

THE WTO TRADE MONITORING EXERCISE – THE METHODOLOGY

Since 2009 the WTO Trade Monitoring Exercise has provided WTO Members with regular updates on the latest trends in the implementation of a broad range of policy measures that facilitate as well as restrict the flow of trade. Although the monitoring of trade measures in a continuous exercise throughout the year, the description of the actual trends as well as the more general update on the state of global trade take place in the WTO-wide Trade Monitoring Reports which are circulated twice a year. As such, the methodology section applies these Reports.

Process

The four WTO Trade Monitoring Reports, including the two Reports specifically prepared for the G20¹, are based on a qualitative data collection of trade and trade-related measures implemented by Members and Observers of the Organization's membership.

The process of data collection commences with a communication from the Director-General to all WTO Members and Observers requesting them to inform the WTO Secretariat of any measures taken during a specific review period². This includes all relevant information on measures affecting trade in goods, services and modes of supply, including behind-the-border measures, and any general economic support programmes implemented during the Report's specific and limited review period. The communication includes a comprehensive, non-exclusive and illustrative list of such measures, including templates for how delegations may provide information on these.

The communication from the Director-General indicates a specific deadline for this input and alerts delegations that they will be asked to verify all trade and trade-related information which relates to their respective economy as well update the information and status of any previous measures identified since 2008. This approach highlights the stakeholder nature of the WTO trade monitoring and underlines that the monitoring exercise is voluntary and non-legal.

Mixed approach to data collection and analysis

The Reports are based on a mixed approach to data collection and analysis. For example, information contained in the annexes as well as the section on services is collected by the Secretariat and/or received from Members/Observers and verified by them. Information contained in the main text of the Reports is a combination of official notifications and Secretariat analysis. Finally, the monitoring exercise also includes information gathered from various non-official sources.

The unique verification process which lies at the heart of the WTO monitoring exercise and the preparation of the Reports ensures that all information collected by the Secretariat or received from delegations is systematically returned to the concerned Member for verification.

Each Report provides an overview of new trade-facilitating measures (Annex 1) implemented during the specific period under review. Annex 1 contains measures that are clearly facilitating trade, e.g. tariff reductions or elimination of customs procedures.

Annex 2 contains all trade remedy measures initiated or eliminated during the review period. Early Monitoring Reports categorized initiations of a trade remedy investigation as restrictive and the elimination of a trade remedy action as facilitating. However, this proved controversial and it was highlighted in discussions among WTO Members that some of these measures are taken to address what is perceived by some as a market distortion resulting from trade practices of entities in another trading partner. The WTO Anti-dumping and Subsidies Agreements permit WTO Members to impose anti-dumping (AD) or countervailing (CVD) duties to offset what is perceived to be injurious dumping or subsidization of products exported from one Member to another. Similarly, the Agreement on Safeguards permits WTO Members to impose emergency measures to increased imports of goods from all sources when such imports are perceived to cause or threaten to cause serious injury to the importing Member's domestic industry. Although the Reports have never categorized the use of trade remedies as protectionist, or WTO-inconsistent, or criticized governments for utilizing them, a decision was taken to maintain the reporting of these measures but without categorizing them as either liberalizing or restrictive.

Annex 3 contains what is described as Other trade and trade-related measures (Annex 3) for the specific review period. Annex 3 contains measures which are generally believed to restrict trade,

¹ The monitoring reports on G20 Trade and Investment Measures are prepared in cooperation with the OECD and UNCTAD.

² The mid-year WTO-wide trade monitoring report covers a six-month period and the end-year WTO-wide report, the Annual Overview, covers 12 months. The G20 reports always cover a six-month period.

e.g. tariff increases and certain import bans. The terminology used for Annex 3 reflects discussions among WTO Members.

Annex 4 on Services provide an overview of all trade in services measures taken during the review period.

Originally, a separate annex on general economic support was also included in the Reports. However, since 2017 poor reporting on such measures combined with increasingly frequent requests to delete measures identified by the Secretariat has made it impossible for the Secretariat to produce a balanced picture of implemented measures and policies in this area.

Measures contained in Annexes 1-3 account for the headline numbers provided in each Report. Calculations of trade coverage are conducted on the basis of the HS Codes at the 6-digit level that have been provided by Members on measures in Annex 1-3. Historically, the trade coverage has been estimated exclusively for import measures and provides the value of annual imports of the specific products concerned from countries affected by the measure.

Measures outlined in individual sections on services, agriculture, intellectual property, SPS or TBT are not included in the total count of measures. With respect to Sanitary and Phytosanitary (SPS) and Technical Barriers to Trade (TBT) measures covered in the Report, it is important to emphasize that they are neither classified nor counted as trade-restrictive or trade-facilitating, and the increasing trend with respect to the number of notifications of such measures is relates to the transparency provisions of the Agreements only. The Reports have consistently underlined the basic premise that an increased number of SPS and TBT notifications does not automatically imply greater use of protectionist or unnecessarily trade-restrictive measures, but rather enhanced transparency regarding these measures. Finally, the Reports clearly emphasize that the SPS and TBT Agreements specifically allow Members to take measures in the pursuit of a number of legitimate policy objectives.

The verification process, a central piece of the WTO monitoring exercise, allows Members and Observers to verify and confirm or not, their respective measures. Confirmed as well as non-confirmed measures are included in the total count of measures and to the estimated trade coverage. The non-confirmed category has traditionally made up between 5% and 8% of the total number of measures in the Reports.

Information in the annexes

A mixed approach is followed for the counting of the measures listed in the Annexes.

MFN measures or bilateral measures are counted as one measure, regardless the number of products covered.

For annexes 1 and 3 a measure recorded for the EU is counted once. Measures recorded for SACU, Mercosur and the Eurasian Customs Union are counted to reflect the number of Members in each group.

For Annex 2, the counting of trade remedy measures reflects the number of Members targeted by a specific trade remedy action.

Annex 4 covers general economic support measures. In this annex, the EU and its member states are counted separately.

Meetings of the Trade Policy Review Body and the G20

The WTO-wide monitoring reports are discussed by WTO Members in the TPRB in July and December, respectively. The G20 Reports are submitted to the G20 Presidency ahead of meetings of trade ministers and political leaders.

The Director-General's Request for Information

As mentioned previously, each cycle of Trade Monitoring Reports is initiated by a communication from the Director-General to all WTO Members and Observers. The communication contains an illustrative list of measures and suggested templates for reporting such measures. The illustrative list of measures (set out below) has evolved considerably over the past decade as a result of discussions among delegations and to take into account the diversity and multitude of trade and trade related measures being implemented. It is important to note, however, that the list of measures does not reflect all of the issues covered in the Trade Monitoring Reports. For example, the Reports cover SPS and TBT measures in great substantive detail even if such measures are not categorised and included in the Reports' headline numbers.

ILLUSTRATIVE LIST OF MEASURES (RESTRICTIVE OR FACILITATING) COVERED BY THE TRADE MONITORING REPORTS

TRADE AND TRADE-RELATED MEASURES (CHANGES MADE DURING THE PERIOD COVERED BY THE REPORT)

TRADE IN GOODS

Import

- Import tariffs.
- Other fees, charges, and taxes affecting imported products only.
- Import licensing requirements (automatic or non-automatic).
- Import price reference values.
- Quantitative restrictions (quota, ban).

Export

- Export tariffs.
- Other fees, charges, and taxes affecting exports.
- Export price reference values.
- Export licensing requirements (automatic or non-automatic).
- Quantitative restrictions (quota, ban).

Trade Remedy

- Initiation of trade remedy investigation (anti-dumping, countervailing, safeguard).
- Termination of trade remedy investigation (anti-dumping, countervailing, safeguard).
- Terminations of trade remedy duties (provisional and/or definitive).

Other

- Measures implemented in the context of the Trade Facilitation Agreement.
- Rules and formalities in connection with importation or exportation.
- Government procurement regulations (e.g. to establish national preferences or buy-national rules).
- Laws and regulations relating to pre-shipment inspection activities.
- Establishing or dismantling of State trading enterprises, marketing boards.
- Trade-related investment measures such as local content requirements.
- Non-preferential and unilateral preferential rules of origin.
- Subsidies which operate directly or indirectly to increase exports of any product, or to reduce imports of any product.

TRADE IN SERVICES

Services sectors and modes of supply covered in previous reports

- Audio-visual services, construction services, cultural and recreational services, distribution (retail and wholesale), education services, financial services, health care services, maritime services, postal and courier services, professional services, telecommunications.
- Commercial presence of foreign service suppliers (mode 3).
- Temporary movement of natural persons supplying services (mode 4).

GENERAL ECONOMIC SUPPORT

Stimulus packages

- Stimulus packages, state aid.
- Dedicated financial aid/support to specific sectors or any sector-specific incentives.
- Other loans, loan guarantees, transfers, preferential credit lines.
- Investment insurance, export credit/insurance.
- Tax reductions/rebates.

INTELLECTUAL PROPERTY

Policies

- New developments or changes to existing policies in the area of trade related aspects of intellectual property rights.

