EXECUTIVE SUMMARY

This WTO Trade Monitoring Report covers new trade and trade-related measures implemented by WTO Members between 16 October 2017 and 15 May 2018.¹

World trade grew in 2017 at the fastest pace since the financial crisis, in both value and volume terms. The volume of world merchandise trade recorded growth of 4.7% last year, up from 1.8% in 2016. Trade growth was faster in the second half of 2017 than in the first. The dollar value of merchandise exports was up 11% to US$17.7 trillion in 2017 while commercial services exports grew by 7% to US$5.3 trillion. The pace of world GDP growth also picked up to 3% in 2017 from 2.3% in 2016. Stronger than expected trade and output growth in 2017 was largely due to cyclical factors, including increased investment spending, which has a high import content. Trade growth is expected to remain strong in 2018 and 2019 but continued expansion depends on governments pursuing appropriate monetary, fiscal and especially trade policies.

Recently, some forward-looking trade-related indicators have turned down. This is at a juncture where the global economy is finally beginning to generate sustained economic momentum following the global financial crisis, and where any uncertainty created by a proliferation of trade-restrictive actions, including some recent trade actions not captured in this Report, could place economic recovery in jeopardy. The multilateral trading system was built to resolve such problems and it has the tools to do so again. However, further escalation could carry potentially large risks for the system itself. Its resilience and functionality in the face of these challenges will depend on each and every one of its Members. WTO Members must use all means at their disposal to de-escalate the situation and promote further trade recovery.

This Report shows that during the review period, WTO Members applied 75 new trade-restrictive measures, including tariff increases, quantitative restrictions, imposition of import taxes and stricter customs regulations, amounting to a monthly average of almost 11 new measures per month. This represents an increase compared to the average of nine measures recorded in the previous Report.

WTO Members also implemented 89 measures aimed at facilitating trade during the review period, including eliminated or reduced tariffs, simplified customs procedures, reduction of import taxes and elimination of import bans. At almost 13 trade-facilitating measures per month, this is an increase compared to the average of 11 measures recorded for the previous review period.

In line with the findings of previous Reports, the trade coverage of the import-facilitating measures (US$107.3 billion) is larger than that of the import-restrictive measures (US$84.5 billion). Although this an encouraging development for global trade at this point, the ratio between the estimated trade coverage for import-facilitating measures and that of import-restrictive ones was two-to-one in favour of the former in the November 2017 Report. In the current review period this ratio has fallen significantly. This is a source of considerable concern and an area where continued monitoring is required.

On trade remedy measures, the review period recorded a stable pace in initiations of investigations by WTO Members and an increase in trade remedy terminations, compared to the previous Report. Initiations of trade remedy investigations represented 40% of all trade measures taken during the review period, with initiations of anti-dumping investigations accounting for almost 80% of these. The main sectors affected by trade remedy initiations during the review period were iron and steel, plastics and articles thereof, vehicles, parts and accessories thereof, articles of iron and steel and electrical machinery and parts thereof. The trade covered by trade remedy initiations recorded in this Report is estimated at US$52.7 billion, almost double the trade coverage recorded for these measures during the same period in 2016-2017. The trade coverage of trade remedy terminations recorded in the review period is estimated at US$6.8 billion.

A range of other subjects are also covered by this Report. WTO Members’ notifications of Sanitary and Phytosanitary (SPS) measures and of Technical Barriers to Trade (TBT) measures have increased during the review period, with the majority of new notifications being submitted by developing Members. The SPS and TBT notification obligations are meant to promote enhanced predictability and transparency regarding measures taken to address legitimate policy objectives.

¹Unless otherwise indicated in the relevant Section.
As in previous Reports, the majority of regular SPS notifications related to food safety, whereas the bulk of emergency SPS measures related to animal health. The majority of TBT measures indicated the protection of human health or safety as their main objective. In both the SPS and TBT Committees, WTO Members have dedicated considerable time to discussing Specific Trade Concerns (STCs), suggesting the increasing use of the Committees by WTO Members as fora in which trade concerns may be effectively resolved non-litigiously.

During the review period, a greater number of other trade concerns such as quantitative restrictions, customs fees and safeguard measures were raised in various WTO bodies compared to the previous Report. Several trade concerns were also raised in more than one WTO body, seemingly confirming that these concerns involve increasingly complex and cross-cutting issues. WTO Members appear to be seeking multiple platforms within the WTO committee structure to address various aspects of such trade concerns. From a systemic point of view, this is significant because of the increased transparency which it brings and because it demonstrates that WTO committees provide constructive platforms where trading partners can engage on potential areas of trade friction.

In the area of agriculture, WTO Members continued to make use of the Committee on Agriculture (CoA) as a forum to discuss agricultural policies and issues related to the implementation of commitments. WTO Members continued asking questions on individual notifications and under Article 18.6 of the Agreement on Agriculture (AoA). One third of new issues raised during the review period related to Members’ domestic support policies and one third sought clarifications on policies that potentially subsidized exports.

Work on the implementation of the WTO’s Trade Facilitation Agreement continues to advance. Many Members concluded their domestic ratification processes, raising the total number of acceptances to about 83% of the entire WTO membership.

Several new measures affecting trade in services, some horizontal in nature and some affecting a variety of service sectors, were introduced by WTO Members during the review period. In line with the findings of previous Reports, the majority of the measures provided for additional liberalization or aimed at strengthening or clarifying regulatory frameworks. However, several new policies implemented during the review period appear to be trade-restrictive.

The Report also draws attention to developments in the area of Trade-Related Aspects of Intellectual Property Rights (TRIPS). WTO Members continued to develop their own national strategies to streamline intellectual property (IP) into the economy and to modernize and fine-tune their IP-legislation, thereby strengthening the relationship between IP and trade.

Following MC11, work continued throughout the first half of 2018 to advance negotiations on fisheries subsidies, building on the decision taken by WTO Members in Buenos Aires, as well as on a number of other issues. Groups of Members also continued to pursue their discussions on issues including electronic commerce, investment facilitation, micro, small and medium enterprises (MSMEs) and women’s economic empowerment.