
EXECUTIVE SUMMARY

This WTO Trade Monitoring Report covers new trade and trade-related measures implemented by WTO Members between 16 October 2018 and 15 May 2019.¹

World trade growth slowed in the second half of 2018, particularly toward the end of the year as trade tensions remained high and GDP growth weakened in major economies. Leading trade-related indicators suggested that trade would continue to lose momentum in the first half of 2019. In its most recent trade forecast of 2 April 2019, the WTO Secretariat estimated that merchandise trade volume growth would slow from 3.0% in 2018 to 2.6% in 2019 before rebounding to 3.0% in 2020. Risks to the forecast were considered to be mostly on the downside, with rising trade tensions foremost among them. The uncertainty about trade policy is likely to reduce investment and weigh negatively on world trade and output.

This Report shows that WTO Members applied 38 new trade-restrictive measures during the review period mainly through tariff increases, import bans, special safeguards, import taxes and export duties. This equates to an average of just above five restrictive measures per month, which is the lowest average since 2012. While fewer measures were introduced during this review period than previous periods, the scale of those measures in terms of tariff coverage and tariffs imposed is much increased. The trade coverage for the new import-restrictive measures is estimated at USD 339.5 billion. This is the second highest figure on record, after the USD 588.3 billion reported in the previous period. Together these two periods represent a dramatic spike in the trade coverage of import-restrictive measures.

During the review period covered by this Report trade tensions continued to dominate the headlines and added to the uncertainty surrounding international trade and the world economy. The Report provides evidence that this turbulence is continuing, with trade flows being hit by new trade restrictions on a historically high level. The trade coverage of new import-restrictive measures introduced by WTO Members during this period was 44% above the average since October 2012 when the Report started including trade coverage figures. The Report also notes that several significant trade-restrictive measures either will be implemented shortly after the period covered by this Report or remain under consultation for potential later implementation, suggesting that the precarious situation in global trade will persist.

WTO Members also implemented 47 new measures aimed at facilitating trade during the review period, including eliminating or reducing import tariffs, eliminating or simplifying customs procedures for exports and reducing import taxes. At almost seven new trade-facilitating measures per month, this is the lowest monthly average registered since 2012. The trade coverage of the import-facilitating measures implemented during the review period was estimated at USD 398.2 billion. This is almost 3% above the average since October 2012.

During the review period, and for the first time since 2012, the number of terminations of trade remedy investigations by WTO Members outpaced the number of initiations of trade remedy actions. The current Report recorded 16 trade remedy terminations per month and 14 trade remedy initiations, with the latter being the lowest monthly average registered since 2012. Initiations of anti-dumping investigations continue to be the most frequent trade remedy action, accounting for three-quarters of all initiations. The trade coverage of trade remedy initiations recorded in this Report is estimated at USD 20.2 billion and that of trade remedy terminations at USD 16.4 billion.

With respect to general economic support measures, the Secretariat received limited information by fewer WTO Members compared to the previous review period. High-profile international infrastructure programs which specifically have a trade component were not reported as part of the trade monitoring exercise and neither were large-scale subsidies to boost the exports of specific economic sectors. From the scarce information received from Members, and from the research undertaken by the Secretariat, the current review period has confirmed that the strategic application of trade policy measures in the shape of, for example, financial support or economic guarantees remains an important feature of international trade. Discussions at the TPRB in December 2018 reinforced the need for clearer guidance as to how the Secretariat should cover the general economic support measures in the Trade Monitoring Reports.

¹ Unless otherwise indicated in the relevant Section.

A range of other subjects are also covered by this Report. WTO Members continued to notify Sanitary and Phytosanitary (SPS) and Technical Barriers to Trade (TBT) measures at a pace similar to the previous period, with most new notifications 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. 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 an increasing use of the Committees as forums in which trade concerns may be resolved non-litigiously.

The Report provides further evidence of the increase of trade concerns raised in various other WTO bodies during the review period. Compared to the last Report, the number of trade concerns raised per meeting has increased on average by almost 30% in the current period. A large number of these were raised in successive meetings of the same Committee/Council and also in more than one WTO body, suggesting that these concerns address persistent problems and involve technically complex and cross-cutting issues.

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). The majority of these questions addressed domestic support notifications and domestic support policies. The average number of questions raised under Article 18.6 per meeting has been increasing since 2011 reaching an average of more than 40 questions per meeting in 2018, an all-time high. In the first CoA meeting of 2019, Members raised a total of 39 questions. WTO Members continue to take steps towards the implementation of the December 2015 Nairobi Ministerial Decision on Export Competition. Several Members with scheduled export subsidy reduction commitments have taken steps to modify their schedules pursuant to this Decision.

The WTO dispute settlement system continued to receive considerable attention during the review period, primarily related to the impasse over the appointment of new Appellate Body members. The Report shows that although the dispute settlement system remains under pressure, WTO Members continue to resort to it as a means of resolving their trade disputes. During the review period, the level of dispute settlement activity remained high and the number of WTO Members requesting consultations in new disputes increased.

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 87% of the entire WTO Membership.

On trade in services, many new measures were introduced by WTO Members and Observers. Most of these were trade-facilitating, although a number of the new policies appeared to be trade-restricting, including measures affecting communication and network-enabled services and policies pertaining to the review of foreign investment in certain areas considered strategic.

The Report also draws attention to developments in Trade-Related Aspects of Intellectual Property Rights (TRIPS), including the strengthening link between intellectual property (IP) and trade and the development and diversification of national policies to streamline IP into the economy. During the review period, WTO Members continued to modernise and fine-tune their IP legislation and administration.

Following MC11, work continued throughout the first half of 2019 to advance negotiations on fisheries subsidies, building on the decision taken by Members in Buenos Aires. Groups of Members also continued to pursue their discussions on other issues, including electronic commerce, investment facilitation and micro, small and medium enterprises (MSMEs).