On 22nd November 2018, the World Trade Organization ("WTO") issued its 20th Monitoring Report (Mid-May 2018 to Mid-October 2018) on the new trade and trade-related measures that have been implemented by the Group of 20 ("G20") countries in the last six months. More specifically, the WTO has provided an objective insight into the trade measures including trade remedies, measures facilitating trade, trade restrictive measures and measures affecting trade in services implemented by the G20 economies. Amongst the trade measures that have been implemented, the trade remedies and trade restrictive measures have been much-debated and remained a matter of serious concern as they have grown manifold affecting various sectors and in turn, affecting global trade.

Trade remedy measures

On trade remedy measures, the Report notes that there has been a decrease in the number of initiations of investigations and a stagnation of termination of investigations by the G20 countries in the last six months in comparison to the previous review period (Mid-October 2017 to Mid-May 2018). While this is true to assess the behavior of all the G20 countries together in the last six months, an individual assessment of trends (as provided in the Report) in the trade remedy actions of each G20 economy for the last few years, reveals a drastic difference in the trends or approach taken by each of the G20 countries. From the Report, India and the United States, both G20 members, have largely remained active not only in initiations of anti-dumping investigations, but have also been active in terms of imposition of anti-dumping duties in the last few years. India has initiated about 43 anti-dumping investigations and imposed duties in around 40 of the investigations in the period July 2017 – June 2018 (which is on par with the United States and the highest in comparison to other G20 countries).

Trade facilitating and trade restrictive measures: A balancing act no more.....

With regards to the balance between trade facilitating and trade restrictive measures, the Report notes that while the G20 countries have implemented trade facilitating measures to eliminate import tariffs and export duties in the last six months, there has been a significant increase in the number of trade restrictive measures that have been imposed by the G20 countries. According to the Report, the G20 economies whilst on the one hand have implemented 33 measures facilitating trade, contrarily, have also implemented a total of 40 trade restrictive measures including tariff increases, import bans and export duties. Most importantly, while the implemented trade/import-facilitating measures cover only $216 billion worth of trade, the trade restrictive measures (mostly, the import-restrictive measures) imposed by G20 countries cover over $481 billion of trade. The trade coverage of import-trade restrictive measures implemented in the last six months have been noted to be six times larger than that have been recorded in the previous review period (Mid-October 2017 to Mid-May 2018) and since it was first calculated in 2012.

The India angle

India, which has implemented both trade-facilitating and trade restrictive measures in the last six months, seems to be more inclined towards being a protectionist economy. Indeed, the trade restrictive measures that India has implemented in the last six months far exceed the number of trade-facilitating measures that it has brought in place. India has largely imposed trade restrictions in the form of increased import tariffs on products such as textiles, certain agricultural products, air conditioners, washing machines, foot wear which may have a greater bearing on other G20 countries’ economies.

The WTO

As imposition of trade restrictive measures have remained a matter of serious concern due to the potential impact it may have on the global trade, jobs, prices and countries’ economies, the WTO’s Director-General, Roberto Azevêdo, noted that the organization is doing all it can to de-escalate this current situation. However, to find solutions to the current situation, he stressed on the need for political leadership and commitment to facilitate greater cooperation amongst the G20 countries.

As rightly noted by the Director-General, a further escalation of the current situation remains a real threat (to the global trade). In other words, as also noted by the Report, the uncertainty that is created by the proliferation of such measures would place the recovery of the world economy in jeopardy. Therefore, what remains to be seen is - if the G20 countries including India will rise to the occasion and resist themselves from protectionism and promote/facilitate global trade.

Also, while it is the need of the hour for the G20 countries to de-escalate the above issues, it remains important for them to also simultaneously resolve some of the critical issues under the Doha Agenda as well as strengthen WTO Agreements to effectively and timely resolve regulations governing emerging technologies, currency manipulations and ‘hidden’ subsidies.

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1 The WTO Report on G-20 Trade Measures (mid-May 2018 to mid-October 2018) has provided only a factual insight into the trade measures being implemented by the G20 countries and has not commented on the legality of the said measures.
2 Under the WTO, three types of import restraints are recognized as trade remedies – (i) Anti-dumping measures; (ii) Countervailing measures; and (iii) Safeguard measures.

3 Under the WTO, trade restrictions can be in the form of tariff and non-tariff barriers to trade. Tariff barriers include import tariffs, export duties etc, whereas non-tariff barriers to trade include quotas, licensing, sanctions and other restrictions that may be imposed as Sanitary and Phytosanitary measures or Technical Barriers to Trade etc.

4 The trend of initiations of investigation and imposition of anti-dumping duties of G20 countries including India is available in the WTO Report on G-20 Trade Measures (mid-May 2018 to mid-October 2018). Please see page no. 32 of the said WTO Report.

5 Ibid.

6 A detailed list of trade-facilitating and trade restrictive measures that India has imposed in the last six months is available in the WTO Report on G-20 Trade Measures (mid-May 2018 to mid-October 2018). Please see page no. 78, 93 – 95 of the said WTO Report.

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