
EXECUTIVE SUMMARY

1. This WTO Trade Monitoring Report covers new trade and trade-related measures implemented by WTO Members between 16 October 2019 and 15 October 2020. It was prepared against the dramatic backdrop of the COVID-19 pandemic and the human, social and economic problems left in its wake. Since the outbreak of the pandemic, WTO Members have implemented several new trade and trade-related policies specifically to cope with the crisis. This Report seeks to shed light on these policy developments in addition to the regular trade measures monitored for the review period.

2. **Overall, the findings of this Report present a very different picture compared to the last report. While the previous Report, issued in July 2020, captured only the very early effects of the COVID-19 pandemic, this Trade Monitoring Report reflects more fully the impact the global health crisis has had on trade and trade policy.** Although world trade had already been slowing before the pandemic, merchandise exports in nominal USD terms were down 21% in Q2 compared to the previous year while commercial services exports were down 30%. WTO Members and Observers introduced the lowest number of regular trade-restrictive and trade facilitating measures since 2012. The trade coverage of the regular import-facilitating measures stood at USD 731.3 billion (up from USD 544.7 billion in the previous period) while that of import-restrictions came in at USD 440.9 billion (down from USD 746.9 billion). This was likely as a result of the sharp decline in overall global trade flows, the diversion of governments' attention towards fighting the pandemic – through trade policy as well as other areas, a relative stasis in major bilateral trade tensions that had elevated the trade coverage of import restrictions in earlier reporting periods, and a general commitment to keep trade flowing.

3. At the same time, the trade coverage of COVID-19 related trade-facilitating measures on goods implemented since the beginning of the pandemic was estimated at USD 227 billion, some USD 47 billion more than that of the COVID-19 trade-restrictive measures. Of the 335 COVID-19 trade and trade-related goods measures recorded for WTO Members and Observers since the outbreak of the pandemic, 58% were of a trade-facilitating nature and 42% were trade restrictive. Around 39% of COVID-19 restrictive measures on goods had been repealed by mid-October. In the services sectors heavily impacted by the pandemic, most of the 124 COVID-19 related measures adopted by WTO Members appeared to be trade facilitating. Over 1,000 support measures in direct response to the pandemic, and collectively worth several trillion US dollars, were put in place up until mid-October. These emergency support measures are central to governments' strategies to address the pandemic-induced economic downturn, appear to be temporary in nature and are important to preparing the ground for a sustainable recovery in which trade can play an important role.

Specific Findings

4. **World trade was already slowing before the pandemic and declined sharply in the first half of 2020** at a time when the human, social and economic toll from the COVID-19 pandemic rose. In volume terms, merchandise trade fell 14.3% quarter-on-quarter in Q2, the largest such decline on record. In nominal USD terms, merchandise exports were down 21% in Q2 compared to the previous year while commercial services exports were down 30%. The WTO's October forecast estimated that the volume of world merchandise trade would decline by 9.2% in 2020, then increase by 7.2% in 2021. Risks to the forecast are firmly on the downside as many countries are dealing with the effects of new lockdowns.

5. **The drop in numbers of new regular trade-restrictive and trade-facilitating measures was significant and resulted in a decrease in the trade coverage of import-restrictive measures.** WTO Members and Observers introduced 89 new trade-restrictive and 88 trade-facilitating measures, i.e. the lowest figures since 2012. The trade coverage for the new import-facilitating measures was estimated at USD 731.3 billion (up from USD 544.7 billion in the previous period). The main sectors covered included electrical machinery and parts thereof, machinery and mechanical appliances, plastics and articles thereof and optical, photographic, measuring and medical or surgical instruments. The trade coverage of the new import-restrictive measures was estimated at USD 440.9 billion (down from USD 746.9 billion in the previous period). The main sectors affected included electrical machinery and parts thereof, machinery and mechanical appliances and precious stones and metals. WTO Secretariat estimates of the stockpile of import restrictions on goods implemented since 2009 and still in force by the end of 2019, suggest that 8.7% of world imports, or USD 1.6 trillion out of a total USD 18.9 trillion, are affected by import

restrictions put in place by WTO Members and Observers over the last decade. As at mid-October 2020 this figure was estimated at USD 1.7 trillion, suggesting that the stockpile of import restrictions in force continues to grow in value terms and as a percentage of imports.

6. The significant drop in the number of new measures implemented by WTO Members and Observers may be explained by the on-going global health emergency which has almost inevitably resulted in governments focusing less on designing and implementing regular trade policies and more on dealing with the immediate economic issues in the context of the pandemic. The precipitous fall in global trade since Q2 of 2020 also means that there has been less commerce to either facilitate or restrict. Despite the early wave of trade restrictions on various essential medical goods, Members have generally expressed and followed a commitment to ensure that trade could flow freely during the pandemic. Finally, the current review period has not seen any major new developments in relation to the sizable chunks of the trade coverage of restrictive measures which over the past couple of years have been associated with bilateral measures taken mainly between the United States and China.

7. **Most of the COVID-19 related measures taken on goods since the outbreak of the pandemic were trade-facilitating.** The majority of the 335 COVID-19 trade and trade-related measures were adopted on a temporary basis. Although in the early stages of the pandemic most measures restricted trade, as at mid-October 2020, 195 (58%) of all measures taken in response to the pandemic were of a trade-facilitating nature. A total of 140 measures (42%) could be considered trade restrictive. The gradual phase-out of export restrictions targeting products such as surgical masks, gloves, medicines, and disinfectant continued during the review period together with the roll back of other trade and trade-related measures taken in the early stages of the pandemic. Around 39% of the COVID-19 restrictive measures implemented by WTO Members and Observers had been repealed by mid-October. By then, around 18% of COVID-19 trade facilitating measures had also been eliminated. The trade coverage of COVID-19 related trade-facilitating measures implemented since the beginning of the pandemic was estimated at USD 227 billion, while that of the COVID-19 trade-restrictive measures stood at USD 180 billion.

8. **WTO Members put in place a large number of COVID-19 related support measures.** Since the beginning of the pandemic, 638 COVID-19 support measures have been communicated by WTO Members and Observers to the Secretariat and another 405 measures were identified from public sources and governmental websites, i.e. a total of 1,043 COVID-19 support measures put in place by 94 WTO Members and 3 Observers. This amounts to 149 COVID-19 related support measures per month between March and mid-October 2020. The number and variety of support measures implemented in response to the economic and social turmoil caused by COVID-19 is greater than that witnessed during the 2008-09 global financial crisis. These measures target sectors of the economy heavily affected by the crisis, including health, aviation, tourism or catering, and also include monetary, fiscal and financial measures as well as broader stimulus packages. Governmental measures were complemented with various support programs by international intergovernmental organizations. Most of these measures appeared to be temporary in nature. These emergency support measures are central to governments' strategies to address the pandemic-induced economic downturn and to prepare the ground for a sustainable recovery.

9. **Services sectors were heavily affected by the pandemic** although the extent of the impact varies by sector and mode of supply. Members adopted 124 measures affecting trade in services in response to the pandemic. Most of these measures appear to be trade facilitating, including measures to ease the supply of, and access to, telecommunication services and measures to facilitate the supply of online health services. In a few cases, governments responded by removing existing trade restrictions, such as by relaxing limitations on the supply of Voice over Internet Protocol (VoIP) services. However, some of the measures adopted also appear to be trade restrictive, including measures tightening foreign investment regimes. Under the monitoring of regular measures affecting trade in services, the Report provides information on 143 measures affecting trade in services that were introduced by WTO Members. While the majority are trade facilitating, a significant number of these new policies appear to be trade restrictive. Measures adopted relate to telecommunication services, services related to e-commerce, and services supplied online, including bans on certain communication apps, as well as different types of taxation measures. Various governments have also introduced new measures in relation to foreign investment in areas considered strategic or linked to national security.

10. **The significant increase of trade remedy initiations** confirm that these measures remain an important trade policy tool for WTO Members. During the review period, 392 initiations of trade remedy investigations and 130 terminations of trade remedy actions were recorded. Initiations of anti-dumping investigations accounted for almost 80% of all trade remedy initiations, which also includes safeguards and countervailing actions. The trade coverage of trade remedy initiations recorded in this Report was estimated at USD 68.8 billion (up from the USD 46.23 billion in the previous period) and that of terminations at USD 9.9 billion (down from the USD 24.8 billion). The main products targeted by initiations of trade remedy investigations included iron and steel, furniture and lighting/lamps, aluminium and articles thereof, and plastics. As at 15 October 2020, two WTO Members had notified anti-dumping actions referring to the COVID-19 pandemic.

11. **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. Between 1 October 2019 and 30 September 2020, 1,911 SPS and 1,936 TBT notifications were submitted to the WTO, most of them by developing Members. As in previous Reports, the majority of regular SPS notifications related to food safety, whereas the bulk of emergency SPS measures related to animal health. Most TBT measures indicated the protection of human health or safety as their main objective. Since February 2020, a total of 59 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, facilitating measures allowing temporary flexibility for control authorities to use electronic certificates for checks. As at 1 October 2020, 23 WTO Members had submitted 91 TBT notifications/communications on standards and regulations in response to the pandemic, most of these were submitted under the emergency/urgent notification provisions of the TBT Agreement. Around half of these notifications were of a temporary nature and covered a wide range of products, including personal protection equipment (PPE), medical equipment, medical supplies, medicines and food. Notified measures broadly fell into three main categories, i.e. streamlining certification procedures; ensuring the safety of medical goods; and making food available by relaxing technical regulations.

12. **WTO Members continued to use WTO bodies to address their trade concerns.** Although fewer meetings took place during the review period as a result of the pandemic, 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. Preliminary Secretariat research supports that very few trade concerns end up in disputes.

13. **In the Committee on Agriculture, most questions focused on Members' domestic support policies.** WTO Members posed 607 questions regarding individual notifications, overdue notifications and specific implementation matters (SIMs) under Article 18.6. Most of these questions were related to domestic support. A total of 35 SIMs targeted policies implemented in response to the COVID-19 pandemic. Seven notifications regarding export restrictions and prohibitions in connection with the pandemic were notified to the CoA during the review period.

14. **Many Intellectual Property (IP) measures introduced during the review period aimed at promoting innovation or facilitating access to COVID-19-related health technologies.** WTO Members continued to fine-tune their domestic intellectual property frameworks, including relaxing procedural requirements and extending deadlines for administrative IP matters in response to the pandemic. Overall, some 60 COVID-19 related IP measures were introduced during the review period.

15. **Compliance with regular notification requirements of the various WTO Agreements remains very uneven.** Although there have been significant efforts by some delegations to bring their notifications further up to date, progress is slow. The lack of compliance with notification obligations across WTO bodies is problematic, as it undermines individual agreements and, more generally, the operation of the multilateral trading system. Transparency in trade policy was pursued, as in previous years, through the Trade Policy Reviews and the RTA Transparency Mechanism.

16. **Other developments in selected trade-policy areas** in 2020 include work 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, women's economic empowerment, domestic regulation in services and, micro, small and medium-sized enterprises (MSMEs).