Maria Marchyshyn, lead researcher on trade with the G20 Research Group, assesses the G20’s historic compliance on trade commitments.

Trade has become a highly controversial international issue over the past year. Yet G20 members as a whole have steadfastly shown unity in supporting freer trade and recognising its importance in sustaining global economic growth. As the G20 adapts to new global realities, including the recent surge in protectionist and populist pressures, it is balancing its ability to forge compromise among its members with its ability to uphold high standards for free and fair trade to produce more effective and forward-looking trade commitments.

Committed

From the first G20 summit in 2008 until the most recent in 2017, G20 leaders made 164 commitments on trade. Since 2010, G20 trade commitments increased, with the past two years reaching new highs of 24 in 2016 and 29 in 2017. This signals an increased focus on this issue. The 2013 St Petersburg Summit produced a stand-alone document, Advancing Transparency in Regional Trade Agreements. G20 leaders continue to support a rules-based, transparent, non-discriminatory, open and inclusive multilateral trading system with the World Trade Organization (WTO) at its centre. They repeatedly promise a standstill and rollback of their protectionist actions and urge the successful conclusion of the Doha Development Agenda.

Compliance

The G20 Research Group has assessed G20 members’ compliance with 19 commitments on trade from the summits from 2008 to 2017. Overall, G20 compliance on trade averages 68%, although it varies widely. Two commitments led compliance at 95% (one on a 2015 commitment on development and Aid for Trade and one on a 2016 commitment on investment policymaking). Two more commitments achieved the second highest score of 90% (a rejection of protectionism in 2008 by refraining from imposing new export restrictions and a 2016 endorsement of the G20 Strategy for Global Trade Growth). Although compliance with other commitments has been much lower, it has increased since 2015. Indeed, interim compliance with the 2017 commitment was 85%.

Australia led with the highest compliance of 95%, followed by Germany, Japan, the United Kingdom and the European Union, each with 84%. Argentina had the lowest compliance score of 39%. The United States averaged 61% from 2008 to 2016 and then 75% in 2017 largely after President Donald Trump arrived.

Consequences

International trade continues to grow despite the protectionist policies of the United States and other members. Through their commitments G20 leaders show that they are well aware that trade supports global economic growth, and domestic growth, productivity and innovation. That might spur their improving their compliance, despite the current uncertainty. Recent higher compliance by China and India clearly show that as new powers emerge on the global stage, they continue to turn to trade to strengthen their economies.
There may be several ways to improve G20 compliance on trade, through leader-controlled, low-cost accountability measures that have been proven to work in trade and other fields.

In this time of rising trade tensions, it is very important for the G20 to reaffirm its long-standing commitment to open and fair trade by rejecting protectionism and refraining from any new trade barriers. It should also attempt to avoid including the WTO in its commitments, because compliance is higher with commitments that do not refer to the WTO as the core international institution for trade.

The G20 should consider holding trade ministerial meetings on an annual institutionalised basis, before and after the G20 summit. This would allow their trade ministers to help resolve disputes before the summit, make the leaders’ summits more prepared and unified, and spur rapid implementation of the commitments leaders make there.

Furthermore, the G20 leaders should include more trade commitments in their communiqués. A high number of trade commitments leads to increased compliance.

The G20 should also consider connecting trade to other pressing issues such as climate change, gender equality, development, technological advancement and e-commerce, global supply chains, services and investment guidelines.

The views and opinions expressed in this article are those of the authors and do not necessarily reflect the views of the Global Solutions Initiative. This article was originally published in G20 Argentina: The 2018 Buenos Aires Summit by GT Media Group and the G20 Research Group, 2019. View the original article.