

WTO-WIDE TRADE MONITORING REPORT

This WTO Trade Monitoring Report covers trade and trade-related developments during the period from 16 October 2020 to 15 May 2021. This mid-year preparatory contribution to the annual report by the Director-General is provided for in the Trade Policy Review Mechanism (TPRM) mandate, which aims to assist the Trade Policy Review Body (TPRB) in undertaking an annual overview of developments in the international trading environment that are having an impact on the multilateral trading system.



The WTO Secretariat strives to ensure that the trade monitoring reports are factual and objective. Since 2009, the reports have sought to provide a factual perspective to developments in the area of international trade.

This Trade Monitoring Report reflects fully the impact of the global health crisis on trade and trade policy.

COVID-19 and world trade

The above link provides information on COVID-19 and world trade, including COVID-19 measures taken by WTO Members and Observers in the area of goods, services and intellectual property. It also includes economic support measures in response to the COVID-19 pandemic communicated by WTO Members and Observers to the Secretariat. This information has been compiled by the WTO Secretariat and is an informal situation report and an attempt to provide transparency with respect to measures taken in the context of the pandemic. These lists of measures are not exhaustive and are updated regularly by the WTO Secretariat.

EXECUTIVE SUMMARY

This WTO Trade Monitoring Report on trade-related developments comes as the world continues to battle the COVID-19 pandemic and provides important insight into a number of areas as countries begin addressing the challenges of a post-pandemic economic recovery.

Cooperation on trade is important as policymakers consider preparedness, response and resilience as an interconnected package. Trade has been a force for good during the pandemic by enabling access to medical supplies. Despite the value of global merchandise trade shrinking by around 8% in 2020, trade in medical supplies increased by 16%, and personal protective equipment (PPE) by 50%.

Overall, the Report suggests that trade policy restraint by WTO Members has prevented a destructive acceleration of trade restrictions that would have further harmed the world economy. The challenge ahead is to ensure that the trade-restrictive measures introduced in response to the pandemic are transparent, proportionate, targeted and temporary. WTO Members must work together as the world seeks to return to strong, sustainable, balanced and inclusive growth, including through strengthened supply chains and diversified global vaccine manufacturing capacity.



Trade Monitoring DATABASE

<https://tmdb.wto.org/>

The Trade Monitoring database (TMDB) provides information on trade measures implemented by WTO Members and Observers since October 2008. The data are taken from the regular Trade Monitoring Reports prepared by the WTO Secretariat. All information is submitted to the relevant delegation for verification; if a measure is not confirmed, this is highlighted. The database is updated once a new report has been discussed by WTO Members.

SPECIFIC FINDINGS

- ▶ **World trade and output have recovered faster than expected since the second half of 2020** after falling sharply during the first wave of the pandemic. The turnaround was aided by strong monetary and fiscal policy support from governments, and by the arrival of effective vaccines against COVID-19. According to the WTO's most recent trade forecast on 31 March 2021, the volume of world merchandise trade will increase by 8% in 2021 and 4% in 2022. COVID-19 continues to pose a serious threat to the global economy and to public health. Production of vaccines has been slow and distribution uneven, contributing to significant disparities in access across countries. Failure of the international community to ensure wider access to vaccines, including in the poorest countries, could lead to a resurgence of the pandemic, which would set back the global economic recovery significantly.
- ▶ Since the outbreak of the pandemic, **384 COVID-19 related trade measures in the area of goods have been implemented by WTO Members and Observers**, of which 248 (65%) were of a trade facilitating nature and 136 (35%) could be considered trade restrictive. Several of these measures, originally introduced in immediate response to the pandemic, have been extended during the review period. Export restrictions accounted for 84% of all restrictive measures recorded. The reduction or elimination of import tariffs and import taxes accounted for 60% of trade facilitating measures taken, and several Members reduced their tariffs on a variety of goods such as PPE, sanitizers, disinfectants, medical equipment and medicines/drugs. Some WTO Members and Observers severely affected by successive waves of the pandemic have also eliminated import tariffs on certain goods necessary to fight COVID-19, such as oxygen, oxygen canisters, certain drugs, and active substances.
- ▶ **WTO Members and Observers continued to repeal measures implemented in response to the pandemic** and, as at mid-May 2021, around 21% of COVID-19 trade facilitating measures and 54% of the COVID-19 trade restrictive measures have been terminated, suggesting a swifter roll back of trade restrictions. Fifty-seven percent of the 114 export restrictions put in place since the beginning of the pandemic have been repealed. The trade coverage of COVID-19 related trade facilitating measures implemented since the beginning of the pandemic was estimated at USD 291.6 billion, while that of the COVID-19 related trade-restrictive measures stood at USD 205.8 billion. According to preliminary estimates by the WTO Secretariat, the trade coverage of the trade facilitating measures still in force (USD 179.6 billion) remains higher than that of the trade restrictive measures (USD 106.0 billion).

COVID-19 trade and trade-related measures on goods, by mid-May 2021

(By number)



Trade coverage of COVID-19 trade and trade related measures on goods, by mid-May 2021

(USD billion)



▶ **WTO Members continued to implement COVID-19 related economic support measures to mitigate the social and economic impacts induced by the pandemic.** Since the beginning of the pandemic, at least 1,521 COVID-19-related economic support measures have been put in place by 106 Members and 4 Observers. Of these, as at 27 May 2021, 930 (61%) were communicated directly to the WTO Secretariat. The unprecedented number of COVID-19 support measures put in place since the beginning of the pandemic far exceeds the activity seen in the wake of the Global Financial Crisis. These measures included grants, loans or stimulus packages targeting sectors of the economy heavily affected by the crisis, including agriculture, health, aviation, transport, tourism, education and culture, and also fiscal and financial measures to support businesses and micro, small and medium-sized enterprises (MSMEs), as well as broader stimulus packages. Most of these measures appeared to be temporary in nature even if some implemented in the early stages of the pandemic have been extended in 2021. Overall, the pace of introducing new support measures decreased during the review period.

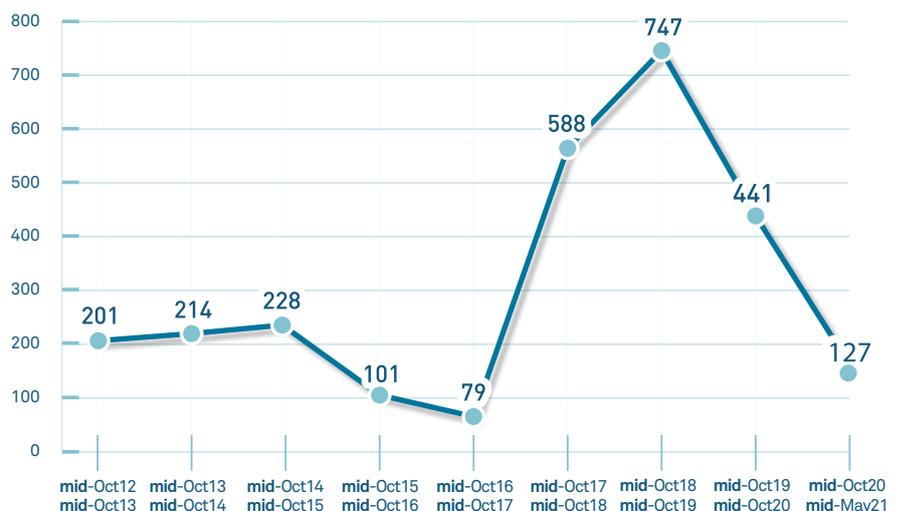
▶ Since the outbreak of the pandemic, WTO Members and Observers put in place 147 COVID-19 related measures affecting trade in services. Many of the services measures put in place in response to the pandemic have been extended and several have been terminated during the review period. The **downward trend in introducing new COVID-19 related measures affecting services by WTO Members**, a trend that has been

already observed since the third quarter of 2020, was confirmed. Between mid-October 2020 and mid-May 2021, 23 COVID-19-related trade-in-services measures were introduced by WTO Members and Observers. Most of these measures appear to be trade-facilitating.

During the review period, WTO Members implemented 61 new trade facilitating measures on goods and 70 new trade-restrictive measures unrelated to the pandemic. The estimated trade coverage of the import-facilitating measures introduced during the review period was USD 445 billion (down from USD 731.3 billion in the previous period) and significantly exceeds the trade coverage of import-restrictive measures estimated at USD 127.1 billion (down from USD 440.9 billion in the previous period). This suggests a return to the regular trend identified since the beginning of the trade monitoring exercise in 2009.

Trade coverage of new import-restrictive measures in each reporting period (not cumulative)

(USD billion)

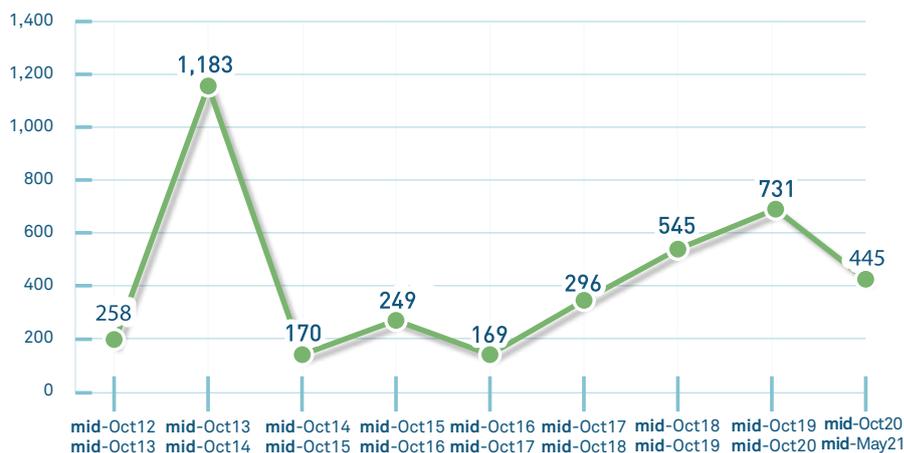


Source: WTO Secretariat

Note: These figures are estimates and represent the trade coverage of the measures (i.e. annual imports of the products concerned from economies affected by the measures) introduced during each reporting period, and not the cumulative impact of the trade measures. COVID-19 trade and trade related measures are not included.

Trade coverage of new import-facilitating measures in each reporting (not cumulative)

(USD billion)



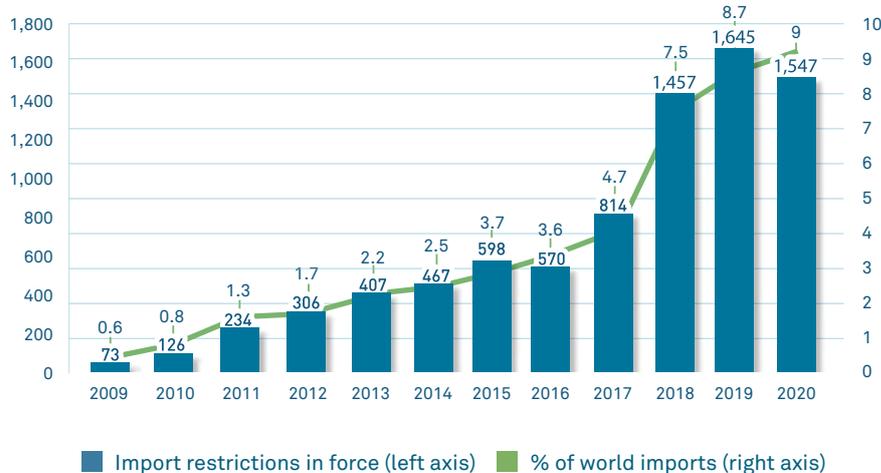
Source: WTO Secretariat

Note: These figures are estimates and represent the trade coverage of the measures (i.e. annual imports of the products concerned from economies affected by the measures) and not the cumulative impact of the trade measures. Liberalization associated with the 2015 Expansion of the WTO's Information Technology Agreement (ITA) is not included in the figures. COVID-19 trade and trade-related measures are not included.

The stockpile of import restrictions in force has grown steadily since 2009, in value terms and as a percentage of world imports. At the end of 2020, some **9% of world imports** were affected by import restrictions implemented since 2009 and which are still in force. This comes amidst a general deterioration in terms of the overall value of world imports.

Cumulative trade coverage of import-restrictive measures on goods 2009-20

(USD billion)



Source: WTO Secretariat

Note: The cumulative trade coverage estimated by the Secretariat is based on information available in the TMDb on import measures recorded since 2009 and considered to have a trade-restrictive effect. The estimates include import measures for which HS codes were available. The figures do not include trade remedy measures. COVID-19 trade and trade-related measures are not included. The import values were sourced from the UN Comtrade database.

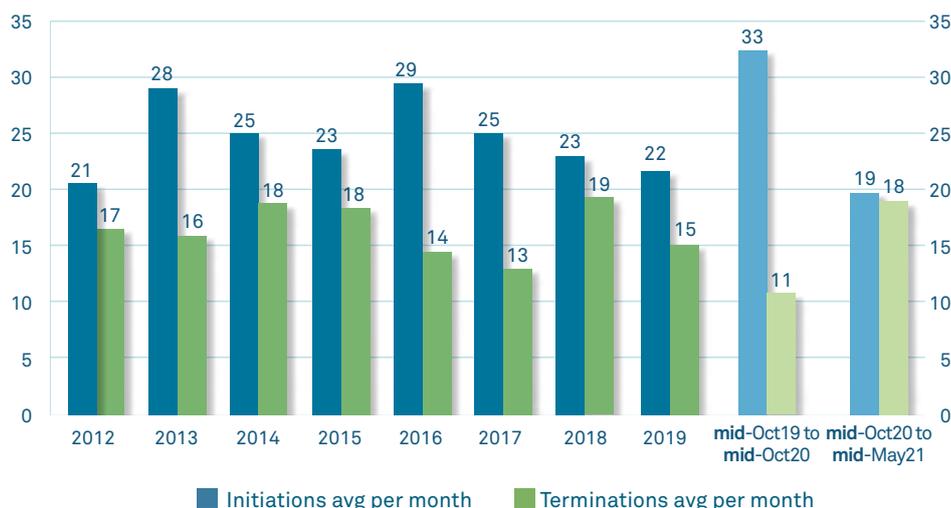
WTO Members introduced 122 measures unrelated to the pandemic affecting trade in services during the review period, targeting different modes of supply across various sectors. While most of these were trade facilitating, some new policies appeared to be trade restrictive, including measures affecting communication and network enabled services, and policies pertaining to the screening of foreign investment in areas considered as strategic.

Initiations of trade remedy actions by WTO Members reached its lowest level after marking its highest peak in 2020. The monthly average of trade remedy initiations (19) was the lowest observed since 2012 and that of trade remedy terminations (18) was the second highest recorded since 2012. Initiations of anti dumping investigations accounted for 83% of all trade remedy initiations. Trade remedy actions remain an important trade policy tool for WTO Members, accounting for 67% of all non-COVID-19 related trade measures on goods recorded in this Report.

WTO trade remedies initiations and terminations (Average per month)

Source: WTO Secretariat.

Note: Values are rounded.



▶ **WTO Members continued to fine-tune their intellectual property (IP) domestic frameworks** during the review period. 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 for administrative IP matters. Since the outbreak of the pandemic, 71 IP-related measures, including administrative and substantive measures, were implemented by WTO Members. During the review period, WTO Members discussed on several occasions the proposed waiver of some TRIPS provisions in relation to the prevention, containment or treatment of COVID-19.

▶ **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. During the review period, 1,149 SPS and 1,372 TBT notifications were submitted by WTO Members, most of them by developing Members. Since February 2020, a total of 84 COVID-19 related notifications and communications were submitted to the SPS Committee.

The nature of most of these measures has shifted, from initial restrictions on animal imports and/or transit from affected areas, and increased certification requirements to, as of beginning of April 2020, facilitating measures allowing temporary flexibility for control authorities to use electronic certificates for checks. As at 27 May 2021, 153 TBT notifications were submitted to the WTO on standards and regulations in response to the pandemic, most of these under the emergency/urgent notification provisions of the TBT Agreement. TBT notifications in relation to the COVID-19 pandemic cover a wide range of products, including medicines, personal protective equipment, food, medical equipment and medical supplies.

▶ **Members continued to use WTO bodies to address their trade concerns.** Several of the concerns raised appeared to indicate 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.

▶ The Report also covers **several other important trade-related developments and discussions** that took place during the review period. Work continued in the first months of 2021 to advance negotiations, particularly on fisheries subsidies, building on the decision taken by Members at MC11. Groups of Members also continued to pursue discussions on other issues, including electronic commerce, investment facilitation, women's economic empowerment, domestic regulation in services and MSMEs.

▶ Resolving the health crisis and the fundamental challenges it brings to the world in terms of access to COVID-19 vaccines, diagnostics and therapeutics will be fundamental to a sustainable economic recovery. **A full recovery in trade cannot be attained without a rapid and more equitable vaccine roll out. WTO Members must show collective leadership in this respect, act to ensure that markets remain open and work together to achieve a successful outcome at MC12.**