REPORT TO THE TPRB FROM THE DIRECTOR-GENERAL ON THE FINANCIAL AND ECONOMIC CRISIS AND TRADE-RELATED DEVELOPMENTS[1]

1. Introduction

1. This report provides Members with background information on trade-related developments that have occurred since the third-quarter of 2008 as a result of, or in the context of, the financial crisis and its impact on the global economy. It highlights significant policy issues affecting the trading system. It is a preparatory contribution to the report by the Director-General that is called for in Paragraph G of the TPRM mandate and that aims to assist the TPRB to undertake an annual overview of developments in the international trading environment which are having an impact on the multilateral trading system.

2. Widespread reference has been made over the past few months to the severe economic difficulties that would be caused in current circumstances by any significant resort to trade restricting or distorting measures to try to protect businesses, jobs or farm incomes from the effects of the global slowdown in growth. This would only worsen the economic situation for all and diminish prospects for an early recovery in activity. Protectionism could also provoke retaliatory action by others that would compound the damage caused.[2] Yet that risk exists, as long as there continues to be significant scope for WTO Members to increase their applied levels of tariffs and trade-distorting subsidies without breaching their bound rates or other relevant WTO disciplines. In this context, it has become more urgent for the WTO to strengthen multilateral disciplines that will reduce the scope for increased trade restriction, in particular to reach an early agreement in the DDA on "modalities" for agriculture and industry that will pave the way for agreement on the other subjects that are under negotiation.

3. At meetings in mid-December 2008, the G-20, APEC, and separately China, Japan and the Republic of Korea, at Heads of State-level, pledged to refrain over the next 12 months from raising new barriers to trade and investment, imposing new export restrictions, or implementing WTO inconsistent measures to stimulate exports.

4. To date, most WTO Members appear to have successfully kept domestic protectionist pressures under control. There has been only limited evidence of increases in tariffs and non-tariff barriers, or of increased resort to trade-remedy actions. The most significant actions taken, mainly in OECD countries, in response to the financial crisis and onset of economic recession have involved financial support of one kind or another to banks and other financial institutions and to certain industries, notably the automobile industry.

5. The information on changes in trade policies and trade-related policies contained in this report has been collected by the Secretariat from a variety of public and official sources. In some cases it has been possible to verify the information through formal channels, but in most cases it has not. The information should therefore be regarded as work in progress. Further updates will be issued in the coming months.

[1] This is intended to be a purely factual report and is issued under the sole responsibility of the Director-General. It has no legal effect on the rights and obligations of Members, nor does it have any legal implication with respect to the conformity of any measure noted in the report with any WTO Agreement or any provision thereof. This report is also without prejudice to Members' negotiating positions in the Doha Round.

[2] One estimate of the effects of all Members increasing their applied tariffs up to their bound rates is that the average global rate of duty would double and the value of global trade would be cut by about 8 percent. (International Food Policy Research Institute, Washington D.C., December 2008)

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6. To be relevant and useful, monitoring of this kind needs to be carried out at regular intervals and to be based on accurate information that is as comprehensive as possible. This exercise has pointed to the difficulties that exist in collecting current information on policy changes that would allow the WTO membership to exercise its collective responsibility to monitor developments in the international trading environment that are having an impact on the multilateral trading system and, more broadly, on the health of the global economy. For example, there continue to be significant delays in the notification by Members of changes in their applied tariff rates to the Integrated Data Base. Members may wish to reflect on how they might be able to assist in the collection of more accurate, complete and up-to-date information on trade and trade-related policy changes, including through the existing transparency mechanisms in WTO Agreements as well as proposals that have been made to improve those mechanisms. The value of this exercise will depend upon it being Member-driven, and therefore having the confidence of the membership as a whole in its objectivity. Members may wish to provide guidance on further steps that should be taken by the Director-General and the Secretariat to prepare material that will assist them to undertake the annual overview that is called for in Paragraph G of the TPRM mandate.

7. The Secretariat has received requests from some groups of developing country Members for assistance in understanding and analysing how their particular trade interests may be affected by the current economic situation. This will be discussed further with these Members in the coming weeks.

2. Macroeconomic and trade developments

8. The financial crisis occurred at a time when economic growth was already showing signs of slowing down, particularly in the main OECD countries. Its effect was to turn a moderate slowdown into a sharp decline in the rate of growth and, by the end of the year, into recession in many OECD countries, primarily by restricting credit to business and consumers. This spread quickly to emerging market economies and other developing countries through sharp falls in export demand, foreign investment and commodity prices, as well as the effects of the global shortage of credit on their economies, including shortages of trade finance.

9. The second half of 2008 saw a sharp turnaround in the growth of merchandise trade (nominal, current dollar, terms). In the first half of the year, the year-on-year (y-o-y) growth rate still exceeded 20 percent. In the second half, y-o-y growth slowed sharply and turned negative in November, although for the year as a whole growth will still be above that of 2007 (15 percent).

10. Several factors contributed to this turnaround at the end of the year. Firstly, dollar prices played a much larger part in the value changes than the volume changes. This implies that in respect of output and employment the changes are less dramatic than the nominal trade figures might suggest. In the first half of 2008, dollar trade values were boosted by the rise in commodity prices, most prominently by those of oil and food. In the second half, prices of fuels and food decreased sharply. By December oil prices had fallen to their lowest level in three years, and stood 70 percent down from their monthly peak level in 2008. Exchange rate movements had a similar impact on dollar values. The dollar depreciated sharply in the first half of 2008 against the currencies of major traders but appreciated against many in the second half (especially *vis-à-vis* the Euro). Currency developments thus inflated trade growth in value terms in the first half of the year and accentuated the decline in the second half.

11. In real terms, developments were less dramatic. Measured in real terms (i.e. adjusted for price and exchange rate changes), trade growth in the first half of 2008 was slowing and perhaps stagnating in the second quarter (seasonally adjusted), although y-on-y it was still up by some 5 percent. Growth began to decline in the third quarter, and this became more accentuated as the year drew to a close. For the full year, the WTO Secretariat estimate is 4 percent real trade growth (somewhat lower than estimates of the World Bank and the IMF).

12. In its recent report on Global Economic Prospects 2009, the World Bank marked down sharply its estimates of growth in 2008 and its forecast for 2009. Other organisations (such as UNCTAD) have presented similar results, and new forecasts by the IMF will be available shortly and will be circulated to Members. Of particular note is the World Bank's forecast of a drop in global export volumes of -2.1 percent in 2009, the first decline since 1982.

The Global Outlook in Summary, 2007-09
(Percentage change from previous year)

Indicator	**2007**	**2008**[a]	**2009**[b]
Global conditions			
World trade volume	7.5	6.2	-2.1
Real GDP growth[c]			
World	3.7	2.5	0.9
High-income countries	2.6	1.3	-0.1
Developing countries	7.9	6.3	4.5
Excluding China and India	6.1	5.0	2.9
East Asia and the Pacific	10.5	8.5	6.7
Europe and Central Asia	7.1	5.3	2.7
Latin America and the Caribbean	5.7	4.4	2.1
Middle East and North Africa	5.8	5.8	3.9
South Asia	8.4	6.3	5.4
Sub-Saharan Africa	6.3	5.4	4.6

a Estimates.
b Forecasts.
c GDP in 2000 constant U.S. dollars, 2000 prices, and market exchange rates.

Source: World Bank.

13. The World Bank commented that export opportunities for developing countries in 2009 were likely to fade rapidly because of the recession in high-income countries and of shortages in export credits and the increased cost of export insurance. Net private debt and equity flows to developing countries are projected to decline from $1 trillion in 2007 to about $530 billion in 2009, or from 7.7 percent to 3 percent of developing country GDP, contributing to a projected dramatic slowdown of investment growth in developing countries. In its recent World Investment Report 2008, UNCTAD estimated a 10 percent decline in FDI flows already in 2008, with developing countries the most affected.[3] Other factors identified by the Bank as contributing to slower growth in some developing countries are reduced remittance flows from migrant workers abroad[4] and further falls in commodity prices. To this can be added slower growth of global tourism, which the World Tourism Organisation projects at between 0 percent and 2 percent in 2009. There are also uncertainties about how the current economic situation may affect ODA flows. In this context, in mid-December the World Bank announced that it will "fast-track" $2 billion of IDA resources over the next three years to help the world's poorest countries cope with the financial and economic crisis.

14. The economies of all WTO Members will be affected by the economic slowdown in 2009, but the forecasts of weaker economic growth for developing countries are of particular importance because growth is so heavily trade-dependent for so many of them, and decelerating trade growth has become the main downward driver of world economic growth, even more so than domestic demand. This extreme vulnerability of the global economy to trade developments illustrates clearly the perils of trade protectionism in current circumstances.

[3] According to the World Association of Investment Promotion Agencies, worldwide FDI is expected to fall by 12-15% in 2009 owing to the financial crisis.
[4] In 2006, worker remittances exceeded 10 percent of GDP in at least 24 countries (World Bank data).

15. Projections for 2009 are sensitive to the assumption that the coordinated monetary and fiscal stimulus packages that were called for by the G-20 in mid-December to stimulate global demand will be effective. The projections would almost certainly need to be revised down further if that assumption is not met. Several countries have introduced new economic stimulus packages in recent months. On the monetary side, major central banks have cut interest rates sharply and are continuing to inject significant amounts of liquidity into financial markets. On the fiscal side, the IMF has proposed the need for additional stimulus of around 2 percent of world GDP ($1.2 trillion), with major surplus countries encouraged to take a leading role. To date, new fiscal stimulus packages (separate from financial bail-out packages) have been implemented or announced by, *inter alia*, the E.U., Japan and the U.S., as well as Argentina, Chile, China, Indonesia, Malaysia, Mexico and Thailand. It is too early to appreciate the full implications of these stimulus packages for trade and the trading system or how they might be implemented through governments' procurement activities. One reason for proposing that the fiscal packages should be coordinated among countries was to avoid the risk that governments might be tempted to take steps to prevent the stimulus to demand from being deflected away from their own producers through imports to foreign suppliers.

16. An important issue, that could have implications for the use of trade measures, will be how macroeconomic imbalances of countries around the world, in particular external imbalances and exchange rates, are affected by these stimulus packages and by an environment in which the availability of external financing is much reduced.

3. The financial crisis and trade in financial services

17. The global financial system has been going through a period of unprecedented turmoil, evidenced by the collapse or near-collapse of large – and in some cases systemically important – financial institutions, the weakening of the financial system due to increasing losses on impaired and illiquid assets, rising uncertainty regarding the availability and cost of funding, and the further deterioration of loan portfolios.[5]

18. As the financial crisis has spread to all corners of the world, governments have started to launch extensive bailout programmes for troubled banks and other financial institutions, along with other monetary and fiscal policy initiatives. As can be seen in the table attached to this report, a variety of bailout policies have been adopted by governments.[6] Some of them put more emphasis on the asset side of banks' balance sheets, while others address liabilities and capital. The most common "asset side" policy is the purchase of troubled mortgage assets from banks and other lenders – basically swapping troubled assets for cash. The basic objective of this policy is to allow affected financial institutions to clean-up their balance sheets and re-start lending under more 'normal' circumstances. The Canadian, Swiss and US (TARP) programs are clear examples of this type of policy.

19. By contrast, measures focusing on the right-hand side of banks' balance sheets (liabilities and capital) target not only the situation of the individual bank *per se* but also the more general problem of the lack of liquidity in interbank lending markets. These measures include the following: (a) guarantees granted by Governments (e.g., Ministries of Finance, Financial Regulatory Authorities, Central Banks or State-owned agencies), in exchange for a fee, for the issuance of debt instruments by financial institutions in wholesale markets; (b) the provision of additional liquidity (discount window borrowing) by Central Banks; (c) recapitalisations (leading sometimes to nationalisations or the acquisition of management control); and (d) the expansion of deposit protection schemes for individual depositors (which have not been covered in the table).

[5] For further information, see IMF Global Financial Stability Report, October 2008.

[6] This report focuses only on measures implemented directly by governments or through state-owned agencies, and does not include bailouts carried out by other market participants (e.g. the take-over of a financial institution by another financial institution).

20. It is too early to assess the trade effects of these measures, which in most cases have only recently been announced. Moreover, while some of the measures have targeted specific financial institutions, many others constitute in fact "rescue packages" whose effects will only be seen through time, depending on how they are implemented. When analysing these bailout measures from the perspective of trade in financial services, it must be recognized that some of the measures at least, which in most cases constitute some form of state aid or subsidy, may eventually have negative spillover effects on other markets or introduce distortions to competition between financial institutions.

21. Negative spillover effects may arise if, for instance, bailout measures end up affecting banking flows between markets, thus aggravating liquidity problems or putting individual financial institutions under additional stress. The establishment or expansion of guarantee schemes (of both deposits and wholesale lending instruments) in some markets has been – at least partly – motivated by this kind of concern. The main benefits of guarantee schemes stem from increased confidence in the financial institutions participating in the scheme, reducing the probability of a run on those institutions. However, in a context where governments around the world are introducing or expanding these guarantees in their own markets, financial institutions not benefiting from equivalent measures may be disadvantaged in obtaining funds from overseas and/or see their deposit base eroded.[7] Distortions to competition may also arise between different financial institutions operating in a specific market if some of them (e.g. domestic financial institutions) benefit from some of these bailout measures to the detriment of others (e.g. like foreign financial institutions). Eligibility criteria are therefore essential in order to avoid distortions to competition and trade.

22. In December 2008, the World Bank set up a $3 billion Bank Recapitalization Fund, to be managed by the IFC, aimed at helping recapitalize banks in small emerging market economies. It will offer capital to banks currently lacking alternative financing, and provide advisory services aimed at strengthening private sector development and improving economic and financial performance. The Fund will be financed, initially, by the IFC ($1 billion) and Japan ($2 billion).

4. Trade policy and trade-related policy measures

23. As noted earlier, there has been only limited evidence so far of increases in tariffs or non-tariff barriers, or increased resort to trade remedy actions. The most significant action taken, mostly in developed countries, has been increased state aid to particular industries, notably the automobile industry, although nothing can be said for the time being about the likely trade impact of these measures, many of which are still lacking publicly-announced details.

24. The following information about new trade and trade-related policy measures taken since the outbreak of the financial crisis in September 2008 has been collected by the Secretariat primarily from press sources.

25. India raised tariffs on some steel products and issued notifications restricting imports of some steel products in November 2008.

26. Mercosur members reached an agreement in November 2008 to raise their common external tariff by 5 percentage points, on average, on a number of specific items, including wine, peaches, dairy products, textiles, leather goods. and wood furniture. However, this agreement was not ratified at Mercosur's Summit in mid-December 2008.

[7] See, for example, the joint statement by the Ministry of Finance and the Monetary Authority of Singapore, 16 October 2008, and the press conference given by the Australian Prime Minister, when announcing their respective initiatives.

27. On 26 November 2008, Ecuador raised, reportedly by between 5 and 20 percentage points, its tariffs on 940 products, including butter, turkey, crackers, caramels, blenders, cell phones, eyeglasses, sailboats, building materials, and transport equipment. As a result, Ecuador expects to collect additional revenues of US$85.5 million. According to the authorities, the tariff increases aim to reduce the impact of the financial crisis and they take account of Ecuador's WTO commitments.

28. In Indonesia, since 15 December 2008 only five ports and certain international airports are to serve as entry points for certain imports, such as electronics, garments, toys, footwear, and food and beverages.

29. Argentina has recently imposed non-automatic licensing requirements on products considered as sensitive, such as auto parts, textiles, TVs, toys, shoes, and leather goods.

30. In December 2008, the Republic of Korea announced that its tariffs on imports of crude oil will rise from 1 percent to 3 percent in March 2009.

31. Ukraine's Parliament approved legislation in December 2008 to impose a temporary 13 percentage point import surcharge for balance-of-payments purposes, with the possibility of exempting selected imports. However, in January 2009 the President vetoed the legislation. If the legislation were to be returned to Parliament, it could override the veto with a two-thirds majority.

32. The European Commission has announced that it is re-introducing export subsidies for butter, cheese, and whole and skim milk powder from late-January 2009.

33. Some measures have also been taken by Members to facilitate trade in this period. For example, China reportedly increased VAT rebates on its exports of some textiles and clothing and bamboo products, plastics and furniture on 1 November 2008, thereby partially removing implicit export taxes (in the absence of a full VAT rebate). It increased tax rebates on exports of about 3,770 items on 1 December 2008. From 1 February, import tariffs and VAT on 1,730 tariff lines (8-digit HS) will be refunded if these items are bound for re-export. As part of its stimulus plan, Argentina has reportedly cut its export taxes on wheat and corn by five percentage points to 23% and 20%, respectively. Indonesia announced measures to facilitate trade by using a centralized electronic system for customs declarations at two key ports. As part of its programme to simplify foreign trade, during 2009-2013 Mexico announced that it will reduce tariffs on about 80 percent of manufactured good imports from countries with which it has no preferential trade agreement.

34. In December 2008, Russia reportedly adopted measures to support domestic car manufacturers including state subsidies, and in January it raised import duties on cars and trucks. The size of the increases depends on the age of the vehicles and their engine size, but by way of example import duties on cars less than five years of age are increased from 25 percent to 30 percent coupled with a specific duty denominated in Roubles per cubic centimetre of engine capacity. In addition, legislated increases in export duties on wood have been temporarily delayed, although not repealed. SPS and quarantine requirements have continued to increase. Meat import quotas have been reduced. New trade-related investment measures and export subsidies have been introduced.

35. Official WTO data on the initiation of anti-dumping investigations during the second half of 2008 is not yet available. However, available non-WTO data suggests not only that there has been no dramatic increase in the number of anti-dumping investigations initiated in the past few months, but indeed that the number of initiations in the second half of 2008 likely has not changed significantly relative to the first half of the year. There are nevertheless informal reports of an increased number of applications in some Members, and this suggests a possibility of increased trade remedy actions in 2009.

36. The global economic slowdown triggered by the financial crisis has prompted calls for government support in many goods and services sectors, such as the airline industry, construction, steel, semi-conductors and automobiles. As part of the economic stimulus plan announced by the E.U. and its member states (Economic Recovery Plan), E.U. rules on state aids were relaxed in mid-December to allow member states to offer subsidized interest rates on loans and state guarantees.

37. The auto industry has been hit particularly hard by the slowdown, and government support packages have been provided or are under consideration in a number of countries. For example, media reports indicate that the U.S. has approved federal loans of US$17.4 billion for General Motors and Chrysler; Canada has announced a C$4 billion aid package of short term loans; Sweden will offer Saab and Volvo SKr25 billion in loans and loan guarantees and SKr 3 billion for research into cleaner technologies; Germany has announced €1.5 billion in incentives for car buyers and €500 million towards innovation; France has announced a €300 million restructuring fund for the car industry and a €1 billion loan facility to support Renault and Peugeot; Australia will set up a A$2 billion fund (the "Special Purpose Vehicle" or SPV) as a financing trust to provide liquidity to car dealer financiers; Argentina has announced a Peso3.1 billion plan to boost sales in its car industry as a key component of its stimulus package; the Republic of Korea is considering offering liquidity and corporate tax exemptions to autoparts suppliers as well as cutting taxes and charges (such as consumption tax, special excise tax and environmentral improvement charges) on motor vehicles; and China announced, *inter alia*, a reduction of sales tax for certain cars, a subsidy of Y5 billion for the purchase of modern vehicles by farmers, an allocation of Y10 billion over the next three years for the development of clean cars, and the loan by the Export and Import Bank of about $1.45 billion to an automobile company.

5. Trade finance

38. The effects of the current banking and financial crisis on international trade have been felt directly through the tightening of liquidity, which affects the supply of trade credit by the main international banks. With their credit departments competing for a reduced amount of liquidity, international banks are not able to supply as much credit as demanded by traders at affordable rates. Moreover, the sharp deterioration of global economic prospects is triggering a general re-assessment of credit risk, entailing a sharp increase in the cost of credit, insurance and guarantees for trade operations with developing countries and LDCs. All in all, a shortage of liquidity and disproportionate aversion to risk led to regular shortfalls in available trade finance supplied by the private sector – according to private sector sources of about US$25 billion in November – and the cost of trade credit has been tripling in some emerging economies, with scarcity of supply gaining ground in the developing world. Difficulties in opening letters of credit are reported in an increasing number of countries, and prospects are not encouraging according to market sources. At a WTO conference in Geneva before the G-20 meeting, the WTO assembled private banks, international financial institutions and regional development banks to assess the problem and look for solutions. One possible mean of addressing the problem is for international and regional leaders to shoulder some of the risk through co-financing and thereby entice private lenders back to this market.

39. The message that came from the WTO Conference and the G-20 on trade finance has considerably boosted the mobilization of export credit agencies and regional development banks. Causal effects are to be found in the mobilization of OECD and non-OECD export credit agencies, which are stepping in more actively, including by way of regional cooperation (such as in Asia) to support international and intra-regional trade.

40. On 20 October 2008, Brazil's Central Bank issued US$1.62 billion in six-month loans in an attempt to provide relief to exporters, especially in the farming sector. In addition, the central bank has recently offered US$2 billion to companies starved of trade finance.

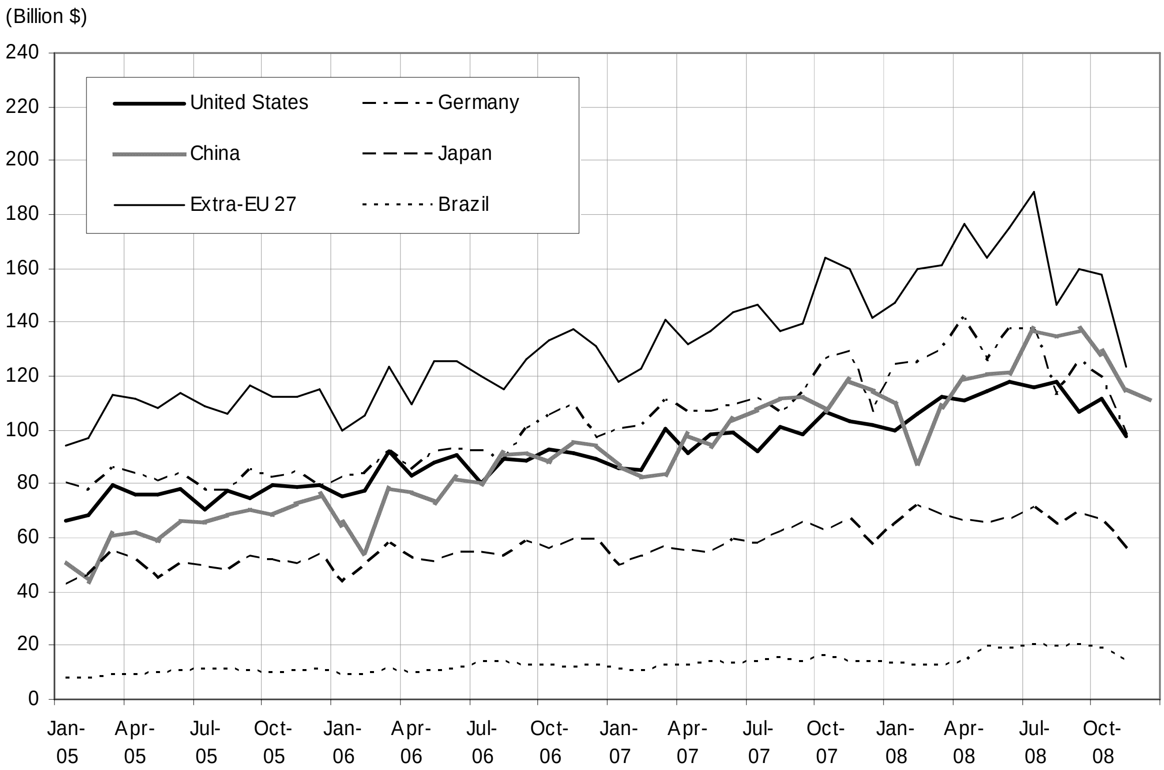
41. On November 25, the APEC Summit announced the establishment of an Asia-Pacific Trade Insurance Network to facilitate intra- and extra- regional flows and investment through reinsurance cooperation among export credit agencies in the region. Japan's NEXI will be the main underwriter of this collective re-insurance system.

42. From October to December 2008, many export credit agencies, including that of Hong-Kong, China, Japan, France, Germany, the United States and Chile, took specific measures with respect to the financing of credit and insurance of trade of local SMEs, worth in aggregate several billions of US dollars, in some cases also to support regional supply-chain operations (Asian Members of the Berne Union).

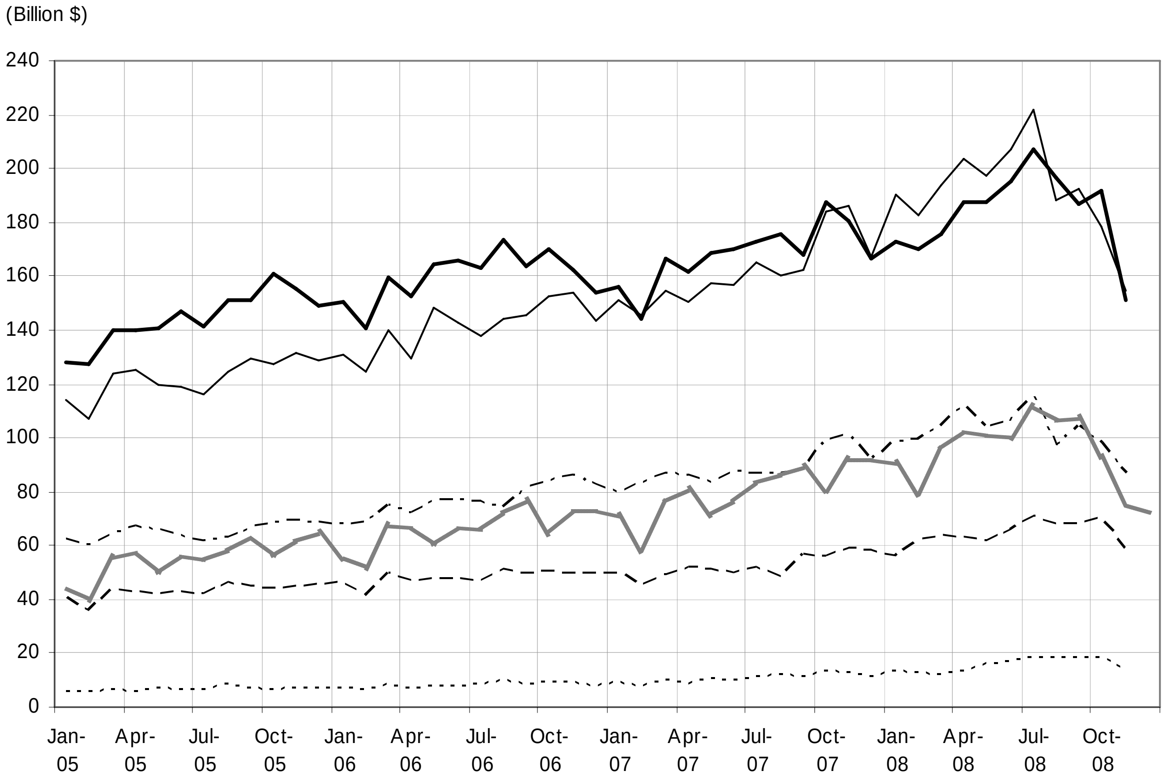
43. On 5 December 2008, China and the United States announced that their two export-import banks will make available an additional US$20 billion for trade finance, particularly for creditworthy importers in developing economies, in an effort to support trade flows during this period of financial turmoil.

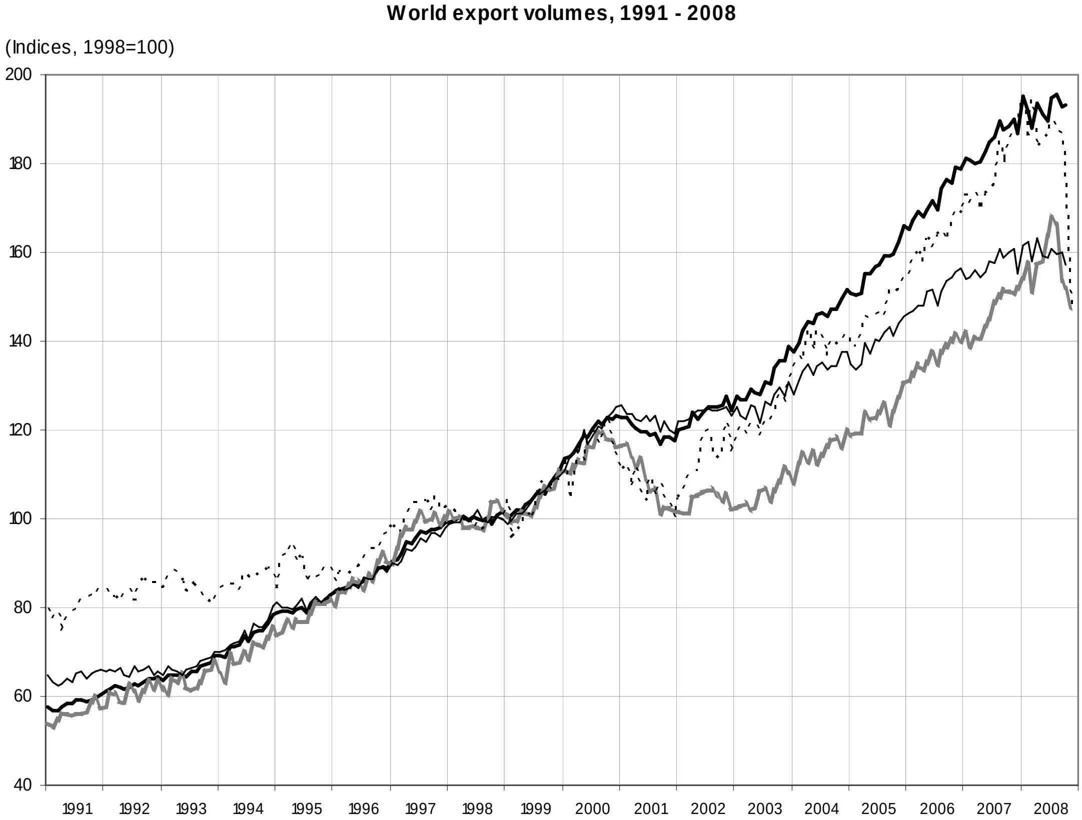
44. All large export credit agencies have increased short-term credit lines and guarantees, and synergies are being sought with regional development banks and the World Bank's International Financial Corporation (IFC). Since the WTO conference, the IFC, the EBRD, the Inter-American Development Bank and the Asian Development Bank, are in the process of (or have already) enhancing considerably their trade finance facilities. Finally, trade finance has become a regular feature of most international economic policy meetings, including the G-20, the recent APEC summit, the USA-China "strategic dialogue", and preparations for the recent European Council of Heads of States and Governments. Despite these efforts, it is unclear whether private sector financing will be able to meet demand, particularly in developing countries, in a situation of rapid deterioration of risk perception. The WTO will continue to do its utmost to mobilize all actors to avoid a drying up of trade finance, which, if it happened, could accelerate the contraction of trade and output in the only part of the word (developing countries) that is expected to sustain positive growth in 2009.

Exports of selected economies (US, EU 27, Germany, Japan, China and Brazil), 2005 - 08



Imports of selected economies (US, EU 27, Germany, Japan, China and Brazil), 2005 - 08




World export volumes, 1991 - 2008
(Indices, 1998=100)
200
180
160
140
120
100
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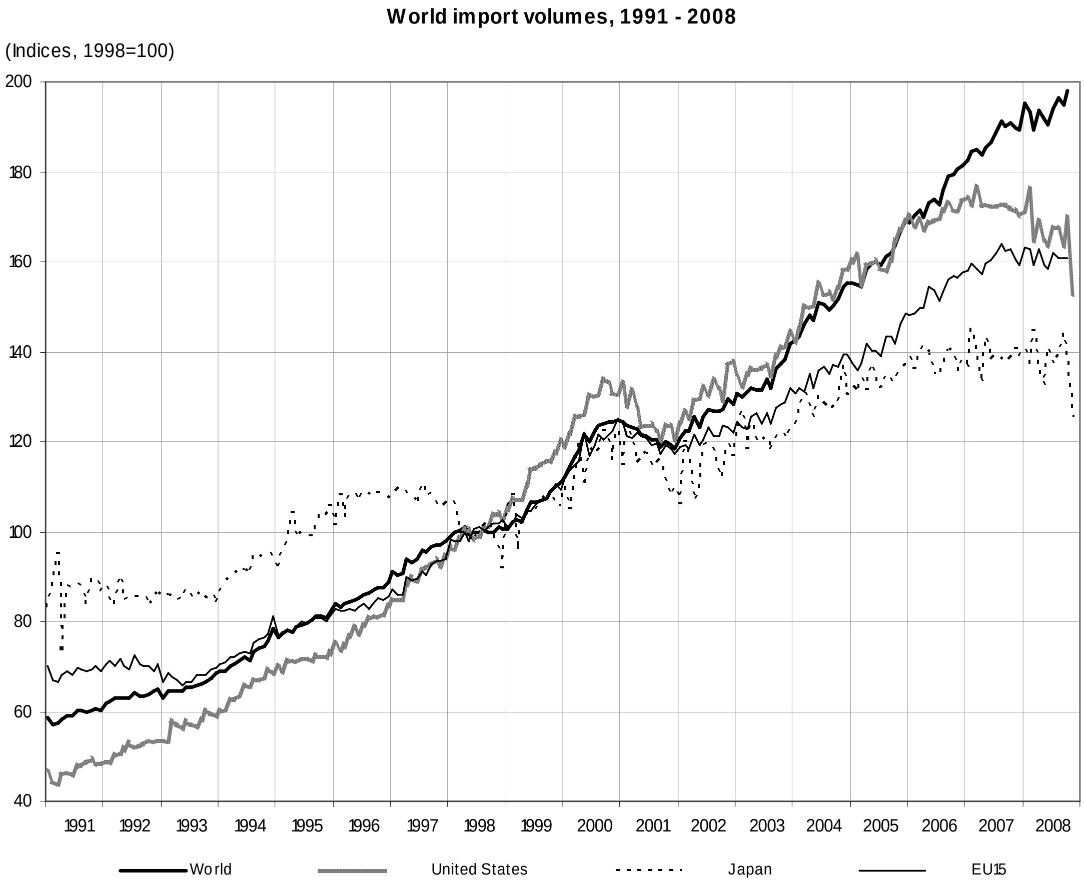
1991 1992 1993 1994 1995 1996 1997 1998 1999 2000 2001 2002 2003 2004 2005 2006 2007 2008


World import volumes, 1991 - 2008
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200
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1991 1992 1993 1994 1995 1996 1997 1998 1999 2000 2001 2002 2003 2004 2005 2006 2007 2008
World
United States
Japan
EU15

OVERVIEW OF NATIONAL BAILOUT MEASURES/PLANS AND GUARANTEE SCHEMES FOR FINANCIAL INSTITUTIONS

Country	Type of measure / plan	Beneficiary	Date of announcement[a]
Australia	Guarantee scheme	Australian incorporated banks and other authorised deposit-taking institutions (ADIs), including foreign subsidiary banks operating in Australia.	12 Oct 2008
Austria	Nationalisation	Bank Medici	30 Dec 2008
Austria	Two measures: guarantees on interbank lending (capped at €75bn), and other forms of equity intervention (up to €15bn).	Credit and insurance institutions. Non-discriminatory access.	10 Dec 2008
Belgium	Recapitalisation scheme of €3.5bn.	KBC Group N.V.	18 Dec 2008
Belgium	State guarantee	Fortis Bank	20 Nov 2008
Belgium, France, Luxembourg	Joint guarantee scheme, covered 60.5% by Belgium, 36.5% by France, and 3% by Luxembourg)	Dexia financial group (banking and insurance)	20 Nov 2008
Brazil	Purchase of equity stake in troubled banks. Authorization granted to the two largest state-owned banks, Banco do Brasil and Caixa Econômica Federal (CEF), to buy equity stakes in other banks.		22 Oct 2008
Canada	Purchase of troubled mortgage assets (Insured Mortgage Purchase Program), for up to C$75bn	Deposit taking institutions incorporated, amalgamated or continued under the Bank Act or the Trust and Loan Companies Act, and associations or central cooperative credit societies regulated under the Cooperative Credit Associations Act.	10 Oct 2008 (first tranch of C$25bn) and 12 Nov 2008 (additional C$50bn)
Denmark	Liquidation aid	Roskilde bank	5 Nov 2008
Denmark	Deposit and senior debt guarantee scheme (complementary to the Danish Deposit Guarantee Scheme).	All solvent banks in Denmark with a banking licence which are members of the DPB (Danish Private Contingency Association), including subsidiaries of foreign banks. Branches of foreign banks (depositors only) are also eligible.	10 Oct 2008
Denmark	Rescue aid to Roskilde Bank		31 July 2008
Finland	Guarantee scheme, capped at €50bn.	Open to all solvent Finnish deposit and mortgage banks, including subsidiaries of foreign banks.	14 Nov 2008
France	Recapitalisation scheme (capped at €21bn). (It complements measure approved by the EC Commission on 31 October 2008).	First tranche (€10.5bn) already utilized to recapitalise the top six bank: Crédit Agricole, BNP Paribas, Société Générale, Crédit Mutuel, Caisse d'Epargne, and Banque Populaire.	8 Dec 2008

(cont'd)

Country	Type of measure / plan	Beneficiary	Date of announcement[a]
France	Refinancing scheme for credit institutions (The Société de refinancement des activités des établissements de credit, SRAEC, wiill issue securities guaranteed by the State with a view to making loans to credit institutions against collateral). Total amount: €265bn.	Non-discriminatory access for banks authorised in France, including the subsidiaries of foreign groups.	31 Oct 2008
Germany	Capital injection (€10bn, in addition to previous €8.2bn) and acquisition of 25% stake.	Commerzbank	9 Jan 2009
Germany	Rescue aid.	NordLB	23 Dec 2008
Germany	Guarantee of up to €5bn.	IKB	23 Dec 2008
Germany	Recapitalization €10 billion and guarantee €4.8 billion	Bayern LB	18 Dec 2008
Germany	Recapitalisation scheme, guarantee scheme, and temporary acquisition of assets (total €500bn).	Banks (including subsidiaries of foreign banks licensed in Germany), insurers, pension funds, stock and derivative exchanges and investment companies may apply.	28 Oct 2008 (amended 12 Dec 2008)
Germany	Restructuring aid to IKB		21 Oct 2008
Germany	Loan guarantees of up to €35bn (provided together with a group of German financial institutions)	Hypo Real Estate Holding	2 Oct 2008
Germany	Restructuring aid to Sachsen LB		4 June 2008
Greece	Recapitalisation scheme, guarantee scheme, and securities scheme.	Open to all credit institutions licensed in Greece	19 Nov 2008
Iceland	Nationalisation	Kaupthing (largest bank), Landsbanki (second largest bank), Glitnir (third largest bank), and Icesave	Sept-Oct 2008
Ireland	Recapitalisation scheme (€10bn)	So far, €1.5bn have been injected in Anglo Irish Bank (giving a 75% stake to the government), while the Bank of Ireland and Allied Irish Bank have received €2bn each (allowing a 25% stake for the government). These measures were announced on 14 January 2009.	14 Dec 2008
Ireland	Guarantee scheme.	Banks with systemic relevance to the Irish economy, regardless of origin (originally applied to Allied Irish Bank, Bank of Ireland, Anglo Irish Bank, Irish Life and Permanent, Irish Nationwide Building Society and the Educational Building Society)	13 Oct 2008
Italy	Recapitalisation scheme (budget around €15-€20bn).	Only fundamentally sound banks.	23 Dec 2008
Italy	Guarantee scheme.	Open to all solvent banks authorised in Italy, including subsidiaries of foreign groups.	14 Nov 2008

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Country	Type of measure / plan	Beneficiary	Date of announcement[a]
Japan	Recapitalisation scheme (Law on Special Measures for Strengthening Financial Functions), for up to ¥12trillion (some US$106bn)	Banks and other financial institutions.	12 Dec 2008
Korea, Rep. of	Rescue package consisting of state guarantees on foreign debt (up to US$100bn) and capital injections (up to US$ 30bn).	Banks and other financial institutions.	20 Oct 2008
Latvia	Guarantee scheme, and takeover of distressed banks (in exceptional cases). Up to 10% of Latvian GDP.	Available to all solvent Latvian banks, including Latvia subsidiaries of foreign banks.	23 Dec 2008
Latvia	State guarantee.	JSC Parex Banka (second largest bank)	25 Nov 2008
Latvia	Nationalisation (84% stake)	JSC Parex Banka	9 Nov 2008
Netherlands	Recapitalisation scheme (€750million)	SNS REAAL	11 Dec 2008
Netherlands	Recapitalisation (€3bn)	Aegon N.V.	27 Nov 2008
Netherlands	Recapitalisation (€10bn).	ING Groep N.V.	13 Nov 2008
Netherlands	Guarantee scheme.	All solvent financial institutions with significant activities in the Netherlands, including subsidiaries of foreign banks.	31 Oct 2008
Netherlands	Nationalisation	Fortis Bank Nederland and ABN AMRO Bank Nederland	29 Sep 2008
Portugal	Nationalisation	Banco Portugués de Negocios	2 Nov 2008
Portugal	Guarantee scheme (capped at €20bn).	Open to all solvent banks incorporated in Portugal.	30 Oct 2008
Russian Federation	Rescue measures (US$86bn)	Banking institutions	9 Oct 2008
Russian Federation	Long-term loans (US$37bn)	State-owned banks	7 Oct 2008
Slovenia	Guarantee scheme. Budget capped at €12bn.	Available to all solvent Slovenian credit institutions, including Slovenian subsidiaries of foreign banks.	12 Dec 2008
Spain	Guarantee scheme (budget €100bn, with possibility of extension up to €200bn).	Open to all solvent credit institutions registered in Spain and having a share of at least 1/1000 of the credit market.	23 Dec 2008
Spain	Funds for the acquisition of financial assets (only AAA-rated bonds).	Banks	4 Nov 2008
Sweden	Nationalisation	Carnegie Investment Bank AB (largest investment bank)	16 Dec 2008 (nationalisation took place on 11 Nov 2008)
Sweden	Guarantee scheme (capped at €150bn).	Open to all solvent banks and mortgage institutions incorporated and operating in Sweden.	30 Oct 2008
Switzerland	Purchase of illiquid assets up to a value of US$54bn (plus US$6bn provided by UBS itself); recapitalisation (US$5.1bn).	UBS (Note: A similar offer was extended to the CS Group, which has refrained from making use of such a possibility).	16 Oct 2008
United Kingdom	Acquisition of 43.4% stake.	Merged Lloyds HBOS bank.	12 Jan 2009

(cont'd)

Country	Type of measure / plan	Beneficiary	Date of announcement[a]
United Kingdom	Three types of measures: Recapitalisation scheme (up to £50bn), guarantee scheme (up to £250bn), and expansion of short term liquidity provided by the Bank of England (£110bn).	Available to any financial institution with substantial business in the UK.	13 Oct 2008 (amended 23 Dec 2008)
United Kingdom	Nationalisation and winding down.	Bradford & Bingley (specialised in mortgages and savings products, with 7.7% of mortgage market share).	1 Oct 2008
United Kingdom	Nationalisation	Northern Rock	18 Feb 2008
United States	Financial aid (US$6bn)	GMAC	30 Dec 2008
United States	Guarantee scheme for troubled assets (US$306bn) and capital injection (US$20bn)	Citicorp	25 Nov 2008
United States	Additional recapitalisation (US$37.5bn)	AIG	8 Oct 2008
United States	TARP (Troubled Asset Relief Program), established by the Emergency Economic Stabilization Act of 2008 (EESA), allowing the Secretary of the Treasury to purchase, and to make and fund commitments to purchase, troubled assets from any financial institution. Total amount foreseen: US$700bn (US$250bn upon enactment, other US$100bn if requested by the President, and US$350bn subject to Congressional approval).	The Act defines "financial institution" as including "any institution, including, but not limited to, any bank, savings association, credit union, security broker or dealer, or insurance company, established and regulated under the laws of the United States or any State, territory, or possession of the United States...but excluding any central bank of, or institution owned by, a foreign government"	3 Oct 2008
United States	Rescue package (US$85bn), in exchange for 80% public state in the firm.	AIG	16 Sep 2008
United States	Rescue package	Fannie Mae and Freddie Mac (mortgage lenders)	7 Sep 2008

a In the case of EU Member States, date of press release issued by the European Commission.

Source: WTO Secretariat.