
EXECUTIVE SUMMARY

1. This WTO Trade Monitoring Report on trade-related developments comes as the world continues to battle the COVID-19 pandemic. The mid-October 2020 to mid-May 2021 review period covered in this Report provides important insight into a number of areas as countries begin addressing the challenges of a post-pandemic economic recovery. In particular, the past several months have seen international cooperation and coordination among nations and intergovernmental organizations increase and intensify.

2. The Rome Declaration, made during the Global Health Summit in May, reaffirmed that the pandemic remains an unprecedented global health and socio-economic crisis with disproportionate direct and indirect effects on the most vulnerable. It also emphasized that the pandemic would continue to be a threat until all countries are able to bring the disease under control through large-scale, global, safe, effective and equitable vaccination in combination with other appropriate public health measures.

3. Recently, the Heads of the IMF, the World Bank, the WHO and the WTO called for a new commitment to vaccine equity and defeating the pandemic and suggested a USD 50 billion health, trade and finance roadmap to end the pandemic and secure a global recovery. Coordination among manufacturers, suppliers and international organizations was a main theme at the Global COVID-19 Vaccine Supply Chain & Manufacturing Summit in March. Without a broad and inclusive international effort we will not be able to end this pandemic, nor will we be able to successfully fight the next one.

4. 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%. As a platform for transparency, the WTO has a central role to play in ensuring that supply chains are kept open and restrictive trade policies are avoided. The multilateral trading system has kept trade flowing and provided Members with a well-established platform for providing information on the policies they have taken in response to the pandemic. Throughout the pandemic, WTO committees have worked intensively to address COVID-19-related issues and their impact on international trade. As during the global financial crisis (GFC) more than a decade ago, the foundation of the multilateral trading system has proved solid.

5. Overall, this Report suggests that trade policy restraint by WTO Members has prevented a destructive acceleration of protectionist trade measures that would have further harmed the world economy. This Report documents how many trade restrictions on goods imposed at the start of the pandemic have been rolled back and that new liberalizing measures have been introduced. 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.

Specific findings

6. **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. Trade growth in the second half of 2020 was still not strong enough to return trade to its pre-pandemic trend, but such a turn-around could happen by the first quarter of 2022 if vaccine production and dissemination accelerate, thus allowing containment measures to be relaxed sooner. Leading indicators point to a sustained expansion of merchandise trade in the first half of 2021. By contrast, commercial services trade has recovered more slowly, as it is strongly influenced by lockdowns and travel restrictions.

7. Despite these relatively positive developments, 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. This is especially true for low-income developing economies, which are struggling to obtain enough doses to inoculate more than a small fraction of their populations. 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.

8. Since the outbreak of the pandemic, **384 COVID-19-related trade measures in the area of goods have been implemented by WTO Members**, 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 bans 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.

9. **WTO Members 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-restrictive measures. Fifty-seven percent of the 114 export restrictive measures 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).

10. **WTO Members continued to implement COVID-19-related 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 GFC. 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.

11. **Support programmes by international intergovernmental organizations, regional development banks or bilateral assistance measures** complemented governmental measures. These programmes came in the form of grants, loans, vaccination roll-out programmes or vaccine donations, and credit and funding arrangements to reduce debt vulnerabilities in low-income countries where the pandemic has created urgent financing needs.

12. Since the outbreak of the pandemic, WTO Members and Observers have put in place 147 COVID-19-related measures affecting trade in services. Many of the services measures implemented 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 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.

13. 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. Deviation from this trend was the result of an escalation of bilateral trade tensions or, as reported in November 2020, a significant drop in the implementation of non-COVID-related trade policies observed in the second half of 2020.

14. **WTO Members introduced 122 regular measures 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.

15. **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. The trade coverage of trade remedy initiations recorded during the review period (134) was estimated at USD 17.6 billion (down from the USD 68.8 billion in the previous period) and that of terminations (129) at 15.1 USD billion (up from USD 9.9 billion in the previous period). 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. As at 30 April 2021, two Members had notified anti-dumping actions referring to the COVID-19 pandemic.

16. **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. 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 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, PPE, food, medical equipment and medical supplies.

17. **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.

18. **In the Committee on Agriculture (CoA), most questions focused on Members domestic support policies.** WTO Members posed 238 questions regarding individual notifications, overdue notifications and specific implementation matters (SIMs) under Article 18.6. Most of these questions were related to domestic support. The 96th and 97th CoA meetings which took place during the review period included a dedicated agenda item on COVID-19 which provided Members with an opportunity to engage in a holistic discussion on the crisis and the disruptions it has caused to food and agriculture systems globally. WTO Members also used the CoA's standard review process to request clarification on policies implemented in response to the pandemic.

19. **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.

20. 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.

21. 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.**