, several products were moved from the "free" to the "restricted" list of imports involving import licences. Steel products were also put on the list of restricted imports, for which an import licence is requested. The experience – especially in the tyres sector - shows that the licensing system is not automatic: it involves delays; authorised quantities can be lower than requested; and the granting of licences is limited to actual users. Meanwhile, India moved work clothing and other worn articles to the restricted list on 19 May 2010 through Notification 43/2009-14. It emerges that six items still remain in the restricted list: electrical energy, medium density boards (3), elastomeric and worn clothing and other worn articles.
- Through Notification 09/2009-2014 dated 10 September 2009 India moved electrical energy (2716 00 00) to the restricted list. In this case, import licence would be issued by the DGFT in consultation with the Ministry of External Affairs, Ministry of Power and Department of Power. However, imports for Special Economic Zones (SEZs) would be 'free'.
- **On 24 March 2011, India adopted a new definition for Completely Knocked Down (CKD) kit (HS 8703) which resulted in an increase of import duties from 10% to 30% for pre-assembled engines, gearboxes and transmission mechanism.**

Indonesia:

- Decree 56/2008, which entered into force on 15 December 2008, imposed burdensome requirements on imports of over 500 products. Imports are subject to licenses, must undergo pre-shipment inspection and can only enter the country through six seaports and international airports. Affected sectors include clothing and textiles, electronics, toys, footwear and food and beverages. It became effective for clothing and textiles on 1 January 2009 and for other products on 1 February 2009. The economic impact for EU exporters is up to EUR 388 million, about 6.5% of EU exports to Indonesia. However, priority lane importers, including many of the large European companies, are exempted from the requirements. The decree is temporary and expires on 31 December 2010. In April 2010 the decree 56/2008 was expanded to cover cosmetics and traditional /herbal medicines (41 new tariff lines), due to domestic pressure to face increasing imports from China. **In December 2010, decree 57/2010 was adopted prolonging the former decree 56 for two more years until 31 December 2012.**

- Ministry of Trade Decree 8/2009 (08/M-DAG/PER/2009) requires that 200 iron and steel products be only imported by licensed importers and that all shipments undergo a pre-shipment inspection. The Decree 8/2009 was updated by Decree 21/2009, which reduced the amount of HS codes included in the regulation from 203 to 169 HS codes. Ministry of Trade has appointed two surveyors (PT Sucofindo and PT Surveyor Indonesia) to conduct the pre-shipment inspections. The revised Decree 21/2009 eliminates the requirement to submit Goods Import Plan in the application by an importer-producer (IP) or an importer (IL) for importation of iron and steel products (a requirement present in the Decree 8/2009). Furthermore it enlisted the industries excluded from the scope of the Decree: (i) the industries of automotive, electronics, ship building, heavy equipment and their components, (ii) importers in Priority Lane: user industry with SKVI (Industry Verification Reference Letter) through USDFS (User-Specific Duty Free Scheme), and the company owning SKVI through BM-DTP (Import Duty Paid by the Government); and (iii) contractor of Joint Operation in Oil & Gas and Mining; the operator of development of Power Plant for Public Interest; and the operator of the development of Oil and Gas downstream for Public Services. **Decrees 8/2009 and 21/2009 were extended for two more years by decree 54/2010 until 31 December 2012.**

- Ministry of Finance Regulation 101/2009, which entered into force on 1 June 2009, imposed 5% duty on imported raw materials for processed milk products (milk powder and processed milk). The stated objective is to promote the milk produced by domestic dairy cattle farmers as lobbied for by the Association of Indonesian Dairy Cattle Farmers, affected by low prices on international market. The milk producers' association urges the Government to raise the import duties on dairy products further from 5%. The Minister of Agriculture commented in press that it was very likely that the duties would be raised. European exporters of milk products have been reporting on the increasing difficulties with imports to Indonesia, such as delivery of a questionnaire filled by European veterinary authorities. In September 2009, also other countries such as the United States and New Zealand received requests to complete the country and establishment approval process.

- Ministry of Finance Decree No. 19/2009, adopted on 13 February 2009, raised import tariffs on some products that are competing with locally manufactured products. This includes products such as milk, animal or vegetable oils, fruit juices, coffee and tea.

chemicals, silver, steel, electronic products (machines, TVs etc.), as well as manufactured products: packaged juices (10 to 15%), instant coffee (5 to 10 %), iron wire (7,5 to 10%), wire nails (0 to 7,5%) and electrical and non-electrical milling machines (0 to 7,5%). At the same time certain tariffs were reduced, mainly on input products needed for local manufacturing (e.g. dairy products and base chemicals).

- **On 22 December 2010, Minister of Finance issued Regulation No. 241/2010, which stipulated import duties for farming products, fishery, pharmaceuticals, manufacture, agri-industry, etc. Regulation No. 241/2010 was the fourth amendment to the Regulation No. 110/2006 on Stipulation of Classification of Products and Import Duty Tariffs Imposition, which had been revised by Minister of Finance Regulation No. 80/2011 in April 2011.**

- **By ministerial decree PMK 80/PMK.011/2011, the government raised import duties for eight food items to 10 percent from 5 percent to "protect local downstream industries from an invasion of imports of such products". As of 1 January 2012, import duties for all of the goods will return to 5 percent.**

- Import conditions for sugar remain unclear and restricted. Ministry of Trade decides on an annual importation quota and an annual 'importation period', when refined crystal sugar can be imported. The decision is made upon consideration whether the domestic sugar production is first fully used. In 2009, white crystallized sugar can only be imported two months after the end of sugar cane milling season and a month before the milling season begins. In 2008, the Ministry of Trade only allowed imports of sugar during 3 months instead of previously promised 6 months. The problem for EU companies is the unpredictable and scarce supply of high quality sugar for food and beverage manufacturers who are producing in Indonesia. Imports of sugar are only allowed for registered importers, and to become one a company needs to absorb at least 75% of sugar cane farmed in Indonesia.

- A pre-shipment inspection and reporting requirements on imports of non-hazardous waste were introduced by the Ministry of Trade Regulation nr 26/2009 of 23 June 2009 (which amends a Regulation 58/M-DAG/PER/12/2008). It entered into force on 24 September 2009. An independent surveyor appointed by the Minister would conduct inspections of non-hazardous waste at the port of entry before being admitted to the Indonesian territory.

- Regulation 40/2009 of 15 September 2009 introduced pre-shipment inspections and reporting on imports of sheet glass. All sheet glass (except for certain categories, such as samples or goods for technical research etc.) shall be technically verified in the country of origin. Furthermore, the verified containers need to be sealed and marked with labels.

- In November 2009, the Minister of Marine Affairs and fisheries announced a ban on shrimp imports in order to protect local companies. The measure would specifically target vaname shrimps from the US. It was established in a joint Ministerial Regulation between the Ministry of Trade and Ministry of Marine Affairs and Fisheries, No. 26/M-DAG/PER/6/2010 dated 23 June 2010. Shrimps with HS codes 0306.13.00.00 and 0306.23.30.00 are completely banned from being imported to Indonesia and all other types of shrimps can only be imported through certain ports (5) and airports (4).

- ***Indonesia's government is in the process of submitting a draft Trade Law to the parliament for adoption. The law presents some critical elements such as: i) authorities shall promote the use of domestic products in order to strengthen the domestic market and empower domestic products; ii) compulsory character of SNI standards is reiterated without any reference to international standards; iii) for the purpose of national interests authorities are allowed to restrict imports and exports.***

Kazakhstan:

- **The Customs Union Commission increased the import duty on raw sugar to USD 140 per ton in August 2011. Additionally, a different scale of fees applicable to import of sugar came into force on 1 August 2011.**

Nigeria:

- Nigeria introduced special levies on products (2008-2010 Tariff Book) which have been traditionally included in an import prohibition list. The levies, which are labelled in the Tariff Book 'National Automotive Council Levies', range from 5% to 100% depending on the products and sectors. They are applied on imports, on top of the tariffs included in the tariff book. They do not replace import bans which continue to apply. Levies apply as of November 2009.

- The import bans on bagged and bulk cement, in force since November 2009, has been complemented by an import licence quota for bulk cement, set in August 2010 at the level of 2.5 million metric tonnes. Furthermore, an import tariff was increased to 20% for all categories of cement goods. An additional levy of 15% will also apply on the CIF price of bulk cement, thus replacing the specific duty of N500 per tonne.

- ***A tariff review is foreseen to ensure protection of local industries and promote locally-made goods.***

Paraguay:

- Import licence requirement was introduced for clothing products, applicable since 5 February 2009.
- Import licence requirement for cosmetics and personal hygiene products is applied since 23 December 2008. These measures have been put in place mainly in reaction to the financial and economic crisis, justifying the need to protect the domestic production.
- **An import licence requirement for import of woven fabrics and laces (HS 5806.20.00, 5806.32.00, 5607.90.10) was published in a Resolution No. 407 of the ministry of Industry and Trade on 17 June 2011.**

Russia[29]:

- A Decree on harvesters (No. 12 of 9 January 2009, entered into force on 15 February 2009). Russia raised import duties for combine harvesters to 15%, but no less than €120 per 1 kW of engine[30]. Government Decree No. 940 extended for additional 9 months temporary tariffs on harvesters. In force since 14 November 2009, made permanent in the Customs Union's Single Customs Tariff.
- Increased import duties for cars were introduced by the Decree No. 903 of 5 December 2008, initially valid for 9 months, entered into force on 12 January 2009. The duty increases were between 5 % and, 20 % ad valorem. Changes to the specific duties represented in certain cases (specifically for trucks) an increase of up to 400%. The steepest increases were for used cars, but new cars were hit across the board. On top of this, the rouble was devalued, which made imported cars very expensive. On 9 October 2009, the Decree No. 807 prolonged the validity of the duty for a further 9 months, until June 2010. Under the Customs Union's Single Customs Tariff most of these increases were confirmed, with some exceptions**. Since 1 July 2011, import of cars to the Customs Union territory is regulated by the Custom Union agreement of 18 June 2010, 'On order of movement of goods for personal use by individuals through the customs border of the Customs Union' which in Attachment 5 confirms these import duty increases.**
- Decree No. 918 of 8 December 2008 on meat quotas reduced the EU poultry quota from 236.4 thousand tonnes to 185.8 thousand tonnes (on beef and pork, the quota was increased). Russia put a request to redistribute some of the unused frozen beef quota from the EU to other countries. New quotas have been introduced for the years 2010-2012 by the Government Decision No. 1021 of 16 December 2009 and made permanent by the Customs Union Commission. **On 29 July 2011, a Government Decision was approved, envisaging a 28.5% cut for poultry and a 32% cut for pork in 2012 import quotas. The import quota for beef remains unchanged.**
- New Decree No. 9 on steel of 9 January 2009, which entered into force on 14 February 2009, raised import duties for a range of rolled steel products and steel tubes (pipes, carbon long products (wire rod, merchant bars, sections), stainless flat products etc) for 9 months. The duty increase was consolidated under the Single Customs Tariff of the Customs Union.
- Increased import duties on several agricultural products were introduced by means of three decrees published on 31 January 2009, which entered into force one month after publication. The decrees increased import duties by 5% on soy meal for a period of 9 months (Decree No. 70). As of 16 December 2009 the Government Decree No. 1019 extended a 5% import duty on soybean oil meal for an indefinite period. The duty increase was consolidated under the Single Customs Tariff of the Customs Union. **For**

[29] Nearly all tariff increases introduced in the course of the economic crisis 2008-2009 have been made permanent and consolidated in the Single Customs Tariff (SCT) as of 1 January 2010. In this subsection, specific remarks only concern a change of duty rate under the Customs Union's Single Customs Tariff. Lack of remark implies the tariff has been consolidated in the Customs Union SCT.

[30] Following joint efforts by the EU and the US, Russia committed to gradually reduce the tariff surcharge of 15% introduced in January 2006 to 5% in the context of the US-Russia bilateral WTO accession agreement of November 2006. The duties were reduced to 5% temporarily in June 2007 and the lower duty was applied temporarily until January 2009.

a short period until 31 July 2011, the duty on soy meal was removed, by the Customs Union Commission Decision N.620 of 7 April 2011.

- Increased import duties on butter and other dairy fats by 15% but not less than €0.35 per 1 kg (Decree No. 71). Government Decree No. 1018 extended a 15% import duty, but not less than €0.35/kg, on certain types of butter and dairy products (codes 0405 10 110 0, 0405 10 190 0, 0405 10 300 0, 0405 10 500 0, 0405 10 900 0, 0405 20 100 0, 0405 20 300 0, 0405 20 900 0, 0405 90 100 0, 0405 90 900 0) for an indefinite period. The duty increase was consolidated under the Single Customs Tariff of the Customs Union.

- Increased duties on certain types of milk and cream by 20% (Decree No. 72). Government Decree No. 1016 extended for an indefinite period of time an import duty of 20% for a number of tariff lines corresponding to milk and condensed milk (code 0402). The duty increase was consolidated under the Single Customs Tariff of the Customs Union.

- Decree No. 179 of 14 February 2009 on seasonal duties on rice and milled products from rice. The decree introduced a seasonal duty on rice and milled products from rice at €0.16 per kg for the period from 15 February until 15 May 2009. On 2 November 2009 the Government Decree No. 881 introduced a specific duty for rice at 0.12€/kg (up from 0.07€/kg), in force since 2 December 2009. The duty increase was consolidated under the Single Customs Tariff of the Customs Union.

- Decree No. 173 from 26 February 2009 on certain types of dairy products for babies. The decree raised the import duty from 5% to 15% and took effect at the end of April 2009. The duty increase was consolidated under the Single Customs Tariff of the Customs Union.

- Increased duties on non-alloy steel bars and rods were introduced by the Government Decision No. 299 of 3 April 2009, which entered into force one month after publication. Duty rates were increased from 5% to 15% for a period of 9 months. The duty increase was consolidated under the Single Customs Tariff of the Customs Union.

- Increased duties on maize starch and manioc starch of 20%, but no less than €0.15/kg (an increase from €0.06/kg) were prolonged by the Russian Government Decision No. 328 of 15 April 2009 for a period of 9 months. The duty increase was consolidated under the Single Customs Tariff of the Customs Union for manioc starch 10% but no less than €0.15/kg. The duty increase for maize starch was not extended.

- The Government Decision of 22 April 2009 prolonged the validity of the 15% duty on radio frequency coaxial cables. The duty increase was consolidated under the Single Customs Tariff of the Customs Union.

- From 3 May 2009 a 15% import duty for asynchronous electric motors (Codes 8501 51 000 1 and 8501 52 2000 1): the import duty of 15% for each is in force since 3 May 2009. Both measures are valid for a period of 9 months. Consolidated under the Customs Union's Single Customs Tariff at the level of 10% but no less than €20/piece.

- On 8 May 2009 the temporary import tariff on magnesium scrap metal and crowbars (first introduced in November 2006) was extended for 9 months. The order maintains

the tariff, which is levied at a rate of 5% against the declared value of the goods. The order came into effect on 8 June 2009. As of 8 November 2009 the duty was increased to 20% but no less than €138/tonne on certain magnesium scrap. The duty increase was consolidated under the Single Customs Tariff of the Customs Union.

- Russian Government Decree of 15 June 2009 introduced a temporary minimum import tariff on pentaerythritol. The minimum tariff payment will be 5% ad valorem but no less than €0.07 per kg. The measure is applied for 9 months. Consolidated under the Customs Union's Single Customs Tariff at 5% ad valorem (without the specific component).

- Russian Government Decree of 15 June 2009 introduced a temporary minimum import tariff on 'other plates', sheets, film, foil, strip of plastics, of 10% but no less than €0.35/kg. The duty increase was consolidated under the Single Customs Tariff of the Customs Union.

- Decree No. 680 of 20 August 2009 introduced temporary tariffs on cheese for a 6-month period. The Decree was in force from 20 September 2009. The tariff was set at 15% but not less than €0.5/kg. Consolidated under the Customs Union Single Customs Tariff.

- Decree No. 729 of 14 September 2009 introduced for 9 months an import duty of 15% but no less than €0.12/kg on polyvinylchloride (up from the 15% duty, without euro component). The duty is in force starting on 18 October 2009. Under the Customs Union's Single Customs Tariff the duty rate was set at 10%.

- Decree No. 730 of 14 September 2009 introduced for 9 months an import duty of 15% but no less than €0.07/kg on sodium hydrate (previously set at 15%). The duty is in force starting on 18 October 2009.

- A special duty for 3 years corrosion-resistant pipes with the outer diameter up to 426 mm inclusive (subheadings of CN 7304 and of CN 7306), at 28.1% ad valorem was introduced by Russia on 28 September 2009. **The CU Commission's Decision N 706 of 22 June 2011 reduced the duty to 9.9% of customs value, but introduced a minimum threshold of USD 1,500 per 1 ton. The measure is in force until 1 November 2012, inclusive. The Ministry's of Industry and Trade Order No. 1162 of 26 August 2011 launched a repeated special safeguard investigation into imports of the corrosion-resistant pipes to the customs territory of the Customs Union.**

- The Russian Government increased the import duty on snow vehicles from 5% to 10% for a period of 9 months. Consolidated under the Customs Union Single Customs Tariff.

- The Russian Government increased an import duty on ventilating equipment from 0% to 10% for the period of 9 months. Consolidated under the Customs Union Single Customs Tariff.

- The Russian Government planned to establish an import duty for polycarbonates for optical production (CN code 3907 40 00 01) of 5% until 1 January 2010, and import duty of 10% from 1 January 2010. The import duty on other polycarbonates (CN code 3907 40 00 09) was to be set at 10% ad valorem. Under the Customs Union the import

duty was set at 5% ad valorem, on the basis of a Customs Union Decision No. 196 of 26 February 2010.

- Decree No. 679 of 20 August 2009, on the tariffs on aircraft spare parts, equipment/ units (also mock-cockpits), entered into force as of 21 September 2009. This confirms earlier tariffs of 2008, introduced originally for the period of 9 months. Consolidated under the Customs Union Single Customs Tariff.

- On 30 October 2009 the Russian Government Decree No. 874 introduced a 5% duty on drops for contact lenses, binding from 6 January 2010 for 9 months. Consolidated under the Customs Union Single Customs Tariff.

- On 30 October 2009 the Russian Government Decree No. 876 introduced a duty increase on propylene (methyl ethylene) terpolymer and tetramer, in force from 6 January 2010. The duty was consolidated under the Customs Union Single Customs Tariff through the Customs Union Commission Decision No.316 of 18 June 2010.

- On 16 November 2009 the Government Decree No. 932 introduced for 9 months an import tariff on natural rubber (caoutchouc). Entered into force one month after official publication. Consolidated under the Customs Union Single Customs Tariff.

- On 23 November 2009 the Russian Government Decree No. 943 adopted measures to protect Russian cutlery producers by introducing a specific safeguard duty of $1.4/kg. Decree entered into force one month after the publication for a period of 3 years. **The Customs Union Commission Decision N.704 of 22 June 2011 confirms the duty on cutlery of corrosion-resistant steel under CN codes: 8211 91 300 0, 8215 20 1000 0, 8215 99 100 0. The duty is imposed for the period until 26 December 2012.**

- On 28 November 2009 the Russian Government Decree No. 959 introduced an increased duty on iron rolled products and iron, for 9 months. Consolidated under the Customs Union Single Customs Tariff.

- In December 2009 the Government Decree No. 989 increased import tariffs for certain flat cold rolled steel from 0 to 5% (codes 7209 17 900 1 and 7209 27 900 1), effective one month after publication. Consolidated under the Customs Union Single Customs Tariff.

- As of 14 November 2009 the Government Decree No. 931 introduced for additional 9 months the duty on coaches for high speed electric trains. Consolidated under the Customs Union Single Customs Tariff.
- In February 2010, the Ministry of Industry and Trade (MIT) and the Finance Ministry undersigned a Joint Order, which toughens the rules for imports of parts and components for assembling cars (such parts and components are subject to reduced import duties of 0-5%). On top of the already envisaged agreement on car industrial assembling with the Economic Development Ministry (MED), importers will have to submit to the customs authorities a conclusion on purpose of imported parts and components. Car producers will also have to report twice a year to MED about their investment (now once a year) and provide a list of every defective part and component and their scrapping.

- On 16 April 2010 by the Customs Union Decision the import duty rate of processed cheese was raised from 15% but not less than 0.3 Euro/ Kg to 15% but not less than 0.5 Euro/kg.

- On 16 April 2010 the Customs Union took a Decision to raise the raw sugar import tariff by pegging it to New York Commodity Exchange prices, calculated on a monthly basis, rather than on the basis of the preceding 3 months. According to some experts, the measure could quadruple the current duty and reach $200 per tonne. Elevated seasonal rates of sugar import duties are imposed at different intervals according to the Government Decision N. 671 of 12 October 2007. This Decision also foresees abolition of such seasonal duty once Russia accedes to the WTO or if the price of sugar on the stock exchange exceeds 259.99 USD per tonne.
- Russia adopted the main guidelines on customs and tariff policy until 2013, which may lead to further tariff increases.
- *Russian Government is planning to introduce a 25% duty on GPS navigation equipment by 2012. **All navigators for cars destined for the Russian market are expected to be equipped with GLONASS.***
- An import duty increase to 15% on plastic parts of protective spectacles is in force as per Customs Union's Commission Decision No. 314 of 18 June 2010.
- The Customs Union's Commission Decision No. 346 from 17 August 2010 increased the tariff on imports of corks and capping for bottles (codes 3923 50 100 0 and 3923 50 900 0) from 10% to 15%, but not less than €1 per kg.
- The Customs Union's Commission Decision No. 347 from 17 August 2010 increased the import tariff on used and refurbished tires (codes 4012 11, 4012 12, 4012 13, 4012 19, 4012 20) from 20%, but not less than €6.9 per tire to 20%, but not less than €20 per tire.
- **A 5% import duty on certain types of agricultural machinery (CN 8428) was introduced in November 2010.**
- **An import duty of 10% but no less than €0.15/kg on nonwoven materials (CN 5603) was introduced.**
- **The previous temporary increases in the import duties on certain types of tropical oils in the Russian Customs Tariff were consolidated under the Single Customs Tariff of the Customs Union. In accordance with the Customs Union Commission Decision N. 581 of 28 January 2011, the duty for tropical oil in containers of 20,000 kg or less is set at €0.4/kg.**
- **On 24 March 2011, the Government's Sub-Commission for customs tariff and non-tariff regulation and protective measures in foreign trade, headed by First Deputy Prime Minister Viktor Zubkov, decided to introduce a 10% import duty on base stations for wireless networks with the ability to work in a range of carrier frequency at 2.2 GHz and apparatus for the systems of fibre-optic network working exclusively in the range 1270 – 1610 nm of the carrier wave.**
- **The Customs Union Commission issued a Decision No. 736 of 16 August 2011, introduced the import duty on elevators and conveyors for continuous operation of underground works (CN Code 8428 31 000 0), and barring a hydraulically driven (CN Code 8479 89 300 0) at 5%. Effective since 1 September 2011.**

- **The Customs Union Commission, by Decision No. 738 of 16 August 2011 established a specific duty on fluid-filled radiators (CN Code 8516 29 10 0) at EUR 5/piece. The ad valorem duty is 10%. Effective since 1 September 2011.**
- **The Customs Union Commission, by a Decision No. 763 of 16 August 2011, set an import duty on disc harrows (CN Code 8432 21 000 0) and 'other' (CN 8432 30 190 0), as well as on press balers (CN 8433 40 100 0) at 5%. Effective since 1 September 2011.**
- ***The Ministry of Economic Development (MED) proposes to introduce a 10% import duty on computers, computer monitors and notebook computers, while imported computer components will not be subject to import duties. The Ministry expects that the measure could attract to Russia the largest producers of computers such as Apple and Acer.***
- ***Russian Ministry of Economic Development (MED) proposes to increase from 5 to 15 percent the Russian import duty on soda ash.***
- ***Russian Agriculture Ministry is considering import duty increases on some dairy products, including butter.***

Saudi Arabia:

- On 9 June 2009 Saudi customs authorities announced a ban on the import of used vehicles older than 5 years for passenger cars, buses and light transport. The importation of heavy trucks over the age of 10 years was also banned. Imports of spare parts for old vehicles were not banned. A six-month grace period has been granted to Saudi importers to adjust, effectively postponing implementation until December 2009. No reason for the ban has been reported. In 2008 140,000 used cars that were older than 5 years were imported. The total value of those imports was SR17.5 billion (US$4.7 billion) and accounted for a quarter of the value of all cars imported into Saudi Arabia in 2008.
- After a temporary exemption that lasted for two years, Saudi Arabia re-imposed import tariffs (5%, the standard import tariff rate in Saudi Arabia) for imports of steel (HS 7213; 7214; 7215), as from January 2010. Imports from Gulf Cooperation Council (GCC) members are exempted. The measure was notified the WTO Secretariat on 2 June 2010.
- On 26 July 2009 a certain restriction on import of water desalination equipment was introduced, in order to stimulate domestic production and support Saudi industry. Accordingly, there is an obligation for operators of desalination plants to favour spare-parts produced locally in Saudi Arabia. If locally produced spare parts are available which meet the standards set by the Saudi Arabian Saline Water Conversion Corporation (a government entity) then they need to be used. If they are not, the spare parts can be imported.

South Africa:

- South African authorities adopted at the beginning of October 2009 an increase in import tariffs for 35 categories of imported garments (a 5% increase in import tariffs

for 35 categories, headings 61 and 62 of imported garments, from 40% to 45% ad valorem). This hike remains however within the bound tariff commitments of South Africa[31].

- Through Government Notice No.1146, in force since 4 December 2009, the MFN customs duties on certain textile products (HS 6112 6201 and 6211) were increased from 40% to the WTO-bound rate of 45%.

- Since 28 May 2010 South Africa applies an increased MFN duty on imports of glycerol (HS subheading 290545) from zero to 10%.

- Since 16 July 2010, an increase in MFN duties on imports of lysine (HS subheading 292241) and of associated feed supplements (HS 2309 90 65) from 0% to 10% is in force.

- Increased customs duty on imports of calcium proportionate (HS subheading 29155030) from zero to 15% (WTO-bound rate) is in force since 20 August 2010.

- Since 20 August 2010 an increased customs duty on imports of inorganic pigments (HS subheading 32062010) from zero to 10% is in force.

- **Through the Government Notice 1427 of 22 July 2011 a general tariff on imports of sewing thread of synthetic filament (HS 5401.10) was introduced at the level of 15% *ad valorem*.**

Turkey:

- **Turkey has introduced provisional tariff increases on certain woven fabrics and apparel products within the scope of twin safeguard investigations conducted outside the scope of WTO Safeguard Agreement. Effective as of July 2011, additional tariff rates vary by country groups excluding the EU and the FTA partners of Turkey, reaching up to 20 % and 30 % for fabrics and apparels respectively. Turkey has been making use of safeguard measures extensively. Three new safeguard investigations and the extension investigations of three applied measures have been initiated since January 2011.**

United States:

- **A 'National Dairy Promotion and Research Program was introduced on 18 March 2011, as a follow up to the 2008 Farm Bill. It introduces, inter alia, a requirement for importers to pay 7.5 cents per hundredweight of imported milk, or equivalent. The levy will be used to fund promotion and research in the dairy sector. The law is in force since 1 April 2011.**

- A draft bill by Congressman Robert Aderholt, called "Save US Manufacturing and Jobs Act" (HR 5940) called for removal of preferential trade treatment for import of certain sleeping bags, manufactured by a specific US-based company, which competes

[31] More information is also available in the section on government procurement.

with imports from developing countries benefitting from the GSP regime. The draft law was prepared after the failure to remove sleeping bags from the list of GSP eligible products, prepared by the President Obama's administration. The bill was referred to the House Committee on Ways and Means on 29 July, 2010. Due to the November 2010 elections to the Congress, no further action on the draft was taken. **A draft bill by Congressman Robert Aderholt, called the "Free and Fair Trade Act of 2011" (HR 913) calls for removal of preferential trade treatment for import of certain sleeping bags, manufactured by a specific US-based company, which competes with imports from developing countries benefitting from the GSP regime. The draft law was prepared after the failure to remove sleeping bags from the list of GSP eligible products, prepared by the President Obama's administration, before the November 2011 elections to the Congress. The bill was referred to the House Committee on Ways and Means on 14 March, 2011. The legislation differs from the previous version introduced in the last Congress. The bill now seeks the removal of preferential trade treatment for certain imported sleeping bags, but the bill also provides for a simple reauthorization for Andean Trade Preferences.**

- **Congressman Larry Kissel introduced HR 2754, The Textile and Enforcement Security Act, which seeks to strengthen the enforcement capacity of the US Customs and Border Patrol to detect illegal textile imports, such as fraudulent reporting, false valuation, and origin fraud. The bill seeks to develop a database of known shippers within the Western Hemisphere. While the legislation appears to target NAFTA, CAFTA, and Trade Preferences countries, the previous version of the legislation in the last Congress included draconian measures which would have also impacted textile imports from the European Union. The list of textiles under the US tariff schedules outlined in the legislation may impact EU exporters. Currently there is no Senate equivalent legislation. The bill is still in the legislative process and would have to pass significant hurdles to be approved by both chambers. The legislation should be monitored in order to review any impact on EU businesses.**

Vietnam:

- Automatic licensing regimes for exports of rice and minerals as well as imports of key consumer goods for imports by the Vietnamese Ministry of Industry and Trade (MOIT) were re-introduced in January 2009. So far, no complaints have been made in this regard, as the registration procedure by the MOIT is swift. The new decree also establishes a difference between 'essential and 'non-essential' imports, clearly signalling that Vietnam is preparing to identify the imports that are not key to the continuing development of the country. Circular 24 on “automatic” import licensing (Ministry of Industry and Trade) was issued on 28 May and entered into force on 12 July, replacing Circular 17. While Circular 17 included selected products from 10 HS chapters, Circular 24 include selected products from 24 HS chapters[32]. The circular

[32] These are: 2 (meat and edible offal – entire chapter); 3 (fish and crustaceans, mollusc and other aquatic invertebrates); 16 (preparations of meat, of fish, of crustaceans, molluscs or other aquatic invertebrates); 17 (sugars and sugar confectionary); 18 (cocoa and cocoa preparations); 19 (preparations of cereals, flour, starch or milk; pastry cooks products); 20 (preparations of vegetables, fruit, nuts or other parts of plants – entire chapter);

extends the time the authorities have to reply to the applications from 5 to 7 days. In addition, the applications have to be sent by regular mail (before they could be handed in directly to the authorities). Once issued, the license is valid only for 30 days, which makes it difficult for companies to calculate when to introduce the request so that it will not expire before the goods arrive at port. The circular may result in backlogs of products at ports, additional business costs and reduced availability of goods that are important to sectors such as the tourism sector. To date, Circular 24 has not been notified to the WTO Import Licensing Committee.

- On 5 March 2009 the Ministry of Finance issued Circular 39/2009/TT-BTC to raise the import tariff on milk and dairy products. Accordingly, an import tariff of 15% (instead of the current 5%) is imposed on condensed milk and cream, milk and cream with fat by 1% of weight, 1-6% or over 6% (under HS Headings 040110, 040120 and 040130). On other kinds of milk and cream a new import duty of 10% is applied (from the previous rate of 3%). The import tariff on fresh milk is raised from 7% to 20% (under HS Headings of 040299). Only tariffs on powdered milk remain unchanged at average rates of 3-7%.

- **Decree 184/2010 entered into force on 1 January 2011, setting an import duty on gold materials (HS 8718at the level of 10%.**

- **An official Letter 348/TCHQ-TXNK on List of Administrated Imported Goods at Risks and (Reference) Prices was issued on 21 January 2011 by the General Department of Customs (under the aegis of the Ministry of Finance). It entered into force on 29 January 2011. This document together with an enclosed long list of commodities (4 HS digits, covering 13 categories of products) sets reference prices for imported goods and identify countries where such products are originating. Based on the reference prices, import tariffs are calculated. Under the pretext of database establishment for the fight against trade fraudulence and underpriced declaration, this measure imposes minimum import values which runs counter to the WTO rules as provided under the Customs Valuation Agreement, thus leading to the imposition of higher import duties.**

- **As per the above a sister measure, Official Letter 2334 was issued on 23 May 2011 and entered into force on 1 June 2011. It expands the List of Administrated Imported Goods to cover seven additional categories of products.**

- **Notice 197/TB-BCT on imports of wines & spirits, mobile phones and cosmetics, was issued on 6 May 2011 and entered into force on 1 June 2011. It requires that all imports of these products must enter into Vietnam only through customs clearance facilities of the three international seaports of Ho Chi Minh City, Hai Phong and Da Nang. It also introduces a requirement for additional customs documentation to be provided and an obligation to have these documents approved by the consulate of Vietnam in the exporting country. This measure, which de facto ban all import routes by road, rail, air and to seaports other than the three mentioned in the Notice, cause considerable disruption in our export patterns and major trade losses for EU exporters of these products, representing**

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21 (miscellaneous edible preparations); 22 (beverages, spirits and vinegar); 61 (articles of apparel and clothing accessories, knitted or crocheted); 62 (articles of apparel and clothing accessories, not knitted or crocheted); 63 (Other made up textiles articles, sets, worn clothing and worn textile articles, rags), 64 (footwear, gaiters and the like, parts of such articles); 95 (toys, games and sports requisites; parts and accessories thereof –entire chapter).

millions of Euros in value. Furthermore, obtaining additional necessary documentation and having it consulate-approved cause additional administrative burden, costs and delays.

- **Circular 20/2011/TT-BCT on supplementary procedures for imports of cars with 9 seats or below was issued on 12 May 2011 and took effect on 26 June 2011. This circular in fact requires importers of motor vehicles for transport of up to nine persons to include additional customs papers (Dealer Certificate/ Paper of Trader Authorisation) to their customs dossiers. Besides, this circular requires that such papers must be approved by Vietnamese consulate in the exporting country. This measure caused additional costs and delay to importers, thus creating unnecessary uncertainty and worries among business community.**

II. BEHIND THE BORDER BARRIERS

Algeria:

- The law “La loi de finances complementaire 2009” of 26 July 2009 introduced the following restrictions: a domiciliation tax on all bank transactions related to import activities. The law equally forbids all types of consumption credits; only credits for the purpose of purchasing real estate by individuals are allowed. The law also doubles the tax on new cars with significant engine capacity (depending on the engine type) and imposes a 0.5% tax on the turnover of mobile phone operators in Algeria (foreign investors principally). On 25 August 2010, the Loi de Finances complémentaire 2010 (LFC 2010) was approved. Certain provisions relax the strict provisions of the 2009 law.
- Measure related to services (access to ports): it is no longer possible since 1 October 2009 to use the port of Algiers for non-container shipments, including cars. As a result, all non-container sea freight going to Algeria must clear customs and be picked up and removed in other Algerian ports, which adds delays and costs to the import procedures.
- **A circular no. 31 of the directorate General for Customs of 5 January 2010 imposed a requirement to close disbursement accounts (regarding clearance of agency fees on entry/exit port costs of a vessel) within 90 days which restricts the clearance of fees related to maritime transport and hence restricts possibilities to import goods through maritime transport means.**

Brazil:

- **As part of Plano Brasil Maior, the Government increased the IPI (Tax on Industrial Products) by 30% for cars with less than 65% of local content components (defined as manufactured in Brazil, Mercosur or Mexico). The measure applies to car, lorries, and commercial trucks. The IPI used to vary**

between 7 and 25%, depending on engine power and type of fuel. It is now passing to 37 to 55%. The measure entered into force on 16 September 2011, though manufacturers have two months to prove that they produce 65% or more of components in Brazil or to adjust its production chain. Moreover, they will have to invest 0.5% of their gross revenue in R&D in the country. In two months time, if manufacturers fail to comply with the criteria set by the measure, they will have to pay retroactively the 30% increase of the IPI.

Canada:

- Ontario Province introduced sales targets for various wines. Wines sold in the stores of the Liquor Board of Ontario (LCBO) below these thresholds can be de-listed. Thresholds for Ontario wines are set at a substantially lower level than imported wines, despite higher sales volumes in the LCBO stores. These net thresholds can be considered as a possible barrier to trade. This measure is effective as of 20 July 2009.

China:

- **The National Energy Administration's 'Notice on Issuing Interim Measures on Administration of Grid Connection Testing for Wind Turbine Generator Sets' was released on 1 January 2011. This specific notice immediately required all wind turbines to have a test certificate; however only local certificates were accepted, not foreign ones. Therefore, until the company was able to attain the certification, they could not join any tendering processes. This poses a serious threat to the business operations of foreign companies and threatens the healthy development of the wind industry.**
- ***For medical devices, the Chinese government has issued a draft on "Provisional measures for the administration of implantable medical consumables price, NDRC, Exposure draft, August 2011". This draft is being discussed with industry representatives, including the EU industry. The system proposed is a mark up on CIF import prices (for importing companies) or ex factory prices (for goods produced in China). This draft imposes a price control system by limiting companies' mark up at 60% (of the CIF price or ex factory price) with a maximum amount of RMB 6.000. The measure is due to enter into force on 1 July 2012. Most EU medical devices exported to China are still produced in the EU. The EU industry claims that the measure is discriminatory for them vis à vis domestic producers as CIF import prices do not cover locally incurred Selling General and Administrative costs (SG&A).***
- ***On 27 July 2011, China issued 6 draft information security technical standards, one of which would apply to IT facilities of national government departments (information security techniques basic requirements of information security for national departments), the others applying to all facilities (e.g. testing and evaluation approaches for terminal computer systems). These standards represent a consolidation of the implementation of the Multi-Level Protection Scheme and OSCCA regulations on commercial encryption as they contain such requirements as the obligation to purchase home-grown products; the obligation to require state (national) certification an prohibition to rely on third-party certification agencies; the obligation for information technology outsourcing staff to be of Chinese nationality; the obligation to discriminate against foreign products and***

services by imposing specific procedures; the prohibition to set up information system data centres and business recovery centres abroad. These standards seems to be voluntary for the time being; however, in the past China followed the practice of developing mandatory technical requirements on the basis of existing voluntary standards.

Ecuador:

- **A resolution 019-2008 of CONCAL (Consejo de la Calidad, CONCAL) introduced a technical regulation on ceramic tiles (RTE INEN 33), yet its application was subsequently restricted on request of Consejo de Comercio Exterior e Inversiones (COMEXI, Resolucion 601 of 30 December 2010). Accordingly, Resolucion 18-2010 of CONCAL of 19 January 2011 foresees that imported tiles need to present conformity certificates as isseus by bodies accredited to Ecuadorian Organismo de Acreditacion in the country of origin, or issued at destination. The certificate is valid for 90 days.**

India:

- In September 2008 the Ministry of Steel issued two 'Orders' which stipulate mandatory compliance for 17 steel products with new national standards and certification by the Bureau of Indian Standards (BIS). In February 2009 the Ministry of Steel notified that the second of the two 'Orders' – concerning 11 out of 17 products - will not be implemented before 12 February 2010. Out of these eleven, three items would not need any certification at all. However, the deferral of the implementation only offers an opportunity for the industry to get accustomed with BIS standards. The scope of the measures has been reduced as India continues to apply mandatory certification requirements on 7 steel products (plain hard-drawn steel wire for pre-stressed concrete; plain hard-drawn steel wire for pre-stressed concrete; indented wire for pre-stressed concrete; uncoated stress relieved strand for pre-stressed concrete; fusion bonded epoxy coated reinforcing bars; uncoated stress relieved low relaxation seven ply strand for pre stressed concrete; and galvanised steel sheets). **On 24 June 2011, India adopted the Steel and Steel Products (Quality Control) Second Order 2011. Of the 11 products in the 2009 Order, India has taken 9 products in the new Order. Of the remaining two, one (277) is already under mandatory certification and the other (1993) had been dropped. Implementation will be effective after six months from the date of publication.**
- *Through an Order of 11 May 2010, the application of mandatory certification for tires was deferred by another 180 days. On 9 November 2010, India proposed another order, which further postponed the application of mandatory certification requirements for tires by another 180 days.* ***Unless India decides to do away with the issue of mandatory certification, the measure was expected to come into force on 13 May 2011. In the meantime, the Indian Tyre Manufacturers' Association launched a legal proceeding against the measure), pending the outcome of which the application of the requirements has been suspended.***

Indonesia:

- Ministry of Industry introduced mandatory standards and certification for a number of iron and steel products[33]. The two draft decrees were notified under the WTO TBT Agreement and were adopted in 2009-2010, respectively[34]. For iron and steel, the requirement started to be enforced in May and July 2009. By June 2011 there were 73 mandatory SNIs. National standards have been established for many products, including primary batteries, special safety shoes, gas stoves, rubber hoses, motorbike helmets, LPG steel cylinders, urea fertilisers, wheat flour, cocoa powder, electric cables, refined crystallised sugar, water pumps, ceramic floor tiles, ceramic tableware, water tanks, totalizing water meters, vehicles rim, steel wire of pre-stressed concrete for concrete construction, steel wire rope, profile steels, electrolysis tin coated thin steel sheets, rubber seals for LPG steel cylinder valve, and black malleable cast iron threaded pipe fittings. ***Adoption of additional 30 standards has been planned for 2011-2012.***
- Increased costs and delays for European tyre exports to Indonesia. Ministry of Industry / Indonesian National Standards Agency (SNI) began to require on-site inspections of tyre manufacturing plants in Europe for allowing tyre exports from these factories to Indonesia. Ministry of Industry recently indicated that it would join the international standard UN-ECE for tyres in 2011 or early 2012. This is supported by an EU-funded technical assistance project that began in October 2009 and will be continued under EU-ASEAN cooperation programmes.
- Mandatory standard, certification and marking requirements for refined crystal sugar entered into force on 13 March 2009.
- Indonesian authorities introduced implementing regulations to the Law on Shipping (17/2008, of 8 April 2009) that limit the right to cabotage to Indonesian vessels only. As of 1 January 2011 only Indonesian vessels have the right to transport passengers and cargo within the country. **Government Regulation No. 22 of 2011 was adopted in April 2011 to amend Government Regulation No. 20 of 2010 on Water Transport so as to exempt upstream oil and gas vessels from the cabotage rule of Law No. 17 of 2008 on Shipping (reduction in scope for Law No. 17).**
- The Trade Ministry Decree 62/M-DAG/PER/12/2009 obliging companies to put a label using Bahasa Indonesia to certain goods prior to importation has been implemented more vigorously since June 2010. The accelerated implementation concerns electronics, footwear, telecom equipment, household equipment, and motor vehicle spare parts). On 1 September 2010 the Decree was enforced for new products and in April 2011 for existing products. Goods affected include clothes, footwear, electronic and telecommunication equipment, spare parts for motor vehicles, construction material, lamps, photocopy machines. The label needs to contain information about the safety, health and environment aspects as well as the means of use and detail usage specification and warnings. It shall also include the name and address of the importer, for the imported products. ***Discussions are ongoing on allowing stickering following import, but before marketing. It seems that, depending on the products, stickering could be allowed.***

[33] Mainly hot rolled sheet, coil steel, hot rolled sheet, coil steel for gas cylinder, zinc aluminium - coated sheet and coil steel.
[34] Notifications G/TBT/N/IDN/23 and G/TBT/N/IDN/24.

- From August - September 2008 the Indonesian Food and Drug Regulatory Agency (BPOM) started to enforce the requirement that all foodstuffs, pharmaceuticals and cosmetics must be approved and registered. BPOM seems to recognise to a certain extent the long delays in registration and has committed to reduce the time to 3 months (the legal requirement is 45 days). Lately, further positive changes have been noted in that daily quotas for the number of dossiers are no longer in place; there is an electronic queuing system and a self-assessment system, which facilitates registration. The current main bottleneck is formed by the need to receive a hard copy of the certificate and the inconsistent decision-making. **These requirements are no longer applying to cosmetics: Decree 1176/2010 of September 2010 replaced the registration requirement with a notification requirement.**
- In December 2009, the KPPU (anti-monopoly commission) adopted new guidelines prohibiting principals to establish a minimum selling price for retailers. Until now, minimum prices on imported goods have been set by principals, what has permitted brands to keep an image of exclusivity.
- **The Ministry of Maritime Affairs and Fisheries issued a Ministerial Decree 15/2011 to revise the Ministerial Decree 17/2010, specifying the types of fishery products that can be imported, such as the amount and type of fish that could be processed by canning factories, by factories for export purposes, by the manufacturing industry and by traditional processing units. The regulation also covered fish unavailable in Indonesian waters and restricted general importers and non-processing factories, such as restaurants or hotels, from importing fish products by requiring certificates of good manufacturing practices for importers, which among other things required value to be added to imported products. The Decree 15/2011 has led to creation of a supply shortage of shrimps and mackerel where domestic production is not yet sufficient, also affecting the exports of fisheries. The Decree also bans the imports of dory fish fillets that domestic industry can not produce.**
- **The ministerial decree of 17/2010 on aquaculture quality control and safety specifies the quality and safety standards of imported fish. Importers should secure import licenses before importing fish into Indonesia.**
- ***The Indonesian Parliament is currently discussing a 'halal law' possibly making certification and labelling obligatory and at a per item cost.***

Japan:

- Draft legislation submitted on 8 February 2010 on the reform of the Japanese Post. The new plan would provide for a prominent position for the Japanese Post on the market, notably by expanding its activities into such sectors as insurance and financial services. This would be to the disadvantage of incumbent foreign service providers and would introduce a new barrier to market access. The future of this proposal is however rather uncertain, given the opposition to the draft within the Japanese Government after the re-appointment of Mr Kan as Prime Minister in mid-September 2010.

Kazakhstan:

- Law on currency control, introduced on 4 July 2009, allows the President to impose temporary foreign currency restrictions. The bill specifies the types of restrictions that can be imposed, such as forcing residents and companies to sell their foreign currency reserves to the government, imposing restrictions on foreign banks, and requiring permission from the central bank to exchange currency. The special currency regime would be limited to one year if adopted, though the Central Bank stated that the new legislation was a precautionary measure and had no intention to use it under current circumstances. So far the Kazakh Government has not resorted to the possibility of applying the law.

Russia:

- A new road tax on all foreign transport as of 1 February 2009 was introduced by the Government Resolution No. 1007 of 24 December 2008. It applies to freight vehicles weighing over 3.5 tonnes. On 20 May 2009 a Decree was adopted to amend the Resolution by lifting the road charges for 14 EU Member States. **The Government Resolution N. 480 of 20 June 2011 transferred the authority to collect the road tax from the Federal Service of Transport Surveillance to the Federal Customs Service.**
- The Government Anti-Crisis Plan for 2009 of 10 June 2009 foresaw toughening of customs control over imports of foreign steel. Customs clearance procedures for rolled steel imports were to be reviewed so as to prevent undervaluation and wrongful declaration of goods. Customs points, which organize clearance of imported pipes and rolled steels, were to be equipped so as to permit the conduct of radiological and phytosanitary control.
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- ***Projected technical regulation on safety of alcoholic beverages threatens to unfairly discriminate foreign producers in several aspects (labeling, certification, etc). The details of technical specifications are still to be determined in light of numerous potential barriers to trade that the draft proposes.*** **At the same time, a framework regulation for the operation of the alcohol sector on the Russian market has been adopted. On 20 July 2011, President Medvedev signed into law the bill amending the Federal Law 'On state regulation of production and turnover of ethanol and alcohol products'. This law, although imposes more stringent conditions for beer product, is in principle non-discriminatory.**

Turkey:

- New import procedures were introduced on 1 January 2009. These new procedures entail a major change in the treatment of imports originating from third countries. Turkey requires that products in free circulation in the EU but manufactured outside the EU be subject to the conformity assessment of the Turkish Standard Institute. The implementation of the Communiqué on Standardisation in Foreign Trade (conformity assessment requirement for goods in free circulation) has been prolonged for one year (announced on 31 December). This measure affects numerous products such as electrical devices, batteries, toys, medical devices, radio and telecommunications, construction products.

- Requirement for reciprocity for Good Manufacturing Practices (GMP) certificates to be submitted for receiving the market authorisations for pharmaceutical products. The circular entered into force on 1 March 2010. Turkey does not approve the EU GMP certificates. In order to obtain a Turkish GMP certificate, manufacturers are required to submit numerous documents in Turkish about their manufacturing sites, which would be subject to subsequent inspection by Turkish authorities.

United States:

- *A draft bill (H.R. 6969) was introduced in Congress in 2009 to amend the Internal Revenue Code (the Neal bill) and deny a tax deduction for excess reinsurance premiums with respect to US risks paid to affiliated insurance companies that are not subject to US taxation. The bill risks creating unfair tax disadvantages to EU-owned US subsidiaries compared to US-owned companies.*

  The US House of Representatives Ways and Means Subcommittee on Select Revenue Measures held a hearing on 14 July 2010 regarding international reinsurance transactions and competing proposals to reform their US tax treatment. These proposals would affect European insurance companies operating in the US that conduct reinsurance transactions to diversify risk and hurt legitimate reinsurance transactions by raising insurance premiums for US consumers. ***While the legislation, which lapsed with the end of term of the Congress in November 2010, has not been reintroduced in the current Congress, it is expected to be introduced in the coming months. In this year's Presidential budget proposal released in February 2011, the Administration opted for a more restrictive proposal in line with the Neal bill which would deny an even larger share of tax deductions for reinsurance than their initial proposal.***

Vietnam:

- Decree number 26/ND-CP/2009 providing guidance on the implementation of several articles of the Law on Excise Duty was issued on 16 March 2009. While the law establishes a single, non-discriminatory duty to be applied to both foreign and local products, the decree outlines an 'exception to the rule' in cases where the producer is selling non-imported products to a 'business and trading establishment'. The price reference is the production price (with some conditions). In practice, this could amount to a tax cut of up to 10% for local wines and spirits products.
- Circular 122 on price controls (Ministry of Finance): enacted on 12 August 2010 and entered into force 1 October 2010. All businesses are required to register their selling prices and changes to these with competent state authorities. This will create an additional administrative burden for retailers and wholesalers in Vietnam trading in the listed products. The circular does not in particular target imported products but the result is that certain products from European producers, in particular baby infant formula, will be affected. The likely consequence is that all actors in the market will be forced to follow the same set of norms in price calculation and consequently profit determination, without taking into account the fact that companies may accept different risks in carrying out their businesses and, as a result, expect different rates of profit. This does not seem to be in line with the fundamental principles of a market economy. It should be noted that circular 122 was previously applicable to state-owned enterprises only.

- Decision of the Ministry of Industry and Trade 1899/QD-BCT of 16 April 2010 to promulgate the list of "non-essential" imported commodities, consumer goods not encouraged for import. The list contains around 1500 tariff lines and is understood, in practice, to restrict importers´ access to foreign exchange through official channels, thereby restricting imports. The publication of the list was followed by a dispatch by the State Bank of Vietnam (ref. 3215/NHNN-CSTT) on 29 April 2010 instructing Credit Institutions to consider, strictly control and restrict the provision of foreign currency loans for making payment for the import of goods items belonging to the list in 1899/QD-BTC. **A new list of commodities "not encouraged for import" was published on 25 March 2011, replacing the list which had been in force since 16 April 2010. The previous list covered around 1500 products, such as meat and offal products, wines and spirits, machinery and mechanical appliances, electrical machinery and equipment, vehicles. The new list, which was effective upon signature, expands product coverage to certain products in the categories live animals, fish and crustaceans, dairy products, sugars and sugar confectionary, miscellaneous edible preparations, table salt, miscellaneous chemical products and miscellaneous manufactured articles.**

- Decision of the Ministry of Industry and Trade 2840/QD-BCT of 28 May 2010 to promulgate a list of machinery, equipment, supplies and materials which can be produced domestically. Ministries, sectors and the People's Committees are to use these lists to monitor the discouragement of imports and the limitation of access to foreign currency. Ministries and other authorities are to instruct agencies, units and enterprises to select and use the list in tender activities of investment projects using the state budget in line with the spirit of the Prime Minister's Directive no. 494/CT-TTg dated 20 April 2010.

- Prime Minister instructions (ref. 8646/VPCP-KTTH) of 3 December 2009 to implement strictly the measures to boost exports, and at the same time, based on the needs to ensure food safety, to develop and issue immediately the necessary regulations in combination with taxation measures to enhance the management and limit the imports of "non-essential" products in order to drastically reduce the import surplus. Addressed to The State Bank of Vietnam and to Ministries of Industry & Trade, Finance, Public Security, Planning & Investment, Agriculture & Rural Development, Health, Justice, Transport, and Science & Technologies.

- Government Resolution no. 18/NQ-CP dated 6 April 2010 on "key measures to ensure macro-economic stability, curb inflation and achieve a GDP growth rate of approx. 6.5% in 2010, which include: Implement measures on prices"; to restrict foreign currency loans for those goods for which imports are not encouraged; Specify the use of materials and equipment of domestic production to replace imports under projects and works; Promulgate the list of "inessential" import goods, non-encouraged import of consumer goods; Take measures to control foreign currency loans for the import of these items.

II.1. Government procurement restrictions

Algeria:

- Local content requirement for acquisition of office equipment (up to 15% of tender). Preference is given to Algerian goods and services for administrative purposes: 1) when at least with equal quality as foreign tenderers 2) 15% preferential margin applied on products and services from Algeria.
- Presidential decree of 11 July 2010 on public procurement in Algeria contains several elements with a potentially distortive impact on trade. Notably, it reinforces preferences for domestic bidders in public procurement orders, in order to strengthen domestic participation. Accordingly, the preference margin for national bidders has been increased from 15% to 25%. In addition, the law imposes an obligation to resort to a domestic bidder if the national producer is able to satisfy the conditions of offer. Equally, foreign bidders who win the bid will be obliged in the future to conclude contracts with a local producer. Non-respect of such a contract could result in sanctions. **It was published in the Official Journal of Algeria on 7 October 2010. Furthermore, presidential decree of 1 March 2011 stipulates that foreign investors already present in Algeria or with significant engagement of investment may be exempted partially or completely from the obligation of investment as a precondition to participate in public bids.**

Algeria is not a party to the WTO GPA.

Argentina:

- ***On 30 March 2011, the Argentine Senate approved a bill modifying public procurement law 25.551 (Buy Argentine) which now has to be discussed in the Chamber of Deputies before its final approval. The following provisions could potentially affect EU companies' access to Argentina's public procurement markets: 1) The scope of entities subject to the rules of national preference in tenders will be broadened to include operators with a license for a non public service activity; 2) The national government will have "discretionary" powers to impose the purchase of national goods for strategic or for industrial or economic policy reasons; and 3) All offers will have to be labelled in local currency in order to avoid that local industry may lose a tender due to unfavourable exchange rate conditions.***

Argentina is not a party to the WTO GPA.

Australia:

- Two Australian states adopted provisions, which seem to run against the position of the Federal Government. First, Victoria (sub-national level) announced on 19 November 2008 (operative from 1 July 2009) that Victorian Government procurement for declared strategic projects greater than $A250m should be subject to 40% local (Australian and New Zealand) content requirements. The measure will have a potential adverse impact over a broad range of sectors, specifically in relation to passenger rail rolling stock and tram fleets. **On 22 June 2011, The Victorian Competition and Efficiency Commission (VCEC) issued a draft report on its inquiry into a more competitive Victorian manufacturing industry. The inquiry**

had been instigated by the state's Treasurer Kim Wells on 2 March 2011 and amongst its recommendations was that '*the Victorian Government remove local jobs and local content as evaluation criteria in government procurement*'. A final report is due to be provided to the Victorian Government by 1 September 2011, to which the Government will issue a response.

- Furthermore, a stimulus package announced on 16 June 2009 by the New South Wales government gives a preference to Australian and New Zealand content in government procurement. 20% Price Preference Margin (PPM) applies to Australian and New Zealand content of goods and services offered and an additional Country Industries Price Preference Margin of 2.5% or 5% is applied to goods. The preference extends to SMEs with up to 500 employees. Among revisions issued on 22 February 2010 is an end-date of 30 June 2011 (when the measure will be reviewed). **Review of the measure can be expected in the autumn 2011.**
- **In the 2011-12 Federal Budget released on 10 May 2011, the Government announced additional funding for its *Buying Australian at Home and Abroad* initiative, building on programs first detailed in the Australian Government Procurement Statement, issued in July 2009. The new funding comprises $A34.4 million over four years to more effectively link Australian suppliers to major projects in the resources sector. The funds include $A12.1 million to expand the Supplier Advocates Program (engaging an additional four supplier advocates), $A15.5 million to expand the Enterprise Connect program (engaging an additional 11 business advisers), $A4.4 million to expand the Supplier Access to Major Projects program, and $A2.5 million to establish a Resources Sector Supplier Advisory Forum and to employ a Resources Sector Supplier Envoy.**

  The Government has maintained that these measures are consistent with its international obligations.

It should be noted that Australia is an observer to the WTO GPA.

Brazil:

- The Brazilian Ministry of Mines and Energy (MME) was to hold the first wind energy auction on 25 November 2009, as part of the ongoing Program of Incentives for Alternative Electricity Sources (PROINFA), a government program that aims to promote the use of renewable technologies in the production of electricity. The Ministry set out the requisites for new electricity generation projects participating in the auction in Administrative Act (Portaria) No. 211, published on 28 May 2009. This act banned the use of imported wind turbines with nominal power up to 2,000kW by bidders participating in the auction. This restriction was modified by MME Administrative Act No. 242 of 25 June 2009, which stated that the use of imported turbines with nominal power under 1,500 kW were not allowed by bidders in the auction.

- On 20 July 2010, Brazilian authorities modified the Brazilian law on public procurement and the facto turning it into a kind of 'buy Brazilian' law. **The initially temporary measure was converted into Law 12.349/10 on 15 December 2010 and allows the government to grant up to 25% preference margin (depending on the sector, thresholds to be defined) to products and services produced entirely or partially in Brazil.** This is one of the widest preference margins introduced among

measures affecting government procurement. Moreover, for goods and services considered of strategic national interest, procurement can be restricted to goods and services developed in Brazil and produced in accordance with the basic productive process. Similarly, although the measure should primarily benefit the pharmaceutical and textile sectors (i.e. a market which was worth R$16 billion (around €7 billion) in 2009 in terms of public procurement contracts), the size of the Brazilian market suggests that the measure should not be underestimated, the more so as it does not seem to be driven by the crisis rationale but rather appears to form part of a wider industrial policy.

The measure specifies that the preference margin could in the future be extended, partially or totally, to products and services coming from Mercosur Members, upon ratification of the Protocol on Government Procurement which was signed on 20 July 2006.

- **The December 2010 law on Buy Brazilian has already been applied to the ICT sector. Foreign companies (despite participation of local capital) have been excluded from the bids to acquire broadband equipment and services for the state operator Telebras, which has been reactivated under the National Broadband Programme (PNBL) adopted in May 2010 (Presidential Decree 7.175/10). Only companies with "national technology" (local development) could participate on Telebras bids using the above mentioned provisions under law 12.349.**
- ***On 2 August 2011, President Dilma Rouseff announced the "Plano Brasil Maior", a package of measures aimed at fostering industrial production. As part of the package, the Government announced that the 25% price preference for domestic products would apply to purchases in the area of health, defence, communications and high-tech equipment. The Programme also foresees other trade-related measures aimed at supporting industrialisation of Brazilian economy.***
- **In line with the above "Plano Brasil Maior" and earlier application of procurement thresholds to the ICT sector, the Decree No. 7.546 of 2 August 2011 establishes specific measures regarding public procurement in the ICT field, whereby purchases can be restricted to equipment and services developed and produced in Brazil and the 25% preference margin applies to domestic bidders.**

Brazil is not a party to the WTO GPA.

Canada:

- **The domestic content requirements in Ontario's Feed in Tariff program under its Green Energy Act have been adopted.** They are as follows: i) for wind power projects over 10 kW, the requirement will start at 25 percent and increase to 50 percent on 1 January 2012. There are no domestic content requirements for wind power projects 10 kW or less in size; ii) for micro solar PV (10 kW or smaller) projects, the requirement was established at 60 percent as of 1 January 2011; iii) for larger solar PV projects, the requirement was established at 60 percent as of 1 January 2011.
- ***On 3 June 2010, the Canadian government announced its National Shipbuilding Strategy. The Strategy encompasses three streams – large ship construction, small***

ship construction, and repair, refit and maintenance projects. The government intends to use two Canadian shipyards for the procurement of the large ships – one to build combat vessels, the other to build non-combat vessels. The construction of smaller ships will be set aside for other Canadian shipyards. Only the repair, refit and maintenance of ships in the Government fleet will be sourced through competitive tendering. The cost is expected to range around CDN $35 billion, with the bulk ($33 billion) going for the procurement of large ships. The selection of the Canadian shipyards is still pending.

China:

- 'Buy local' clauses exist in China since 2003, when the principle was spelt out in the 2003 Government Procurement Law. Article 10 of the 2003 Government Procurement Law (GPL) provides for a domestic preference except for
    - products that cannot be obtained in China or cannot be obtained in China under reasonable business conditions
    - or for products that are to be used out of China..

  This 'Buy Chinese' policy was strengthened in 2007 by two implementing decrees[35]. They limited the possibility to procure foreign goods in China to cases when domestic products are 'unreasonably' more expensive or of lower quality.

  In spring 2009 China emphasised to its procuring entities that they should tightly enforce the existing 'Buy Chinese' provisions in its public procurement legislation (Opinion 2009/35)[36] by further eliminating the possibility to buy foreign products, even if they are of better quality or less expensive. The Opinions state in particular that all products falling under the scope of the above mentioned Decrees (2007/119 and 2007/120) must be purchased in China. The Opinions 2009/35 stipulate further that the procurement of imported "high tech or innovative equipment" will only be possible if no such products are available in China. Also close supervision of construction projects launched under the RMB 4-trillion stimulus packages adopted in 2008 and 2009[37] has been announced.

  Moreover, the Chinese National Development and Reform Commission (NDRC) issued in 2009 a notice[38] reminding all authorities to strictly apply the 'Buy Chinese' rules in all procurement financed by the stimulus package. In particular,
    - article 2.1 asks to eliminate any possible discrimination against domestic manufactured equipment;

[35] Decree 2007/119 on "Printing and distributing the administrative measures for the government procurement of import products" and Decree 2007/120 on "Administrative measures for government procurement on initial procurement and ordering of indigenous innovation products" adopted by the Chinese Ministry of Finance.

[36] The State Council of China released in 2009 the "Opinions for further strengthening the management on Government Procurement" (Opinions 2009/35). It is related to the enforcement of the Government Procurement Law (GPL) adopted on 29 June 2002. In January 2003 a law on Government Procurement entered into force in China, with a wider coverage than the 1999 Law on Tendering and Bidding.

[37] For more information on stimulus packages, see the 133 Report on potentially trade restrictive measures of July 2009.

[38] Notice 2009/1361 on "The implementation of deployment on the expanding of the domestic demand to promote the economic development" and "Opinions for the supervision of project tendering procedure" jointly with seven other Ministries (Ministry of Industry and Information Technology, Ministry of Water Resources, MOFCOM, Ministry of Railways, Ministry of Transport, Ministry of Supervision, Ministry of Housing and Urban-Rural Construction).

- article 2.2 reminds that 'Buy Chinese' is the guiding principle in procurement in China and the procurement of foreign goods and services is only allowed under the exceptions foreseen in the GPL (i.e. article 10 of the GPL); the article also imposes new sanctions and penalties against officials setting up rules or criteria that exclude domestic bidders or favour foreigners.

- Central and local entities tend to implement in a very broad manner those provisions, going far beyond discrimination already imposed by the law. The nationwide 'Buy Chinese' measures have been echoed by numerous 'Buy Chinese' or even 'Buy Local' initiatives taken by provincial or municipal authorities. So far cases have been reported in twelve provinces.
- On 17 November 2009, China introduced the Indigenous Innovation Product Accreditation List. This provides for an accreditation list on which only IP right holders that are registered for the first time in China are permitted to be included in the list of producers allowed to participate in public procurement of innovative products. Very short registration timeframe and stringent selection criteria could potentially hinder access to public procurement to foreign companies. *On 10 April 2010, the Chinese authorities posted for public comments a revised draft version of the accreditation procedure on the Ministry of Science and Technology (MOST) website. While this new draft removes the requirements of prior Chinese origin for brands and other IPR, several other IPR-related provisions remain unclear.* ***On the occasion of the third EU-China High-Level Economic Dialogue of 21 December 2010, China gave very positive signals on the IPR elements, namely that foreign and domestic products will be treated equally and laws and regulations will be amended accordingly. China also recognised the problems related to implementation at the provincial level and committed to increasing exchanges and communication to ensure consistency in implementation at central and local levels. China also made additional commitments on the procurement side at the recent visit of the Chinese President to the US, namely that there will not be any link between procurement and IP. Following these announcements, the Ministry of Finance announced the suspension of three key pieces of legislation linking indigenous innovation to government procurement, namely evaluation measures on indigenous innovation products for government procurement, administrative measures on budgeting for the procurement of indigenous innovation products and administrative measures on government procurement contracts for indigenous innovation products.***
- *In the framework of the wind turbine manufacturing industry consolidation, China is considering draft legislation on the entry standards for public procurement. If the legislation were adopted as it is in the draft, only three Chinese manufactures would remain on the market and no European company would any longer qualify for public tenders.*

It should be noted that China does not yet undertake any substantial multilateral or bilateral commitments concerning government procurement. It is currently negotiating its accession to the WTO GPA[39].

[39] It submitted its WTO GPA (Government Procurement Agreement) initial offer end of December 2007.

Ecuador:

- **Public procurement tender for medicines, launched on 22 July 2011, set a preference margin for domestic bidders of 38%. This tender is in line with the 2008 National Procurement System Organic Law, which stipulates use of preference margins to encourage participation of local producers and service suppliers, including consultancy, according to the guidelines set by the Ministry of Industry and Competitiveness.**

Indonesia:

- The Ministry of Industry adopted on 29 May 2009 a regulation (49/2009) requiring the use of domestic products and services in 558 sub-sectors for public procurement. The regulation relates to both domestic and foreign companies established in Indonesia, which could be considered as local producers in several sectors (raw materials, equipment, machinery, supplies, construction materials, agriculture and agri-food, energy, telecommunication sector etc.). The regulation is a response to a presidential instruction No. 2/2009, which entered into force on 9 February 2009, stipulating that all state administration should 'optimize' the use of domestic goods and services and give price preferences for domestic goods and providers. Domestic products are defined as 'goods/services (including construction-design and engineering) produced or prepared by company investing and producing in Indonesia, with possibility to use imported raw material or component in the production or working process'. The law is effectively in force since 12 August 2009.

- The Ministry of Communication and Information Technology commented in the press in July 2009 that companies with foreign capital ownership beyond 49% are forbidden from participation in tenders for broadband internet access (WiMax, 2.3 GHz frequency). The exact legal basis is not confirmed, however, the Ministry referred to the investment negative list, which establishes limits on new investments in the sector and is being applied.

- Ministry of Industry Decree 04/2009 (dated 15 January 2009) stipulates a domestic content obligation for electric power generation infrastructure construction.

    - 1) Article 6-8: Coal and water power generators with less than 100 MW shall be constructed and managed by a national company, and with above 100 MW it can be a foreign company but it must work together with a national company. For geothermal power, the limit is 110 MW for similar conditions.

    - 2) The buyer of these construction services must give a price preference to locally produced goods and services. The size of discount depends on the category of costs, between 7.5 – 30%

    - 3) The attachment of this regulation stipulates the required levels of domestic content for the different sectors - coal, water power, geothermal and distribution, as well as for different sub-categories of goods and services. The local content requirements range from 15% up to 96% for different categories, but mostly are above 50%.

  Ministry of Industry introduced administrative sanctions for not following the regulation, in the form of penalties or blacklisting. Foreign products can be used only

when locally produced goods are not available. The Decree will affect the procurement related to the Government's 10,000 MW electricity crash program.

- ***In August 2010, a new Presidential Regulation (PerPres 54/2010) was adopted. This would just be an interim measure, however, setting up principles for implementing legislation to be adopted thereafter. Consequently, a new Law on government procurement started being discussed in the Parliament in December 2010. Several elements of the Presidential Regulation and of the Law raise concerns: i) local content: the Regulation sets a 40% requirement on local goods and services across the board. The Law does not specify local content requirements by amount or percentage, yet there exists a general principle that 'contractors have to bear in mind the use of domestic products and the role and independence of national companies'. It can be assumed that the implementing regulations following the Law will apply local content percentages set by the Regulation. ii) Partnership obligations: the Regulation provides that foreign companies can only participate in procurement of construction projects with a value higher than approximately 11 million US$ and in procurement of goods and services beyond a value of 2 million US$ and in partnership with a domestic company. These provisions could also be included in the Law's implementing regulations. iii) Scope: the Law is intended to go beyond the usual definition of government procurement by also including goods and services of general for public interest provided by the private sector and/or service providers. This means that the law explicitly states that local content requirement would also apply to public-private partnerships, particularly in the infrastructure sector. It further implies that procurement by private companies, e.g. in telecom and electricity sectors, would be considered as government procurement, thus Regulation and the Law would apply as horizontal legislation. Minister of Industry Regulation No 16/2011 from February 2011 sets precise rules on calculating local content in goods and services.***

Indonesia is not a party to the WTO GPA.

Kazakhstan:

- The Republic of Kazakhstan adopted changes and amendments of the Law on public procurement No. 156-IV on 4 May 2009 (entry into force on 5 May 2009) introducing a local clause in the public procurement law for goods - 20%, services and construction - 15%, thus limiting the purchase of foreign goods, services and works.

  A company with more than 50% foreign shareholding is considered as foreign and therefore excluded from participation in public procurement tenders, unless it fulfils all of the following criteria making it a 'national producer':

  - the company is resident in Kazakhstan,
  - the company produces finished products in Kazakhstan,
  - the company uses no less than 85% of local workforce.

  Despite these rules, local branches of foreign companies created as a public limited company (LTD) in accordance with national regulations are refused access to public procurement tenders.

  This law was further amended by Law No. 233-IV 'concerning the introduction of amendments and additions to certain legislative acts of the Republic of Kazakhstan on

matters of Kazakhstan content ("LC Law")'. The LC Law is effective from 22 January 2010 and relates to subsoil operations by changing certain provisions of the law on Subsurface Use and to public procurement, by providing amendments to the Law on State Procurement. The LC law defines the local content by providing definitions of a Kazakh producer, a Kazakh provider or Kazakh origin of goods. Accordingly, a Kazakh provider of work and services is defined as individuals and legal entities of the Republic of Kazakhstan (RK) which are resident in the RK and whose operations are conducted by no less than 95% of RK citizens in the total number of employees. Whereas the law introduced a clause forbidding closed tenders, the LC Law introduces a 20% price preference clause for local bidders.

- The Government plans to set up administrative punishment for entities violating local content clauses in the procurement law were implemented in the LC Law of December 2009. In particular, the law established fines for violation of the state procurement legislation. In addition, on 25 February 2009 the Kazakh government published a list of companies subject to mandatory monitoring of procurements.

  Kazakhstan is not a party to the WTO GPA.

Nigeria:

- **Government instructions of 30 March 2011 direct all federal administration and agencies to favour locally produced and assembled goods in public procurement.** ***A consumer credit facility is planned, and will be made available to locally-made goods.***

Nigeria is not a party to the WTO GPA.

Paraguay:

- A decree no. 4008) on 26 February 2010 established national preferences in public tenders. Those preferences cover a range from 5% up to 70% compared with imported products in public procurement. This decree, introduced to promote national production and employment in direct response to the economic crisis, was valid for one year.. **On 4 March 2011 a new Decree (No. 6255) was published to support the production and domestic employment, providing for new domestic preference margins ranging from 5% to 70%. Several differences with Decree No. 4008 are to be noted: Article 2 a): the new Decree sets a single margin of 40% for national industrial or manufactured products. Article 3: The definition of "national" for a product is determined more precisely. Article 12: The duration of this decree is now unlimited (duration of one year for the previous Decree). On 30 May 2011, a Decree No. 6674 modified the earlier Decree No. 4008. It reduces the preference margin from 40 to 20%.** ***At the same time, a new draft law foresees support for domestic producers through public procurement and envisages three levels of preference margins: 40%, 20% and 5%, depending on the percentage of local content in a product.***

  Paraguay is not a party to the WTO GPA.

Russia:

- Instruction 427 of 5 December 2008 by the Ministry of Economic Development "On the Conditions for Access of Foreign Origin Commodities for the Purposes of Placing Orders for Commodity Supplies for the Government and Municipal Use" determines conditions for access to the Russian market for a large number of goods and services from foreign countries: agricultural products, hunting products; agricultural and hunting services, food products and beverages, textile products, clothes, fur and fur products, leather and leather products, saddlery products, shoes, organic and non-organic synthesis products, rubber and plastics articles, machines and equipment, cars, trailers and semi-trailers, car bodies, components and accessories and others. In fact it legitimizes the preferences for goods produced in Russia, by enabling the national producers to win bidding with a price which is up to 15% higher than that of a foreign producer. The new 'Buy Russian' provision was considered as an anti-crisis measure, which would only apply for a limited period of time. The Federal Law On State Procurement No. 94-FZ establishes national regime for foreign firms on the basis of reciprocity with foreign countries. **Despite initial time-limit of 2010, the law was prolonged in January 2011 extending its validity until the end 2011. Continued use of single-source procurement procedures creates ample opportunities to apply the Buy Russian principle through direct contracting. In addition, the single-source procedures were further expanded in the Agreement on Government Procurement signed by the Customs Union members (Russia, Belarus, Kazakhstan) listing 27 instances for single-source public procurement. Such procedures can now be implemented by order or a decision of a President of a Customs Union member state or a Government decision on behalf of the President. In light of an ongoing revision of public procurement legislation in Russia, it cannot be excluded that the new legislation will further expand application of Buy Russian.**

- The Government Anti-Crisis Plan 2009 envisaged measures to increase the demand for domestically manufactured goods by providing support to 'systemic companies' (343 companies including Gazprom, Russian Railways Co, Aeroflot, RusAl, AvtoVAZ, GAZ) in public procurement. Additional funds were allocated on purchases of automobiles by Government bodies and local administration, as well as for the implementation of the 'cash-for-clunkers' programme.

  Agriculture Ministry Order 82 from 3 March 2009 - Russian authorities discriminate in granting Russian banking loans (with interest subsidies) to farmers depending on the origin of agricultural equipment purchased. It could be considered as formal discrimination with regard to imported agricultural machines. In 2010, such interest subsidies provided by the Agriculture Ministry should amount to 3.5bn roubles, which should attract estimated 70bn roubles for purchasing *domestically produced* agricultural machinery.

  Subsidies for executive bodies, regional authorities, militia, communal services and medical establishments were granted to buy *locally produced passenger cars, transportation cars and special vehicles* (32.5bn roubles in 2009, 20bn roubles for 2010).

  The anti-crisis plan envisages a working out of measures to stimulate the demand for *locally produced steel* products from the construction industry, the machine-building sector and the fuel-and-energy complex.

The anti-crisis plan called for further steps in order to increase the demand for domestically manufactured goods from the Federal Government, private business and the population.

Russia is not a party to the WTO GPA.

South Africa:

- The Customised Sector Programme for the Textile and Clothing Sector (CSP) was adopted on 21 May 2009 in order to assist the textile and clothing industry as part of the "Framework for South Africa's Response to the International Economic Crisis" of February 2009. It stipulates tariff increases (see above), safeguard investigations and a 'Buy South African' public procurement policy, as well as preferential loans and capital upgrading. South African public institutions are expected to procure only textiles and clothing manufactured locally and by companies in compliance with national tax and labour laws.

- South Africa implements a preferential public procurement regime, which aims to address past discriminatory policies and practices of apartheid. **On 8 June 2011 new Preferential Procurement Regulations were published. The principal change to the regulations is their alignment with the Broad-based Black Economic Empowerment Act of 2003 and its associated Codes of Good Practice. The changes to the rules are largely cosmetic. Tenders are decided on a point-based system, which awards 90 points on price and 10 points on empowered status for large contracts (>€51 000). For contracts smaller than €51 000, that scoring ratio is 80:20. The scoring ratios have not been changed. However, empowerment status is now determined not only on the basis of black shareholding, but also by means of a scorecard that measures a broader set of empowerment criteria, including management, employment equity, contribution towards the development of black skills, preferential procurement by firms from black enterprises, the assistance of small black-owned enterprises and contribution towards socio-economic development. Another change to the rules is currently under development and will constitute an explicit local procurement programme. The new rules make provision for the designation of sectors – which are "of critical importance" - from which only locally-produced goods (with a stipulated threshold of local value added and content) will be considered in the award of government tenders. The changes broadly align the procurement rules with the government's National Industrial Policy Framework. The process of designating sectors is currently under way and expected to be finalised by year-end.**

- ***In a separate development and as part of a larger plan to overhaul procurement policies to support industrialisation and job creation objectives, government plans to streamline two supplier schemes – the Competitive Supplier Development Package (CSDP) and the National Industry Participation Programme (NIPP) – to better align foreign supplier participation in the South African economy to achieve these goals. The programmes cover procurement areas that are traditionally the domain of foreign suppliers, because of insufficient or non-existing local production capacity. The schemes are invoked by government departments and parastatals when they put out tenders. It is unclear at this stage whether the new programmes will be brought under the ambit of the Preferential Policy Procurement Framework Act (PPPFA), or whether new legislation will be created. The programmes impose***

offset conditions on foreign suppliers awarded government contracts, to either invest in the local economy or undertake other actions that will enhance local production and/or stimulate exports. The commitments are in line with government objectives to promote localisation, job creation and black economic empowerment. Some of the means identified to achieve these goals are through greenfield and brownfield investments; technology transfer; sourcing of locally manufactured inputs; local skills development. The value of the commitments required is determined as a percentage of the size of the contract. For the NIPP that level is 30% of the value of the contract; under the CSDP the level is 60%, set to increase to 70%. The new participation ratio is still to be determined.

South Africa is not a party to the WTO GPA.

Turkey:

- Turkey's public procurement legislation allows for a 15% price preference in favour of domestic suppliers when participating in tenders as well as for set asides for Turkish goods and suppliers. The domestic price advantage clause continued to be frequently used in 21% of the overall contract value above the threshold in 2010. **The amendment to the Public Procurement Law in February 2011 partially revised the application of the domestic advantage clause. Accordingly, procuring entities may grant 15% domestic price advantage to domestic or international bidders in supply tenders if they offer domestically produced goods. Although this revision reduces the discrimination against the foreign tenderers, existence of such a preferential provision remains to be an obstacle to fair competition.**

Turkey is not a party to the WTO GPA.

United States:

- On 13 February 2009 the US Congress passed the $790bn American Economic Recovery and Reinvestment Act (ARRA), which was signed into law by President Obama on 17 February 2009. The legislation includes two new 'Buy America(n)' provisions that:
  - 'prohibit funds appropriated by this Act to be used for a project for the construction, alteration, maintenance, or repair of a public building or public work unless all of the iron, steel and manufactured goods used in the project are produced in the United States.';
  - 'prohibit funds appropriated by this Act to be used for the procurement by the Department of Homeland Security of a detailed list of textiles items (e.g. clothing, tents, cotton and natural fibres, etc.) unless the item is grown, processed in the United States.'

  Specific waivers to these restrictions can be requested on the basis of public interest, non-availability or unreasonable costs. The final new Buy America(n) type amendments contain language that the law should be "applied in a manner consistent with US obligations under international agreements". Such wording is supposed to

give ARRA consistency with, among other US international agreements, the WTO plurilateral Government Procurement Agreement (GPA).
On 30 August 2010, the Civilian Agency Acquisition Council and the Defense Acquisition Regulations Councils adopted a rule that implements a "Buy American" provision of the American Recovery and Reinvestment Act. The rule clarifies that iron and steel construction materials are exempt from the Buy American provision only when those materials do not consist wholly or predominantly of iron or steel. If they do, no exemption is made. The Buy American provision does not apply if: coverage would not be in the public interest; if the US does not produce enough iron, steel, and manufactured goods; or if enforcing the provision would increase the cost of the project by more than 25%.

As regards the application the rules apply to:

- State procurement entities not covered by the US GPA commitments as well as the procurement by the States not committed under the GPA;
- States covered by the GPA will have to admit bidders coming from GPA Parties if the procurement in question is covered by the US GPA commitment.

Although the funding, in the form of grants, will be provided by the federal authorities, the States will be for the most part the ultimately procuring entities.

Following the adoption of ARRA, the U.S. Administration has issued two sets of implementing rules and guidance aiming at further clarifying the new provisions. These have been subject to a two-month stakeholder consultation. Comments received during that period are due to be assessed and integrated by the relevant authorities in the final implementation rules and guidance, still to be published.

Vietnam:

- Prime Minister's Directive no. 494/CT-TTg dated 20 April 2010 on the use of domestic materials and goods in bidding of state-funded projects. It states that for bidding of goods procurement, international bidding shall be held only if domestic goods, materials and equipment can not meet package requirements or those can not be provided locally or sponsors of ODA package require of international bidding.

II.2. Investment and services restrictions

Algeria:

- A series of instructions issued on 20-22 December 2008 introduced stringent procedures for foreign investors and traders in Algeria. The instructions specify that any foreign investment required a majority participation of Algerian capital. Furthermore, all foreign investment would be subject to examination by the National Investment Council; the capital could only be mobilised on the Algerian capital market; and any project would need to result in positive foreign exchange balance for its entire duration. Finally, any company importing goods to the country would be obliged to have a 30% Algerian participation in its capital. It has to be noted though

that the initial provision regarding the retroactive character of the requirement has been lifted largely due to the pressure exercised by the European Union.

- The law "La loi de finances complementaire 2009" of 26 July 2009 introduced further restrictions, such as 'Buy Algerian' requirement for all investors benefitting from assistance of Agence Nationale de Developpement des Investissements (ANDI) and a pre-emptive right of re-aquisition of shares sold by foreign investors by the State. The regional agencies of the *Registre national du commerce* have recently been instructed to extend the obligation to have a 51 % minimum requirement for Algerian shareholding to companies already established before the entry into force of the LFC 2009 and who now wish to modify their shareholding composition. While the 2009 loi de finances complémentaire only applied to newly established companies, these new guidelines will make the application of the 51 % rule retroactive and might therefore prevent companies from welcoming new investors.
- **One of the implementing acts to the Finance Law 2009, decree no. 09-283 of 12 May 2009, imposes a 40% participation of Algerian capital in the maritime services. The law is in force since 23 May 2011 and applies to already existing companies as well as to new investments in Algeria.**

Argentina:

- **On 21 February 2011, the Argentine insurance regulator (Superintendencia de Seguros de la Nacion or SSN) issued Resolution Nº 35.615/2011 modifying the regulatory framework for reinsurance in the country, which will enter into force in September 2011. Among its main provisions, the new regulation only authorizes national companies or locally-established branches of foreign companies to provide reinsurance services in the country (cross border supply or consumption abroad of reinsurance services will no longer be possible). By way of derogation, companies can request a waiver from this obligation when they can prove that the degree of risk cannot be covered in the local market. On 26 May 2011, resolution 35794/201-SSN modified the regulatory framework established with the previous resolution. This new regulation allows cross-border supply of reinsurance services both for risks above USD 50 million and for retrocession services. Nevertheless, other restrictions remain in place (e.g. reinsurance abroad of life insurance and transfer abroad of more than 40% of premiums of local reinsurers are not allowed).**

Australia:

- Australia announced on 12 February 2009 that it would seek to amend the Foreign Acquisitions and Takeovers and Amendments Act 1975, clarifying the operation of foreign investment screenings to include investment instruments which involve the exercise of rights to acquire shares or voting power in the future. The amendments were assented to on 12 February 2010 and apply retrospectively from the date of the announcement.

Brazil:

- **On December 15, 2010 the National Council of Private Insurance (CNSP) decided to change the way in which the reinsurance business is conducted in Brazil by introducing two new Resolutions 224 & 225 aimed at protecting the interests of Instituto de Resseguros do Brasil (IRB). Resolution 224 has then been replaced by Resolution 232, which entered into force on 31 March 2011. Under new regulations, insurers can only cede a maximum of 20% to affiliates abroad. The objective is to induce insurers to use local reinsurers, which means also accepting whatever rates and conditions are offered locally.**

China:

- As of August 2009, Chinese authorities encourage new airline operators setting up in China to operate Chinese-made aircrafts, as a pre-condition in order to receive an air operator certificate (AOC). Chinese government promotes the local product on domestic market since Chinese aircrafts (MA60) have usually been exported, due to domestic operators' preference for foreign-made aircrafts.
- *China's government is considering plans that could force foreign auto makers to hand over cutting-edge new-energy vehicle technology to Chinese companies in exchange for access to the country's huge market. This would be in conjunction with the MIIT's plan aimed at turning China into the 'world's leader' in developing and producing battery-powered cars and hybrids. The government could compel foreign auto-makers that want to produce critical components (e.g., vehicle traction battery, drive motor, basic materials for complete vehicle control system, battery and motor, etc.) in China to share critical technologies by requiring the companies to "present independent R&D capability and intellectual property rights, with the equity of the Chinese party no less than 51%". **The first draft of the MIIT plan did include this requirement, but it remains to be seen if the final document which is expected to be adopted by the State Council in September 2011 still includes this discriminatory provision**.*
- *The revision process of the Investment Catalogue was officially announced in April 2010, when the State Council issued a Circular on investment also referring to the Catalogue and pledging to 'open up more areas and encourage foreign investments in high-end manufacturing, new high-tech technology, modern services, energy-saving and environmental protection industries'. The current version of the Catalogue (last modified in 2007) sets up important barriers to investment; this is equivalent to a framework legislation on investments, classifying them according to three categories (encouraged, restricted, prohibited), and providing for facilitations or limitations according to the category. **China issued a draft of the Catalogue and opened a public consultation until 30 April 2011. The draft appears not to substantially improve the current level of openness. The final adoption of the Catalogue is expected for the autumn 2011.***
- **In February 2011, the State Council announced the setting up of a national security review process for mergers and acquisitions, to enter into force in March 2011. The review raises many questions with regard to the definition of national security, which is defined very broadly with many sectors being included. Furthermore, there is concern with the timeline of the review, possible retroactivity and third party complaints. It is feared that this review will considerably lessen legal security for foreign investor in China.**

Egypt:

- *In October 2009 Egypt announced local content requirements for foreign shipping agency activities. An equity cap of 51% for Egyptian ownership is imposed on those companies licensed to carry out shipping agency activities. Entry into force has initially been postponed to end of October 2010, while a further six-month delay in implementation is foreseen.* ***Companies have received a new grace period until 18 July 2011. The Ministry of Transport has indicated that this will be the last postponement of entry into force to be allowed.***

India:

- *Since the end of 2009, the Department of Telecoms (DoT) has taken a number of steps to increase security requirements in telecoms. The measures taken between March and July 2010 posed fundamental market access questions. The requirements included in the 18 March license amendment to the United Access Service License Agreement already raised fundamental concerns. Notably, telecom equipment providers were required to ensure transfer of technologies within a period of three years and the obligation to substitute Indian engineers for foreign ones within a period of 2 years. The Telecom Service Provider –Vendor/Supplier Agreement imposed in the 28 July Amendment to the United Access Service License Agreement added much more demanding and trade restrictive requirements, including the escrow of source code and sensitive design information and set out very high liability in terms of penal provisions. Such requirements were very likely to be commercial deterrents for global ICT companies that exercise great care in protecting such sensitive proprietary information which is at the core of their business. Subsequently, the Government of India agreed to review the provisions in the light of international best practices and see if there could be an alternative mechanism which could be put in place to resolve the issues.* ***In March 2011, India decided to allow telecom operators to – temporarily - choose between a regime based on self certification (but subject to the assessment of DoT) and the new system of prior security clearance (based on the signature of specific template agreement where disclosure of source codes and transfer of technology is foreseen). On 31 May 2011, DoT issued a new license Amendment superseding all prior telecom security-related policies dating back to December 2009. The Amendment reflects some positive developments, including removing (i) the source code escrow and (ii) the transfer of technology requirements, and (iii) the mandatory contractual terms stipulated by the 2010 template agreement. However, the proposed changes raised some new policy issues, including a requirement for mandatory security testing in an Indian laboratory by 2013; inspection of hardware, software, design, development, and manufacturing facilities as well as supply chains; employment of only resident, trained Indian nationals as executives responsible for certain security cases; and the potential for companies to be "blacklisted" from the Indian market, should they fail to comply with certain laws and regulations. Accordingly, a lasting solution that addresses all concerns is yet to be achieved.***

- **Indonesia:** Indonesia set up an 80% limit on foreign direct investment in the fisheries sector, according to the Decree 5/2008 of the Ministry of Fisheries.

- In November 2008 the Ministry of Communications published a draft Decree on its website (for public consultation) which imposed a minimum 30% local content requirement on telecom equipment acquired by local operators, as well as related services. The Ministry of Communication and Information Technology subsequently issued three decrees, which set the local content requirements: Decree 7/2009 set a local content requirement of 30-40%, and up to 50% in 5 years time on subscriber and base stations; Decree 19/2009 requires telecom tower management company (if not a telecom operator) to be a national company (100%-Indonesian owned); Decree 41/2009 of October 2009, which provides details on the calculation of local content, which covers equipment and materials, engineering services, cost of manpower for construction and project, tools and the use of supporting services.
- Ministry of Health Decree 1010/2008 restricts the scope of imported drugs that can be registered and provided that drugs which are currently imported must be manufactured locally within 5 years. The Decree was adopted and became effective on 3 November 2008. Contrary to previous commitments to ensure that existing foreign importers (so called PBF companies) could continue to register their products, the Ministry of Health returned to its original position whereby drugs can only be imported if they fulfil the need and are not manufactured locally; furthermore imported drugs can only be registered by companies having manufacturing facilities in Indonesia. EU exports of pharmaceuticals to Indonesia amounted to EUR 145 million in 2007[40]. According to the investment coordinating board, investments into the pharmaceuticals sector have come to a halt since the limitation of FDI to 75%. In August-September 2009, Food and Drug Safety Agency sent warning letters to foreign companies which have not applied for a production licence, threatening to revoke their PBF licence.
- Decree 43/2009 on circulation, selling and supervision and control of alcoholic drinks of 15 September 2009 imposes new limitations on national treatment applying to the distribution and retail services. These services can be provided only by companies owned by Indonesian nationals and resident on the territory of Indonesia.
- *A new draft regulation has been prepared on the establishment of data centres for information and electronic transactions. It would provide for limitations on national treatment, since these would have to be operated by Indonesian nationals. Depending on the definition of 'public service', many multi-national companies might be affected.*
- *Draft regulation is being prepared to introduce local content requirement of 50% on oil and gas contractors, who would be obliged to spend 50% of their total project expenditure on local products and services in the framework of the "Indonesia Incorporated" concept in the sector to support these industries in terms of service, financial and human resources procurement.*
- A mining law adopted on 16 December 2008 requires that minerals and coal be processed before export. The Government has one year to put into place the necessary implementing regulations to give effect to the provisions of the law. The Decree on Mining Services entered into force in September 2009 (Decree 28/2009) and stipulates that mining companies need to prioritise the use of local or national (100%-Indonesian owned) mining service companies over foreign-owned ones. Implementing regulations were adopted in February – June 2010 for 1) Mineral and Coal Mining Enterprise Activities, 2) Determination of Mining Area and 3) Forest Area Utilisation Regulation.

[40] SITC 515, 516 and 541 - accounting for around 3% of total EU exports to Indonesia.

- **In 2010, a new Investment Negative List was issued (presidential regulation 36/2010), encompassing previous sectoral limitation (above) in one new list, while stating grandfathering and hierarchy of regulations. Some sectors were opened up (for instance hospital, education) while others became more restrictive (such as specialised hospital and other health services, from 65 to 67%; some tourism services have been increased from 50 to 51%. International maritime transports for cargo and passengers as well as maritime cargo handling services allow for 60% foreign ownership for ASEAN investors, compared to 49% for non-ASEAN investors. Very Courier/express delivery services are subject to minority foreign ownership (49%) and additionally reflect the restrictions imposed by the Postal Law, i.e. delivery services can only be carried out up until Indonesia's gateways. Foreign ownership limits for large-scale construction services have been raised from 55 to 67%, but only for high risk projects with a value exceeding IDR 1 billion (about US$ 100,000). Operation, construction and management of telecommunication towers are completely closed to foreign investment, in line with Ministerial Regulations issued in 2008 and 2009 in a push for local content requirements in this sector. This also appears to be inconsistent with Indonesia's GATS commitments.**
- **The Horticulture Law of October 2011 reduced the foreign equity cap from 95%/100% down to 30%. This entails serious implications not only for future investments but also for established investors as the legislation does away with the grandfathering principle.**
- **In April 2011, the House of Representatives passed a bill to limit the number of foreign accountants operating in the country. Under the bill, a foreign accountant would not be able to receive a business license unless there was a mutual recognition agreement (MRA) between Indonesia and the accountant's country of origin. The bill also requires that foreign public accounting firms have five local partners for every foreign partner and that foreign public accountants be members of their national public accountant professional associations. Foreign employees must not comprise more than 10 percent of a public accounting firm's total employees under the bill. While the bill will tighten requirements for foreign public accountants, the rules for local accountants will be loosened. Aspiring local public accountants would no longer need an accounting degree under the bill. Applicants would only need to complete accounting courses and to pass a certification test jointly administered by several universities and the Indonesian Association of Public Accountants (IAPI).**
- ***The Central Bank of Indonesia is considering limiting foreign ownership in banks and introducing requirements for foreign banks to set up offices in Indonesia. The regulation is expected during 2011 with a lengthy transition period. Foreign ownership limits below 50% have been proposed in the media. Bank ownership is currently regulated by the Government Regulation 29/1999, which allows a person or institution, Indonesian or foreigner, to own up to 99% of a bank. Foreigners currently own 50.6% of banks assets. Any single entity trying to own at least 25 percent of shares already needs an approval from the central bank.***
- **Payments and settlements of all domestic commercial transactions and obligations should be conducted in Indonesian Rupiahs from May 2012, except for transactions related to the state budget, grants given by or to a foreign state,**

international commercial transactions (any payment made by or to a counterpart overseas for goods or services with an "overseas component"), bank deposits denominated in foreign currencies, and international finance transactions. Violation of this provision of the Currency Law may attract imprisonment of up to 1 year and a fine of up to IDR 200 million for both payer and payee.

Nigeria:

- The law of 21 April 2010 imposes local content requirement for investment in the oil and gas industry. Nigerian companies would retain a substantial share of contracts and projects awarded in the oil and gas sector and would also obtain preferential treatment in the awarding of oil blocks, oil field licences and oil lifting licences. Minimum Nigerian content is defined, as are the preferences for Nigerian operators. A Nigerian investor is granted a 10% advantage over a foreign bidder. The Nigerian Content Monitoring Board is set to supervise the compliance with the law. The law builds on the previous local content policy, with the aim of fostering local industry capacity building; it raises, however, questions about the feasibility and implementation.

Russia:

- In April 2008, the Russian Duma approved The Strategic Sectors Law ("Law on Foreign Investment in Companies with Strategic Significance for National Security and Defense") and Federal Law No. 58- FZ amending certain other Russian laws to give effect to the Strategic Sectors Law (the "Amendments Law"). It imposes limitations on foreign investment in Russia in a wide number of sectors deemed of strategic importance to Russia, such as telecoms, aviation, electronics (TV), broadcasting and printed media, as well as extraction of mineral resources from the 'federally important' fields. The Law, although brings certain advantages in terms of greater clarity of procedures, does complicate the process for foreigners to invest in Russia. Albeit recently the procedure of granting permissions has recently been accelerated, the law remains too restrictive by providing too wide a definition of strategic sectors. Furthermore, a 50% participation limit was imposed on foreign participation in strategic business entities (a 10% limit in the extraction sector, and tougher restrictions for businesses controlled by foreign governments and international organisation). A special committee led by PM Putin approves all deals exceeding the limits. Since the adoption of the law investors submitted 122 applications. In 2009, the Government Commission for foreign investment in strategic sectors considered 39 applications, 20 of which were approved, 2 rejected and 17 referred for further consideration. Attempts to modify the stringent rules of the Law have been undertaken, but have so far been limited to clarifications of procedures and some relief for Russian companies, whose foreign-based affiliates are affected by the law. **Meanwhile, a significant decline in inflow of foreign investment in 2010-2011 has started to hamper the implementation of the Government's economic plans. Prime Minister Putin-led Government Commission for foreign investment stressed in December 2010 a need to liberalise the Strategic Sectors Law. The Federal Antimonopoly Service (FAS) has prepared a package of related amendments to the Law, which has been approved by the Government and is currently in the Duma, with a possibility that the law be adopted in autumn 2011.**
- The Ministry of Industry and Trade prepared tougher rules of industrial car assembly. The extension of current deals with foreign car manufacturers is expected to take place

in the course of 2012/2013; specific conditions for the prolongation of contracts is as follows: production capacity should be at least 300,000 cars per year within two years after signing the additional agreement for CN codes 8701-8705 (25,000 cars annually are requested now). **Alternatively, the producer should modernise the existing production facilities to be able to produce at least 350,000 motor vehicles annually within three years from signing the additional agreement. The car manufacturer should take an obligation to equip at least 30% of motor vehicles locally produced with domestically produced engines and/or gear boxes. In case annual volume of production exceeds 1 million motor vehicles, domestically produced engines and/or gear boxes need to be installed on 200,000 cars. A manufacturer is obliged to establish the production of car body parts, possibly in cooperation with other Russian legal entities, within 48 months after signing the additional agreement. The car manufacturer who builds new production facilities is obliged to comply with the following schedule of production localisation: 30% level of production localisation in the fourth year after signing the agreement; 40% in the fifth year; 60% in the sixth year. The car manufacturer who modernises the existing production facilities is obliged to implement the following schedule of product localisation: 35% level of localisation in the first year; 40% in the second; 45% in the third year; 50% in the fourth year; 55% in the fifth year; 60% in the sixth year.** These steps are in line with a large-scale programme of localization of foreign production, which should stimulate foreign companies to share their technologies and knowhow with local producers in order to transform their assembly facilities in Russia into a full-scale production. E.g. the Ministry of Industry and Trade drafted a 'Strategy of pharmaceutical industry' which envisages a broad spectrum of benefits for domestic pharmaceutical firms. Foreign firms could also get the status of 'domestic producer' by not only packaging their medicines, but via organizing production of drug substances in Russia. Foreign producers of telecom equipment and mobile phones (e.g. Nokia, Alcatel-Lucent, Cisco Systems, and Huawei) are requested to reveal source codes of their software in order to enjoy the status of 'domestic producer' for their projects in Russia (Government support, larger market share etc). **On 24 December 2010, the Ministry of Economic Development, the Ministry of Industry and Trade and the Ministry of Finance issued a joint Order adopting the above rules of car assembly regime, imposing much higher thresholds of localisation and assembly quantities. Conditions to import parts and components for car assembly are established in foreign car manufacturing firms' individual agreements with the Ministry of Economic Development. Remaining preferential, they aim at promoting locally manufactured final products.**

- The Federal Law "On the bases of state regulation of retail trade in the Russian Federation" (No. 381 – FZ of 28 December 2009), which entered into force on 1 February 2010, places as one of its primary goals the support of Russian producers and retailers in their relations with big retail chains. Although the Law does not distinguish between Russian and foreign retailers, it has a certain 'anti-Western' orientation taking into account the large size of Western retail chains which have improved their positions in Russia. The Law imposes a domination threshold on retail chain operations in Moscow, St. Petersburg and other territorial entities (25%) while forbidding those exceeding the limit to expand their business. Retail chains were also deprived of their privilege to collect bonuses from local suppliers (which is quite common practice in other countries). The Law also gives the Government the right under certain conditions to regulate retail prices for essential foodstuffs.

South Africa:

- ***The Government is currently formulating a comprehensive FDI policy with view to preparing a new investment act. Some shifts in the approach to investment were flagged in a discussion document published by the National Treasury. A broader set of criteria will be used for assessment of FDI decisions, notably large M&A applications. These criteria will replace the exchange control procedure currently used to assess M&A applications. The criteria will follow a developmental approach that more pragmatically balances private versus social returns. The policy will pursue aims to protect the tax base and limit options to evade taxes or externalise assets while state-specific regulation, such as BEE, which emphasises "social cohesion and growth imperatives" will carry more weigh when future FDI is considered. No firm timeline has been set for the completion of the process.***

South Korea:

- The National Assembly prepared a draft law further restricting access of large retailers (so-called "SSMs", or super-super markets affiliated with large enterprises) to retail services. **The proposals for domestic legislation concerned were deemed to be in breach of Korea's WTO/GATS and FTA commitments. The proposed amendments to the Distribution Industry Development Act provided provisions on the exclusive traditional market zone from 500 m to 1000 m, blocking SSM's penetration in there; and also on the extension of the validity of these restrictive rules from 3 years to 5 years. The revision bill was finally adopted by the National Assembly on 23 June 2011.**

Thailand:

- *In the past few years, Thailand attempted to tighten the law by adding new criteria used to qualify companies as foreign referring not only to "equity ownership limitation" but also to the "majority of voting rights and management controls". These amendments did not pass, but there are some concerns that the government could revisit the issue and try to use the backdoor of sector-specific legislation to introduce the new criteria. There is currently a worrying trend of using sectoral legislation framework to impose foreign dominance criteria by means of both ownership as well as management structure controls.* ***In June 2011, the National Telecommunication Commission (NTC) announced the reintroduction (previous attempt August 2010) of a draft notification that would introduce foreign dominance criteria in the telecom sector by taking into account such elements as shareholding, management control and supply relationship. The notification has been sent for publication already. The Ministry of Finance is preparing an amendment to the Life and Non-Life Insurance Acts of 2008 which would maintain the foreign dominance criteria so as to restrict foreign participation in insurance companies by means of both ownership as well as management structure control. According to the draft, insurance companies would still be subject to the condition that 75% of shares belong to Thai nationals and that these shares must also carry no less than 75% voting rights.***

- *Similarly, a new draft law on logistics services business intends to apply both ownership as well as management structure restrictions in its application eligibility criteria. Such conditions include a criteria requiring at least 70% of shares in the*

companies be owned by locals, and a management structure criteria requiring that 70% of the directors must be Thai nationals in order to be eligible for the privilege benefits.

Turkey:

- **Turkish Law No 6094 of 29 December 2010, amending the Law No 5346 of 10 may 2005 on utilisation of renewable energy for the purpose of generating electrical energy, appears to contain local content elements in investment policy. It proposes incentives for investors using domestic products in renewable energy investment projects. The stipulated level of the so-called Feed-in Tariff (a guaranteed purchase price for energy) is higher for investors who are using or are going to use domestic mechanic and/or electro-mechanic products in their renewable energy facilities. These investors will receive additional support of USD 0.4 - 3.5 cents/kWh depending on the type of equipment, for a five-year term.**

Unites States:

- Foreign ownership of US airlines: the US Code 40102 establishes that 75% of the voting rights in a US carrier must be owned by persons who are citizens of the United States.

Vietnam:

- **On 1 August 2011, a decree No. 46 on employment and administration of foreign employees entered into force. It conditions extension of work permits for foreign workers with employment of local labour force.**

III. EXPORT RESTRICTIONS

Algeria:

- Restriction on exports (metal scrap, leather and cork), and prohibition to export subsidized agricultural and food products: cereals (wheat and barley), flour and milk.

Argentina:

- **Resolution 1243/2011 introduced an export tax of 1% applied to a set of fish products (0304.19.19, 0304.19.90, 0304.29.10, 0304.99.00, 0305.49.90, 1604.19.00, 1604.20.90, 1605. 90.00.).**

Belarus:

- **On 16 March 2011, Belarus introduced an export duty on linseed, rapeseed and rapeseed oil on a temporary basis, until 16 September 2011.**

Brazil:

- ***Presidential administration is reportedly considering creating an iron ore export tax meant to spur investment in local steel production and reduce reliance on commodities exports. According to market analysts, given the current tight world market conditions, driven by a continuously growing demand, if Brazil (world's second largest exporter) decides to restrict its supplies to reallocate them for domestic use, it could lead prices to jump from their current already extreme prices to the range of USD 220-230/tonne in H1 2012***

China:

- **China updated the export quota of rare earths,** as introduced in 2009**, for the first semester of 2011: these represent a reduction by 35.2% on the quota allocated by MofCOM (Ministry of Commerce) for the first semester of 2010. The reduction of the quotas was higher for foreign-invested exporting companies (-38,4%) than for domestic exporting companies (-34%). Following the setting up of quotas for the second semester, the total quota size for 2011 remains at the same level as that for 2010, but in fact it represents a strong reduction of the quota for exports of rare earths because the list of products covered by the quota now includes "ferro-alloys" that were not included until now. Some estimates indicate that by including this new category of products in the quota, China in fact reduced the 2011 rare earth export quota by as much as 30%, while passing the message that the 2011 quota was not reduced when compared to that of 2010.**

Egypt:

- On 20 September 2010, the Ministerial Decree 450/2008 imposing the ban on exports of rice was extended until 1 October 2011. Any surplus rice is allowed for export after meeting domestic demand, with an export duty set at the level of 2,000 EGP/tonne (HS 100610 to 100640). Broken rice (HS 100640) can be exported at 100 EGP/tonne. An export quota for export of milled rice (HS 100630) has been set at 100,000 tonnes every two months. The system is managed through export licence system.
- **Since June 2011, higher export duties on certain industrial raw materials are applicable, as specified by the Ministerial Decrees 277 and 278/2011. Export duties on crude marble (HS 2515.11) and granite (HS 2516.11) were raised from 80 EGP/ton to 150/ton; and for unwrought lead, lead waste and scrap (HS 78.01 and 78.02) from 2,000 to 3,000 EGP/ton.**

India:

- An export tax of 5% on iron ore was re-introduced (from the previous 0% regime). At the same time, the export tax on iron ore concentrates was increased from 5% to 10%. Both measures apply as of 24 December 2009. On 29 April 2010, India increased the

tax from 10% to 15%. **On 1 March 2011, the export duty on iron ore fines and lumps (other than pellets, HS 260111 and 260112) was raised from 5% and 15% to a unified rate of 20%.**

- **On 1 March 2011, India introduced an export duty of 10% on de-oiled rice ban cake.**
- **On 18 February 2011, India prohibited exports of milk and cream, concentrated or containing added sugar or other sweetening matter including skimmed milk powder, whole milk powder, dairy whitener and infant milk foods (HS 0402). Also on the same date, India extended export prohibition on exports of Casein, caseinates and other casein derivatives; casein glues (HS 3501).**
- **On 16 March 2011, India reduced the Minimum Export Price (MEP) of onions (HS 0703 10 10) other than Bangalore Rose onions and Krishnapuram onions from $350 metric ton to $275 per metric ton. On 7 September 2011, a singles MEP was fixed for all varieties of onions, including Bangalore Rose onions and Krishnapuram onions at 475 $/metric ton. As of 9 September 2011, export of all varieties of onions is prohibited with immediate effect till further notice.**

Indonesia:

- Ministry of Fisheries Decree 5/2008 on Catch Fishing Business requires both domestic and foreign fisheries companies to set up fish-processing industry in Indonesia. According to the press statement, caught fish has to be processed domestically first before exportation. The stated purpose is to create added value to the Indonesian fisheries sector and to create jobs.
- The regulation No. 67/PMK.011/2010 introduced a progressive export duty on cocoa, fluctuating between 0% and 15% depending on the world market price. The funds from the export tax would be used for developing the national cocoa industry. **Regulation 19/2011 of 22 July 2011 introduces new export taxes cocoa. These are to expire end of August 2011.**
- Decree 36/2009 of 11 October 2009 introduced export controls on raw rattan.

Kazakhstan:

- Export duties on aluminium products (7601 20) were reintroduced on 23 June 2010 (previous duty was removed in February 2009 on a temporary basis to support domestic producers): 15% but not less than 100 Euro per 1000 kg.
- On 13 July 2010, the Government announced the reintroduction of export duty at USD 20 on crude oil and updated the rates for oil products. **In January 2011, Kazakhstan doubled the export duty on crude oil to USD 40 per tonne, which remains unchanged.** Export duty in Kazakhstan was introduced in May 2008 and was in operation until 29 January 2009. At the same time, 1 January 2009, a new tax code introduced a Rent Tax (depending on world market price) and Mineral Extraction Tax (depending on volume of production).
- **In August 2011, export duty on light oil was increased to USD 114.05 (from USD 98.13) per ton and the export duty on heavy oil was increased to USD 76.03 (from**

USD 65.42) per ton. Current duties reflect an increase of 16% as compared with previous levels.

- On 27 September 2010, Kazakhstan's government introduced a ban on the export of buckwheat and all types of vegetable oil, except for linen and rapeseed oil. *The government has also taken draft decisions that envisage the ban on the export of seeds used for the production of vegetable oils and of buckwheat.*
- **A ban on export of gas oil (except for heating oil), motor gasoline, kerosene has been extended (initially introduced on 29 May 2010) until end 2011.**

Malaysia:

- **Exporting meat products to Malaysia is facing increasingly serious non-tariff barriers, in the form of new and stricter (but non-transparent) Halal requirements, a cumbersome, costly and non-transparent inspection regime (in force since January 2010; since 1 July 2011 for pork) and unclear and often contradictory information from the competent authorities. For pork, moreover, since 1 July 2011 an illegal quota has been implemented on two of the ten cuts allowed for import from the EU (pork belly, spare ribs).**

Pakistan:

- On 13 April 2009 Pakistan imposed 15% regulatory duty on export of molasses. Molasses is used to feed production but is also an important feedstock for bio-ethanol production. The decision has been taken to encourage ethanol production in Pakistan, which has witnessed increasing export trend to other markets owing to unprecedented fuel price hike.

Russia:

- The Russian Government increased export duty (from 5% to 20%) on some categories of magnesium scrap, but not less than 138 euros/tonne. In force since 2 November 2009 by Government Decree No. 771 of 2 October 2009.
- The Russian Government's Commission for the External Trade Protection Measures took a decision about the increase of export duty on copper (from 0% to 10%) and nickel (from 5% to 10%), **which are in force since December 2010 (Government Decree No. 892 and No. 893 of 12 November 2010).** The Russian Government links the increase to the price of nickel and copper on LME. The *export duties on potash fertilisers are being considered.*
- In August 2010, the Russian Government revised upwards the export duties on oil and some oil products, in accordance with the increased world oil price (Government. Decree No. 652 of 26 August 2010). **A further upward revision of the duty took place in February 2011, with export duty for oil set at USD 346.6 per tonne. New methodology for calculating export duties on petroleum products was introduced in February 2011. The rate of export duty on heavy petroleum products is set at 46.7% of the rate for crude oil, while the rate of export duty on light petroleum is set at 67% of the rate for crude oil. By 2013 the rates of export duties on heavy and light petroleum products will be equalized at the level of 60% of the export**

duty on crude oil. *The Finance Ministry is also actively lobbying for increase in export duty for gas from the existing 30% (flat rate) to 35%.*

- **The Russian Government introduced a prohibitive export duty on petrol amounting to USD 415.8 per ton in order to reduce the deficit of petrol in some regions of Russia.**

Turkey:

- The Undersecretariat for Foreign Trade sent an instruction to the Exporter Associations which are in charge of registering the export of copper scrap on 21 May 2010. According to this instruction, operators are required to fulfil three different conditions in order to obtain an export license from the Exporters Associations: copper scrap which will be exported shall be pre-investigated on site by supervisors from the Standardisation Department of the Foreign Trade; submission of written confirmation received from at least three domestic producers showing that copper scrap would not be used for their production; contract that shows export connection. The Foreign Trade had previously issued a communiqué that orders the registration of copper scarp export by the Exporters Associations. The registration requires obtaining a registry certificate which amounts to an export license. However, the instructions of the Foreign Trade which bind the distribution of export license to the above mentioned conditions have apparently turned the existing licensing regime into a de facto export ban.
- **A communiqué of 21 April 2011 made recovered (waste and scrap) paper or paperboard and aluminium waste and scrap subject to export registration, yet lacking in transparency as regards conditions for obtaining an export license.**

Ukraine:

- **The export ban on grain, introduced in the summer 2010, has been 0 replaced with an export duty since 1 July 2011. On 10 June 2011, Viktor Yanukovich, President of Ukraine, signed the law No. 3387-VI "On making of amendments to the Tax Codex of Ukraine and adoption of tariffs of the export duties for several varieties of grains", which imposed 9-14% customs duties for grain exports until 2012. In particular, the law specifies that the Government imposes the export duties till 1 January 2012, for the following grain varieties: wheat, meslin and emmer wheat - 9% of the customs cost, but not less than 17 EUR/ton; barley – 14%, but not less than 23 EUR/ton; maize – 12%, but not less than 20 EUR/ton.**

Vietnam:

- **Decree 109/2010/ND-CP which was announced on 4 November 2010 and entered into force on 1 January 2011, exporters of rice must meet more strict requirements regarding storage and rice processing facilities. There is one positive aspect of this Decree 109/2010/ND-CP, i.e. this legislation allows foreign-invested enterprises to participate in rice exports.**

IV. MEASURES TO STIMULATE EXPORTS

Brazil:

- Sovereign wealth fund was introduced, aiming to protect the country from the global financial crisis and to help Brazilian companies to boost trade and to expand overseas.
- Decision to increase the number of exporting companies with access to the government's export financing programmes. ***As part of the new industrial plan launched on 2 August 2011 ("Brasil Plano Maior), the Government announced that that the time lag for export refunds to be made available to exporters will be significantly reduced.***
- An additional credit line (R$80 billion, US$ 43.6 billion) was opened by the National Development Bank on 10 December 2009.
- On 6 September 2010, the Government adopted a decree (*Medida Provisoria* N - 501) increasing funds allocated to the BNDES (National Bank for Development) to fund exporting operations by Small and Medium Enterprises. Funds passed from R$45 billion to 90 billion (over €40 billion). BNDES funds directly or indirectly (through financing operators) exporting operations at interest rates below market levels. Under certain circumstances it grants non refundable funds.
- A stimulus package is planned to help boost exports from Brazil. It would include creation of a subsidiary of the BNDES, Eximbank, which would provide mechanism of funding and guarantee to exports, continuation of fiscal exemptions for companies 'preponderantly export-orientated', a system of integrated drawback to buy inputs tax-free and a simplified import-export procedure for SMEs. On 5 May 2010, the Brazilian government released details about the export stimulus package. The package establishes EXIM Brazil, a subsidiary of the National Bank for Economic and Social Development (BNDES) which will be in charge of financing exports. A new public export credit agency, Empresa Brasileira de Seguros (EBS), has also been created. The capital of EBS will have an initial capital of 17 billion Reais (obtained by merging already existing funds for infrastructures and export credit). The package also accelerates the refund of fiscal credits to exporting companies. Exporting companies are entitled to fiscal refunds for all components of a final product which is destined to export. Exporting companies are now to receive fiscal credit refunds within 30 days after submitting the request (the time lag is currently around 5 years). Companies with a minimum of 30% of their turnover generated through exports will be entitled to receive such fiscal credit refund. The package establishes a limit to the refunds of 50% of the total fiscal credit accumulated by an exporting company (until now, companies were entitled to 100% refunds). Furthermore, as part of the package, in November 2010, Brazilian tariff on auto parts used for domestic production will increase from the current 9 to 11% duty to 14-18% (full TEC duty). The move is foreseen in the export stimulus package, released in May 2010, which intended to eliminate within 6 months the 40% import duty reduction applied so far to imported auto parts used to produce cars in Brazil. This exemption, which aimed at reducing the trade deficit in the sector, had been in force for 10 years.

China:

- The sectoral plans that have been published for various sectors cover various forms of support including financial support measures, consolidation around national champions and reduction of outdated capacity. There is generally a reference to increases of export tax rebates as a way to support exports. The measure does not discriminate between domestic and foreign producers established in China.

India:

- The Minister of Commerce and Industry announced that the exports of leather and textile sectors would be given incentives of INR 325 crore (USD$ 67 million) with effect from 1 April 2009.
- *On 12 January 2010 India announced a €73 million incentive scheme for exporters in the form of duty credit scrip, which may be used for import of any capital goods, including spares, office and professional equipment, office furniture and consumables which are freely importable.*
- On 31 March 2010 India adopted a stimulus package for exporters – incentives for the textile sector, engineering, electronics, and agro-food products. Incentives for textiles (ready-made garments) will be available till September 2010, whereas incentives for electronic, engineering and agro-chemical goods will be given for the entire 2010-2011 period under the Market Linked Focus Product Scheme.

Japan:

- In June 2010 the Government of Japan announced the "New Growth Strategy". One of the key policy measures to stimulate the economy's growth is the promotion of infrastructure-related exports to emerging economies. It aims to create infrastructure-related business worth Yen 19.7 trillion ($225 billion) in the next ten years. On 10 September 2010, the Cabinet adopted the "The economic measures for realisation of New Growth Strategy", which, inter alia, aims to expand the types of projects covered under the JBIC scheme. The Government will expand the scope to ten categories, adding such areas as efficient power generation, efficient electricity transmission, water treatment and carbon capture and storage. It will also expand the scope of railway projects to include not only high-speed rail but also subway and monorails. JBIC will be required to make such investment and loans in cooperation with private-sector financial institutions. A cabinet decision to revise the relevant ordinance is expected before the end of 2010. **JBIC launched on 1 April 2011, "E-FACE "(Enhanced Facility for Global Cooperation in Low Carbon Infrastructure and Equity Investment)" with the view to promoting a package of infrastructure related exports to emerging countries. The scheme aims at mobilizing private capital through JBIC's equity participation, guarantee functions and loans. It was created in response to i) the "New Growth Strategy" (June 2010), ii) the Cabinet decision on the "The three step economic measures for the realisation of New Growth Strategy"(10 September 2010) and iii) the Cabinet decision on the promotion of infrastructure related package exports (10 December 2010). The "E-FACE" will merge and expand the existing schemes of JBIC such as the "FACE" (Facility for Asia Cooperation and Environment) and the "LIFE**

initiative" (Leading Investment to Future Environment Initiative). The "E-FACE" will cover such projects as: i) infrastructure package exports: clean energy, railway, water treatment, smart grids; ii) investment promotion in emerging countries: M&A and natural resource exploitation projects; iii) environment and energy saving: efficient power generation, efficient electricity transmission, carbon capture and storage. In the past, JBIC's investment finance was limited, in principle, to projects in emerging countries but it is now available also for some projects in developed countries after the revision of the ministerial ordinance concerning the implementation rules on the Law concerning the Japan Finance Corporation (16 November 2010). In addition to high-speed trains and nuclear power plants which have been already eligible as projects for developed countries (from 28 April 2010), the projects (for developed countries) which have become newly eligible for JBIC's schemes are city trains (subway and monorails), water treatment facilities, power generation using renewable, electricity conversion/transmission facilities and smart grids. On 28 April 2011 a Japan Bank for International Cooperation Act entered into force, separating the Bank from the Japan Finance Corporation (JFC). On 15 July 2011, a ministerial ordonance was adopted by the Cabinet to expand the scope of lending and investment operations of the JBIC. The ordinance set out the scope of the JBIC operations as follows: i) export finance for developed countries (e.g. export of vessels, aircraft and infrastructure related exports, such as railways); ii) investment finance to support M&A by Japanese companies (if the purpose is management control or tie-up of/with foreign companies engaged in infrastructure related business or foreign companies which posess advanced technologies); iii) project finance for projects in developed countries (including natural gas power generation).

Kazakhstan:

- In February 2010, the Kazakh Ministry for Industry and Trade offered to reimburse 50% of export costs to local producers. It would cover costs associated with registering and certification of products overseas, maintaining offices abroad, participation in foreign exhibitions and promotion of products abroad, etc. Overall package in 2010 amounted to 500 million tenge. This initiative is carried out within the framework of Strategy 2020 and Business Roadmap 2010-2014. **In 2011, the Kazakh government allocated 700 million tenge (USD 4.8 million) to compensate for the costs to exporters.**
- ***The Kazakh Government intends to subsidise exports of grain in the direction of the Black Sea and the Baltic Sea. The Government will be partially compensating the agricultural manufacturers for the transportation costs at USD 40 per ton.***

Malaysia:

- On 29 October 2009 the Ministry of International Trade and Industry presented the planned Review of the National Automotive Policy (NAP), whose main objective is to attract FDI while continuing to subsidise the national car industry. To encourage exports, the Government has increased income tax exemptions: if the exports of an automotive company increase by at least 30%, 30% (from previously 10%) of the increased export income may be exempted from income tax; if the exports increased

by at least 50%, 50% (from 15%) of the increased export income may be exempted from income tax. ***A revision of the Policy is currently ongoing.***

Philippines:

- In the framework of the government's stimulus fund to finance export development and promotion, as well as capacity-building of small- and medium-sized exporters, the Export Development Council (EDC) released only PHP 200 million out of foreseen 1 billion. Nineteen projects were approved so far involving inter alia the following: international trade fair participation, capacity building, common service facility, product development training, and collateral. These 19 projects are reportedly worth PHP 242 million, the disbursement of which is planned until December 2010. The EDC expects the Export Support Fund to continue in a self-sustainable manner. **With the President's approval of the Philippine Export Development Plan 2011-2013 last July, the government allocated an amount of PHP 80 million for another Export Support Fund for the year 2011 (though this has yet to be released).**

- **In July 2011, the President approved the Philippine Export Development Plan 2011-13, allocating PHP 80 million to the Export Support Fund for 2011.**

Russia:

- State support for exports of Russian manufactured goods envisaged at 9 billion roubles in 2009, which is three times more than in 2006. This is mainly made by subsidising of interest rates on credits received from Russian commercial banks. The upper limit of state guaranty granted to exporters of manufactured goods is raised from $50 million to $150 million. The procedure of granting state guarantees is streamlined. The Government is considering delegating its right to grant such state guarantees to the Finance Ministry. For the support for exports of Russian manufactured goods (in the form of state guarantees) the federal budget allocated 1bn in 2010 and $1.5bn in 2011. **The federal budget projections for 2011-13 foresee an allocation of 17 billion roubles to support export of manufactured goods.** . $7bn was granted in the framework of the Government's anti-crisis measures in 2010. **In 2011, subsidies to exporters of industrial goods for partial reimbursement of interest rates on bank loans total 8 billion roubles.**
- On 20 February 2010 Russian Government introduced a subsidy of 5.07 billion rubles to boost export sales of grain from intervention reserves.

Switzerland:

- ***The Swiss Parliament is debating the reintroduction of export credit support for exports of breeding cattle. Export subsidies for breeding cattle were paid by Switzerland until 2009 but were terminated given the prohibition of export subsidies by WTO law. The agricultural lobby has succeeded since in putting forward a parliamentary proposal to reintroduce export subsidies of around 4 million CHF per year. Both chambers of the Swiss parliament have accepted the subsidy as a matter of principle but details of the bill remain to be determined between the two***

chambers. The Swiss government has repeatedly pronounced its opposition against the reintroduction of the subsidy.

South Korea:

- The government and the Korea Export Insurance Corporation plan to invest an additional 3 trillion won into troubled exporters that suffer from the weak won and a falling global demand have been implemented.
- ***In January 2011, the state-run Korea Trade Insurance Corporation announced its plan to offer payment guarantee coverage worth KRW 86 trillion to SMEs throughout 2011, up by 16% from the previous year.***
- ***In April 2011, the Korea Trade Insurance Corporation announced that it would offer payment guarantee coverage worth USD 1.03 billion to 10 large container ships being built by Hyundai Heavy Industries Co. for the Hapag-Lloyd, the world's fourth-largest container operator with 137 vessels. This was in order for Hyundai Heavy Industries Co. to secure financing from various lenders for the Hapag-Lloyd AG deal. The Korea Trade Insurance Corporation said that it would continue to offer export insurance coverage for ship orders won by local yards, which were expected to win new orders as global trade recovers from the 2008 worldwide financial crisis.***

Taiwan:

- Taiwan has pursued three main programmes to stimulate its economy, including one on stimulating and promoting exports. The measures are currently viewed as relatively non-discriminatory. On 25 December 2008 the Cabinet announced an export stimulus package totalling NT$8.53billion (US$ 258.7 million, €182.7 million) to be used through 2012. The main focus of the package, developed by the Bureau of Foreign Trade, is on stimulating exports to China and markets in emerging economies. The program of stimulus is named the 'New Zheng He Plan'. The bulk of the funds, NT$5.58 billion, was to be used between 2009 and 2010 and focused on supporting financing for export businesses by providing preferential loans and export insurance. A further NT$1 billion will be used between 2009 and 2010 specifically to boost exports of foodstuffs to China. The majority of the rest of the funds, around NT$1.8 billion was dedicated be used to target the markets of India, Russia, Brazil, Vietnam, Indonesia, Malaysia and those of the Middle Eastern countries. This plan, focused on export promotion and addressing SME financing difficulties, is relatively in line with measures seen globally. As such it is not seen as particularly objectionable.

United States:

- On 22 May 2009 the United States Department of Agriculture (USDA) presented a 'Dairy Export Incentive Program' for the period from July 2008 through 30 June 2009. The programme is equivalent to the US WTO commitments for agricultural export. Some countries and regions will be excluded from the programme and quantities may be limited depending on the budget. USDA's Foreign Agricultural Service is in charge. The programme originally was introduced in 1985 and was reauthorized by the Food, Conservation and Energy Act of 2008, the so-called 'Farm Bill'. The programme has

been extended for the period July 2010 – June 2011 and the beneficiary products are non-fat fry milk, butterfat and various cheeses. While the programme officially lapsed, applications are still being accepted to distribute the remainder of funds.

V. OTHER MEASURES

V.1. Stimulus Packages

Algeria:

- The Government announced measures to stimulate dairy production in Algeria, from locally produced milk, instead of from imported milk powder, used to produce reconstituted milk and other dairy products. The premium paid at all level of the dairy filière (producers, collecteurs et transformateur) are going to be increased significantly.

Brazil:

- Brazil's state development bank, BNDES, is supplying subsidized loans for up to 90 percent of the costs for domestically built ships. **The BNDES continues to play a leading role in providing sufficient competitive-low cost credit lines to exports of goods and services. Disbursements in lines for exports reached BRL 18.4 billion (€ 7.9 billion) in 2010, for an increase of 38.2% as compared to the previous year (+170% in comparison to pre-crisis disbursements). The main highlights were capital goods, along with engineering and construction services. As part of the new industrial plan launched on 2 August ("Brasil Plano Maior"), the Government extended the subsidized loan programs run by the BNDES, which announced R$ 500 billion loans to be granted between 2011 and 2014 to foster industrial production. The government also extended until the end of 2012 the Programa de Sustentação de Investimentos of the BNDES, with loans between 4,0% and 8,7% per year, to the benefit of the technology and innovation sectors. Other BNDES' budget lines were increased, in particular the ones concerning SMEs (from R$ 3.4 to R$ 10,4 billions at interests rates between 10,0 and 13,0% per year - programme extended until December 2012). Similarly, BNDES' budget**

lines were activated to provide loans to the auto–parts sector and to meet requests for funding coming from private institutions operating in the area of technical education and trainings.

- The Brazilian Development Bank undertook on 26 August 2009 a reduction of interest rates on public financing of exports of capital goods within the framework of the existing rules on pre-shipment financing for exporters (PROEX). On the same day the benefits of the system were extended to small and medium-sized enterprises.

- **In the framework of the "Brasil Plano Maior" launched on 2 August 2011, it was announced that 3% of the revenues coming from exports would be redistributed to the benefit of the manufacturing industry.**

- **The key measure of the Brasil Plano Maior of 2 August 2011 concerns payroll-tax cuts for textile, footwear, mobile and software producers, who are exempted from the payment of the 20% social security tax. Tax cuts should amount to 25 billion reais (€ 11 billions) and were presented as a pilot project which could be soon extended to other sectors. The Government will partially recover some of the money by introducing a new tax on profits (amounting to 1.5% for textiles and footwear producers, and 2.5% on mobiles and software ones).**

Canada:

- Canada decided to provide a subsidy to Bombardier, a Canadian aircraft manufacturer, in the form of repayable loans of up to CAN $173 million. This support, although formally in compliance with the Aircraft Sector Understanding for Export Credits signed in the OECD framework, does not follow the spirit of the agreement in that the preferential credit rate gives the Canadian producer an advantage over European manufacturer, none of which can benefit from a similar governmental support (Italy or France are not direct lenders).

China:

- Introduced a stimulus plan for the ICT industry. Investment has been be targeted to six key projects, stimulation of domestic consumption, credit guarantees for SMEs in particular and including, measures aimed at strengthening international competitiveness. In order to stabilize exports, the import tax rebate has been continued and the rebate rate for certain IT products has been raised. Innovation and IPR protection for technologies are emphasised.
- Stimulus plan on automobiles (restructuring around 2-3 big firms producing around 2 million cars) and steel (restructuring around five major companies which would represent more than 45% of the domestic capacity by 2011). China may use the opportunity to accelerate the process of restructuring of these domestic industries.
- China will take a range of measures including a hike in export tax rebates, credit support and elimination of outdated capacity to prop up its light industry according to an industry stimulus and revival action plan outlined on 18 May 2009. The authorities will further hike export tax rebates on some light industry products that do not form part of "high pollution, high energy consumption and capital intensive industries", said the detailed action plan released by the State Council. The government intended to

extend financing support such as issuing credit lines to companies which have good track record but are temporarily short of liquidity, to help them weather the economic downturn. In particular, the plan said, the government would offer a proactive credit and guarantee policy to support well performing small- and medium-sized enterprises (SME) to create jobs. According to the plan, the government aims to form another 10 large companies in the sector through industry consolidation, each with annual sales revenue exceeding 15 billion Yuan.

- Stimulus plan in the shipbuilding sector aiming at raising the shipbuilding capacity. Specific measures:
    - provides ship-owners competitive bank loans until 2012 to encourage fleet renewal and replacement
    - support to increase credit funds for ship export buyers (commercial loans and credit facilities) at preferential lending rate
    - offers a 17% subsidy on ship prices for domestic ocean going ships´ buyers till 2012
    - offers working capital at preferential interest rate to shipbuilders and provides mortgage financing for ships under construction.

  The stimulus package calls the country to raise its annual shipbuilding capacity to 50mln DWT, or, the shipping market is already constrained by overcapacity. The 2 largest shipbuilding companies, state owned, China State Shipbuilding Co. Ltd and China Shipbuilding Industry Corporation will be supported to carry out mergers and acquisitions through capital injection and the establishment of an industrial fund. State owned COSCO, China Shipping Group and Sinotrans are supported to pick up cancelled shipbuilding orders from state owned shipyards.

- *Support measures in favour of the tyre industry and its upstream and downstream processing announced in the press in the wake of the US decision to impose special safeguard measures on tyres imported from China.*

- China Southern Airlines received 1,5 billion yuan cash injection. The fund is the last instalment of capital that the government extended to the top three carriers. The Nation's three major carriers had received a total of 15 billion yuan as part of a package from the central government in 2008.

- The State Council approved a plan proposed by the country's state-owned assets regulator to set up an asset management firm to push ahead with restructuring of state-owned enterprises (SOE). The new entity will be a domestically-oriented sovereign wealth fund, set up to better manage state-owned assets in the industrial sector. The new company is said to have registered capital of R%B 20 billion and initial funding will be from the state-owned assets management budget and dividends paid by the central SOEs.

- In June 2010 a subsidy for the high-tech industry was introduced. It is contingent on export performance in that it would be granted in the form of a one-year special loan rate based on export performance in 2009. To be eligible, a company should export technology for a value of RMB 100,000 and the maximum total subsidy would amount to RMB 5,000,000.

India:

The annual supplement to the Foreign Trade Policy announced by the Commerce Minister on 23 August 2010 announced a stimulus package to the tune of Rs. 1,052 crores (€0.16 billion). The major beneficiaries of these incentives are labour intensive sectors such as handlooms, silk, carpets, textiles, handicrafts, sports goods, toys, leather and leather manufacturers and some bicycle parts. In addition, certain new engineering and electronic items, finished leather, rubber products, other oil meals, castor oil derivatives, packaged coconut water, coconut shell worked items, instant tea and CNSL cardanol have been included for benefits under export incentive schemes. Some of the schemes which provide subsidies have been given extension. These scheme are Duty Free Entitlement Pass Book (DEPB) Scheme (**initially extended until 30 June 2011 and subsequently until September 2011).** Zero duty Export Promotion Capital Goods (EPCG) Scheme extended by one year to March 31, 2011 and Benefits under Market Linked Focus Product (MLFP) Scheme for garment exports to EU extended from October 2010 to March 2011. The facility of interest subvention of 2%, currently available for handicrafts, handlooms, carpets and SMEs, is being extended for a number of specified products pertaining to leather and leather manufacturers, jute manufacturing including floor covering, engineering goods and textile sector for the year 2010-11. **Additionally, on 23 August 2011 it was announced that the EPCG Scheme was also extended by one year until 31 March 2012.**

Japan:

- The "New Growth Strategy" of June 2010 and its implementing guidelines "The three step economic measures for the realisation of New Growth Strategy" foresees a number of measures to stimulate the economic growth, inter alia, to counter the yen's appreciation and deflation. *The programme foresees introducing a subsidy scheme to promote construction of R&D facilities and factories producing components for eco-friendly vehicles.*

- METI introduced in April 2010 a 100 billion yen ($1.2 billion) R&D subsidy scheme for small and medium-sized manufacturers. The scheme is to provide support for R&D (of core manufacturing technologies/methods as molding and casting), business development and marketing for SMEs. Through such measures, METI aims to protect employment and prevent an outflow of SMEs from Japan.

Kazakhstan:

- Created by Decree of the President No. 958 "On the State Programme on the enforced industrial-innovative development of the Republic of Kazakhstan in 2010–2014," the Government of Kazakhstan has approved a plan for realization of "Business Roadmap – 2020" in May 2010. The programme is aimed at accelerating the industrialization of the country, ensuring sustained and balanced growth of regional entrepreneurship in the non-oil and export-orientated sectors of the economy, as well as maintaining and creating new permanent jobs. It focuses particularly on the industrial diversification of Kazakhstan. The agro-industry, industrial production, construction materials production, light industry and technical services in mining, metallurgy, activities in health service and education are priority sectors under this programme.

Within this program, government and financial authorities signed the “Agreement on cooperation in subsidizing interest rates on enterprises’ loans” and the “Agreement on state’s loan guarantee”, which aim at interest rate subsidies and state guarantees on loans for the country’s small and medium-sized businesses. Enterprises hit by the crisis and new business initiatives that meet the programme’s requirements may receive new forms of state support - in 2010, given the interest rate of 12% for bank loans; an enterprise will pay only 5% while the state will compensates the remaining 7%. Exporters will get even a higher support, as they would get 8% subsidized by the state. In 2011, companies hit by the financial crisis will not be supported anymore.

In 2010, the national budget has allocated KZT 30 billion. Out of this, KZT 12 billion are allocated for backing new business initiatives, KZT 16 billion are aimed to improve the business sector, and KZT 2 billion are to encourage export-oriented industries. In August 2010, first eleven requests were approved by the State Committee of Economic Modernization.

Mexico:

- Early January 2009, President Felipe Calderon unveiled a 25-point economic plan to mitigate the impact of the US crisis on the ailing Mexican economy and preserve employment. This is the 5th counter-crisis plan that the President has announced since the effects of the crisis have become apparent, with exports' figures falling, expected job losses for 2009 reaching 380,000 and important manufacturing industries increasingly requesting financial injections.

  The series of measures fall into five categories:

  1) Employment: 2 billion USD have been earmarked to create an extra 250,000 temporary jobs. A special programme will be created to preserve jobs within affected industries. Unemployed Mexicans will be able to tap into their retirement funds for financial support and social security for the unemployed will be amplified.

  2) Safeguarding of the family's income: a 10% cut in liquid petroleum gas prices will be applied for households and gasoline prices for 2009 will be frozen. Access to credit for council housing will be increased.

  3) Assistance to SMEs: Government institutions are required to ensure that 20% of procurement contracts are awarded to SMEs. The latter will also benefit from new lines of credit worth $9.2 billion USD, 2 million of which will target specifically struggling industries and companies. The sectors to benefit most from it have not been specified yet, but the automotive alongside other export-orientated industries are the most likely ones. Electricity tariffs for some industries will be reduced by up to 20%.

  4) Infrastructure: an extra 2.2 billion USD covered by the oil surplus, are to be injected into infrastructure projects, raising by 30% the funds available for the National Programme for Infrastructure. Although the government says that the programme's implementation is to be accelerated, a number of legal obstacles have delayed the launch of several important infrastructure projects.

  5) Transparent public funding: apply the new Accountability Law and initiate the process of public tenders.

Russia:

- Government Decree No. 205 of 10 March 2009 established rules for granting subsidies from the federal budget to producers of agricultural machines and tractors, the wood processing sector, producers of equipment for the oil and gas sector, producers of machine tools in order to cover part of interest rates on credits for up to 5 years for their technical modernization. The subsidies will be granted in the period 2009–2011, on a quarterly basis. The Ministry of Industry and Trade and the Federal Service for Financial and Budgetary Control are to exercise control over the use of subsidies. **Additionally, the Government launched a scrappage programme for agricultural machinery. 3.5 billion roubles have been allocated in order to replace an old stock of agricultural machinery.**
- 39 billion roubles in additional subsidies for the automotive industry envisaged by the Government Anti-Crisis Plan for 2009 was approved on 19 June 2009. The upper limit for price of locally produced cars subject to state subsidies (2/3 of CBR refinancing rate for banking credits to individuals) is raised from 350 billion roubles to 600 billion roubles (foreign cars assembled in Russia partly included). Subsidies are also to cover costs of transportation by rail of locally produced cars (including some foreign cars assembled in Russia). State guarantees were provided (130 billion roubles) and partial compensation on credit rates on vehicles purchased by private persons (2 billion roubles). A 29bn rouble interest-free credit was provided by the Government Order No. 2080-p of 25 December 2009 to AvtoVAZ (total financial support for this company is estimated at 75bn roubles). The Government allocated a total of 33.5bn roubles to support the automotive in 2010 (including 20bn roubles on purchases of automobiles by federal government bodies, and 2.5bn roubles as subsidies for the payment of interest on loans).
- Subsidies in the agriculture and fishery sectors in 2009, as envisaged by the Government Anti-Crisis Plan, will total 212 billion roubles, almost 45% more than in 2008. Other 95 billion roubles will be spent by the Russian regions. These are to include subsidising of 100% of CBR refinancing rate for banking credits to meat and milk producers, and additional capitalization of Rosselkhozbank (45bn roubles) and Rosagrolizing (25bn rouble), which grant lax credits to framers and organize leasing of agricultural machines and equipment. In 2010, the federal budget allocated 107.6bn roubles on state support for the agriculture sector in 2010. Of this amount, be 79.4bn roubles will be spent to subsidise interest payments on loans. **Amendments to the federal budget for 2011 increase an allocation of funds to support the agricultural sector by 13 billion roubles. Total agricultural support will amount to 150 billion roubles in 2011. In addition, Rosselkhozbank and Sberbank reserved 100 billion roubles and 50 billion roubles, respectively, to provide credit resources to agricultural producers.**
- Military-industrial complex, according to the Government Anti-Crisis Plan, is to receive 969 billion roubles in subsidies in 2009, or 38% more than in 2008. Subsidies are to boost capitalization of the leading firms, such as MiG, Gorbunov and Khrunichev. Other subsidies are to prevent bankruptcies of enterprises producing weaponry. Strategic enterprises of the military industrial complex were included in the list of enterprises, whose loans are provided by government guarantees (47bn roubles are allocated for 2010; Attachment 20 to the Federal Law No 308-FZ of 02 December 2009). The Government allocated 40bn roubles to support the enterprises which operate the state defence order (together with 'systemic enterprises') The Government

also allocated 2.4bn roubles to increase the authorized capital of the United industrial corporation 'Oboronprom' ('Defence Industry'). **The military sector receives in 2011, respectively, 2.4 billion roubles for state-owned enterprises and 1 billion roubles to cover the costs of innovation and investment aimed to manufacture high-tech products.**

- 325 million roubles are allocated in 2009 in order to subsidise interest rates on banking credits for the wood sector, and to create seasonal reserves of rough wood and fuels. The federal budget for 2010 allocates 1bn on subsidies to reimburse interest payment on loans received in 2009 – 2011 and used for technical modernization (together with companies producing equipment in other sectors, such as combines and agricultural equipment, gas and oil equipment). The federal budget allocates about 50m roubles on several pilot projects to reform the wood-processing industry. **The timber industry receives a subsidy covering partial reimbursement of loans for the creation of intra-seasonal supplies of wood, raw materials and fuel (650 million roubles), and other subsidies to Russian enterprises to the amount of 3 billion roubles in 2011.**
- By Government Decree No. 690 of 20 August 2009 Russian airlines received ¾ compensation of their lease payments for Russian aircraft and ¾ of their interest payments on credits in roubles, obtained in 2002-2005 for purchasing Russian aircraft. The 2010 federal budget allocates 788m roubles on these needs. The 2010 federal budget allocates 2.5bn roubles to subsidies discounts for passengers on flights from the Far East in the European part of Russia and back. 5bn roubles are allocated by the 2010 federal budget to grant subsidies to airlines for reimbursement of their income shortfall caused by their carrying of passengers of airlines who were denied flight licenses (Federal Law No 308- FZ). **For the aircraft (incl. helicopter) manufacturers, subsidies for partial reimbursement of interest on bank loans used for technical modernisation and leasing payments amount in 2011 to 0.9 billion in 2011. Similarly, a subsidy was allocated in 2011 at the level of 1.53 billion roubles to Russian firms purchasing Russian airplanes for use by Russian airlines. Furthermore, Russian producers of aircraft engines received similar support to the amount of 289 million roubles in 2011. Other transport companies in the transport engineering sector receive support (partial bank loan reimbursement) for technological modernisation purposes to the amount of 1.5 billion roubles in 2011. Similar support has been granted to transport, shipping, transport and fishing companies for partial reimbursement of payments under leasing contracts to acquire civil ships manufactured by Russian shipyards to the amount of 70 million roubles in 2011.**
- Government subsidies to domestic producers: the Government adopted a plan of industry support in the economic crisis for 2010. The plan's priorities include support to systemic companies (40 billion roubles), purchases of vehicles for the public sector (20 billion roubles), and support to the housing and utilities sector (15 billion roubles) A total of 195 billion roubles (€4.6bn) will be spent. **For enterprises of textiles industry, which used bank loans for modernisation purposes, the amount of subsidy in 2011 reaches 250 million roubles.**

- The Doctrine of food security of the Russian Federation (approved by the Presidential Decree No. 120 of 30 January 2010) establishes criteria of Russian food security in the form of minimal market share of domestically produced food products: for grain – at least 95%, sugar – at least 80%, vegetable oil – at least 80% (up from current 58%),

meat and meat products – at least 85% (up from current 66%), milk and dairy products – at least 90% (up from current 82%), fish and fish products – at least 80% (up from current 63%), potato – at least 95%, and dietary salt – at least 85%. The Government plans to spend annually more than 100bn roubles on subsidies to the agriculture sector in order to achieve these import-substitution goals (the Government allocated 107.6bn roubles on the implementation of state programme of support to agriculture in 2010).

Saudi Arabia:

- Five year development plan (2009-2013) of almost US$400 bn was adopted in July 2010 and includes overhaul Jeddah international airport, railway line east-west Jeddah-Dammam, 10 new desalination plants, new construction of water supply and sewage systems.

South Africa:

- The Second Industrial Policy Action Plan (IPAP), of February 2010, details 'key action programmes' for twelve 'focus sectors' (automotives, textiles and clothing, plastics, pharmaceuticals and chemicals, biofuels, forestry, paper and furniture, cultural and tourism industries, business processing servicing) in new sectors (metal fabrication, capital and transport equipment, green and energy-saving industries, agro-processing) and 'advanced technology sectors (nuclear energy, advanced materials and aerospace industry). The Plan foresees a review of the preferential procurement regime to promote local production, in particular strengthening of local content and supplier development conditions. Under the 2010 budget, R8.2 billion have been allocated to the implementation of the key action programmes, albeit almost 2/3 of these on budget resources have been directed at two traditionally supported sectors (textiles, automotives).

- The Industrial Development Corporation (IDC) established in 2009, for a two-year period, a R6.1 billion "distress funding' package to assist companies in difficulty (food, mining, automotive, wood, paper, textile and clothing, chemicals, metal, machinery, financial, media and film sectors). The IDC further envisages to inject R70 billion in the economy until 2015.

- The Automotive Production and Development Programme (APDP) will replace the Motor Industry Development Programme (MIDP) in 2013 with a shift from an export based incentive to a local manufacturing incentive.

- The Trade Policy and Strategy Framework, of July 2010,envisages a continuation of South African 'strategic tariff review' initiated in 2009 in order to support industrial upgrading and agricultural sector development, whereby tariffs are lowered on inputs not produced domestically, while tariffs are increased on final products for which there is no significant local production.

- Since 14 June 2010 the Automotive Investment Scheme (AIS) makes available cash grants to investment projects by vehicle and component manufacturers for a total value of R 2.69 billion over the next three years. It is the first step in the implementation of the Automotive Production and Development Programme (APDP), which envisions a shift from an export-based incentive to a local manufacturing

incentive, including through tariff protection for build up vehicles (25%) and components (20%) to discourage imports over locally-produced vehicles; a local assembly allowance that enables certain duty-free imports; and a production incentive in the form of a tradable duty credit.

South Korea:

- The Korean government announced its plan in 2009 to promote investment in green growth related industries. The plan is aimed at creating funds fit for the industries and expanding sources of financing as a way to prevent potential bubble in the industries.

  The plan was formulated on the basis of the three stages of development as follows:

  - Stage 1: R&D and commercialization

  To promote R&D projects and their commercialization, the government will increase fiscal support from 2.0 trillion won in 2009 to 2.8 trillion in 2013, along with 300 billion won funds set up by the KDB (Korea Development Bank). SMEs doing projects in stage 1 will access fiscal funds exclusive for them, which will be expanded form 60 billion won in 2009 to 1.1 trillion won in 2013. Credit guarantee offered to “green enterprises” and green projects will also be increased almost three folds from 2.8 trillion won in 2009 to 7 trillion won in 2013.

  - Stage 2: Industries maturing

  To boost maturing industries, the “green funds” of 500 billion won will be formed by the KDB and National Pension Fund in the last half of this year, along with long-term deposit products and “green bonds” launched by banks to attract private investors. The government will grant tax incentives on capital gains: no tax on dividend up to 30 million won, among others.

  - Stage 3: Industries fully grown

  To support fully grown industries, 100 billion won carbon funds will be set up in October 2009, followed by carbon emission rights exchange which will be test run in 2011. To promote exports of eco-friendly industries and projects, the government will expand export financing from 1.0 trillion won in 2009 to 3.0 trillion won in 2013 in addition to increased government guarantee for exporters.

- In January 2009, the government announced the "Green New Deal", an ambitious project aimed at pushing a "low-carbon, green-growth" policy and spending 107 trillion won ($87 billion) on a variety of projects to reduce emissions and develop cutting-edge technologies and other areas. Key areas of green technologies that South Korea plans to focus on include solar cell, hydrogen fuel cell, wind energy, and light-emitting diodes or LEDs, which are used in making energy-efficient bulbs and other products. As part of efforts to push this project, in late April 2009, the MKE (Ministry of Knowledge Economy) announced its plans to purchase and install renewable energy products manufactured locally for state-led projects. Furthermore, Korean companies would receive support to develop local solar energy operations through an intensification of certification standards for solar module and solar collector functions. **In February 2011, the MKE announced its mid-term scheme for selecting 5 test-beds and investing KRW 48 billion from 2011 to 2013 in their infrastructure and**

facilities, for the purpose of the prior verification and assessment of new green technologies. In March 2011, the MKE unveiled its scheme for fund raising of KRW 100 billion to support fostering of "Global Star Enterprises" in the field of renewable energy, as a follow-up measure to its earlier announcement of the "Development Strategy for Renewable Energy Industry" on 10 October 2010. The MKE also signed with some leading enterprises (including both large enterprises and SMEs) concerned and financial institutions a MoU on Renewable Energy Shared Growth Guarantee Fund. The MKE planned to invest KRW 3 trillion of the development of core technologies and strategic R&D over the next 5 years, under the so-called "Triple 15 Strategy" of achieving 15 % of the world's market share until 2015 in solar and wind energy sectors.

- In February 2009, the Ministry of Knowledge Economy (MKE) submitted a plan to the National Assembly which indicated the possibility of providing support measures to the troubled local shipbuilding and automotive industries, on the condition that they reduce production costs through restructuring. In April 2009, the government announced a massive package program to assist the shipbuilding industry. Total amount of KRW 9 trillion would be provided to "excellent shipbuilding companies and their partners". In July 2009, the state-owned Korean Asset Management Corporation (KAMCO) started the implementation of a sale-and-leaseback scheme for Korean shipping companies. Participating companies improve their liquidity position as they may sell and lease back part of their fleet. In the first round of this scheme, shipping companies successfully offered 62 ships to KAMCO. When business improves, the companies have the option to buy back sold ships. In addition, the Export Import Bank of Korea would provide loans of up to 4.7 trillion for the purchase of ships constructed by financially stricken local shipping companies. In April 2010, the MKE decided to increase ship-building related financing of the Export-Import Bank of Korea by 40.8% per cent (6.38 trillion won in 2010). Additionally, the Korea Export Insurance Crop introduced a package support programme that could reduce the burden on shipping lines and would provide KRW 2.1 trillion. Up to KRW 500 billion would be offered as loans to shipyards to build and launch new ships, with efforts made to link direct loans with greater export insurance coverage that can help shipping companies place orders for new vessels. **Along this line, in March 2011, the Ministry of Land, Transport and Maritime Affairs (MLTM) announced the nation's long-term vision for the marine and shipbuilding industry. The MLTM set a policy goal of "making Korea become one of the most powerful marine nation in the world by 2020 as a means of accumulating the nation's wealth", based on 4 strategies and 22 projects. The strategies entailed: enhancing competitiveness of the marine enterprises; expanding the businesses through the creation of new markets; fostering the knowledge-based marine industry; and achieving the low-carbon and green growth. MLTM unveiled a wide range of planned projects, which however did not specify the scale of financial support for the industry.**

- Most noteworthy was the current government's high commitment to offering full support to help Korean firms secure about 10 % of the global electric car market by 2015, since October 2009. The MKE targeted mass production of electric cars from 2011 instead of 2013 set earlier, by allocating KRW 400 billion (341 million dollars) between October 2009 and 2014 to support development of high-performance batteries and other related systems. According to another public source, the MKE also planned to invest jointly with the private sector KRW 1.4 trillion in total for the battery plants

for electric cars, so that Korea becomes the world's largest electric car manufacturing country, accounting for 40% of the world's total production in the long term. The government said it would help local carmakers produce 1.4 million electric cars and export 1 million units by 2015, and produce up to one million electric cars by 2020. On the back of such full support from the government, within a year, Hyundai displayed Korea's first electric car, the BlueOn. On 10 September 2010, Hyundai Motors, controlling more than 70% of the local auto market and also the world's 5th largest automaker (in terms of sales), promoted the first viewing of the car, the nation's first full-speed car. According to the MKE, USD 35 million has so far been invested in Hyundai Motors. Korea's Kia Motors also said that it would introduce its first electric model in December 2011 and produce 2,000 units in the following year. **In June 2011, the MKE announced its comprehensive scheme for enhancing the global competitiveness of the automobile parts that entailed the marketing support and the introduction of the new logistics system for the purpose of the "expansion of the global support". For this, the MKE planned to select at least one project every year, out of the "industrial sources projects", and to provide financial support worth KRW less than 1 billion over 3 years.**

- In November 2009, within the framework of the robust support plan for SMEs, the government announced a plan to develop and support 300 SMEs with high growth potential known as the 'hidden champions' into competitive global players by 2020.

- In July 2010, the Small and Medium Enterprises Administration (SMEA) designated 81 export-oriented SMEs as beneficiaries of the programme entitled "Promoting Globally Competitive Small Enterprises". Under this programme, those selected SMEs are to receive intensive supports entailing R&D, export financing and marketing overseas, with an aim of making them "global power-SMEs" with exports worth more than USD 50 million.

- In July 2010, the SMEA also confirmed its selection of 239 SMEs to benefit from the so-called "SMEs Innovative Technology Development Programme" to grant KRW 34.7 billion in total. The SMEA aimed at facilitating technological innovation for SMEs suffering from a lack of financial resources (despite their potential). Under the ceiling of 75% of the total cost required for the development of technology within one year, this project would provide up to KRW 250 million for one year.

- In July 2010, the SMEA announced support measures for "green SMEs". In recognition of the significance of SMEs' role in green-growth industry sectors, the SMEA decided to support "green SMEs" specialised in core green parts/components and materials in various aspects, with the aim of nurturing up to 1000 "green SMEs" by 2013. The SMEA plans to expand the scale of policy fund and banking guarantee, and also to increase an investment fund in the area of green growth from KRW 105 billion in 2009 to KRW 1.1 trillion in 2013. In addition, the SMEA planned to select 200 green technologies developed by SMEs every three years and provide financial support in view of R&D.

- In August 2010, the MKE announced "Measures to Promote Green Certification", pursuant to Article 32 of the "Low-Carbon, Green-Growth Framework Act (effective from 14 April 2010)". This was mainly in order to specify the scope of products and technologies, etc. to benefit from various support measures. Such measures include financial support for green-certified companies, on a mid- and long-term basis. More

specifically, it entails: extending loans for the purpose of disseminating new renewable energy; providing linkage to SME policy fund; intensive support for technology guarantee; support for export financing and insurance. **In February 2011, the MKE said in its press release that it would reimburse 50% of the quality inspection and product certification fees (up to KRW 1 million) for green-certified SMEs, as a follow-up to the "Support Measures for Activating Green Certification System" on 11 August 2011. This was in order to reduce alleviate cost burdens incurred in the process of SMEs' obtaining the green certification. The MKE expected about 300 local SMEs to be certified as green and to benefit from this government's financial assistance programme in 2011.**

- **On June 15 2011, the MKE announced its plan to provide SMEs, which have difficulty in importing raw materials (mainly due to high oil prices, etc), with the so-called "urgent management stabilisation fund" worth KRW 100 billion. In addition, the MKE would have the state-run Korea Trade Insurance Corporation extend the import insurance coverage for SMEs. It will be implemented also in the second half of the year, and where necessary, subject to further changes as to the amount of the fund and its operation planning in the coming months.**

- R&D Support for pharmaceutical industry: In 2009, the government identified 'biopharmaceutical and medical equipment' as one of the future engines for economic growth and intended to raise 2 trillion won in funds by 2015 to bolster research and development in the area of health care. The plan was to be applied both to national and foreign companies. In June 2010, a joint announcement was made by the Ministry of Education, Science and Technology, Ministry of Knowledge Economy and Ministry of Health and Welfare to invest 600 billion won in the 'Global New Drug Development Project'. **In November 2010, the MKE announced its policy scheme, entitled "Industrialisation Strategy for Global Exports of Biosimilars". The MKE planned to invest KRW 6.5 billion until 2014 in the pilot project to establish infrastructure for clinical testing and drug production, ultimately enhancing the global competitiveness of Korea's biosimilars and promoting their exports. Equally on the back of substantial investments worth KRW 6.5 billion until 2014 by the Korea Bio Industry Association, et al., the MKE expected to produce biosimilars USD 20 billion (22% of the world's market share) after 2020, with the exports worth USD 10 billion and the employment of 120000 people.**

- **On March 30 2011, the Special Act on Fostering and Supporting Pharmaceutical Industry was enacted and will become effective on March 31, 2012. The Ministry of Health and Welfare in charge announced that new legislation aimed to establish a solid basis for the development of the pharmaceutical industry on the back of systemic R&D promotion and support measures, innovation-enhancing scheme, and strengthening of international cooperation. Upon the enactment of this Special Act on R&D for pharmaceuticals industry, lower-level legislation is under preparation to provide a full set of detailed provisions on financial support for R&D (issuing CBO, special credit guarantee through the credit guarantee fund, etc) and tax relieves (50% corporate tax reduction) to be given to the so-called "innovative pharmaceutical company". A foreign pharmaceutical company can be also designated or recognised as such, if it meets certain requirements as provided under the law (those who have a record of domestic R&D investment more than certain value of money as determined under the Presidential Decree or is in the process of undertaking R&D for new drugs).**

- On 9 September 2010, the MKE announced its scheme for providing financial support (up to KRW 1.7 trillion) for R&D of the domestic semiconductors industry. This is specifically in order to develop the nation's "core system semiconductors and equipments" into the competitive export item in the global market by 2015. The scheme includes fund-raising up to KRW 150 billion involving the government and the semiconductor companies.

- **On June 10, 2011, the MKE announced its "strategies for upgrading steel industry" to overcome its weakness in high-end products manufacturing. As part of its broad range of measures, the MKE would select 30 steel products based on its consideration to their respective industrial impacts which will be gradually subject to the nation's intensive care and fostering planning for the purpose of quality upgrading. In addition, the MKE would provide financial support worth KRW 100 billion in total until 2019, with the aim of manufacturing of the world's best eco-friendly smart steel plates under the "World Premier Materials" project. Particularly in order to achieve a "Green-Steel Industry" in Korea, the MKE would provide KRW 150 billion, accounting for 54% of the total R&D costs, possibly from 2012 for 8 years, to develop CO2-free technologies for steels.**

Turkey:

- The decree on the "new incentive scheme", which entered into force in July 2009, is still in force. It categorises regions into four zones according to their socio-economic development, and identifies sectors to be supported in each of these regions. It also supports certain investments in twelve sectors (including automotive, chemicals, transit pipelines, electronics, and pharmaceuticals), irrespective of regional location. While the law clearly reflects an effort to align to EU rules, it falls short of providing a capping per beneficiary, a methodology of allocating land on preferential terms, a full alignment of definitions for eligible investments and costs as well as a further limitation of aid to large investment projects.

- Law on the Encouragement of Investments and Employment and on the Amendment of Certain Laws supports investment in Turkey's 49 least developed provinces defined as provinces whose GDP/capita reaches at most 1,500 USD. It resorts to incentives such as income and corporate tax rebates, free distribution of land, reimbursement of employer insurance premium. 20% of electricity costs of undertakings operating in the manufacturing, mining, stock-breeding, tourism and health sectors are also to be covered by the Treasury Under-Secretary. These incentives ended by the end of 2008. However, the date on which the incentives can be absorbed has been extended to 31 December 2012.

- **While free trade zones remain to be aligned, a government decision encourages investment, from early June 2011, in organised industrial zones (OIZs) by subsidising the allocation of land based on rates varying between 50 and 100%, depending on the type of region concerned. The system comprises four regions, categorised according to their level of socio-economic development. 264 OIZs are expected to benefit.**

United States:

- On 25 March 2010 a proposal for a bill was tabled, to extend for five additional years the existing subsidies and protection for US ethanol. The bill would extend three measures, the Volumetric Ethanol Excise Tax Credit, the Small Ethanol Producers Tax Credit, and a special tariff on imported ethanol. It would also extend the Cellulosic Ethanol Production Tax Credit for three years. Current legislation in force, Tax Relief, Unemployment Insurance Reauthorisation, and Job Creation Act of 2010 (H.R. 4853) renewed the Alternative Fuel Mixture Credit but effectively removed black liquor fuel as an eligible fuel.

- On 30 March 2010, President Obama signed into law the Health Care and Education Reconciliation Act of 2010 that closed the supposed tax loophole for black liquor provided in the CBPC. It was planned to enlarge the scope of the US fuel tax credit, which related to a tax credit designed to promote the use of alternative fuels, expanded in 2007 by the US Congress. US $0.50 a gallon were supposed to be offered to firms that blend renewable fuels, such as ethanol, with traditional fossil fuels, such as diesel. By mixing a small amount of taxable fuel (diesel) into the 'black liquor', US companies that produce pulp through the kraft chemical process would qualify for funding. Payment of those subsidies started in March 2009. From a Memo No. AM2010-002 from the U.S. Internal Revenue Service (IRS), it emerged that black liquor producers could qualify for a higher tax credit by registering as cellulosic biofuel producer and get USD1.01/gallon for the volumes of black liquor produced in 2009. The companies could retroactively claim this USD1.01/gallon biofuel tax credit instead of the USD0.50/gallon credit for alternative fuel mixtures. Current legislation in force, Tax Relief, Unemployment Insurance Reauthorisation, and Job Creation Act of 2010 (H.R. 4853) renewed the Alternative Fuel Mixture Credit yet effectively removed black liquor fuel as an eligible fuel.

Vietnam:

- The government is implementing a US $8 billion stimulus package to spur the economy. The funds are mainly spent on: (i) a 4% interest subsidy program for loans to SMEs; (ii) a zero interest loans program for the poor; (iii) a loans program for Vietnamese enterprises to invest in new technology, environmentally friendly technologies and expand scale of production & business; (iv) tax cut on goods and tax break for individuals and companies; (v) increase of minimum salary by 20% for public servants and increase of 5% in pension and social benefits. Following the USD 8 billion stimulus package in 2009, the government in November 2009 decided to continue stimulus measures in 2010 on a smaller scale in order to maintain the recovery of its economic growth. The measures mainly aim at providing subsidies of interest rates of loans by companies operating in Vietnam on non-discriminatory basis. The government offers a 2%-subsidy to short term loans (loans having a maturity date as early as 60 to 120 days from the date of inception of the loan) during the first quarter of 2010 and 2%-subsidy to medium and long term loans in the entire 2010. The total amount planned for this subsidy is not known, neither is the current disbursement rate of the subsidy loans.

V.2. Other

Canada:

- 'The ice cream initiative': Canadian dairy producers instituted a CDN 13$ million/year programme to encourage Canadian dairy processors to use 100% Canadian dairy products in the manufacture of ice cream, instead of imported products, including imported butter-oil blends. The programme will give dairy processors a rebate on their cost of buying Canadian milk products. Contracts would be renewed annually and cover production from 1 January to 31 December with a start of 1 January 2009. **Canada has also introduced a new special class of milk pricing (class 4M), which grants Canadian processors raw milk at subsidized prices well below international market levels for the processing of milk protein concentrates designed specifically for use in the manufacturing of cheese, thereby encouraging processors to use domestic product over imports.**

China:

- Measures announced include references to funding of external expansion of Chinese companies.
- China is scheduled to build three to four major oil refining plants in the Yangtze River Delta in eastern China and the Pearl River Delta in southern China by 2011. In addition to boosting processing capacity, the government wants to make existing facilities more environmentally friendly.

Japan:

- The Ministry of Agriculture (MAFF) set up a campaign 'Food Action Nippon' in October 2008 to promote domestic agricultural products, raise the Japanese food self sufficiency by 1% per year in order to reach 45% by 2015 and address concerns on the safety of imported products. MAFF subcontracted the world biggest advertising company, Dentsu to conduct the nationwide campaign through various media tools by using celebrities and famous athletes. New GoJ under DPJ is aiming at more ambitious target of raising the food self sufficiency rates up to 50% in ten years and therefore expected to carry out even stronger campaign.

Mexico:

- 'Made in Mexico' campaign: In February 2009, the Mexican Ministry of Economy launched a made in Mexico campaign, in an effort to promote Mexican exports and increase internal consumption of Mexican-made products. The Ministry designed a specific logo and published a list of requirements to be met for the logo to appear on the product.

Vietnam:

- The Law on Royalties (which was ratified on 25 November 2009 and entered into force on 1 July 2010), the National Assembly's Resolution numbered 928/2010/UBTVQH12 (which was approved on 19 April 2010 and entered into force on 1 July 2010) and the government's decree numbered 50/2010/ND-CP of 14 May 2010 guiding the implementation of the Law on Royalties (which was announced on

14 May 2010 and entered into force on 1 July 2010) make substantial amendments to legal provisions on royalties. Accordingly, metallic and non-metallic minerals, crude oil, coal and natural gas, products of natural forests, natural aquatic products, surface and underground water are all royalty taxable with effective royalty rates. There are following major amendments: (i) First, the Law on Royalties numbered 45/2009/QH12 of 25 November 2009 allows a much higher range of royalty rates, based on which the government shall fix practical royalties applicable for certain period of time. This range of royalty rates is on average three times higher than the previous rates depending on different types of natural resources (e.g. range of royalty rates for: gold increased to 9-25% from the previous 2-6%; iron & manganese rose to 7-20% from 1-5%; crude oil increased to 6-40% from the previous 6-25%; natural mineral water increased to 8-10% from 0-5% etc). (ii) Second, the government sets higher royalty rates on practical application (e.g. royalty rate for: gold increased to 15% from the previous 6%; iron & manganese rose to 11% from the previous 5%; exploitation of more than 150,000 barrels of oil per day is charged with 29% instead of the previous 25%). Third, the government, under its Decree numbered 50, applied a new method for calculation of taxable price, i.e. the currently applicable taxable price is the selling price of a product unit of the natural resource by the entity exploiting it, excluding value added tax. In particular, the Decree 50 provides that the taxable price for exported natural resources is the export price (Free-on-board price) while, under the previous legislation, royalties were calculated based on the reference to the price paid at the place of exploitation. This currently applied calculation method make actual royalties higher because all costs including those for transport, concentrating, refining and insurance are subject to royalty tax.

VI. SUSPENDED/TERMINATED MEASURES

Algeria:

- **The note 16/DGC/2009 of the Bank of Algeria, dated 16 February 2009, introduced a requirement to supply certification documents with each delivery of goods to Algeria. The certification requirement concerns quality control and control of origin of the goods, as well as phytosanitary safety. They are needed when the payment of the goods involves a bank, and risk being extended to all deliveries. This measure was annulled through a note of 24 March 2011.**

Belarus:

- The Decree 320 of 18 June 2009 'On temporary increase of import tariffs' enacted a temporary (9 month) increase of import tariffs on imported trucks (including tractors) to 25% for the new items and 50% for used items. The Government also eliminated temporary import tariffs on new, environmentally friendly trucks. (The Decree defined obligatory threshold levels of CO_2, hydrocarbon and nitric oxide to that purpose.) The Decree stated as its objectives the protection of domestic producers and widening of the range of transport modes that comply with European safety and quality standards. Tractors and trucks traditionally belong to the two top Belarusian

export products, accounting for 10% of all exports (coming second to petroleum, which accounts for 32%). The measure is no longer in place.

- On 21 April 2009, with a presidential edict No. 214 Belarus raised import duties on a wide range of consumer goods: for 9 months, 40% duty on imported meat and 30% duty on imported grape wines; 25% duty on butter, fats, starch and ice cream; 30 % duty on textiles (not applicable for goods imported from the EU-Member States, Turkey, Switzerland and Lichtenstein). The edict raised the import duty on some home appliances from 25 to 40 %. Wood products were also affected by import duties raised to 25-30%. For a period of 6 months, the edict imposed a 180 % import duty on vegetables (potatoes, onions, carrots, cabbages and beets). The measure is no longer in force.

Canada:

- **On 29 January 2009 the Government of Canada announced that it would provide CAD175 million "on a cash basis" to the Canadian Coast Guard for the purchase of new vessels and improvements to existing vessels. The allocated funds are included as part of Budget 2009's provisions for infrastructure renewal. Although the Government had yet to award the contracts when the Budget was announced, it clearly stated that "work will be conducted in Canada, and where possible, by shipyards located within the regions of the vessels' home-ports". The Budget foresees acquisition of 60 small craft, 30 environmental response vessels, five life boats and three inshore fisheries scientific research craft. The measure has been implemented and not repeated.**

- **Canadian government announced initiatives that could possibly introduce subsidies to various industries. For the automotive industry there is an offer of short-term repayable loans to the industry; creation of a $12 billion credit facility to support vehicle and equipment financing; $170 million over two years to support innovation and marketing for the forestry sector; $500 million over five years to facilitate new agricultural initiatives; $50 million over three years to strengthen slaughterhouse capacity; as well as measures to enhance the resources and scope of action available to Export Development Canada (EDC). GM has now repaid the loan portion of its support to the governments of Canada and Ontario in full, with interest and ahead of schedule. The federal and Ontario governments have also reduced their share in the company from 11.7 per cent to nine per cent. Chrysler meanwhile, continues to work toward repaying its loans.**

Ecuador:

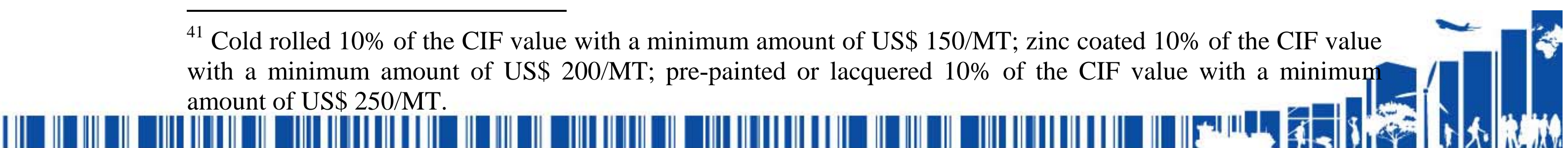
- The trade restrictive measures taken due to balance of payments considerations were removed by 23 July 2010, as confirmed to the WTO Balance of Payments Committee. On 22 January 2009, Ecuador adopted import measures from additional tariffs to quotas affecting a large number of products, including cosmetics, perfumes, alcoholic beverages, plastic articles, electrical products, ceramics and car parts. The Balance of Payment Committee at the WTO adopted a consensus report on 4 June 2009 and Ecuador agreed to replace most of the quantitative restrictions for price-based

measures no later than 1 September 2009, to progressively modify the level and scope of the measures as Ecuador's balance of payments (BoP) situation improves, and to remove all trade measures for BoP purposes before 22 January 2010. Ecuador complied partially with the Committee's conclusions and quantitative restrictions have been replaced with ad-valorem duties. However, just before the measures should have expired, Ecuador extended the period for another 6 months and notified the WTO thereof, although Ecuador's BoP situation has improved due to higher oil prices. Some WTO members classed this as a new request, and initiated a specific meeting regarding the prolongation of the measures on 22 and 23 March 2010. In result, Ecuador resisted against formal consultations or starting a new procedure. Ecuador informed the WTO that the additional import duties were reduced by 10% on 23 January 2010 and that they would be further reduced by 30% every 2 months until 23 July 2010.

Egypt:

- A 10% import duty was imposed on cold rolled flat tin sheets of steel, on top of existing duties, to stabilise the local market price. This preventive measure (Ministerial Decree No. 124/2009) applied from February 2009 for one year to rolled steel sheets either cold rolled or galvanised or pre-painted[41]. Egypt applied the *erga omnes* measure, considered to be compatible with the WTO as the duty remained below the bound rate. The measure was suspended through a Ministerial Decree No. 336 in April 2009.
- A ban on exports of cement (and clinkers) and steel, introduced primarily in March 2008 was extended on 15 July 2009, following the market price increase, until October 2010. This new directive includes assignments for the Competitiveness Protection and Antimonopoly Agency (ECA), Egypt's competition watchdog, to examine the cement market structure and analyse the competition mechanisms (note: a court ruling from last year fined 20 executives in cement companies for anti-competition practices). The ban has expired and is no longer in force.
- **The government announced a fiscal package aimed at addressing the impact of the global crisis on the domestic economy (1 December 2008 and disbursed essentially during the first half of 2009). The EG Government has announced a package of incentives of LE 15 Billion (€ 2 Billion) to support the manufacturing and export activities as well as stabilizing the prices of natural gas and electricity to all factories. This package includes other measures such as eliminating trade barriers, increasing tax exemptions (i.e. exempting car component imports from customs fees), and reviewing planned increase in the prices of energy. An initial LE 15 billions has been unblocked to tackle the global financial crisis. Around EGP10 billion will be spent on infrastructure in FY2008/09 (this will likely extend into the second half of 2009), while a further EGP5 billion will go on export subsidies (EGP3 billion) and the reduction of investment-related tariffs (c. EGP2 billion). The Export Development Fund will also receive LE 3 billion of financial assistance. Several sectors will be affected by theses decisions, automotive**

[41] Cold rolled 10% of the CIF value with a minimum amount of US$ 150/MT; zinc coated 10% of the CIF value with a minimum amount of US$ 200/MT; pre-painted or lacquered 10% of the CIF value with a minimum amount of US$ 250/MT.



manufacturing, weaving and textile industry (i.e. committees to set benchmark prices for the imported ready-to-wear clothes, textiles and yarns, in order to protect the local industry), tourism sector, pharmaceuticals, etc.

- **- LE 9.9 Bn for budget sector investments, of which the major bulk of 8.2 are in water and sewage projects and infrastructure (roads and bridges construction).**
- **- LE 0.6 Bn for improving railways and ports**
- **- LE 2.8 Bn for exports promotion, infrastructure development for internal trade and support to industrial zones.**

The measure expired.

- **Third fiscal package worth EGP 10 billion (around 1% GDP for 2008-2009 fiscal year) aimed at addressing the impact of the global crisis on the domestic economy. An initial EGP 15 billion fiscal package was approved at the end of 2008. A second fiscal package worth EGP 8 billion was added to the 2009-2010 budgets. The funds from first two packages have been spent. The package funds have been spent, the measure terminated.**

Hong Kong:

- **February 2010: A new round of relief measures was revealed which was expected to cost the Hong Kong Government HK$16.8 billion (around €1.6 billion). The latest package was the fourth in the last 15 months, bringing the total stimulus package to HK$87.6 billion (€8.7 billion), or 5.2% of GDP. The middle class, low income groups and SMEs are the biggest beneficiaries of the new package. Those measures were terminated end of 2010.**

India:

- Import licensing: in January 2009, several products were brought back onto the “free” list of imports (including seamless tubes/pipes, parts and accessories of motor vehicles and carbon black – only the upmarket segment of the latter being liberalised). Hot rolled coils were moved back to 'free' list on 8 January 2010. This used to be placed under 'restricted' list since 21 November 2008. Through notification 08/2009-2014, India moved carbon black (2803 00 10) and other polyesters (5402 47 00) back to 'free' list. On 26 May 2010, after keeping radial tyres under the restricted category for nearly 18 months, India moved radial tyres back to "Free" category. Recently, through a notification dated 8 July 2010, India also moved articles of iron and steel (HS 7326 90 99) back to "Free" category.
- India decided on 26 January 2009 to ban the import of Chinese toys for six months, without indicating any official reason. Chinese toys account for half of India’s toy market. On 27 January 2010 India issued a notification on import policy for toys. Imports are free for all countries provided they fulfil the necessary conditions such as conformity to standards prescribed in ASTM F 963 or standards prescribed by ISO. Certificate of conformance from manufacturers that toys are tested by independent labs, which are accredited under ILAC, MRA and meet the specifications.

- **On 9 April 2010, an export tax on raw cotton and cotton waste at Rs. 2500/tonne and 3% respectively, was introduced. It has been revoked**.
- **On 2 August 2011, the government lifted the export ban on cotton, noting factors such as the availability of huge stocks and the fall in local prices. However, the conditions of registering export contracts with DGFT remain unchanged.**

Indonesia:

- Local content requirement and discrimination in maritime and shipping services has been removed to some extent. Pelindo (State-owned port operator) has withdrawn the circular letter which would have given a 5% discount on port services only to Indonesian flagged ships. Now also foreign-flagged ships receive the discount.
- On 31 August 2009, the Food and Drug Safety Agency of Indonesia (BPOM) adopted a 'Halal Regulation' (HK.00.05.1.23.3516) that regulates ('for consumer protection') the registration for drugs, traditional drugs, cosmetics, food supplements and food containing un-halal substances and/or alcohol. These need to receive a marketing license from BPOM before they can be sold to Indonesian consumers. The Decree listed non-permitted substances from a wide range of animals not approved by sariah law or not slaughtered in halal way. For some products (alcohol, emergency drugs) labelling is required, other products are simply banned from Indonesian markets. A revision of this regulation took place and since 5 July 2010 a new Regulation on Information Disclosure of Origins of Certain Materials, Alcohol Substance and Expiration Date Deadline Mark/Label on Drugs, Traditional Medicine, Food Supplement and Food Products is in force. Halal inspections have been abandoned, while a label is required with declaration of certain materials made of pork, or having gone through a process which encounter certain materials made of pork, as well as alcohol and an expiry date. Halal declaration is voluntary. The measure no longer poses an obstacle to trade.
- **Regulation 45/2009 on import licenses entered into force on 1 January 2010. The new regimes introduced two different kinds of licenses: a general import license (API-U) for the import of products that are to be distributed to other parties; and a producer import license (API-I) fir the import of products that are to be self-utilised and/or be used in a production process and that shall not be traded or transferred to other parties. This measure, though horizontal in kind, was likely to have a bigger impact on pharmaceutical companies. Decree 45/2009 was amended by Minister of Trade Regulation No. 39/2010, issued on 4 October 2010. With the introduction of Regulation No. 39/2010 of 4 October 2010, the Indonesian authorities have changed their previous practice and now allow economic operators to import both finished goods for sale on the domestic market and raw materials for production, under the same legal entity. Decree 39 entered into force on 1 January 2011. The measure is no longer considered as restrictive to trade.**
- **Ministry of Trade Decree 19/2009 requires electronics and telecommunications producers to have six service centres in Indonesia. Utilization manual and warranty cards are required to be in Indonesian language. The decree was in force since 26 August 2009.**

- ***Draft regulation on cosmetics in preparation by the Food and Drug Safety authority (BPOM) is intended to tighten the labelling and packaging requirements for imported cosmetics, in that product information, utilization advice, product number, expiry date etc. are to be labelled on the product in Indonesian. Authorities have also started to strictly require an undersigned certificate from BPOM before allowing products to enter into the market (earlier an approval in the internet system was sufficient). Bottlenecks in the issuance of import licenses by the BPOM have thus resulted in delays of many months of products entering into markets. Furthermore, all French dossiers applying for import license have suddenly been refused, as French Certificates of Free Sales issued by the Federation of Beauty are no longer accepted, and a government-issued certificate is required instead. The draft regulation on packaging and labelling was expected to be issued in June 2009, but has not been issued yet.***

- ***According to the latest version (July 2009) of the draft Law on Trade, large companies would be prohibited from selling products and services directly to consumers and have to use a distributor. Medium-sized companies are allowed to sell to the level of retailers and only micro and small companies directly to consumers. Ministry of Trade has commented that this also depends on the type of commodities, dangerous goods such as chemicals "are more suitable" for the industry to sell directly.***

- **Obligation for exporters of certain products (palm oil, minerals, also coal, coffee, cocoa and rubber) to obtain letters of credit from local banks for export transactions exceeding US$ 1 million. In addition, exporters will be barred from receiving payment from foreign customers through overseas bank accounts. Companies with existing long-term contracts have been granted postponement until end of August 2009. For palm oil, minerals, and metals, full implementation began on 1 April 2009. However, companies with existing long-term contracts have been granted a postponement until 1 September. All coffee, cocoa and rubber exporters were exempted until 1 September 2009. Several commodities exporters have requested for additional delays to the requirement beginning on 1 September 2009. Ministry of Trade has commented that several exporters are likely to receive a delay. This obligation was cancelled in 2010 before it was effectively applied.**

- **A fiscal stimulus package was adopted in 2009 with measures aiming at improving the purchasing power, strengthening competitiveness and increasing job opportunities. The duty drawbacks for some industrial sectors have also been included. The stimulus package was discontinued in 2010.**

Japan:

- **Some local governments (among them: Tokyo Metropolitan Government, Kanagawa Prefecture, Akita Prefecture) offered subsidies for purchases of cars. The car acquisition subsidy schemes were launched mostly in April 2009; Kanagawa Prefecture began providing subsidies in April 2009 (possibly up to 700,000 yen) to individuals buying electric vehicles.**

Kazakhstan:

- Kazakh limitation of sugar imports to 54,423 tonnes, which was introduced on 12 August 2009, was terminated on 1 April 2010.

Mexico:

- **On 6 July 2011, Mexico and the US signed an agreement to end the long-standing trade dispute over trucking. The three-year long Memorandum of Understanding will allow Mexican trucking companies, who have already completed the necessary paperwork, to send their trucks into the US, starting in August of this year. Following this agreement, the Mexican authorities published the 50% reduction on retaliatory tariffs that were imposed on 99 products (mainly agricultural) since 2009, which entered in force on July 8 2011[42].**

Paraguay:

- The increase of import tariffs on certain chemical products has been suspended in December 2009.
- **On 27 March 2009 Paraguay temporarily raised applied tariffs of the Mercosur nomenclature (NCM) for certain chemical goods until 31 December 2009 (Decree No. 1.731/09). The justification for this measure is article 9 and 10 of the law no. 1095/84 to defend the local industry in specific cases. A 10% tariff (three tariff lines) and 15% tariff (for 16 tariff lines) are applicable. It seems that this measure has been taken directly against Argentina, as a response to a similar increase of tariffs in the chemical sector. After the expiration date, the measure was not renewed.**
- **Import licence requirement for poultry meat was in force since 9 February 2009 (with temporary 6-month application). The measure was extended for further six months on 11 August 2010 by decree No. 4878 (applies to four tariff lines (0207.11.00, 0207.12.00, 0207.13.00, 0207.14.00). It was subsequently extended for a further six months, as specified by the Decree No. 6492 of 28 April 2011. The measure has been terminated.**

Russia:

- Civil Aircraft Decree No. 379 of 30 April 2009 modified import customs duties on certain types of civil aircraft: it increased the duty to 20% for planes capable to carry more than 29, but less than 200 passengers, and reduced the duty to 0% for planes capable to carry less than 19 passengers. Decreased under the Customs Union's Single Customs Tariff to 0%.
- Decree No. 809 of 14 October 2009 extended for a period of 9 months the tariff on ferrous metals waste and scrap (extends measures of 7 November 2008 introduced by Decree No. 813). Under the Customs Union the duty rate was lowered to 0%.

[42] It should be noted that Mexico had its full right under the NAFTA to impose these tariffs and to reinstall retaliatory measures if there is any deviation from the agreement, or if the programme is terminated.

- Decree No. 742 of 15 September 2009 establishes a temporary import duty of 5% for 9 months, on the following types of equipment: water boilers, internal combustion engines, air and vacuum pumps, etc. Previously all these types of equipment were imported on a duty-free basis (0%). The measure enters into force one month after official publication of the Decree. Under the Customs Union's Single Customs Tariff, the duty rate was restored to 0%.
- The Russian Government considered restoring the import duty of 5% on certain types of goods for medical purposes. Set at 0% under the Customs Union's Single Customs Tariff.
- An increase of tariff for pesticides to 20%, as reported before the establishment of the Customs Union, has not taken place.
- An increase of tariffs for tyres for trucks to 25%, as reported before the establishment of the Customs Union, has not taken place.
- An increase of import tariffs for tyres for passenger vehicles to 30%, as reported before the establishment of the Customs Union, has not taken place.
- By Decision of Russia's Highest Arbitration Court of 12 October 2009, restrictions on customs clearance points for exports of metal scrap were abolished. The Federal Customs Service issued an Order No. 1514, in force from end of April 2009, which restricts customs clearance points for exports of metal scrap. It leaves now only one single land crossing point on the western border, thus contradicting the provisions of the EU-Russia bilateral steel agreement. A justification for limiting the customs clearance points for exports of scrap is based on request from Russian metallurgical industry, which is in a shortage of raw materials.
- Decree No. 671, in force from 4 September 2009 set tariffs for laundry equipment for 9 months at 5-10% rate. These increases are not reflected in the Single Customs Tariff. The decree is no longer in force.
- The Government Decision No. 273 of 31 March 2009 introduced increased duties on certain imported liquid crystal displays (LCDs, code 8529 90 870 9) from 10% to 15% for a period of 9 months. The increase entered into force 1 month after publication date. Under the Common Single Tariff, the duty was brought back to 10%.
- Decree No. 616, which entered into force on 14 August 2009, established a tariff on bodies for specific motor vehicles at 15% but not less than €5000 per piece. Under the Customs Union's Single Customs Tariff, the duty rate was set at 5%.
- **Cash-for-clunkers plan: the Government allocated 11bn roubles in the 2010 federal budget for the implementation of the cash-for-clunkers plan. The plan could provide co-financing for the purchases of 200,000 new cars produced in Russia in 2010 and is expected to be launched in March 2010. Owners of cars older than 10 years could exchange their cars for 50,000 rouble vouchers valid for purchases of new cars 20 January 2010. The plan was extended in the summer 2010 (additional RUR 11bn) and subsequently to 2011 (RUR 13.5 bn allocated in the 2011 federal budget). The validity of the plan was prolonged in November 2010, for one year. Subsidies under the scheme in 2011 amounted to 16.6 bn roubles. About 500,000 new cars produced in Russia were purchased over this period and 600,000 old cars have been scrapped. The programme was completed in June 2011.**

- **In December 2009, Deputy Minister of Industry and Trade Stanislav Naumov revealed that the Ministry was considering increasing the existing preferential import duties on car parts and components (0-5%) in order to stimulate their local production. These plans have not materialised in that no erga omnes duty increase took place. However, new rules of car assembly regime specify in individual deals with foreign car producers the exact import conditions for car parts.**

South Korea:

- In December 2008, the government unveiled an outline of industry support measures to be taken, with a view to covering liquidity and corporate tax exemptions to the nation's 9 key industries, namely automotive, semiconductors, petro-chemicals, textiles, shipbuilding, steel, displays, mobile phones and machinery. The Ministry of Knowledge Economy confirmed that this scheme was valid until 31 December 2009.
- Support for automobile industry: limited to tax cuts on car purchases mainly to boost sluggish private consumption. The Korean Government temporarily reduced the individual consumption tax on car purchases by 30% between December 2008 and June 2009.

Switzerland:

- The Swiss Federal Office for Agriculture increased on 23 July 2009 the support credit for exports of breeding cattle and productive animals from CHF 4 to 5 million. The measure expired.
- Switzerland reintroduced export refunds for cream as of 1 January 2009. The measure expired.

Taiwan:

- The intention to subsidise the DRAM sectors has not materialised as the global demand picked up. The government was under pressure to support prominent local companies in view of the industry's major production role in the world. At the recent Trade Policy review Taiwan confirmed that no subsidy was ultimately granted to the industry. Future developments will need to be followed closely.

Ukraine:

- The 13% surcharge on cars and refrigerators, adopted by Ukraine for balance-of-payments reasons, expired on 7 September 2009.
- New initiatives to replace the expired 13% surcharge under discussion for a few months, have been abandoned. Draft Law No. 5080 "On amendments to certain Laws of Ukraine on taxation (regarding support of employment level in Ukraine in the conditions of the world financial crisis)", foresaw an introduction of temporary charge on agrarian and automobile products in amount of 10% is registered in the Parliament. Transport vehicles and bodies to them (and some further products) were considered.

- Draft Law No 4767 "On amendments to certain Laws of Ukraine (regarding temporary surcharge to the valid import duty rates" was not adopted. The objective was to introduce a framework law which, in line with constitutional requirements, would provide the possibility to the Parliament to introduce additional surcharges (for the period of 12 months) if the balance of payment situation requires it.
- The Government, seeking to support the steel and chemical sectors, extended till the end of 2009 a number of preferences for them, which are envisaged by the corresponding Government's Resolution No 925 of 14 October 2008 and Memorandum signed between metallurgical and chemical enterprises and the Government. In particular, the preferences foresaw introduction of moratorium for increase of railroad transportation tariffs, reduction of prices for coking coal, cancellation of target surcharge for gas and suggestion to the National Electricity Regulation Commission to stop from 1 November 2008 increase of prices for electric power. The measure has now expired.
- Moratorium on any rise in prices and tariffs for medicines during the financial crisis until the level of minimum wages and pensions is set at the level of the living wage and all debts on wages and scholarships are repaid. According to the Law No. 3426 passed by the Parliament, domestically produced medicines should be sold at prices regulated by the state, while foreign medicines should be sold at the prices set as of 1 July 2008. The President of Ukraine vetoed the legislation; in the absence of a sufficient majority in the Parliament to overcome the veto, the measure did not enter into force.
- Requirement of a mandatory conclusion of agreements for packaging waste utilization by importers with one state company "Ukrecocomresursy", which basically creates a monopoly and contradicts with the principles of free market competition without an obvious reason. In spite of the Presidential Decree No. 718/2009 of 8 September 2009 that terminated certain provisions of the Resolutions of the Cabinet of Ministers of Ukraine No. 915 of 26 July 2001 ("On Implementation of the System of Collecting, Sorting, Transportation, Recycling and Utilization of Wastes as Secondary Raw Materials") and No. 508 of 20 May 2009 (which introduced changes to the Resolution No. 915), de facto it is not being implemented and the Joint Order of the Ministry of Economy of Ukraine, Ministry of Environmental Protection and the State Customs Service No. 789/414/709 of 30 July 2009 (issued on the basis of the Government's Resolutions) is still de facto applied. On 23 December 2009 the Ukrainian Administrative Court of Kyiv invalidated the said Joint Order, thus removing the trade restrictive provisions.
- **According to the Government's Resolution "On amendments to the resolution on public procurement of goods, works and services" of 24 June 2009, goods, works and services are to be purchased from the domestic producers or their representatives, dealers, distributors and only if such goods, works and services are not produced in Ukraine, they can be purchased from non-residents or their official representatives. This measure was in force until 1 January 2011. Earlier the Constitutional Court ruled as unconstitutional the Law No. 694-VI "On amendments to the certain Laws of Ukraine to minimise the impact of the financial crisis on the development of domestic industry" of 18 December 2008 that contained the same provision. But since the Resolution is in force, it is still valid. A new Public procurement law removing the discrimination provision was adopted in July 2010.**

- **On 11 March 2009 the Cabinet of Ministers approved Resolution No. 264 "On enlargement of internal market for domestic producers of machine-building for agriculture complex", which envisages that agricultural equipment purchased with state funds should only be purchased from domestic producers. The Resolution was further complemented by the Decree No. 328 "On state support in 2009 of domestic machine-building for agriculture complex", which lays down more detailed operational instructions on public procurement for state institutions. The measure expired.**

United States:

- On 17 July 2009 the House of Representatives passed H.R. 3183, "Appropriations for Energy and Water Development and Related Agencies Act of 2010 ". The House also adopted a "Manager's amendment" - made up of a series of 10 amendments including a so called Kissell/Pastor Amendment, which says: "None of the funds made available in this Act may be used to purchase passenger motor vehicles other than those manufactured by Ford, GM or Chrysler" . This discriminatory provision has been removed during the conference process.
- Discriminatory Buy America provisions in the Jobs for Main Street Act, adopted on 18 March 2010, have been abandoned.
- Restrictions on foreign entity related to funding of energy-related researched projects have been reversed on 17 December 2009.
- **The draft Foreign Manufacturers Legal Accountability Act of 2009, which lapsed due to the Congress elections in November 2010 aimed to further protect U.S. consumers and businesses from injuries caused by defective products manufactured abroad. It would require the heads of federal government agencies such as the Food and Drug Administration to pass regulations requiring that foreign manufacturers of products regulated by their agencies register an agent who will accept service of process in case of damage litigation. Regulators could exclude manufacturers who only import a minimal amount of products into the United States. The Bill would create an obligation that these foreign manufacturers consent to the jurisdiction of the courts in the state where their agent is located. Foreign Manufacturers Legal Accountability Act of 2010 in the House version was very similar to the Foreign Manufacturers Legal Accountability Act of 2009. It required establishing a registered agent in the United States who would be authorized to accept service of process on behalf of foreign manufacturers for the purpose of all civil and regulatory actions in state and federal courts. The House Energy and Commerce Committee 21 July 2010 passed H.R.467, which contained an import ban on products of those manufacturers who failed to register an agent in the US. There was a similar pending legislation in the Senate (S.1606) which sought to remove this provision, while looking at the possibility to establish an import threshold exempting minor exporters from the requirements. Due to the November 2010 elections to the Congress, no further action on the draft was taken. In relation to the objectives of the Act, the U.S. Supreme Court issued two opinions, on 27 June 2011, in which it declined to expand the jurisdictional reach of U.S. courts over foreign manufacturers, including foreign subsidiaries of U.S. companies whose products may end up in the U.S. In *Nicest*, the Supreme Court reversed (5 to 3) a decision of the New Jersey Supreme Court denying the New Jersey Court specific**

jurisdiction over a U.K. manufacturer whose product had been involved in a workplace accident. In a unanimous decision, the Supreme Court in *Goodyear* concluded that a North Carolina court did not have jurisdiction, under a theory of general jurisdiction, over foreign subsidiaries of a U.S. company that manufactured tires in Turkey that were allegedly involved in a bus accident in France, killing two North Carolina residents.

- **Financial Services and General Government Appropriations bill (S 1432, HR 3170) The Senate Appropriations Committee and the full House passed their own versions of the Financial Services and General Government Appropriations bill (S 1432, HR 3170), which would prohibit inverted companies from receiving funds through contracts with federal government agencies. The specific language states: None of the funds appropriated or otherwise made available by this or any other Act may be used for any Federal Government contract with any foreign incorporated entity which is treated as an inverted domestic corporation or any subsidiary of such an entity. Although the Senate version of the bill states consistency with international obligations (the prohibition in subsection (a) shall not apply to the extent that it is inconsistent with the United States obligations under an international agreement), the House version of the bill, which has already passed in the House of Representatives, does not. This provision will only apply to the appropriations funds for the fiscal year of 2010. Currently there are only a couple of companies that would be negatively affected (that recently inverted to become European companies), but this does not mean that there will not be more in the future. Due to the November 2010 elections to the Congress, no further action on the draft was taken.**

- **The "National Defense Authorization Act for Fiscal Year 2010" included three provisions that would introduce either 'Buy American' requirements or otherwise imply set-asides or protection for U.S. providers of goods or services. Due to the November 2010 elections to the Congress, no further action on the draft was taken.**

- **'Buy American' provisions on steel and iron and manufactured goods and 'Hire American' provisions were expected to be included in the economic stimulus legislation. Concrete negative effects of these provisions to the procurement possibilities of European companies in the US market have already been reported. Due to the November 2010 elections to the Congress, no further action on the draft was taken.**

- **On 30 July 2010, the House of Representatives passed the Assistance, Quality and Affordability Act (HR 5320), which included new Buy American requirements. Notably, the funds made available by a State loan could be used for a project for the construction, alteration, maintenance, or repair of a public water system if the steel, iron, and manufactured goods used in such project are produced in the US. This legislation intended to fund various drinking water projects set up by US states and municipalities, which are not covered by the Government Procurement Agreement. Due to the November 2010 elections to the Congress, no further action on the draft was taken.**

- **In the House of Representatives, Rep. Lipinski introduced HR 4351 and Senator Feingold in the Senate introduced S 2890, Buy American Improvement Act, which proposed to eliminate reasonable costs exception in 1933 Act and replacing it with 25% of project cost, as well as other preferences for domestic suppliers.**

Due to the November 2010 elections to the Congress, no further action on the draft was taken.

- **The House of Representatives approved on 23 September 2010 a temporary, three-month extension of Federal Aviation and Administration Act (FAA) programs, allowing more time for Congress to debate a permanent reauthorisation bill for the FAA. This means that the issues relating to airline ownership, mobile voice communication in aircraft and foreign repair stations are not yet off the table. On 29 and 30 July 2010 the House and Senate respectively passed another extension of the current Federal Aviation and Administration Act authorization until 30 September 2010. It is of concern because the House bill contains more restrictive language on foreign ownership and control of US airlines, inspection of foreign repair stations by the US government and a sunset clause for anti-trust immunity for airline alliances. The text approved by the Senate has less stringent provisions. Due to the November 2010 elections to the Congress, no further action on the draft was taken.**
- **The US is adopting a series of measures in the field of exploration and exploitation of energy resources. The Consolidated Land, Energy, and Aquatic Resources Act, H.R. 3534 provides for: the Americanization of offshore operations in the exclusive economic zone (all oil drilling related vessels in the exclusive economic zone must be registered in the United States and must be at least 75 per cent U.S. owned); Build America requirement for offshore facilities (a person may not use an offshore facility to engage in support of exploration, development, or production of oil or natural gas in, on, above, or below the exclusive economic zone unless the facility was built in the US. A person can seek to have the "build American" requirement waived). The legislation was passed by the House on July 30, 2010. Due to the November 2010 elections to the Congress, no further action on the draft was taken.**
- **The U.S. government approved two relevant auto loans to date. On 30 September 2008 President Bush signed into law the "2009 Continuing Appropriations Resolution", which included appropriation of funding for so called 'Advanced Technology Vehicles Manufacturing Incentive Program' (ATVMIP). On 19 December 2008 President Bush announced that the Administration would provide federal loans for GM and Chrysler in the total amount of US $ 17.4 billion using the 'Troubled Assets Relief Program' (TARP) originally approved for the financial institutions. The law expired.**
- **On 17 March 2009 Rep. Betty Sutton introduced 'car scrappage' legislation (HR 1550), which would provide consumers with vouchers if they decide to scrap their high polluting automobile and replace it with a new fuel efficient automobile. All new cars would benefit from this measure. Due to the November 2010 elections to the Congress, no further action on the draft was taken.**
- **The House of Representatives passed American Clean Energy and Security Act of 2009 (H.R. 2454) on 26 June, 2009 which included section 123: Plug-In Electric Drive Vehicle Manufacturing, which directs the U.S. Department of Energy to establish a vehicle manufacturing assistance program to provide financial assistance to automobile manufacturers to facilitate the manufacture of plug-in electric drive vehicles that are developed and produced in the United States. The financial assistance would be provided for the reconstruction or retooling of facilities for the manufacture of plug-in electric drive vehicles or batteries for**

such vehicles that are developed and produced in the United States. Due to the November 2010 elections to the Congress, no further action on the draft was taken.

- **Related to Black Liquor, the program constituting a part of the 2008 Farm Bill, was supposed to benefit "companies that use expensive, cutting-edge technologies to distil ethanol from plant materials instead of corn". Despite Congress' intent, the Internal Revenue Service released a memorandum in October 2009 ruling that black liquor qualified for cellulosic biofuel producer credits because the fuel is produced and used in the U.S. and is "derived from lignocellulosic or hemicellulosic matter that is available on a renewable or recurring basis." Current legislation in force, Tax Relief, Unemployment Insurance Reauthorisation, and Job Creation Act of 2010 (H.R.4853) renewed tax reliefs for alternative energy production but removed black liquor fuel as an eligible fuel.**

- **Jones Act: on 17 July 2009 Customs and Border Protection (CBP) published a "Proposed Modification and Revocation of Ruling Letters Relating to the Customs Position on the Application of the Jones Act to the Transportation of Certain Merchandise and Equipment between Coastline Points", which proposed to remove exemptions to the Jones Act for certain offshore activities involving foreign flag vessels and thereby change long-standing interpretations of rules for vessels in the offshore oil and gas industry. The notice provided only a 30-day comment period and letters were sent to CBP by Ambassador Bruton, the Consultative Shipping Group and the European Community Shipowners' Association (ECSA), among others, requesting an extension of the deadline so the impact could be fully examined. ECSA's request was denied. However on 15 September 2009 CBP withdrew the proposal based upon its consideration of 141 comments received both in favor of and against the proposal, and on additional research. Due to the November 2010 elections to the Congress, no further action on the draft was taken.**

- **New piece of legislation would force the administration to reduce trade barriers in other countries before allowing other countries to sell their products in the US market. The Reciprocal Market Access Act would essentially add 'common sense' reforms to the process by which goods are exchanged between the United States and other countries. The bill would instruct US trade negotiators to eliminate foreign market barriers - including non-tariff barriers - before reducing US tariffs. It also would provide enforcement authority to reinstate the tariff if the foreign government does not honour its commitment to remove its barriers. The lawmakers indicated their legislation is particularly targeted at the ongoing World Trade Organization Doha Development Agenda trade negotiations. US negotiators currently do not have the flexibility to trade a tariff reduction for elimination of a non-tariff barrier, the lawmakers said. To correct that, the bill would require the President to provide a certification to the Congress, in advance of agreeing to a modification of any existing duty on any product, that sectoral reciprocal market access has been obtained; if trading partners do not grant similar market access or if they erect new barriers to US exports, the United States may withdraw tariff concessions. The process would be triggered by either a private-sector or Congressional petition. Due to the November 2010 elections to the Congress, no further action on the draft was taken.**

- ***The Berry Amendment Extension Act (H.R. 3116) extends certain "Berry Amendment" restrictions placed on military acquisitions by the Department of Defence to the Homeland Security Department. The original Berry Amendment requires the U.S. Department of Defence to procure certain goods, such as textiles, clothing, tents and cotton, from domestic sources. The legislation includes a clause requiring consistency with international obligations.***
- ***The House of Representatives passed the Congressional Made in America Promise Act of 2009 (H.R. 2039), which clarifies that the Buy American Act of 1933 extends to the Legislative branch. The bill also prohibits application of any of the exceptions to requirements of the Act (public interest, unreasonable cost, unavailable supply, etc.) for all products bearing the Congressional Seal.***

Vietnam:

- **On 10 February 2009 the Ministry of Finance announced an increase on the tariff levied on newsprint from 20% to 29% and on printing/writing paper from 25% to 29%, except on that coming from members of the Association of Southeast Asian Nations (ASEAN). In a further step to protect local industry, the Ministry of Industry and Trade proposed end of March 2009 to raise the import duty on newsprint, printing and writing paper imported from ASEAN countries from 3% to 5%. The measure has been withdrawn.**

- **After pressure from local steel producers and the Vietnam Steel Association, the Vietnamese Ministry of Finance issued Circular 75/2009/TT-BTC of 13 April 2009 and Circular 216/2009/TT-BTC of 12 November 2009 revising up the MFN import tariffs on several construction steel products. In detail, import duties on alloy steel products (under HS Headings of 7227900000, 7228301000, 7228309000, 7228401000, and 7228409000) were increased from 5% to 10%. While the new rates are 5% higher than the previous rates, they are 2-5% lower than the rates proposed by the Vietnam Steel Association. The measure has been withdrawn.**

VII. TRADE FACILITATION MEASURES

Argentina:

- Allows tariff free imports to institutions related to scientific and technological research. Implemented on 18 September 2009 by the internalisation of MERCOSUR's Dec. 40/2008 of 15 December 2008.

- By Decree 311/2010 of 2 March 2010 Argentina reduced import duties from 35% to 2% for up to 200 unites of hybrid automobiles from outside the MERCOSUR (within the HS codes: 8702 and 8703).

Australia:

- Australia announced on 4 August 2009 changes to its foreign investment screening regime, in order to reduce disincentives for overseas investors and promote Australia as a competitive and attractive destination. The six monetary thresholds applied to screening for private foreign investment will be reduced to two: 15% or more in a business worth $A231 million or more (the monetary threshold currently applied to US takeovers), indexed on an annual basis; secondly, the current threshold for US investors in non-sensitive sectors (or where the acquiring entity is not controlled by a US government) of $A1,004 million (indexed) will remain, as will current screening arrangements for the media sector and foreign government investments. Furthermore, the requirement that non-US investors notify the Government when establishing a new business in Australia worth more than $A10 million will be repealed.

  It is worth noting that there still exists a preferential treatment of US investors in Australia under the Australia-United States Free Trade Agreement (AUSFTA), namely the $A1,004 million threshold for investments in non-sensitive sectors. The above provisions took effect from 22 September 2009 by means of amendments to the Foreign Acquisitions and Takeovers Regulations 1989.

Brazil:

- On 14 September 2010, a tariff-rate quota of 250.000 tons for cotton not carded or combed (5201.00.20 and 52.01.00.90), at 0% duty for the period of 1 October until 31 May 2011. **This period has been extended until 30 June 2011.**
- On 11 February 2011, a tariff-rate quota (TRQ) of 150 Tons of Terephthalic acid and its salts (2917.36.00) at 0% duty was adopted. **A new TRQ of 135.000 Tons was adopted until 31 December 2011.**
- **On 1 April 2011 some tariffs have been decreased: Vinyl acetate (2915.32.00) from 12 to 2% and carbon electrodes (8545.90.10) from 12 to 2%.**
- **On 17 May 2011, a TRQ of 3.000 Tons (for a period of 6 months) of 4,4′-Isopropylidenediphenol (bisphenol A, diphenylolpropane) and its salts (29.07.23.00) and a TRQ of 30.000 Tons (until 31 December 2011) of some Flat-rolled products of steel with a thickness of 29,45 mm (7208.51.00 - Ex 005) at 2% were adopted.**
- **On 14 June 2011, a TRQ of 3.000 Tons (for a period of 3 months) of Mixed alkylbenzenes (3817.00.10 – Ex 001) at 2% was adopted.**
- **On 21 June 2011, a TRQ of 6.000 Tons (for a period of 12 months) of Titanium oxides (2823.00.10) at 2% was adopted.**
- **On 16 August the Brazilian Congress approved a draft bill (PLC 116) on the elimination of regulatory restrictions for the provision of triple play (pay-TV) services by telecommunication operators, which was causing a discrimination against cable-TV operators that did not face any such restrictions. This will be an important step to foster the major investments on broadband development that will be needed throughout the country.**

China:

• Trade facilitation measures announced include customs and quarantine clearance in 24 hours and reduced costs for textiles, clothing and agricultural products border inspections[43].

Egypt:

- Ministerial Decree No. 51/2009 announced the reduction of 250 customs tariffs. Customs tariffs also will no longer be applied to some capital devices, machines and equipment, some raw materials and intermediate goods (as they are production inputs) and non-locally produced wood. These items will be exempted from customs fees (the current tariff issued in April 2008 is equal to 20%). According to the modifications, the customs tariff will often be reduced by up to 2%. The customs reduction has been applied to all sectors which demanded a reduction in tariffs (such as engineering, chemical and wood industries) as long as no damage is caused to local products.

India:

- **Wheat and all varieties of non-Basmati rice (out of privately held stocks) were made free for export.**

Indonesia:

- Local content requirement and discrimination in maritime and shipping services were to some extent. Pelindo (State-owned port operator) has withdrawn the circular letter which would have given a 5% discount on port services only to Indonesian flagged ships. Now also foreign-flagged ships receive the discount.
- Indonesia introduced a new regulation "One Door Integrated Investment Services" on 23 June 2009, which aims to facilitate the procedural requirements related to foreign investments in the country, by removing unnecessary bureaucratic formalities and introducing more transparency in the approval of operational licence. The law foresees an electronic information system for the processing of licence applications; more decentralisation in the management of the system is planned as well. However, the exact implementation of the new law remains to be seen.
- **Decree 1176/2010 adopted in September 2010 provides for notification of cosmetics instead of pre-marketing registration, thus easing exporting procedures.**
- **By ministerial decree PMK 80/PMK.011/2011 the government temporarily scrapped import duties for 182 raw materials and capital goods to lower costs for local manufacturers. The 182 products, which will be exempt from import duties between April 18 and Dec. 31 2011, include 59 items in the chemical industry, one food item (soybean oil), 91 machinery items, 16 electronic items, 13 shipping items. Some of these reductions came after dialogue with European business arguing products were not in direct competition with the Indonesian industry. As of Jan. 1, 2012, import duties for all of the goods will return to 5 percent.**

[43] This has been announced but details of the implementation are still awaited.

- **Ministry of Health issued a decree 1799/2010 that provides a response to Decree 1010/2008 so that research-based companies previously classified as pharmaceutical wholesalers (PBFs) can now apply for a pharmaceutical industry licence if undertaking any manufacturing stage (procurement of raw and packaging materials, production, and packaging, quality control and quality assurance). Still to be clarified is whether companies conducting R&D abroad will fall within the scope of the decree.**
- **Decree 1176/2010 of September 2010 replaced the registration requirement with a notification requirement for cosmetics.**

Japan:

- The Japanese government announced in February 2009 a $1 billion emergency programme to finance trade between developing countries, especially in Asia. The move is part of a coordinated initiative with the Asian Development Bank. A total of up to $2 billion in loans will be provided to private financial institutions in Asia, with a focus on ASEAN members. These financial institutions are to use the funds for lending to local companies for trade settlements and issuing letters of credit. The $2 billion pool is foreseen to support annual funding demand of around $4 billion. The funds will be made available to local financial institutions, rather than directly to companies, to ensure that even small and medium-sized businesses have access to it. For a updated information, see http://www.jbic.go.jp/en/report/jbic-today/2009/200908/04/index.html . The role of the programme is progressively diminishing.

Kazakhstan:

- Import duties on aircrafts have been abolished for a transitional period until 1 July 2011.
- **The Customs Union Commission eliminated (from 10%) an import duty on capelin.**
- **On 24 June 2011, Customs Union Commission set a 0% duty on oil imports between the Customs Union member states (from 5%).**

Malaysia:

- The International Trade and Industry Ministry of Malaysia (MITI) has announced a review of steel policy, which will ultimately lead to reductions in duties on the imports of steel and the introduction of a set of Malaysian standards for imported steel products. The motivation for the review is to enhance the competitiveness of the Malaysian steel industry. The measures are implemented since 1 August 2009.
- Since 22 April 2009 100% foreign equity is allowed in 27 subsectors of services, including health and social services, tourism, transport, business services, IT. On 27 April 2009 a relaxation of foreign investment conditions in financial services was announced. Foreign equity limits were increased from 49% to 70% for investment

banks, insurance companies and *takaful* (Islamic insurance) operators. A higher foreign equity limit above 70% is considered on a case-by-case basis for insurance companies. More flexibility for operations of locally incorporated banks, insurance companies, and takaful operators has been granted.

- On 30 June 2009, the Government announced the liberalisation of the Foreign Investment Committee (FIC) guidelines, including the repeal of FIC Guidelines on the acquisition of interests, mergers and takeovers. The Guidelines originally contained a *bumiputera* equity requirement, whereby *bumiputera* (ethinic Malays) had to hold a combined 30% stake in locally incorporated companies. Following the repeal of the FIC Guidelines, for newly listed companies, the bumiputera requirement is 12.5% and it can be futher reduced if more shares are issued at a later stage. Also, foreign equity limits were raised from 49% to 70% for stock-broking firms and unit trust management companies, and from 70% to 100% for fund management companies providing wholesale services. However, sectors of 'national interest' are not to be liberalised. *Bumiputera* participation requirements continue to exist in banking and insurance, certain manufacturing sectors (I.e. fabrics and apparel of batik, integrated Portland cement), agriculture, defence, energy, telecommunications, water.
- On 10 June 2010 Malaysia introduced the "10th Malaysia Plan" (MP). The MP lays down the government's policy priorities over the next 5 years, with the goal of achieving high-income nation status by 2020. The plan outlines the government's approach to a comprehensive economic transformation, on the understanding that successful economic policies of the past will not support the necessary 6% per annum GDP growth required to reach this goal. This should be achieved through: broad policy and regulatory reforms to support and drive a private-sector led economy; renewed investment in human capital development; a new focus on specialization in key sectors which include oil and gas, palm oil and related products and financial services; bolstering global competitiveness and Trade, including by means of a new Competition Law, the removal of price controls and subsidies and further liberalization (particularly in the services sector) including the expansion of Malaysia's WTO commitments to liberalise 65 services subsectors; and an alleged "shift" in the *bumiputera* policy, with less emphasis on affirmative action policies and more programs to focus support on the bottom 40% of households, with a "market friendly, merit based, transparent and needs-based approach". **In July 2011, the Government announced liberalisation measures in three services sector (healthcare, education and professional services), including the removal of foreign equity restrictions, to take place in phases.**
- **The Budget 2011 was adopted in October 2010. It provided for some trade-facilitating measures such as the removal of import duties on 300 luxury product categories (bags, jewellery, clothes, etc), an exemption from excise duties on hybrid cards below 2000 cc and a tax waiver for mobile phones.**

Mexico:

- In December 2008, the Mexican Government took a unilateral decision to gradually eliminate, by 2013, import tariff on over 70% of products and has also engaged in an ambitious plan to modernise its customs infrastructure and procedures. The Government is taking concrete steps towards implementing the latest customs reform

announced in March 2008, which seeks to facilitate trade mainly by simplifying procedures. The latest measures focus primarily on facilitating exports as opposed to imports.

- Mexico and Colombia have agreed to relax rules of origin on textiles. **On 16 August 2011 Mexico and Colombia agreed again to temporarily relax rules of origin on textiles (Decision No.64). This instrument is valid for one year and allows Colombian producers of certain textiles to use input goods not originated in Colombia in their products to be exported to Mexico.**

- Rules of origin have also been eased for cigarettes originating from Chile, allowing for 30% of non-originating content, as well as exempting them from tariffs since 14 July 2009.

- Mexico's automotive industry benefits from the elimination of import tariffs for car parts and spare parts between Brazil and Mexico as of 14 July 2009. **Economic Complementation Agreement (ECA no. 55) for the automotive sector between Mexico-Brazil-Argentina-Uruguay-Paraguay. On 30 June 2011, Mexico's Ministry of Economy published in the Official Gazette of the Federation the amendments to the ECA No. 55, for Mexico and Brazil, Argentina and Uruguay. These amendments were incorporated by Mexico and Paraguay since 8 April 2011. These amendments, part of the first Additional Protocol to ECA no. 55, establish that from 1 July 2011 cars, light vehicles, bodies, trailers, semi-trailers and tractors will benefit from free access between these countries. Regarding heavy vehicles and buses, the parties agreed to gradually reduce the respective tariffs until total elimination by 1 July 2020.**

- In September 2009, further modifications to the External Trade legislation were published, in an effort to further deregulate, simplify and reduce import and export procedures. These changes enable the importer / exporter to apply online for certificates of origin, registering products eligible for tariff preferences and for exporters to claim taxes back on imports whose return to the country is definitive and which have not suffered any modifications/transformation. **Since January 2011, the Digital Single Window is in operation, as a single electronic entry point for procedures relating to import, export and transit of goods.**

- In August 2009, Mexico consolidated the initiative to exchange of electronic certificates of origin with Colombia, by introducing the necessary modifications in their FTA.

- ***Economic Integration Agreement Mexico-Peru. Peru and Mexico signed an Economic Integration Agreement (EIA) in July 2011. This EIA substitutes the economic complementation agreement (ECA No.8) which had regulated trade relations between the two nations since 1987. Tariffs on all industrial and fishing products will be eliminated in the following 10 years. Peru will gradually remove tariffs on 74% of agricultural products originating from Mexico; similarly the latter will gradually eliminate tariffs on 77% of these products which originated in the Andean Nation. This agreement is still pending ratification by the Senate.***

- **Modifications to FTA Mexico-Colombia. In August 2011 Mexico and Colombia deepened their FTA in order to increase trade of several industrial and agricultural products by incorporating such products (mainly agro-industrial) into their tariff relief programme.**

- **As of 1 June 2011, EU exporters can benefit from importing temporarily to Mexico commercial samples, professional equipment and goods for use at trade fairs free of import duties and charges, thanks to the appointment of the Mexico City Chamber of Commerce as the national guaranteeing and issuing organisation for ATA Carnets in Mexico for the next five years.**
- **Mexico's Customs Administration will render the second revision of goods imposed in Mexican customs on certain goods more flexible. The physical inspection of the merchandise will be replaced by non-intrusive technological methods such as X-ray, a move which, security factors aside, is expected to accelerate the revision process and therefore cut down on costs related to the storing of goods in Customs warehouses. The measures will be applicable as of September 2011.**

Nigeria:

- *The Nigerian Parliament is considering a Bill seeking to repeal the Export (Prohibition) Act n°7 of 1989. The act n°7 prohibits exports of beans, cassava tuber, maize, rice, yam tuber and their derivatives.*
- In line with circular of November 2010, import prohibition on cassava, toothpicks, furniture and textiles was removed.

Russia[44]:

- By the Decree No. 371 of 30 April 2009 Russia amended its customs code and decreased import duties on oil and pitch cokes, as well as graphitized electrodes, to 0% and 5% respectively.
- Decree No. 400 of 8 May 2009 reduced the import tariff on magnesium scrap and waste from 15% to 5% of their customs value in order to increase supply.
- Decree No. 442 of 25 May 2009 abolished a 5% import duty on skins and hides. The new duty is set at 0%.
- Decree No. 533 of 25 June 2009 extends a zero per cent import duty on some raw materials (paints, leather) used by the shoe industry.
- Decree No. 664 from 19 August 2009 extends a zero percent import duty on certain types of LCD screens (codes 8529 90 870 1 and 8529 90 870 2) for the period of nine months.
- Decree No. 700 from 28 August 2009 introduces a zero percent duty on ceramics used to produce catalysers (CAT) for cars.
- Decree No. 696 from 21 August 2009 establishes a zero percent duty on certain types of medical equipment.
- Decree No. 803 of 5 October 2009, while abolishing CN code 8462 10 100 0 with import duty rate of 10%, introduces two new CN codes 8462 10 100 1 with a zero rate of import duty (stamping presses numerically controlled with automatic loading and unloading for stamping body parts, etc.), and retains the zero rate of import duty for

[44] The duties at 0% rate were made permanent under the Customs Union's Single Customs Tariff.

the new CN code 8462 10 100 9 (Other). The measure is for 9 months, and enters into force 2 months after official publication of the Decree.

- The Government extended a 0% import duty on certain types of equipment for metal-processing industry.
- *The Government is considering extending for 9 months a zero import duty set up by Gov. Decree No. 659 of 11 September 2008 for panels for the equipment classified under CN code 8528 (CN codes 8529 90 870 and 8529 90 870 2) and active matrix devices on liquid crystals (CN code 9013 80200 0). The draft Decree also introduces additional measurement unit, namely 'pieces', for CN codes 8529 90 870 1 and 8529 90 870 2.*
- CU Commission Decision No. 279 from 20 May 2010 sets a zero-percent duty on sheets from tropical wood (code 4408 39 310 0).
- Customs Union Commission Decision No. 28 from 18 July 2010 eliminated an import duty on civic aviation planes (code 8802 40 002 2) brought into the territory of the Customs Union under the regime of temporary importation for contracts concluded before 31 December 2013 for the period of five years. Planes with the number of passenger seats between 50 and 111, 160 and 219 are excluded from this decision. The measure entered into force on 18 August 2010. Furthermore, Russia agreed to cancel the import duty on civil aircraft with carrying capacity above 250 passengers.
- The Customs Union Commission Decision No. 348 reduced the import duty rate on wine materials imported in containers of more than 227 litres (codes 2204 29 110 1, 2204 29120 1, etc.) from 20% to 15%.
- CU Commission Decision No. 327 from 20 May 2010 sets a zero-percent duty on wolfram and metal-ceramics scrap (codes 8101 97 000 0 and 8113 00 400 0).
- CU Commission Decision #278 from 20 May 2010 eliminated a duty on some materials used for production of solar energy modules (code 8541 40 900 1) or a 5% duty (code 7007 19 800 1).
- In February 2010, Russia cancelled the obligatory certification for foodstuffs, cosmetics and perfumery. Instead of special laboratories, which used to conduct tests of these goods, the manufactures have started to indicate quality and safety of their products in voluntary conformity declarations.
- **An import duty for certain types of trucks was lowered from 25% to 15% (code 8407 10 102 2).**
- **An import duty on certain rubber mixes was eliminated (code 4005 99 000 0).**
- **An import duty on coking coal (2701 12 100 0) was eliminated.**
- **An import duty on heparin and its acids was eliminated (3001 90 910 0).**
- **An import duty on certain types of machinery used in the forestry sector (8427 90 000 1) was eliminated.**
- **An import duty on certain types of railway carriages (8603 10 000 2) was eliminated.**

- **An import duty on certain types of passenger planes (codes 8802 40 003 2, 8802 40 004 2, 8802 40 004 3) was eliminated in accordance with the Decision of the CU Commission No. 592 from 2 March 2011).**
- **An import duty on certain chemicals was eliminated (code 2510 20 000 0) in accordance with the Decision of the CU Commission No. 661 from 19 May 2011.**

South Africa:

- The Government Notice No. 762 of 24 July 2009 introduced a full or partial reduction of MFN tariffs (previously set at the level of 5-10%) on a range of secondary aluminium products (aluminium bars, rods and profiles, aluminium wire, aluminium plates, sheet and strips, as well as aluminium foil). Current applicable duty for these products imported from the EU ranges between 0% and 3.8%, depending on the product.
- The Government Notice No. 815 of 7 August 2009 eliminated the 20% MFN tariff on electric heating resistors and solid plates used in the manufacturing of stoves, hobs and cookers, which are not produced domestically. Additional tariff reductions can be expected (in sectors such as chemicals, machinery and capital equipment) in line with the Government's plan to eliminate import duties on inputs not produced locally, in order to lower costs for downstream manufacturing.
- A R20 billion tax incentive was provided for large scale industrial projects (R600 million to R1.6billion) in view of facilitating new investments in the South African manufacturing sector. Investors can apply for a tax allowance equal to 35%-55% of the project value. Qualification criteria include skills development, energy efficiency, innovation, job creation and procurement from SMEs.

South Korea:

- On 10 August 2010, the Ministry of Strategy and Finance announced that Korea planned to reduce the level of duty on the 100,000 tons tariff-quota for imported sugar from 35% to 0 % from late August 2010, keeping valid till the end of this year. This was in order to stabilise the domestic price of sugar and also food products using sugars.

Tunisia:

- On the occasion of the adoption of the 2011 Finance Law (No. 201-58) of 17 December 2010, the Government announced a renewal of fiscal advantages for direct high-value exports, to subcontracting, logistics, research and service activities to support the export sector until end 2011. the 2011 Finance law also renewed the reduction of direct import duties which begun in 2008, and thus reduced from 36% to 30% the minimum rate of import customs duties on raw materials, semi-finished products, equipment and other non-agricultural goods from chapters HS 25-97 of the customs nomenclature as from 1 January 2011.

- As part of the recovery plan approved by the Tunisian Council of Ministers on 1 April 2011, 17 urgent economic and social measures were adopted, including: 1) facilitation of imports of equipment needed for investment through reduction of VAT rate from 12% to 6% until end 2011; 2) support of export-oriented companies to boost their exports and by allowing them to sell part of the output on the local market or to supply part of their services locally within the limits of 50% of their 2010 export turnover.

USA:

- On 11 August 2010, President Obama signed into law the U.S. Manufacturing Enhancement Act of 2010 (H.R. 4380), known as the Miscellaneous Tariff Bill (MTB), intended to help create jobs and strengthen the manufacturing sector, which he said is a key driver of the economic recovery. The new law amends the harmonized tariff schedule of the US to provide for duty suspensions and reductions (chemical components in particular) until 31 December 2012. According to the White House, the bill will reduce or suspend some tariffs that U.S. companies must pay to import certain materials to manufacture their products. This bill will lower costs for U.S. businesses and lower prices for U.S. consumers, it said. The bill is aimed to boost the US home-based manufacturing and exports, in the context of the President's objective to double US exports over the next five years.

Vietnam:

- On 16 April 2009 the government issued a Decision No. 58/2009/TT-BTC on some tax measures to implement its stimulus policy. The Ministry of Finance enacted a circular in May 2009 to implement a 50% reduction of value-added tax (VAT) on five categories of commodities. The VAT cut is applied on: (i) motorbikes with cylinder capacity of over 125cc; (ii) fibre, cloth and garment products; (iii) footwear & leather products; (iv) certain types of paper (with the exception of printing paper); and (v) cement, brick & fibro cement. The VAT cut of 50% is applicable from 1 May to 31 December 2009. The measure was terminated on 31 December 2009.
- On 4 May 2009 the Ministry of Finance issued a special incentive import duty list to implement Vietnam's commitment on tariff cuts for goods imported from five ASEAN countries namely Brunei, Laos, Malaysia, Myanmar and Singapore as well as Japan (AJCEP). Particularly, automobiles designed to carry passengers including those having separate luggage space and racing automobiles, ambulance automobiles and prisoner automobiles were subject to a duty rate of 9% from 1 December 2008 to 31 March 2009. A duty rate of 8% is being applied from 1 April 2009 to 31 March 2010; 7% from 1 April 2010 to 31 March 2011 and 6% from 1 April 2011 to 31 March 2012.
- Government Resolution no. 18/NQ-CP dated 6 April 2010 on "key measures to ensure macro-economic stability, curb inflation and achieve a GDP growth rate of approx. 6.5% in 2010, which include: Implement measures on prices"; "Guide" the commercial banks to lend foreign currencies for loans for import of "essential" goods for production which cannot be produced domestically.
- **Circular 184/2010/TT-BTC entered into force on 1 January 2011: import duty on vehicles having 9-seats or below decreases from 83% to 82%. Import duty on vehicles of 3 litres or above (displacement engine 3,000 cc) and Sport Utility**

Vehicles (SUV) decreases from 77% to 72%. The MFN import tariffs on some meats and edible meat offal (under the HS headings of 0203, 0206, 0209, and 0210) have been revised down. The tariff reduction is averaged at 1 – 2%.