Rise in G20 protectionism denounced

Jonathan Huneke is Vice President, Communications and Public Affairs at the United States Council for International Business

In May, following the release of a worrying report indicating that major economies are turning increasingly protectionist, global business urged G20 leaders to keep markets open to trade.

The joint report by the World Trade Organization (WTO), the Organization for Economic Cooperation and Development (OECD) and UN Conference on Trade and Development (UNCTAD) on G20 trade and investment measures found that more new trade-restrictive measures have been implemented in the previous six months than in any previously reported period. From October 2010 to April 2011 alone, G20 members implemented 30 new export restrictions.

This occurred despite the G20’s reaffirmation at the 2010 Seoul Summit to resist protectionism. G20 leaders had agreed at their earlier Toronto Summit to withdraw any protectionist measures in the pipeline, including export restrictions and WTO-inconsistent measures for stimulating exports. The WTO-OECD-UNCTAD report reveals that the exact opposite is taking place.

The joint report reinforces the findings of a 2010 study by the Peterson Institute for International Economics, commissioned by the International Chamber of Commerce (ICC), the world business organization, which noted that all G20 countries had implemented protectionist trade measures since 2008.

Concerns in the global business community about this protectionist trend have prompted ICC to put into place its own indicator to monitor market openness. The Open Market Index will provide an annual ranking of the 50 top-trading countries by order of their openness to trade and investment. This private-sector indicator to monitor protectionism will be launched ahead of this year’s G20 Summit – to be held November 3-4 in Cannes, France.

Business groups are gearing up, under the ICC umbrella, to provide input to G20 leaders in the lead-up to the Cannes summit. In June, at ICC’s World Chambers Congress in Mexico City, the recently launched ICC G20 Advisory Group consulted with global companies to consolidate business positions on a host of issues. Participants at the meeting included ICC Vice Chairman Harold McGraw III, CEO of The McGraw-Hill Companies (who also serves as chairman of my organization), and Mexican Undersecretary of Foreign Affairs Maria de Lourdes Aranda Bezaury, along with other CEOs and chambers of commerce leaders representing businesses large and small.

Policy position papers on six key themes for the G20 process are to be reviewed, drawing on feedback from CEOs in the advisory group, as well as experts and ICC national committees. Once finalized, ICC and its network will deliver the positions to G20 governments, and unveil them in the media. In parallel to these efforts, the advisory group is working with the World Economic Forum and the French employers’ body MEDEF, which is organizing this year’s G20 Business Summit, in order to ensure delivery of consistent messages on behalf of global business.

To learn more about how business interacts with the G20, visit www.iccwbo.org/G20.

Participants at the G20 Business Summit last year in Seoul. Business is gearing up for a similar gathering in France prior to this fall’s G20 Summit in France.