



UNCTAD

UNCTAD XIII Pre-Conference Event

**Policy Dialogue: Redefining the Role of the Government in
Tomorrow's International Trade**

**26 – 27 March 2012
Room XVI, Palais des Nations, Geneva**

**SESSION 1: TRADE POLICY FOR INCLUSIVE GROWTH
IN THE 21ST CENTURY ECONOMY**

Session 1.a: Mapping the challenges for government

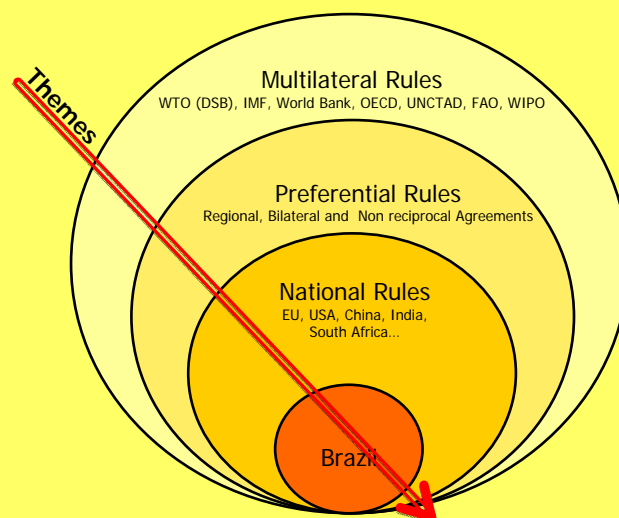
EXCHANGE RATES AND TARIFFS

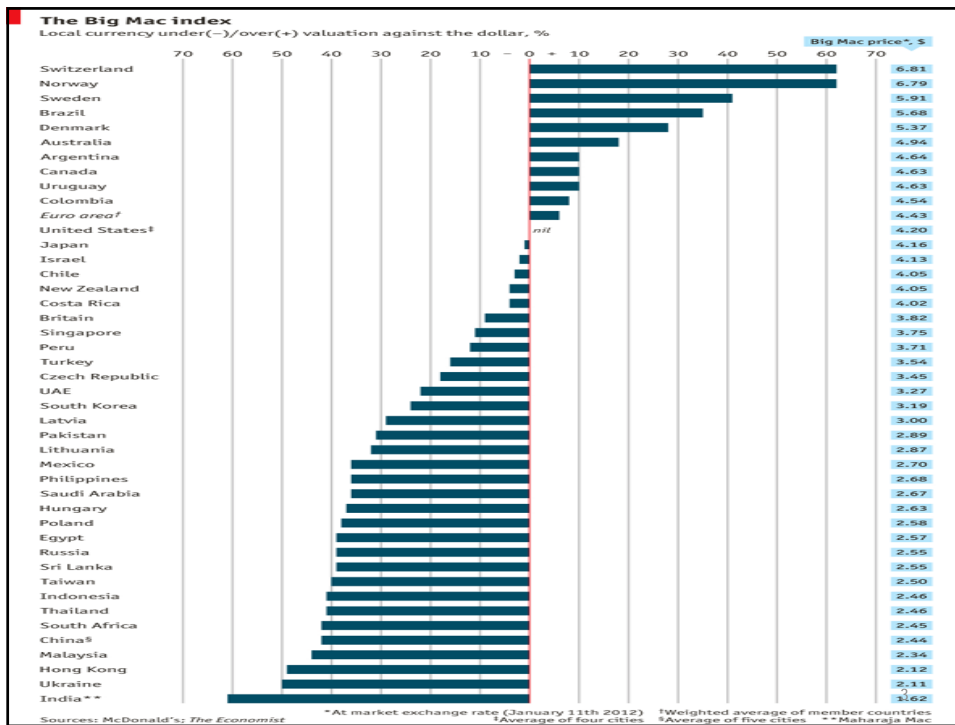
Vera Thorstensen

Exchange Rates and Tariffs

Vera Thorstensen
2012

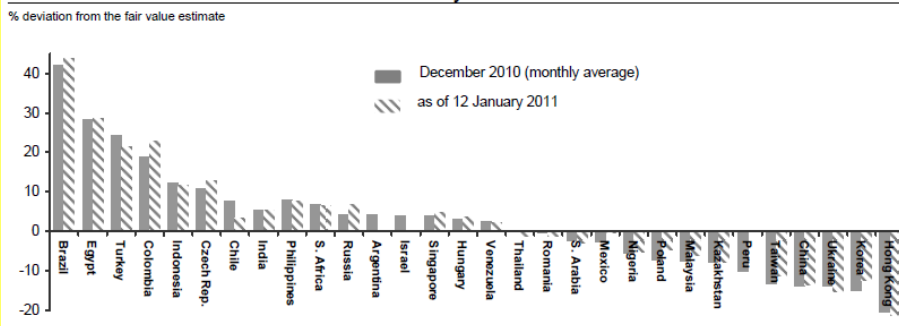
Transversal Analysis of the Multilateral System





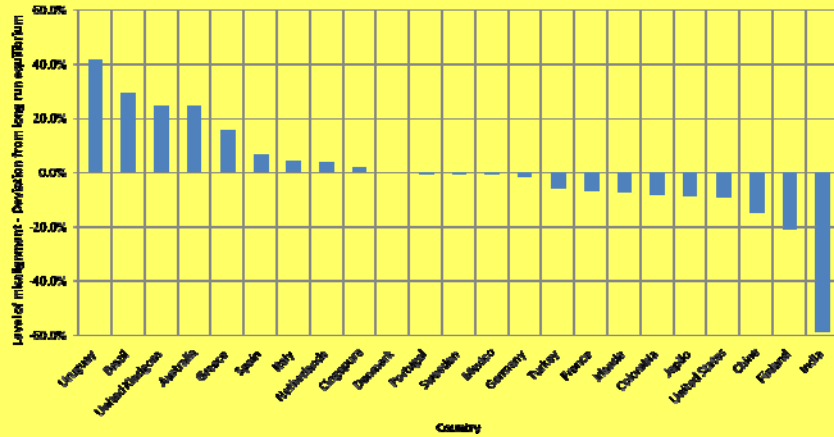
Exchange Rate Deviation – Credit Suisse

Deviation of December 2010 and 12 January 2011 REERs from the fair value estimates of REERs



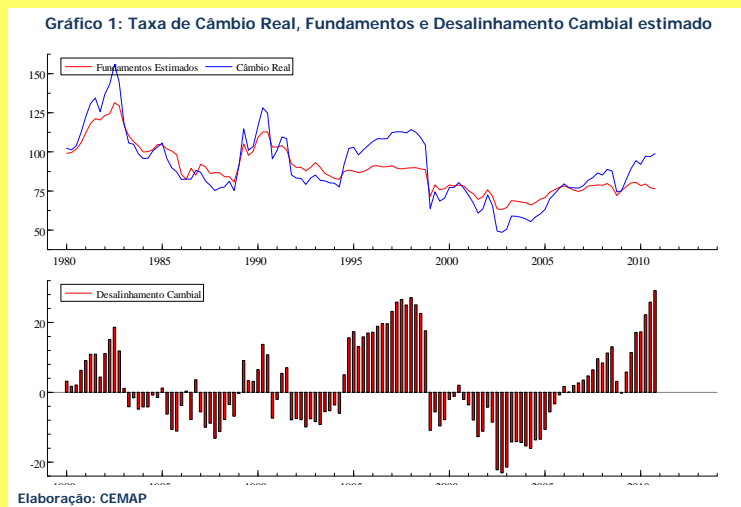
Note: For Argentina, Israel and Peru, the latest available data are for November 2010.
 Source: Credit Suisse

Misalignments – (2010 – FGV)



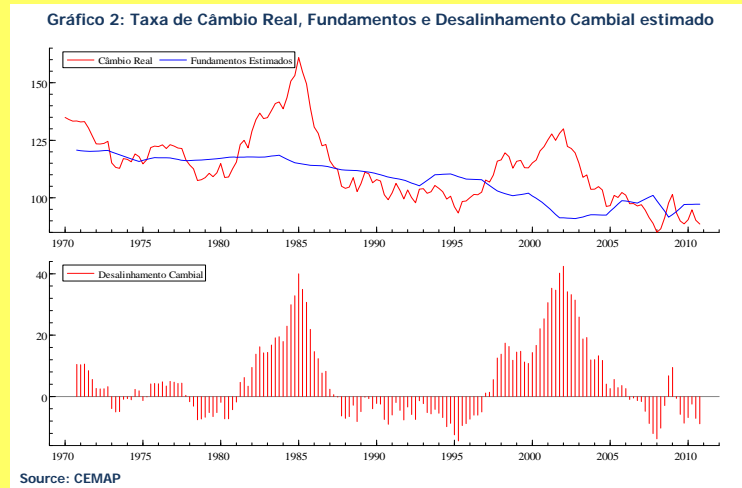
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Brazil's Exchange Rate Deviation



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USA Exchange Rate Deviation

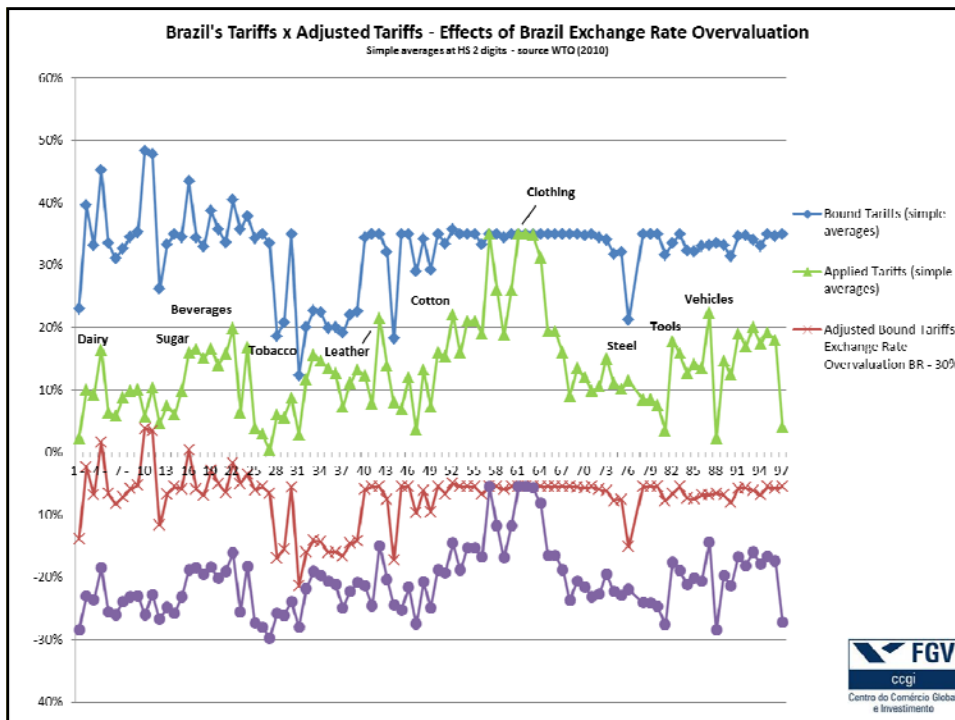
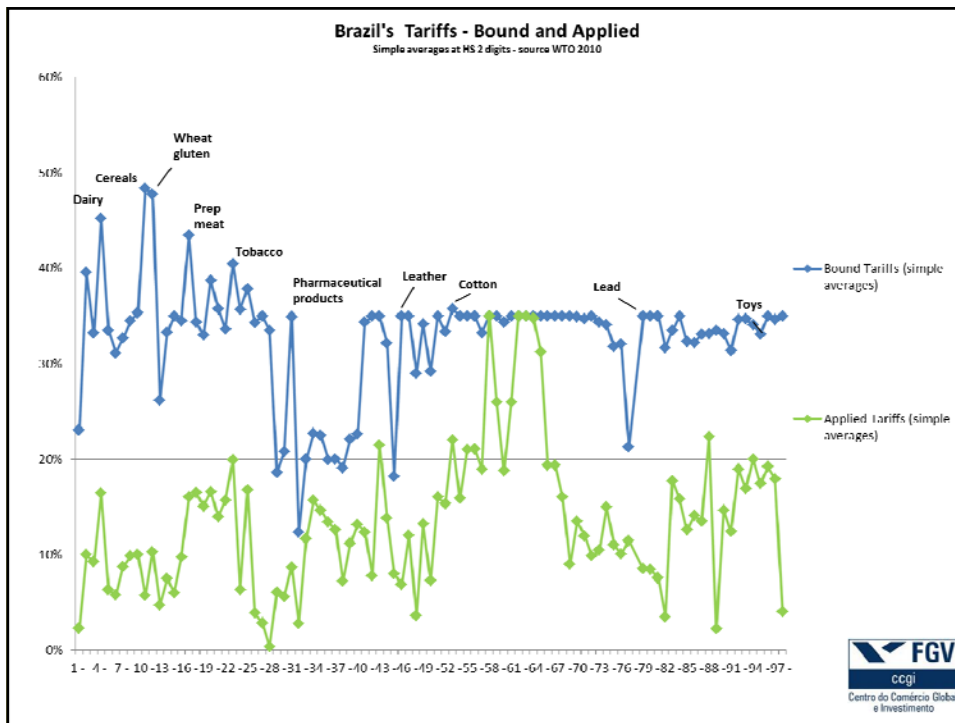


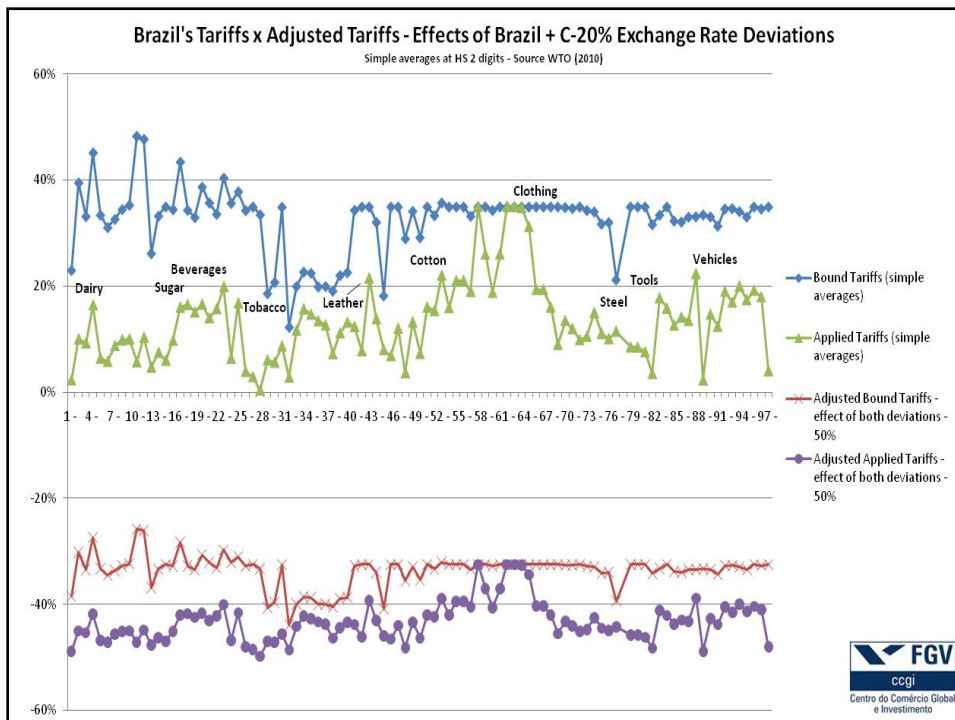
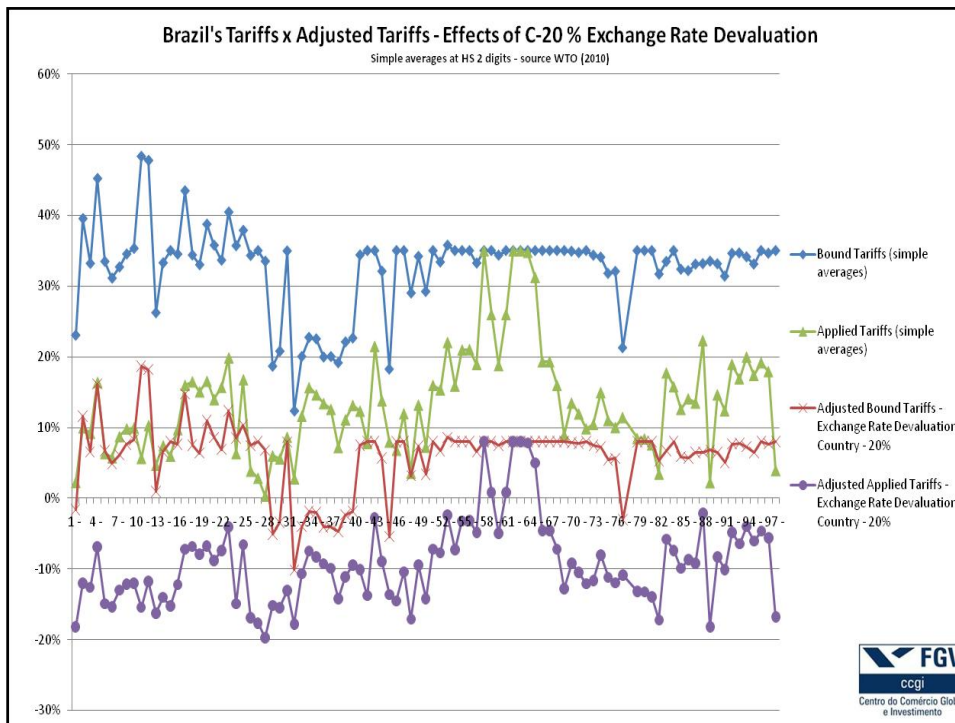
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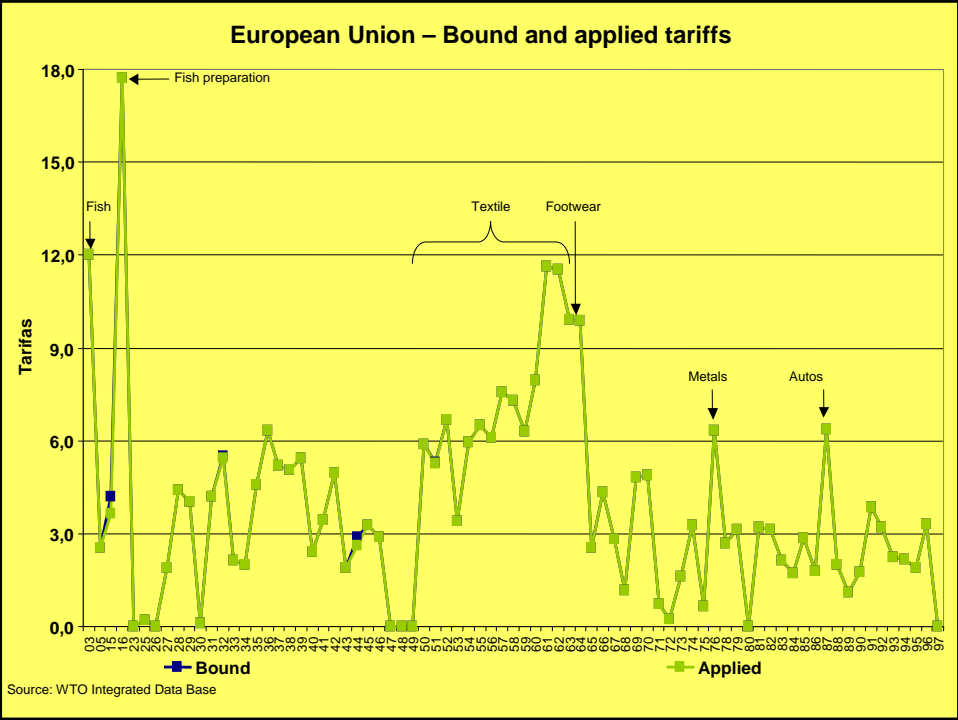
Tariffication of Exchange Rates

$$f_{\text{ajust}} = \left(-\frac{d(\Theta^*)}{\Theta^*} + \frac{d(\Theta_{\text{dom}})}{\Theta_{\text{dom}}} \right) + t \cdot \left(1 + \left(-\frac{d(\Theta^*)}{\Theta^*} + \frac{d(\Theta_{\text{dom}})}{\Theta_{\text{dom}}} \right) \right)$$

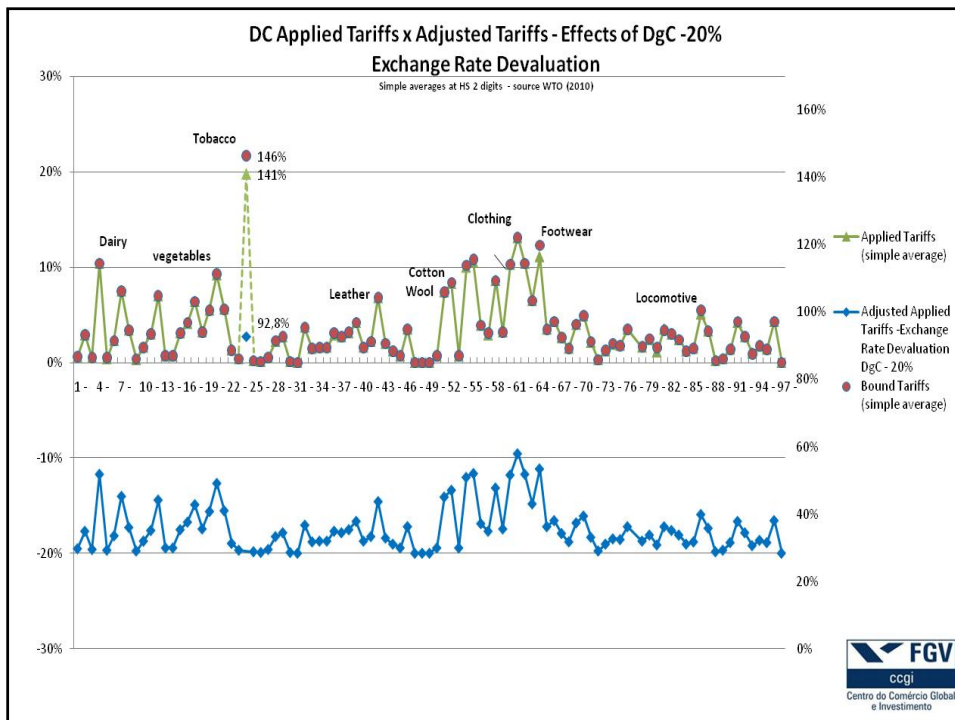
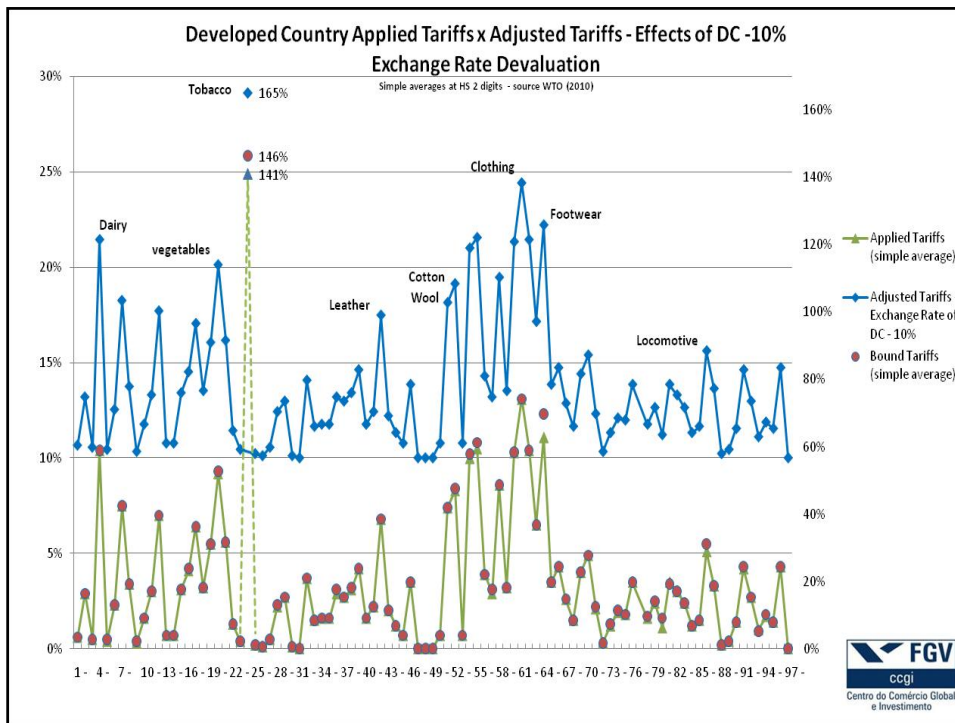
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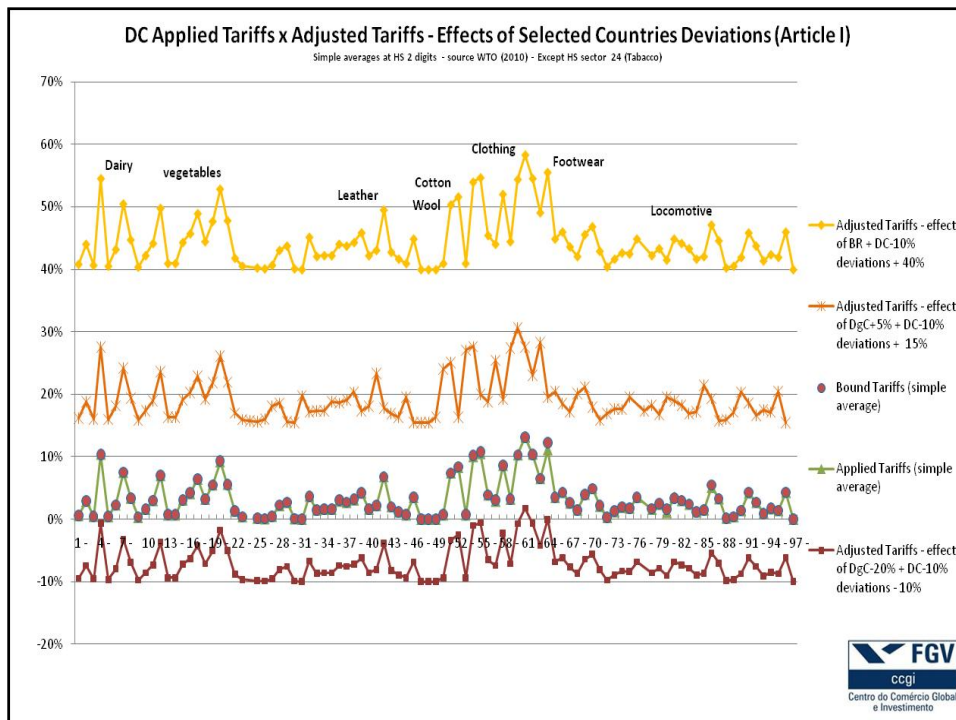


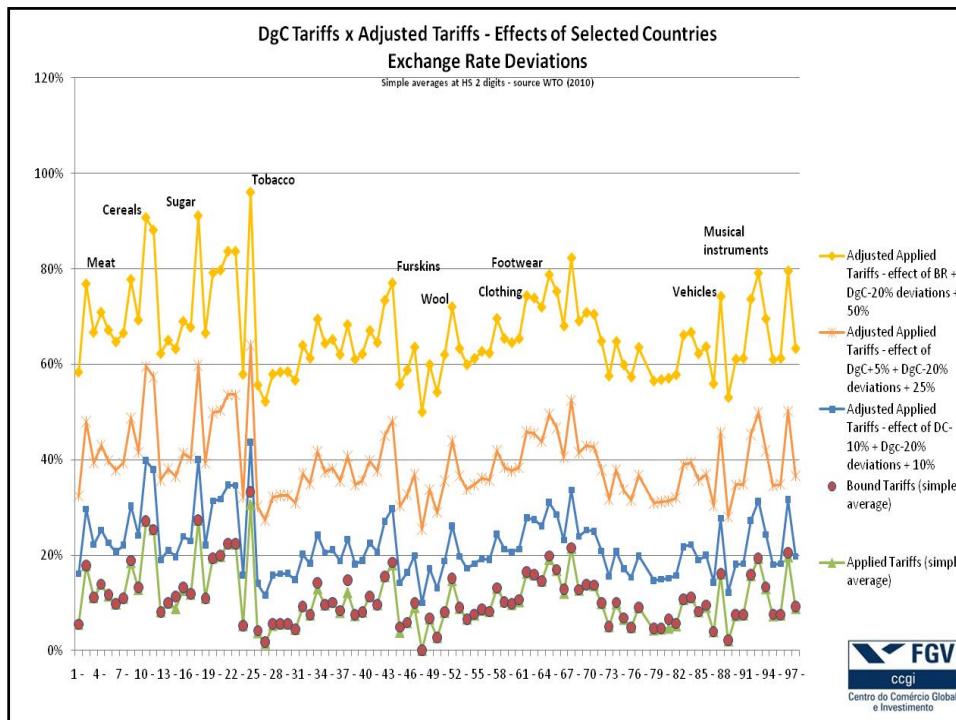
GATT – Article II



GATT – Article I (MFN)

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Impacts on:

- Tariffs
- Anti-dumping
- Countervailing measures
- Safeguards
- Rules of origin
- Quota-free –duty-free
- Preferential Agreements
- Preferential Rules of origin
- DSB
- LDC – Aid for Trade

Legal aspects:

- IMF – Art. IV – “members shall not manipulate exchange rate ...”
- GATT – Art. XV – “members shall not frustrate intents of trade provisions through exchange rate...”
- GATT – Art. I – MFN and Art. II – Tariff commitments
- GATT – Art. XXIII – Non-violation complaints