
EXECUTIVE SUMMARY

This trade-monitoring report reviews trade-related developments during the period from 16 October 2015 to 15 October 2016.²

The report again outlines the persistent challenges faced by the international economy and for global trade. The overall stock of trade-restrictive measures continues to grow at roughly the same pace as identified in recent reports. Tangible evidence of WTO Members' progress in eliminating older measures remains elusive as the share of restrictions which have been rolled back remains stable at less than a quarter of the total recorded.

During the period under review, 182 new trade-restrictive measures were put in place – an average of just over 15 new measures per month. This confirms a return to the trend after the recent peak seen in 2015. The reduction in the monthly figure of new trade-restrictive measures should be placed in this broader context.

Overall, the stockpile of trade-restrictions recorded by this exercise has continued to increase at roughly the same pace as identified in recent reports. Of the 2,978 restrictions (including trade remedies) recorded by the monitoring exercise since October 2008, only 740 have been removed. In other words, the total number of restrictive measures still in place currently stands at 2,238 – up by almost 17% compared to the last annual overview. The addition of new restrictive measures, combined with a slow removal rate, remains a concern with 75% of all restrictive measures implemented since 2008 still in place. The longer-term trend in the number of trade-restrictive measures is an area where continued vigilance is needed.

WTO Members continued to adopt measures, both temporary and permanent in nature, aimed at facilitating trade. Members implemented 216 new trade-facilitating measures during the period under review – an average of 18 measures per month, slightly above the average 2009-2015 trend. These measures include a number of import-liberalizing measures implemented in the context of the ITA Expansion Agreement with very broad trade coverage implications. The numerical counting of the trade measures does not provide a complete picture of the extent of these measures nor their impact, but Secretariat estimates indicate that the ITA expansion measures which were implemented by certain Members during the review period cover around US\$416 billion. WTO Members have implemented more trade-facilitating than trade-restrictive measures over the review period, confirming the positive trend identified since October 2014.

In the area of trade remedies³, the decelerating trend observed in the previous reports was reversed, with the monthly average of new trade-remedy investigations recorded for this exercise being the highest since 2009. Moreover, the monthly average of trade-remedy terminations recorded during the review period is the lowest since the beginning of the monitoring exercise.

The trends in the implementation of new trade measures by WTO Members have to be considered against the uncertain global economic outlook. World trade and output grew more slowly than expected in the first half of this year, prompting the WTO to revise downward its trade forecast for 2016 and 2017. The Organization now expects world merchandise trade volume growth of 1.7% in 2016, down from an earlier estimate of 2.8%, accompanied by world GDP growth of 2.2% at market exchange rates. If the forecast for 2016 is confirmed, this would mark the slowest pace of trade and output growth since the financial crisis of 2009 and the first time in 15 years that the ratio of world trade growth to world GDP growth has fallen below 1:1. For the first time, a range of estimates has been provided for the coming year reflecting possible changes in the relationship between trade and output. World trade growth in 2017 is now expected to be between 1.8% and 3.1%, down from 3.6% previously.

Exports and imports of developing economies fell sharply in the first quarter of 2016 before staging a partial recovery in the second quarter, as concerns about slowing economic growth in China eased and as commodity prices began to rise from recent lows. Meanwhile, exports and imports of developed economies stalled as economic activity slowed in North America. For the year-to-date, world trade has been essentially flat, with the average of exports and imports in Q1

² Unless otherwise indicated in the relevant Section.

³ The analysis of trade-remedy measures in this report is without prejudice to the right of Members to take trade-remedy actions.

and Q2 declining by 0.3% compared to the same period last year. Europe had the fastest import growth of any region in the first half (up 3% year-on-year) while South America had the weakest (down 11.8%).

Even with the downward revision, risks to the forecast remain mostly on the downside. These include financial volatility stemming from changes in monetary policy in developed countries, the possibility that growing anti-trade rhetoric will increasingly be reflected in trade policy and the uncertainty about future trading arrangements in Europe following the Brexit referendum. In July, the WTO launched the World Trade Outlook Indicator (WTOI), which is designed to provide "real time" information on trends in global trade and serve as an early-warning for global trade downturns. With a current reading of 100.9 for the month of August, the WTOI has risen above trend, signaling accelerating trade growth in November-December. This is the first update of the WTOI since July, when the indicator stood at 99.0. The current WTOI reading is broadly consistent with the latest WTO trade forecast issued on 27 September, which foresaw world merchandise trade volume growth of 1.7% for 2016. The forecast noted flat trade growth in the first half of the year. The WTOI reading captures this.

Other observations of this report covered a range of subjects. WTO Members continued to show their commitment to notifying Sanitary and Phytosanitary (SPS) measures. Developing Members accounted for six out of every ten of these notifications. In the area of Technical Barriers to Trade (TBT), notifications by WTO Members significantly increased during the review period - the majority being submitted by developed Members. An increase in the number of notifications does not, however, automatically imply greater use of measures taken for protectionist purposes. During the review period, the online alert system ePing became publicly available allowing users to receive daily or weekly email alerts about SPS and TBT notifications covering products and markets of interest to them.

A decrease in the number of new general economic support measures was recorded for WTO Members during the review period. The main beneficiaries of such support included large-scale, multi-sector financial aid covering various sectors such as agriculture, forestry, construction, medical and pharmaceutical. Some programmes provided specific support to SMEs and export-related activities or enterprises.

In the area of trade in services, important developments were observed for several sectors such as air transport, construction, distribution, finance, postal, maritime transport and telecommunications, as well as in the supply of services through the movement of natural persons. Albeit with exceptions, the trend has been towards further liberalization and the strengthening and clarification of relevant regulatory requirements.

This report draws attention to the changing technological landscape and to the increasing significance of intellectual property (IP) in economic development. Several WTO Members adopted new national and regional policies related to IP and the digital economy.

Several other important trade-related developments also took place during 2016. These include new initiatives in the area of Regional Trade Agreements (RTAs) and developments in the Trade Facilitation Agreement (TFA), in Government Procurement and Electronic Commerce, the implementation of the ITA Expansion Agreement and the new biennium Aid for Trade programme.

This monitoring report has outlined the challenges faced by the international economy in 2016 and which continue to weigh on international trade flows. Despite some positive developments, it is clear that the financial crisis has had a long tail. The findings of this report underscore the importance of WTO Members working together to resist protectionist pressures. The WTO will continue to provide a predictable, transparent and inclusive framework to assist Members in this endeavour.

The repercussions of the uncertainty in the world economy have recently been amplified by a growing anti-trade rhetoric. WTO Members need to work together to ensure that the benefits of trade are spread more widely and are better understood. A failure to make the case for inclusive trade could pave the way for increased protectionism in the future.