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Argentina: There and Back Again?

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Argentina, once a prominent example of the ‘Washington consensus’, took dramatic steps to reduce its integration in the world economy in the aftermath of the peso crisis in 2001. This pattern might suggest that the Argentine government would turn aggressively to contingent protection measures such as antidumping and safeguards in the wake of the 2008 global financial crisis. The data suggest that the share of imports subject to ongoing Argentine contingent protection measures (especially antidumping) has increased from about 1.2% of total imports in 2006 to about 2.7% in 2009. If one considers the impact of suppressed imports, this rises to an estimated 5% in 2009. Argentine antidumping use has retained its focus on developing countries. However, while in earlier periods Brazil was the most frequent target, almost all of the recent antidumping activity has been focused very narrowly on China, a pattern that predates the 2008 crisis. While Argentina has certainly become more aggressive in its use of antidumping since the 1990s, there is little to suggest that it has done so specifically in the wake of the crisis. Instead, Argentine import restrictions are increasingly focused on China alone.

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1 Introduction

Argentina's economy came under considerable stress in 2008 as the global financial crisis swept the world. Argentine economic growth stumbled as exports fell dramatically and credit markets dried up worldwide. This economic distress raised the specter of a renewed inward protectionist approach that Argentina has followed so frequently in times of severe downturn. In the event, there is evidence that the Argentine government began to use temporary trade barriers (TTBs) more intensely in 2008 through the first half of 2010. One estimate suggests that, taking into account suppression of trade associated with the import restrictions, over 5% of Argentine imports were affected by such contingent protection measures in 2009, which is far in excess of any earlier period. TTBs have been particularly common against Chinese exports to Argentina. However, there is less evidence of a systematically more protectionist approach by Argentina in the post-crisis period using transparent trade restrictions such as increased MFN tariffs. There has been a greater use of opaque measures such as non-automatic import licenses and reference prices, though the broader impact of such policies remains murky.

Argentina's experience is one that can provide important insights into the use of WTO-consistent trade restrictions in times of turmoil. Argentina has a long and complicated relationship with trade protection and with the use of contingent protection measures from the early 1990s through the first decade of the 2000s. In the last 25 years, Argentina has whipsawed back and forth from a highly protected economy with a reliance on import-substitution through the early 1980s, to a dramatically more open model in the late 1980s through unilateral trade liberalisation, and then back again to a more inward-focused approach in the early years of the 2000s. During that time, it has faced economic shocks from both international and domestic sources. This includes a severe balance of payments crisis and subsequent devaluation of the peso in the 2001-2 period as well as the consequences of the international crisis that began in 2008.

In the post-2008 crisis period, economic disruptions in Argentina grew as in the rest of the world. Annual Argentine GDP growth fell significantly from 6.8% in 2008 to 0.9% in 2009 as the crisis that began in developed countries moved towards developing countries.¹ Unemployment rose from 7.3% in 2008 to 8.4% in 2009. The pressures on the trade side were evident as well. Argentine

¹ World Development Indicators is the source for all macroeconomic data while the United Nations COMTRADE is the source for trade data.

merchandise exports fell 20% from \$70 billion in 2008 to \$55.7 billion in 2009. The slower economic growth resulted in an even more dramatic 29% drop in imports from \$54.3 billion in 2008 to \$38.3 billion in 2009. Given the sharp drop in economic growth and the contemporaneous Argentine government's skepticism towards laissez-faire policies, one might expect a strong reaction in trade policy.

The analysis below will show two important features. The first is that the total amount of trade affected by ongoing TTBs in Argentina rose significantly in the post-crisis period. Second, Argentine temporary trade barriers have become less and less about industries traditionally targeted by such measures (such as steel) and more and more about restrictions on Chinese exports in a variety of industries. Such data patterns mean that it is difficult to know yet with certainty whether this increased use of contingent protection is a move against China or a more general reaction to the broader economic crisis.

This paper includes a section on the broad trade policy context in Argentina in Section 2, followed by a discussion in Section 3 of basic descriptive statistics of antidumping and safeguard use.² Section 4 includes a more detailed analysis of the amount of trade affected by the measures, Section 5 a more detailed discussion of Argentina's experience with China, and Section 6 a brief discussion of other trade policy measures such as import licenses and adjustments of applied tariffs. Section 7 contains the concluding remarks.

2 Broad Trade Overview

Argentina was one of the most consistent practitioners of import substitution policies in Latin America through the mid-1980s. For example, Nogues and Baracat (2006) report that average Argentine applied ad valorem tariffs reached 39% in 1987, with about 50% of tariff lines subject to import licenses. Starting in 1988, Argentina began a remarkable unilateral trade liberalisation package that subsequently resulted in average applied tariffs of only 12% with no products subject to import licenses.

Argentina has long had a system of TTBs, even prior to the liberalization episode in the 1980s. It adopted an antidumping (AD) system in 1972 (Zanardi, 2004) that would allow for

² Argentina has also intervened frequently in its export markets, primarily through export taxes and quotas in order to moderate domestic price increases. This tendency has been particularly acute in agricultural markets like beef and wine. While important in understanding the broadest story about trade policy, this paper is focused on interventions in the import side alone. See Rossi *et al* (2009) for an analysis of Argentine export policies and *Global Trade Alert* for a catalog of actions in the crisis period.

individual industries to file for temporary protection through this administered protection system. It also instituted systems that allow countervailing duties (CVDs) in the event of subsidised exports for narrowly defined product areas as well as broad industry-level restrictions from all sources in the event of import surges that result in ‘serious’ injury (safeguards).³ The Argentine system included a central role by CNCE (Comisión Nacional de Comercio Exterio), which is the administrative body responsible for investigating dumping and injury allegations filed by domestic industries.

Argentina certainly has one of the longest histories of intense use of potentially WTO-consistent contingent protection measures among developing countries. This has been primarily through the use of antidumping; Prusa (2001) shows that Argentina was the second most frequent new user of antidumping in the 1990s. On the other hand, Argentina’s authorities used safeguards and CVD actions against importers very infrequently. Thus, while this paper will include analysis of safeguard actions, the focus will be on antidumping as the primary example of Argentina’s temporary trade barriers.⁴

Based on what took place after the peso crisis in 2001-2, one might have expected a marked increase in protectionist measures in Argentina after the economic crisis that began in late 2008. There was indeed an uptick in the use of new contingent protection measures during the global economic crisis, though there were no new CVDs or safeguard actions. There is strong evidence that the overall impact of antidumping actions, measured by the share of trade affected by *ongoing* AD orders, grew substantially in Argentina in 2008 and 2009. As discussed below, this reflects that Argentine authorities have become much more likely to impose an antidumping order after an initiation and are far less likely to remove them after the five-year period as envisioned by international antidumping agreements negotiated in the Uruguay Round.

However, there was relatively little broad new retrenchment against imports during the 2008-9 period, including only a modest increase in applied tariffs which Argentina could have raised significantly given its tariff overhang. This of course reflects Argentina’s membership in

³ See Nogues and Baracat (2006) for details on the antidumping, countervailing duty and safeguard systems in Argentina.

⁴ Argentina, like the vast majority of WTO members, has initiated only a handful of countervailing duty investigations (*ie* actions taken against potentially injurious imports that have received subsidies from a government). In particular, there have been a total of only six CVD investigations undertaken by the Argentine government, all but one of which involved agricultural goods. These cases also represent a very small percentage of trade affected by TTBs; the greatest percentage was in 1997 when only 6% of trade affected by contingent protection, or only 0.02% of total trade, involved CVD measures.

MERCOSUR, which makes unilateral increases in applied MFN tariffs problematic.⁵ There has been an increase of other types of tariff barriers, including non-automatic import licenses. One of the difficulties is their opaque nature; import licenses have uncertain effects on trade flows since they depend on how bureaucracies implement the restrictions.

Table 1 displays some basic information about the Argentine economy from 1991 through 2009, including data on the annual GDP growth rate, the exchange rate (pesos per ‘special drawing rights’), and the current account as a share of GDP. Argentina’s economic growth has been highly volatile during the period. Economic growth was quite strong during the early 1990s as the country embarked on its remarkable economic liberalisation program. This was followed by a sharp contraction in 1999 during the aftermath of the Brazilian and Russian crises, and an even greater decline in 2001 and 2002 during the peso crisis. The nominal exchange rate reflects this currency turmoil with a dramatic devaluation in 2002 followed by a slowly depreciating peso thereafter. The current account as a percentage of GDP has been in surplus for the entire period subsequent to the devaluation. The 2008-9 global financial crisis period reflects a sharp slowdown in growth (from 6.8% in 2008 to 0.9% in 2009) but with a retained current account surplus and a depreciating exchange rate.

Table 1 also includes the number of newly initiated antidumping investigations in each year, *ie* the number of country-product petitions filed by the Argentine industry. Thus, an antidumping petition against Swiss ‘laminated floors’, which might involve myriad individual tariff lines, is counted as one ‘investigation’, which is the literature’s traditional way to count antidumping activity.

There are two clear patterns for antidumping activity. The first is the increased use of antidumping in the years prior to the balance of payments crisis in 2001-2. The Argentine peso became significantly overvalued in the late 1990s and early 2000s as Argentina experienced a large and persistent current account deficit. Argentine use of antidumping rose to its highest rate (measured by the number of investigations initiated) in this period; industries effectively used the antidumping system to decrease imports. Antidumping initiations fell dramatically in 2002 to fewer than half of the 2000 total, which coincided with a massive 10.9% contraction of the economy.

The experience in the post-devaluation period shows that a sharp slowdown in macroeconomic growth is not sufficient to trigger antidumping use in Argentina. The main mitigating

⁵ Argentina, Brazil, Paraguay, and Uruguay are the members of MERCOSUR, a customs union that in principle requires common tariffs on non-members and zero tariffs among member nations.

factor was the dramatic 56% fall in imports that occurred in the post-devaluation period, which normally makes proving that imports have caused material injury more difficult for petitioning domestic industries.

The post-2007 period provides a slightly different lesson. Antidumping use rose three-fold from 2007 and 2009 in terms of initiated investigations, even as the peso continued to depreciate and imports fell. In this period, and in contrast to the years immediately following the peso devaluation, the dramatic reduction in economic activity coincided with a rise in AD use.⁶ Table 2 includes a list of initiated antidumping investigations from January 2008 through March 2010. As illustrated by the table, China was clearly the prominent target, a pattern discussed in more detail below.

It will be useful to consider how applied tariffs in sectors affected by all types of TTBs compare to tariffs in sectors that are free from these types of restrictions. Figure 1 shows that the average (unweighted) applied MFN tariffs in sectors that were subject to TTBs in any year of the sample always exceed the average tariffs of all sectors for 1995 through 2009.⁷ In other words, those sectors that use contingent protection already have higher than average tariffs for all years in the data. This suggests that sectors that have been subject to less dramatic tariff reductions have also been the most active in seeking additional protection. One interpretation of this data is that in Argentina, TTBs and MFN tariffs could be considered complements rather than substitutes.

Another important trade policy change was Argentina's 1991 decision to join MERCOSUR, a customs union, along with Brazil, Paraguay, and Uruguay. MERCOSUR entailed a common external tariff that was completed by the end of 1994. Four aspects of this agreement are particularly important. First, the customs union means that imports from other MERCOSUR countries would normally enter Argentina without restrictions.⁸ Second, the common external tariff means that Argentina would be limited in its ability to increase its MFN tariffs on non-MERCOSUR countries. While Argentina might have other methods (*eg* non-automatic import licenses, regulatory practices, internal taxation, and contingent protection measures) to reduce imports, their impact would be more limited than what Argentina might otherwise impose. Third, the Treaty of Asuncion and subsequent trade policy arrangement among MERCOSUR countries had important implications for the use of contingent measures such as TTBs. For example, the treaty did not allow for a safeguard for intra-

⁶ Data for 1991 through 1994 comes from Moore and Zanardi (2009); the balance is from Bown (2010b).

⁷ Note that the average tariffs in TTB sectors do not reflect any additional trade restrictions from contingent protection.

⁸ The applied MFN tariffs in Figure 1 do not reflect lower tariffs for MERCOSUR countries or other countries with which Argentina now has preferential tariffs such as Colombia.

MERCOSUR trade, unlike the ‘snapback’ provisions of NAFTA. The treaty also permitted the continued use of antidumping and countervailing duty actions against MERCOSUR partners. Finally, all three contingent protection measures are administered by Argentina alone for its imports—there are no formal MERCOSUR-level AD, CVD or safeguard measures.

3 Descriptive Statistics on Temporary Trade Barriers (1991-2010)

Table 3 shows the simple count of antidumping actions (both those initiated and those resulting in measures) for the 1991 through 2010 period.⁹ Note that since antidumping authorities may take more than a year to complete an antidumping investigation, most of the investigations initiated in 2009 and 2010 had not been finalized by the time this study was completed. The unit of observation for these counts is the number of cases at the Harmonised System 8-digit level (HS-08).¹⁰

Counting antidumping frequency is complicated. Each instance involves a specific exporting country and a ‘product’ under investigation. However, each ‘product’ may include literally dozens of HS-08 tariff line codes for each target country’s exporters under investigation. Going forward, ‘investigation’ will refer to a particular country and group of products investigated by the authorities, *eg* ‘hot rolled steel products’ from Slovakia. A ‘case’ will refer to each country-tariff line combination, *eg* 7208.27.10 and 7208.27.90 from Slovakia will be considered two cases even if part of the same investigation. Since antidumping analysis traditionally has taken place at the ‘investigation’ level but most of the analysis in this paper will be at the ‘case’ level, one should be careful when making comparisons of antidumping statistics across this and other studies. The current dataset, for example, has 317 initiated investigations with 933 individual exporter-HS-08 code pairs. Table 1 includes investigation level data while Table 3 is at the case level.

Table 3 shows jurisdictions most involved in Argentina’s antidumping actions in the dataset. China, Brazil, and the European Union alone are the targets in 435 out of 933 cases. Exports from China have been the single most frequent target of antidumping actions, with 188 individual products facing AD actions, or 20% of all cases. Exports from Brazil are just behind with 167 cases. The EU-15 countries as a group have the third largest number of antidumping cases with 80 AD cases

⁹ Information about TTB actions used in this study end in July 2010 when the database developed by Bown (2010b) was updated as of January 2011.

¹⁰ HS refers to the harmonised tariff classification system. ‘HS-02’ and ‘HS-08’ refer to the two- and eight-digit categories.

initiated by Argentine authorities.¹¹ More disaggregated data shows that Argentina has focused primarily on developing country exports for the entire period: only 151 of the 940 cases involve exports from high-income countries such as the EU-15, Australia, the US, Switzerland, Japan, Canada, and New Zealand.

Table 3b contains the outcomes for cases adjudicated to the final stage. Almost 69% of initiated petitions (642 out of 933) have ended with a final measure imposed. Clearly, most Argentine antidumping cases end in final ‘orders’ (*ie* antidumping measures restricting imports). The rest have been concluded without final measures—either by the withdrawal of the petitioning industry, the termination by the AD authorities, or decisions not yet rendered. Note the totals for 2008-10 should be treated with caution since many cases filed in 2009 and 2010 were not yet finalized at the time this study was completed. For these cases, there is strong evidence to suggest that nearly all petitions will likely result in final measures, in large part because Argentina has begun to impose restrictions on essentially all antidumping cases that involve imports from China.

The simple count of antidumping petitions and actions does not take into account the ‘intensity’ of AD use. In particular, it is useful to compare the percentage of antidumping petitions with the share of total imports from particular jurisdictions. For example, US products represented an average of 18.3% of total Argentine imports for 1991-2009 but only 1.6% of the total number of antidumping petitions at the case level (16 out of 933).¹² EU-15 trade was also targeted less (8.5% of total AD petitions) than expected given its overall import share (22.5%). Brazil is slightly unrepresented as well with 17.9% of AD petitions compared to an average of 27.3% of annual total imports for the period. China stands out as its annual average import share was only 5.4% for the entire period, but it faced 20% of the antidumping complaints. However, Chinese exports to Argentina were increasing dramatically during this time period.

3.1 Argentine Antidumping Use Over Time: Country Patterns

One striking aspect of Argentina’s use of antidumping shown in Table 3 is how the pattern of countries targeted evolves over time. During 1991-4, Argentina initiated 153 cases on HS-08 product lines, and 85 of those cases ended in final antidumping orders. In other words, during this period of

¹¹ EU-15 nations are used instead of the current 27 member states of the EU for consistency across the years analyzed in the study.

¹² Trade data for 2010 was not available at the time this study was completed.

economic and trade liberalisation, Argentine authorities were quite stringent in their administration of the antidumping laws, with high standards before a final antidumping order would be imposed.

Brazil was by far the single most frequent target with 56 total cases, representing one-third of all initiations in 1991-4. US exports, in contrast, were involved in only 5 cases. The EU-15 countries lag far behind as well with only 19 cases. East Asian imports were only lightly touched: the numbers for Japan (3), South Korea (6), and Taiwan (2) are much smaller than in traditional AD users like the US during the 1990s. Strikingly, China only had 7 HS-08 codes involved in the Argentine AD system during this early period. Argentine authorities targeted developing countries with just over one-third of antidumping petitions in this period, with the balance focused on high-income countries.

Argentina's use of AD surged in the next period (1995-2001). A combination of Argentina's liberal economic regime and integration within WTO bound tariffs, MERCOSUR membership, a fixed peg to the US dollar, and the Brazilian devaluation put enormous pressure on import-competing industries, as reflected in the current account deficits displayed in Table 1. As Nogues and Baracat (2006) point out, these industries turned more and more frequently to antidumping as a means to limit foreign sales since their traditional means of protection (*eg* import license regimes and high MFN tariffs) were unavailable. In particular, there were 467 individual HS-08 codes from various countries involved in the antidumping cases that Argentina initiated during this period, and final antidumping orders covered 377 of these products.

Argentina's antidumping cases became even more focused on developing countries during the 1995-2001 period, with twice as many initiated against this group than against high-income countries. This period also saw particular pressures on Brazilian exports that faced 82 initiated cases. The period also begins the intense focus on China with 46 petitions. The emergence of China as a target for Argentina is consistent with other related research, though the focus on Brazil is far more unusual. US exporters continue to be rare targets of AD in Argentina, despite the large share of its imports in the Argentine market.

There was another dramatic change in AD use during 2002-7 (after the peso crisis and before the international financial crisis that began in 2008). Even though the Argentine government took a number of steps to reduce its integration into the world economy during this period, the number of Argentine AD case initiations dropped from an average of almost 60 HS-08 products per year in 1995-2001 to just over 20 products per year in 2002-7. Cases brought against its MERCOSUR partner Brazil, an upper-middle income country, dropped from 82 in the earlier period to only 12 in

the latter period. Cases against China fell by a much smaller margin from 46 to 23 in the latter period. Actions taken against higher-income country exports faded into insignificance; only one case was brought against the US (which did not result in a final measure) and only 8 against all EU-15 countries. On the other hand, developing countries were now targeted in 60% of all Argentine AD actions. In short, Argentine AD activities in this period turned more and more against developing and emerging market economies, with special attention to China.

Recall from Table 1 that the 2002-7 period was one of significant economic volatility for Argentina. Imports and economic growth fell dramatically in 2002 while antidumping activity was reduced to a near standstill. In other words, an economic slowdown, even a dramatic one, was not a sufficient condition for antidumping use to increase. Perhaps most importantly, the relieved pressure on importers due to the devaluation of the peso meant that Argentina's import-competing industries did not turn to administered protection methods such as antidumping to deal with their economic problems. Of course, the concurrent convulsions related to Argentina's domestic economic problems meant that firms had few resources to take on the legal costs of filing an antidumping case, regardless of the likelihood of final success; firms were often fighting for mere survival during the crisis.

Does Argentina's experience with the earlier 2001-2 economic crisis serve as a useful predictor of antidumping use in the post-2007 period? There was a marked increase in antidumping during the pre-peso crisis period and then a sharp decline afterwards, even as the economy contracted and imports fell. In general, the period of the recent global financial crisis suggests broad economic patterns similar to the peso crisis period, but on a much less dramatic scale. There was a significant slowdown in Argentina's GDP growth from 2008 (6.8%) to 2009 (0.9%) and a 30% fall in imports from 2008 (\$54.3 billion) to 2009 (\$38.3 billion).

Nevertheless, the pattern of reduced antidumping activity observed in the post-2002 period is not matched by the post-2007 period. Argentina initiated 179 cases from 2008 through July 2010. This translates into just under 72 cases per year (counting 2010 as one-half of a year). This is greater than the pre-peso crisis period of 1995-2001 and far above the rate of initiation that Argentina experienced after the 2002 devaluation.

There are, however, two important differences between these two periods of economic contraction. First, the position of the Argentine currency is quite different in the two recessions. The spectacular devaluation in 2002 was not repeated in the 2008-9 period. Moreover, the real exchange rate appreciation that was so disruptive in the lead-up to 2002 is absent in the 2008-9 crisis. In fact,

Table 1 shows that there was an increase in the Argentine current account surplus in 2008 and 2009 indicating that broad import pressures were falling. Second, the rise of China as a major source of Argentine imports does not have an analog in the earlier period.

There is also a continued tendency for Argentina to focus less and less of its antidumping activities on high-income countries. In fact, there were only 9 cases brought against a member of the EU-15 and only 3 cases against South Korea for 2008 through the middle of 2010. There have been no cases filed against the US in the 2008-10 period and only one since 2002, and that particular case did not result in a final antidumping order. Japan similarly has escaped attention from Argentine AD authorities after 2002. Instead, Argentina has continued to concentrate on other developing countries in 2008-10, with 90% of total initiations directed against such countries and 72% against China and Brazil alone.

Chinese exports to Argentina, like in so many other countries, rose dramatically in the 2000s. China's sales in Argentina rose over thirty-eight-fold from 1991 to its historic high in 2008 compared to only a twelve-fold increase for Brazil and seven-fold increase in imports overall (all in nominal terms). This alone explains some of the newfound focus on China within the Argentine AD system.¹³ The increased competition almost assuredly has resulted in increased focus on using administered protection to limit Chinese imports.

Figure 2a depicts the count of antidumping initiations at the HS-08-country level for different country groups including: a. developed countries, b. Brazil, c. China, and d. developing countries (excluding China and Brazil).¹⁴ Developed countries played a more important role earlier in the data, including spikes in 1997 and the 2000-2002 periods; subsequently, there is little Argentine AD activity that targets developed country exports. Developing countries excluding Brazil and China were targeted especially in 2000, which reflects a handful of steel cases involving numerous HS-08 tariff lines (discussed in more detail below). The most striking feature of the figure, of course, is the dramatic increase in cases involving China in 2008 and 2009. This focus on China is also clear in Table 2; the overwhelming majority of Argentina's AD initiations from January 2008 through March 2010 targeted Chinese imports.

Figure 2b shows the count of antidumping orders in place based on the same country breakdown. There have been a very steady number of continued orders against developed countries

¹³ Even during the 2008-9 crisis, Chinese exports fell 24% compared to a 30% overall reduction from all sources.

¹⁴ Developed and developing country categories are based on World Bank definitions.

beginning in 2003. The number of antidumping orders against developing countries (excluding China and Brazil) is also fairly steady until the rapid growth of orders against China that begins in 2007. Not only have there been more investigations targeting Chinese exports, but they also represent a much larger share of orders that continue to restrict trade.

3.2 Targeted Product Sectors

Table 4 contains information about the most important sectors targeted under Argentine AD procedures. In this table, I include only the new petitions filed at the case level; success rates for petitions do not vary significantly across sectors. These sectors represent 67% of all Argentine AD cases for the 1991-2010 period.

The dominant sectoral users of Argentine AD over 1991-2010 are basic iron and steel (HS-02 sector 72) and articles of iron and steel (HS-02 sector 73). Over 44% of all Argentine cases were in these two sectors, with the vast majority in HS-02 sector 72. The next largest sector is electrical machinery (HS-02 sector 85) with only 75 product-country pairs.

Argentina is not unusual in that the steel industry (both basic steel and articles of steel) traditionally has been the single biggest category targeted in antidumping. However, there is very little Argentine targeting of chemicals (organic and inorganic) industry imports, which has traditionally been the second largest category worldwide (Moore and Zanardi, 2009).

There is a dramatic change in Argentina's sectoral focus over time. The focus on iron and steel occurs in two periods. The first is 1992-3 during a global steel crisis. This spike in cases took place in spite of the booming Argentine economy of that period. The second is in the late 1990s subsequent to the steel sector turmoil in Asia, Russia, and Brazil. This relatively large number of cases should be interpreted with some care. Steel cases typically involve many individual HS-08 categories. Domestic steel industries often file these cases against multiple steel exporting countries simultaneously. For example, almost all of the 109 AD initiated cases in 2000 represent only four countries (Kazakhstan, Romania, Slovakia, and South Africa) for only one product ('hot rolled steel products') with 20 individual HS-08 codes. While 20 separate HS-08 lines certainly represent a wide range of steel products, this can have very different effects than cases against 40 different products from 2 different countries (I will take these trade effects into account in Sections 4 and 5 below).

The number of separate HS-02 sectors involved in antidumping has increased in the 2003-9 period. Basic iron and steel has dropped completely out of the picture in Argentina with no petitions

filed since 2002. Not only have the number of new antidumping orders in the Argentine steel sector dramatically fallen in recent years, the orders put in place during the late 1990s and early 2000s have largely lapsed. Instead, there are a wide variety of different HS categories now affected by Argentina's AD, including footwear and electrical and mechanical machinery. This sectoral broadening also reflects the increasing range of products imported from China.

3.3 Argentine Administration of Antidumping

Argentine Injury and Dumping Decisions

Broadly speaking, Argentina is like many other countries—the vast majority of investigations end with a positive dumping margin while a slightly lower majority results in a positive determination on injury.¹⁵ Nevertheless, there has been a dramatic change in the administration of antidumping in Argentina over time.

In the early 1990s, Argentine authorities were quite strict in their application of antidumping, which is consistent with the open economy approach adopted by Argentina during this period. As noted above, Nogues and Baracat (2006) argue that Argentina's trade policymakers were able to use the antidumping system to effectively diffuse the pressures for broader protection in the early years of liberalisation.¹⁶ For example, about one-third of all antidumping initiations from 1991 through 1994 resulted in a final antidumping duty.¹⁷

Table 5 shows a breakdown of the decisions for the 1995-2008 sample.¹⁸ The table includes the number of initiations in each year as well as the number that ended in either a positive dumping or material injury decision in a subsequent year. Note that these are based on the investigation level (*eg* hot-rolled steel sheet from Kazakhstan) rather than the individual HS-08 product level (*eg* twenty different tariff lines for each hot-rolled steel investigation for Kazakhstan) used in many of the tables above. This level of aggregation is appropriate because the decisions about injury and dumping are made at the investigation level.

¹⁵ Note that this discussion necessarily takes place at the investigation level, *ie* all HS-08 subject to the petition from the particular country.

¹⁶ Miranda (2007) argues instead that the ability of Argentina to withstand pressures to use TTBs, especially antidumping, for protectionist purposes has been much more limited.

¹⁷ Author's calculations based on Argentine antidumping authorities' annual reports.

¹⁸ The 1991-4 investigation data from Moore and Zanardi (2009) do not include a breakdown of dumping and injury investigations so this information is not reported here. Any investigations for which there is not yet a final decision by the time this study was completed are not included.

Argentina's authorities exhibited a continued reluctance to approve antidumping petitions filed in 1995 and 1996, as 60% and 61% of investigations, respectively, resulted in a positive dumping decision. Positive injury decisions were even less likely with only a 40% and 30% affirmative rate for investigations filed in these two years. Argentine firms certainly could not presume that they would win an antidumping case during this period.

This trend changes in subsequent years as Argentine authorities became increasingly likely to approve petitions. Argentine authorities made a positive determination of dumping in 86% of all investigations initiated between 1995 and 2008. Almost 72% also resulted in a final positive injury decision. Clearly there is a very high probability that dumping orders will be imposed. Moreover, there is an upward trend. For investigations begun in 2000, 85% resulted in a positive dumping margin and 70% in a positive injury decision. By 2003, these percentages rose to 100% for dumping and remained so for the rest of the sample. A finding of injury became much more likely as well; 85% of investigations resulted in an affirmative injury decision for investigations initiated in the 2003-8 period, with some year-to-year variation. It is too early to ascertain what the patterns are in the post-crisis stage. However, there is little reason to expect that the percentage of affirmative investigations would decrease relative to the pre-crisis experience.

It is also necessary to take into account how long an antidumping measure stays in place, not simply the counts of new investigations. Below, I examine this in more detail, especially with regard to the percentage of trade affected through ongoing TTB measures. Figure 3a depicts the duration of Argentina's antidumping orders at the investigation level, measured from the year in which the order was first imposed to the date it was revoked. Note that the duration for orders that remain in place as of June 2010 is included; for those instances, duration is measured up to 2010. The mean duration for the entire sample is 4.7 years, *ie* just below the 5 years suggested by the sunset review procedures in the Uruguay Round Antidumping Agreement. There are however many cases that extend far beyond the 5 years, including three steel orders of 11 years and two others of 12 years.

Once again, there is strong evidence of important changes in the administration of Argentina's AD system over time. For cases that were initiated in 1995, the average duration for imposed measures was 2.6 years. No order from that year remained in place after 2001, thus antidumping was very much a short-term trade restriction in early days of Argentina's intensive AD use. This also means that Argentine antidumping cases generally did not last long enough even to be subject to a five-year sunset review process mandated by the Uruguay Round Antidumping

Agreement. This puts early Argentine antidumping use in sharp contrast to the US experience; Moore (2006) demonstrates that the US almost always renewed its antidumping orders after five years during this period.

The duration of Argentina's antidumping orders has changed significantly during the 2000s. Only six cases of the cases initiated in 2001 that resulted in final dumping orders have been terminated as of June 2010; 13 remained in place nine years later. Only five investigations that were initiated *after* 2001 were revoked by June 2010. In other words, it is not only more likely in the first decade of the 2000s that an antidumping investigation will result in an imposed restriction in place, but antidumping orders are also more likely to remain in place for longer periods of time. Argentina has become much more like the US and other countries regarding the *ongoing* nature of antidumping import protection.¹⁹

Figure 3b shows this dynamic. One-hundred percent of orders that came into force in 1997 were terminated within five years (denoted by the year '2002'). Subsequent to 2005, there is a steady decrease in the number of Argentine antidumping orders removed within five years of their initial imposition. By 2009 (*ie* cases put in place in 2004), all orders exceed the five-year sunset review threshold.

In short, there is strong evidence that Argentine antidumping orders in the 2000s last longer than five years; nevertheless, this tendency *preceded* the 2008-9 international economic crisis.

Antidumping Duty Level

The basis for the level of restrictions in antidumping actions is the dumping margin calculated as part of the investigation. Under the Antidumping Agreement, this represents the upper bound of AD duties. Calculating the average dumping margin is difficult because this margin varies across firms within an investigation, *ie* it might differ across individual Chinese footwear exporters involved in the same investigation. In order to get some sense of the average margin calculated by Argentine authorities, I use the average of the high and low margins within an investigation as reported in Bown (2010b).

The average maximum dumping margin on this basis for Argentina's AD cases is 167% for the entire available dataset compared to a minimum of 96%. This means that individual foreign

¹⁹ See Cadot *et al* (2008) for a systematic analysis of many countries' experience with antidumping duration for the 1979-2005 period.

firms faced minimum possible antidumping duties of almost 100% on average with much higher rates possible. The average maximum dumping margin for Chinese firms is much higher at 456%, with two notably high calculations: playing cards (2550%) and stainless steel cutlery (1450%).

Assessing the level of antidumping duty in place is even more complicated for Argentina. In the first place, Argentina uses a ‘lesser duty’ rule, which means the AD margin may not exceed the amount that is necessary to eliminate injury to the domestic industry. This assessment is further obscured by an unusual aspect of the Argentine antidumping process, *ie* the frequent use of minimum prices for imported goods subject to an AD order instead of ad valorem duties as is more typical across countries. If the ‘freight on board’ (FOB) price of imports is above this reference price, then no duty is imposed; if below, then a tariff (often a specific tariff) is imposed to eliminate this gap (Nogues and Baracat, p. 64).

The data at the investigation level includes information on the type of final dumping measure in 152 instances. Just fewer than 60% (91 out of 152) of those investigations concluded with a minimum price target. An additional 8 cases were covered by a ‘price undertaking’, which is a similar means by which foreign firms agree to a target price in order to avoid duties. Only 53 cases had measures imposed as antidumping duties; 46 were ad valorem duties, and 7 were specific duties.

This pattern has changed somewhat over time. In the pre-2008 period, the percentage of price undertakings and minimum prices reached almost 70% (90 out of 129 investigations). In 2008-9, only 9 investigations resulted in minimum prices while 14 were standard antidumping duties. This change could reflect a more aggressive stance towards imports; foreign firms will face duties regardless of their own pricing behavior as long as the antidumping order remains in place. In addition, a minimum price has effects similar to a quota; foreign firms are allowed to raise the price with the potential to benefit from an increase in quota rents.²⁰

3.4 Safeguard Actions

WTO member countries can also restrict broad categories of imports, including those deemed traded ‘fairly’, under the safeguard provisions. Safeguards can be directed at a broad industry category (*eg* ‘steel’) from all import sources rather than a particular product as in AD or CVD cases

²⁰ Moore (2005) argues however that minimum price regimes may increase the ability of domestic and foreign oligopolists to raise prices at the expense of domestic consumers.

(eg 'hot rolled steel' of certain dimensions) from particular firms within a specific country. Safeguards therefore have the potential to affect a much wider range of imports than AD or CVD actions.

For various reasons, including the high standards for WTO compliance as determined by the Dispute Settlement Body especially with regard to 'serious injury' and the possible need for compensation to exporting countries, safeguard use has been very infrequent relative to AD. Argentina is no exception to this characterisation. From 1995 to 2010, Argentina investigated only seven petitions for relief under its safeguard system, a list of which appears in Table 6. The list includes footwear (an original case initiated in 1997 plus an additional revised petition initiated in 2000), toys, motorcycles and mopeds, peaches, color television sets, and recordable compact discs. All but the safeguard investigation on toys resulted in import restrictions on the broad category named in the petition. This table also lists the small number of Argentine CVD cases since 1995.

Argentina does not follow a pattern sometimes seen in other nations whereby an industry may file a safeguard and antidumping in the same industry category. For example, a common occurrence in the US is for the steel industry to file many antidumping petitions simultaneously with a safeguard and/or CVD action. In Argentina, there is only one instance (footwear) where the same product is targeted across multiple TTB procedures, and even in this instance the overlap in HS-08 codes is not complete. The Argentine industry filed safeguard cases in 1997 and 2000 *in seriatum* and then followed up with an antidumping investigation against Chinese footwear covering many of the same product lines in 2009. Nevertheless, the antidumping investigation was initiated six years after the last footwear safeguard was terminated.

One particularly striking aspect of Argentina's safeguard use is that there have been no such petitions filed in the 2008-9 financial crisis period, contrary to what would be expected from a period of economic distress *and* increased AD activity. Overall, imports fell quite markedly from 2008 to 2009, and one result is that it may have become difficult to find sufficient evidence to win a safeguard case. Argentina also has not initiated a China-specific safeguard, which is allowed under the provisions of China's WTO accession. Instead, China's exports have been affected almost exclusively by the use of antidumping measures during 2008-10. The bottom line is that Argentina's use of traditional administered protection (*ie* AD, CVD, and safeguards) is dominated by the use of antidumping. This was true before the crisis and has continued through the global economic crisis that started in 2008.

4 Value of Trade Affected by Argentina's TTBs

The discussion thus far examines the simple counts of cases (initiations and measures imposed). First, this has the distinct disadvantage that one case involving millions of dollars of imports is counted similarly to one with only very limited trade value. I turn therefore to a trade-weighted version of these measures in order to get a sense of the broader economic impact of temporary trade barriers. Second, these are 'temporary' barriers and consequently are removed at a later date, at least in principle. Thus, I use an alternative measure that takes import values into account when assessing the 'stock' of measures that varies over time as new measures are imposed and older measures removed.

4.1 Methodology

I adopt a modified version of the technique discussed in Bown (2011) to measure the ongoing impact of contingent protection in Argentina. One version presented below contains the observed values of trade under an antidumping or safeguard measure as a share of total observed Argentine imports. The other version attempts to account for 'predicted' values in the absence of the restriction.²¹ This analysis will take place at the HS-06 level rather than HS-08 because of data limitations.

As Bown (2010a) points out, the suppression of imports by trade restrictions means that using observed values of imports as a weight can be misleading, especially given the high level of restrictions found in many antidumping petitions. Thus, it is necessary to calculate an appropriate 'counterfactual' to approximate what imports might have been in the absence of any import restriction. In an ideal world, one would calculate the 'normal' level of imports for each individual product by considering past import levels, world supply and demand elasticities, and Argentina's domestic economic conditions, *ie* when no TTB is in place. This is a very problematic undertaking at the detailed HS-06 level used in this study.

In what follows, I calculate a 'predicted' import value for each year in which a TTB is in place using a simplistic rule. The counterfactual for the first year t in which a TTB is in place is based on the previous year's level of unrestricted imports. In particular, imports at the HS-06 level subject to a TTB in year $t-1$ are multiplied by g_p , the percentage change in overall 'normal' import growth

²¹ Vandenbussche and Zanardi (2010) use a gravity equation approach to try to ascertain the overall trade effects of antidumping among intensive (or 'heavy') users of antidumping among developing countries.

from year $t-1$ to t . The predicted level of HS-06 level imports for each industry is the maximum of the observed level in year t or the previous year, scaled up by the overall import growth rate. Using the maximum of the two ensures that the realities of the market will take precedence over any prediction based on overall import growth. In subsequent years of the restriction's operation, I once again use the maximum of previous year's predicted imports multiplied by g_{it} or the observed import levels.²²

The 'normal' growth rate is calculated based on Bown (2010a). This is the simple percentage change for each year in 'non-restricted' import flows, *ie* all HS-06 categories not covered in AD, CVD, or safeguard cases in *any* year during 1995-2010 for *any* country exporting to Argentina. These categories are ones in which there are no direct effects of TTBs; their growth rate is taken to reflect the 'normal' rate at which imports have changed in Argentina. This growth rate may be higher or lower than what might be expected for an individual product subject to a TTB. However, it might also be expected that those sectors faced with extraordinary restrictions might have grown even more than those for the economy as a whole so that this is probably a conservative approach.

When calculating the predicted share of imports affected by TTBs, the following is used. The numerator is the predicted value for each year for all antidumping and safeguard measures. The denominator is the sum of the imports not affected by a TTB in that year plus the predicted value for those sectors under a TTB for that same year. For the observed values, I simply use the total value of trade in sectors for which there is an ongoing antidumping action, divided by the observed value of trade. Naturally, the former measure will always exceed the latter measure since trade restrictions reduce the flow of goods across borders.

4.2 Aggregate Effects of TTB Use

Figure 4 includes the combined import coverage of the stock of Argentina's antidumping, safeguard, and countervailing duty actions. Note that this is not just the effect of new measures imposed in any particular year, but it also reflects the continued presence as well as the eventual revocation of the measure. One series is the ratio of observed import values of sectors subject to a

²² This approach may be clearer through a simple example. Suppose observed Chinese imports for a particular HS-06 product subject to a TTB are: \$100 in 2000, \$120 in 2001, \$50 in 2002, and \$50 in 2003. Import restrictions are in place for 2001 through 2003. Suppose further that non-restricted import growth rates are 10% for all years. Consequently, the import level used in calculating this version of equation (2) from Bown (2011) would be: \$100 in 2000, \$120 in 2001, \$132 in 2002, and \$145.2 in 2003.

TTB to the observed values of imports into Argentina. The other series is the predicted values of TTB imports as a share of predicted total imports.

The observed values reflect some of the patterns noted above using descriptive statistics. In particular, TTBs had very little impact from 1995 through 1999; only 1.5% of total observed imports were affected by antidumping and safeguards by 1999. This rose to 2.6% by 2001, *ie* the year of maximum stress associated with the overvalued peso. Affected imports remained below 2% for Argentina up until 2008. Through the global economic crisis period, the observed share of imports affected by TTBs rose to 2.8% by 2008 and then to 2.7% by 2009.

However, there are indications that these simple statistics may significantly underestimate the effect of TTBs because of the suppression of imports. The counterfactual procedure described above results in a time series that has broadly similar patterns to the observed values through 2001 but diverges sharply thereafter. The predicted share of affected imports rises to an early peak during the disruptions of the peso crisis, then falls, and then rises again in the post-global crisis period. However, the level is much higher than the observed value. For example, the predicted share of affected imports rises to 4.0% in 2003 compared to 2.0% in the observed data. After the surge of contingent protection measures in the 1999-2000 period, the estimated levels in subsequent years are nearly double the observed values. This growth reflects the effects of the greater likelihood that new petitions will result in new measures (see Table 5) but also that existing measures are more likely to remain in place (see Figure 3b).

Perhaps most strikingly, there is a dramatic increase in the share of imports affected by TTBs in the post-crisis period. In 2008, the predicted share was 4.1% and it reached 5.0% by 2009. This estimate suggests that Argentina was imposing TTBs in 2009 that involved almost twice as many imports as those affected in the immediate run-up to the peso crisis in 2002.

However, note that there are a number of investigations initiated in 2009 that were not yet completed by July 2010. I assumed that all investigations filed in 2009 in fact result in antidumping measures.²³ This is justifiable for two reasons. First, as demonstrated in Table 5, there is a very strong likelihood that such measures will result in an antidumping duty. This is especially true for investigations involving China where the affirmative rate has essentially reached 100% in the crisis years, as detailed below. Second, there are likely to be trade effects even before the investigation is

²³ Recall that 2010 import data was not available at the time of this study so that 2010 shares cannot be computed.

completed, as noted by Staiger and Wolak (1994), so that petitions filed in 2009 are likely to have real trade effects in the short term even if they are not subject to a final AD restriction.

These results are consistent with the view that Argentina's use of TTBs may have begun to play a much larger role through the global economic crisis. It can be argued that this is clear evidence that Argentina was using antidumping measures to deal with the crisis. However, as noted above and discussed in more detail below, this change coincided with much more aggressive action with respect to China, which may have happened even in the absence of the economic crisis.

Figure 5 compares the predicted value of imports affected by antidumping and other TTBs. Antidumping has generally dominated the relative economic importance among TTBs, especially in late 2000s. There is, however, a surge of imports affected by safeguards that began in 1997, rose to a peak in 2002, and subsequently faded. This reflects the effects of three safeguard actions. The first two are temporary restrictions on imports of footwear described above, and the third is on motorcycles. There is no evidence that this pattern of safeguards affecting large amounts of imports has continued; Argentina's new TTB use through the 2000s has become focused even more on antidumping. Countervailing duty actions had only a trivial affect throughout the period.

5 Argentine Use of Antidumping against China and Brazil

The number of Argentine antidumping petitions against China has risen steadily. This complicates ascertaining how much of the recent rise in antidumping actions is a consequence of the economic crisis versus a growing concern about increased Chinese exports to Argentina. Table 7 includes a simple count of unique HS-08 product line imports from China affected by Argentina's antidumping actions during 1995-2010. Cases against Brazil, which earlier had been the focus of Argentine AD actions, are included for comparison. The table also includes the sectors (with counts aggregated up to the HS-02 level) most frequently involved in antidumping for each country. Column 2 indicates that the Brazilian exporters have been involved in 111 total initiations at the case level compared to 181 for China. However, there are many more Chinese investigations, not yet completed at the time of this study, compared to Brazil, which reflects the rash of cases against China in 2009-10.

Brazilian cases are concentrated in the 1995-2001 period soon after the implementation of MERCOSUR obligations. In addition, Argentina focused on basic iron and steel (HS-02 sector 72), with 35 cases initiated during this period, 34 of which ended in a final antidumping measure. The

vast majority of these cases were in only two steel sector investigations: ‘hot-rolled steel’ initiated in 1998 and ‘cold-rolled steel’ initiated in 1999, each of which involved multiple individual HS lines combined into a single antidumping investigation. In subsequent periods, AD actions against Brazil were scattered across various HS sectors with no particular pattern. Furthermore, Argentine investigations against its primary MERCOSUR partner have slowed to a trickle by the end of the 2000s.

Perhaps most striking is that Argentine authorities imposed antidumping orders on Chinese exporters in 87% of the cases during 2002-7 and 100% of the cases in 2008-10 for which there is a final antidumping decision.²⁴ Some of the cases in the latter period have not yet reached the final stage but 100% of the preliminary decisions during this timeframe have resulted in at least temporary restrictions. In short, the 2002-10 period shows that Chinese firms always lose antidumping petitions in Argentina.

Another notable comparison vis-à-vis Brazil is that there is a wide distribution of sectors involved in Chinese AD cases; no particular sector stands out as with Brazilian steel imports. The largest single group of cases (30) is in footwear but this simply reflects the large number of product lines in one particular antidumping investigation in 2009. Moreover, there is not a single case against Chinese exports of basic iron and steel (HS-02 sector 72) but numerous cases involving electrical and mechanical machinery. The implication seems clear: Argentine industries and authorities have concerns about a wide variety of Chinese products.

The increasingly intense focus on China reflects its growing importance in Argentina’s international trade. Table 8 shows that overall manufacturing imports from China increased nearly twelve-fold from \$0.6 billion in 1995 to a high of \$7.1 billion in 2008. This compares to about a three-fold increase in Argentina’s imports from all sources, from \$19.8 billion to \$54 billion for the same time period, which closely matches that sourced from Brazil, Argentina’s largest import source throughout the period of analysis. In sharp contrast, US and EU-15 exports to Argentina rose only slightly in nominal terms. In short, China’s share of Argentina’s imports grew dramatically, both in terms of absolute levels and as a share of overall imports (from 3.1% in 1995 to over 13% in 2009). China was on the radar screen of those in Argentina concerned about import protection even before the global economic turmoil began in 2008.

²⁴ A handful of cases were withdrawn by the domestic industry.

Even the increase in Chinese imports described above underestimates the increased potential importance of Chinese market penetration given Argentina's already widespread antidumping use against them. The observed share of Chinese products subject to Argentine antidumping actions went from \$3.5 million in 1995 to over \$348 million in 2010 (though this latter figure reflects cases for which no final decisions have been made). In the absence of such AD actions, Chinese exports to Argentina would undoubtedly have been larger.

Figure 6 shows the dramatic increase in Chinese exports to Argentina as well as the ramped up use of antidumping by Argentine authorities. Total Argentine imports from China remained relatively flat through most of the 1990s, with a notable decrease after the economic trauma following the peso devaluation of 2002. Subsequently, imports from China have risen steadily before falling again in 2009, though to a still higher level than they had been in 2007.

The share of Chinese imports subject to Argentine antidumping measures closely follows the overall import pattern, with the notable exception of 2003 when over 18% of Chinese products sold in Argentina involved antidumping actions. While the total percentage fell in the latter part of that decade, Chinese imports subject to antidumping orders have once again reached over 12% during the post-financial crisis period.

6 Other Measures of Recent Argentine Trade Policy

Argentina may also restrict imports through other means. I first briefly consider the average applied tariffs across sectors in Argentina. Naturally, this gives an indication of how imports are affected through traditional tariffs rather than temporary measures that are the focus of this paper.

Recall that Figure 1 included the annual average (unweighted) applied MFN tariffs for all sectors, which rose from 11.5% in 1995-7 to 13% in 1998-2001. This corresponds to the pressures associated with real exchange rate appreciation during the period in which the peso was pegged to the dollar. Subsequently, average tariffs fell consistently from 2003 (11.8%) until 2008. There was a small uptick in 2009 when it reached 9% but this is still lower than in any year other than 2008. Thus, the Argentine government may have increased its imposition of antidumping measures in 2007-10, but this has not been accompanied by broad increases in applied MFN duties. This is despite the fact that Argentina's tariffs remain far below their bound rates so that there is significant tariff overhang.

However, given the provisions of MERCOSUR, it is important to note that Argentina's tariffs are not set in a vacuum. In particular, any changes to Argentina's applied tariffs in principle should be coordinated with movements in the common external tariffs (CET) as laid out by the customs union's rules. Argentina might have preferred to have higher tariffs than allowed in the CET, or even lower. Thus, an analysis of the CET admits only imperfect interpretation of Argentina's particular preferences for MFN tariffs. In addition, the increase in the number of MERCOSUR preferential trade agreements (such as with Colombia) means that the effective average tariff is below the one calculated here.

There have been other ways through which Argentina has restricted imports during 2008-10, though with a much less certain trade effect. For example, the US Department of Commerce has compiled a list of Argentina's public notifications of new non-automatic import licenses and noted an important increase after October 2008. In 2009, there were at least 200 such notifications at the HS-08 level, 93 of which were in the textiles sector (HS-02 sectors 50 through 63) and in electrical and mechanical machinery sectors (HS-02 sectors 84 and 85). Other opaque measures cataloged by Global Trade Alert include, for example, reference prices for imports.²⁵

Unfortunately, it is very difficult to ascertain how restrictive these import license regimes and reference prices are since they depend on the bureaucratic implementation of each license. At the very least, this increases the uncertainty under which importers operate in Argentina, which in turn is likely to decrease trade.

7 Conclusions

Argentina has gone back and forth in its commitment towards an economy open to international competition. For decades, Argentina pursued import substitution policies. Its government became a star example of economic liberalisation in the 1990s when it reduced tariffs and generally embraced the strictures of the 'Washington Consensus'. After the trauma of the peso crisis in 2001 and 2002, Argentina turned its back once again on a fully open system and began to take important actions to reinsert the government into the economy. This ultimately shallow commitment to a liberal trade regime raised the question of how Argentina would respond to the economic pressures associated with the global economic crisis that began in 2008.

²⁵ See Argentina: Reference Prices for drinking glasses (2010) and Argentina: Reference Prices for designated imports (2010) at Global Trade Alert.

This paper makes clear that Argentina has relied heavily on antidumping as a means of limiting imports since the mid-1990s, with only very limited reliance on countervailing duty and safeguards throughout the period (and no use at all since 2007). As Nogues and Baracat (2006) pointed out, the Argentine government used antidumping in only a very limited fashion during the early 1990s. This ability to withstand the intense pressures for protection has broken down in the 2000s, as is evidenced by the case of antidumping. In particular, antidumping petitions have been approved more frequently by the government and the imposed measures have longer lives. While roughly 50% of petitions were 'approved' in the 1990s, this rate has ratcheted up steadily to 85% in the 2006-8 period. This caused 2.7% of all observed Argentine imports to be affected by antidumping by 2009. Once the suppressed trade that occurs because of the highly restrictive actions is taken into account, trade in these sectors might have been twice as much in the absence of antidumping actions.

The most notable change in Argentina has been the dramatically larger role that imports from China have played in its application of temporary trade barriers. Chinese exports are far more likely to be subject to Argentine antidumping actions than their overall import share would suggest. In 2007-10, Chinese exporters targeted by Argentine antidumping were virtually guaranteed to face significant trade barriers as a result. Indeed, the estimate provided here suggests that by 2009, over 13% of all Chinese exports to Argentina were affected by antidumping, either by new petitions or the ongoing effects of orders that were imposed in earlier years.

This increased focus on China has occurred simultaneously with the economic crisis. It is therefore difficult to determine whether this more intense targeting of China would have happened in the absence of the global financial meltdown. Because the increased Argentine targeting of China in temporary trade barrier cases began before the crisis, there is no reason to believe that it would change even after the Argentine and world economies have regained their footing. Nonetheless, there is relatively little evidence that Argentina has responded to the global financial crisis by dramatically increasing import barriers across the board.

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Table 1: Argentina's economy, 1991-2009

Year	GDP growth (annual %) ^a	Unemployment rate ^b	Exchange rate ^a	Current Account (% of GDP) ^b	Antidumping Initiations ^c
1991	12.7	6.5	1.43	-0.2	1
1992	11.9	7.1	1.36	-2.8	14
1993	5.9	11.7	1.37	-3.4	28
1994	5.8	14.4	1.46	-4.3	18
1995	-2.8	18.9	1.49	-2.0	25
1996	5.5	19.1	1.44	-2.5	24
1997	8.1	15.9	1.35	-4.0	13
1998	3.9	14.7	1.41	-4.8	6
1999	-3.4	16.2	1.37	-4.2	21
2000	-0.8	17.4	1.30	-3.1	26
2001	-4.4	20.7	1.26	-1.4	33
2002	-10.9	20.8	4.51	8.5	10
2003	8.8	14.5	4.32	6.3	1
2004	9.0	12.1	4.60	1.7	12
2005	9.2	10.1	4.31	2.6	8
2006	8.5	8.7	4.58	3.2	10
2007	8.7	7.5	4.94	2.3	8
2008	6.8	7.3	5.29	1.5	20
2009	0.9	8.4	5.93	2.0	28

Sources: ^a World Development Indicators; ^b IMF World Economic Outlook; ^c Bown (2010b) and Moore and Zanardi (2009).

Notes: Exchange rate (nominal) = peso per special drawing right (SDR); AD initiations are at investigation level (eg footwear from China).

Table 2: Argentina's Initiated Antidumping Investigations (January 2008-March 2010)

Target Country	Product	Initiation date
Thailand	Air Conditioners	1/10/2008
Brazil, Indonesia	Acrylic Yarns	3/25/2008
Brazil, China	Stainless Steel Cutlery	4/25/2008
China	Large Chains	4/28/2008
China, Peru, Taiwan	Zippers	5/5/2008
China, Romania	Oil Rigs	5/22/2008
China	Cooling Liquid or Water for Engines	7/28/2008
China, India	Dyes	7/29/2008
China	Dishware	7/31/2008
China	Steel Pipe Accessories	10/23/2008
China, India, Indonesia, Taiwan	Polyester Fiber and Yarn	11/17/2008
Brazil, China	Certain Taffeta Ligament Weft and Warp Fabrics	1/6/2009
Brazil, China	Electric Food Processors	1/14/2009
China, Germany, Switzerland	Laminated Floors	1/23/2009
China	Footwear	3/2/2009
China	Steel Wheels	3/9/2009
Brazil, China	Stainless Steel Knives with Plastic Handles	3/20/2009
China	Denim	3/25/2009
Paraguay	Recordable Compact Discs	3/25/2009
Brazil, China	Iron Pipe Accessories	5/14/2009
China	Elevator and Forklift Engines	5/29/2009
China	Lighters used in Kitchens	7/7/2009
Brazil	Printing ink	7/14/2009
India	Connectors for metal conductors	7/16/2009
Brazil	Gas Compressors (except air)	9/9/2009
China	Electric centrifugal pump	9/9/2009
China	Syringes	9/9/2009
China	Methane Chloride	9/24/2009
China	Electric Heaters	10/19/2009
China	Starting and Regulator Devices for Motorcycles	10/29/2009
China	Steel Tubes	11/2/2009
China	Electric Fans	11/24/2009
China	Rubber Tires	12/17/2009
Brazil	Polypropylene Fabric	2/11/2010
China	Suits and Jackets	2/13/2010
Korea, Malaysia, Thailand, Vietnam	Air Conditioners	2/13/2010
China	Chain Saw Blades	3/3/2010

Source: Temporary Trade Barriers Database (Bown, 2010b).

Table 3: Argentina's AD Initiations and Measures Imposed*

a. Initiations

	1991-1994	1995-2001	2002-2007	2008-2010	1991-2010 Total
China	7	46	23	112	188
Brazil	56	82	12	17	167
Other MERCOSUR	3	12	3	1	19
EU-15	19	44	8	9	80
USA	5	10	1	0	16
Japan	3	4	0	0	7
South Africa	0	46	8	0	54
Korea	6	26	13	3	48
Russia	0	33	8	0	41
Kazakhstan	0	37	0	0	37
Others	54	127	58	37	276
Total	153	467	134	179	933

b. Final Measures Imposed**

	1991-1994	1995-2001	2002-2007	2008-2010	1991-2010 Total
China	7	38	20	57	122
Brazil	24	59	9	6	98
Other MERCOSUR	3	9	3	0	15
EU-15	4	23	6	0	33
USA	2	6	0	0	8
Japan	3	4	0	0	7
South Africa	0	42	8	0	50
Korea	5	17	12	0	34
Russia	0	33	0	0	33
Kazakhstan	0	37	0	0	37
Others	37	107	44	17	205
Total	85	375	102	80	642

Source: Author's calculations using Temporary Trade Barriers Database (Bown, 2010b).

Notes: * Case level (HS-08-country pairs); ** note that many cases filed in 2009-10 have not yet finalized as of July 2010.

Table 4: Argentina's AD Initiations by HS-08-Country Pairs

Year	Articles of Wood (HS-02 44)	Articles of Clothing (HS-02 62)	Footwear (HS-02 64)	Basic Iron and Steel (HS-02 72)	Articles of Iron and Steel (HS-02 73)	Tools of Base Metals (HS-02 82)	Mechanical Machinery (HS-02 84)	Electrical Machinery (HS-02 85)	Optical and Photographic Instruments (HS-02 90)
1991	0	0	0	0	0	0	0	0	1
1992	0	0	0	62	0	0	1	4	0
1993	2	0	0	27	0	2	0	12	3
1994	0	6	0	5	0	0	0	11	0
1995	0	0	0	0	5	8	1	5	0
1996	0	0	0	0	1	0	5	14	1
1997	9	0	0	0	1	6	2	6	4
1998	0	0	0	57	0	0	0	0	0
1999	1	0	0	28	0	3	0	2	0
2000	6	0	0	109	3	2	4	1	0
2001	0	0	0	48	8	1	12	1	4
2002	0	0	0	48	0	0	0	0	0
2003	0	0	0	0	0	0	0	0	0
2004	0	0	0	0	0	0	0	1	5
2005	0	0	0	0	2	2	0	0	1
2006	0	0	0	0	0	4	2	3	3
2007	0	0	0	0	1	0	0	7	0
2008	0	0	0	0	3	8	7	0	0
2009	29	0	30	0	9	2	8	8	3
2010	0	11	0	0	0	2	12	0	0
Total	47	17	30	384	33	40	54	75	25

Source: Temporary Trade Barriers Database (Bown, 2010b).

Table 5: Argentina's Dumping and Material Injury Decisions*

Year of Initiation	Initiated Investigations	Positive Dumping Decision	Affirmative Dumping Decisions (%)	Positive Injury Decision	Affirmative Material Injury Decision (%)
1995	25	15	60	10	40
1996	23	14	61	7	30
1997	13	12	92	10	77
1998	6	5	83	5	83
1999	21	20	95	20	95
2000	33	28	85	23	70
2001	26	24	92	21	81
2002	10	9	90	7	70
2003	1	1	100	1	100
2004	12	12	100	9	75
2005	8	8	100	7	88
2006	10	10	100	6	60
2007	7	7	100	7	100
2008	19	19	100	18	95
1995-2008	214	184	86	151	71

Note: Dumping and injury decisions are usually rendered in a year subsequent to the initiation. * Investigation level (*eg* footwear from China); withdrawn and terminated investigations are not included.

Source: Temporary Trade Barriers Database (Bown, 2010b).

Table 6: Argentina's Countervailing Duty and Safeguard Actions (since 1995)

Countervailing Duty Measures	Targeted Country	Measure	Initiation year	Revocation year
Peaches in Syrup	European Union	yes	1995	NA
Vital Wheat Gluten	European Union	yes	1996	2006
Virgin and Refined Olive Oil	European Union	yes	1997	2006
Safeguard Measures				
Footwear		yes	1997	2000
Toys		terminated	1998	
Footwear		yes	2000	2003
Motorcycles		yes	2000	2004
Peaches		yes	2001	2004
Coloured Television Sets		yes	2004	2007
Recordable Compact Discs		yes	2006	2010

Source: Temporary Trade Barriers Database (Bown, 2010b).

Table 7: Argentina's Antidumping Cases against China and Brazil

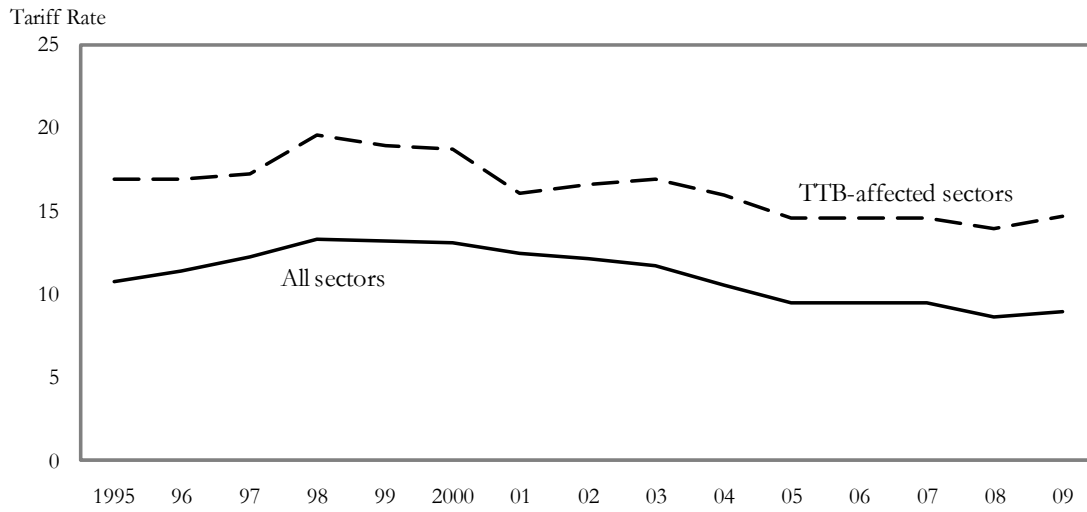
	1995-2010	1995-2001		2002-2007		2008-2010 (Completed Decisions)	
	All Initiations	Initiations	New Measures	Initiations	New Measures	Initiations	New Measures
China							
Articles of Clothing (62)*	11	0	0	0	0	0	0
Footwear (64)	30	0	0	0	0	30	30
Articles of Iron and Steel (73)	18	5	5	3	3	3	3
Tools (82)	15	8	8	0	0	4	4
Mechanical Machinery (84)	18	10	9	0	0	2	2
Electrical Machinery (85)	16	6	4	5	4	0	0
Optical and Surgical Equipment (90)	11	2	0	6	6		
Others	62	15	12	9	7	12	12
Total	181	46	38	23	20	51	51
Brazil							
Meat (02)	5	5	2	0	0	0	0
Articles of Wood (44)	6	6	0	0	0	0	0
Basic Iron and Steel (72)	35	35	34	0	0	0	0
Articles of Iron and Steel (73)	8	6	6	0	0	0	0
Tools (82)	11	4	4	2	0	4	4
Mechanical Machinery (84)	9	7	0	0	0	0	0
Electrical Machinery (85)	12	8	6	3	3	0	0
Others	25	11	7	7	6	2	2
Total	111	82	59	12	9	6	6

Note: Based on HS-08-country pairs; * HS-02 codes in parentheses. Note that many petitions filed in 2009 and 2010 have not yet reached a final decision.
Source: Temporary Trade Barriers Database (Bown, 2010b).

Table 8: Argentine Merchandise Imports (billions of dollars)

Year	Overall	USA	Brazil	China	Japan	EU-15	High income OECD	Low and Upper Middle income
1995	19.8	4.2	4.2	0.6	0.7	5.7	11.8	6.9
1996	23.3	4.7	5.3	0.7	0.7	6.6	13.4	8.5
1997	29.6	6.1	6.9	1.0	1.1	7.9	16.9	10.9
1998	31.1	6.2	7.1	1.2	1.5	8.5	17.9	11.5
1999	25.3	5.0	5.6	1.0	1.1	7.3	14.9	9.3
2000	24.6	4.8	6.5	1.2	1.0	5.7	12.9	10.4
2001	19.9	3.8	5.3	1.1	0.8	4.5	10.1	8.6
2002	8.7	1.8	2.5	0.3	0.3	2.0	4.5	3.7
2003	13.4	2.3	4.7	0.7	0.4	2.7	6.0	6.7
2004	21.4	3.4	7.6	1.4	0.6	4.0	9.0	11.3
2005	28.4	4.5	10.6	1.5	0.6	5.3	11.3	15.4
2006	32.7	4.3	11.9	3.1	0.9	5.5	12.1	18.8
2007	42.5	5.3	14.7	5.1	1.2	6.9	15.1	24.6
2008	54.3	7.0	18.0	7.1	1.4	8.3	18.8	31.3
2009	38.3	5.4	11.8	5.4	0.9	6.4	14.7	21.3

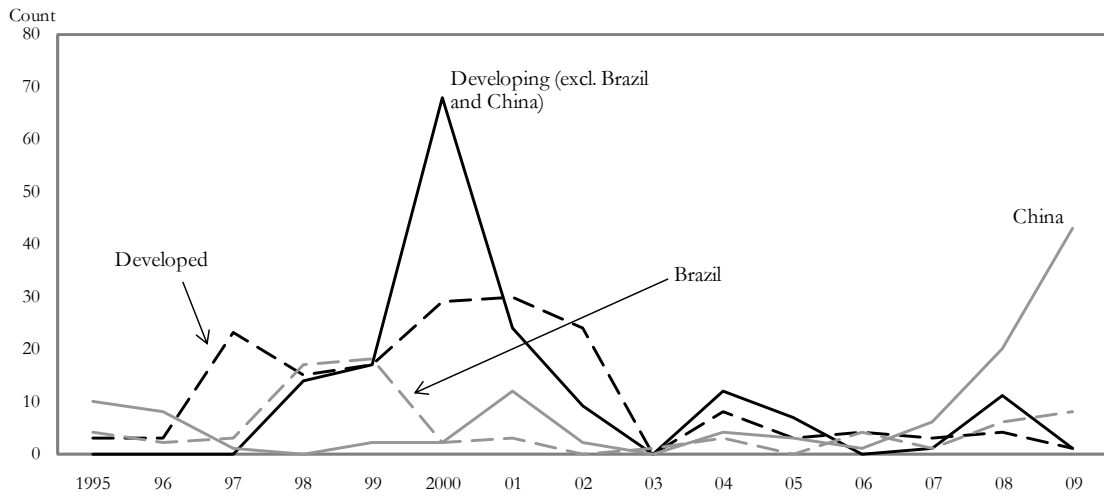
Source: COMTRADE.



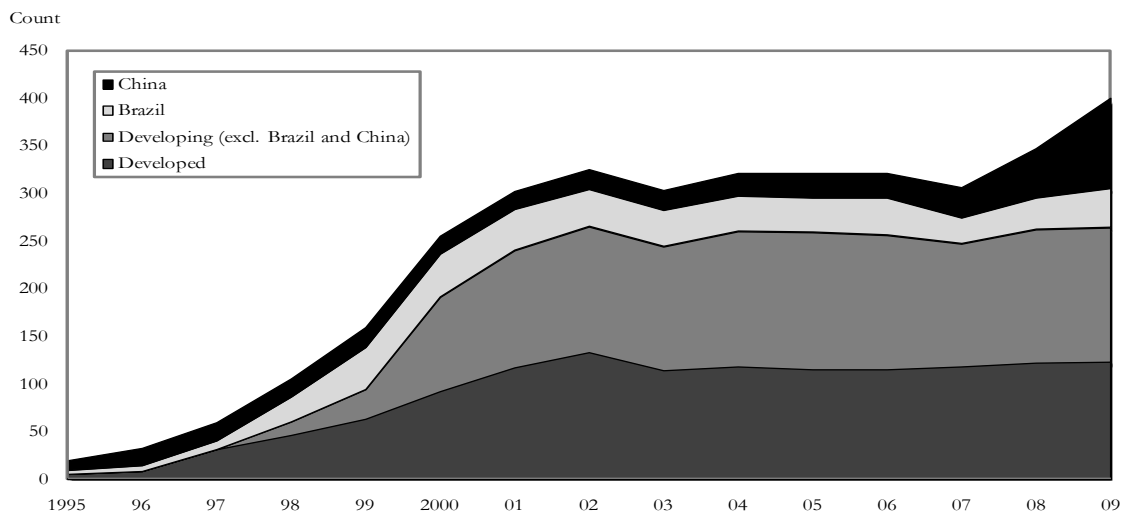
Source: TRAINS database.

Figure 1: Argentina's Unweighted Average Applied MFN Tariffs

a. Initiations, by Target Country Group



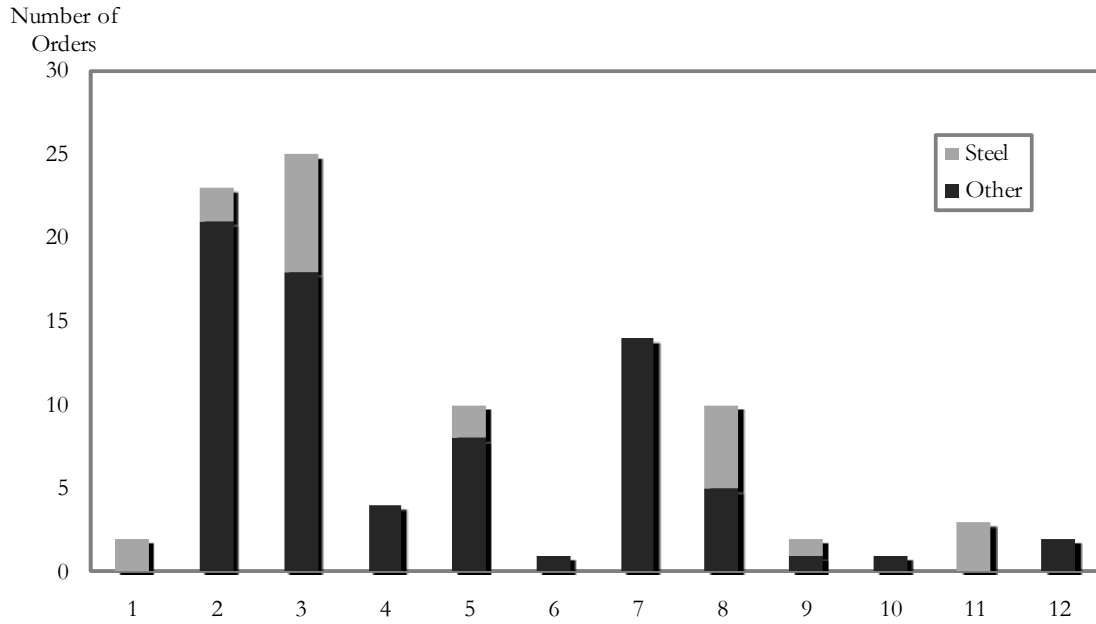
b. Orders in Place (Count of Country-HS-08 pairs)



Source: Author's calculations using Temporary Trade Barriers Database (Bown, 2010b).

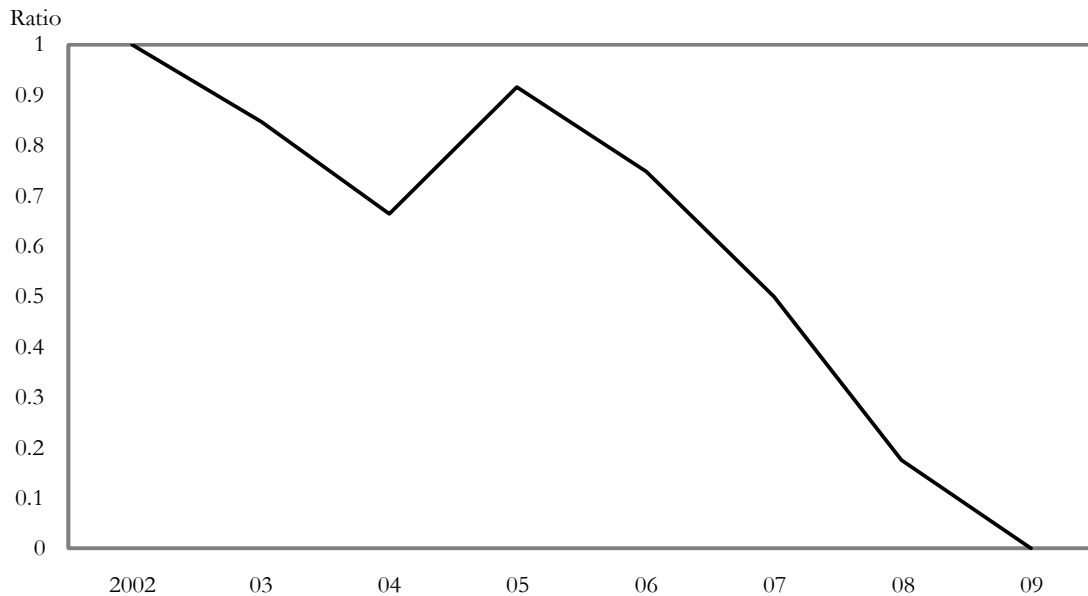
Figure 2: Argentine Antidumping Actions

a. Number of AD orders in effect by length of years



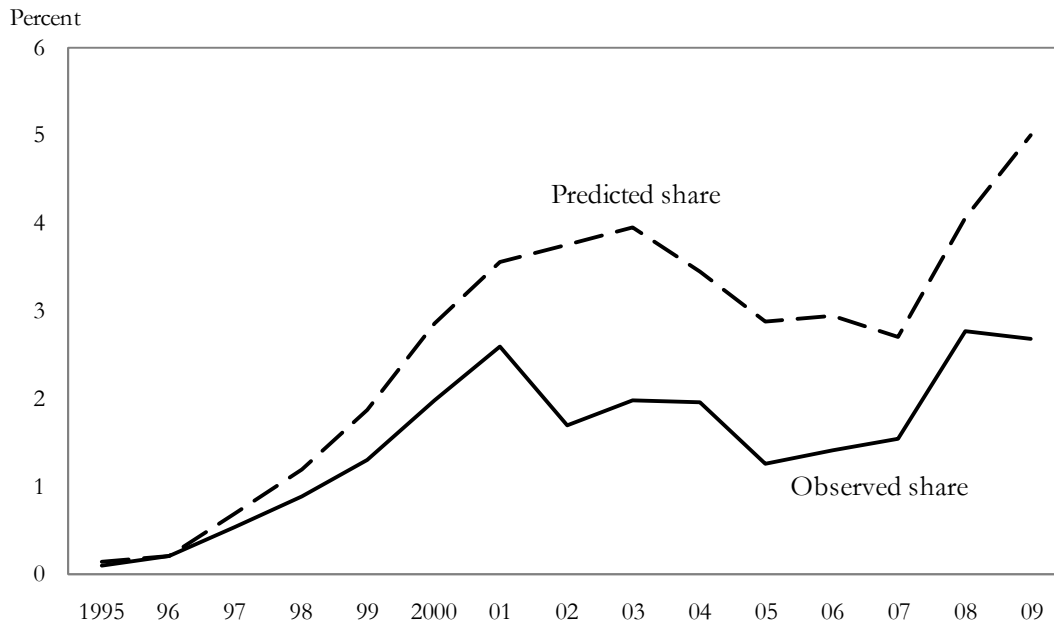
Note: Duration is the difference between the year when measure is imposed and the year when revoked. For orders remaining in place in 2010, duration is measured by 2010 minus the year when the measure is invoked.

b. Share of AD orders removed in 5 years



Source: Author's calculations using Temporary Trade Barriers Database (Bown, 2010b).
 Note: Year is five years subsequent to the imposition of the original antidumping order.

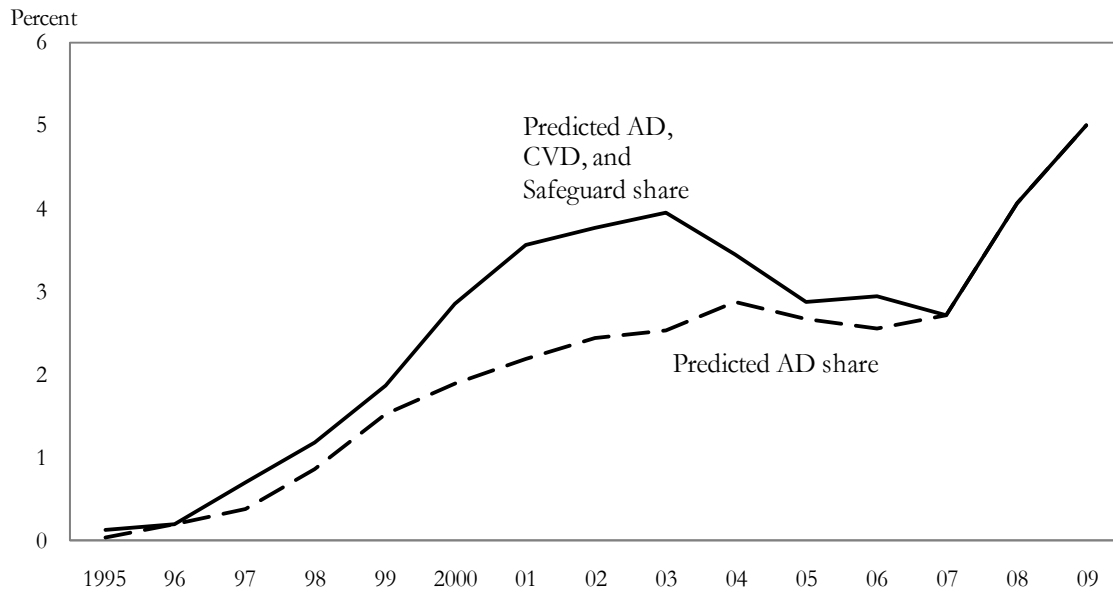
Figure 3: Duration of Argentine Antidumping Orders (in years)



Source: Author's calculations using COMTRADE and Temporary Trade Barriers Database (Bown, 2010b).

Note: Share based on stock of restrictions in place.

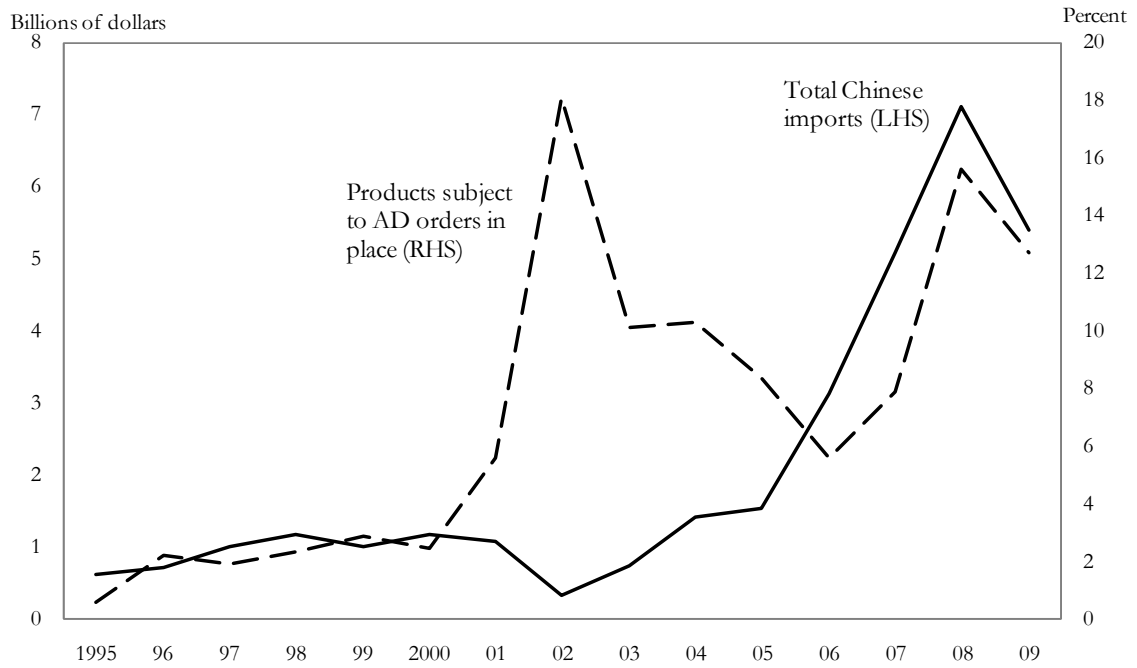
Figure 4: Argentine Imports Affected by AD, CVD, and Safeguards (Observed and Predicted)



Source: Author's calculations using COMTRADE and Temporary Trade Barriers Database (Bown, 2010b).

Note: Share based on stock of restrictions in place. The two lines coincide in 2007-9.

Figure 5: Argentine AD, CVD, and Safeguard Predicted Share of Total Imports



Source: Author's calculations using COMTRADE and Temporary Trade Barriers Database (Bown, 2010b).

Figure 6: Chinese Imports (Observed and Share Subject to Antidumping)