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REPORTS ON G20
TRADE AND INVESTMENT MEASURES[1]

(MID-OCTOBER 2012 TO MID-MAY 2013)

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We are pleased to submit our reports on G-20 trade and investment measures. At their last summit meeting in Los Cabos, Mexico, on 18-19 June 2012, G-20 Leaders expressed their firm commitment to open trade and investment regimes, expanding markets and resisting protectionism in all its forms. Noting their deep concern about rising instances of protectionism around the world, they reaffirmed their standstill commitment until the end of 2014 with regard to measures affecting trade and investment, and their pledge to roll back any new protectionist measure that may have arisen, including new export restrictions and WTO-inconsistent measures to stimulate exports. G-20 Leaders also undertook to notify in a timely manner trade and investment restrictive measures. These reports cover trade and investment measures implemented in the period from mid-October 2012 to mid-May 2013. Also attached is a list of all trade and trade-related measures adopted by G-20 members since the beginning of the trade monitoring exercise in which the status of each measure is indicated. This list is aimed at facilitating the task of G-20 members in eliminating the trade restricting measures. The report also includes a list of all investment measures adopted by G-20 members since the beginning of the monitoring exercise.

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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)
- Summary of investment measures adopted since November 2008

Joint Summary on G-20 Trade and Investment Measures

We recall that G-20 Leaders, at their last Summit meeting in Los Cabos in June 2012, expressed their firm commitment to open trade and investment, expanding markets and resisting protectionism in all its forms, which were considered as necessary conditions for sustained global economic recovery, jobs and development. They underlined the importance of an open, predictable, rules based, transparent multilateral trading system, and their commitment to ensure the centrality of the WTO. Recognizing the importance of investment for boosting economic growth, they made the commitment to maintaining a supportive business environment for investors. Furthermore, they reaffirmed their standstill commitments until the end of 2014 and their pledge to roll back any new protectionist measures that may have arisen.

Some G-20 economies have continued to implement trade restrictive measures over the past seven months. More than 100 trade restrictions were recorded over the review period, which cover around 0.5% of G-20 merchandise imports, or the equivalent of 0.4% of world imports. During this period, a few G-20 economies also adopted measures aimed at facilitating trade, although, this time, the share of facilitating measures is smaller than during the previous review period.

The new trade restrictive measures add to those implemented over previous periods, most of which are still in place. The gradual accumulation of restrictions remains a concern, in particular considering the slow pace of removal of previous measures. And, as noted in previous reports, this has to be considered in a broader perspective where the stock of trade restrictions and distortions that existed before the global crisis struck, such as trade-distorting policies in agriculture and tariff peaks, are still in place.

In today's prevailing uncertain global economic environment, it is all the more important that G-20 economies keep their markets open, and avoid making matters worse by adopting isolationist policies and measures that restrict trade which could engender a dangerous reaction by their partners. More open trade is the best budget-neutral stimulus to help overcome economic sluggishness.

With respect to investment measures, G-20 members have on the whole continued to honour their pledge not to introduce new restrictive policies. Almost all new investment policy measures that G-20 members adopted during the reporting period tended to eliminate investment restrictions, and to facilitate inward or outward investment.

However, formal policy changes through the adoption of laws and regulations are not the only way in which governments influence – and at times discourage – international capital flows, including foreign direct investment. Individual administrative decisions with regard to specific foreign investment projects (for instance, economic benefits tests or national security-related investment reviews) also influence capital flows. In addition – as witnessed during this reporting period – governments may send public, but informal signals that they have unfavourable views of certain foreign investment projects. Such forms of intervention are not captured by this report, as a consistent and complete reporting on these measures is not possible. Nonetheless, such government action may have a chilling effect on specific investment projects and, more generally, on trust in fair and transparent treatment of foreign investors.

G20 Leaders should therefore bear in mind that the rather encouraging findings in this report on the development of their formal investment-related policies do not present a complete picture of broad policy measures regarding international capital flows and that their commitment to resist protectionism in all its forms also covers individual administrative decisions that involve significant discretion in reviewing foreign investment projects and informal means for stifling international investment.

G-20 governments should refocus their attention on reinforcing the multilateral trading system so that trade can be an engine of growth and a source of strength for the global economy. G-20 governments have an opportunity to demonstrate their commitment to the multilateral trading system by ensuring the WTO Ministerial Conference in Bali at the end of this year delivers tangible results.