

WTO sees easing of trade barriers triggered by COVID-19

By TIOL News Service

GENEVA, NOV 20, 2020: ALMOST three out of every ten COVID-19 restrictive measures on goods taken by G20 economies had been repealed by mid-October primarily as a result of the sharp decline in overall global trade since the start of the pandemic, said the World Trade Organization (WTO) on Thursday.

Although world trade had already been slowing before the pandemic, merchandise exports in nominal USD terms was down 21% in the second quarter of 2020 compared to the previous year, while commercial services exports was down 30%.

In its latest Trade Monitoring report, the WTO noted that there had been a slowdown in the number and coverage of trade-restrictive and trade-facilitating measures on goods implemented by G20 countries between mid-May and mid-October 2020.

The trade coverage of 'regular' import-facilitating and import-restrictive measures introduced during the five-month period, that is those unrelated to the COVID-19 pandemic, dropped to USD 36.8 billion (down from USD 735.9 billion in the previous period) and USD 42.9 billion (down from USD 417.5 billion) respectively.

"This was a function of the sharp decline in overall global trade flows, the diversion of governments' attention towards pandemic response, and relative stasis in major bilateral trade tensions that had elevated both sets of figures in earlier reporting periods - as well as a general commitment to keep trade flowing", the report notes.

At the same time, trade measures directly tied to the pandemic covered a significant amount of global trade. COVID-19 related trade-facilitating measures on goods implemented since January covered trade worth an estimated USD 155 billion, while pandemic-related trade-restrictive measures, most of which were export controls, covered trade worth USD 111 billion.

Of the 133 COVID-19 trade and trade-related measures recorded for G20 economies since the outbreak of the pandemic, 63% were of a trade-facilitating nature and 37% were trade restrictive.

Of those repealed, most were export restrictions, the WTO reported. In the services sectors heavily impacted by the pandemic, most of the 68 COVID-19 related measures adopted by G20 economies appeared to be trade facilitating.

Over 400 support measures in direct response to the pandemic and collectively worth several trillion dollars were put in place by G20 economies up until mid-October to address the pandemic-induced economic downturn and lay the groundwork for a swift recovery of output and trade.

However, WTO Deputy Director-General Yonov Frederick Agah said that while the new trade-restricting measures were modest, the fact remains that restrictions that have accumulated since 2009 are weighing on over a tenth of G20 imports - 8% of global imports.

Along with an open market, the fiscal and monetary support put in place by G20 economies will be ***"central"*** to addressing the downturn and laying the foundations for a stronger, more inclusive and sustainable global economy, he said.

"Now more than ever, G20 governments must continue to work together."