

## EXECUTIVE SUMMARY

1. This WTO Trade Monitoring Report on trade-related developments arrives at a time when the global economy continues to be affected by multiple crises. The continuing war in Ukraine, events related to climate change, high food and energy prices, and inflation, as well as the lingering ramifications of the COVID-19 pandemic, are having serious implications for the global economic environment.
2. The overall findings of this Report, as further detailed in the Specific Findings below, reveal that between mid-October 2022 and mid-May 2023, WTO Members introduced more trade-facilitating (182) than trade-restrictive (110) measures on goods, unrelated to the pandemic. The number of new export restrictions has outpaced that of import restrictions for the third time since the beginning of the Trade Monitoring Exercise. In the area of services, 74 new measures were introduced by WTO Members, mostly facilitating trade. The review period saw new support measures by governments, including various environmental impact reduction programmes. The implementation of new COVID-19 trade-related measures on goods, services, intellectual property, and general economic support by WTO Members declined over the past seven months.
3. Export restrictions, whether related to the COVID-19 pandemic or the war in Ukraine, including the food security crisis, continued to grab headlines, even as the pace of introduction of such measures slowed and several were rolled back. Globally, as of mid-May 2023, 63 export restrictions on food, feed and fertilizers were still in place, in addition to 21 COVID-19-related export restrictions. Many of these measures were introduced in the immediate aftermath of the outbreak of the pandemic and a similar pattern was observed following the start of the war in Ukraine. These developments were described in the November 2022 Trade Monitoring Report. For both crises, initial and often comprehensive export bans were subsequently replaced with other restrictions, such as quotas and licensing requirements, and many were later notified to the WTO. From a transparency point of view, this is important as it suggests that policy makers value the predictability of multilateral trade rules.
4. The pronounced weakening of merchandise trade, which slumped during the fourth quarter of 2022 and appeared to have remained below trend in the first quarter of 2023, is of concern. World merchandise trade volume growth was expected to slow in 2022 and in early 2023, before picking up in 2024.
5. The disruptions caused by the COVID-19 pandemic and the war in Ukraine have pushed economic security to the forefront of policy discussions. Over the past couple of years, economies have consistently used the multilateral trading system to adjust to market and supply challenges, stressing the importance for a strong multilateral trading system based on WTO rules.
6. The successful conclusion of the 12<sup>th</sup> WTO Ministerial Conference (MC12) in June 2022 secured a series of unprecedented multilaterally agreed outcomes and demonstrated that multilateral cooperation on trade can deliver. Work is already under way to build on these outcomes at MC13 in early 2024 and a Senior Officials meeting will take place on 23-24 October 2023 to ensure that MC13 produces outcomes that help all economies to build a fairer, more just and more resilient economic future.
7. WTO Members must work collectively to ensure the success of the ministerial meeting and for reinvigorating the multilateral trading system and boosting the world economy.

## Specific findings

8. This Report is set against a backdrop of **pronounced weakening of merchandise trade**, which slumped during the fourth quarter of 2022 and appears to have remained below trend in the first quarter of 2023. World merchandise trade volume growth was expected to slow from 2.7% in 2022 to a subpar 1.7% in 2023, before picking up to 3.2% in 2024. Growth in 2022 was weighed down by the war in Ukraine, stubbornly high inflation, and tighter monetary policy. However, the continuing relaxation of pandemic control measures should provide a boost to trade in 2023, particularly in travel-related services.

9. **Inflation is growing across the world causing further uncertainty.** In 2022, inflation was the highest some countries have experienced in decades and was exacerbated by price spikes in primary commodities whose supplies were impacted by the war in Ukraine, the food security crisis, and rising energy prices.
10. The COVID-19 pandemic and the war in Ukraine have both caused significant **disruption to global supply chains**. With geopolitical tensions rising, countries are increasingly looking for ways to develop resilience. The use of the multilateral trading system by countries to adjust to market and supply challenges over the past couple of years has emphasized the need for a strong rules-based multilateral trading system.
11. The pace of implementation of new **export restrictions** by WTO Members has increased since 2020, first in the context of the pandemic and subsequently with the war in Ukraine and the food security crisis. Although some of these have been rolled back, as of mid-May 2023, 63 export restrictions on food, feed and fertilizers were still in place, in addition to 21 COVID-19-related export restrictions on essential products.
12. During the review period, WTO Members introduced **182 new trade-facilitating and 110 trade-restrictive measures on goods, unrelated to the pandemic**. Most trade-facilitating measures were import measures and most trade-restrictive measures were export measures. For the third time since the beginning of the Trade Monitoring Exercise the number of new export restrictions has outpaced that of import restrictions. The trade coverage of trade-facilitating measures introduced during the review period was estimated at USD 703.7 billion (down from USD 1,160.5 billion in the last report) and that of trade-restrictive measures at USD 110.5 billion (down from USD 278.0 billion).
13. The **stockpile** of import restrictions in force remained important with no sign of any meaningful roll-back of existing measures. By the end of 2022, 9.2% of global imports were affected by import restrictions implemented since 2009 and which are still in force.
14. In 2021 and 2022, initiations of **trade remedy** investigations by WTO Members declined sharply while terminations of trade remedy actions increased. During the review period, the average number of trade remedy initiations (10.3 per month) was the second lowest since 2012 and that of terminations (8.1) the lowest since 2012. Trade remedy actions remained an important trade policy tool for many WTO Members, accounting for 30.6% of all non-COVID-19-related trade measures on goods recorded in this Report. Anti-dumping continued to be the most frequent trade remedy action in terms of initiations and terminations.
15. The significant decline in the number of initiations of trade remedies observed since 2021 may represent an important change in the landscape of trade measures. There may be several reasons for this recent decline. For example, in the case of both the pandemic and more recently the war in Ukraine, countries appear to have focused on making sure that their territories remained well-stocked and accessible for a wide range of products. Such policies may have impacted the use of the trade remedies instrument.
16. Most of the 74 new **services** measures introduced during the review period were of a trade-facilitating nature. Almost half of the measures were horizontal affecting different modes of supply across various sectors, one third related to telecommunications or financial services trade, and the rest related to business services, health, tourism and travel, and transport services.
17. The review period saw the introduction of numerous new **economic support measures** by WTO Members, including environmental impact reduction programmes, renewable-energy production schemes or support for energy efficiency and decarbonization and for clean- and renewable-energy projects. Other measures included various support programmes for the agricultural sector.
18. The implementation of new **COVID-19 trade-related measures** by WTO Members declined over the past 7 months, with 17 such measures recorded on goods. Most of these measures consisted of reductions of customs duties, terminations of existing measures or amendments of others. Most of the 454 trade and trade-related measures in the area of goods have been implemented by WTO Members and Observers since the beginning of the pandemic were of a

trade-facilitating nature (55.3%) while the rest might be considered trade-restrictive (44.7%). Members continued to phase out the pandemic-related measures, and in particular the restrictive ones. By mid-May 2023, 83.7% of the export restrictions had been rolled back, leaving 21 restrictions in place.

19. No new COVID-19-related services measures were reported by WTO Members, but many measures introduced in 2020 remain in place. Since the beginning of the pandemic, 156 COVID-19-related services measures were identified, with 22 reported as terminated by mid-May 2023. The number of new COVID-19-related support measures to mitigate the social and economic impacts of the pandemic fell sharply.

20. 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. Human health and food safety were the most frequent objectives identified in the regular SPS notifications submitted by WTO Members during the review period. Members continued discussions at the SPS Committee meetings to advance the work programme that emerged from MC12. Most new STCs raised in the SPS Committee during the review period concerned animal health/animal diseases and food safety. WTO Members submitted 127 SPS notifications and communications on measures taken in response to the pandemic. Most new regular TBT notifications submitted by WTO Members during the review period indicated quality requirements as their main objective. A total of 155 STCs were discussed during the review period. Members have submitted 226 COVID-19-related TBT notifications to the WTO in response to the pandemic since 2020.

21. The number of **trade concerns raised** in WTO Committees and bodies has been increasing yearly, in some cases sharply. Members continued to use WTO bodies to address their trade concerns and engage trading partners on real or potential areas of friction.

22. In the **Committee on Agriculture** (CoA), Members posed 225 questions during the review period on Specific Implementation Matters (SIMs), individual notifications, and overdue notifications. Domestic support dominated the discussions with export restrictions on foodstuffs and food security also addressed.

23. WTO Members continued to fine-tune their **intellectual property** (IP) regimes and phased out many pandemic-related measures, while some formalized the utilization of online procedures created during lockdowns. Members continued their discussions on the possible extension of the TRIPS Decision adopted at MC12 on COVID-19 diagnostics and therapeutics.

24. Discussions on **global environment issues**, including the circular economy and plastics pollution, trade and climate change, and biodiversity, intensified at the WTO. During the review period, an important moment for water was attained as global leaders and key policy makers engaged in the UN Water Conference (UNWC). The Dialogue on Plastics Pollution and Environmentally Sustainable Plastics Trade Initiative introduced the coordinators' draft vision on the way forward and elements for a potential outcome at MC13.

25. This Report also covers several other important trade-related developments and discussions that took place during the review period, including **fisheries subsidies; e-commerce; Aid for Trade; government procurement; trade facilitation; trade finance; micro, small and medium-sized enterprises (MSMEs); and women's economic empowerment**.