

## EXECUTIVE SUMMARY

Against the backdrop of continuing global economic uncertainty and sluggish trade growth, recent developments in trade policy actions of Members are a cause for concern.

First, although the pace of introduction of new trade-restrictive measures during the current reporting period (mid-November 2013 to mid-October 2014) slightly decreased compared to the period between October 2012 and November 2013, the number of new trade-restrictive measures still remains high at 168. If trade-remedy actions are added to this category of measures, WTO Members applied 339 trade-restrictive measures in the period under review, compared with 407 in the previous annual reporting period. These 339 measures taken in the current period account for 1.4% of world merchandise imports. This amounts to US\$257.5 billion.

Particularly, the average number of trade-restrictive measures taken per month in the current reporting period is higher than that taken during the two years after the onset of the global economic and financial crisis in 2008. If trade-remedy actions are also included, the average number of trade-restrictive measures per month is higher than in any other period since October 2008. Thus, viewed in the context of developments since 2008, the level of trade restrictions imposed by Members in the period under review remains very significant.

Second, the stock of restrictive trade measures introduced by Members since 2008 has continued to increase during the period between mid-November 2013 and mid-October 2014. Of the 2,146 trade-restrictive measures introduced since October 2008, only 508 (24% of the total measures) have been removed. The total number of restrictive measures still in place now stands at 1,638 (76% of the total measures).

On a positive note, the number of trade-liberalizing measures significantly increased from 107 in the previous annual reporting period to 177 in the current reporting period. These trade-liberalizing measures account for 6.4% of world merchandise imports. This amounts to US\$1,183.4 billion. Combined with trade-liberalizing measures on trade-remedy actions, the total number of trade-liberalizing measures increased from 251 in the previous period to 350 in the current period.

The relatively positive development in the area of trade-liberalizing measures should not distract from the concerns about the accumulation of trade restrictions. Although the removal rate of trade-restrictive measures was significantly higher in 2014 compared to 2010, the stockpile of trade-restrictive measures had also grown almost four-fold. Members must take decisive action to reduce this stock of trade restrictions by showing restraint in the imposition of new measures and by effectively eliminating existing ones.

In addition, adequate information on behind-the-border measures, including regulatory measures and subsidies, is still lacking. In addition to discussions in the specialized Committees, various types of non-tariff measures have increasingly been the subject of debate in general bodies such as the Council for Trade in Goods and the General Council. Some consider that these types of measures have become more prominent in recent years, compared to conventional border measures, and therefore the need to increase the quality of the information available is paramount. To deliver on this and enhance understanding of the operation and effects of non-tariff barriers to trade, Members should look to provide greater transparency in this area.

In this context, it is important to recall that the WTO trade-monitoring exercise contains a unique verification process which provides Members with the opportunity to update and correct information in the report submitted to the Trade Policy Review Body. The ability of these reports to provide information on overall trends in trade policy measures depends on the participation and cooperation of all Members. Although the increase in the number of Members that have participated in the preparation of this report is encouraging, there remains a very large number of Members that have not actively participated in this exercise and thus are encouraged to do so for future exercises.

Overall, this report supports the conclusion that despite the continuing increase in the stock of new trade-restrictive measures recorded since 2008, the trade policy reaction to the 2008 global economic and financial crisis has been more muted than might have been expected based on the

experience with previous crises. This shows that the multilateral trading system has acted as an effective backstop against protectionism.

World trade has grown more slowly than expected since the June 2014 report, due largely to slow and uneven economic growth in both developed and developing economies. On current forecasts trade growth will remain below average in 2014 and 2015.

The growth in the number of regional trade agreements and their changing scope underline the need for continuing work by Members to understand the systemic implications of regionalism and to ensure that regional trade agreements are consistent with and supportive of the multilateral trading system.

It is clear that the multilateral trading system can do more to drive economic growth, sustainable recovery and development. To this end Members have been working to implement the Bali package this year. We reached an impasse in these efforts during the summer which has had a freezing effect on many areas of work. Members have recently redoubled their efforts to resolve this situation and move forward. It is essential that we do so, both to ensure the swift implementation of all Bali Decisions and to complete a work programme on the remaining issues of the Doha Development Agenda which would set the stage for further multilateral trade liberalization. Expansion of the Information Technology Agreement would also have a positive economic effect. Thus those Members who are signatories should seek to build on the recent positive news to conclude talks on an expanded agreement, the benefits of which would be open to all Members. The removal of remaining trade-restrictive measures combined with further multilateral trade liberalization would be a powerful policy response.