

EXECUTIVE SUMMARY

This WTO Trade Monitoring Report covers new trade and trade-related measures implemented by WTO Members between 16 October 2019 and 15 May 2020.¹

This Report was prepared against the backdrop of the COVID-19 pandemic, which delivered an almost unprecedented shock to the global economy and caused exceptional social disruption around the world.² The full impact of the pandemic is not yet reflected in trade statistics but is expected to be very substantial. In its trade forecast of 8 April 2020, the WTO considered two scenarios for the crisis, one relatively optimistic and the other more pessimistic. Under the optimistic scenario, the volume of world merchandise trade would fall by 12.9% and world GDP would decline by 2.5%. Under the pessimistic scenario, trade would contract by 31.9% and GDP would shrink by 8.8%. Trade is expected to rebound in 2021 under both scenarios, but only the optimistic one would see trade return to its pre-pandemic trend. The forecast only covers merchandise trade, but commercial services trade is also expected to be severely hit as a result of comprehensive travel restrictions and social distancing measures. Preliminary trade data and trade-related indicators for the first half of 2020 are thus far more consistent with the optimistic scenario than the pessimistic one, but actual outcomes could easily fall within or even outside of the forecast range, depending on how the crisis unfolds.

World trade was already slowing before the virus struck, weighed down by heightened trade tensions and slowing global economic growth. Merchandise trade was down 0.1% in volume terms in 2019, marking the first decline since 2009. Trade growth also slowed in nominal terms in 2019, as the dollar value of merchandise exports fell by 3% to USD 18.89 trillion. Although commercial services exports increased by 2% to USD 6.03 trillion in 2019, the pace of growth was down sharply from 9% in the previous year.

This Report shows that, by mid-May 2020, WTO Members had implemented 256 trade and trade-related measures explicitly linked to the COVID-19 pandemic. The implementation of these measures appeared to have come in two clearly identifiable waves. In the early stages of the pandemic, several of the measures introduced by WTO Members and Observers restricted the free flow of trade, principally for exports. However, as at mid-May 2020, 147 (57%) of all measures were of a trade-facilitating nature, and 109 measures (43%) could be considered to have a trade-restrictive effect. Export bans accounted for the totality of the pandemic-related export restrictions recorded. In early May, some Members began to phase out export constraints, targeting products such as surgical masks, gloves, medicine, and disinfectant. There is further evidence that a roll-back of other trade and trade-related measures taken in the early stages of the pandemic is also taking place. For instance, around 28% of the COVID-19-specific trade-restrictive measures implemented by WTO Members and Observers had been repealed by mid-May.

WTO Members and Observers also implemented 51 new measures aimed at facilitating trade during the review period, mainly through the elimination or reduction of import tariffs, the elimination of import taxes, the simplification of customs procedures and the reduction of export duties. The trade coverage of the non-COVID-19-related import-facilitating measures implemented during the review period was estimated at USD 739.4 billion, which is significantly higher than that recorded in the previous Report (USD 544.7 billion). This is the second highest trade coverage of import-facilitating measures recorded since October 2012.

This Report also shows that, during the review period, WTO Members and Observers implemented 56 new trade-restrictive measures unrelated to the pandemic, mainly through tariff increases, import bans, export duties and stricter customs procedures for exports. The trade coverage for the new non COVID-19 related import-restrictive measures was estimated at USD 423.1 billion. This represents the third highest value recorded since October 2012.

WTO Secretariat estimates of the stockpile of import restrictions implemented by WTO Members and Observers since 2009, and still in force, suggest that 8.7% of world imports are affected by these restrictions. At the end of 2019, USD 1.7 trillion out of a total USD 19.5 trillion of world imports were

¹ Unless otherwise indicated in the relevant Section.

² A dedicated webpage on the WTO website

(https://www.wto.org/english/tratop_e/covid19_e/covid19_e.htm) provides detailed information on COVID-19 trade and trade-related measures and is updated regularly.

estimated to be affected by import restrictions put in place by WTO Members and Observers over the last decade. The stockpile of import restrictions by WTO Members and Observers in force has grown steadily since 2009 – in value terms and as a percentage of world imports – and a significant increase in both took place from 2017 to 2018. This specific jump was largely explained by measures introduced on steel and aluminium, and by tariff increases introduced as part of bilateral trade tensions.

During the review period, 239 trade remedy actions were recorded for WTO Members. The monthly average of trade remedy actions initiated by WTO Members was slightly higher than the average recorded over the last eight years, while the monthly average of trade remedy terminations was the lowest over the same time span. During the review period, initiations of anti-dumping investigations continued to be the most frequent trade remedy action, accounting for around 80% of all trade remedy initiations, including safeguards and countervailing actions. The trade coverage of trade remedy initiations recorded in this Report was estimated at USD 34.7 billion (lower than the USD 46.2 billion recorded in the last Report) and that of terminations at USD 2.9 billion (lower than the USD 24.8 billion recorded in the last Report). As at 15 May 2020, only two Members had notified anti-dumping actions referring to the COVID-19 pandemic.

With respect to general economic support measures, only 21% of the WTO Membership shared regular support measures in response to the Director-General's request for information. As a result, the Secretariat has unfortunately again been unable to justify the inclusion of a separate annex on these measures in the Report. From the limited information received, and from the research undertaken by the Secretariat, the current review period confirmed that WTO Members appeared to continue to implement such measures as part of their overall trade policy. Many support measures with potentially important ramifications for trade were not reported by Members for this review period. It is appropriate to draw a line between these longstanding policies and the large number of new emergency support measures that WTO Members have put in place in response to the economic and social turmoil caused by the COVID-19 pandemic. Discussions at the TPRB meeting in December 2019 reinforced the notion that clearer guidance as to how the Secretariat should cover general economic support measures in the trade monitoring reports was needed. Similar views were expressed at the informal meeting of the General Council on COVID-19 measures on 15 May 2020. The review period saw an unprecedented number of general economic support measures put in place by governments as emergency responses to address the economic and social disruption caused by the COVID-19 pandemic. These measures, taken in response to the global health emergency, sought, above all, to support sectors of the economy heavily affected by the crisis, as economies around the world had largely shut down to curb the spread of the virus. Twenty-nine percent of the Membership volunteered COVID-19-related support measures to the Secretariat. Most of the 468 COVID-19-related general economic support measures identified, appeared to be of a temporary nature. These measures included grants, monetary measures, fiscal measures, financial measures, measures specifically targeting SMEs, loans, credit guarantees, and stimulus packages. Several measures were one-off grants, while others included disbursements staggered over a few months up to three years. Some of these measures form part of emergency rescue programmes worth several trillion US dollars.

A range of other subjects are also covered by this Report. During the review period, in the Sanitary and Phytosanitary (SPS) and the Technical Barriers to Trade (TBT) Committees, WTO Members notified, a higher volume of measures compared to the previous period. Most of the new notifications were 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. From 1 February to 15 May 2020, 19 Members notified 29 SPS measures taken in relation to the COVID-19 pandemic. Although, initially, these measures mainly related to restrictions on animal imports and/or transit from affected areas and increased certification requirements since the beginning of April, most of the COVID-19-related SPS notifications and communications related to measures taken to facilitate trade by allowing temporary flexibility for control authorities to use electronic versions of veterinary and/or phytosanitary certificates, since the COVID-19 situation had made the transmission of original paper certificates problematic. As at 15 May 2020, 14 WTO Members also submitted 53 TBT notifications/communications on standards and regulations in response to the COVID-19 pandemic, covering a wide range of products including personal protective equipment, medical equipment, medical supplies, medicines and food. 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. None of the STCs discussed directly referred to measures taken in response to the pandemic.

In the area of agriculture, WTO Members continued to extensively use the Committee on Agriculture Review Process and raised a total of 298 questions in relation to Members' individual notifications and on specific implementation matters (SIMs). Questions on SIMs followed the same upward trend as previous years, making 2019 the year with the highest number of questions raised since the Committee's inception. Most SIMs targeted domestic support policies including those put in place in response to the potential impact of bilateral trade deals and/or increased tariffs implemented by third parties. In relation to the COVID-19 pandemic, four notifications by three WTO Members regarding export restrictions and prohibitions related to food security threats were submitted to the Committee on Agriculture (CoA). These measures, of a temporary nature, covered staple foods (i.e., eggs, pasta, wheat, wheat flour, rice and sugar) and feed. On 22 April 2020, a group of 23 WTO Members who collectively account for 63% and 55% of global exports and imports of agriculture and agro-food products, respectively, issued a joint statement pledging their support to open and predictable agri-food trade while responding to the pandemic.

The Report also outlines the numerous trade issues and concerns raised by WTO Members in the various WTO bodies between mid-October 2019 and mid-May 2020. Several of these trade concerns raised during the review period had already been raised in previous periods, indicating persistent and unresolved issues. Some trade concerns were raised in more than one WTO body, suggesting that these concerns involve cross-cutting and technically complex issues and that WTO Members are continuing to use multiple platforms to address various aspects of such concerns.

Work on the implementation of the WTO's Trade Facilitation Agreement advanced. Many Members concluded their domestic ratification processes, raising the total number of acceptances to about 92% of the entire WTO Membership.

On trade in services, most of the new measures introduced by WTO Members and Observers between mid-October 2019 and mid-May 2020 were trade-facilitating. However, a significant number of new policies appeared to be trade-restrictive. A large proportion of the measures adopted during the review period related to telecommunication services, electronic commerce, and services supplied online, including different types of tax measures. As in the previous Report, various governments introduced new measures in relation to foreign investment in areas considered strategic or linked to national security. Up to mid-May 2020, most of the 99 measures affecting trade in services were adopted by WTO Members in response to the COVID-19 pandemic, and appeared to be trade-facilitating. The pandemic has had a strong overall impact on services sectors and services trade, and governments adopted a wide array of measures related to specific services' sectors and modes of supply in response to the crisis, including those to alleviate the impact of social distancing measures adopted for public health reasons.

The Report also draws attention to developments in Trade-Related Aspects of Intellectual Property Rights (TRIPS) as, during the review period WTO Members continued to fine-tune their intellectual property (IP) domestic frameworks. Several Members implemented specific IP measures aimed at facilitating the development and dissemination of COVID-19-related health technologies, as well as at relaxing procedural requirements and extending deadlines for administrative IP matters. Those government measures were complemented by voluntary action by IP right holders, in particular the sharing of IPRs, in order to support research and development and equal access to relevant health technologies.

Work continued in the first months of 2020 to advance negotiations, particularly on fisheries subsidies, building on the decision taken by Members at MC11. Groups of Members also continued to pursue their discussions on other issues, including electronic commerce, investment facilitation, women's economic empowerment, domestic regulation in services, and micro, small and medium-sized enterprises. However, delegations' ability to engage in detailed negotiations was constrained by restrictions on movement and the refocusing of priorities regarding the COVID-19 pandemic.