

EXECUTIVE SUMMARY

1. This WTO Trade Monitoring Report on trade-related developments arrives at a time when the world economy faces severe challenges. As detailed in the previous four Reports, the world continues to fight against the COVID-19 pandemic. At the same time, the war in Ukraine has created a humanitarian crisis of immense proportions and has negatively impacted the world economy, with serious potential implications for many countries around the world, especially with respect to food security.

2. Although the early part of the period covered in this Report (mid-October 2021 to mid-May 2022) provided for some encouraging news for a post-pandemic economic recovery, the Russia-Ukraine war has dealt a severe blow to the outlook for the global economy. Fundamental challenges, such as those related to access to COVID-19 vaccines, diagnostics, and therapeutics, remain at the forefront of the downside risks that the world faces from the COVID-19 pandemic. The war further compounds the pressure on the world economy with trade costs continuing to rise and inflation mounting.

3. Despite the review period ending on 15 May 2022, this Report also makes brief reference to the fact that, on 17 June 2022, WTO Members successfully concluded the 12th Ministerial Conference (MC12) in Geneva. This secured a series of unprecedented multilaterally negotiated outcomes on fisheries subsidies, WTO response to emergencies, including a waiver of certain requirements concerning compulsory licensing for COVID-19 vaccines, food security, and WTO reform. The moratorium on e-commerce customs duties was also extended. This outcome underlines the critical role of the WTO in addressing the world's most pressing issues, especially at a time when global solutions are necessary to respond to the pandemic, tackle environmental challenges, and foster greater socioeconomic inclusion.

4. Building on the success of MC12, WTO Members now have an important collective opportunity to lay the foundation for further progress in the months ahead.

Specific findings

5. The global economic outlook has deteriorated since February as a result of the war in Ukraine, prompting the WTO to downgrade its forecasts for world trade over the next two years. The WTO, in its latest forecast of 12 April 2022, expects merchandise trade volume growth of 3.0% in 2022, down from 4.7% in the previous forecast from last October. Trade is expected to grow by 3.4% in 2023 although such projections heavily depend on how the conflict unfolds.

6. The conflict was not the only factor weighing on trade during the review period. The Omicron wave of COVID-19 saw cases and deaths rise sharply in the first quarter of 2022, adding to the human toll of the pandemic. More recently, stringent lockdowns in China aimed at checking the spread of the disease have again disrupted production and trade at a time when supply pressures appeared to be easing. Lockdowns could lead to renewed shortages of intermediate and final goods, aggravating supply chain problems and adding to inflationary pressures.

7. **Since the outbreak of the COVID-19 pandemic, 436 trade and trade-related measures in the area of goods have been implemented by WTO Members and Observers.** Of these, 288 (66%) were of a trade-facilitating nature and 148 (34%) were trade-restrictive. Export restrictions account for 82% of all COVID-19 trade-restrictive measures. According to the information either identified by the Secretariat or received from delegations and subsequently verified, around 73% (89 out of 122) of export restrictions have been phased out, meaning that as at mid-May 2022, 33 export restrictions were still in place. The estimated trade coverage of the COVID-19 trade-facilitating measures still in place (USD 149.7 billion) is larger than that of trade restrictions (USD 99.8 billion).

8. During the review period, 37 COVID-19 measures on goods were communicated by WTO Members, primarily amendments of existing measures originally implemented in the early stages of the pandemic or termination of others. Similarly, **the flow of new COVID-19-related support measures by WTO Members** to mitigate the social and economic impacts of the pandemic has significantly **decreased** since in the second half of 2021.

9. In the **services sectors**, the Secretariat has recorded 155 COVID-19-related measures introduced by Members and Observers, since the outbreak of the pandemic. Only two new such

measures were reported since mid-October 2021 and five were reported as terminated. This confirms that the number of new COVID-19 trade in services measures has declined drastically since last year.

10. **The war in Ukraine** impacted trade flows significantly during the review period. The Secretariat identified some 71 specific trade and trade-related sanctions imposed by 43 WTO Members and one Observer on the Russian Federation in the area of trade in goods. Seventy-five services trade and trade-related sanctions imposed on the Russian Federation by 39 WTO Members were also identified. In the area of intellectual property, several WTO Members implemented measures and sanctions that might indirectly affect the maintenance and licensing of intellectual property rights (IPRs).

11. **With respect to regular trade measures**, 230 new trade-facilitating and 109 trade-restrictive measures were recorded for WTO Members and Observers. These include 32 export restrictions and 18 import facilitating measures put in place by WTO Members in response to the conflict. The trade coverage of the import-facilitating measures introduced during the review period was estimated at USD 603.2 billion and that of import-restrictive measures stood at USD 23.5 billion. According to the Secretariat's preliminary estimates, and based on the available information, the trade coverage of the export-restrictive measures taken by WTO Members in response to the conflict was estimated at USD 69.6 billion. That of the import-facilitating measures was estimated at USD 38.3 billion.

12. The **stockpile of import restrictions** in force has grown steadily since 2009 – both in value terms and as a percentage of world imports. By mid-May 2022, some 8.9% of global imports continue to be affected by import restrictions implemented since 2009 and which are still in force.

13. **After reaching its highest peak in 2020, the average number of trade remedy initiations was the lowest since 2012.** Trade remedy actions remain an important trade policy tool for WTO Members, accounting for 30% of all non-COVID-19-related trade measures on goods recorded in this Report.

14. The majority of the 93 new **regular measures affecting trade in services** implemented by WTO Members and Observers, were trade-facilitating. More than half of the measures concerned telecommunications, computer and Internet- and other network-enabled services, including a significant number of tax measures, or financial services

15. **WTO Members continued to use the SPS and TBT Committees' transparency mechanisms** to notify their sanitary and phytosanitary (SPS) and technical barriers to trade (TBT) measures and to discuss and often resolve specific trade concerns (STCs) non-litigiously. Food safety was the most frequent objective identified in the 613 regular SPS notifications submitted by WTO Members and the majority of the 162 emergency measures notified in the same period, related to animal health. WTO Members submitted 125 SPS notifications and communications on 67 SPS measures taken in response to the pandemic. Most of the 1,446 new regular TBT notifications submitted by WTO Members during the review period, indicated the protection of human health or safety as their main objective. WTO Members submitted 213 COVID-19-related TBT notifications to the WTO. These cover a wide range of products, including medicines, medical supplies, and personal protective equipment (PPE).

16. Several of the **trade concerns raised in WTO bodies** during the review period, were new and several had already been raised in previous periods, indicating persistent and unresolved issues. Overall, the review period saw WTO Members continue to use WTO committees to engage trading partners on real or potential areas of trade friction.

17. In the Committee on **Agriculture** (CoA), Members posed 141 questions regarding individual notifications, overdue notifications, and specific implementation matters (SIMs) under Article 18.6 with most of them focusing on Members domestic support notifications or policies. Global food market developments in the context of the war in Ukraine and the associated implications for food security worldwide dominated discussions of the CoA. During the review period, of the eight export restrictions notified, one was put in place in response to the COVID-19 pandemic and two were directly or indirectly related to the conflict.

18. WTO Members continued, during the review period, to fine-tune their intellectual property (IP) domestic frameworks, and to implement specific IP measures to facilitate the development and

dissemination of COVID-19-related health technologies, as well as at streamlining procedural requirements for administrative IP matters.

19. The Report also covers several other important trade-related developments and discussions that took place during the review period, including trade and environment; trade facilitation; regional trade agreements (RTAs); government procurement; electronic commerce; micro, small and medium-sized enterprises (MSMEs); and trade finance.