



25 October 2011

**REPORTS ON G20
TRADE AND INVESTMENT MEASURES¹
(MAY TO MID-OCTOBER 2011)**

¹ These Reports are issued under the responsibility of the Director-General of the WTO, the Secretary-General of the OECD, and the Secretary-General of UNCTAD. They have no legal effect on the rights and obligations of member governments of the WTO, OECD, or UNCTAD. The inclusion of any measure in these Reports or in their Annexes implies no judgement by the WTO, OECD or UNCTAD Secretariats on whether or not such measure, or its intent, is protectionist in nature. Moreover, nothing in the Reports implies any judgement, either direct or indirect, as to the consistency of any measure referred to in the Reports with the provisions of any WTO, OECD, or UNCTAD agreements or any provisions thereof.

We are pleased to submit our reports on G-20 trade and investment measures. G-20 Leaders reaffirmed, at their last Summit meeting in Seoul on 11-12 November 2010, the extension of their standstill commitment to resist protectionism until the end of 2013 (as agreed at their Toronto Summit), and committed to roll back any new protectionist measures that may have risen, including export restrictions and WTO-inconsistent measures to stimulate exports. They asked the WTO, OECD, and UNCTAD to continue monitoring the situation and to report publicly on a semi-annual basis. These reports, which are our second contribution for 2011, cover measures implemented in the period from 1 May to mid-October 2011. Attached separately is also a list of all trade and trade-related measures adopted by G-20 members since the beginning of the trade monitoring exercise in October 2008 in which the status of these measures is highlighted. This list is aimed at facilitating the task of G-20 members in exiting the trade restricting measures.

Angel Gurría
Secretary-General
OECD

Pascal Lamy
Director-General
WTO

Supachai Panitchpakdi
Secretary-General
UNCTAD

Attachments: Joint Summary on G-20 trade and investment measures
Trade report
Investment report
Summary of trade and trade-related measures since October 2008 (made available separately)

Joint Summary on G-20 Trade and Investment Measures

G-20 Leaders reaffirmed, at their last Summit meeting in Seoul on 11-12 November 2010, their unwavering commitment to resist all forms of protectionism. Furthermore, recognizing the importance of free trade and investment for global recovery, they committed to keep markets open and liberalize trade and investment as a means to promote economic progress for all and narrow the development gap.

Disappointingly weak growth in some G-20 members and continuing macroeconomic imbalances globally are testing the political resolve of many governments to resist trade protectionism. There is no indication that, over the past six months, recourse to new trade restricting measures by the G-20 as a group has slackened nor that efforts have been stepped up to remove existing restrictions, particularly those introduced since the onset of the global crisis. Indeed, the pace of implementation of new export restrictions has accelerated over the recent period. Moreover, there is a growing perception that trade protectionism is gaining ground in some parts of the world as a political reaction to current economic difficulties.

Unilateral actions to shield domestic industries and jobs from international competition, although appealing from a narrow short-term perspective, will not solve global problems, and on the contrary may turn the situation worse by triggering a spiral of tit-for-tat reactions in which every country loses. The situation is not yet alarming, but it is clearly adding to the downside risks to the global economy. There is a need for urgent action by the G-20 to prevent any further deterioration in their collective trade policy stance and to place their faith in open markets and the benefits of freer trade at the heart of their economic policies to re-boot growth in the world economy.

On the positive side, a number of trade facilitating measures have been introduced, especially by reducing or temporarily exempting some import tariffs and by streamlining trade procedures. The pace of removal of previous trade restrictive measures seems to be increasing, but still remains slow, which adds to the concerns about the accumulation of restrictive measures.

With respect to international investment, G-20 members have on the whole continued to honour their pledge not to retreat into investment protectionism. Most of the few investment policy measures taken during the reporting period remove restrictions to international capital flows and improve clarity for investors. However, there have also been a few instances of new restrictions.

G-20 members have discontinued almost all support measures in response to the financial and economic crisis and are slowly winding down financial positions acquired during their earlier interventions. However, the recent resurgence of turbulence in financial markets and weakening growth prospects could create pressure for new government measures to support companies. At a time when the global economy urgently needs a boost from private investment to generate growth and jobs, short-term crisis management will need to be coordinated with efforts to boost long-term productive investment. Ensuring that any future crisis response measures are as transparent and non-discriminatory as possible will help limit damage to the functioning of global capital markets.

In this context, we urge G-20 governments to remain united in their efforts to strengthen multilateral cooperation to find global solutions to the current economic difficulties and risks. In particular, the multilateral trading system needs to continue acting as an insurance policy against trade protectionism. The multilateral trading system has been instrumental in maintaining trade openness during the crisis, thereby avoiding even worse outcomes. The forthcoming G-20 Summit in Cannes and the 8th WTO Ministerial Conference in December could send a strong signal about the need to keep markets open, resist protectionism, and preserve and strengthen the global trading system so that it continues performing this vital function in the future.