



31 May 2012

**REPORTS ON G20
TRADE AND INVESTMENT MEASURES¹
(MID-OCTOBER 2011 TO MID-MAY 2012)**

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We are pleased to submit our reports on G-20 trade and investment measures. G-20 Leaders reaffirmed, at their last Summit meeting in Cannes on 3-4 November 2011, 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 first contribution for 2012, cover measures implemented in the period from mid-October 2011 to early/mid-May 2012. 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 October 2008 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.

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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)

Joint Summary on G-20 Trade and Investment Measures

At their last Summit meeting in Cannes on 3-4 November 2011, G-20 Leaders underscored the merits of the multilateral trading system as a way of avoiding protectionism and not turning inward. Furthermore, they reaffirmed their standstill commitments until the end of 2013 and committed to roll back any new protectionist measures that may have arisen.

Weak recovery of the global economy and persistent high levels of unemployment are continuing to test the political resolve of G-20 governments to resist trade protectionism. The past seven months have not witnessed any slowdown in the imposition of new trade restrictions. And there is no indication that efforts have been stepped up to remove existing restrictions, particularly those introduced since the start of the global crisis. Some governments are facing particularly difficult economic conditions domestically, but they must resist the temptation to move towards more nationalistic and inward-looking policies.

The accumulation of trade restrictions is a matter of concern, which is aggravated by the relatively slow pace of rollback of existing measures. This situation is clearly adding to the downside risks to the global economy. Moreover, government support to selected sectors is distorting competition and restricting trade. G-20 governments should resist any further deterioration in their collective trade policy stance and rely on open markets and the benefits of freer trade to help reboot growth in the world economy. Increasing trade is critical to stimulating global recovery.

As in past reports, recent investment measures have, for the most part, had the effect of opening up markets and enhancing transparency. However, during the reporting period, there were some important exceptions, including an expropriation, a divestment requirement and new entry restrictions. Such measures, if taken in a manner consistent with domestic and international law, can be a legitimate means to further certain policy objectives. However, they can also heighten perceptions of risk, which is particularly troublesome at a time when investors are on edge due to broader economic and political turbulence. Countries should be aware of the damage to the business climate and to economic recovery that such measures can cause.

We appeal to G-20 governments to redouble their efforts to strengthen multilateral cooperation to find global solutions to the current economic difficulties and risks, and to seek to avoid situations that would create trade tensions between them. The multilateral trading and investment system needs to continue acting as an insurance policy against protectionism. Stronger global cooperation is needed to rebuild a robust architecture for trade and investment in the 21st century. The forthcoming G-20 Summit in Los Cabos should send a strong and clear signal about the need to keep markets open, resist protectionism, and preserve and strengthen the global trading and investment system so that it continues performing this vital function in the future. A firm commitment to improve multilateral transparency and peer review should be pursued.