



Who we are

The World Trade Organization deals with the global rules of trade between nations. Its main function is to ensure that trade flows as smoothly, predictably and freely as possible.

Using this report

The 2019 Annual Report begins with a message from the WTO Director-General and an overview of the past year. This is followed by more in-depth accounts of the WTO's areas of activity over the past 12 months.

Find out more

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Annual Report

2019

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Trade negotiations and discussions**34**

Changes to the rules of trade require the agreement of all WTO members, who must reach consensus through negotiations.

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Supporting development and building trade capacity**128**

The WTO aims to help developing countries build their trade capacity and allows them a longer time to implement trade agreements. Hundreds of training courses are organized each year for officials from developing countries.

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Various WTO councils and committees seek to ensure that WTO agreements are being properly implemented. All WTO members undergo periodic scrutiny of their trade policies and practices.

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The WTO maintains regular dialogue with the business community, non-governmental organizations, parliamentarians, other international organizations, the media and the general public to enhance cooperation and raise awareness of trade issues.

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WTO members bring disputes to the WTO if they think their rights under trade agreements are being infringed. Settling disputes is the responsibility of the Dispute Settlement Body.

9

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The WTO Secretariat has over 600 regular staff and coordinates the activities of the WTO. Most of the WTO's annual budget consists of contributions by its members.

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Spotlight: 2018 in numbers



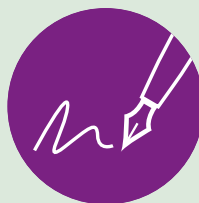
38

WTO members initiated 38 new disputes in 2018, more than twice the number of 2017.



12

The General Council agreed that the 12th WTO Ministerial Conference will take place in Nur-Sultan, Kazakhstan, on 8-11 June 2020.



141

The Trade Facilitation Agreement has been ratified by 141 WTO members, as of end-January 2019.



18

The WTO undertook trade policy reviews of 18 WTO members in 2018.



3.0

World merchandise trade volume grew by 3.0 per cent in 2018 after growth of 4.6 per cent in 2017.



11

Eleven appeal proceedings were initiated in 2018, compared with eight in 2017.



9

Nine Appellate Body reports were circulated.





22

The number of countries currently seeking to join the WTO is 22.



750,000

WTO videos were watched over 750,000 times on social media in 2018.



21,000

The WTO undertook over 330 training activities in 2018, involving over 21,000 government officials, a 17 per cent increase from 2017.



15

Fifteen young people took part in the WTO's Young Professionals Programme in 2018.



28

Twenty-eight dispute settlement reports and decisions were circulated.



WORLD TRADE ORGANIZATION

164

The WTO currently has 164 members, representing 98 per cent of world trade.



2.3

The WTO website attracted over 2.3 million visits a month in 2018, over 20 per cent more than the year before.



2,500

The WTO's major outreach event, the Public Forum, attracted over 2,500 participants from over 100 countries, who took part in a record 111 sessions.



38.8

Global disbursements of Aid for Trade amounted to US\$ 38.8 billion in 2016 (the latest year on record).



Message from

Director-General Roberto Azevêdo



Mounting trade tensions, an increase in trade-restrictive measures and continuing economic uncertainty created real challenges for world trade in 2018. These factors and a deceleration in overall economic activity slowed momentum in global trade, restricting merchandise trade growth to 3 per cent compared with 4.6 per cent in 2017. This downward trend is expected to continue in 2019, with trade projected to grow by just 2.6 per cent. If trade growth is to bounce back in 2020, it is vital we resolve tensions and create an environment where trade can play its full part in driving economic growth and reducing poverty.

To chart a positive path forward for world trade, WTO members are discussing ways to strengthen the trading system to enable it to better respond to the challenges of today's economy, including rapid technological change which is creating huge shifts in patterns of employment. G20 leaders emphasized the need for reform of the multilateral trading system at their summit in Buenos Aires in December, while also underscoring the system's vital importance.

Different approaches to improving the functioning of the WTO are under discussion, including improving members' compliance with obligations to submit information on their trade policies and practices in a timely fashion. Members are also seeking more effectively to address trade-distorting practices, such as subsidies, and to address issues in the Appellate Body, an essential component of the WTO's dispute settlement system.

The current impasse in the process for appointing Appellate Body members is putting the dispute settlement system under severe strain. WTO members are actively submitting proposals to address the impasse and to improve the system. If a solution is not found by December, due to the expiration of two Appellate Body members' terms the number of sitting members would fall to one, and the Appellate Body would no longer be

able to hear appeals. The importance of finding an urgent resolution to this situation cannot be overstated.

Another area of discussion among members is how to improve trade negotiations at the WTO so that we can keep delivering new agreements and build on recent successes, such as the landmark Trade Facilitation Agreement, the abolition of agricultural export subsidies, the expansion of the Information Technology Agreement, and a number of positive steps for least-developed countries and food security concerns.

In 2018, work continued to advance negotiations in a number of areas, including agriculture and fisheries subsidies.

In agriculture, WTO members engaged in intensive discussions to identify possible areas of agreement for the next Ministerial Conference to be held in Kazakhstan in June 2020. All areas of the agriculture negotiations are under discussion, including domestic subsidies, public stockholding for food security purposes, cotton and market access. In a new approach, thematic working groups have been established to cover each of these areas, with a detailed work programme for 2019.

In fisheries subsidies, WTO members agreed to finalise an agreement by the end of 2019. The overall objective is to reduce subsidies that lead to



overfishing and to eliminate subsidies to illegal, unreported and unregulated fishing, a key target of UN Sustainable Development Goal 14. Members have created a negotiating text and are working within small groups to identify ways of bridging differences in order to meet this deadline.

Groups of WTO members are also discussing so-called joint initiatives, which include electronic commerce, small and medium-sized enterprises, facilitation of investments, and the economic empowerment of women. While not all members are participating, these talks are open to everyone and are gaining momentum. In the area of e-commerce, for example, over 70 WTO members confirmed in January their intention to commence WTO negotiations on trade-related aspects of e-commerce. A group of members have also made progress on proposing new disciplines for domestic regulation of services.

Ensuring the effective implementation of existing rules is the core work of the WTO's committees and councils. WTO members continued to meet regularly to discuss trade concerns and to propose new ways of improving the WTO's rulebook. The WTO's newest committee, the Trade Facilitation Committee, marked the first anniversary of the entry into force of the Trade Facilitation Agreement and members shared experiences on implementing the Agreement, which is projected to slash trade costs by 14 per cent once fully implemented. By the end of 2018, over 80 per cent of WTO members had ratified the Agreement and many have already seen the benefits of a faster flow of goods across borders.

One of the aims of our committees is to prevent trade concerns escalating into full-blown disputes. When it is not possible to achieve this objective, WTO members can rely on the dispute settlement system. In 2018, the system was particularly active, with an increasing number of cases being brought for resolution. This demonstrates members' continuing reliance on the system, further underlining the need to find a solution to the Appellate Body issue mentioned above.

Supporting the needs of developing countries, particularly our least-developed members, continued to

be a core focus of our work, with the Committee on Trade and Development acting as the main forum for discussions. In May 2018, we launched a report looking at the contribution of trade to attaining the Sustainable Development Goals and we continued to work through programmes such as the Aid for Trade initiative and the Enhanced Integrated Framework to support projects aimed at developing the trading capacity of our poorest members. We also expanded our training programme to help government officials from around the world improve their understanding of the multilateral trading system, and continued to support countries seeking to join the WTO.

The rise in trade tensions and the rapidly evolving nature of trade have sparked an unprecedented degree of interest in the WTO and the global trading system. The WTO Secretariat has responded by hosting a series of outreach activities and events which enable stakeholders to better understand the challenges confronting the organization and to highlight issues they find important. The "Trade Dialogues" initiative continued during the year, bringing in voices from a range of different stakeholders. In June 2018, business representatives attended one such event to discuss priorities for the business community and how to strengthen global trade. Their recommendations were presented later in the year at the WTO's Public Forum, which attracted over 2,500 participants to debate how technological and other developments are affecting world trade.

As we move into 2019, the global trading system continues to face significant challenges. There is an urgent need to ease trade tensions, resolve systemic issues and further modernise our rulebook. By doing so, we can ensure that the WTO continues to provide stability and predictability for trading nations large and small, thereby supporting growth, development and job creation around the world.



Roberto Azevêdo
Director-General



The global trading system continues to face significant challenges. There is an urgent need to ease trade tensions, resolve systemic issues and further modernise our rulebook.



Understanding the WTO

There are a number of ways of looking at the World Trade Organization. It is an organization for trade-opening. It is a forum for governments to negotiate trade agreements. It is a place for them to settle trade disputes. It operates the global system of trade rules. It helps developing countries build their trade capacity. Essentially, the WTO is a place where member governments try to sort out the trade problems they face with each other.

Who we are



The WTO was born out of negotiations aimed at progressively reducing obstacles to trade. Where countries have faced trade barriers and wanted them lowered, the negotiations have helped to open markets for trade. But the WTO is not just about opening markets, and in some circumstances its rules support maintaining trade barriers – for example, to protect consumers and the environment or prevent the spread of disease.



At its heart are the WTO agreements, negotiated and signed by the bulk of the world's trading nations. These documents provide the rules for international commerce. They are essentially contracts, binding governments to keep their trade policies within agreed limits. Although negotiated and signed by governments, the goal is to help producers of goods and services, exporters, and importers conduct their business, while allowing governments to meet social and environmental objectives.



The system's overriding purpose is to help trade flow as freely as possible – so long as there are no undesirable side effects – because this is important for stimulating economic growth and employment and supporting the integration of developing countries into the international trading system. That partly means removing obstacles. It also means ensuring that individuals, companies and governments know what the trade rules are around the world, and giving them the confidence that there will be no sudden changes of policy. In other words, the rules have to be transparent and predictable.



Trade relations often involve conflicting interests. Agreements, including those painstakingly negotiated in the WTO system, often need interpreting. The most harmonious way to settle these differences is through a neutral procedure based on an agreed legal foundation. That is the purpose behind the dispute settlement process written into the WTO agreements.



What we stand for

The WTO agreements are lengthy and complex because they are legal texts covering a wide range of activities. But a number of simple, fundamental principles run throughout all of these documents. These principles are the foundation of the multilateral trading system.



1 Non-discrimination

A country should not discriminate between its trading partners and it should not discriminate between its own and foreign products, services or nationals.

2 More open

Lowering trade barriers is one of the most obvious ways of encouraging trade; these barriers include customs duties (or tariffs) and measures such as import bans or quotas that restrict quantities selectively.

3 Predictable and transparent

Foreign companies, investors and governments should be confident that trade barriers should not be raised arbitrarily. With stability and predictability, investment is encouraged, jobs are created and consumers can fully enjoy the benefits of competition – such as increased choice and lower prices.

4 More competitive

Discouraging “unfair” practices, such as export subsidies and dumping products at below normal value to gain market share; the issues are complex, and the rules try to establish what is fair or unfair, and how governments can respond, in particular by charging additional import duties calculated to compensate for damage caused by unfair trade.

5 More beneficial for less developed countries

Giving them more time to adjust, greater flexibility and special privileges; over three-quarters of WTO members are developing countries and countries in transition to market economies. The WTO agreements give them transition periods to adjust to WTO provisions and, in the case of the Trade Facilitation Agreement, provide for practical support for implementation of the Agreement.

6 Protect the environment

The WTO's agreements permit members to take measures to protect not only the environment but also public health, animal health and plant health. However, these measures must be applied in the same way to both national and foreign businesses. In other words, members must not use environmental protection measures as a means of introducing a discriminatory trade barrier.

What we do

- Trade negotiations
- Implementation and monitoring
- Dispute settlement
- Supporting development and building trade capacity
- Outreach

164

The WTO is run by its 164 member governments.

- The WTO is run by its member governments. All major decisions are made by the membership as a whole, either by ministers (who usually meet at least once every two years) or by their ambassadors or delegates (who meet regularly in Geneva).
- While the WTO is driven by its member states, it could not function without its Secretariat to coordinate the activities.
- The Secretariat employs over 600 staff, and its experts – lawyers, economists, statisticians and communications experts – assist WTO members on a daily basis to ensure, among other things, that negotiations progress smoothly, and that the rules of international trade are correctly applied and enforced.





Trade negotiations

The WTO agreements cover goods, services and intellectual property. They spell out the principles of liberalization, and the permitted exceptions. They include individual countries' commitments to lower customs tariffs and other trade barriers, and to open services markets. They set procedures for settling disputes. These agreements are not static; they are renegotiated from time to time and new agreements can be added, as was the case at the Bali and Nairobi ministerial conferences of 2013 and 2015.

Although at the end of the 2017 Ministerial Conference held in Buenos Aires the Conference Chair, Minister Susana Malcorra of Argentina, acknowledged that differences remain regarding the Doha Round and the Doha Development Agenda, she also highlighted the decisions taken by ministers and noted that "members agreed to advance negotiations on all remaining issues, including on the three pillars of agriculture – namely domestic support, market access and export competition – as well as non-agricultural market access, services, development, TRIPS, rules, and trade and environment".



Implementation and monitoring

WTO agreements require governments to make their trade policies transparent by notifying the WTO about laws in force and measures adopted. Various WTO councils and committees seek to ensure that these requirements are being followed and that WTO agreements are being properly implemented. All WTO members must undergo periodic scrutiny of their trade policies and practices, each review containing reports by the country concerned and the WTO Secretariat.



Dispute settlement

Understanding is vital for enforcing the rules and therefore for ensuring that trade flows smoothly. Countries bring disputes to the WTO if they think their rights under the agreements are being infringed. Judgements by specially appointed independent experts are based on interpretations of the agreements and individual countries' commitments.



Supporting development and building trade capacity

WTO agreements contain special provision for developing countries, including longer time periods to implement agreements and commitments, measures to increase their trading opportunities, and support to help them build their trade capacity, to handle disputes and to implement technical standards. The WTO organizes hundreds of technical cooperation missions to developing countries annually. It also holds numerous courses each year in Geneva for government officials. The Aid for Trade initiative aims to help developing countries develop the skills and infrastructure needed to expand their trade.



Outreach

The WTO maintains regular dialogue with the business community, non-governmental organizations, parliamentarians, other international organizations, the media and the general public on various aspects of the WTO and its negotiations, with the aim of enhancing cooperation and increasing awareness of WTO activities.

A brief history

The WTO began life on 1 January 1995, succeeding the General Agreement on Tariffs and Trade which had regulated world trade since 1948. Over the past 20 years or so, the WTO has made a major contribution to the strength and stability of the global economy, helping to boost trade growth, resolve numerous trade disputes and support the integration of developing countries into the trading system.

1995

2000

1994

April

Marrakesh Agreement establishing the WTO is signed.



1995

January

The WTO is born on 1 January.

May

Renato Ruggiero (Italy) takes office as WTO Director-General.



1996

December

First Ministerial Conference takes place in Singapore. Information Technology Agreement concluded.

1997

December

Seventy WTO members reach a multilateral agreement to open their financial services sector.



1998

May

Second Ministerial Conference takes place in Geneva.

1999

September

Mike Moore (New Zealand) becomes WTO Director-General.

November

Third Ministerial Conference takes place in Seattle, US.



2000

January

Negotiations begin on services.

March

Negotiations begin on agriculture.



2001

November

Fourth Ministerial Conference in Doha, Qatar. Doha Development Agenda is launched. China becomes the WTO's 143rd member.



2002

September

Supachai Panitchpakdi (Thailand) is elected WTO Director-General.



2003

September

Fifth Ministerial Conference takes place in Cancún, Mexico.

2004

July

General Council approves "July 2004 Framework" for advancing Doha Round negotiations.



2005



2005

September

Pascal Lamy (France) becomes WTO Director-General.

December

Sixth Ministerial Conference takes place in Hong Kong, China. Aid for Trade initiative is launched. Hong Kong Declaration is approved.

2006

September

First WTO Public Forum takes place in Geneva.



2007

November

First Global Review of Aid for Trade takes place in Geneva.

2008

July

Ministerial meeting in Geneva attempts to take big step towards conclusion of Doha Round.



2009

April

DG Pascal Lamy reappointed for second term of four years.

September

First WTO Open Day in Geneva.

November

Seventh Ministerial Conference takes place in Geneva.

2010



2010

January

"Chairs Programme" launched to support developing country universities.



2011

December

Eighth Ministerial Conference takes place in Geneva.



2012

August

Russia becomes the WTO's 156th member.



2013

September

Roberto Azevêdo (Brazil) takes office as WTO Director-General.

December

Ninth Ministerial Conference takes place in Bali, Indonesia. "Bali Package" adopted, including the Trade Facilitation Agreement.

2014

April

Revised WTO Agreement on Government Procurement comes into force.

2015



2015

December

Tenth Ministerial Conference takes place in Nairobi, Kenya. "Nairobi Package" adopted, including abolition of agricultural export subsidies. Expansion of Information Technology Agreement concluded.

2016

July

Afghanistan and Liberia become the WTO's newest members.



2017

January

Amendment to the TRIPS Agreement enters into force, easing access to medicines.

February

Trade Facilitation Agreement enters into force.

September

Roberto Azevêdo begins second term as WTO Director-General.

December

Eleventh Ministerial Conference takes place in Buenos Aires, Argentina.



2018

July

Members accept Kazakhstan's invitation to host WTO's 12th Ministerial Conference in June 2020.



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2018: a snapshot

January

DG Azevêdo attends World Economic Forum in Davos

Peter Sutherland, first WTO Director-General, passes away in Dublin, Ireland.



February

DG Azevêdo welcomes new cohort of WTO young professionals.

August

DG Azevêdo pays tribute to former UN Secretary-General Kofi Annan, who passed away on 18 August.



September

DG Azevêdo welcomes commitment of G20 trade ministers to modernizing WTO at Mar del Plata meeting in Argentina.

DG Azevêdo meets President Nazarbayev in Astana to discuss plans for 12th WTO Ministerial Conference in 2020.



July

WTO Monitoring Report finds new trade restrictions by G20 economies have doubled since previous review period.

Kazakhstan to host WTO's next Ministerial Conference.



October

DG Azevêdo meets Prime Minister Trudeau in Ottawa; welcomes strong support for WTO.

WTO's Public Forum welcomes over 2,500 participants to discuss "Trade 2030".

WTO, IMF, World Bank and OECD heads call for new focus on trade as a driver of growth.





March

Ambassador Junichi Ihara of Japan appointed as Chair of General Council.

April

WTO hosts symposium on the role of trade policy in responding to natural disasters.



June

Business leaders express support for WTO and call for action on priority issues.

German Chancellor Angela Merkel and leaders of six multilateral agencies call for enhanced global cooperation.



May

DG Azevêdo launches report on role of trade in advancing the Sustainable Development Goals.

DG Azevêdo welcomes President Macron's call to strengthen the trading system



November

DG Azevêdo takes part in Paris Peace Forum.

DG Azevêdo joins President Xi at opening ceremony of inaugural China Import Expo in Shanghai.

DG Azevêdo meets with Chinese Premier Li Keqiang and heads of IMF, World Bank, ILO, OECD and FSB in Beijing.

DG Azevêdo meets Prime Minister Abe in Tokyo to discuss global trade tensions.



December

DG Azevêdo welcomes G20 leaders' commitment to improve functioning of WTO at Buenos Aires Summit.

DG Azevêdo and UN Secretary-General Guterres discuss ongoing cooperation to deliver SDGs.



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- WTO members accepted Kazakhstan's invitation to host the 12th Ministerial Conference, to be held in June 2020. It will be the first country in Central Asia to organize a ministerial conference.
- WTO members sought to move trade negotiations forward in advance of the Conference, with the most active areas of negotiation including agriculture, fisheries subsidies, services, development and dispute settlement reform. Discussions also got under way among some members on possible ways of modernizing the WTO.
- Many WTO members stressed that the “joint initiatives” – on e-commerce, investment facilitation, small businesses and women's economic empowerment – launched in December 2017 are important for ensuring that trade policies remain relevant to today's global economy.



Trade negotiations and discussions

In 2018, WTO members sought practical and constructive ways to move trade negotiations forward. Ideas were put forward on possible ways to reform or modernize the WTO.

During the year, WTO members sought to move trade negotiations forward in advance of the 12th Ministerial Conference to be held in June 2020. The Chair of the Trade Negotiations Committee (TNC), Director-General Roberto Azevêdo, emphasized the fundamental value of the multilateral trading system to the global economy and said that the needs of developing countries have to remain at the heart of WTO members' work. In all areas of activity, flexibility is key, he said.

Chairs of active negotiating groups – agriculture, fisheries subsidies, services, development and dispute settlement negotiations – regularly reported to the full membership on work in their respective areas.

DG Azevêdo pointed out that if members are to address current challenges and move forward, they have to put forward new ideas that could lead to convergence. There were some early signs of modest movement in some areas, he said.

Many WTO members pointed to the intensive work undertaken on fisheries subsidies and noted the decision at the July General Council to keep the deadline of December 2019 for an agreement. DG Azevêdo emphasized that an outcome will not come easily and said all

members have to be prepared to work hard to achieve a positive result in this area and in other important longstanding issues.

Many WTO members stressed that the joint initiatives launched in Buenos Aires in December 2017 – on e-commerce; investment facilitation for development; micro, small and medium-sized enterprises; and women's economic empowerment – are important for ensuring trade policies remain relevant to today's global economy and deliver inclusive opportunities. Participants said they were encouraged by the progress made in these talks. The TNC Chair stressed that the initiatives should not be a departure from multilateralism but a way to support it. It was encouraging, he said, that the initiatives are open to all members.

Members stressed that the WTO faces unprecedented challenges, including escalating trade tensions, that are straining the system. In the second half of the year, many members began to focus on possible reform or modernization of the WTO as a means of responding to these challenges and making the trading system work better. DG Azevêdo urged all WTO members to engage in discussions about the future of the organization.

See pages 34-55.



Implementation of WTO agreements and decisions

WTO members accepted Kazakhstan's invitation to host the 12th WTO Ministerial Conference in Nur-Sultan in June 2020. Work in the WTO's councils and committees continued to focus on the effective implementation of WTO agreements and decisions.

The General Council agreed that the 12th WTO Ministerial Conference will take place in Nur-Sultan, Kazakhstan, on 8-11 June 2020. Kazakhstan will be the first country in Central Asia to host a WTO ministerial conference.

Substantive debates took place in the General Council on trade tensions. Forty-one members issued a statement in May 2018 expressing concerns over rising trade tensions and risks of protectionism. The statement called on governments to resolve their differences through dialogue and cooperation, including through the WTO.

The WTO's trade monitoring reports noted a proliferation of trade-restrictive actions among WTO members, with trade coverage of import-restrictive measures more than seven times that recorded in the previous review. "The proliferation of trade-restrictive actions and the uncertainty created by such actions could place economic recovery in jeopardy," said DG Azevêdo. World trade growth slowed as trade tensions multiplied and global financial conditions tightened.

An increased number of trade concerns were brought to the Council for Trade in Goods, including 21 new concerns. WTO members expressed clear support for the preservation of the rules-based multilateral trading system and encouraged the membership to use existing WTO mechanisms for dealing with unfair trade practices.

Several WTO members submitted a comprehensive proposal to enhance the transparency of members' trade measures and to strengthen the requirements for members to provide comprehensive and prompt notifications of these measures.

The Trade Facilitation Agreement marked its first anniversary, with implementation of the Agreement making good headway. Over 85 per cent of the WTO membership has completed the ratification process, and notifications by developing countries outlining the timetables envisaged for implementing the Agreement are on the rise.

"The TFA is one of the biggest trade reforms in a generation. By dramatically reducing trade costs, it will really bring great benefits for all WTO members, especially developing countries," said DG Azevêdo on the Agreement's first birthday.

The WTO and UN Environment hosted in October a leadership dialogue on environmental and trade policies. Panellists called on the WTO to expand the contribution of trade to sustainability and prosperity to help achieve the UN's Sustainable Development Goals.

Australia's accession to the Agreement on Government Procurement was successfully concluded.

See pages 56-113.



Dispute settlement

Dispute settlement activity continued to intensify in 2018, with nearly 10 per cent more ongoing monthly proceedings than in the previous year. WTO members remained divided on the selection process to appoint replacements for four of the seven members of the Appellate Body.

In 2018, dispute settlement activity in the WTO continued to rise. WTO members initiated 38 new disputes, more than twice the number of 2017 and one of the highest annual totals since the WTO was established in 1995. Twenty-two WTO members initiated these new disputes concerning a wide range of issues.

Twenty-eight dispute settlement reports and decisions were circulated in 2018, including panel reports, compliance reports and Appellate Body reports. On average, 42 proceedings were ongoing each month, nearly 10 per cent more than in 2017.

Eleven appeal proceedings were initiated in 2018, compared with eight in 2017. Nine Appellate Body reports were circulated during the year.

The term of office of Appellate Body member Shree Baboo Chekitan Servansing expired on 30 September 2018. Four out of seven Appellate Body positions remained vacant at the end of the year, with members remaining divided on the selection process to appoint replacements. Three is the minimum number of members required to hear an appeal.

Many members expressed concerns with the lengthy delays in launching a selection process

to appoint new Appellate Body members. Concerns about the functioning of the Appellate Body were also raised.

In June 2018, Appellate Body Chair Ujal Singh Bhatia warned that the dispute settlement system faces increasingly complex disputes while fundamental questions have been raised about the way the WTO's dispute settlement procedures should be used. He highlighted that the impasse in the process for appointing Appellate Body members is debilitating the Appellate Body, leading to significant delays in dispute resolution.

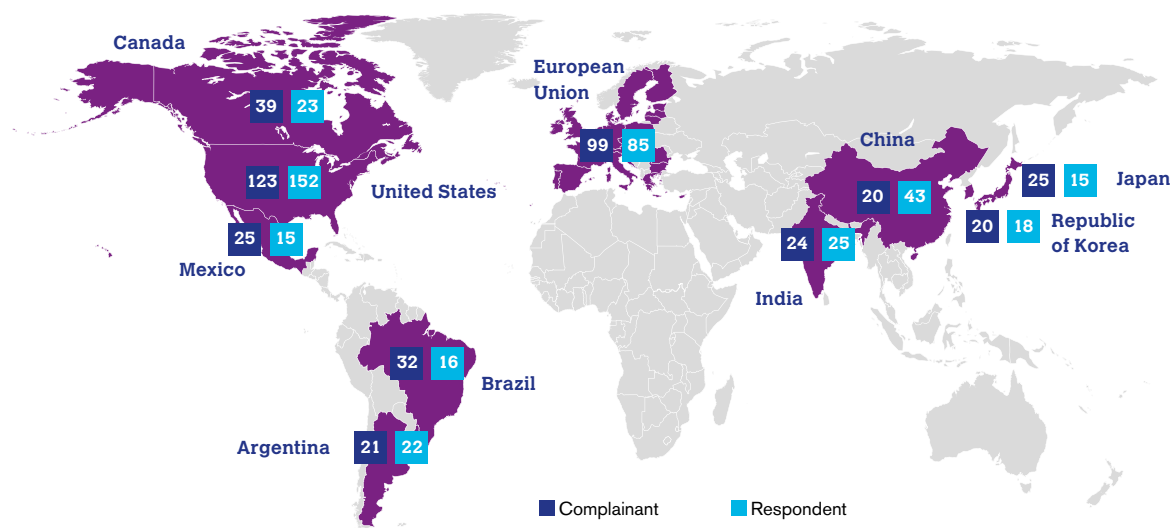
The Chair encouraged WTO members to engage in a reasoned and systemic dialogue that keeps at the forefront the enormous value of an effective system and the consequences of its paralysis.

The impasse in the appointment of Appellate Body members for four vacant positions was a recurrent theme in WTO members' discussions at Heads of Delegation meetings at the WTO.

In December, the General Council agreed to launch an informal process to overcome the impasse. Ambassador David Walker of New Zealand was appointed as facilitator to assist the General Council Chair in working with WTO members to resolve differences on the functioning of the Appellate Body.

See pages 114-127.

WTO members most involved in disputes, 1995 to 2018



Supporting developing countries and building trade capacity

In 2018, support for developing countries and building trade capacity continued to be a central focus of the WTO's activities, with the Committee on Trade and Development acting as the main forum for these discussions.

Discussions in the Committee continued to focus on duty-free and quota-free market access for least-developed countries (LDCs). The Committee also reviewed the implementation of special and differential treatment (S&D) for developing countries in WTO agreements and decisions. S&D provisions range from increasing trade opportunities for developing countries to granting longer transition periods for the implementation of WTO agreements and providing technical assistance.

After three years of negative growth, LDCs' exports of goods and services increased by 13 per cent in 2017, thanks largely to increases in the prices of fuels and minerals. But LDCs expressed concern about their low share (0.5 per cent) of world manufacturing exports and urged WTO members to improve market access conditions for products from LDCs.

In May, the WTO launched a publication on the role of trade in advancing achievement of the UN Sustainable Development Goals (SDGs). The publication looks at how international trade can help countries gain access to new markets and new investments, boost growth, raise living standards and promote sustainable development.

The WTO-led Aid for Trade initiative disbursed US\$ 38.8 billion in 2016 to address trade-related

constraints identified by developing and least-developed countries. The next Aid for Trade Global Review is set to take place at the WTO on 3-5 July 2019.

The first Global Forum for Inclusive Trade for LDCs was held at the WTO in June 2018. More than 300 participants from over 50 countries attended the event organized by the Enhanced Integrated Framework, a multilateral partnership dedicated to addressing the needs of LDCs in their use of trade as an engine for growth.

In 2018, the multi-agency Standards and Trade Development Facility committed US\$ 3.9 million to help developing countries meet international standards for food safety, plant and animal health and access global markets.

The WTO Secretariat undertook over 330 technical assistance activities in 2018, providing training to 21,600 government officials, a 17 per cent increase from 2017.

Fifteen young people took part in the WTO's Young Professionals Programme in 2018. The aim of the programme is to increase the representation of nationalities under-represented in the WTO Secretariat.

See pages 128-143.



Outreach

In 2018, the WTO continued to reach out to the business community, civil society, academia and the general public through a range of initiatives.

The WTO's biggest annual outreach event, the Public Forum, attracted over 2,500 participants from over 100 countries. Under the theme of "Trade 2030", the Forum hosted a record 111 sessions focusing on sustainable trade, technology-enabled trade and a more inclusive trading system. For the first time, the Forum held a session organized entirely by young people.

Keynote speakers at the opening session of the Public Forum stressed the importance of innovation and flexibility in adapting to the new global trading environment. DG Azevêdo underlined the need "to set a path towards better global trade by 2030 – trade that is even more sustainable and inclusive".

The WTO continued its active collaboration with the business sector. In June, the WTO facilitated a second "Trade Dialogue" for the business community. The event brought together over 60 senior business representatives to discuss trade-related issues and challenges. Their recommendations on strengthening global trade were presented in October during the WTO Public Forum.

The WTO continued to work closely with other international organizations, with DG Azevêdo taking part in events organized by the UN, the World Bank, the IMF, the OECD and many others. He also attended the G20 summit in December, at which G20 leaders recognized the contribution of the multilateral trading system to economic growth while calling for reform of the WTO to improve its functioning.

Reform of the WTO was also discussed at the 2018 Parliamentary Conference on the WTO, held in December. More than 300 members of parliament representing over 100 countries attended the meeting. The conference urged WTO members to strengthen the multilateral trading system, with the WTO as its cornerstone.

The WTO website attracted over 2.3 million visits a month in 2018, over 20 per cent more than the year before. The social media channels of the WTO attracted an increasing number of followers while WTO videos were watched over 750,000 times on social media. The WTO issued over 60 publications and launched a new iLibrary bringing together into one self-contained area all the WTO's key research material on global trade.

See pages 144-169.



Membership

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Joining the WTO

- **Accession negotiations resumed with The Bahamas after a six-year pause. Both Comoros and Bosnia and Herzegovina, whose negotiations reached “technical maturity”, aim for accession in 2019.**
- **South Sudan activated its accession process. Its working party met for the first time in early 2019.**
- **The WTO Secretariat supported efforts by Ethiopia, Serbia, Sudan and Uzbekistan to resume their WTO accession processes in 2019.**
- **An Informal Group of Acceding Governments was launched to address the growing desire for better coordination among acceding governments. An Informal Dialogue of Acceding Least-Developed Countries (LDCs) will seek to promote cooperation among acceding LDCs.**

Background on joining the WTO

The WTO is open to states or customs territories with full autonomy over their external commercial relations. To join, a government has to bring its economic and trade policies into line with WTO rules and principles and negotiate with the WTO membership on guaranteed minimum levels of access to their domestic markets for goods and services. The accession process promotes the integration of new members into the global economy. An accession process begins when WTO members accept an application and establish a working party. It concludes when the membership and the acceding government both accept a negotiated accession package.

Since the WTO was launched in 1995, 36 members have joined the organization. Twenty-two states or separate customs territories are currently seeking to join.

The Bahamas

The accession process of The Bahamas resumed in 2018 after six years, with the third meeting of the working party on the accession taking place in September in Geneva. During this meeting, the government announced its strong commitment to the accession process, “with a goal of December 2019/MC12”.

Mr Brent Symonette, the Minister of Financial Services, Trade and Industry and Immigration, noted that the Caribbean country has launched economic reforms to diversify the economy.

The Chair of the Working Party, Ambassador Andrew Staines (United Kingdom), said that the accession process of The Bahamas “is strategically important, not only for herself and her reform agenda, but also for the region”. The Bahamas is the last nation in the Americas outside the WTO.

On the margins of the working party meeting, the Bahamian delegation held bilateral meetings and a plurilateral meeting on agriculture. WTO members commended the work done by the government and expressed their support for a swift negotiating process. They also noted there is significant yet doable work ahead to advance bilateral market access negotiations and to fully bring The Bahamas’ foreign trade regime and legislation in line with WTO requirements. The fourth meeting took place in the first quarter of 2019.



The Bahamas is the last nation in the Americas outside the WTO.





Bosnia and Herzegovina aims to conclude its accession process in 2019.

Bosnia and Herzegovina

At the 13th meeting of the working party on 8 February 2018, WTO members supported the swift conclusion of the negotiations and welcomed the strong commitment and desire by Sarajevo to finalize the process. Bosnia and Herzegovina started its accession negotiations in July 1999. Sarajevo has concluded all but one of its bilateral market access negotiations and worked with members to resolve a few outstanding negotiating issues.

The meeting of the working party was the first in nearly five years. The accession had reached “technical maturity”, said the Chair of the working party, Ambassador Atanas Paparizov of Bulgaria. Bosnia and Herzegovina aims to conclude the accession process in 2019.

Belarus

At the 10th meeting of the Working Party, held on 15 May, WTO members stressed their readiness to work towards the country's WTO accession and urged Minsk to take appropriate policy decisions to make a decisive push forward. The meeting was the third since the resumption of the working party's work in January 2017.

On the bilateral front, Belarus said it has concluded 17 bilateral market access agreements. While recognizing the progress made, some members asked Belarus for further clarification on a wide range of issues, including its investment regime, state ownership, import and export regulations and intellectual property rights.

Comoros

Comoros reaffirmed its high-level political commitment to conclude its accession negotiations as soon as possible. At the fourth meeting of the working party, held on 28 March 2018, members urged Comoros to complete the process of bringing the country's foreign trade regime fully into conformity with WTO rules and requirements. Working party Chair Ambassador Chávez Basagoitia (Peru) said that legislative work still to be done “is the keystone of this accession”. Domestic reforms and legislative work are essential in all accessions and in the case of the Comoros, a major effort remained to be made, he said.

South Sudan

South Sudan activated its accession process in 2018 following the establishment of its working party in December 2017. The country, the world's newest nation, circulated its memorandum on the foreign trade regime – a comprehensive summary of the acceding government's foreign trade regime, including relevant statistical data. The first meeting of the working party was held during the first quarter of 2019.



Sudan, Serbia, Ethiopia and Uzbekistan

The WTO Secretariat undertook two technical missions to Khartoum, Sudan, with the objective of collecting information on the country's trade policies. The fifth meeting of the working party, which last met in 2017, is envisaged for 2019.

Throughout the year, Serbia has been actively engaged with the Secretariat, which visited Belgrade, on the technical update of the accession documentation required for formal resumption of the working party in 2019 once outstanding domestic legislative action is completed. Serbia's working party last met in June 2013.

As part of Ethiopia's efforts to re-energize its accession process, a meeting took place between DG Azevêdo and Prime Minister Abiy Ahmed of Ethiopia in January 2019. The Secretariat has been working with Ethiopia's negotiating

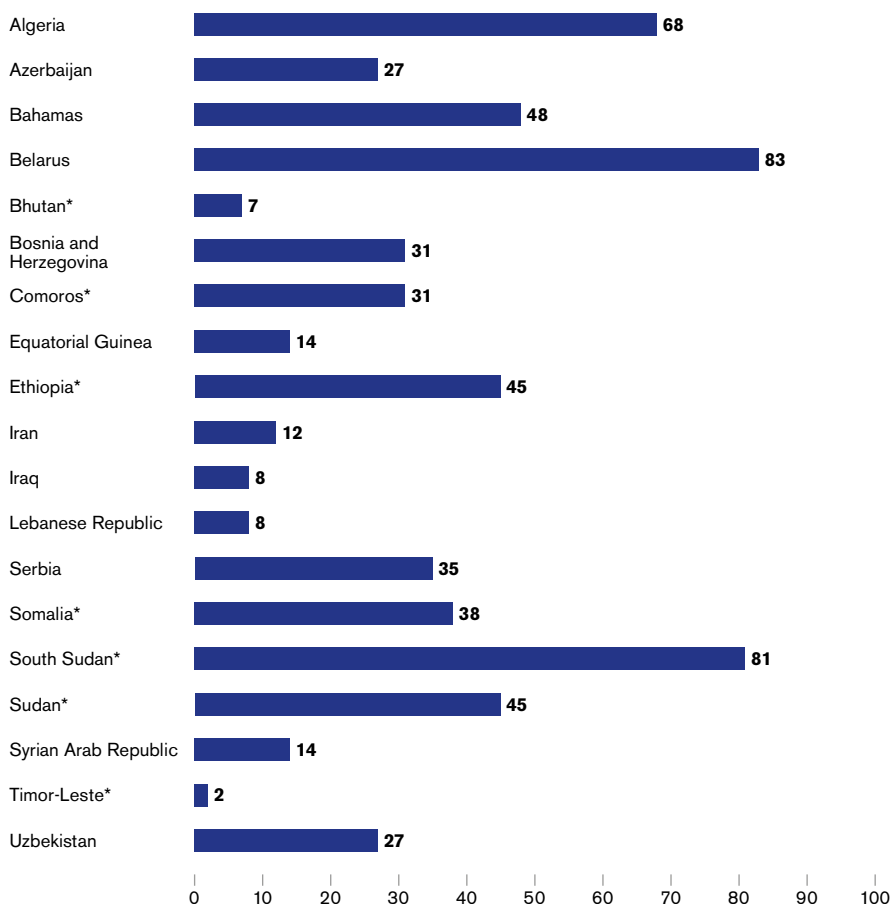
team on the technical update of the accession documentation required for formal resumption of the working party in 2019. Ethiopia's working party last met in March 2012.

The Secretariat visited Tashkent twice to support Uzbekistan's efforts to reactivate its accession process, which has been inactive since 2005. A formal resumption of the working party is envisaged for 2019.

Other accession processes

Equatorial Guinea, whose working party was established in 2008, engaged with the Secretariat with the aim of resuming its accession process in 2019. Iraq submitted an updated memorandum on the foreign trade regime in 2018. A third meeting of Iraq's working party, established in 2004, will be scheduled when it submits its initial market access offers on goods and services and replies to questions raised by members.

Figure 1: Participants from acceding governments in WTO technical assistance activities, 2018



*least-developed country



Technical assistance and outreach

In 2018, over 600 participants from acceding governments were invited to participate in WTO technical assistance and capacity-building activities (see Figure 1).

The seventh China Round Table on WTO accessions, which aims to assist acceding LDCs, took place on 26-27 September in Astana, Kazakhstan, under the theme “Eurasian perspectives on the future of the multilateral trading system: accessions and the evolution of WTO rules”. DG Azevêdo underscored the need to fully integrate Eurasian economies into the global trading system through WTO accessions. “For acceding members, the process of WTO accession has usually accompanied structural transformation of the domestic economy, and a reshaping of trading relationships regionally and globally,” he told the round table.

Significant efforts were made to expand outreach activities aimed at promoting experience-sharing

among acceding governments. A newly established Informal Group of Acceding Governments was launched to address a growing need for better coordination among these governments while an Informal Dialogue of Acceding LDCs was established to promote cooperation among these countries.

A series of new activities was launched under the “Trade for Peace” initiative, coordinated by the Accessions Division. Approximately two-thirds of acceding governments are considered conflict-afflicted or fragile economies. The initiative aims at promoting WTO accession as a pathway to economic growth, development and stability, thereby contributing to peace.

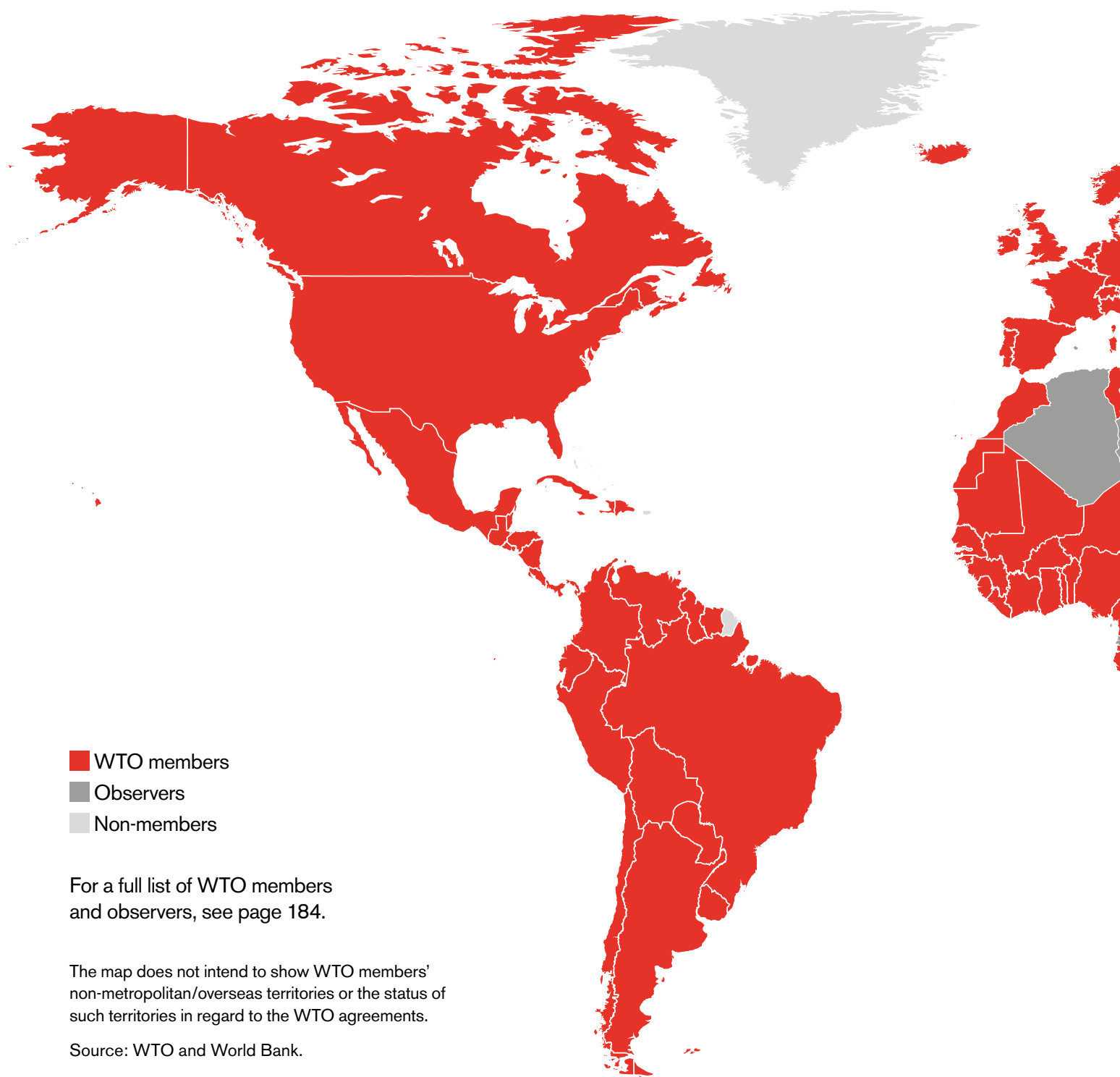
As a follow-up to a first meeting held in Nairobi in 2017, the WTO Secretariat organized the second Regional Dialogue on WTO Accessions for the Greater Horn of Africa in Djibouti on 3-6 December 2018. The theme was “Promoting Trade for Peace through WTO Accessions”.

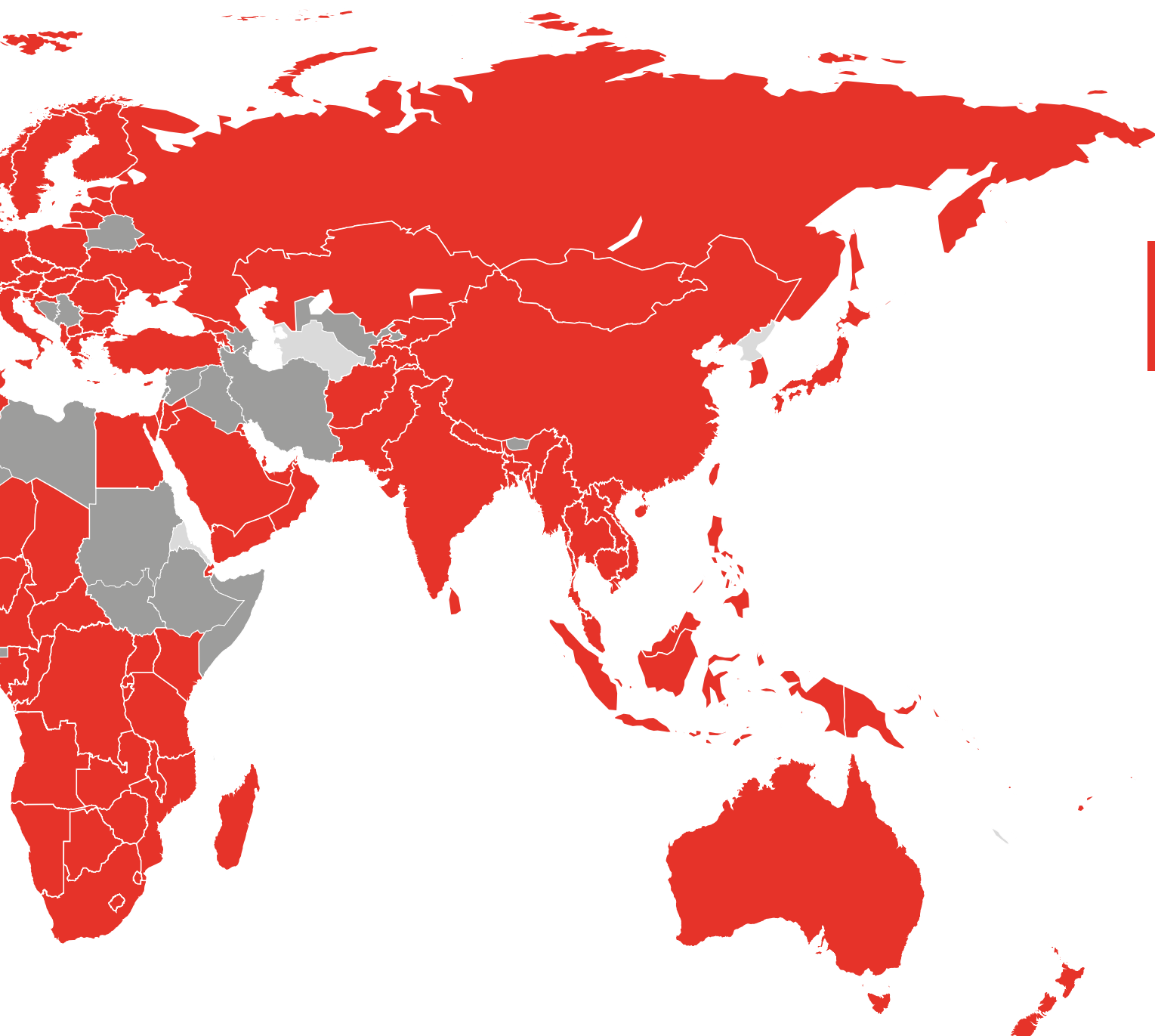
The seventh China Round Table on WTO accession took place in Astana in September.



A global membership

**The WTO's 164 members represent
98 per cent of world trade.**





Trade negotiations and discussions

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Background on trade negotiations

Changes to the rules of trade require the agreement of all WTO members, who must reach consensus through negotiations.

4



Trade negotiations and discussions in 2018

- In 2018, WTO members sought to move trade negotiations forward. The Chair of the Trade Negotiations Committee, Director-General Roberto Azevêdo, warned that it cannot be business as usual; he called for a sense of urgency.
- Agriculture and fisheries subsidies were two areas that saw significant activity.
- Exploratory discussions under the various joint initiatives launched at the 11th Ministerial Conference were positive, interactive and productive, co-convenors and coordinators of the initiatives said.
- Possible ways to reform or modernize the WTO became common themes for discussion in the second half of the year.

Background on trade negotiations

Trade negotiations take place in the Trade Negotiations Committee (TNC) and its subsidiaries, which are regular councils and committees meeting in special session or specially created negotiating bodies. The negotiating bodies report to the TNC, which supervises the overall conduct of their work.

Negotiations

In 2018, WTO members sought practical and constructive ways to move trade negotiations forward. The Trade Negotiations Committee (TNC) Chair, Director-General Roberto Azevêdo, said that if members are to deliver substantive outcomes, it cannot be business as usual. Members need to reflect in an active way. There will be different needs and results in different negotiating groups, and it is up to members to determine with the respective chairs the appropriate path. It is important that pledges of support for the system are matched with deeds.

Development, in particular the prospects for least-developed countries (LDCs), have to remain at the heart of WTO members' work, said the TNC Chair. He stressed that in all areas of work, flexibility is key. This can be facilitated in different approaches allowed by the system. There is flexibility in substance – for example, with the multilateral Trade Facilitation Agreement (see page 86), flexibility in geometry, with plurilateral initiatives such as the Government Procurement Agreement (see page 110) or the Information Technology Agreement (see page 84), and new flexibilities with the exploratory discussions in the joint initiatives open to all members (see page 48).

At the informal TNC and Heads of Delegation meetings in May, July, October and December, chairs of active negotiating groups – agriculture, fisheries subsidies, services, development, and Dispute Settlement Understanding negotiations – reported on work in their respective areas. In December, the chairs of the agriculture and fisheries subsidies negotiations highlighted their workplans/programmes for the first half of 2019.

While it was positive that members were meeting and engaging, the TNC Chair called for a sense of urgency – particularly in areas where there are

specific deadlines, such as in fisheries subsidies (see page 45) and in areas behind schedule, such as public stockholding for food security (see page 38). While important progress had been made in Buenos Aires, the 11th Ministerial Conference in December 2017 had also exposed some fundamental divisions among WTO members – both on the substance and process. The Chair pointed out that if members are to address these challenges and move forward, they have to put forward new ideas that could lead to convergence. There were some early signs of modest movement in some areas, he said.

One of the many risks with the escalating global trade tensions, said the TNC Chair, is that WTO members neglect their negotiating work. He called on them to resist this temptation. Many members pointed to the intensive work undertaken on fisheries subsidies and noted the decision at the July General Council to keep the deadline of December 2019 for an agreement. But an outcome will not come easily and all members have to be prepared to work hard, he said. They also have to strive to advance other important longstanding issues, such as agriculture, public stockholding, services and development as well as all other areas of the negotiations.

Work on joint initiatives

Many proponents stressed that the joint initiatives launched by groups of members in Buenos Aires in December 2017 (see page 48) are important in ensuring that trade policies are relevant to today's global economy and deliver inclusive opportunities. The Director-General stressed that they should not be a departure from multilateralism but a way to help and support it. It was encouraging that the proponents had been clear that the initiatives would be open to all, inclusive and transparent, he said. He also stressed that no member would be forced to join any such initiatives.





DG Azevêdo is the Chair of the Trade Negotiations Committee.

The co-convenors and coordinators of the joint initiatives on e-commerce, investment facilitation for development, micro, small and medium-sized enterprises (MSMEs) and women's economic empowerment provided transparency reports to WTO members in the Heads of Delegations meetings. All of them stressed the inclusive and transparent nature of their work. The exploratory discussions under the initiatives were positive, interactive and productive and demonstrated a keen interest among participants in taking exploratory work forward, the co-convenors and coordinators said. The second half of the year saw readiness to move in 2019 to their respective next steps, including, for some, negotiations.

WTO members participating in these initiatives said they are encouraged by the progress made, especially on e-commerce, investment facilitation for development and MSMEs. A few delegations also referred to domestic regulation in services (see page 41). They said that they have learned much from the sharing of experiences, best practices and insights on specific issues that could shape the contours of possible frameworks for future rule-making. Many reiterated that these processes should continue to remain inclusive and transparent and aim for multilateral outcomes. Others reaffirmed that development and special and differential treatment for developing countries should remain at the heart of these undertakings.

However, a number of other WTO members continued to express reservations about the joint initiatives, preferring to work through multilateral approaches.

Systemic issues and concerns

WTO members pointed out that 2018 was fraught with major challenges for international trade and the multilateral trading system. The WTO faced unprecedented challenges that are straining the system, including: unilateral trade actions and counter-measures amid escalating trade tensions;

increases in protectionist sentiment, including a new high in import-restrictive measures that increased uncertainty; impasse in the WTO's dispute settlement system, specifically the Appellate Body; the invoking of national security exceptions to trade rules in numerous disputes; and the putting into question of the basic principles of the organization.

Some members said there are many reasons why the WTO finds itself in the current predicament, such as the pace of technological development, the perception that the benefits of economic growth are not being distributed equitably, and political developments in decision-making. Nevertheless, members said that it is important to address these challenges through dialogue and by taking the necessary actions to safeguard the multilateral trading system.

WTO reform

Discussions in the second half of the year began to focus on possible reform or modernization. Such a modernizing effort was viewed as a way to ease the trade problems identified by some members and to deal with the issues that had been put on the table.

Many WTO members said they could agree that the system needs to be more efficient, effective and responsive to prevailing challenges.

Several perspectives have been offered on what the priorities should be. These include: resolving disputes and reaching agreements more rapidly and effectively; addressing a variety of trade-distorting practices that are either not covered or covered partially by existing disciplines; avoiding protectionism and unilateral measures; advancing ongoing work; and improving notifications and transparency.

Several WTO members pointed out that the efforts need to be pragmatic, realistic and inclusive and reflect the views and perspectives of all members.

However, some WTO members are not convinced that reform is needed. The Director-General said that his impression is that no one is talking about shaping a new package or a new round of negotiations. The discussions seem to be focused on trying to address some specific problems, where necessary, to help the system work better.

DG Azevêdo urged WTO members to make their views known because the state of the organization is an issue in which every member has an interest. However, he cautioned that these discussions must not crowd out other work. The system has to respond to new challenges of the 21st century without brushing aside existing issues.

Agriculture

- **Under new Committee Chair Ambassador John Deep Ford (Guyana), WTO members engaged in an intensive cycle of consultations and meetings to identify possible options for the next Ministerial Conference.**
- **The Committee approved a workplan for early 2019, with seven thematic working groups focusing on key topics in a new process aimed at advancing the negotiations.**

Background on agriculture

The broad objective of the agriculture negotiations is to reduce distortions in agricultural trade caused notably by high tariffs and other barriers and domestic support measures as well as export subsidies and equivalent measures and export restrictions. The negotiations take place in the WTO Committee on Agriculture, meeting in special session. They are also to take into account the needs of developing countries.

Ambassador Deep Ford from Guyana, who took over as Chair of the special session of the Committee on Agriculture and the Sub-Committee on Cotton in April 2018, held 11 meetings open to all WTO members and many consultations with members and groups of members. Delegations were invited by the Chair to focus on the critical questions in the negotiations and propose options to break perceived impasses and to identify and provide updated data considered to be useful for the negotiations.

In the second half of the year, members engaged in thematic discussions, topic by topic, based on WTO members' submissions and presentations. Building on these discussions, members endorsed in December a workplan submitted by the Chair for the first quarter of 2019, which envisages seven thematic working groups.

The groups, to be coordinated by delegates, will focus on all areas of the negotiations – domestic support (subsidies), public stockholding for food security purposes, cotton, market access, the special safeguard mechanism, export competition and export restrictions. The aim, the Chair said, is to “intensify and deepen discussions” and move the agriculture talks to a “problem-solving” phase.

Public stockholding for food security purposes

Discussions on public stockholding for food security continued in dedicated sessions. At issue are public stockpiles of food acquired at administered (officially set) prices. Some consider that without effective controls these programmes can lead to over-production and depressed prices that could affect farmers worldwide.

Indonesia, on behalf of the G-33 (a coalition of developing countries), highlighted the significant numbers of small farmers in developing countries, their vulnerability and the prevalence of poverty in rural areas. Considering the missed deadline at the 11th Ministerial Conference for achieving a permanent solution, members should aim for agreement at the Nur-Sultan Ministerial Conference in June 2020, it said. The group is seeking a solution that would not impose burdensome transparency obligations.

Several members, while acknowledging the challenges faced by many developing countries, expressed their strong opposition to trade-distorting support without limits. It was suggested that so-called green box farm support – support



The Cotton-4 countries stressed the importance of reaching an outcome on cotton subsidies by the next ministerial conference.



that is allowed without limits because it does not distort trade, or at most causes minimal distortion – already offers a range of policy options for addressing food security challenges. Effective safeguards and enhanced transparency provisions remain crucial components of any permanent solution for many members.

Domestic support

WTO members made many submissions and presentations during the year, underscoring the importance attached to the negotiations on domestic support. The Cairns Group of agricultural exporting nations lobbying for agricultural trade liberalization made technical submissions aimed at deepening understanding of the trends and evolution of domestic support by category of support, by member and by key products.

Some members insisted that negotiations should initially focus on the aggregate measurement support (AMS) entitlements, which permit certain members to exceed their *de minimis* levels (minimal amounts of domestic support that are allowed even though they distort trade) under the Agreement on Agriculture. They considered this to be the most trade-distorting support while some others expressed the view that all components of trade-distorting support should be examined in the negotiations. Members continue to stress the need to further limit trade-distorting domestic support but they differ sharply on how.

The need for special and differential treatment was underscored by many developing countries, who pointed to the specific challenges they face, including rural poverty and food security.

The specific needs of least-developed countries (LDCs), small, vulnerable economies (SVEs) and net food-importing developing countries were also mentioned. Some members also suggested a need to address so-called “box shifting”. When members reform their subsidy programmes, the categorization may change if the characteristics/ forms of domestic support are modified.

Cotton

The Cotton 4 countries – Mali, Chad, Benin and Burkina Faso (as well as Côte d'Ivoire, an observer since November 2018) – stressed the importance of reaching an outcome on cotton subsidies by the next Ministerial Conference to meet a commitment by WTO members to address cotton “ambitiously, expeditiously and specifically within the agriculture negotiations”. Many members expressed their support for this objective but there were stark differences in their approaches to advancing work on this issue.

The United States presented its first-ever paper on cotton containing data on market access, domestic support and export subsidies for cotton for 23 WTO members involved in cotton production and trade. The Cotton 4 circulated a questionnaire to a select group of WTO members requesting data on cotton production, prices, value of production and cotton-specific domestic support. It was noted that the WTO Secretariat could assist with the compilation of a common set of data to inform the negotiations.

Members held WTO “Cotton Days” in June and November 2018, consisting of discussion of trade-related developments and the Director-General's Consultative Mechanism on cotton development



A new initiative on cotton by-products was endorsed by WTO members.

assistance. Members, partners and private sector representatives discussed lessons learned from recent cotton assistance projects as well as the key objectives and priorities for new cotton projects. Deputy-Director General Alan Wolff highlighted the increased level of cotton-specific development assistance provided by donors.

A new joint initiative on cotton by-products was endorsed by WTO members at the November meeting. The objective is to boost value addition at the local processing levels for parts of the cotton plant with a commercial use other than cotton fibres to increase the incomes of farmers and small businesses. The Cotton Portal, which gathers together all cotton-specific information available in the databases of the WTO and International Trade Centre, was updated with new features.

Market access

WTO members engaged in substantive technical discussions on market access (essentially tariffs). Two submissions from the United States and a joint submission from Paraguay and Uruguay guided the discussions on a number of themes. These included the large difference between members' applied tariffs – those that are actually levied – and bound tariffs, which are the maximum an individual member is permitted under its schedule of commitments. This “binding overhang” is prevalent in all agricultural product groups, according to the US submission. The average bound rate on farm goods is 54.7 per cent compared to an average applied rate of 14.5 per cent.

Many members welcomed the US paper as a contribution to possible future market access negotiations although some questioned the methodology used. Three members cited specific examples where large gaps between bound and applied tariffs have led to recent sudden and sharp changes in tariffs on certain farm imports, to the detriment of their producers.

The commitments of newly acceded members and the erosion of preferences were also discussed. The latter refers to concerns over the possible impact that reductions in tariff rates have on the advantages granted to developing countries under preferential tariff systems. Members that joined the WTO after 1995 noted that average farm tariffs for parties to the original General Agreement on Tariffs and Trade (GATT) were four times greater than those for newer members. Some members emphasized that progress in the market access negotiations might not be feasible without progress in domestic support and in market access for industrial goods and trade in services.

Special safeguard mechanism

WTO members continued to discuss a special safeguard mechanism, as instructed by the 10th Ministerial Conference. A presentation by the G33 highlighted the socio-economic context of agriculture in developing countries and the price volatility risks associated with international trade. A special safeguard mechanism would allow developing countries to raise tariffs temporarily to address import surges or price declines. Some members envisage such a mechanism only in the context of market access reforms while proponents see no necessary linkage.

Export prohibitions and restrictions

Singapore presented a paper on the impact of export prohibitions or restrictions on foodstuffs purchased for non-commercial humanitarian purposes by the UN's World Food Programme, which it said leads to significant inefficiencies in humanitarian food assistance delivery. Japan, Israel, the Republic of Korea, Singapore, Switzerland and Chinese Taipei provided an overview of export restrictions.

Japan said export restrictions impact markets and make them more volatile by reducing supply. Many members made reference to the work undertaken before the Buenos Aires Ministerial Conference in 2017 and reiterated their support for an outcome on this topic while a few developing countries expressed concern that new requirements or restrictions could limit their policy space.

Export competition

Canada made a presentation highlighting possible issues to be explored further in the areas of export financing, exporting state trading enterprises (STEs) and international food aid to follow up on the 2015 ministerial decision to eliminate agricultural export subsidies (see page 67).

Several members expressed interest in continuing to look at ways to improve disciplines on export measures with equivalent effect agreed by ministers in Nairobi. Many members highlighted the existence of persistent data gaps in export finance, exporting STEs and food aid and stressed the need to fill these gaps to enable a better assessment of possible ways the current disciplines may be improved. Some members, however, stated that export competition is not their priority in the agriculture negotiations.



Market access for non-agricultural products

Background

Non-agricultural products are products not covered by the Agreement on Agriculture. These range from manufactured goods to fuels and fisheries. The negotiations aim to reduce or, as appropriate, eliminate tariffs as well as non-tariff barriers, particularly on goods of export interest to developing countries. The negotiations are conducted in the Negotiating Group on Market Access.

- **The Negotiating Group on Market Access did not receive any papers or proposals in 2018 and did not meet during the year.**

The Chair of the Negotiating Group held consultations in April 2018 with the sponsors (Australia; Canada; the European Union; Hong Kong, China; Japan; New Zealand; the Republic of Korea; Singapore; and the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu)

of the “Ministerial Decision on Transparency of Regulatory Measures for Trade in Goods” to discuss what further steps could be taken. The view was expressed that it would be preferable to pursue this issue of transparency in regulatory measures in other venues or contexts.

Services

- **WTO members focused on a proposal for exploratory discussions on market access.**
- **India circulated a proposal for disciplines on domestic regulation relating to the movement of individuals to supply services abroad.**

Background on services

The General Agreement on Trade in Services (GATS) mandates WTO members to progressively open up trade in services. The negotiations are overseen by the Council for Trade in Services, meeting in special session, and its subsidiary bodies, in particular the Working Party on Domestic Regulation and the Working Party on GATS Rules.

Discussions in the special session of the Council for Trade in Services, which oversees negotiations, focused on a proposal for exploratory discussions on market access put forward by Chile, Mexico, New Zealand and Panama. The proposal suggests that WTO members exchange views on their current market access interests against the background of recent economic and policy developments and without prejudice to negotiations.

After undertaking consultations with WTO members, Ambassador Zhanar Aitzhanova (Kazakhstan), who took over as Chair from Argentina's Ambassador Marcelo Cima in April 2018, encouraged members to submit papers on sectors or issues of interest to kick-start discussions in 2019. Noting that the services commitments of most members are more than two decades old, the Chair encouraged members to engage in active reflection and constructive discussions.

Domestic regulation

Negotiations on domestic regulation are carried out by the working party, which has a mandate to develop any necessary disciplines to ensure that licensing and qualification requirements and procedures do not constitute unnecessary barriers to trade in services.

Despite intensive discussions in 2017 on proposals covering issues from general provisions to transparency and gender equality, WTO members could not achieve agreement at the 11th Ministerial Conference in Buenos Aires at the end of 2017 on a way forward. As a result, a group of 60 WTO members issued a joint ministerial statement at the conference reaffirming their commitment to advancing the talks and calling on all members to intensify work, with the aim of concluding negotiations on domestic regulation disciplines in advance of the next ministerial conference, which will take place in June 2020. This group is organizing its work outside the working party (see page 55). In light of this, no member expressed interest in bringing any issue before the working party until November 2018, when India circulated a proposal for disciplines on domestic regulation relating to the movement of individuals to supply services abroad (Mode 4 of the General Agreement on Trade in Services).

The proposal was discussed at a formal meeting of the Working Party on Domestic Regulation in December 2018. The proposal suggests increased transparency, streamlined procedures for licensing and qualification requirements, and adequate processes to ensure that individuals who are qualified outside a member's territory are permitted to supply services to another member.



Trade-related aspects of intellectual property rights (TRIPS)

- The Chair convened two informal consultations with the most active members in the negotiations on a register for geographical indications.

Background on trade-related aspects of intellectual property rights

Negotiations on a multilateral system for notifying and registering geographical indications for wines and spirits are carried out in the special session of the TRIPS Council.

Register for geographical indications

The Chair of the TRIPS Council special session, Ambassador Dacio Castillo (Honduras), convened two informal consultations in July and November with the most active members in the negotiations for a multilateral register of geographical indications (GIs). WTO members reiterated the importance they attach to the register and confirmed their view that the WTO is the right forum for these negotiations.

The purpose of the register is to facilitate the protection of geographical indications (GIs) for wines and spirits. These are indications (including place names or other terms or signs associated with a place) used to identify products whose place of origin contributes to their special qualities, reputation or other characteristics.

The consultations, however, have not yet translated into a resumption of substantive engagement in the special session. The Trade Negotiations Committee has been kept informed of developments.

Members have long disagreed on the legal effects the register should have and whether it should create obligations for all WTO members or only those choosing to participate in it. They remain divided on product coverage and on whether, as the negotiating mandate says, the register should be confined to wines and spirits or whether it could also apply to other products, such as food and agricultural products. Differences also remain over whether linkages should be made between the GI register negotiations and other TRIPS-related implementation issues (see page 90).



Trade and development

- The Chair held consultations with WTO members on new approaches to negotiations on special and differential treatment (S&D) for developing countries.
- The Chair detected “a different conversation that is worth pursuing further”.

Background on trade and development

Special and differential treatment (S&D) refers to the special treatment, or flexibility, granted to developing countries in WTO agreements, such as longer implementation periods. Many WTO agreements contain provisions that give developing countries special rights and that allow developed countries to treat them more favourably than other WTO members. Differences among WTO members include the definition of who exactly should benefit from S&D. The special session of the Committee on Trade and Development is mandated to review all S&D provisions, with a view to making them more precise, effective and operational.

The Chair of the Committee on Trade and Development in special session, Ambassador Tan Yee Woan of Singapore, held consultations with WTO members with the aim of finding new approaches to the negotiations on special and differential treatment (S&D) for developing countries.

Although no specific outcome was reached on the proposals of the G90 group of developing countries at the 11th Ministerial Conference in Buenos Aires in December 2017, ministers took the opportunity to engage in frank, open-ended discussions on trade and development issues. A number of ideas and suggestions were made, including calls for fresh approaches that WTO members felt could help make progress. In Buenos Aires, ministers highlighted that development is central to WTO work.

The consultations helped the Chair to discern two broad groups of ideas to explore. These are: considering a methodology based on a case-study approach; and considering suggestions aimed at addressing concerns at a lack of differentiation – the idea that WTO members at different levels of development should not be granted the same flexibilities, exemptions and concessions. The latter included a possible voluntary opt-out by some developing countries from some provisions. Some members questioned whether according S&D on a case-by-case or voluntary opt-out basis

could be applied to current WTO trade rules. No consensus was found on these approaches.

Since the case-study methodology would require facts, data and other kinds of detailed preparation and engagement, some WTO members would need to volunteer to be the subject of such studies.

One idea that emerged from consultations later in the year was that – as a test case – the G90 could identify one or two of their Agreement-specific proposals for exploring more deeply the feasibility of a case-study approach. Work on the identified proposals would also help to guide and determine whether this approach could be replicated for the remaining proposals.

A country specific, issue-based approach could draw on concrete examples available in the Trade Policy Review (TPR) knowledge base and dispute settlement jurisprudence. Lessons could be learned from the work and experience of other intergovernmental organizations, such as the World Bank, the International Monetary Fund and other WTO committees' work on development. Some WTO members reiterated, however, that instead of fresh approaches, what is needed is the will to make progress on the G90's Agreement-specific proposals. Others backed a fresh approach, saying there was a strong sense of fatigue from the repetitive discussion of old approaches in the special session.

Some developing countries reaffirmed their view that a case-by-case approach departs from the principle of S&D for all developing country members. Some developed countries felt that until the issue of differentiation is addressed, discussion on S&D will not make any headway.

In her report to the Trade Negotiations Committee in October, the Chair stated: “I believe that we are starting to have a different conversation that is worth pursuing further.” But she said that the discussions are still at the level of generalities and in an exploratory mode and that the new approaches being proposed need more exploration.



Trade and environment

- **The Chair of the Committee on Trade and Environment in special session held bilateral consultations on the state of the negotiations.**
- **No new proposals were submitted.**

Background on trade and environment

The negotiations cover the relationship between existing WTO rules and specific trade obligations set out in multilateral environmental agreements (MEAs), procedures for regular information exchange between MEA secretariats and the relevant WTO committees, and the reduction or, as appropriate, elimination of tariff and non-tariff barriers to trade in environmental goods and services.

The Chair of the special session of the Committee on Trade and Environment, Ambassador Syed Tauqir Shah (Pakistan), hosted in May a round of bilateral consultations on the state of play in the environment negotiations since the 11th Ministerial Conference in Buenos Aires in December 2017.

The Chair of the Ministerial Conference, Susana Malcorra, noted in her closing remarks in Buenos Aires that WTO members were committed to advancing negotiations in all areas, including in trade and environment.

As on previous occasions, WTO members reiterated the importance of environmental issues and of discussing trade and environment in the WTO. However, no new ideas for reviving the negotiations in the special session were suggested.



WTO rules: fisheries subsidies, other WTO rules

- Fisheries subsidies remained the focus of work of the Negotiating Group on Rules in 2018.
- The 2018 work programme for fisheries subsidies negotiations comprised bilateral consultations, technical sessions, thematic discussions and a brainstorming process to generate new ideas for overcoming persistent differences.
- WTO members completed text-based discussions and streamlining based on documents prepared for the 11th Ministerial Conference in December 2017 to consolidate all negotiating positions in a single document.
- Members agreed on a work programme for January-July 2019 aimed at reaching agreement on fisheries subsidies to meet an end-2019 ministerial deadline.
- During 2018, there was no activity in the Negotiating Group on any rules issues other than fisheries subsidies.

Background on WTO rules

In 2001, ministers launched WTO negotiations to clarify and improve WTO rules on anti-dumping, subsidies and countervailing measures, fisheries subsidies and regional trade agreements. In 2005, ministers elaborated the negotiating mandates, including for fisheries subsidies. In 2017, ministers decided on a work programme for fisheries subsidies negotiations, with a view to reaching an agreement by December 2019.

In 2018, fisheries subsidies continued to be the principal focus of work in the Negotiating Group on Rules, chaired by Ambassador Roberto Zapata (Mexico) who took over from Ambassador Wayne McCook (Jamaica) in March. The Negotiating Group worked on the basis of two agreed work programmes, covering May-July and September-December. In December, members agreed to a work programme for the first seven months of 2019 designed to engage members in a full negotiating mode.

At the 11th Ministerial Conference in Buenos Aires in December 2017, ministers decided to continue the fisheries subsidies negotiations with a view to reaching agreement by the end of 2019. The aim is to set disciplines that would prohibit certain forms of fisheries subsidies that contribute to overcapacity and overfishing, and eliminate subsidies to illegal, unreported and unregulated fishing, with appropriate and

effective special and differential treatment for developing countries as an integral part of the negotiations. Ministers also re-committed to implementation of existing notification obligations in respect of fisheries subsidies.

The May-July work programme comprised three week-long clusters of meetings. Each cluster included technical sessions, with workshops in which outside experts were involved, sessions for WTO members to share information and experiences, time for bilateral consultations among delegations and thematic discussions on the issues under negotiation.

WTO members also continued a streamlining process based on the documents prepared in the lead-up to the 11th Ministerial Conference. This process was a complex and intensive examination of the documents to identify areas where the text could be consolidated and simplified.

Prohibiting fisheries subsidies that contribute to overfishing is a key component of Sustainable Development Goal 14.



Members agreed on a work programme aimed at reaching an agreement on fisheries subsidies by end-2019.



The technical sessions and thematic discussions continued during the September-December work programme. In addition, WTO members began to engage in discussions aimed at finding possible new ideas and approaches that could bridge persistent differences in positions, principally by brainstorming in “incubator groups”. This process involved informal discussions among small groups of delegates. To ensure transparency, each incubator group reported comprehensively on its work to the full negotiating group.

During the same period, WTO members completed a second streamlining process, creating a single, unified text, and also engaged in text-based discussions. The result included a number of revisions to the documents referred to in the Ministerial Decision on Fisheries Subsidies at the 11th Ministerial Conference. The latest streamlined document continues to contain numerous alternatives on the issues addressed, and the text-based discussions generated further variations.

At the request of members, the WTO Secretariat issued six factual papers as well as summaries of the thematic discussions, a compilation of the incubator group reports and an abstract of the ideas discussed in that process.

The new work programme for January to July 2019 includes six clusters of meetings of one week each, where each week will include a mix of consultations open to all members and time set aside for delegations to organize their own meetings. In addition, the programme includes the appointment of four facilitators to assist the Chair in various areas. The immediate objective is to develop simplified negotiating texts with fewer options as the basis for eventual decision-making by members by the end of 2019.

During 2018, there was no activity in the Negotiating Group on any rules issues other than fisheries subsidies.



Dispute Settlement Understanding

- **WTO members continued making progress in working through the 12 issues under discussion.**

Background on negotiations on the Dispute Settlement Understanding

In November 2001, at the Doha Ministerial Conference, WTO members agreed to negotiate to improve and clarify the Dispute Settlement Understanding – the rules and procedures governing the settlement of WTO disputes. These negotiations take place in special sessions of the Dispute Settlement Body.

Chaired by Ambassador Coly Seck of Senegal, the Dispute Settlement Body in special session held around 15 meetings in 2018. The work in which the special session has been engaged since late 2016 concentrates on proposals submitted by members at an earlier stage of the negotiations.

The proposals have been classed into 12 issues on which WTO members agreed to conduct negotiations (developing country interests, effective compliance, flexibility and member control, mutually agreed solutions, panel composition, post-retaliation, remand, sequencing, strictly confidential information, third-party rights, timeframes, transparency and *amicus curiae* briefs).

In 2018, the special session continued focused work aimed at obtaining an updated picture of the potential for agreement among WTO members on incremental outcomes on individual issues or a comprehensive result covering several or all 12 issues. In some instances, it became clear that,

owing to the passing of time and developments in dispute settlement, there was less convergence than before.

The issues on which work was completed in 2018 covered technically difficult issues as well as issues on which members' views have diverged in the past (post-retaliation, transparency and *amicus curiae* briefs, timeframes and remand). At the end of the year, the Dispute Settlement Body in special session was left with four issues for discussion in 2019 (panel composition, flexibility and member control, effective compliance, and developing country interests). Some members expressed an interest in expediting the remaining work to allow for a prompt assessment of progress covering all 12 issues.

Towards the end of 2018, some members put forward proposals on WTO reform, some of which also cover aspects of the dispute settlement system. Initial discussions on those proposals took place in the WTO's General Council (see page 58).



Joint initiatives

Background on the joint initiatives

At the 11th Ministerial Conference in Buenos Aires in December 2017, four like-minded groups of WTO members issued joint statements committing themselves to advancing work in four areas: initiating exploratory work towards future negotiations on trade-related aspects of e-commerce; developing a multilateral framework on investment facilitation; launching an Informal Working Group on micro, small and medium-sized enterprises, with the aim of establishing a formal work programme; and increasing the participation of women in trade. In addition, another group reaffirmed its commitment to advancing ongoing talks on domestic regulation in services trade. The work of these groups is not supported by all WTO members. The conveners of the groups encouraged other WTO members to join them.

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Electronic commerce

- **Members of the Joint Statement on Electronic Commerce began exploring the possibility of WTO negotiations on trade-related aspects of e-commerce, holding nine meetings in 2018.**
- **The result was that ministers from 76 WTO members announced in January 2019 their intention to launch the negotiations.**
- **They stressed that the negotiations are open to all and continued to encourage all WTO members to participate.**

Members of the Joint Statement on Electronic Commerce initiative began to explore the possibility of WTO negotiations on trade-related aspects of electronic commerce, holding nine meetings in 2018 to which all WTO members were invited. The meetings were co-convened by Australia, Japan and Singapore and chaired by Australia.

At the 11th Ministerial Conference in Buenos Aires in December 2017, 71 ministers had issued a joint statement saying they had agreed to initiate “exploratory work together toward future WTO negotiations on trade-related aspects of electronic commerce”. They stressed that participation would be open to all WTO members and would be without prejudice to participants’ positions on future negotiations.

At the first meeting in March 2018, Deputy Director-General Xiaozhun Yi commended the proponents of the initiative for keeping the discussions within the WTO and open to all. Speaking on behalf of the Director-General,

he said: “The joint statement was signed by a large and diverse group of WTO members, including least-developed, developing and developed members. It is encouraging to see members, at different levels of development, taking meaningful steps towards a deeper discussion and broader understanding of e-commerce issues”.

At the March meeting, delegations were urged to submit papers to identify issues of interest to WTO members. Based on the issues raised, the discussions were organized under four main themes: enabling digital trade/e-commerce; openness and digital trade/e-commerce; trust and digital trade/e-commerce; and cross-cutting issues, including development, transparency and cooperation.

Under enabling digital trade, participating WTO members addressed trade facilitation measures related to customs and logistics, and measures to facilitate electronic transactions, such as trade-related aspects of online payment



solutions, electronic authentication, e-signatures and e-contracts. With regard to openness, they explored goods and services market access relating to e-commerce and trade-related aspects of the cross-border flow of information.

Under the issue of trust, WTO members discussed the need to foster consumer and business trust in e-commerce – for example, by putting in place measures related to consumer and personal data protection, protection of industry data, source code and algorithms, intellectual property and cybersecurity. Finally, they addressed: a variety of cross-cutting issues relating to the publication and accessibility of laws and regulations relating to e-commerce; ways of addressing the digital divide, including through the provision of technical assistance, longer implementation timeframes and relevant market access commitments; and the importance of cooperation between WTO members' regulatory authorities, the public and private sector, and between relevant international organizations.

For each topic, delegations introduced their proposals, shared their national experiences and provided textual examples from their regional trade agreements, where e-commerce is often covered more thoroughly than it is multilaterally. Some background papers were prepared to help guide the discussions.

At a stocktaking meeting in July, the co-conveners presented a “snapshot” document highlighting work done, suggestions made by WTO members and the next steps in the process. Work post-July continued on the basis of the four thematic areas, with delegations introducing a variety of textual examples and ways of addressing each topic.

At a meeting on the margins of the World Economic Forum meeting in Davos, Switzerland, in January 2019, ministers from 76 WTO members, which account for 90 per cent of global trade, announced their intention to begin WTO negotiations on trade-related aspects of electronic commerce. In the joint statement, they said they will “seek to achieve a high standard outcome that builds on existing WTO agreements and frameworks with the participation of as many WTO members as possible”.

The statement said the group recognises and “will take into account the unique opportunities and challenges faced by members, including developing countries and least-developed countries (LDCs), as well as by micro, small and medium sized enterprises (MSMEs), in relation to electronic commerce”. They continued to encourage all WTO members to participate.

76 WTO members announced their intention to begin WTO negotiations on trade-related aspects of e-commerce.



Investment facilitation for development

- Recognizing the links between trade, investment and development, the initiative aims to identify and develop the elements of a more investment-friendly, transparent, predictable and efficient business climate.
- In line with the joint ministerial statement issued in December 2017, the initiative does not address market access, investment protection and investor-state dispute settlement.
- The initiative made progress in enhancing participants' understanding of the issues, including how a multilateral framework on investment facilitation could support WTO members' efforts to facilitate investment.
- Facilitating greater participation by developing and least-developed countries in global investment flows is at the core of the discussions.

Over 70 members on average attended the eight meetings.

During 2018, discussions on investment facilitation for development, held under an initiative launched in December 2017 by 70 WTO members, made substantive progress.

Over 70 members on average attended the eight meetings – from developed, developing and least-developed members. They included both signatories and non-signatories of the joint ministerial statement on investment facilitation for development issued at the 11th Ministerial Conference in Buenos Aires in December 2017. A stock-taking meeting took place in December 2018. Participation in the meetings has been without prejudice to members' positions on the initiative.

The December 2017 joint ministerial statement called for “beginning structured discussions with the aim of developing a multilateral framework on investment facilitation”. These discussions seek to identify and develop the elements of a framework for facilitating foreign direct investments. The joint statement made clear that the discussions would not address market access, investment protection and investor-state dispute settlement. It encouraged all WTO members to actively participate in the initiative.

In the same way that the WTO is helping to facilitate global trade – with its 2017 Trade Facilitation Agreement (see page 86) – a growing number of members argue that the WTO could help to facilitate global investment.

According to the United Nations Conference on Trade and Development (UNCTAD), developing countries need an additional US\$ 2.5 trillion in investment annually to achieve the United Nations 2030 Sustainable Development Goals, and foreign direct investment (FDI) remains the largest and most constant external source of finance for developing economies. FDI is particularly important for least-developed countries.

Investment is not a new subject for the multilateral trading system. WTO members already undertook important investment-related commitments in

the Uruguay Round, notably in the General Agreement on Trade in Services (GATS), the Agreement on Trade-Related Investment Measures and the Agreement on Government Procurement. The GATS contains elements applying directly to certain investment measures.

Structured discussions

Participants organized the meetings thematically and, in accordance with the joint statement, addressed the elements of a multilateral framework that would improve the transparency and predictability of investment measures, streamline and speed up administrative procedures and requirements, and enhance international cooperation, information sharing, the exchange of best practices and relations with relevant stakeholders, including dispute prevention.

Development was at the core of the discussions. Meetings benefited from presentations by experts from WTO members' capitals and international organizations as well as background “non-papers” on each relevant topic examining notably existing WTO provisions and how these are relevant to investment facilitation. All documents were circulated to all WTO members. The coordinator of the discussions, Ambassador Juan-Carlos González (Colombia), regularly reported to the entire WTO membership as well as individual country groupings on request.

At the stock-taking meeting in December 2018, participants agreed that the discussions had successfully identified possible elements of a multilateral framework on investment facilitation. The coordinator compiled, under his own responsibility, a checklist of issues raised by members. There was broad agreement that work starting in 2019 will focus on developing the possible elements, using the checklist as a reference. A proposed schedule of meetings for the first part of 2019, prepared under the coordinator's responsibility, was circulated to all members.



Micro, small and medium-sized enterprises

- The Informal Working Group on Micro, Small and Medium-sized Enterprises (MSMEs) held its first thematic sessions. Membership rose to 89 when Armenia joined at year-end.
- At its five thematic sessions, the informal group discussed a range of cross-cutting topics, from access to information to trade facilitation and trade finance.
- The group appointed Uruguay as general coordinator for 2018 and named a coordinating committee of eight WTO members.

The working group aims to address obstacles to MSME participation in international trade.

The Informal Working Group on MSMEs, launched in December 2017 by 88 WTO members, appointed Uruguay as its general coordinator for 2018 and established a coordinating committee composed of eight members: Bahrain; Côte d'Ivoire; El Salvador; Hong Kong, China; Nigeria; Pakistan; the Philippines; and Switzerland. The working group, which is open to all WTO members, aims to address obstacles to MSME participation in international trade.

The group, whose members account for 78 per cent of world exports, held five thematic sessions in the year to discuss cross-cutting issues, including access to information, trade finance (see page 108), trade costs and trade facilitation (see page 86), technical assistance and capacity building, and the internet as a tool to access global markets.

Thematic sessions

Switzerland hosted the first thematic session in March on the importance of adequate access to information. Members were presented with an information platform called the Global Trade Helpdesk (HelpMeTrade.org) – a joint ITC-UNCTAD-WTO project, launched at the WTO's 11th Ministerial Conference in Buenos Aires. Numerous studies – by the WTO and the International Trade Centre (ITC), among others – show that lack of transparency and poor access to information regarding distribution channels, export markets and applicable procedures are major barriers to MSMEs' participation in international trade.

Discussions focused on the need for MSMEs to receive information in their own language, on the responsibility of governments to inform MSMEs of initiatives such as the Helpdesk and on the



importance of establishing national contact points to provide policy updates and to help collect information. The group called on WTO members to support the Helpdesk.

A follow-up meeting in May discussed actions members could take to support the project, including the distribution of a country survey to map information sources and the establishment of national contact points. In November, the WTO, ITC and UNCTAD agreed to further develop the platform. As part of the agreement, they will provide technical assistance to developing countries to help them maintain up-to-date information in the Helpdesk and will raise awareness among MSMEs about how to benefit from this trade information.

Côte d'Ivoire organized the second thematic session in June to discuss the trade finance gap for MSMEs. Participants shared their national experiences and expressed an interest in mapping national and regional programmes that support MSMEs' access to trade finance. The group also heard a presentation on the Legal Entity Identifier (LEI) – a free 20-digit alpha-numeric code that profiles “who is who” and “who owns what”. It is used for identifying businesses involved in international financial transactions and could benefit MSMEs.

On World MSME day (27 June), Pakistan hosted a meeting on trade costs and trade facilitation issues affecting MSMEs. Participants expressed

interest in further examining trade facilitation measures, such as how to standardize import and export documents, including certificates of origin. Addressing the meeting, DG Azevêdo highlighted how the WTO's Trade Facilitation Agreement will ease small businesses' participation in global markets by cutting trade costs and reducing administrative burdens.

At the 2018 Public Forum (see page 150), El Salvador and the Philippines organized a working session on “Enabling Global MSMEs: How technical assistance and capacity-building initiatives could take into account the trade needs and challenges of MSMEs”. The session concluded that technical assistance and capacity building should focus on access to information, access to finance and access to markets.

The last thematic session of the year focused on the internet as a tool to access global markets. Participants stressed the need for a broad exchange of experience and knowledge about how to make the internet accessible to their populations. The diversity of levels of development and base levels of digital literacy were noted, all of which contribute to very different needs and challenges.

At the final meeting in November, Uruguay expressed three key objectives for the group in 2019: achieve concrete deliverables, expand group membership and aim for a ministerial declaration in 2020. During the meeting Armenia was welcomed as the 89th member of the group.

DG Azevêdo addressed, by invitation, a workshop organized by the Informal Group on MSMEs on World MSME Day.



Trade and women's empowerment

- A group of WTO members held three workshops on how trade can promote women's economic empowerment, responding to the call in the Buenos Aires 2017 Declaration.
- The discussions focused on the importance of gender-based analysis in trade and ways in which government procurement markets and global value chains can foster women's integration into trade.
- Some members used their trade policy reviews to highlight steps they are taking to promote gender equality.

The Buenos Aires Declaration seeks to foster women's integration into world trade.

In 2018, a group of WTO members held the first three of six workshops intended to build on the 2017 Buenos Aires Declaration on Trade and Women's Economic Empowerment. Launched at the 11th Ministerial Conference and endorsed by over 120 WTO members, the declaration seeks to remove barriers to women's economic empowerment and to foster women's integration into world trade. It sees exchanging information on policies and programmes and collecting relevant economic data as key steps.

The three workshops – held in March, June and October – focused, respectively, on the importance of gender-based analysis in trade, government procurement markets and their importance for inclusive economic development, and how global value chains can foster women's economic empowerment. The remaining three workshops will be held in 2019, with the discussions reflected in a report to the 12th Ministerial Conference in 2020.

In March, economists and policy makers shared their methods for gathering and studying data on how gender and trade intersect – from women's participation as entrepreneurs and workers to their role as consumers. Many of the presentations pointed to the fact that, in general, businesses owned by women export less than companies owned by men.

The June workshop addressed the participation of women-owned businesses and traders in government procurement markets and brought together specialists in this sector, representatives from international organizations, WTO members and experts. Speakers highlighted the small share of public procurement business awarded to enterprises owned by women, estimated at 1 per cent by the International Trade Centre (ITC).

Addressing the workshop, DG Azevêdo said: "Improving women's access to this sector would unlock many opportunities for female entrepreneurs, with a direct impact on their economic wellbeing. The sheer size of the global public procurement market underlines the potential." The workshop was co-organized by Moldova, the WTO, the ITC and the European Bank for Reconstruction and Development.

The third workshop focused on the challenges women face in integrating into global value chains (GVCs). It highlighted the perspectives of various participants in GVCs, best practices and experiences of WTO members.

Ms Anoush der Boghossian, the WTO's Trade and Gender Focal Point, said: "Today, more than 70 per cent of world trade passes through global value chains. If we want to make trade work for women and to expand their participation in trade



The June workshop addressed the participation of women-owned businesses in government procurement markets.



through global value chains, the WTO can offer some solutions. Through capacity-building in the area of standards, the implementation of the Trade Facilitation Agreement, Aid for Trade and promoting targeted trade policies, the WTO can help to empower women.”

The Trade and Gender Focal Point was appointed in June 2017 and tasked with coordinating work among divisions on gender issues, taking stock of what the WTO is doing and considering opportunities for further work and new initiatives (see page 113).

Some WTO members have used their trade policy reviews to highlight policy developments that contribute to gender equality. The reviews were identified in the Buenos Aires Declaration as one of the processes that could be used by members to share information. In 2018, six members (the European Union, Iceland, The Gambia, Montenegro, the Philippines and Colombia) reported trade policies targeting women's empowerment. Members under review also received questions on their policies relating to women's empowerment, with the objective of clarifying policies and gathering additional information.



Joint statement on domestic regulation of trade in services

- Participants in the joint initiative on domestic regulation for services trade held their first meetings and made progress in discussions on new disciplines.
- Work will continue, with the aim of achieving an outcome by the next Ministerial Conference in June 2020.

A group of 60 members convened meetings open to all members.

In 2018, a group of 60 members convened meetings open to all WTO members, with a view to advancing text-based discussions on domestic regulation, as agreed by a Joint Ministerial Statement issued at the 11th Ministerial Conference in Buenos Aires in December 2017. Work was based on a text proposal submitted by a group of 57 members to the Ministerial Conference. The group met eight times during the year.

The work is organized outside the Working Party on Domestic Regulation (see page 41), which has a mandate to develop any necessary disciplines to ensure that members' regulations relating to licensing, qualification and technical standards do not constitute unnecessary barriers to trade in services.

Intensive discussions in the Working Party, a subsidiary of the Council for Trade in Services, in the run-up to and during the 11th Ministerial Conference failed to achieve agreement on proposals for concluding the negotiations.

At the centre of debate were proposals put forward by 57 members (counting EU member states individually) in a consolidated

single text. The proposed disciplines covered general provisions, administration of measures, independence, transparency, technical standards, development of measures, non-discrimination between men and women, necessity and development.

At the Conference, 60 members issued a joint ministerial statement reaffirming their commitment to advancing the talks and called on all WTO members to intensify work in this area. They said that the aim is to deliver "a multilateral outcome" and that the group will continue working with "all members" to conclude the negotiations of disciplines "in advance of the next ministerial conference", which is due to be held in Nur-Sultan, Kazakhstan, in June 2020.

The Chair of the talks, Mr Felipe Hees (Brazil), noted at the end of 2018 that there were no outstanding issues among participants on most of the proposed substantive obligations although the square brackets around the text indicated that the entire text remained under consideration. Further work was required in 2019 on some elements, the Chair noted.



Implementation and monitoring

Background on implementation and monitoring

Various WTO councils and committees seek to ensure that WTO agreements are being properly implemented. All WTO members undergo periodic scrutiny of their trade policies and practices.

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General Council

- The 12th WTO Ministerial Conference will take place in Nur-Sultan, Kazakhstan, on 8-11 June 2020.
- The General Council held substantive debates on trade tensions. Forty-one members issued a statement calling on WTO members to refrain from protectionist measures.
- The Council discussed the long-standing moratorium on customs duties on electronic transmissions and ways to reinvigorate the work programme on e-commerce.

Background on the General Council

The General Council is entrusted with carrying out the functions of the WTO and taking actions necessary to this effect between ministerial conferences in addition to carrying out the specific tasks assigned to it by the Agreement establishing the WTO.

12th Ministerial Conference

The General Council agreed that the 12th WTO Ministerial Conference will take place in Nur-Sultan, Kazakhstan, on 8-11 June 2020. Thanking the Kazakhstan Government for its invitation, DG Azevêdo said: "Coming from one of the newest WTO members, this is powerful."

The date was agreed on the understanding that the 2019 deadline set in the 11th Ministerial Conference decision on fisheries subsidies (see page 45) is upheld and that the 2019 dates relating to the two moratoria on electronic commerce (see page 88) and on Trade-related Aspects of Intellectual Property Rights (TRIPS) non-violation and situation complaints (see page 92) are also maintained.

Kazakhstan, which joined the WTO in 2015, will be the first country in Central Asia to host the event. The 11th Ministerial Conference took place in Buenos Aires in December 2017.

Trade tensions

Substantive debates took place in the General Council on trade tensions. In March and May, WTO members commented on issues raised by China on possible trade-restrictive measures by the United States and on US investigations under Section 232 of the 1962 Trade Expansion Act into the effects of imports of steel and aluminium products on US national security (see page 62).

WTO members also commented on US measures on steel and aluminium products (see page 82) as well as investigations and measures concerning China's trade practices relating to intellectual property, technology transfer and innovation under Section 301 of the US Trade Act of 1974.

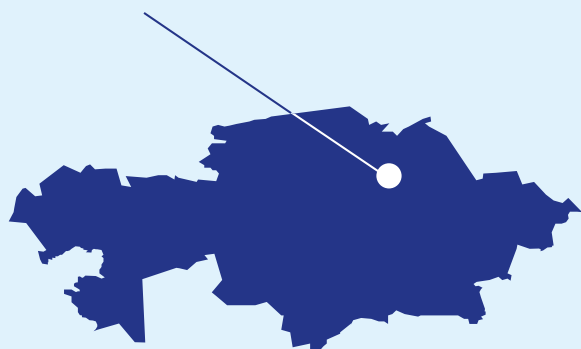
Forty-one members issued a statement on 8 May expressing concerns over rising trade tensions and risks of protectionism. The statement calls on governments to resolve their differences through dialogue and cooperation, including through

**General Council
agrees that the
12th WTO Ministerial
Conference will take
place in Nur-Sultan,
Kazakhstan**



**8-11 June
2020**

**1st
host in
Central Asia**





The General Council was chaired by Junichi Ihara in 2018.

the WTO. The co-sponsors of the statement, which included both developed and developing countries, said a well-functioning, rules-based multilateral trading system embodied in the WTO is of “key importance”. They encouraged WTO members to “refrain from taking protectionist measures and to avoid risks of escalation”.

In July, the Council debated an issue introduced by the United States regarding its “Views on China’s Trade-Disruptive Economic Model and Implications for the WTO”. China replied that it has been a strong advocate for free trade and has “comprehensively fulfilled its commitments to the WTO”.

Appellate Body

At its meeting on 12 December, the General Council agreed to launch an informal process to overcome an impasse in the selection of Appellate Body members (see page 124). The Appellate Body consists of seven persons but currently WTO members remain divided on the selection process to appoint replacements for four of the seven members of the Appellate Body whose term in office has expired.

General Council Chair Ambassador Junichi Ihara (Japan) said in January 2019 that he had appointed Ambassador David Walker of New Zealand as facilitator to assist him in working with WTO members to resolve differences on the functioning of the Appellate Body.

Implementation of Bali, Nairobi and Buenos Aires outcomes

The General Council regularly reviewed progress in the implementation of decisions that ministers took at the 9th, 10th and 11th ministerial conferences in Bali, Nairobi and Buenos Aires respectively.

The Chair reported on the implementation of the Nairobi Decision on Export Competition (see page 67), including steps taken by WTO members with scheduled export subsidy reduction commitments to eliminate their entitlements. Regular reports and discussions also took place on efforts to implement the decisions benefiting least-developed countries (LDCs), such as those on preferential rules of origin (see page 79), on the implementation of the services waiver (see page 88) and on duty-free and quota-free market access (see page 130).

Work programme on electronic commerce

In April 2018, the Chair held consultations on how to implement the Buenos Aires ministerial instruction to reinvigorate the work programme on electronic commerce. The Chair encouraged delegations to share ideas and papers and advance the conversation on e-commerce. The chairs of the Council for Trade in Services, the Council for Trade in Goods, the TRIPS Council and the Committee on Trade and Development reported on work in their respective areas. China made a video presentation on a two-week e-commerce workshop it had organized.

The General Council also considered a submission from India and South Africa calling for a rethink of the moratorium on customs duties on electronic transmissions. The moratorium, which has been in place since 1998, has been regularly extended at ministerial conferences.

The Chair convened an informal open-ended meeting on the issue in late November. The suggested topics for discussion included: the scope and definition of electronic transmissions; revenue implications of the moratorium; the technical feasibility of imposing customs duties on electronic transmissions; and the broader impact of the moratorium on trade and industrialization. The members recognized the need for more analysis and information on the issues raised.

The Chair welcomed discussion on the moratorium as a good step towards reinvigorating the work programme. He hoped that discussions could continue in a transparent and inclusive manner, keeping in mind the ministerial deadline for a decision on the moratorium by the end of 2019.

LDC proposal on subsidies and countervailing measures

Chad presented a proposal on behalf of LDCs that countries graduating from LDC status (see page 132) should continue to be exempt from a prohibition on export subsidies under the Subsidies and Countervailing Measures Agreement for as long as their per capita gross national product (GNP) remains below US\$ 1,000 in constant 1990 dollars.

Other reports

The General Council considered the regular reports on the work programme on small economies, the development assistance aspects of cotton, the TRIPS Council's annual review of the special compulsory licensing system (see page 90) and the new biennial work programme on Aid for Trade (see page 135).

Waivers under Article IX of the WTO Agreement

The General Council considered and granted four waivers from obligations under the WTO Agreement, as set out in Table 1.

It also reviewed the following multi-year waivers:

- LDC members – Obligations under Article 70.8 and Article 70.9 of the TRIPS Agreement with respect to pharmaceutical products, granted on 30 November 2015 until 1 January 2033
- Preferential treatment for LDCs, granted on 27 May 2009 until 30 June 2019
- Preferential treatment in favour of services and service suppliers of LDCs, granted on 17 December 2011 until 31 December 2030

- Canada – CARIBCAN, granted on 28 July 2015 until 31 December 2023
- United States – Caribbean Basin Economic Recovery Act, granted on 5 May 2015 until 31 December 2019
- Cuba – Article XV:6 – Extension of waiver, granted on 7 December 2016 until 31 December 2021
- European Union – Application of autonomous preferential treatment to the Western Balkans, granted on 7 December 2016 until 31 December 2021
- United States – African Growth and Opportunity Act, granted on 30 November 2015 until 30 September 2025
- United States – Former Trust Territory of the Pacific Islands, granted on 7 December 2016 until 31 December 2026
- United States – Trade preferences granted to Nepal, granted on 7 December 2016 until 31 December 2025.

Other issues

As part of its overall oversight function, the General Council conducted a year-end review of WTO activities on the basis of annual reports from all its subsidiary bodies.

The Council also considered a report from the Joint Advisory Group of the International Trade Centre (ITC), which is the policymaking body of the ITC, the trade promotion agency for developing countries jointly sponsored by the WTO and the United Nations Conference on Trade and Development (UNCTAD).

Substantive debates took place in the General Council on trade tensions.



Table 1: Waivers under Article IX (decision-making) of the WTO Agreement

In 2018, the General Council granted the following waivers from obligations under the WTO agreements.

Member	Type	Date of adoption	Expiry date	Decision
Australia; Botswana; Brazil; Cambodia; Canada; European Union; Guyana; India; Japan; Kazakhstan; Republic of Korea; Malaysia; Mauritius; Montenegro; Namibia; Norway; Panama; Russian Federation; Sierra Leone; Singapore; South Africa; Sri Lanka; Switzerland; Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu; Thailand; Turkey; Ukraine; and United States	Kimberly Process Certification Scheme for Rough Diamonds – Extension of Waiver	26 July 2018	31 December 2024	WT/L/1039
China	Introduction of Harmonized System 2002 Changes into WTO Schedules of Tariff Concessions	12 December 2018	31 December 2019	WT/L/1048
Argentina; Brazil; China; Dominican Republic; European Union; Malaysia; Philippines; and Thailand	Introduction of Harmonized System 2007 Changes into WTO Schedules of Tariff Concessions	12 December 2018	31 December 2019	WT/L/1049
Argentina; Australia; Brazil; Canada; China; Colombia; Costa Rica; Dominican Republic; El Salvador; European Union; Guatemala; Honduras; Hong Kong, China; India; Israel; Kazakhstan; Republic of Korea; Macao, China; Malaysia; Mexico; New Zealand; Norway; Pakistan; Philippines; Russian Federation; Singapore; Switzerland; Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu; Thailand; and United States	Introduction of Harmonized System 2012 Changes into WTO Schedules of Tariff Concessions	12 December 2018	31 December 2019	WT/L/1050
Argentina; Brazil; Canada; China; Colombia; Costa Rica; Dominican Republic; El Salvador; European Union; Guatemala; Honduras; Hong Kong, China; India; Israel; Kazakhstan; Republic of Korea; Macao, China; Montenegro; New Zealand; Norway; Pakistan; Paraguay; Philippines; Russian Federation; Switzerland; Thailand; Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu; United States; and Uruguay.	Introduction of Harmonized System 2017 Changes into WTO Schedules of Tariff Concessions	12 December 2018	31 December 2019	WT/L/1051

Trade in goods

- An increased number of trade concerns were brought to the Council for Trade in Goods, including 21 new concerns.
- Several WTO members submitted a comprehensive proposal to enhance transparency and strengthen notification requirements.

Background on trade in goods

The Council for Trade in Goods is responsible for the workings of WTO agreements on trade in goods. It consists of the full WTO membership and reports to the WTO General Council. The Goods Council has 12 subsidiary committees dealing with specific subjects, such as agriculture, market access, subsidies, technical barriers to trade, sanitary and phytosanitary measures, import licensing, customs valuation, and the new WTO Committee on Trade Facilitation. These committees also comprise all WTO members.

Working parties on state trading enterprises and the Information Technology Agreement also report to the Goods Council.

WTO members raised 21 new trade concerns in 2018, up from 12 the previous year (see Table 2).

Twelve WTO members – Argentina, Australia, Brazil, Canada, China, Japan, Mexico, New Zealand, Chinese Taipei, Thailand, the United States and Uruguay – raised the issue of the EU's renegotiation of tariff-rate quota commitments in response to the United Kingdom's decision to leave the EU, particularly regarding reduction of market access, the large number of agricultural products included, and the use of an uncertified schedule of commitments as the basis for the modifications.

Some WTO members expressed their concerns over possible extra duties by the United States on the import of automobiles, including cars, SUVs, vans, light trucks and automotive parts, on national security grounds. Over 40 members warned of the serious disruption to world markets that may arise given the weight of these products in global trade.

WTO members expressed clear support for the preservation of the rules-based multilateral trading system and encouraged the membership not to engage in a trade war but instead to use existing WTO mechanisms for dealing with unfair trade practices.

WTO members also addressed previous trade concerns brought to the Council. These included Indonesia's import and export policies, India's quantitative restrictions on imports of mungo beans and certain pulses, India's customs duties on ICT products, US measures related to imports of fish and seafood products, Russia's trade-restricting practices, Egypt's manufacturer registration system, China's customs duties on certain integrated circuits, and an import levy set by WTO members of the African Union to fund the group's operational and program budgets and peace fund.

Table 2: New trade concerns raised in the Council for Trade in Goods in 2018

Mexico's customs processing fee
Viet Nam's decree on the regulation of conditions for automobile manufacturing, assembling, importing and maintenance services
China's new export control law
Mongolia's quantitative restrictions on certain agricultural products
China's measures restricting imports of scrap materials
EU directive on renewable energy
US safeguard measures against imported crystalline silicon photovoltaic cells and residential washers
Section 301 of the US Trade Act
US certification of aviation security equipment
EU registration as geographical indications (GIs) of "Danbo" and "Havarti" to market cheeses
Selective tax on certain imported products imposed by Saudi Arabia, the United Arab Emirates and Bahrain
Haiti's application of higher duties than the bound level and ban on the overland export of 23 products from the Dominican Republic
Measures by India and Pakistan on sugar exports
US proposal on communication equipment or services released by the Federal Communications Commission
EU enlargement to include Croatia
US export restrictions on certain enterprises of China
EU draft implementing regulations regarding protected designations of origin and GIs, traditional terms, labelling and presentation of certain wine products
Australia's discriminatory market access prohibition on 5G equipment
EU renegotiation of tariff-rate quota commitments in response to Brexit (see below)
US 232 investigations and measures on imports of steel and aluminium
India's quantitative restrictions on imports of certain pulses



Transparency

At the November meeting, following the submission of a revised US proposal on transparency, several WTO members submitted a comprehensive proposal to enhance transparency and strengthen notification requirements. All 38 members that intervened at the meeting highlighted transparency as a fundamental pillar of the multilateral trading system.

However, some WTO members noted that the difficulties of developing countries should be taken into account while others expressed concerns about the administrative sanctions contained in the proposal. Members also highlighted the important role of the annual report on members' notifications prepared by the WTO Secretariat.

E-commerce

The Council continued discussing e-commerce in response to the call from the 11th Ministerial Conference to reinvigorate the WTO's work in this area.

Waiver requests

The Council approved a request for a six-year extension to the waiver concerning the Kimberley Process Certification Scheme for Rough Diamonds, which aims to break the link between armed conflict, illicit trade and rough diamonds. It would have expired at the end of 2018.

As a follow-up to Jordan's request for a waiver and its commitment to phase out its export subsidy programme, the Council took note of Jordan's update on progress and its reiterated commitment to terminate the programme by the end of 2018.



5

Measures on imports of steel and aluminium were among the new trade concerns raised by WTO members.



Market access

- **WTO members raised 16 trade concerns at the Committee.**
- **The Committee made good progress in updating members' schedules of commitments to reflect the latest tariff classifications of the World Customs Organization.**
- **The Committee received 26 notifications of quantitative restrictions, more than twice the number of 2017.**

Background on market access

The Committee on Market Access supervises the implementation of tariff and non-tariff measures not covered by any other WTO body. In addition, it seeks to ensure that WTO members' schedules of commitments are up to date, including changes required to reflect amendments to the Harmonized System (HS). Without this technical work, it would be difficult to compare members' tariff obligations with the tariffs they apply in practice. The HS allows countries to classify traded goods on a common basis.

Trade concerns

WTO members raised 16 trade concerns related to issues such as internal taxation, applied tariffs, procedures to modify schedules of commitments and the introduction of prohibitions and restrictions.

On internal taxation, the European Union questioned Angola's consumption tax, which it said discriminated against imports. The EU and Switzerland again expressed concern that the Kingdom of Saudi Arabia's excise tax on imports of energy drinks and carbonated soft drinks is less favourable than the one applied to domestic products. The EU, the United States and Switzerland considered that the Kingdom of Bahrain, the Kingdom of Saudi Arabia and the United Arab Emirates are applying a discriminatory selective tax on certain imported products.

On tariff treatment, the EU, Japan, Chinese Taipei and the US considered that China's tariffs on certain integrated circuits exceed its bound duties. Canada, China, the EU, Japan, Norway, Chinese Taipei and the US considered that India is applying customs duties on telecommunications and other products in excess of its bound duties. The EU and Switzerland raised Oman's most-favoured nation duties on cigarettes.

On the procedures to change schedules of commitments, the Dominican Republic expressed concern over the modification of Haiti's schedule under Article XXVIII of the General Agreement on Tariffs and Trade (GATT). Russia raised the non-recognition of rights in the context of the enlargement of the EU to include Croatia. Russia also expressed concern over the renegotiation of the EU's tariff rate quotas to take account of the United Kingdom's decision to leave the EU as well as the establishment of a separate schedule for the United Kingdom. On 24 July, WTO members received the United Kingdom's draft schedule setting out its market access commitments for goods once the United Kingdom leaves the European Union.

WTO members raised several concerns about restrictions and prohibitions. Australia, Canada, the EU and the US questioned India's quantitative restrictions on certain pulses. China considered that Australia is applying discriminatory market access prohibitions on 5G equipment and that the US Federal Communications Commission is considering a prohibitive proposal on communications equipment or services. Russia raised Croatia's regulation on the import and sale of certain oil products. The EU raised Russia's quantitative restrictions on birch logs.

Harmonized System

The Committee continued its work to ensure that WTO members' schedules of commitments reflect the latest amendments introduced by the World Customs Organization to the Harmonized System (HS) nomenclature.

The amendments are typically referred to by the year in which they enter into force and include HS96, HS2002, HS2007, HS2012 and HS2017. The "transposition" work at the WTO seeks to ensure that WTO members' schedules are up to date and that their tariff obligations are transparent, thereby allowing a comparison of a member's applied tariff regime with its WTO obligations.

The HS96, HS2002 and HS2007 exercises have been nearly concluded for all members and the Committee continued making good progress on the HS2012 transposition, where the procedures have been concluded for 87 WTO members.

The WTO Secretariat issued an update of its "Situation of Schedules of WTO Members", which lists all the legal instruments relating to each member's schedule of commitments. It also prepared an updated report on renegotiations under GATT Article XXVIII on the modification of members' schedules, which seeks to enhance transparency and facilitate monitoring of the status of such negotiations.



Databases

The WTO Secretariat reported on the Integrated Data Base (IDB), which provides information on applied tariffs and import data as notified by WTO members, and the Consolidated Tariff Schedules (CTS) database, which compiles information on the legal obligations reflected in members' schedules of commitments.

IDB data coverage has significantly improved in recent years but important gaps remain. Since the decision by the General Council to establish the IDB dates back more than 20 years, the Committee agreed to launch informal discussions on possible ways to improve it.

Quantitative restrictions

The Committee received 26 notifications of quantitative restrictions – prohibitions and other restrictions that do not take the form of a tariff or a tax, which are allowed in some circumstances – from 22 WTO members, more than twice the number received in 2017. WTO members are obliged to provide detailed information on the prohibitions and restrictions they maintain, including their justification under WTO rules. In April 2018, the Committee held a capacity-building workshop on the notification of quantitative restrictions.

Customs duties on telecoms products were among the issues raised by WTO members.



Agriculture

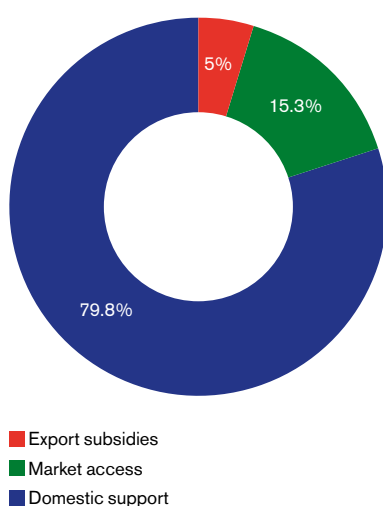
- The Committee continued to express concern over WTO members' slow pace of notifications of trade measures.
- Members raised 242 questions about 104 notifications.
- For the first time, counter-notifications were submitted – notifications a member considers ought to have been made by another.
- By the end of 2018, eight members (out of 16) had eliminated their export subsidy entitlements under the Nairobi decision.
- The WTO Secretariat organized a workshop on notification requirements and a symposium on the agriculture landscape.

Background on agriculture

The Agreement on Agriculture aims to reform trade and make WTO members' policies more market-oriented. The rules and commitments apply to market access, domestic support and export competition as well as export restrictions and prohibitions. The Committee on Agriculture oversees the implementation of the Agreement. The Committee also monitors follow-up to the Marrakesh ministerial decision regarding net food-importing developing countries, which sets out objectives on the provision of food aid and other assistance.

The Committee on Agriculture reviewed 104 notifications of WTO members' agricultural trade measures, more than double the previous year's 45, and members raised 242 questions (199 in 2017). The majority of these questions (around 80 per cent) concerned members' notified domestic support (subsidy) measures, including notifications by Egypt, India, the European Union and the United States. Figure 1 gives a snapshot of the questions on notifications by subject area.

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Figure 1: Questions on notifications raised in the Committee on Agriculture in 2018, by subject area



Twenty-eight questions were raised concerning a lack of notifications from China, Egypt, Ghana, India, Indonesia, Kenya, the Republic of Korea, Malaysia, Mauritius, Morocco, Nigeria, Pakistan, Tanzania, Thailand, Turkey and Ukraine.

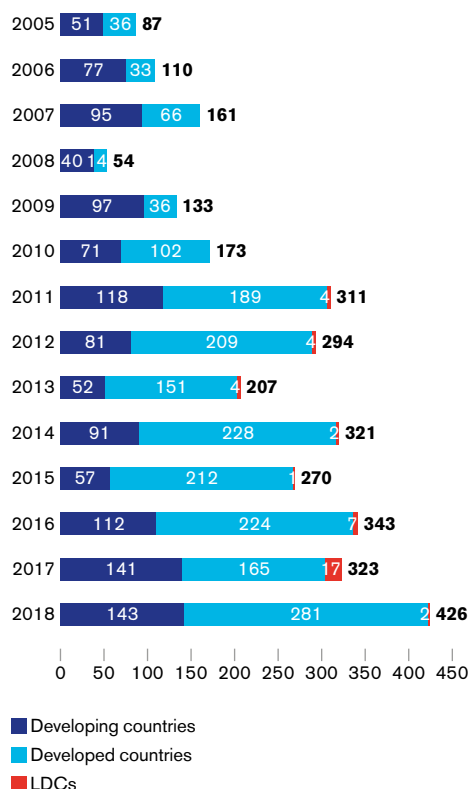
For the first time, three counter-notifications were submitted under a rule allowing a member to bring to the Committee's attention any measures it considers ought to have been notified by another member. The United States and Australia submitted counter notifications on market price support measures adopted by India regarding rice, wheat, cotton and sugarcane.

The review of WTO members' progress in implementing their subsidy and market access commitments is largely based on notified information. Article 18.6 of the Agreement on Agriculture allows members to raise other matters relevant to the implementation of commitments at any time. In 2018, 13 members posed 189 questions concerning 54 measures or policies, the highest number in one year.

Figure 2 shows the proportion of questions addressed to developed and developing countries. Out of the 426 questions raised in 2018 (including questions on individual notifications and under Article 18.6), 145 were directed to developing countries. Developing countries continued to be less active than developed countries in posing questions, asking 20 per cent of the questions raised in 2018.



Figure 2: Questions addressed to developed and developing countries, 2005-18



WTO members voiced specific concerns about compliance with annual notification obligations, particularly in domestic support and export subsidies. For the period 1995-2016, 35 per cent of domestic support notifications (798 notifications) and 32 per cent of export subsidies notifications (838 notifications) remained outstanding as of 15 November 2018.

Departing Committee Chair Mr Alf Vederhus (Norway) and the incoming Chair Ms Débora Cumes (Guatemala) both called for increased efforts by members to get up to date with notification obligations. Figure 3 shows the number of annual agriculture notifications submitted to the Committee compared with the total number of years covered by those notifications.

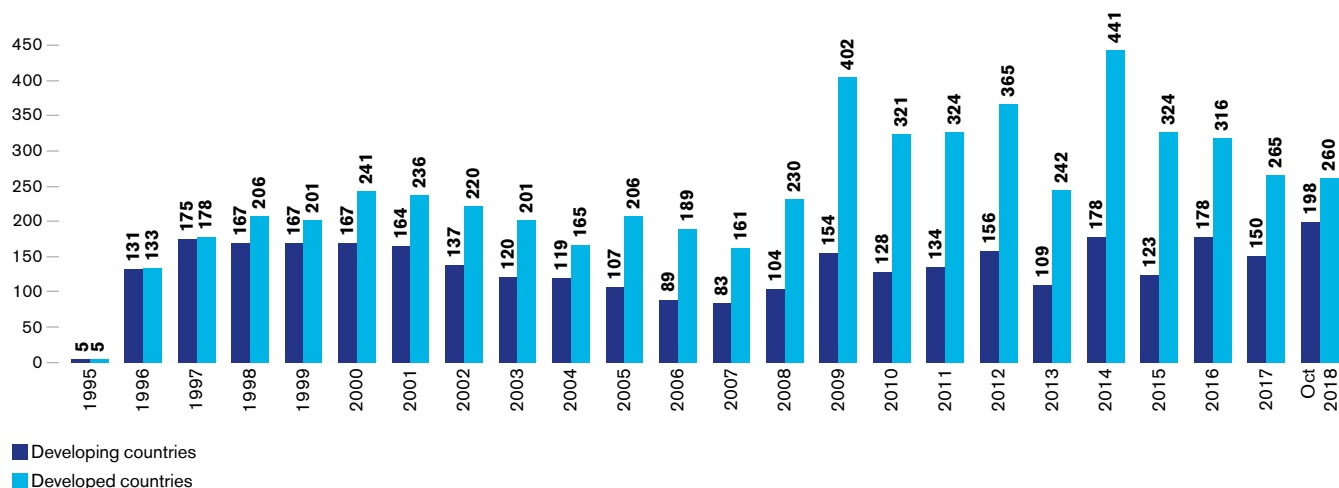
Export competition

Progress was made in 2018 in the implementation of the 2015 Nairobi ministerial decision to eliminate export subsidies and to set disciplines on export measures with equivalent effect.

At the end of 2018, half of the 16 WTO members with export subsidies reduction entitlements at the time of the adoption of the decision in 2015 had amended their schedules of commitments and two had circulated draft revised schedules to members for their consideration. Those who have amended their schedules are Australia, Colombia, Israel, Norway, South Africa, Switzerland, the United States and Uruguay.

In June, the Committee held its annual dedicated discussion on export competition, which aims to enhance transparency and improve monitoring. Export competition covers export subsidies, export credits, export credit guarantees or insurance programmes, international food aid and agricultural exporting state trading enterprises (see page 40).

Figure 3: Number of regular notifications and total years reported (1995 to November 2018)





The discussions were based on a WTO Secretariat background document compiling information provided by WTO members on their export competition policies. The Cairns Group of farm goods exporters circulated a paper considering the alignment of members' reported policies with the disciplines agreed in the Nairobi decision.

WTO members adopted by consensus the report of the first triennial review of the decision. The report, adopted in June, noted that several members consider the Nairobi outcome on export competition "unfinished business" and support enhancing disciplines in other areas of export competition.

Other ministerial decisions

Members continued their review of the Bali ministerial decision on tariff rate quotas (TRQs). Exchanges focused on addressing the causes of chronic TRQ underfill and how to share best practices to improve the efficiency and quality of notifications. Duties inside a quota are usually lower, often significantly lower, than those applied outside the quota. Unfilled quotas mean that exporters miss out.

Ministers declared in Bali that WTO members should notify the Committee of the extent to which their TRQs are being filled. Chair Ms Débora Cumes reminded members of the end-December 2019 deadline, when the General Council must finalize its recommendations on the review.

Information exchange

The WTO organized a two-day symposium on trends in global agriculture. Participants exchanged ideas on four themes: the economic significance of agricultural trade; evolving trading patterns in agricultural products; products, prices and market participation; and the agricultural trade policy landscape. Speakers noted that the landscape has dramatically evolved and developing countries are playing an increasingly important role in world markets.

The UN Food and Agriculture Organization (FAO) presented "The State of Agricultural Commodity Markets 2018: Agricultural Trade, Climate Change and Food Security", which shows how trade policies can ensure food security and the impact of climate change.

Notification workshops

The annual agriculture notification workshop provided training to 25 capital-based officials from developing countries. It covered notification requirements and information on the Agreement on Agriculture and the work of the Committee. Participants were introduced to the new online notifications system, which will improve the efficiency of processing information and the consistency of data reported. In addition, the system captures the data in a searchable format.

Transparency tools

The Committee's work on monitoring and transparency benefits from the Agriculture Information Management System. This system provides public access to agriculture-related information notified by WTO members and to questions and responses in the Committee's review process. It is expected that, as of 2019, WTO members will be able to submit their agriculture notifications via this system, which will make the information immediately available for public consultation.



Sanitary and phytosanitary measures

- **The Committee initiated a new review of the working of the SPS Agreement, which seeks to strike a balance between the right of WTO members to protect health and the need to allow the smooth flow of goods across international borders.**
- **WTO members submitted 13 specific proposals for discussion in the review, including adaptation of SPS measures to regional conditions, transparency and national coordination among SPS agencies.**
- **WTO members' notifications of SPS measures, which facilitate transparency, rose to 1,631 from 1,480 in 2017, with developing countries accounting for a record 72 per cent.**

Background on sanitary and phytosanitary measures

The Agreement on the Application of Sanitary and Phytosanitary (SPS) Measures establishes the rights and obligations of WTO members regarding measures taken to ensure food safety, protect human health from plant or animal-spread diseases, protect plant and animal health from pests and diseases, or prevent other damage from pests. Governments must ensure that their SPS measures are necessary for health protection and based on scientific principles.

Launch of the fifth review

In 2018, the Sanitary and Phytosanitary (SPS) Committee launched the fifth review of the operation and implementation of the SPS Agreement. WTO members have the opportunity to identify issues to be addressed in the review and to submit specific proposals. The report of the previous review was adopted in 2017. The fifth review is scheduled to conclude in March 2020. The SPS Agreement requires the Committee to carry out a review at least once every four years.

The Committee adopted the "Catalogue of Instruments" available to WTO members to manage SPS issues. Members may use the catalogue if they seek information or wish to initiate consultations in order to resolve trade frictions on food safety, animal and plant health issues.

Thematic areas of work

Under the review, 13 proposals were submitted by 29 WTO members, covering a wide array of topics. These included: recognition of equivalence of other countries' SPS measures so long as an equivalent level of protection is provided; adaptation of SPS measures to regional conditions, including pest or disease-free areas; transparency and notifications under the SPS vs. the Technical Barriers to Trade (TBT) Agreement; national coordination among SPS agencies, and trade issues related to restrictions on the level of pesticides.

Other areas covered by the proposals were: the role of the three standard-setting bodies (Codex, the International Plant Protection Convention and the World Organisation for Animal Health) in addressing specific trade concerns; third-party assurance systems; risk assessment and appropriate levels of protection; and efforts to address fall armyworm infestation (an insect native to tropical and subtropical regions of the Americas, which in its larva stage can cause significant damage to crops).

The Committee held a thematic session on pest-free areas in February. The purpose was to provide an opportunity for WTO members to increase their awareness of International Plant Protection Convention standards on pest-free areas and to share experiences about the challenges and the benefits of implementing pest-free areas.

The SPS Agreement requires governments to recognize regions within or straddling other countries as being safe sources (disease or pest-free or with low incidence) for imports of food and animal and plant products. Exporting countries want to avoid import restrictions on products from their entire territories when outbreaks are confined to a region.

The European Union submitted a proposal on regionalization (pest and disease-free areas) which seeks to ensure that any further work of the SPS Committee on this topic would build on the ongoing work of the international standard-setting bodies and on WTO jurisprudence.

A workshop was held in July to explore ways to expedite and simplify border procedures while ensuring that traded products do not present food safety, animal or plant health risks. The workshop aimed at expanding WTO members' understanding of the relevant provisions and jurisprudence on SPS control, inspection and approval procedures, providing guidance from various standard-setting bodies and sharing regional and national experiences. The workshop finished with a roundtable in which representatives from various organizations discussed their trade facilitation capacity-building programmes.

As part of the fifth review, the Committee held in October the first of a two-part thematic session on equivalence. Discussions included the challenges of having a common definition of equivalence, the lack of consistency in wording across organizations, and the link between



recognition of disease-free areas and equivalence determinations. The second session in March 2019 focused on WTO members' experiences with the implementation of equivalence.

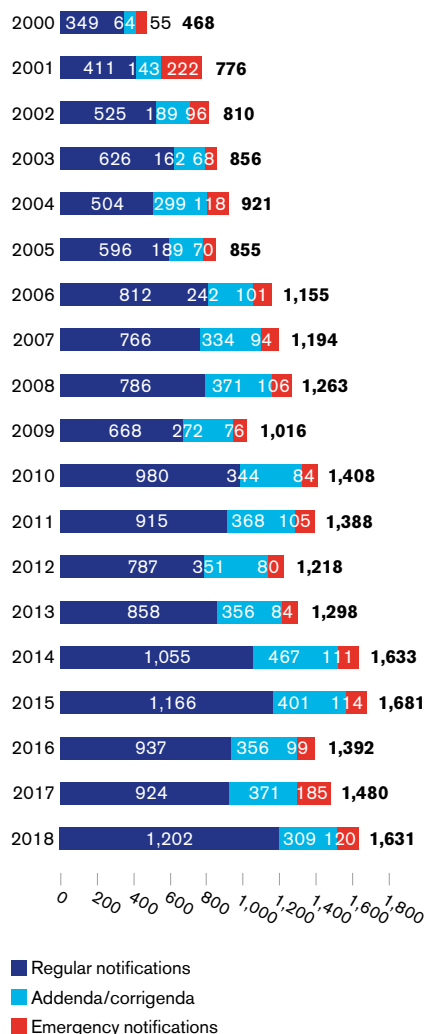
Monitoring international harmonization

The SPS Agreement encourages governments to establish national SPS measures consistent with international standards, guidelines and recommendations. This process is often referred to as "harmonization" and the SPS Committee has developed a procedure to monitor the process.

Three new issues were raised in March and July 2018. The United States drew members' attention to the Codex Committee on Food Additives (CCFA), where 1,200 food additive provisions were being blocked by certain Codex members, which it said hampered the CCFA's ability to establish international standards for food additives. Indonesia raised the question of risk management related to the global movement in plant seeds and called for an international standard on pest risk analysis. The other new issue raised concerned African swine fever restrictions not consistent with the OIE international standard.

At the October meeting, the Committee considered non-science factors in Codex standards and the use of Codex definitions for milk and milk products.

Figure 4: Number of SPS notifications per year, 2000-18



Import restrictions on fruit were among the trade concerns raised by WTO members.



Specific trade concerns

Many previously raised concerns continued to be discussed during 2018. These discussions offer members the chance to find solutions to trade concerns and avoid formal disputes. WTO members raised 13 new specific trade concerns (STCs) covering import restrictions on products ranging from poultry to pears, to policies on pesticides.

Two trade concerns were reported to have been resolved in 2018. One related to Mexico's measures on imports of hibiscus flowers and the other to China's import conditions related to phthalates (chemicals used in plastics) in spirits and wine. Of the 447 STCs considered by the SPS Committee since 1995, 200 have been reported as resolved or partially resolved.

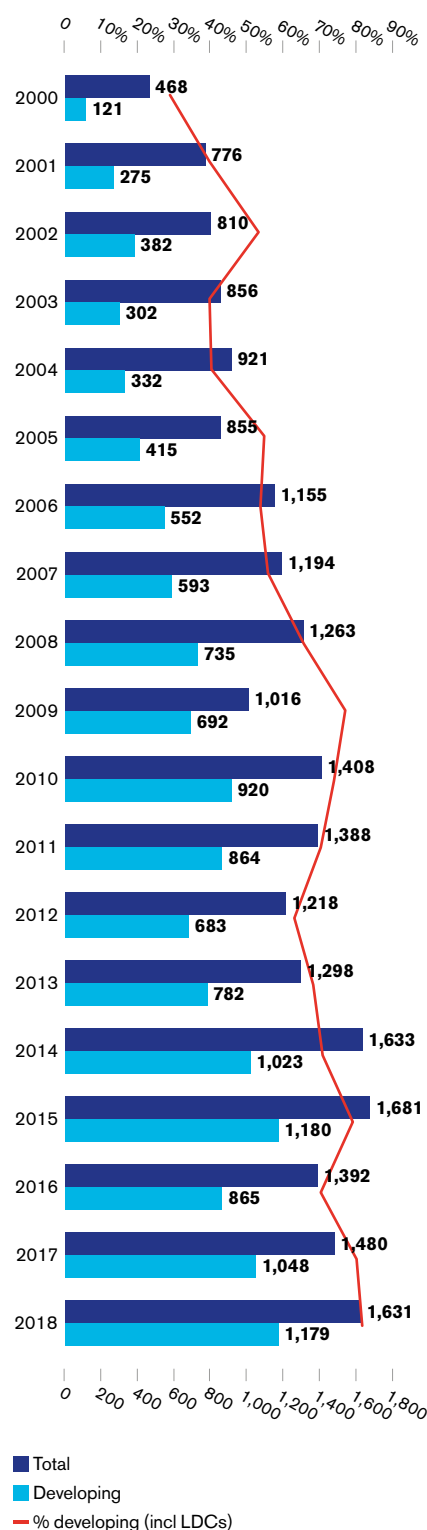
A discussion paper was presented in December which proposes to strengthen the procedures to raise and discuss STCs, to provide clear procedures for the involvement of third parties and mediators, to make these procedures available in all WTO bodies and to coordinate information on STCs, including special joint sessions with the TBT Committee for cross-cutting STCs.

Notifications

Notifications inform trading partners of looming changes in an importing member's requirements and – unless there is an urgent health protection issue – provide a period during which trading partners can comment on them before they enter into force. When there is an urgent health problem, members submit an emergency notification immediately upon the regulation's entry into force.

The Committee received 1,631 notifications of new or changed food safety, animal or plant health regulations affecting international trade. Of these, 1,202 were regular notifications (up from 924 in 2017) and 120 were emergency notifications (down from 185 in 2017) (see Figure 4). Developing countries accounted for a record 72 per cent of all SPS notifications, up from 70 per cent in 2017 (see Figure 5). Two members submitted notifications for the first time – Liberia and Montenegro.

Figure 5: Share of SPS notifications submitted by developing countries, 2000-18



Technical barriers to trade

- The Technical Barriers to Trade (TBT) Committee adopted a three-year work plan, including 40 recommendations in areas from transparency to labelling aimed at reducing obstacles to trade and improving implementation of the TBT Agreement.
- Members discussed 184 specific trade concerns, continuing the upward trend.
- The TBT Committee welcomed a new “best practice” guide for national TBT enquiry points.
- In 2018, WTO members continued to improve implementation of notification obligations – over 3,000 notifications of new or changed TBT measures were submitted by 86 members, both all-time highs – underlying their commitment to transparency.

Background on technical barriers to trade

The Technical Barriers to Trade (TBT) Agreement aims to ensure that regulations, standards, testing and certification procedures followed by WTO members do not create unnecessary obstacles to trade. The number of regulations adopted by WTO members has continued to grow in response to consumers' demands for safe, high-quality products, the protection of health and the need to curb pollution and environmental degradation.

2019-2021 work plan

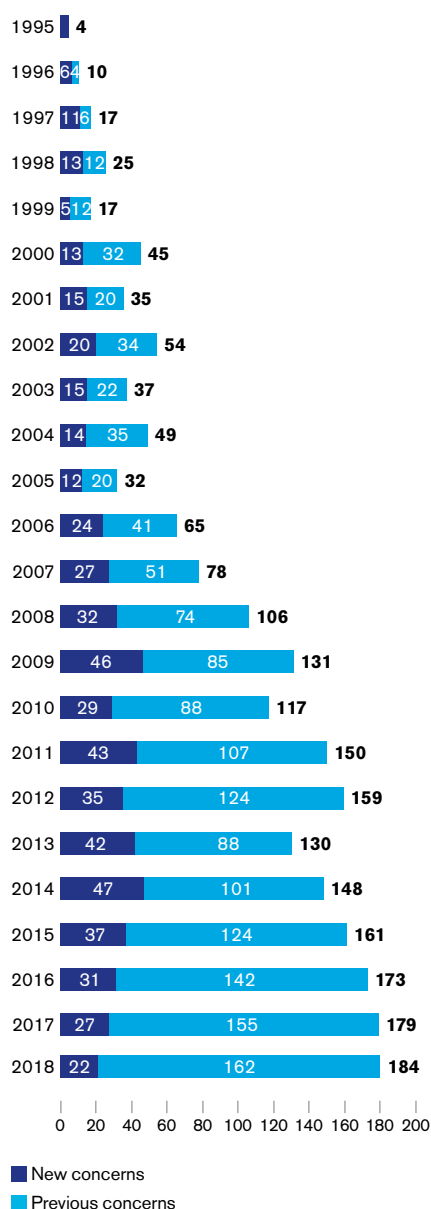
The TBT Committee concluded its 8th triennial review and adopted a new roadmap with 40 recommendations for work over the next three years. The work plan covers: conformity assessment procedures (testing, inspection and certification), transparency, standards, marking and labelling, technical assistance, good regulatory practice, and some adjustments to the way in which debates in the Committee are conducted.

The review was based on a large number of proposals from WTO members and discussions at nine informal meetings. Key transparency decisions include recommendations for members to notify final TBT regulations when adopted, to make it easier to access these regulations online and to improve access to national websites that make available all adopted final regulations.

Another important outcome was a mandate for the Committee to develop guidelines on the choice and design of appropriate and proportionate conformity assessment procedures. WTO rules allow members to assess whether products meet their consumer safety, health and environmental requirements. But these requirements must not restrict trade unnecessarily or discriminate against other members.

The “TBT Enquiry Point Guide – Making Transparency Work” was launched at the conclusion of the triennial review. The guide – which draws from a survey of members' practices – compiles practical information on how enquiry points are performing. Each WTO member is obliged to establish an enquiry point to answer questions on its implementation of TBT transparency obligations. The new tool includes models for coordinating with domestic stakeholders and tips on how to complete TBT notifications.

Figure 6: Specific trade concerns raised in the TBT Committee, 1995 to 2018



Specific trade concerns (STCs)

The Committee discussed 184 specific trade concerns regarding draft or adopted TBT measures, more than in any year since 1995, including 22 new concerns (see Figure 6). Since 2014, the number of new concerns per year has fallen by 53 per cent while the number of previously raised concerns has increased by 60 per cent. Members see the Committee as an effective forum for raising trade issues and for seeking solutions.

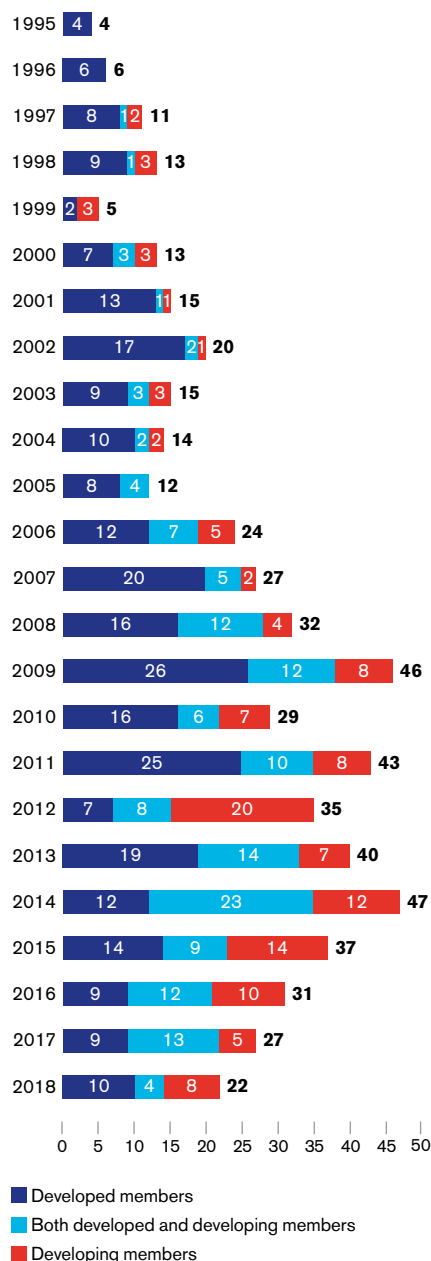
The new concerns covered a wide range of product regulations, including those dealing with: cybersecurity; information and communications technology products; environmental protection (e.g. on solid waste, use of biofuels, energy conservation); description and labelling of various products (e.g. milk, food, clothes, tobacco, alcohol); pharmaceuticals; chemical substances and mixtures; halal requirements for poultry parts and offal; hazardous substances in electronic and electrical devices; and cosmetic and hygiene products.

Thirteen of the 22 new concerns were raised by developing countries (five independently and eight in conjunction with developed countries – see Figure 7).

WTO members agreed to apply new procedures for raising specific trade concerns, on a trial basis, giving members more time to engage with each other and domestic stakeholders in advance of meetings.

New concerns covered a wide range of product regulations, including labelling.

Figure 7: New specific trade concerns raised by developed and developing countries, 1995 to 2018



Notifications

WTO members submitted a record 3,065 notifications of new (or changed) draft measures (see Figure 8), further evidence of transparency, compared with 2,587 in 2017.

A greater number of WTO members submitted notifications in 2018, with 86 members submitting at least one notification during the year. Members from Africa were some of the most active in 2018. Uganda submitted the most notifications of any member while Kenya, Rwanda, Tanzania and Egypt were among the top ten notifying members. Overall, notifications from African members increased almost sixfold between 2014 and 2018, jumping from 129 to 714.

Most notifications were submitted through the WTO's online portal, a system which enables the WTO Secretariat to publish notifications within two days of receipt. This portal also allows members to easily track the status of submitted notifications and facilitates the preparation of notifications via templates.

ePing

ePing (www.epingalert.com), the notification alert system for TBT and sanitary and phytosanitary (SPS) measures (see page 69), enables swift access to regulatory information and facilitates dialogue between the public and private sector in addressing potential trade problems. The WTO, the International Trade Centre (ITC) and the UN Department of Economic and Social Affairs have continued their collaboration in enhancing the system. Since its launch in November 2016, over 5,700 users from 169 countries have registered on ePing, almost double the number of users registered at the end of 2017.

Capacity building

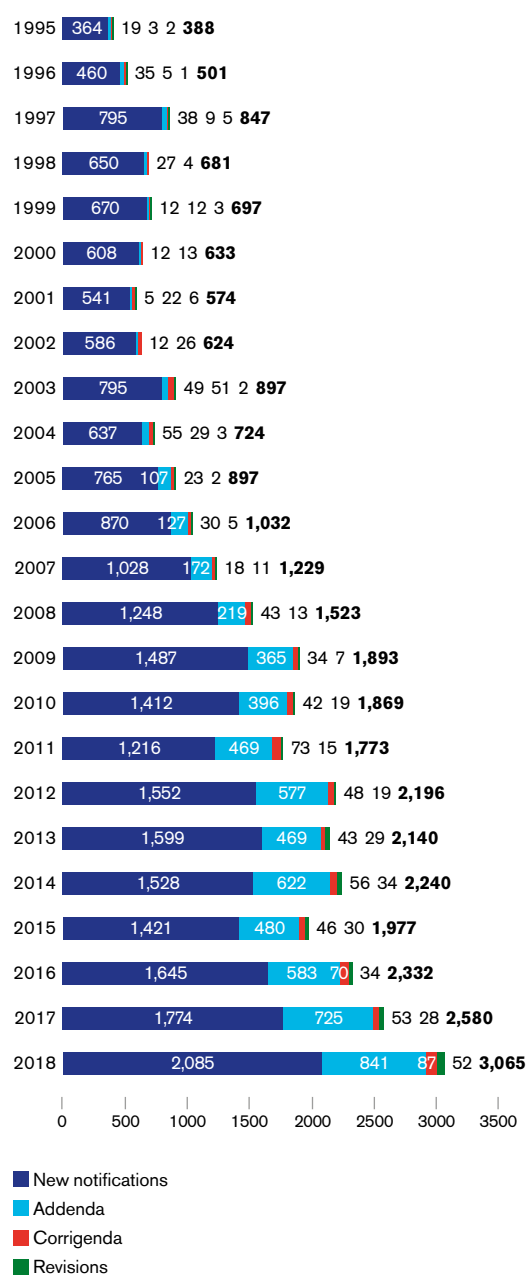
In 2018, a record number of 44 training activities were organized by the WTO Secretariat. These included one Geneva based course, four regional workshops and 15 national workshops. The activities were designed to help participants expand their understanding of the TBT Agreement, discuss implementation challenges and learn more about the work of the TBT Committee.

Regulatory cooperation

Chile organized a TBT Committee side event in March on international regulatory cooperation, the range of approaches and mechanisms used by countries to promote cooperation in the design, monitoring or enforcement of regulation. It aims at limiting costs arising from divergences in product regulations between countries while respecting differences in regulatory objectives.

The side event helped raise awareness of how international regulatory cooperation promotes effective implementation of the TBT Agreement. "More cooperation between countries can reduce trade costs without impinging on core aspects such as quality and safety," Deputy Director-General Alan Wolff told the event. Debates in the Committee "make it easier for members to find solutions to regulatory differences that are impeding trade". The Committee has "quite a good record of dispute avoidance", DDG Wolff added.

Figure 8: TBT notifications 1995 to 2018



Subsidies and countervailing measures

- The Committee reviewed WTO members' notifications of subsidies and countervailing duty legislation.
- The Committee chairs alerted members to “chronic” low compliance with notification obligation on subsidies.
- The Committee continued consideration of a US proposal on subsidy programmes not included in WTO members' notifications.

Background on subsidies and countervailing measures

The Subsidies and Countervailing Measures (SCM) Agreement regulates WTO members' use of subsidies and countervailing measures on subsidized imports of a product found to be injuring domestic producers of that product. The SCM Committee serves as a forum for members to discuss the implementation of the SCM Agreement and any matters arising from this.

In 2018, the Subsidies and Countervailing Measures (SCM) Committee reviewed WTO members' notifications of specific subsidies, notifications of countervailing duty legislation, semi-annual reports of countervailing actions and ad hoc notifications of preliminary and final countervailing measures taken.

At the spring meeting, Committee Chair Ms Ieva Baršauskaitė of Lithuania spoke of the “chronic” low compliance with the fundamental transparency obligation to notify subsidies, saying it constitutes a serious problem for the proper functioning of the SCM Agreement. Her successor, Luis Fernandez of Costa Rica, returned to the theme in the autumn.

The Committee continued the review of 2017 new and full subsidy notifications. It continued to discuss ways to improve the timeliness and completeness of notifications and other information flows on trade measures. The Committee again considered proposals by the United States on procedures for questions and answers for subsidy programmes not included in WTO members' notifications. It also discussed Australia's proposal regarding additional information to be included in a WTO Secretariat compendium on subsidy notifications.

Both chairs urged developing countries that had not yet made final notifications of the elimination of their export subsidy programmes to do so. Nineteen developing countries had been given a final two-year extension, to the end of 2015, for the elimination of such programmes, with final notifications of removal

due by end-June 2016. The Committee reviewed three such notifications in 2018, which left five notifications outstanding. The Committee agreed to continue to discuss this issue in 2019.

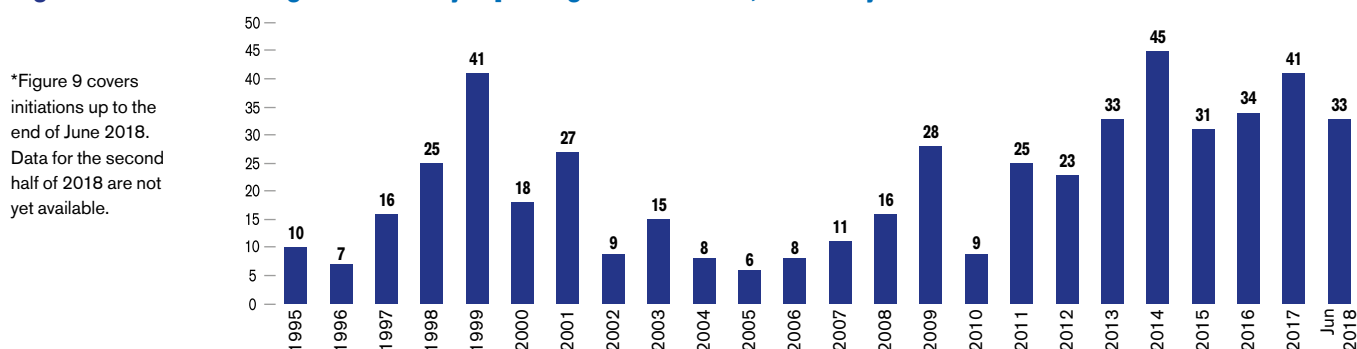
Least-developed countries and developing countries with a per capita gross national income below US\$ 1,000 a year, calculated in constant 1990 dollars, are exempt from the export subsidy prohibition. Based on World Bank calculations, nine WTO members, down from 12 the previous year, were still in the latter category in 2018.

The Committee reviewed notifications of countervailing initiations (see Figure 9). As of 30 June 2018, there were 173 notified measures (definitive duties and undertakings) in force, up from 154 the year before.

On fisheries subsidies, nine WTO members requested that the Committee discuss the decision taken by ministers at the 11th Ministerial Conference in December 2017 recommitting members to fulfil their existing transparency obligations in respect of fisheries subsidies.

The Committee considered requests for information from the European Union and the United States to China regarding potential steel subsidies. It returned to the issue of whether subsidies contribute to overcapacity in sectors such as steel and aluminium. Members continued to discuss the potential role the Committee could play. China said the Committee was not the proper forum to discuss the issue of overcapacity.

Figure 9: Countervailing initiations by reporting WTO member, 1 January 1995 to end-June 2018



Anti-dumping practices

- **WTO members initiated 122 new anti-dumping investigations from January to June 2018, down from 139 in the same period in 2017.**
- **India and the United States were the leading initiators, accounting for 40 per cent of the total.**
- **Investigations involving steel products continued to dominate discussions in the Committee on Anti-Dumping Practices.**

Background on antidumping practices

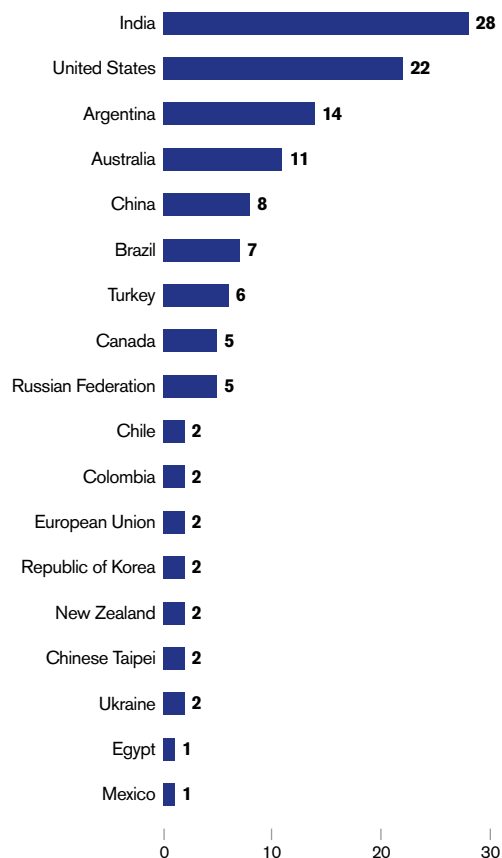
WTO members can apply anti-dumping measures on imports of a product where the exporting company exports the product at a price lower than the price it normally charges in its home market and the dumped imports cause or threaten to cause injury to the domestic industry. The Committee on Anti-Dumping Practices provides WTO members with the opportunity to discuss any matters relating to the Anti-Dumping Agreement.

In the first six months of 2018, India initiated 28 new anti-dumping investigations and the United States 22, down from 34 each in the same period of the previous year.

Other frequent users of anti-dumping investigations, including Australia, China, Canada, the European Union and the Republic of Korea, also initiated fewer investigations than in 2017. However, Argentina, Brazil, Chile, Egypt, New Zealand, Chinese Taipei and the Eurasian Economic Union initiated more investigations.

After India and the United States, the top initiators in 2018 were Argentina (14), Australia (11) and China (eight) (see Figure 10).

Figure 10: Anti-dumping investigations by reporting WTO member, 1 January 2018 to end-June 2018



*Figure 10 covers initiations up to the end of June 2018. Data for the second half of 2018 are not yet available.



Steel products accounted for a quarter of new investigations in the first half of 2018.

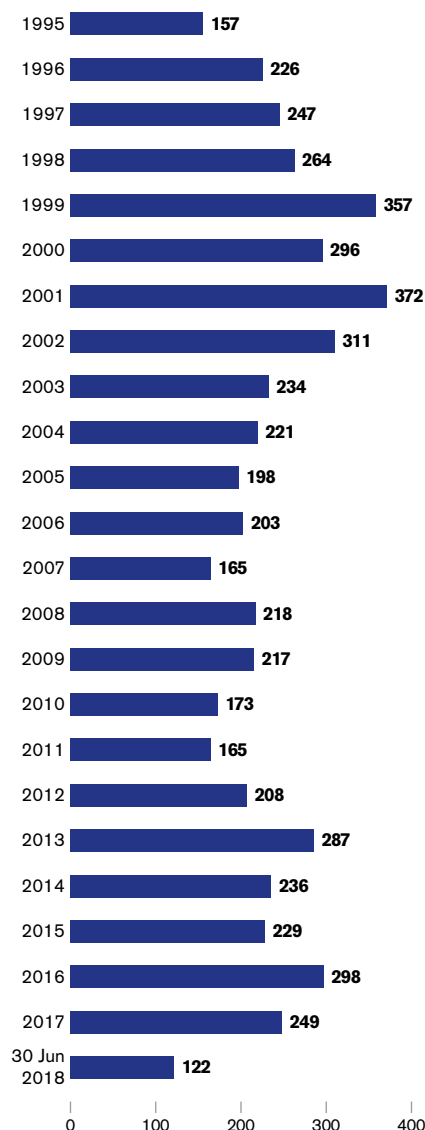


Investigations involving steel products continued to dominate discussions in the Committee on Anti-Dumping Practices. These products accounted for more than a quarter of all new investigations in the first six months of 2018. Several members asserted a link between overcapacity in the steel sector and high anti-dumping activity.

At its spring and autumn meetings, the Committee reviewed semi-annual reports for the second half of 2017 submitted by 42 WTO members and semi-annual reports for the first half of 2018 submitted by 39 members.

At the October meeting, Committee Chair Ms Karine Mahjoubi Erikstein of Norway noted that a “significant number” of WTO members failed to submit semi-annual reports for the first half of 2018.

Figure 11: Anti-dumping investigations by year, 1 January 1995 to end-June 2018



* Figure 11 covers initiations up to the end of June 2018. Data for the second half of 2018 are not yet available.

The Committee also reviewed ad hoc notifications of preliminary and final actions taken by 26 and 25 WTO members at the spring and autumn meetings, respectively. As of 30 June 2018, 45 members had notified the WTO of 1,854 anti-dumping measures (definitive duties and undertakings) in force, up from 1,675 the previous year.

The Committee reviewed new notifications of legislation submitted by Afghanistan, Australia, Brazil, Cambodia, Canada, China, the European Union, Liberia, Japan and Chinese Taipei.

The Working Group on Implementation, which serves as a forum for the exchange of information on WTO members' practices, held two meetings in 2018. Among the issues discussed were: the treatment of certain expenses in determining the “normal” value and the export price; methodologies to determine the likelihood of continuation or recurrence of dumping and injury in sunset reviews; and the institutional structure of investigating authorities. Some WTO members made presentations or provided papers describing their practices while others contributed to the discussions with questions or comments.

In addition, two meetings of the Informal Group on Anti-Circumvention were held in 2018. During those meetings, India and Canada presented their anti-circumvention proceedings and responded to questions posed and comments made by other WTO members.

Customs valuation

- **The Committee received no new notifications of national legislation; the overall record of notifications remains poor.**
- **Four specific trade concerns were raised.**
- **The Committee agreed to hold an experience-sharing workshop to assist least-developed countries in implementing the Customs Valuation Agreement.**

Background on customs valuation

The value of a good plays a critical role in the calculation of ad valorem duties, which are the most common type of duties applied. The WTO's Agreement on Customs Valuation seeks to establish a fair, uniform and neutral system for the valuation of goods for customs purposes, precluding the use of arbitrary or fictitious values. The Committee on Customs Valuation manages this Agreement as well as the Agreement on Pre-shipment Inspection.

The Committee on Customs Valuation continued reviewing implementation and administration of the Customs Valuation Agreement, which aims for a fair, uniform and neutral system for the valuation of goods for customs purposes. For importers, the process of estimating the value of a product at customs presents problems that can be just as serious as the actual duty rate charged.

No new notifications of national legislation were received. The low level of notifications continues to hamper the Committee's work. The total number of WTO members that had notified their national legislation remained at 98, or 72 per cent, and 66 members had provided responses to the checklist of issues related to their legislation, a compliance rate of 49 per cent.

The Chair of the Committee, Mr Yuichiro Okumura (Japan), wrote to a number of WTO members to encourage them to provide their responses to questions raised in the Committee, with some going back almost nine years.

Uruguay's long-standing proposal to amend the Committee's 30-year-old "Decision on the Valuation of Carrier Media Bearing Software for Data Processing Equipment" to take account of software on newer types of media

carriers, such as USB keys, remained on the agenda, without reaching consensus.

Four specific trade concerns were raised. Three of them – Armenia's reference price system in connection with the valuation of goods; Pakistan's determination of customs values of paper; and Oman's customs valuation of cigarettes and introduction of a selective tax – remained on the agenda. One new concern was raised related to Tajikistan's alleged use of reference pricing in customs valuation.

The Committee held an information-sharing workshop in February 2019 to assist least-developed countries in addressing implementation challenges they face with the Customs Valuation Agreement.

Pre-shipment inspection

The key issues continued to be the status of notifications of pre-shipment measures and the concern of some WTO members that not all measures are being notified. In 2018, three members – Afghanistan, Angola and Brazil – notified the Committee that they have no laws or regulations related to the Pre-shipment Inspection Agreement.



Rules of origin

- **The Committee focused on the impact of non-preferential rules of origin on businesses and international trade and an examination of preferential rules of origin that apply to least-developed countries (LDCs).**
- **Some 23 per cent of members have yet to submit notifications of their practices relating to non-preferential rules of origin.**
- **Most members have submitted their preferential rules of origin for LDCs but many LDC exports do not receive the preferential treatment to which they are entitled.**

Background on rules of origin

Rules of origin are the criteria used to determine the country in which a product is made. They are used in the implementation of many trade measures, including trade preferences, customs duties, labelling of country of origin and the application of anti-dumping measures. The main objective of the Agreement on Rules of Origin is to harmonize the rules that all WTO members use to determine origin in their non-preferential trade. This work is conducted by the Committee on Rules of Origin. The Committee also reviews the implementation of the 2013 and 2015 ministerial decisions on preferential rules of origin for LDCs.

Non-preferential rules of origin

The Committee on Rules of Origin held two information sessions on the impact of non-preferential rules of origin on businesses and international trade. The first session reviewed the practice of WTO members in relation to the certification of origin. The second identified information gaps and transparency issues related to non-preferential rules of origin and origin procedures.

The sessions highlighted that the Committee can only perform efficiently and promote best practices if there is a wide understanding about WTO members' existing practices and origin-related requirements.

Non-preferential rules of origin are those which apply in the absence of any trade preference – that is, when trade is conducted on a most-favoured-nation (MFN) basis. Some trade policy measures, such as quotas, anti-dumping or “made in” labels, may require a determination of the

country of origin and, therefore, the application of non-preferential rules. Almost 50 WTO members currently apply national rules of origin for non-preferential purposes.

A mandate for negotiations on harmonized non-preferential rules of origin was included in the WTO's Agreement on Rules of Origin but the harmonization work programme has been stalled since 2007. WTO members agreed in 2014 to initiate a transparency and educational exercise to hear different views and learn more about how existing non-preferential rules of origin affect businesses and international trade.

Switzerland reported to WTO members on talks it has been holding on its initiative to facilitate trade by removing barriers inherent in non-preferential rules of origin. Sixteen members are taking part in the discussions, which are currently focused on improving transparency and proposing standardized and strengthened notification procedures.



The WTO Secretariat made a presentation on transparency and notification obligations. It said 35.8 per cent of WTO members have notified that they apply non-preferential rules of origin while 41.6 per cent do not and 22.6 per cent have not submitted any notification. Under the Agreement on Rules of Origin, all members must notify their practices related to non-preferential rules of origin.

Preferential rules of origin

Ministerial decisions of 2013 and 2015 laid down guidelines for making it easier for LDCs to qualify for preferences and better utilize market access opportunities. Improving the conditions attached to trade preferences is part of Sustainable Development Goal 17, which calls for preferential rules of origin applied to LDC exports to be “transparent and simple”.

The Committee focused on reviewing the practices of preference-granting members on the basis of standardized notifications by WTO members. Almost all preference-granting members have submitted their preferential rules of origin.

WTO members investigated the impact that preferential origin requirements have on utilization. In particular, they looked at how members use the change of tariff classification criterion in drafting “substantial transformation” rules of origin.

When a product is manufactured in two or more countries, it qualifies as “made in” an LDC – and thus for preferential access – when it undergoes substantial transformation in the LDC. LDCs have argued that such requirements are often overly strict, disqualifying their products from receiving trade preferences.

WTO members reviewed a Secretariat note outlining that the under-utilization of trade preferences can be very significant. Close to 50 per cent of all LDC exports of fruits, vegetables, plants and chemicals do not receive preferential treatment despite being eligible. This reaches close to 80 per cent for sugar and confectionery products.

LDCs paid tariffs on more than US\$ 7 billion of trade in 2016 that should have benefited from tariff preferences. This could indicate that rules of origin requirements are too demanding in a number of cases. However, other factors not related to rules of origin may also explain low utilization.

The International Trade Centre presented WTO members with the new “Rules of origin facilitator”, a gateway to rules of origin launched in June. The gateway provides tariff and origin information at the most detailed tariff-line product level. The “facilitator” was developed in collaboration with the WTO and the World Customs Organization.



Import licensing

- **The Committee reviewed 77 notifications from WTO members under the Agreement on Import Licensing Procedures, up from 66 in 2017.**
- **A new WTO import licensing database was launched to consolidate information on this issue.**
- **The Committee heard a number of specific trade concerns about import licensing rules and procedures.**

Background on import licensing

The Agreement on Import Licensing Procedures establishes disciplines on import licensing systems, with the objective of ensuring that the procedures applied for granting import licenses do not in themselves restrict trade. It aims to simplify the administrative requirements necessary to obtain licenses and to ensure fair and transparent administration of the procedures.

The Committee on Import Licensing reviewed 16 notifications from 10 WTO members regarding publications and/or legislation on import licensing procedures and 20 notifications from 10 members on new import licensing procedures or changes in these procedures. It also reviewed 41 notifications from 33 members regarding responses to a questionnaire on import licensing procedures.

As of October 2018, 15 WTO members had not submitted any notification. In addition, 24 members had never submitted responses to the annual questionnaire on licensing procedures. WTO trade monitoring reports have identified import licensing as one of the main trade-restricting measures introduced by governments.

In 2018, Botswana submitted its first notification to the Committee and provided a comprehensive list of import licensing laws and regulations. The Chair of the Committee, Ms Lorena Rivera Orjuela (Colombia), welcomed this move and encouraged others to improve their notification compliance.

The United States made statements on: Indonesia's import licensing regime for cellphones, handheld computers and tablets; Indonesia's import requirements related to milk supply and circulation; India's import licensing requirements for boric acid; Viet Nam's import licensing for

cyber security products; and China's import licensing on certain recoverable materials. Australia made a statement on India's import requirements for certain types of beans and pigeon peas. Australia, Canada and the European Union made statements on India's import requirements on certain pulses.

The WTO Secretariat introduced the new WTO import licensing database, established to improve transparency, to consolidate all information on import licensing and to provide a more user-friendly platform. It is based on notifications submitted by WTO members under various provisions of the Agreement on Import Licensing Procedures. A gateway provides members with direct access to import licensing laws, regulations and products subject to licensing as well as administrative procedures for each category of products for WTO members.

In April 2018, representatives from 30 developing countries took part in a workshop on import licensing in Geneva. In addition, national workshops were held in Paraguay and Egypt. The WTO Secretariat presented an overview of the Import Licensing Agreement in July to familiarize WTO members with the Agreement's notification obligations.



Safeguards

- **WTO members imposed seven new measures, fewer than the ten imposed in 2017.**
- **New safeguard investigations doubled to 16 in 2018 compared with the previous year but the number was below the recent peaks of 2012-15. Nearly half of the new investigations involved steel or aluminium.**

Background on safeguards

WTO members may take safeguard actions (impose temporary additional duties, quantitative restrictions or other measures on a product) to protect a specific domestic industry from an increase in imports of the product that is causing, or threatening to cause, serious injury to the industry. In these circumstances, WTO members have the right to apply safeguard measures on imports of the product from all sources (but not from a specific member or group of members). The Agreement on Safeguards provides rules concerning the investigation that must be conducted as well as the application of safeguard measures.

The number of new investigations initiated during 2018 sharply rose for the first time in four years (see Figure 12).

One investigation each was initiated by Canada, Chile, Costa Rica, the European Union, the member states of the Eurasian Economic Union (EAEU – Armenia, Belarus, Kazakhstan, the Kyrgyz Republic and the Russian Federation), Morocco and South Africa, with two each by Indonesia, the Philippines and Turkey and three by Madagascar. The last time Canada initiated a safeguard investigation was in 2005 and the European Union in 2010. Madagascar initiated safeguard investigations for the first time.

WTO members imposed seven new safeguard measures, down from ten in 2017. Those imposing final measures were India, Indonesia, Gulf Cooperation Council member countries (Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates), Ukraine, the United States (two) and Viet Nam.

Seven of the 16 investigations initiated in 2018 involved metals, specifically steel and aluminium, but only one definitive measure introduced in 2018 related to the metals sector.

At Safeguard Committee meetings in the spring and autumn, a number of WTO members expressed concern over safeguard actions on steel products. Most of the members taking these actions referred to current global overcapacity in steel and certain measures imposed by other members.

Measures about which members expressed concern included: EU measures on certain steel products, an EAEU investigation on flat-rolled steel products, and investigations notified by Turkey and Canada on certain steel products.

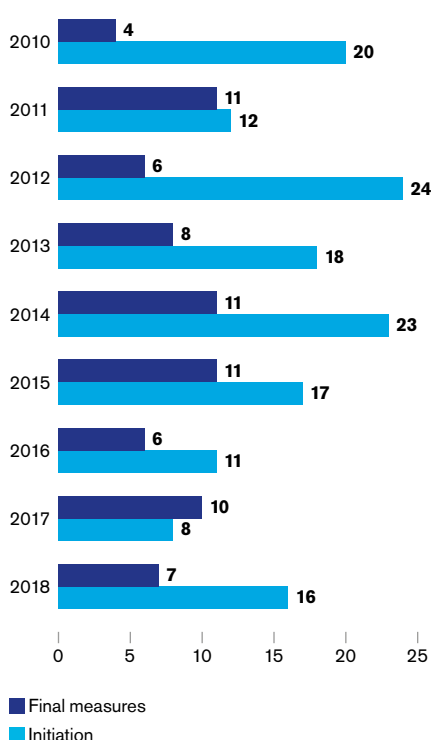
At both meetings, several WTO members expressed concern about measures on imports of steel and aluminium taken by the United States under Section 232 of the US Trade Expansion Act of 1962, which refers to the protection of essential security interests. Those members consider these measures to be safeguards. Some of these members said they had withdrawn equivalent trade concessions pursuant to the Safeguards Agreement.

The United States indicated that the measures are not safeguards and that the countermeasures are not authorized. Some of these members are pursuing WTO dispute settlement concerning the US measures and the United States is pursuing dispute settlement on some of the measures that have been applied.

The Committee also considered a request from Thailand to review whether the concessions suspended by Turkey in response to a Thai safeguard measure on hot rolled steel products (originally imposed in 2014) were of a “substantially equivalent” level.

At the Committee's spring meeting, the EU asked Ukraine about the status of its legislation following a judicial decision. At its autumn meeting, the Committee agreed to an amendment of the format of its annual report.

Figure 12: Safeguard investigations by year (for all WTO members)



Trade-related investment measures

- The Committee continued to discuss concerns regarding local content requirements raised in previous years.
- The Committee also heard a new concern related to pharmaceutical products and medical devices in Indonesia.

Background on trade-related investment measures

The TRIMs Agreement recognizes that certain investment measures can restrict and distort trade. It states that WTO members may not apply any trade-related investment measure that discriminates against foreign products or that leads to quantitative restrictions, both of which violate basic WTO principles. A list of prohibited TRIMs, such as local content requirements, is part of the Agreement. The TRIMs Committee monitors the implementation of the Agreement and allows members to consult on any relevant matters.

At its two meetings in 2018, the Trade-related Investment Measures (TRIMs) Committee continued its discussion of investment measures raised by WTO members in previous years which allegedly stipulate that at least part of a good or service should be locally produced.

These concerns included measures adopted by Argentina in its auto parts industry and by China covering the use of technology by companies in the insurance industry. A number of Indonesian measures have also been questioned, including the Industry Law and Trade Law and requirements for dairy importation and distribution, as well as requirements in the telecommunications sector, the energy sector and the retail sector. Some WTO members questioned Nigerian guidelines in information communication technologies. Finally, members again raised concerns about the implementation of Russia's import substitution policy and Turkey's policy in the pharmaceutical sector.

The Committee also heard, for the first time, concerns expressed by the European Union and the United States in relation to requirements for pharmaceutical products and medical devices in Indonesia.

Russia informed WTO members that it was terminating its WTO-inconsistent auto investment programmes and would raise preferential tariffs on auto components up to their bound tariff rates. These programmes allowed auto investors to import auto parts free of duty on condition they met local content requirements. As stipulated by its accession protocols, Russia was allowed to maintain these requirements until 1 July 2018.

The Committee took note of new notifications submitted by Cambodia and Liberia under Article 6.2 of the TRIMs Agreement, which requires WTO members to notify the Committee of all publications in which TRIMs may be found, including those applied by regional and local governments and authorities within their territory.



Information Technology Agreement

- **The Committee continued discussion of non-tariff barriers and improving market access under the Information Technology Agreement (ITA).**
- **WTO members raised concerns on two issues, involving India and China.**
- **All participants in the 2015 ITA expansion have submitted their expansion commitments.**

Background on the Information Technology Agreement

The Information Technology Agreement (ITA) requires participants to eliminate duties on IT products on a most-favoured nation basis, meaning that all WTO members benefit, not just participants in the Agreement. The ITA covers a large number of high-technology products, including computers, telecommunications equipment, semiconductors, software and scientific instruments. The Committee of the Participants in the Expansion of Trade in Information Technology Products oversees the Agreement. The ITA has 53 participants, representing 82 WTO members.

In 2018, the ITA Committee reviewed implementation of the Agreement. El Salvador submitted documentation for the rectification and modification of its schedules to incorporate commitments arising from the ITA. Two implementation issues, concerning India and China, were raised at the May and October meetings. WTO members expressed concerns at the import duties that India has introduced on mobile phones and their parts, which members consider to be covered by the ITA. They also sought clarifications from China on new tariffs on certain semi-conductor products covered by the ITA.

The ITA Committee continued its discussions on the question of non-tariff barriers and how to improve market access in information technology. The industry has long been pressing for the harmonization of standards, for both technical and administrative regulations, which create barriers by significantly increasing compliance costs.

One of the key areas of the non-tariff measures (NTMs) work programme is a survey of conformity assessment procedures for electromagnetic compatibility (EMC) and electromagnetic interference (EMI) adopted and used by ITA

participants. Regarding its work on an EMC/EMI pilot project, the Committee took note that of the 53 participants in the ITA, 39 had provided survey responses. The Committee encouraged those that had not yet done so to provide the information.

In considering ways to advance and expand its work on NTMs other than EMC/EMI, the Committee continued its discussions on the follow-up to a workshop held in May 2015 and to the Symposium marking the 20th anniversary of the ITA, held in June 2017. At the request of the Committee, the Chair Ms Zsófia Tvaruskó (Hungary) undertook informal consultations with interested WTO members to examine the recommendations suggested by industry representatives. Consultations will continue in 2019. The main issues raised at the 2015 workshop were transparency, standards for recognition of test results, e-labelling and energy efficiency.

On classification divergences, five ITA participants sought technical assistance from the WTO Secretariat regarding the Committee's decision in 2013 to use the HS 2007 classification (see page 64) for 18 products, mainly semiconductor manufacturing equipment. In respect to the possible HS 2007 classification for 22 "Attachment B" items of the 1996 Ministerial Declaration, for which there is no agreed tariff classification, the Secretariat has received comments from 21 WTO members.

2015 ITA expansion

Reporting on behalf of the ITA expansion group, Canada told the Committee that participants continued to implement tariff reduction commitments with respect to the 201 IT products covered by the expansion deal, reached in 2015. The new products include integrated circuits and touch screens. It was the first major tariff-cutting agreement at the WTO since 1996 and accounts for 90 per cent of world trade in the products covered.

Albania submitted its ITA expansion commitments in 2018, meaning that all 26 participants, representing 55 WTO members, have now done so.



State trading enterprises

- **The working party reviewed new and full notifications by 32 WTO members.**
- **Compliance with notification obligations remained poor.**

Background on state trading enterprises

State trading enterprises are defined as governmental or non-governmental enterprises, including marketing boards, which have been granted exclusive or special rights or privileges to deal with goods for export and/or import. They are required to act in a manner consistent with the WTO principle of non-discriminatory treatment. The Working Party on State Trading Enterprises reviews notifications by WTO members of their state trading activities.

At its May and October meetings, the Working Party on State Trading Enterprises (STEs) reviewed the 2016 and 2017 new and full notifications by 32 WTO members regarding the activities of their STEs and asked questions about specific aspects of notifications made at previous meetings.

Compliance with notification obligations remained low. For the 2016 notification period (covering 2014 and 2015), only 54 new and full notifications were received out of a total of 136 WTO members subject to this obligation. For the 2017 notification period (covering 2016 and 2017), only 26 new and full notifications were received. WTO members were encouraged by the working party to continue to work with their respective capitals and the WTO Secretariat to improve their notification record.

Trade in civil aircraft

- **The Committee met twice – once formally – in 2018.**

Background on trade in civil aircraft

The Agreement on Trade in Civil Aircraft aims to achieve maximum freedom of world trade in civil aircraft, parts and related equipment – such as engines, radar, flight recorders and ground flight simulators – by eliminating tariffs on goods listed in its product annex, by promoting fair and equal competitive opportunities for civil aircraft manufacturers, and by regulating government support for civil aircraft development, production and marketing. The Committee on Trade in Civil Aircraft provides signatories with an opportunity to consult on any matters relating to the operation of the Agreement.

The Committee on Trade in Civil Aircraft continued the discussion, begun in November 2016, on whether and how to undertake a further update of the tariff classifications of the list of products covered by the Agreement on Trade in Civil Aircraft. The proposal on the table is to align it with the latest version of the Harmonized System, the system used internationally for classifying goods for customs purposes.



Trade facilitation

- **The Trade Facilitation Agreement marked its first anniversary; it entered into force in February 2017.**
- **Implementation of the Agreement made good headway: over 85 per cent of the WTO membership has completed the ratification process and notifications are equally on the rise.**
- **The Trade Facilitation Committee continued its oversight of implementation efforts; WTO members increasingly shared experiences and successful strategies on implementation.**

Background on trade facilitation

Negotiations on the Trade Facilitation Agreement were successfully concluded in December 2013 at the WTO's Ninth Ministerial Conference. The Agreement entered into force in February 2017 after two-thirds of members had completed their domestic ratification process. The Agreement aims to expedite the movement, release and clearance of goods, including goods in transit. It establishes measures for effective cooperation between customs and other appropriate authorities on trade facilitation and customs compliance issues. The Agreement also contains provisions for technical assistance and capacity building. The Committee on Trade Facilitation oversees the Agreement.

WTO members made strong progress in 2018 in implementing the Trade Facilitation Agreement (TFA). The WTO received a high number of ratifications by members and notifications by developing countries outlining the timetables envisaged for implementing the Agreement.

The TFA entered into force on 22 February 2017 after acceptances of the required two-thirds of WTO members were received. Acceptances had risen to 141 by the end of January 2019, meaning that a significant majority (86 per cent) of WTO members had completed their domestic ratification processes.

"The TFA is one of the biggest trade reforms in a generation. By dramatically reducing trade costs, it will really bring great benefits for all WTO members, especially developing countries," said DG Azevêdo on the Agreement's first birthday. "We're working hard to implement the Agreement in full and deliver those benefits," he added.

By expediting the movement, release and clearance of goods across borders, the TFA is expected to reduce trade costs globally by an average of 14.3 per cent. These economic gains would be bigger than the elimination of all existing average tariffs around the world, with the poorest countries benefiting most. For the first time, the terms of the implementation of a WTO agreement are directly linked to a developing member's capacity to implement it.

On notifications, 139 submissions were received in 2018, giving a total of 231 since the TFA's entry into force. The majority consisted of implementation notifications (otherwise known as "category notifications"), a key element of the flexibilities granted to developing and least-developed countries. The submissions indicate when developing WTO members will be able to implement the Agreement and what kind of capacity-building support they require.

Developing and least-developed countries will implement the TFA provisions in accordance with the categories (A, B or C) in which they have designated their commitments. Category A covers TFA commitments that members undertake to implement straight away; category B covers those that the developing or least-developed country will implement after a transitional period; and category C covers commitments requiring technical assistance and capacity-building to implement. Developed countries have to implement all provisions immediately.

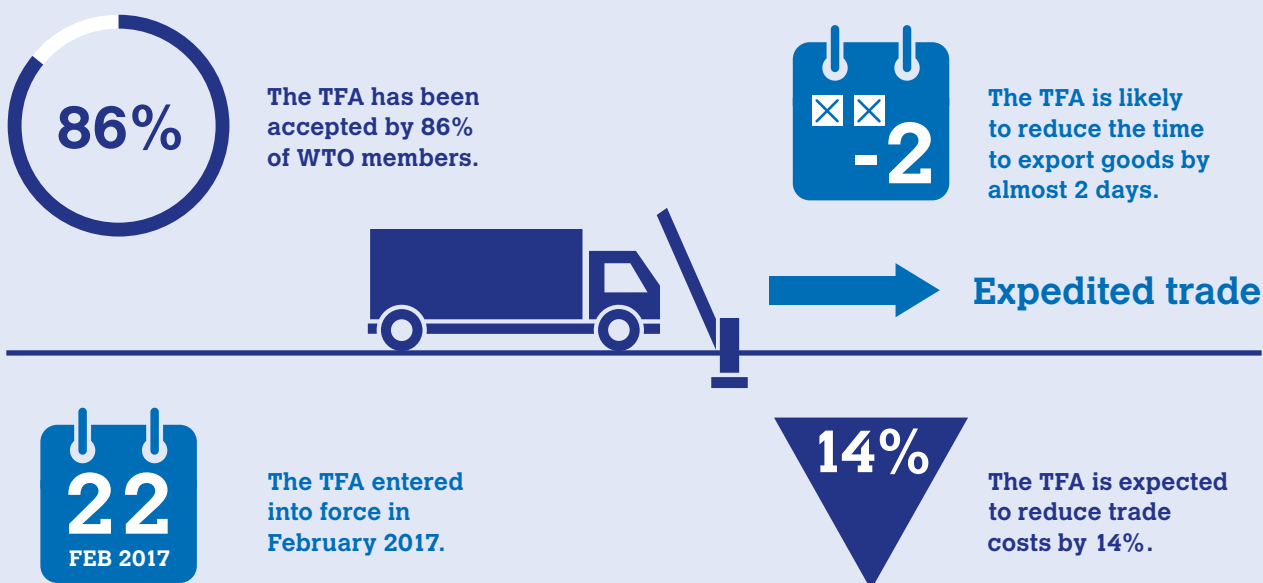
All WTO members have to provide a series of transparency notifications, covering: publication aspects; "single-window" operations, where multiple transactions with several agencies can be accomplished through one contact point; use of customs brokers; and contact points for information on customs cooperation. All notifications can be accessed via the expanded TFA database, which also contains extensive information on a series of related aspects.

Notifications are also required in the area of technical assistance and support for capacity-building. Donor members must provide annual information on their assistance activities, beneficiaries and implementing agencies as well as on contact points in responsible agencies and on the process for requesting support. Developing and least-developed countries have to submit information on contact points of offices responsible for coordinating and prioritizing such support.

The Trade Facilitation Committee held three regular sessions in 2018 as well as an informal meeting open to all WTO members. Members elected Ambassador Dalia Kadišienė of Lithuania as the Committee's second Chair. In addition to continued discussions on notifications, ratifications and technical assistance, members increasingly shared experiences with respect to the implementation of the TFA.



The Trade Facilitation Agreement in a nutshell



The themes under discussion included transit and broader implementation issues, regional approaches to trade facilitation, and the provision of opportunities for public comment and consultations on regulatory procedures. WTO members compared notes on successful strategies, national issues and regional initiatives relating to the resolution of implementation challenges.

OECD publication

In June, the Organisation for Economic Co-operation and Development launched a publication on the economic impact of trade facilitation – “Trade Facilitation and the Global Economy”. It highlights the difference that trade facilitation will make for micro, small and medium-sized enterprises (MSMEs), which often face a prohibitively high cost of trading, and the fact that inefficient border procedures multiply costs when goods and components cross borders many times during their production.

Speaking at the launch, DG Azevêdo said: “This is the economic reality today. Nearly two-thirds of traded goods have components that were made in at least two different countries. Improving facilitation and lowering costs will help to remove obstacles to joining global value chains. And this will help new participants to join these chains of production.”

TFA Facility

The Trade Facilitation Agreement Facility (TFAF) continued to help WTO members prepare for implementation of the TFA through national and regional workshops and by supporting the participation of capital-based trade facilitation officials at the October session of the Trade Facilitation Committee. There was also an increased focus on supporting the submission of notifications to ensure members benefit from flexibilities in implementing the Agreement.

TFAF's core purpose is to help WTO members access the support they need from bilateral donors as well as international and regional organizations and the private sector. TFAF is funded by WTO members on a voluntary basis.

Launched in 2014, TFAF offers an information-sharing platform to provide resources, identify possible donors and undertake donor and recipient match-making activities. During the October session of the Committee, the Facility launched its grant programme, which provides project preparation and project implementation grants in cases where developing countries' efforts to attract funding from other sources have failed.

TFAF organized a number of workshops aimed at reinforcing national trade facilitation committees and exploring and strengthening border agency cooperation, which is emerging as a pivotal element of TFA implementation. The Facility held meetings with partner organizations/donors to enhance coordination of support for implementation of the Agreement.



Trade in services

- **WTO members agreed to hold a dedicated meeting to review the operation of the services waiver for least-developed countries.**
- **Members engaged in e-commerce discussions throughout the year.**
- **The Services Council held a thematic seminar on the temporary movement of natural persons across borders to supply services (Mode 4).**
- **Concerns about cybersecurity measures adopted by some members were reiterated.**

Background on trade in services

The General Agreement on Trade in Services (GATS) defines trade in services in terms of four types of transactions: Mode 1 – cross-border supply (a supplier in one WTO member provides services to a consumer in another member's territory); Mode 2 – consumption abroad (a consumer from one member consumes services in another member's territory); Mode 3 – commercial presence (a foreign company provides services through establishment in another member's territory); and Mode 4 – presence of natural persons (individuals move to supply services in another member's territory). The Council for Trade in Services oversees the operation of the GATS.

LDC services waiver

The Council discussed the services waiver for least developed countries (LDCs) at meetings throughout the year in accordance with instructions from the 10th Ministerial Conference in Nairobi that it “maintain a standing agenda item to review and promote the operationalization of the waiver”. The waiver allows WTO members to grant more favourable treatment to LDC service suppliers.

In Nairobi, ministers encouraged WTO members to undertake specific technical assistance and capacity-building measures to make LDC suppliers aware of the preferential treatment. They also instructed the Council to facilitate an exchange of information on technical assistance to promote the increasing participation of LDCs in world services trade and to initiate a process to review the operation of preferences on the basis of information provided by members.

LDCs told the Council in October that, despite increasing revenue generated from tourism exports – US\$ 18 billion in 2017, up from US\$ 10 billion in 2010 – LDCs' share of world services exports in 2017 remained critically low, at 0.6 per cent. LDCs highlighted the importance of services trade as a source of revenue and for realizing their social and sustainable development objectives.

WTO members agreed that the Council will hold a dedicated meeting in 2019 to review how LDCs are making use of the preferences under the waiver. They called for the information exchange to be broad, covering the full scope of services trade opportunities available to LDC service suppliers. They also asked for the process to be flexible and driven by the engagement of all members, including LDCs. Informal consultations were held early in 2019 to discuss how the dedicated meeting, which was requested by LDCs, might unfold and to agree on a specific date.

The WTO has received 24 notifications of preferential treatment in favour of LDC services and service suppliers from 51 members (counting EU member states as one). These are: Canada; Australia; Norway; Republic of Korea; China; Hong Kong, China; Chinese Taipei; Singapore; New Zealand; Switzerland; Japan; Mexico; Turkey; the United States; India; Chile; Iceland; Brazil; the European Union; Liechtenstein; South Africa; Uruguay; Thailand; and Panama.

E-commerce

WTO members engaged in e-commerce discussions throughout the year. The Council considered new papers, heard accounts of workshops organized in various countries and learned about individual members' domestic legal frameworks for e-commerce. It was informed of the capacity-building efforts of several members aimed at assisting developing and least-developed countries integrate into and benefit from the digital economy and took note of relevant work by the United Nations Conference on Trade and Development (UNCTAD) and the International Telecommunication Union.

Some members called for Council discussions to focus on the infrastructural and regulatory challenges that developing countries have to overcome to participate in the digital economy. While acknowledging the opportunities created by the digital era, they argued that rule-making suggestions for e-commerce are premature, asserting that the e-commerce work programme does not contain a negotiating mandate. A few members expressed concern regarding the plurilateral initiative on e-commerce (see page 59) being pursued in parallel to the multilateral track under the work programme.

India recalled the paper it submitted with South Africa to the General Council calling for a re-think of the moratorium on customs duties on electronic transmissions. The moratorium was extended for a further two years at the 11th Ministerial Conference in Buenos Aires in December 2017.



Mode 4

The Council held a thematic seminar on 10 October on individuals moving to supply services in another member's territory, also known as Mode 4 of the General Agreement on Trade in Services (GATS).

The seminar provided an overview of Mode 4 and discussed its scope, offering a snapshot of the specific commitments undertaken and most favoured-nation exemptions listed by WTO members. The discussion also focused on Mode 4 access and relevant regulatory disciplines negotiated in regional trade agreements, the main challenges of measuring Mode 4 trade and its economic impact. Participants had the opportunity to discuss regulatory measures that may have a bearing on scheduled Mode 4 commitments and addressed the challenges to realizing the benefits of existing Mode 4 commitments.

Other issues

At several meetings, Japan and the United States reiterated their concerns about cybersecurity measures China has recently adopted or is developing and about measures that Viet Nam has adopted. The European Union, Canada, New Zealand, Australia and Chinese Taipei echoed many of the concerns. Both China and Viet Nam provided clarifications and stressed their right to regulate in pursuit of relevant public policy objectives. In March, Russia again raised the reform of the Unified Gas Transportation System of Ukraine.

In accordance with the GATS, the Council received 11 notifications of new or revised measures that could significantly affect trade in sectors where the notifying members have commitments. Seven other notifications dealt with new economic integration agreements covering services trade, and another seven concerned recognition measures in services sectors. The Council also adopted a template for notifying changes to existing regional trade agreements.

WTO members discussed e-commerce throughout the year.



5



Trade-related aspects of intellectual property rights (TRIPS)

- Six more WTO members confirmed legal acceptance of the Protocol amending the TRIPS Agreement as work continued on putting this new mechanism into practice.
- Eleven members notified the TRIPS Council of new or revised IP legislation. Work to modernize and streamline transparency mechanisms under TRIPS continued.
- The WTO Secretariat focused technical assistance on effective use of the TRIPS amendment and its implementation in domestic legislation.
- The TRIPS Council granted regular observer status to the Cooperation Council of the Arab States of the Gulf.

Background on TRIPS

The intellectual property system has become central to the debate about economic development and broader public policy questions, such as innovation policy and public health. The TRIPS Agreement is the most comprehensive international treaty governing the protection, administration and enforcement of intellectual property rights. The Council for TRIPS, a body open to all WTO members and to certain observers, administers the TRIPS Agreement, provides a forum for debate on policy issues and reviews the intellectual property legislation of individual WTO members.

Public health

During 2018, six more members formally deposited the Protocol amending the TRIPS Agreement, which came into force on 23 January 2017. They were the Plurinational State of Bolivia, Côte d'Ivoire, Georgia, Guinea, the Kyrgyz Republic and Paraguay. To date, 126 members have accepted the Protocol. Members that have not yet accepted it continue to benefit from the 2003 waiver granting access to affordable medicines from third-country sources. The deadline for acceptance is 31 December 2019.

The amendment, which is now an integral part of the TRIPS Agreement, provides developing countries and least-developed countries (LDCs) with a legal avenue to affordable medicines. This was the first amendment to a multilateral WTO agreement.

TRIPS and public health continued to be addressed in various technical cooperation activities organized by the WTO Secretariat as part of the trilateral cooperation of the WTO with the World Health Organization (WHO) and the World Intellectual Property Organization (WIPO) and its collaboration with other multilateral and regional partners.

In February, a symposium held by WHO, WIPO and the WTO discussed challenges and initiatives regarding new and innovative health technologies that could accelerate achievement of the Sustainable Development Goals (SDGs) (see page 131). SDG 3 calls for action to “ensure healthy lives and promote well-being for all at all ages”. DG Azevêdo said the discussions will assist “our shared efforts to ensure that we maximize the role of innovation and technology in promoting health and well-being” and in delivering on the SDGs.

In October, the annual WTO workshop on trade and public health took place in Geneva. Attended by government officials from 28 developing and least-developed countries (LDCs), the workshop covered a wide range of trade and IP issues as they relate to public health.

The WTO also holds tailor-made regional activities on issues at the crossroads between trade and health. In November, the WTO Secretariat organized the first trilateral – WTO, WHO, WIPO – regional training activity for members and observers in the Arab and Middle East region on trade and public health. It was carried out in collaboration with the Middle East Center for Economics and Finance of the International Monetary Fund.

Promoting transparency

In 2018, 11 WTO members notified the Council of new or updated IP legislation. To date, 136 WTO members have notified their TRIPS implementing legislation, 111 have provided responses to a checklist notifying the essential elements of their systems for enforcement of IP rights and 143 members have notified contact points for cooperating with each other on eliminating trade in IP-infringing goods.

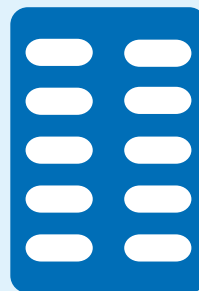
Members' notifications to the TRIPS Council provide a comprehensive body of information and constitute an important transparency mechanism. They show how WTO members have implemented the TRIPS Agreement at the domestic level.

At the Council meetings several WTO members provided further background to their respective notified legislation. The Council was also briefed on the wide range of IP policy matters that members had raised in other members' trade



Access to medicine

The TRIPS amendment eases poorer countries' access to medicines by allowing generic versions of patented medicines to be produced under compulsory licences (i.e. without the consent of the patent owner) exclusively for export to countries that cannot manufacture the needed medicines themselves.



126

WTO members have accepted the amendment.



The amendment entered into force in January 2017.



The amendment is entirely driven by public health concerns. African countries played a major role in bringing about this change.

policy reviews and the TRIPS-related measures covered in the G20 and WTO-wide trade monitoring reports (see page 106).

The WTO Secretariat updated the Council regularly on developments on the e-TRIPS project. This aims to streamline arrangements for submitting and managing notifications and for developing an online information service to improve the accessibility of materials relating to the TRIPS Council's work.

Plants, animals, biodiversity and traditional knowledge

The Council continued its discussion on the patentability of plant and animal inventions, the relationship between the TRIPS Agreement and the Convention on Biological Diversity (CBD) and the protection of traditional knowledge and folklore.

WTO members' positions remained unchanged on two substantive questions: whether the TRIPS Agreement should be amended to prohibit the patentability of life forms; and whether – and, if so, how – TRIPS should do more to promote the CBD objectives of authorized access and equitable sharing of the benefits from the use of genetic resources and associated traditional knowledge in other WTO members' jurisdictions.

Incentives for technology transfer

In February 2018, the Council concluded its 15th annual review of the reports provided by developed countries on the incentives granted to promote and encourage the transfer of technology to LDCs, as provided by Article 66.2 of the TRIPS Agreement.

At a meeting in June, the Chair of the Council, Ambassador Walter Werner (Germany), invited developed countries to submit their detailed reports on the actions taken or planned in accordance with Article 66.2 of the TRIPS Agreement. The Council began reviewing these reports at its meeting in November. The 16th annual review concluded in February 2019, preceded by a workshop to look in more detail at programmes reported in the process.

The LDCs Group put forward a paper asking developed countries to fully implement their technology transfer requirements under WTO rules. The Group requested the Council to ask developed countries to only specify incentives provided to LDCs for technology transfer in their implementation reports. They also requested that the Council agree on how developed countries can provide incentives to their enterprises and institutions to meaningfully fulfil their technology transfer commitments and obligations. Developed countries said they were not too convinced about the existence of a problem in need of a solution. Annual reports presented before the WTO clearly identify programmes benefiting LDC members, they said.



TRIPS non-violation and situation complaints

As mandated by the 11th Ministerial Conference in Buenos Aires, the TRIPS Council continued to consider the application of so-called non-violation and situation complaints. The discussion focused on whether such disputes should be permitted and whether to establish the scope and ground rules (modalities) for such complaints. In general, WTO disputes can be brought not only if an agreement or commitment has been violated but also if an expected benefit has been nullified, even without any specific violation. The TRIPS Agreement contained a moratorium on such complaints, which has been repeatedly extended.

In a shift of tone, several delegations showed readiness to engage in a discussion of the scope and modalities for non-violation and situation complaints should they be initiated under the TRIPS Agreement. The Chair called for intensified work on a possible way forward that would permit the Council to prepare recommendations for adoption by ministers at the next Ministerial Conference.

Technical cooperation and capacity-building

A two-week advanced course on intellectual property for government officials, jointly organized by the WTO and WIPO, was held in Geneva in March. The training aimed to enhance the capacity of developing and least-developed countries to develop and implement national expertise in IP matters.

The framing and enforcement of IP laws has a significant impact on global growth and development, said DG Azevêdo at the closing session of the IP Researchers Europe Conference held in Geneva on 29 June. He underlined that IP has a big role in helping to generate the innovations that will be needed to achieve the SDGs. The conference was held at the end of the annual WIPO-WTO Colloquium for IP Teachers, which brought together academics from 26 countries.

Government officials from 29 developing and least-developed countries took part in a seminar – “Intellectual Property and Knowledge Flows in a Digital Era” – at the WTO in November. The main themes included the way forward on trade rules and economic implications for cross-border knowledge flows.

At its meeting in February 2018, the Council concluded its annual review of technical cooperation, which had started at its meeting

in October 2017. In June 2018, the Chair invited developed countries to supply information on their activities for the annual review scheduled for later in the year. Intergovernmental organizations with observer status and the WTO Secretariat were also invited to provide information on their TRIPS-related activities. The annual review took place at the Council's November meeting.

IP and innovation

During 2018, the Council continued its information exchange on intellectual property and innovation. At the February meeting, WTO members wrapped up the theme of how IP protection can play a critical role in boosting inclusive innovation in micro, small and medium-sized enterprises (MSMEs). Proponents said that recent data shows that businesses using IP rights perform better on average. Likewise, businesses owning IP rights often have higher revenue per employee.

WTO members started discussions on “the societal value of intellectual property in the new economy”. Proponents underlined IP's importance as a means to promote and protect the expression of new ideas and inventions, incentivize and foster ingenuity and follow-on innovation, and enable cross-border collaboration, trade and engagement in global value chains.

IP and the public interest

WTO members continued their discussions on the relationship between IP and the public interest, including the promotion of public health through competition law and policy. Members were invited to share their national experiences and examples of how competition law is used to achieve public health objectives. Many WTO members already use competition law to address various anti-competitive practices that affect access to medicines and medical technologies.

Members also shared their national experiences and practice on regulatory review exception, which refers to authorizations given by governments to third parties to carry out clinical trials for pharmaceutical products without the prior permission of the patent holder. Without the exception, generic producers would be blocked from undertaking the trials required for regulatory approval, possibly delaying entry into the market of these generic medicines.

Observer status

At its meeting in November, the Council agreed to grant regular observer status to the Cooperation Council of the Arab States of the Gulf (GCC).

The framing and enforcement of IP laws has a significant impact on global growth.



Trade and environment

- The Committee discussed a broad range of issues, including the circular economy, sustainable palm oil production, fossil fuel subsidies and the “blue” economy.
- International organizations briefed the Committee on ocean resources, efforts to reduce greenhouse gas emissions from ships and climate change negotiations.
- The WTO and UN Environment strengthened cooperation to promote trade policies that support healthy environments and sustainable development.

Background on trade and environment

Sustainable development and protection and preservation of the environment are fundamental goals of the WTO. The Committee on Trade and Environment is responsible for examining the relationship between trade and the environment.

Plastic waste and the circular economy

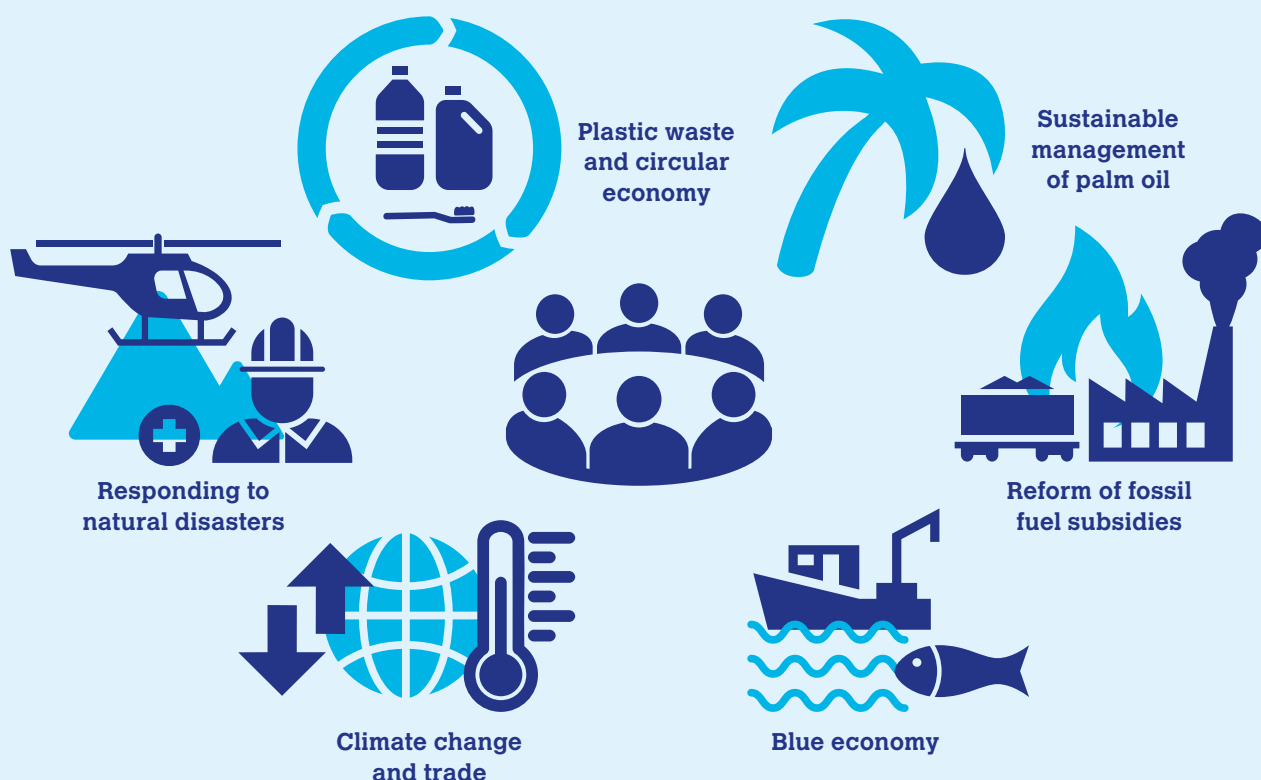
In 2018, discussions took place on managing plastic waste and extending the useful life of products through reuse, repair, remanufacturing or recycling, all of which can help create a circular economy, where resources are recovered and recycled for maximum use, cutting the need for virgin materials and increasing resource efficiency.

The European Union presented the EU plastics strategy adopted in January 2018. As part of the broader EU Circular Economy Action Plan, the strategy includes a number of recommendations, including improving the economics and quality of plastic recycling and driving investments towards

circular solutions. The European Union also provided information on its proposed directive on single-use plastics and fishing gear, which was adopted in March 2019.

The Organisation for Economic Co-operation and Development (OECD) briefed delegations on its work on trade and the circular economy. The OECD said trade has a role to play in the transition to resource-efficient economies. A representative from the Secretariat of the Basel, Rotterdam and Stockholm (BRS) conventions on the harmful effects of chemicals and hazardous waste reported on preparations to amend certain annexes of the conventions to improve management of plastic waste.

Topics discussed in the Committee on Trade and Environment



Sustainable management of palm oil

Indonesia and Malaysia stressed the importance of sustainability in palm oil production and the need to take into account international standards, best practices, forest fire management, employment and productivity.

Several WTO members expressed support for initiatives that contribute to the sustainable production and trade of palm oil and recognized the importance of the palm oil sector, in particular for smallholders, as a source of growth and employment, while noting concerns related to environmental degradation.

Reform of fossil fuel subsidies

New Zealand and Switzerland, on behalf of the Friends of Fossil Fuel Subsidy Reform, updated members on their efforts to rationalize and phase out fossil fuel subsidies that encourage wasteful consumption. They reiterated that the WTO has a role to play as a forum for advancing negotiations on subsidy disciplines. Some WTO members said they supported discussing the issue in the Committee while several others highlighted that fossil fuel subsidy reforms had no link to the WTO and said that the WTO is not the appropriate venue to discuss such matters.

The OECD also shared its recent study “OECD Companion to the Inventory of Support Measures for Fossil Fuels 2018”. The study finds that support for fossil fuels remains high overall despite signs of decline among OECD countries.

Blue economy

In 2018, the Committee took up presentations about the sustainable use of marine resources. Norway briefed members on efforts to address the over-exploitation of the oceans. It shared its policies and practices to encourage the growth of ocean-based industries, incorporate green technology in the blue economy – the sustainable use of oceans – and address serious environmental challenges, such as the rise of plastic and marine waste.

A representative from the Food and Agriculture Organization of the United Nations (FAO) presented the main findings of its 2018 flagship report on “The State of the World Fisheries and Aquaculture” and underlined the necessity for the sustainable harvest of ocean resources, particularly fish and fish products. Fisheries provide protein for many, particularly in the poorest countries, and are an important source of employment. However, the percentage of fish stocks exploited within biologically sustainable levels had fallen to 66.9 per cent in 2015 from 90 per cent in 1974, according to FAO.

Members highlighted the WTO's potential contribution to sustainability through the negotiation of disciplines on fisheries subsidies (see page 45).

Climate change and trade

Australia made a presentation on its climate change actions and challenges and linked rising temperatures associated with climate change with the intensification of natural disasters. Australia has incorporated climate-resilient development approaches through policies geared towards emissions reduction. Chinese Taipei presented its perspective regarding climate change and ways to support the implementation of the Paris Agreement, the global action plan for limiting global warming.

Presentations were received from observer organizations, such as the United Nations Framework Convention on Climate Change (UNFCCC) and the International Maritime Organization (IMO). The IMO outlined its plan to substantially reduce greenhouse gas emissions from ships. The strategy seeks to reduce emissions by at least 50 per cent by 2050, compared with 2008, and phase them out entirely before the end of the century.

Responding to natural disasters

In 2018, the WTO launched a new Australia-funded research project to help countries analyse how trade can help them respond to and recover from natural disasters and build resilience to such events. It also hosted two symposiums on the issue – in April and December.

“We have been largely reactive ... finding solutions and highlighting problems as and when they arise. We have never taken the initiative of looking at the problem as a whole and considering beforehand how we should respond. That's what we're trying to do today,” DG Azevêdo told the symposium in April.

December's symposium looked into the economic losses resulting from natural disasters, how to use data to analyse risk and the case for investment in building resilience to such disasters.

Other briefings on members' policy developments

In 2018, China made a presentation on its national policies to combat pollution and to implement the environment-related United Nations Sustainable Development Goals. Policies have evolved from an initial focus on industrial pollution control to a comprehensive and integrated approach. China's current national plan includes an environmental protection tax law and several mandatory and voluntary measures to improve the eco-environmental quality by 2020.

Norway briefed members on efforts to address over-exploitation of the oceans.

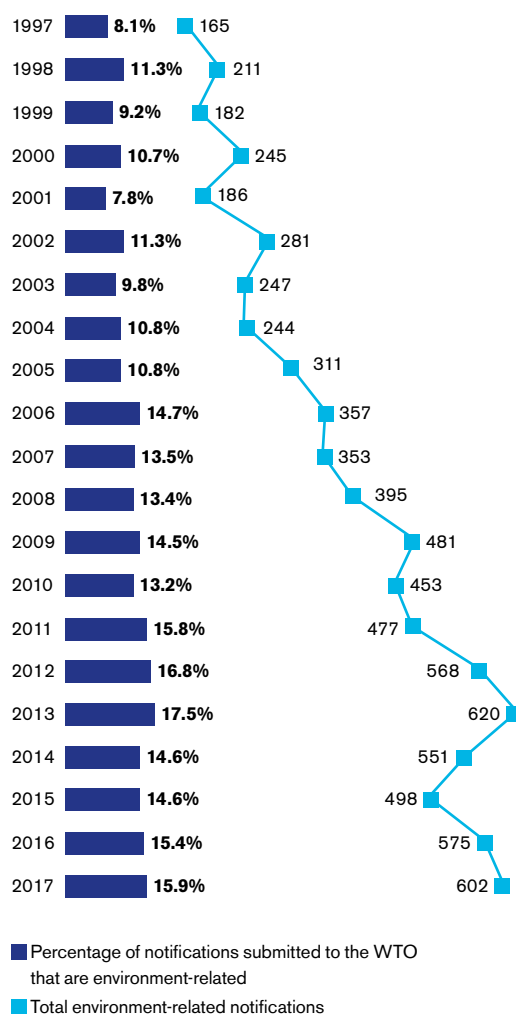


New Zealand briefed delegations on recent policy developments, in particular its 'trade for all' agenda. Public consultations had resulted in a progressive and inclusive trade agenda that will integrate environmental, gender, indigenous communities and small and medium enterprise issues. Several WTO members noted similarities in their own trade agendas.

WTO environmental database

The WTO Secretariat presented the 2016 and 2017 updates to the environmental database. The database covers all environment-related notifications submitted by WTO members (see Figure 13) as well as environmental measures and policies mentioned in trade policy reviews (see page 102). The Secretariat presented a new online database, hosted on the WTO website (www.wto.org/edb) and developed in response to requests by members to improve the database interface. Several members expressed their appreciation for the database.

Figure 13: Environment-related notifications (1997-2017)



Technical assistance and outreach

In 2018, the WTO held its fourth advanced course on trade and environment in Geneva for government officials from 25 WTO members. It made presentations at regional workshops organized by the UN and other intergovernmental institutions covering topics such as fish trade and sustainable development for small island developing states and climate change response measures. In addition, the WTO held a national workshop on trade and climate change in Argentina.

Trade and environment training was delivered in the WTO's Geneva-based and regional trade-policy courses. Training was also made available through the e-learning platform, with two new online courses on the Convention on International Trade in Endangered Species and the WTO and an introductory course on trade and environment.

The UN Environment and the WTO hosted a high-level dialogue on "Making Trade Work for the Environment, Prosperity and Resilience" during the 2018 Public Forum (see page 150). The dialogue discussed a joint publication by the two organizations, which identifies ways to ensure that trade policies support a healthy environment and promote sustainable development. The study makes the case that opening up trade in environmental goods and services is a triple win – for the economy, the environment and development.

The WTO maintains an active outreach programme with UN multilateral environmental agreement (MEA) secretariats, other intergovernmental organizations, universities and think tanks. The WTO participated in the conference of parties meeting of the UNFCCC, including in several side events highlighting the positive contribution that trade and the multilateral trading system can make to the environment. The WTO also took part in many events on how WTO agreements relate to environmental objectives. An event on reducing plastics pollution was organized to mark World Environment Day 2018 and a new trade and environment speaker series was launched.

Spotlight:

High-level event on trade and environment

The WTO and UN Environment hosted in October a leadership dialogue on environmental and trade policies and released a joint publication – “Making Trade Work for the Environment, Prosperity and Resilience”.

Leaders from business, government and civil society participated in the high-level event, held during the WTO's Public Forum (see page 150). Panellists called on the WTO to expand the contribution of trade to sustainability and prosperity. They urged stepped-up action to deliver pro-environment and pro-trade outcomes that help achieve the United Nations' Sustainable Development Goals. Trade policies need to support environmentally friendly technologies, such as those needed for renewable energy, they said.

The high-level event, along with the joint publication and a sustainability exhibition, also held at the Public Forum, were the first results of a WTO-UN Environment initiative launched by WTO Director-General Roberto Azevêdo and then UN Environment Executive Director Erik Solheim in January 2018 to identify ways of ensuring that trade and environment policies are mutually supportive.

DG Azevêdo said: “A healthy environment is essential to building prosperous and resilient economies. This is one key reason why we need to bring the trade and environmental agendas closer together. [...] Trade is a powerful tool to make green technologies more affordable and to help sustainable business expand. I look forward to continuing working alongside all stakeholders, including the private sector, to ensure that trade delivers benefits for people and the environment everywhere”.

Erik Solheim noted that trade can unlock triple-win opportunities by creating jobs, improving well-being and resource efficiency, and accelerating the dissemination of goods and services needed to protect the environment.

In addition to the two heads of agencies, the high-level panel was composed of: Bertrand Piccard, Initiator and Chairman, Solar Impulse Foundation; Kimmo Tiilikainen, Minister of the Environment, Energy and Housing, Finland; Lucia Bakulumpagi-Wamala, CEO and Founder, Bakulu Power, Uganda; Aisa Mijeno, Co-founder and CEO, SALT (Sustainable Alternative Lighting), the Philippines; and Jérôme Péresse, CEO, GE Renewable Energy.

Noting that “protection of the environment is profitable”, Bertrand Piccard highlighted the role that the WTO can play in supporting the dissemination of profitable, clean and efficient technologies. These need to be better known, brought to market and implemented widely, he said.

Aisa Mijeno said her company is exploring the possibility of extracting hard-to-source materials from scrap circuit boards. Both Lucia Bakulumpagi-Wamala and Jérôme Péresse stressed the importance of free and open trade for renewable energy technologies. Kimmo Tiilikainen called for putting more focus on the circular economy and making environmental alternatives more viable. The discussion also emphasized the wide scope governments have under WTO rules to implement sound regulations that protect the environment.

The WTO Secretariat and UN Environment co-publication, launched at the high level event, examines the interplay between trade and the environment and details how governments can work together to ensure that trade and a healthy environment reinforce each other. Key messages and proposed actions include:

- increasing collaborative work on strengthening multilateral cooperation and governance
- fostering private-public partnerships to facilitate market-oriented approaches that allow trade and environment to be mutually supportive





- encouraging national policy makers to work together across environment and trade domains
- fostering “win-win” opportunities which provide economic and environmental benefits
- supporting decision makers from the world's poorest countries, along with vulnerable groups and under-represented communities, in preserving natural assets
- delivering inclusive, gender-sensitive outcomes for environmental and trade policy to support broader goals within the 2030 Sustainable Development Agenda
- raising awareness among stakeholders on the role of trade in environmental sustainability and resilience to climate change.

In the sustainability exhibition, the WTO partnered with the Climate Show, Solar Impulse Foundation, the Permanent Mission of Japan, UN Environment and WIPO GREEN to present 12 exhibitors, who showcased a wide range

of innovative and sustainable technological solutions. These ranged from agro-waste valorization (recycling), energy storage solutions and salt-water lighting to water-treatment systems and a fully recyclable electric race car.

On the margins of the high-level event, several delegations organized Public Forum sessions on sustainability and trade. They included sessions on the “blue economy” (sustainable use of the oceans) (Norway), the circular low-carbon economy (Costa Rica and Finland), trade and climate change (Canada and France) and a session on fossil fuel subsidy reform organized by the Friends of Fossil Fuel Subsidy Reform. The WTO also launched its new online environmental database (see page 95).

The next phase of the joint initiative between the WTO and UN Environment will comprise a series of regional activities to discuss with stakeholders the issues raised in the joint publication and high-level event.



Trade and transfer of technology

- **The Working Group highlighted the role of technology and its transfer in improving productivity and promoting growth and development.**
- **Discussions underlined the importance of the Sustainable Development Goals in guiding the work of the group.**
- **The African Group suggested that the Working Group recommend the creation of a dedicated WTO webpage on technology transfer. It also suggested adding strict timelines for concluding the Working Group's work programme.**

Background on trade and transfer of technology

The Working Group on Trade and Transfer of Technology was established at the Doha Ministerial Conference in 2001 "to examine the relationship between trade and transfer of technology and to make recommendations on steps that might be taken, within the mandate of the WTO, to increase flows of technology to developing countries".

The Working Group on Trade and Transfer of Technology heard presentations by the World Intellectual Property Organization, the UN Food and Agriculture Organization and the World Bank on their work on trade and transfer of technology.

The discussions highlighted that technology and technical know-how are essential for improving productivity, promoting growth and attaining the development aspirations of less-developed countries. They also underlined that technology transfer can be an important tool for narrowing the technological gap between developed and developing countries and that technology is crucial for integrating developing countries into the multilateral trading system.

WTO members looked at the role of intellectual property, particularly the evolving role of universities and public research organizations in national innovation systems, and deliberated on the potential of technology and its transfer in helping to eliminate hunger, food insecurity, malnutrition and rural poverty.

The discussions underlined the importance of the United Nations' Sustainable Development Goals, especially SDG 17, in guiding the work of the Working Group. Goal 17 emphasizes the need for enhancing international cooperation on access to science, technology, innovation and knowledge sharing.

WTO members continued to discuss a submission by India, Pakistan and the Philippines entitled "Facilitating Access to Information on Appropriate Technology Sourcing – A Step to Increase Flows of Technology to Developing Countries". The proponents informed the group that they are revising the submission and intend to present the revisions in the near future.

The African Group suggested that the Working Group could recommend the establishment of a dedicated WTO webpage on technology transfer to serve as a one-stop shop on technology-related issues. It could, among other things, include information on all technology and its transfer-related provisions in WTO agreements with links to intellectual property databases, technology transfer offices, and technology and innovation research institutions.

The African Group suggested that WTO members revisit and restructure the work programme, established in 2003, by adding timelines. Other elements in the restructuring could include carrying out assessments of the needs of developing countries for transfer of technology and identifying the constraints they face in gaining access to technology available in developed countries.



Regional trade agreements

- In 2018, the WTO received 12 notifications of regional trade agreements (RTAs) currently in force, down from 25 in 2017.
- The 12 notifications concern seven RTAs. Overall, the Americas and the Asia Pacific regions notified the highest number of RTAs.
- The number of RTAs reviewed by members under the transparency mechanism rose to 172, involving 111 WTO members, up from 159 RTAs and 107 members at the end of 2017.

Background on RTAs

The Committee on Regional Trade Agreements (CRTA) monitors all RTAs notified to the WTO, except those notified under special provisions for agreements between developing countries (the Enabling Clause), which are considered by the Committee on Trade and Development. The CRTA examines RTAs individually and considers their systemic implications for the multilateral trading system.

Notifications

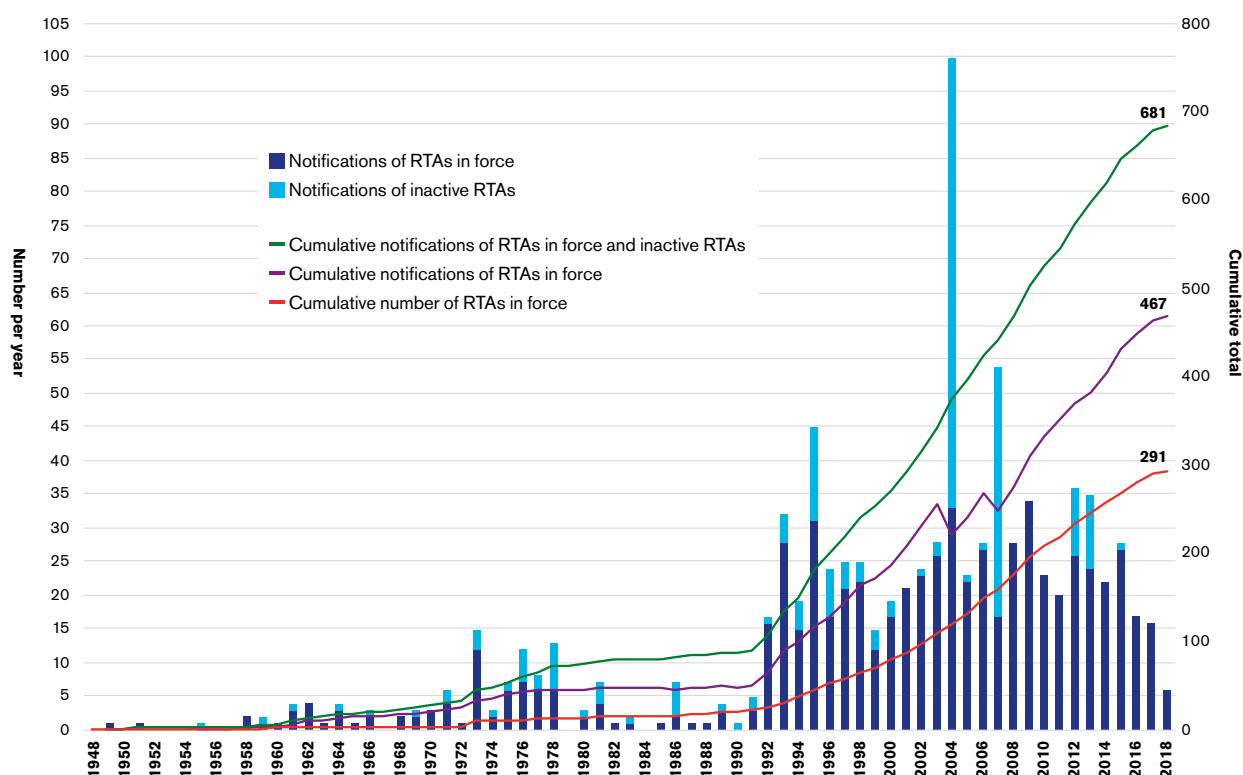
WTO members submitted 12 notifications of regional trade agreements (RTAs) in 2018, down from 25 the year before. The 12 notifications concern seven RTAs, of which five cover trade in goods and services and two trade in goods only.

Four of the RTAs are between developing partners, down from eight in 2017, while three involve developing and developed partners. There were no notifications of RTAs only between developed partners, compared with four the previous year.

The Americas and the Asia Pacific regions were involved in the highest number of RTA notifications – four each – followed by Europe (two). Five of the agreements covered members from two different regions.

The notifications took the number of RTAs notified by 31 December 2018 to 681, of which 467 were in force (see Figure 14). RTAs are reciprocal preferential trade agreements between two or more partners. The goods and services aspects of RTAs as well as accessions to existing RTAs are notified and counted separately. If all three elements are counted together, the notifications involved 486 individual RTAs, of which 291 were in force.

Figure 14: All RTAs notified to the GATT/WTO (1948 to 2018) by year of entry into force



Note: Notifications of RTAs: goods, services and accessions to an RTA are counted separately. Number of RTAs: goods, services and accessions to an RTA are counted together. The cumulative lines show the number of notifications/RTAs that were in force for a given year.

Table 3: Regional trade agreements considered in 2018

1. Considered in the CRTA:
European Union – Côte d'Ivoire (goods)
Japan – Mongolia (goods and services)
Association of Southeast Asian Nations (ASEAN) – Republic of Korea (services)
Turkey – Malaysia (goods)
Turkey – Republic of Moldova (goods)
European Union – Canada (goods and services)
Canada – Ukraine (goods)
Costa Rica – Colombia (goods and services)
European Union – Republic of San Marino (goods)
Accession of Seychelles to the Southern African Development Community (SADC) Trade Protocol (goods)
European Union – Cariforum states (goods and services)
European Union – Ghana (goods)
Treaty on the Eurasian Economic Union (EAEU) (goods and services)
Treaty on accession of the Republic of Armenia to the EAEU (goods and services)
Treaty on accession of the Kyrgyz Republic to the EAEU (goods and services)
2. Considered in the CTD:
Arab Mediterranean Free Trade Agreement (AGADIR) between Egypt, Jordan, Morocco and Tunisia (goods)
Partial Scope Agreement between Panama and the Dominican Republic (goods)

Note: The table refers to 17 agreements, seven of which covered both goods and services, nine covered only goods and one only services.

Members continued to discuss the issue of non-notified RTAs and urged the members concerned to notify their RTAs to the WTO in a timely manner. The number of RTAs not notified stood at 79 as of 12 November 2018, up from 69 on 27 October 2017. The WTO Secretariat issues a list of RTAs in force but not notified. In 2018, only one RTA on the list was notified to the WTO. In addition, a communication concerning several RTAs referred to in the list was received on 1 November 2018 from Uruguay.

RTAs have risen in number and reach over the years. Non-discrimination among trading partners is one of the core principles of the WTO. But RTAs constitute one of the exemptions and are authorized under the WTO, subject to a set of rules.

Monitoring RTAs

All RTAs are subject to the provisions and procedures of the transparency mechanism, regardless of whether they are notified under Article XXIV of the General Agreement on Tariffs and Trade (GATT) 1994, the Enabling Clause between developing countries (for trade in goods) or Article V of the General Agreement on Trade in Services (GATS).

The mechanism provides specific guidelines on when a new RTA should be notified to the WTO Secretariat and the related information and data to be provided. It also requires the Secretariat to prepare a factual presentation on each RTA and that each RTA be reviewed by WTO members. By the end of 2018, 172 RTAs involving 111 WTO members had been reviewed, compared with 159 RTAs involving 107 members at the end of 2017.

Agreements notified under the GATT 1994 and the GATS are considered by the Committee on Regional Trade Agreements (CRTA) while agreements notified under the Enabling Clause (see page 130) are considered by a dedicated session of the Committee on Trade and Development (CTD), based on the Secretariat's factual presentation (see Table 3).

Under the transparency mechanism, WTO members are encouraged to inform the Secretariat of any agreements being negotiated or that have been signed but have not entered into force (so-called early announcements). They are required to inform the Secretariat of any changes to a notified agreement and to provide a report once an agreement is fully implemented.



In 2018, the CRTA considered 22 notifications of RTAs, counting goods, services and accessions separately, compared with 16 in 2017 and 29 in 2016. The CTD held one dedicated session on RTAs and considered two RTAs notified under the Enabling Clause.

The transparency mechanism also requires the Secretariat to prepare “factual abstracts” on RTAs examined by the CRTA prior to their entry into force. By the end of 2018, 72 factual abstracts of agreements currently in force had been prepared in consultation with the relevant RTA parties and posted in the RTA database.

One “early announcement” for an RTA under negotiation was received from the Republic of Moldova and China, taking to 107 the total number received as of December 2018. Seventy of these were subsequently notified to the WTO following entry into force of the agreements.

Under the transparency mechanism, the CRTA also discusses end-of-implementation reports for RTAs, which are short, written reports on how the liberalization commitments have been put into effect. They are important for understanding whether RTAs accomplish what they set out to do. CRTA Chair Ambassador Julian Braithwaite (United Kingdom) noted that reports had been due for 134 RTAs as of 13 March 2018 but none was received during the year.

The General Council established the transparency mechanism on a provisional basis in 2006. Members are required to review the legal relationship between the mechanism and relevant WTO provisions on RTAs. The Negotiating Group on Rules started the review in 2011. At the 10th Ministerial Conference in Nairobi in December 2015, ministers called on WTO members to work towards making the mechanism permanent.

Impact of RTAs on the multilateral trading system

The Nairobi Ministerial Declaration instructed the CRTA to discuss the systemic implications of RTAs for the multilateral trading system and their relationship with WTO rules. Ministers reaffirmed the need to ensure RTAs remain complementary to, and not a substitute for, the multilateral trading system.

In June, the Chair announced that he was taking the issue off the CRTA agenda as there had been no response to his offer to hold consultations. Issues relating to the systemic relationship between RTAs and the WTO are discussed under other agenda items and the Chair hoped that these discussions would continue.

RTA database

The WTO's RTA database (<http://rtais.wto.org>), where details of RTAs notified to the WTO are stored, was strengthened in 2017 with the addition of new features and more information. The new additions became available to the public in December 2017. The principal changes were:

- The number of topics covered rose to 41 and the topics were further sub-divided into 72 provisions. Users can search the database for RTAs that contain one or several of these topics or provisions.
- Interactive graphs allow users to see the evolution of RTAs by country or region, or by date of entry into force, signature or notification. The underlying data used to produce the graphs can be exported to an Excel spreadsheet.
- Users are able to search the preferential tariff offered by individual WTO members under their RTAs and compare it to their latest most-favoured-nation tariff. The search function is provided at the tariff line level. Exporters can analyse preferential tariffs in distinct export markets for certain products and compare them to MFN tariffs.

The database permits users to identify RTAs with the provisions they are interested in and provides a clearer picture of any common features of RTAs and the evolution of emerging trends in RTAs.

Trade Policy Reviews

- In 2018, the Trade Policy Review Body reviewed 18 WTO members.
- Montenegro and Vanuatu were reviewed for the first time.
- Seven follow-up workshops and a regional trade policy workshop were held during the year.

Background on Trade Policy Reviews

The Trade Policy Review Mechanism aims at encouraging all WTO members to adhere to WTO rules. Through its regular trade policy reviews, the mechanism enables members to collectively examine the trade policies and practices of individual members in all trade-related areas. Reviews are not intended to serve as a basis for the enforcement of obligations or for dispute settlement procedures.

In 2018, the Trade Policy Review Body (TPRB) reviewed the trade policies and practices of 18 WTO members, including Montenegro and Vanuatu, which were reviewed for the first time since their accession to the WTO in 2012. The other members reviewed were: The Gambia; Malaysia; Egypt; the Philippines; Guinea; Mauritania; Colombia; Norway; Uruguay; China; Israel; Chinese Taipei; Armenia; Hong Kong, China; Nepal; and the United States. The dates of the trade policy reviews and the members covered are shown in the map on page 104.

By the end of 2018, the TPRB had conducted 485 reviews since 1989, covering 155 of the 164 WTO members. The United States has been reviewed 14 times, followed by the European Union and Japan – 13 times each; Canada – ten times; Hong Kong, China – eight times; Australia, Brazil, China, the Republic of Korea, Malaysia, Norway, Singapore, Switzerland and Thailand – seven times; India, Indonesia, Mexico, and Turkey – six times; and Chile, Colombia, Iceland, Israel, Liechtenstein, Morocco, New Zealand, Nigeria, the Philippines, South Africa and Uruguay – five times. Thirty members have been reviewed four times and 30 members three times.

Under a new review cycle to be phased in from 2019, the four largest trading entities (currently the European Union, the United States, China and Japan) will be reviewed every three years, compared with every two years previously. The next 16 largest will be reviewed every five years, up from four previously, and other members every seven years (six previously).

An increasing number of members – nine against five in 2017 – opted for the alternative timeline for submission of written questions and replies for their TPR meetings in 2018. This timeline requires members to submit written questions five weeks before a meeting; the reviewed member should submit written responses one week in advance. Under the standard timeline, written questions must be submitted two weeks before the meeting, with written responses provided by the start of the meeting. For the first time, members had the option of completing the Q&A online, which eight members opted to do during the year.

Each trade policy review is available as a WTO publication. This includes the report by the WTO Secretariat, the report by the member under review, the concluding remarks by the Chair of the TPRB and a section on key trade policy facts.

Montenegro was reviewed for the first time in 2018.



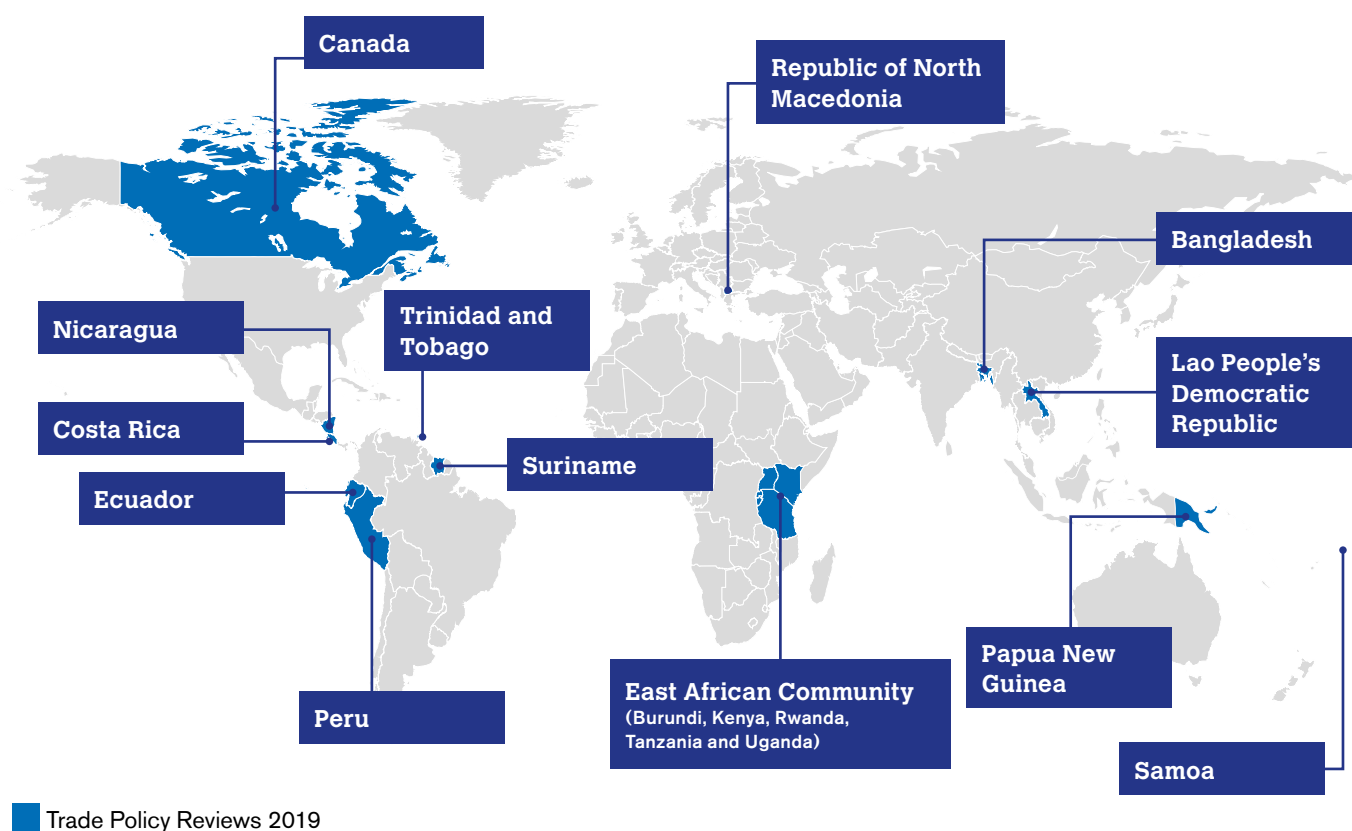
TPR follow-up workshops

After a trade policy review, the reviewed member may request the Secretariat to organize a follow-up workshop with domestic stakeholders to disseminate the outcome of the review and to discuss technical assistance and capacity-building needs. In 2018, seven follow-up workshops – for Angola, Benin, Colombia, Egypt, Paraguay, the Philippines and Togo – were conducted. A regional follow-up workshop for the eight countries of the West African Economic and Monetary Union (WAEMU) was also organized in Benin.

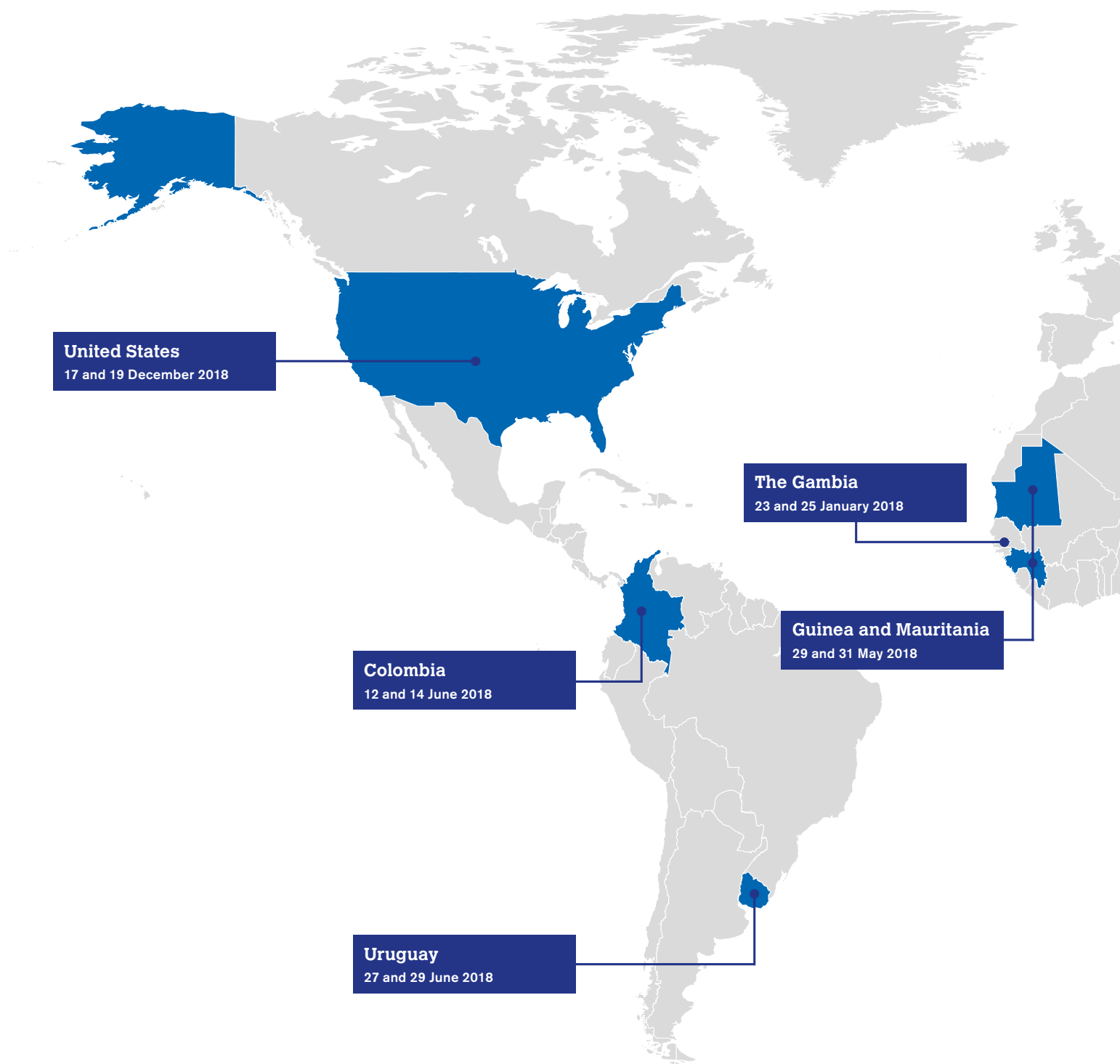
Trade Policy Review programme for 2019

Thirteen TPR meetings are scheduled to be held in 2019 for 17 members. They are: Ecuador; East African Community (Burundi, Kenya, Rwanda, Tanzania and Uganda); Bangladesh; Samoa; Papua New Guinea; Trinidad and Tobago; Canada; Republic of North Macedonia; Suriname; Costa Rica; Peru; Lao People's Democratic Republic; and Nicaragua (see Figure 15).

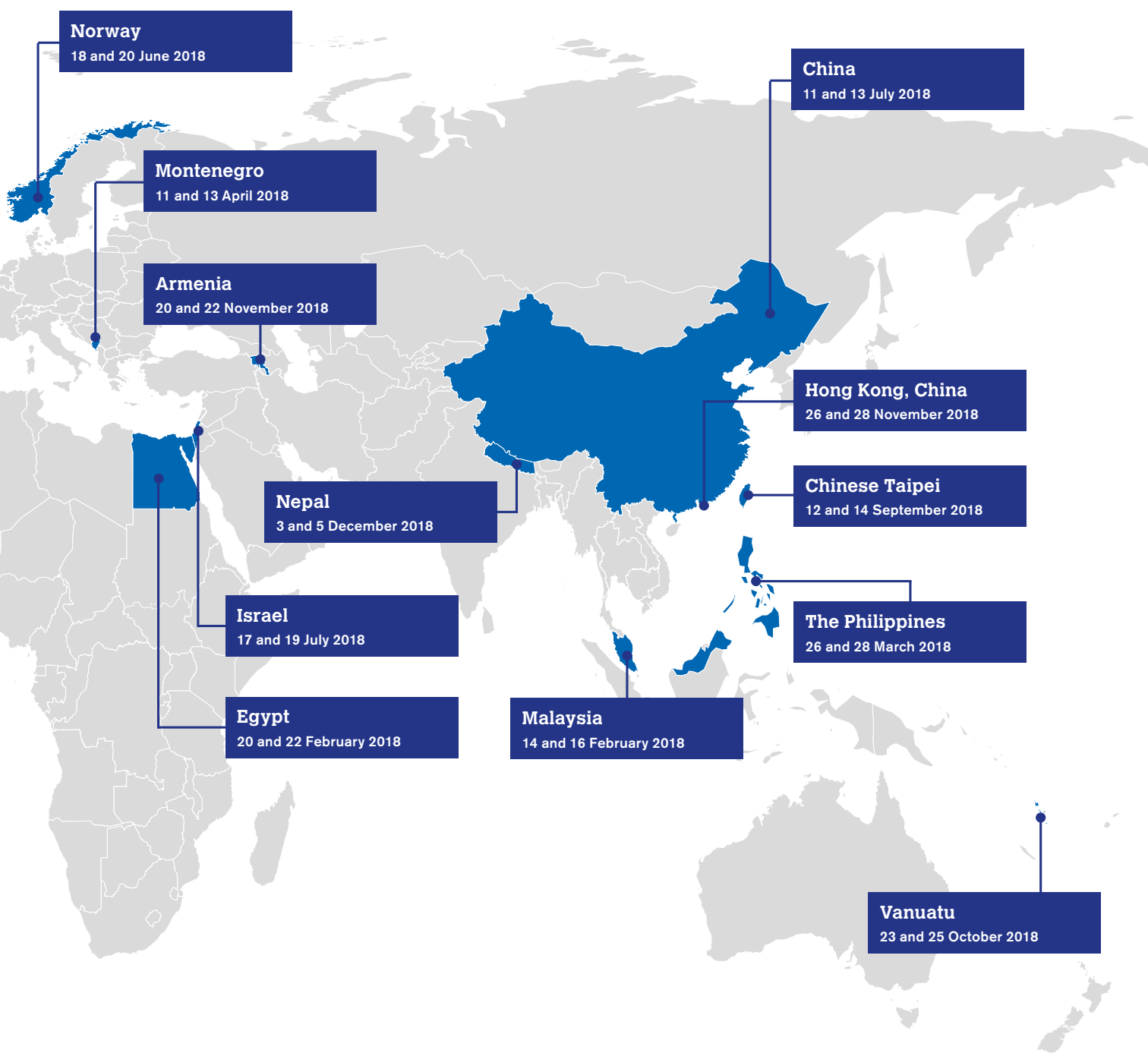
Figure 15: Trade Policy Reviews in 2019



Trade Policy Reviews in 2018



The WTO conducted 17 trade policy review meetings in 2018, covering the trade policies and practices of 18 WTO members. The dates of the reviews and the WTO members covered are shown on the map. Further information, including the Chair's concluding remarks for each review, can be found on the WTO website.



Trade monitoring reports

- The 2018 reports noted a proliferation of trade-restrictive actions. Trade coverage of import-restrictive measures was more than seven times that recorded in the previous overview.
- “The proliferation of trade-restrictive actions and the uncertainty created by such actions could place economic recovery in jeopardy,” said DG Roberto Azevêdo.
- World trade growth slowed as trade tensions multiplied and global financial conditions tightened.
- Trade should continue to expand in 2019 but at a more moderate pace than previously forecast.

Background on trade monitoring reports

The WTO began regular monitoring of global trade developments in early 2009, covering all trade-related measures implemented by WTO members and observers. Initially launched in the context of the global financial crisis, the trade monitoring exercise has become a regular function in the WTO that further strengthens the transparency aims of the Trade Policy Review Mechanism by shedding light on the latest trends in the implementation of a broad range of policy measures that facilitate as well as restrict the flow of trade. The trade monitoring is overseen by the Trade Policy Review Body.

The trade monitoring reports showed a proliferation of trade-restrictive measures implemented by WTO members from mid-October 2017 to mid-October 2018 and a significant increase in the trade coverage of such measures compared with previous reports. The reports provided a first factual insight into the trade-restrictive measures imposed in the context of the current trade tensions.

The WTO Secretariat prepared four reports on global trade policy developments during 2018. These reports pointed out that further escalation in trade-restrictive measures would carry potentially large risks for global trade, with knock-on effects for economic growth, jobs and consumer prices. Director-General Roberto Azevêdo urged WTO members to use all means at their disposal to de-escalate the situation and said that the WTO will do all it can to support its membership and that collective leadership from WTO members will be essential to this end.

The trade monitoring reports have no legal effect on the rights and obligations of WTO members. They neither seek to pronounce on whether a trade measure is protectionist nor question the explicit right of members to take certain trade measures.

Key developments in 2018

During the period from mid-October 2017 to mid-October 2018 WTO members implemented a total of 807 trade measures. This figure includes measures restricting trade, measures facilitating trade and trade remedy measures (see Figure 16).

WTO members implemented 137 new trade-restrictive measures during the period under review, an average of 11 new measures per month. This is higher than the average of nine measures recorded in the previous annual overview.

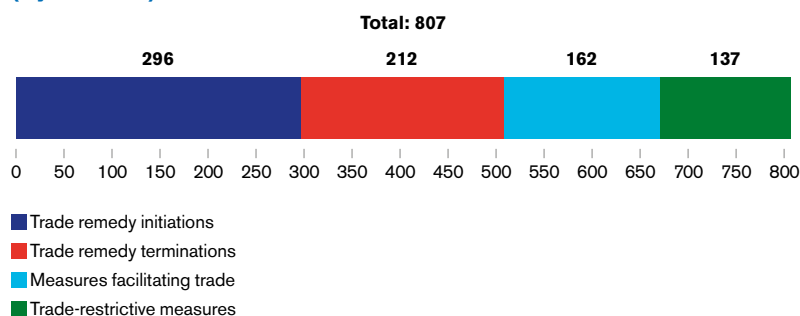
WTO members also implemented 162 measures aimed at facilitating trade, nearly 14 per month, which is higher than the average of 11 per month previously.

The trade coverage of the import-restrictive measures was estimated at US\$ 588.3 billion, more than seven times that recorded in the previous overview. The trade coverage of the import-facilitating measures was estimated at US\$ 295.6 billion and was 1.8 times larger than the previous annual overview (see Figure 17).

“The proliferation of trade-restrictive measures and the uncertainty created by such actions could place economic recovery in jeopardy. Further escalation would carry potentially large risks for global trade, with knock-on effects for economic growth, jobs and consumer prices around the world,” DG Azevêdo said.

On trade remedy measures, the period under review witnessed a similar trend in the monthly average of initiations of investigations and a sharp increase in terminations of measures. Initiations of anti-dumping investigations continue to be the most frequent trade remedy action. Trade remedy measures (anti-dumping, countervailing and safeguard measures) continue to be a very important trade policy tool for WTO members and account for about 63 per cent of all trade measures captured in the reports.

Figure 16: Trade measures, mid-October 2017 to mid-October 2018 (by number)



The trade coverage of trade remedy initiations introduced during the review period by WTO members was US\$ 93.6 billion and that of trade remedy terminations US\$ 18.3 billion, both significantly larger than the trade coverage recorded for these measures in the previous annual overview.

World trade growth slowed during the review period as trade tensions multiplied and global financial conditions tightened. The volume of merchandise trade was up 3.4 per cent in the first half of 2018 after rising 5.4 per cent in the second half of 2017. Slower trade growth coincided with the introduction of new trade measures targeting a variety of exports from large economies. Direct impacts of the new measures have been modest up to mid-October 2018 but rising trade policy uncertainty and falling export orders could weigh on trade and output.

Trade should continue to expand in 2019 but at a more moderate pace than previously forecast.

Continuous consultation

The most important element in collecting trade policy information for the reports is the close and continuous consultation between the WTO Secretariat and WTO members. This consultation seeks to gather complete, up-to-date and accurate information on trade-related measures and to verify the relevant information collected from other public sources.

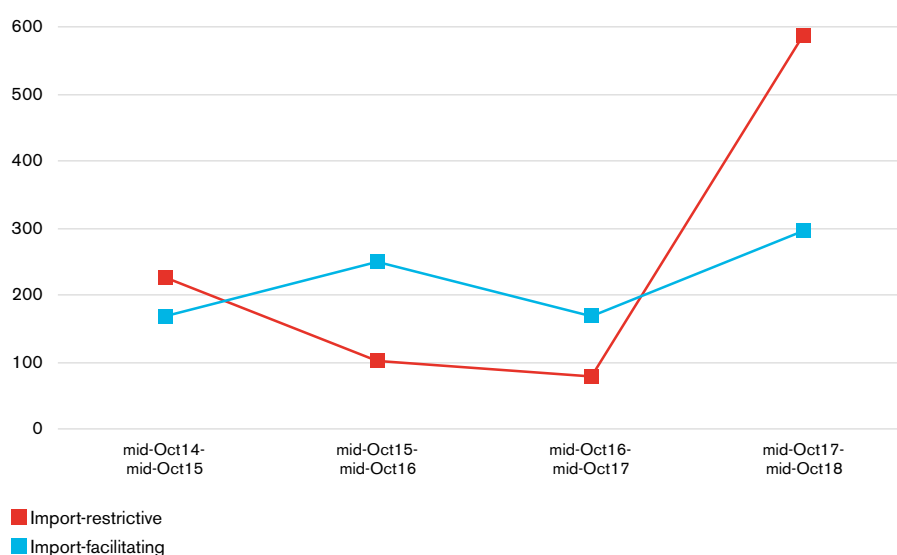
The WTO Secretariat collates all recorded country-specific information on trade measures and re-submits this information to each WTO member for verification. This verification process is a unique feature of the WTO's monitoring efforts and represents a quality-control mechanism. The trade monitoring reports are subsequently discussed at meetings of the WTO's Trade Policy Review Body.

The reports covered a range of other subjects, such as the continuous increase in trade concerns raised in WTO bodies. This demonstrates that members are actively using the WTO committees to engage trading partners regarding real or potential areas of trade friction. Other important trade-related developments covered include members' compliance with various notification requirements of WTO agreements.

Database

The Trade Monitoring Database, which is publicly available, provides information on trade measures implemented by WTO members and observers and includes various search criteria options, e.g. country or country group, HS code, type of measure, date of measure. Members are regularly invited to update information compiled by the WTO Secretariat since 2008.

Figure 17: Trade coverage of import-restrictive and import-facilitating measures (US\$ billion)



Note: These figures represent the trade coverage of the measures (i.e. annual imports of the products concerned from economies affected by the measures) and not the impact of the trade measures. These are estimates based on 2013 to 2017 import data. Liberalization associated with the 2015 expansion of the WTO's Information Technology Agreement is not included in these figures.



Trade, debt and finance

- DG Azevêdo sees “significant progress” in bridging persistent trade financing gaps, which affect poorer countries and smaller businesses in particular.
- Trade finance facilitation programmes are set to reach \$35 billion in 2018, a 50 per cent increase on the level two years earlier.
- With the support of the Working Group on Trade, Debt and Finance, DG Azevêdo continues to work with international partners on trade financing.
- A WTO, World Bank and International Monetary Fund report says global trade policy can help unlock opportunities provided by information technologies and other fundamental changes to the global economy.

Background on trade, debt and finance

WTO ministers decided in 2001 to establish a Working Group on Trade, Debt and Finance to look at how the WTO could contribute to finding a durable solution to the external debt problems of many developing countries and to avoid having WTO members' trade opportunities undercut by financial instabilities. The Working Group has been focusing its attention on a range of financial issues with an impact on trade, including the provision of trade finance and the relationship between exchange rates and trade.

DG Azevêdo told the WTO Working Group on Trade, Debt and Finance that there has been “significant progress” in enhancing the trade finance programmes of key multilateral institutions, particularly with regard to trade financing flows for developing countries. The Asian Development Bank alone supported trade transactions from more than 2,800 small and medium-sized enterprises (SMEs) in 2017 in countries such as Cambodia, Myanmar and Bangladesh, he told the Working Group in June.

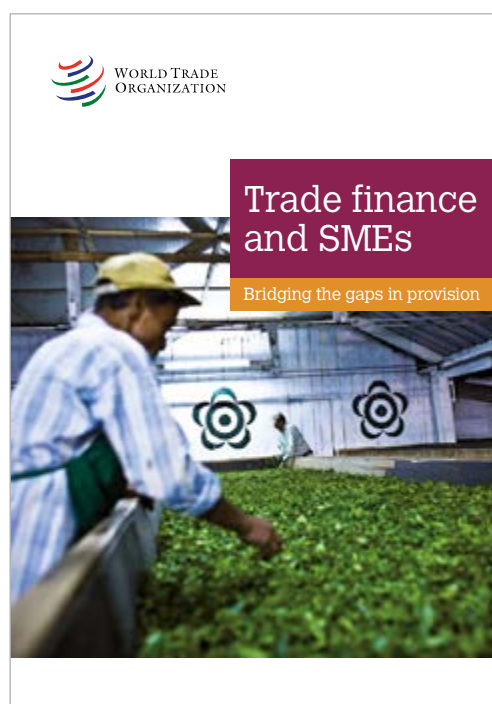
Progress has also come in addressing knowledge gaps in local financial institutions, opening dialogue with trade finance regulators and tracking and monitoring trade finance gaps – all targets laid out in a 2016 WTO report “Trade Finance and SMEs”. Multilateral development banks, for example, have boosted their capacity-building

work on trade finance, in collaboration with the International Chamber of Commerce and the WTO. Together they trained a record 2,600 people in 2017 – across 85 countries – well above the target of 1,000 trade financiers per annum. “All of this is very positive. However, clearly much more needs to be done,” DG Azevêdo said.

Some 80 to 90 per cent of world trade relies on trade finance (trade credit and insurance/ guarantees). But finance gaps – the amount of trade finance requested but rejected – remain at around US\$ 1.5 trillion (some 10 to 15 per cent of trade finance markets). “Today, 60 per cent of trade finance requests by SMEs are rejected,” the DG said in October at the IMF and World Bank annual meeting. When these requests are rejected by banks, the transaction is often abandoned. According to the World Economic Forum, trade finance is one of the top three obstacles to exporting for 50 per cent of countries.

DG Azevêdo worked with the Chief Executive Officer of the International Financial Corporation (IFC) and the Chair of the Financial Stability Board (FSB) to address some of the regulatory challenges faced by trade finance providers, notably in developing countries. Joint missions gathered experts from the FSB, IFC, the WTO and multilateral development banks to deliver knowledge on trade finance and on compliance requirements.

At the October IMF and World Bank meeting, held in Indonesia, DG Azevêdo and Philippe Le Houérou, CEO of the IFC, co-hosted a session on financial inclusion in trade, which discussed inter-institutional steps to reduce the global trade finance gap. Heads or senior officials of the IMF, the European Bank for Reconstruction and Development, the Islamic Development Bank, the African Import Export Bank and the FSB also took part.



“Trade finance and SMEs” looks at how to address trade financing gaps.



The seven organizations committed themselves to finding ways to close the gaps in trade finance provision. As part of the effort, the IFC and the WTO have agreed to co-produce a new publication to share best practices on regulatory compliance in trade finance. This will include successful case studies provided by various regional development banks.

“We need to make global trade more inclusive. But trade inclusion needs financial inclusion. So we need to continue developing concrete ideas and solutions that make a real difference. Working with a range of partners – including the private sector – can help provide momentum to this work,” DG Azevêdo said.

Expert Group on Trade Finance

Under the chair of the Director-General, the Expert Group on Trade Finance continued to evaluate gaps in trade finance markets. The Group includes the IFC, regional development banks, export credit agencies, big commercial banks and other international organizations.

Strengthening cooperation

In 2018, a joint report by the WTO, the World Bank and the IMF – “Reinvigorating Trade and Inclusive Growth” – noted that trade integration could play a much larger role in boosting shared prosperity. The report concludes that greater openness in global trade policy can help unlock opportunities provided by information technologies and other fundamental changes.

DG Azevêdo, IMF Managing Director Christine Lagarde and the then World Bank President Jim Yong Kim met regularly at IMF and World Bank gatherings and at the G20 in 2018.



5

DG Azevêdo co-hosted a session on financial inclusion in trade at an IMF/World Bank meeting in Indonesia.



Government Procurement Agreement

- **Australia's accession to the Agreement on Government Procurement (GPA) was successfully concluded.**
- **GPA parties agreed in principle to the UK's final market access offer to accede to the Agreement in its own right after it leaves the European Union.**
- **The Republic of North Macedonia circulated its initial market access offer. Discussions continued on the accessions of China, Russia, the Kyrgyz Republic and Tajikistan.**

Background on the Government Procurement Agreement

The GPA aims to open up, based on principles of reciprocity, and to the extent agreed between WTO members, government procurement markets to foreign competition, and to make government procurement more transparent. It provides legal guarantees of non-discrimination for the products, services and suppliers of GPA parties in procurement covered by the Agreement. The GPA is a plurilateral agreement – open to all interested WTO members and binding only the parties to it. Currently, 47 WTO members (including the European Union and its member states) are bound by the Agreement. The Committee on Government Procurement administers the GPA.

Accessions to the GPA

The negotiations on Australia's accession to the WTO's Agreement on Government Procurement (GPA), initiated in 2015, were successfully concluded on 17 October 2018 with the GPA Committee inviting Australia to accede to the Agreement. Australia will become a full-fledged party to the GPA 30 days after submitting its Instrument of Accession to the WTO's Director-General.

GPA Committee Chair Mr Carlos Vanderloo (Canada) said: "This is a major achievement for Australia, for the GPA Committee and for the WTO. It adds value to and strengthens the GPA while also sending a strong signal to current accession candidates. We have shown that we can get the job done and that we are pragmatic and result-oriented."

In November, agreement was reached in principle on terms for the United Kingdom's accession to the GPA, in its own right, once it leaves the European Union. The UK offer is intended to replicate its current GPA schedule of commitments as an EU member, with minor technical adjustments. In February 2019, parties to the GPA gave their final approval to the terms for the UK's accession to the pact.

Under the terms of the decision, the UK is covered by the GPA as a member state of the EU until the date of its withdrawal from the EU or, if the EU and the UK conclude a withdrawal agreement that provides for a transition period, until the date of expiry of that transition period. The UK's accession to the GPA will take effect 30 days after the UK government submits its instrument of acceptance.

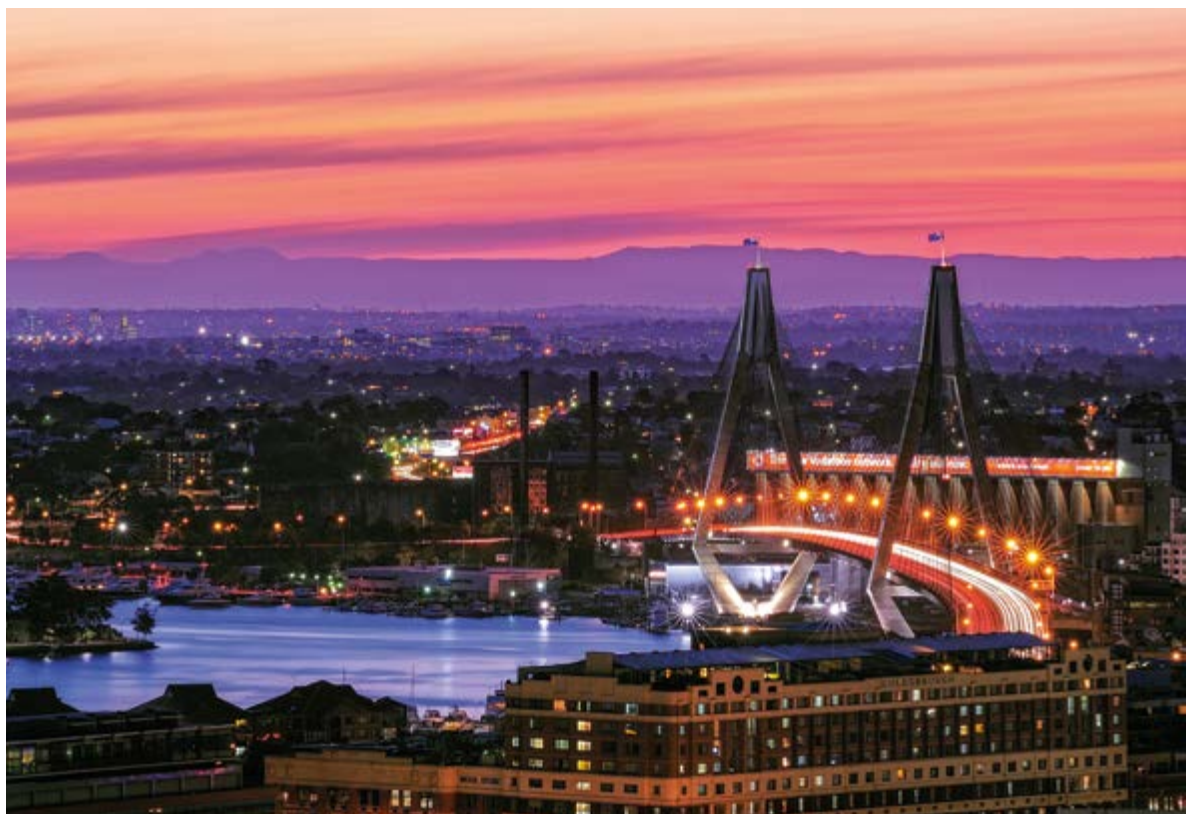
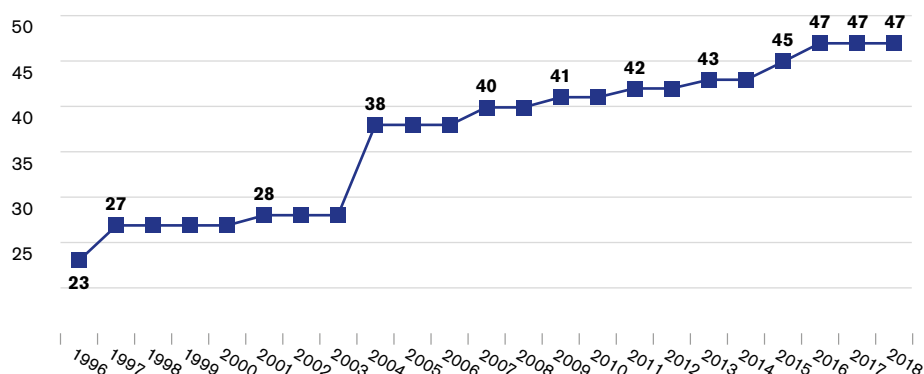


Figure 18: Growth in GPA membership, 1996-2018



The Republic of North Macedonia applied for accession to the GPA in 2017 and circulated its initial market access offer in February 2018.

In April, Chinese President Xi Jinping said that China would accelerate the process of its accession to the GPA. A Chinese delegation told the Committee that an upcoming revised offer would likely include expanded coverage of sub-central governmental entities (a proposed list of entities whose procurement would be open for competition) and of state-owned enterprises. Russia reported ongoing work on a revised offer and on updating of legislation related to government procurement.

GPA parties see Russia's and China's accessions, on the appropriate terms, as very significant for the Agreement, for the WTO and for the world economy. The accessions of the Kyrgyz Republic and Tajikistan continued to advance.

Another four WTO members – Albania, Georgia, Jordan and Oman – have initiated the process of acceding to the Agreement. Five other WTO members – Afghanistan, Kazakhstan, Mongolia, the Kingdom of Saudi Arabia and Seychelles – have GPA-related commitments in their respective protocols of accession to the WTO.

The GPA is a plurilateral agreement and only the parties to the agreement are bound by it. Any WTO members can apply. Accession negotiations include a review of the candidate's legislative and policy frameworks to ensure full compliance with the GPA and negotiations on market access commitments. Government procurement accounts for about 15 per cent of developed and developing-country economies. Only a part of this is currently covered by the GPA – an estimated US\$ 1.7 trillion annually.

The past decade has witnessed steady growth in the GPA's membership (see Figure 18). Many WTO members are observers to the GPA Committee. Belarus was granted observer status on 27 June 2018, bringing the number of observers to 32.

Monitoring of implementation and legislation

The revised version of the Agreement, adopted in 2012, is in force for all but one of the parties, Switzerland. The latter has assured the Committee that it will provide its acceptance as soon as possible, taking account of relevant internal requirements and legislative procedures.

The revised GPA entered into force on 6 April 2014, extending coverage to approximately 500 additional procurement entities, including local government and sub-central entities, together with new services and other areas of public procurement activities. The GPA's role was strengthened in promoting good governance, battling corruption and protecting the environment.

Continuing progress was made on the WTO's e-GPA web portal. This provides a single entry point for market access information under the revised Agreement together with related information that parties have committed to provide. It offers improved transparency, with the aim of better publicizing market access opportunities. Envisaged further improvements include a module to handle notifications and to facilitate access to related data.

Work programmes

Attention in the work programmes focused on sustainable procurement, the collection and reporting of statistical data and small and medium-sized enterprises. The work programmes, launched in 2014, are intended to promote transparency, improve the Agreement's administration and assist with preparations for possible future negotiations. The revised GPA calls for further negotiations to improve the Agreement and to progressively reduce and eliminate remaining discriminatory measures.

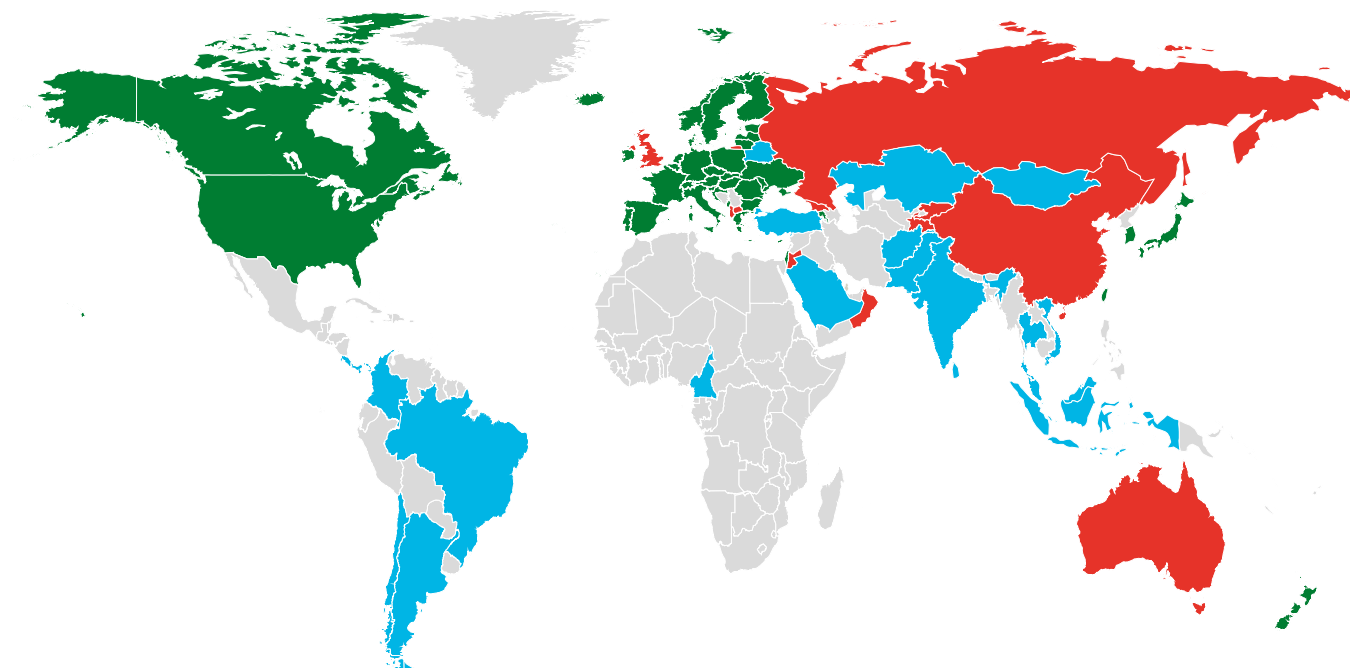
Technical assistance and international cooperation

The WTO Secretariat carried out an intensive programme of technical assistance, including two global workshops, two regional workshops and eight national seminars. The two global workshops were held in Geneva and focused on accessions, implementation of the GPA and governance issues.

The two regional workshops were held in Thailand and in Moldova. National seminars were organized for Afghanistan, Belarus, Brazil, China, Kazakhstan, Moldova, the Philippines and Seychelles.

In Central and Eastern Europe, the WTO Secretariat continued its cooperation with the European Bank for Reconstruction and Development on technical assistance. Collaboration has also been strengthened with the Commercial Law Development Programme of the US Department of Commerce and other international organizations, including the Organisation for Economic Co-operation and Development, the World Bank and other regional development banks.

Figure 19: Market coverage, members and observers of the GPA



- Parties to the GPA: 19 parties, which together cover 47 WTO members. The European Union and its member states are counted as one.
- WTO members in the process of GPA accession: Albania, Australia, China, Georgia, Jordan, the Kyrgyz Republic, the Republic of North Macedonia, Oman, the Russian Federation, Tajikistan and the United Kingdom in its own right.
- Other observer countries: Afghanistan, Argentina, Kingdom of Bahrain, Belarus, Brazil, Cameroon, Chile, Colombia, Costa Rica, India, Indonesia, Kazakhstan, Malaysia, Mongolia, Pakistan, Panama, Kingdom of Saudi Arabia, Seychelles, Sri Lanka, Thailand, Turkey and Viet Nam.



Trade and women's empowerment

- The WTO and the World Bank are carrying out research to build knowledge on the impact of trade measures on women.
- The WTO marked International Women's Day 2018 with a week-long series of events and a high-level session on "Delivering opportunities for women".
- The WTO has developed its first training module on trade and gender.

Background on trade and women's empowerment

In 2017, the WTO appointed a Trade and Gender Focal Point tasked with coordinating work among divisions, taking stock of what the WTO is doing and considering opportunities for further work and new initiatives. The WTO seeks to build a more inclusive trading system that will allow more women to participate in trade and to reap its benefits. It seeks to raise awareness on the link between trade and gender, facilitate WTO members' actions on trade and gender, generate new data on the impact of trade on women and provide training to government officials and to women entrepreneurs.

The WTO held a high-level event to mark International Women's Day.

Research work on trade and gender

The WTO and the World Bank are working together on a research project, launched in 2017, to build knowledge on how trade measures impact women. This research will provide new data on the links between trade and gender. Based on its findings, both organizations will launch a flagship report on trade and gender in 2019.

In December, the Netherlands, the World Bank and the WTO organized a conference on "Closing the Gender Gaps: The Buenos Aires Declaration on Women and Trade at Year One". At the 11th Ministerial Conference in Buenos Aires, WTO members joined for the first time a collective initiative to increase the participation of women in trade (see page 53).

The one-year-on conference provided a forum for discussion on innovative research on gender and trade, with specific application to the challenges of women traders and entrepreneurs in developing countries. It highlighted the need for reliable data and statistics to enable a sound analysis of the gender effects of trade policies.

Another research project was launched by the WTO on how trade-related development decisions can improve women's engagement in the global economy. The first part of this research focuses on how market access instruments, notably Generalized System of Preference (GSP) schemes, can help to foster women's empowerment. It looks at the examples of the European Union's Everything but Arms scheme

with Bangladesh and the US African Growth and Opportunity Act (AGOA) scheme with Kenya. This study will be published in 2019.

The WTO Secretariat has started to include gender issues in some of its reports and publications, such as in the World Trade Statistical Review 2018 and its G20 and WTO-wide trade monitoring reports. Some WTO members have been using their trade policy reviews to highlight policy developments that contribute to women's empowerment (see page 102).

International Women's Day 2018

The WTO marked International Women's Day on 8 March 2018 with a week of events, including exhibitions, debates and training sessions on issues such as female leadership and organizational culture. Speakers at a high-level event – "Delivering opportunities for women" – said more must be done to unlock trade's potential to deliver a more inclusive society. Opening the event, DG Azevêdo underlined the role of trade and the WTO and the work still to be done to overcome challenges, such as discriminatory laws, poor working conditions and lack of access to education and training, which can hinder women's full participation in trade.

Training module on trade and gender

The WTO's technical assistance plan 2018-19 includes a section on gender, giving a mandate to the WTO to develop a training module on trade and gender. The objective is to focus on "trade policy with the aim to raise awareness and enhance the aptitude of policy makers to incorporate gender considerations in their analysis and trade policy development or negotiations".

The WTO's Trade and Gender Focal Point has developed a training module, which looks at the intersection between trade and women's economic empowerment. It examines this question in the context of WTO rules and members' different perspectives on how these rules can be reflected in trade policies. The module contains concrete examples, case stories and WTO members' best practices. It will be used as a training tool in various technical assistance activities.



Dispute settlement

Dispute settlement activity in 2018	116
Appellate Body	123

Background on dispute settlement

WTO members bring disputes to the WTO if they think their rights under trade agreements are being infringed. Settling disputes is the responsibility of the Dispute Settlement Body.

6



Sunanta Kangvalkulkij (right) succeeded Junichi Ihara as Chair of the Dispute Settlement Body in 2018.

Dispute settlement activity in 2018

- WTO members initiated **38 new disputes in 2018**, more than twice the number of 2017.
- **Twenty-eight dispute settlement reports and decisions covering 22 matters were circulated in 2018.**
- **On average, 42 proceedings were ongoing each month, nearly 10 per cent more than the previous year.**
- **WTO members remained divided on the selection process to appoint replacements for four of the seven members of the Appellate Body.**
- **A new book marked the 70th anniversary of the General Agreement on Tariffs and Trade (GATT), covering the evolution of GATT dispute settlement.**

Background on dispute settlement activity

WTO members bring disputes if they think their rights are being infringed with respect to any agreement contained in the Final Act of the Uruguay Round that is subject to the Understanding on Rules and Procedures Governing the Settlement of Disputes. The General Council convenes as the Dispute Settlement Body (DSB) to deal with disputes. The DSB has authority to establish dispute settlement panels, adopt panel and Appellate Body reports, maintain surveillance over the implementation of recommendations and rulings, and authorize suspension of obligations in the event of non-compliance with those recommendations and rulings.

High number of new disputes

There were 38 new consultation requests in 2018. This is the highest number since 1998 and one of the highest since the entry into force of the WTO in 1995 (see Figure 1).

Twenty-two WTO members initiated these new disputes concerning a wide range of issues (see Table 1).

By the end of 2018, a total of 573 disputes had been initiated under the WTO dispute settlement procedures since its entry into force in 1995.

Sustained levels of dispute settlement activity

If the parties to a dispute are unable to resolve their differences through consultations, the complainant can ask for a dispute settlement panel to be established by the Dispute Settlement Body (DSB). Among the 38 disputes initiated in 2018, 24 led to the establishment of a panel by the end of 2018.

In total, the DSB established panels in 33 disputes in 2018 (see Tables 2, 3 and 4). Five of these panels were established in respect of so-called “compliance” proceedings to determine whether parties have complied with previous recommendations and rulings. Finally, four requests for arbitration were made, and one arbitration was reactivated, on the permissible level of retaliation (as a temporary remedy in the event of non-compliance).

Figure 1: Requests for consultations, 1995 to 2018

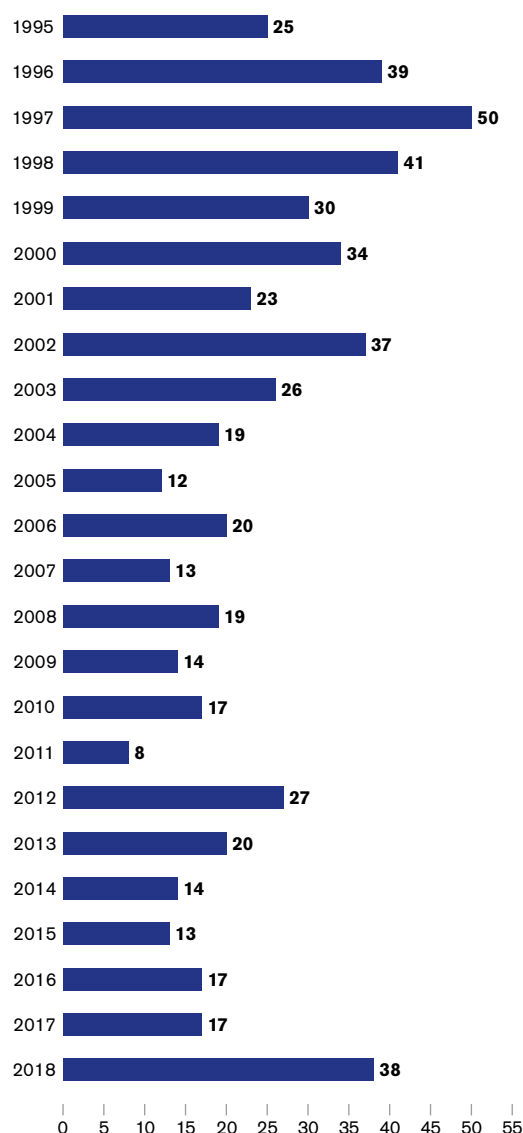


Table 1: Disputes initiated in 2018 (requests for consultations)

Title	Dispute number	Complainant	Date of initial request	Status on 31 December 2018
US – Fish Fillets (Viet Nam)	DS536	Viet Nam	8 January 2018	Panel composed
Canada – Measures Governing the Sale of Wine	DS537	Australia	12 January 2018	Panel established, panel composition ongoing
Pakistan – BOPP Film (UAE)	DS538	United Arab Emirates	24 January 2018	Panel established, panel composition ongoing
US – Facts Available	DS539	Korea, Republic of	14 February 2018	Panel composed
US – Pangasius Seafood Products	DS540	Viet Nam	22 February 2018	In consultations
India – Export Related Measures	DS541	United States	14 March 2018	Panel composed
China – Intellectual Property Rights II	DS542	United States	23 March 2018	Panel established, panel composition ongoing
US – Tariff Measures on Certain Goods (China)	DS543	China	4 April 2018	First request for establishment of a panel
US – Steel and Aluminium Products	DS544	China	5 April 2018	Panel established, panel composition ongoing
US – Safeguard Measure on PV Products	DS545	Korea, Republic of	14 April 2018	Panel established, panel composition ongoing
US – Safeguard Measure on Washers	DS546	Korea, Republic of	14 May 2018	Panel established, panel composition ongoing
US – Steel and Aluminium Products (India)	DS547	India	18 May 2018	Panel established, panel composition ongoing
US – Steel and Aluminium (EU)	DS548	European Union	1 June 2018	Panel established, panel composition ongoing
China – Transfer of Technology	DS549	European Union	1 June 2018	In consultations
US – Steel and Aluminium Products	DS550	Canada	1 June 2018	Panel established, panel composition ongoing
US – Steel and Aluminium Products (Mexico)	DS551	Mexico	5 June 2018	Panel established, panel composition ongoing
US – Steel and Aluminium Products (Norway)	DS552	Norway	12 June 2018	Panel established, panel composition ongoing
Korea – Stainless Steel Bars	DS553	Japan	18 June 2018	Panel established, panel composition ongoing
US – Steel and Aluminium Products (Russia)	DS554	Russian Federation	29 June 2018	Panel established, panel composition ongoing
Morocco – School Exercise Books (Tunisia)	DS555	Tunisia	5 July 2018	In consultations
US – Steel and Aluminium Products (Switzerland)	DS556	Switzerland	9 July 2018	Panel established, panel composition ongoing
Canada – Additional Duties (US)	DS557	United States	16 July 2018	Panel established, panel composition ongoing
China – Additional Duties	DS558	United States	16 July 2018	Panel established, panel composition ongoing
EU – Additional Duties (US)	DS559	United States	16 July 2018	Panel established, panel composition ongoing
Mexico – Additional Duties	DS560	United States	16 July 2018	Panel established, panel composition ongoing
Turkey – Additional Duties (US)	DS561	United States	16 July 2018	First request for establishment of a panel
US – Safeguard Measure on PV Products (China)	DS562	China	14 August 2018	In consultations
US – Renewable Energy	DS563	China	14 August 2018	In consultations
US – Steel and Aluminium Products (Turkey)	DS564	Turkey	15 August 2018	Panel established, panel composition ongoing
US – Tariff Measures on Certain Goods (China) II	DS565	China	23 August 2018	In consultations
Russia – Additional Duties (US)	DS566	United States	27 August 2018	Panel established, panel composition ongoing
Saudi Arabia – Protection of IPR	DS567	Qatar	1 October 2018	Panel established, panel composition ongoing
China – Imports of Sugar	DS568	Brazil	16 October 2018	In consultations
Armenia – Steel Pipes	DS569	Ukraine	17 October 2018	In consultations
Kyrgyz Republic – Steel Pipes	DS570	Ukraine	17 October 2018	In consultations
Korea – Commercial Vessels (Japan)	DS571	Japan	6 November 2018	In consultations
Peru – Biodiesel (Argentina)	DS572	Argentina	29 November 2018	In consultations
Turkey – Air Conditioning Machines (Thailand)	DS573	Thailand	5 December 2018	In consultations

Table 2: Original panels established in 2018

Title	Dispute number	Complainant	Date established
US – Softwood Lumber	DS533	Canada	9 April 2018
US – Differential Pricing Methodology	DS534	Canada	9 April 2018
Australia – A4 Copy Paper	DS529	Indonesia	27 April 2018
India – Export Related Measures	DS541	United States	28 May 2018
US – Facts Available	DS539	Republic of Korea	28 May 2018
US – Fish Fillets (Viet Nam)	DS536	Viet Nam	20 July 2018
US – Safeguard Measures on Washers	DS546	Republic of Korea	26 September 2018
US – Safeguard Measures on PV Products	DS545	Republic of Korea	26 September 2018
Canada – Measures Governing the Sale of Wine	DS537	Australia	26 September 2018
Pakistan – BOPP Film (UAE)	DS538	United Arab Emirates	29 October 2018
Korea – Stainless Steel Bars	DS553	Japan	29 October 2018
China – Intellectual Property Rights II	DS542	United States	29 October 2018
US – Steel and Aluminium Products (China)	DS544	China	21 November 2018
US – Steel and Aluminium Products (EU)	DS548	European Union	21 November 2018
US – Steel and Aluminium Products (Canada)	DS550	Canada	21 November 2018
US – Steel and Aluminium Products (Mexico)	DS551	Mexico	21 November 2018
US – Steel and Aluminium Products (Norway)	DS552	Norway	21 November 2018
US – Steel and Aluminium Products (Russia)	DS554	Russia	21 November 2018
US – Steel and Aluminium Products (India)	DS547	India	21 November 2018
Canada – Additional Duties (US)	DS557	United States	21 November 2018
China – Additional Duties (US)	DS558	United States	21 November 2018
EU – Additional Duties (US)	DS559	United States	21 November 2018
Mexico – Additional Duties (US)	DS560	United States	21 November 2018
US – Steel and Aluminium Products (Turkey)	DS564	United States	21 November 2018
US – Steel and Aluminium Products (Switzerland)	DS556	Switzerland	4 December 2018
Costa Rica – Avocados (Mexico)	DS524	Mexico	18 December 2018
Russia – Additional Duties (US)	DS566	United States	18 December 2018
Saudi Arabia – Protection of IPR	DS567	Qatar	18 December 2018



Table 3: Compliance panels established in 2018

Title	Dispute number	Complainant	Date established
India – Solar Cells (Article 21.5 – India)	DS456	India	28 February 2018
Thailand – Cigarettes (Article 21.5 – Philippines II)	DS371	Philippines	27 March 2018
US – Carbon Steel (India) (Article 21.5 – India)	DS436	India	27 April 2018
EC and certain member States – Large Civil Aircraft (Article 21.5 – EU)	DS316	European Union	27 August 2018
Russia – Pigs (EU) (Article 21.5 – EU)	DS475	European Union	21 November 2018

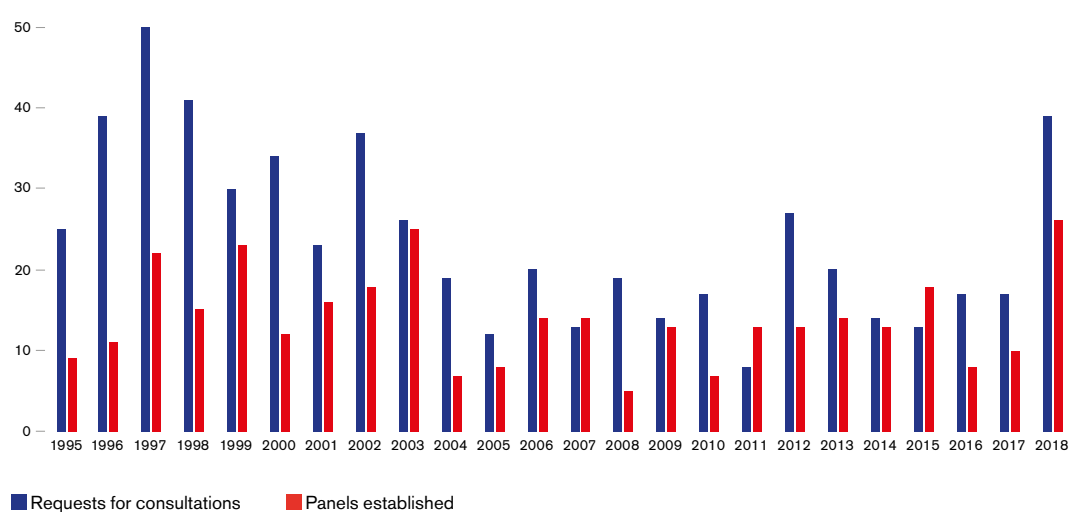
Table 4: Recourse to arbitration on the suspension of obligations in 2018

Title	Dispute number	Recourse to arbitration
India – Solar Cells	DS456	3 January 2018
US – Washing Machines	DS464	19 January 2018
EC and certain member states – Large Civil Aircraft	DS316	13 July 2018*
Indonesia – Import Licensing Regimes	DS478	14 August 2018
US – Anti-Dumping Methodologies (China)	DS471	19 September 2018

* These proceedings were initiated in 2011 and suspended in 2012 at the request of the parties. In July 2018, the United States requested the arbitrator to resume its work.

Twelve appeals were also ongoing as of the end of 2018 (see page 126).

Figure 2: Total number of disputes initiated and panels established, 1995 to 2018



Reports and decisions

In total, 28 dispute settlement reports and decisions were circulated in 2018 concerning 22 distinct matters. This included 14 "original" panel reports (concerning 11 distinct matters), four compliance panel reports, nine Appellate Body reports (concerning six distinct matters),

and one arbitral decision on the reasonable period of time for implementation of the DSB's recommendations and rulings (see Tables 5 and 6).

The DSB adopted 11 panel reports in 2018 (including two compliance panel reports), and five Appellate Body reports.

Table 5: Original panel reports circulated and/or adopted in 2018

Title	Document symbol	Date circulated	Date adopted by the DSB (if applicable)
Russia – Commercial Vehicles*	DS479	27 January 2017	9 April 2018
EU – PET (Pakistan)*	DS486	6 July 2017	28 May 2018
Indonesia – Iron or Steel Products (Chinese Taipei)*	DS490	18 August 2017	27 August 2018
Indonesia – Iron or Steel Products (Viet Nam)*	DS496	18 August 2017	27 August 2018
US – OCTG (Korea)	DS488	14 November 2017	12 January 2018
US – Coated Paper (Indonesia)	DS491	6 December 2017	12 January 2018
EU – Biodiesel (Indonesia)	DS480	25 January 2018	28 February 2018
Korea – Radionuclides (Japan)	DS495	22 February 2018	Appealed
Korea – Pneumatic Valves (Japan)	DS504	12 April 2018	Appealed
Australia – Tobacco Plain Packaging (Honduras)	DS435	28 June 2018	Appealed
Australia – Tobacco Plain Packaging (Dominican Republic)	DS441	28 June 2018	Appealed
Australia – Tobacco Plain Packaging (Cuba)	DS458	28 June 2018	27 August 2018
Australia – Tobacco Plain Packaging (Indonesia)	DS467	28 June 2018	27 August 2018
US – Supercalendered Paper	DS505	5 July 2018	Appealed
Ukraine – Ammonium Nitrate	DS493	20 July 2018	Appealed
Russia – Railway Equipment	DS499	30 July 2018	Appealed
EU – Energy Package	DS476	10 August 2018	Appealed
Morocco – Hot-Rolled Steel (Turkey)	DS513	31 October 2018	Appealed
India – Iron and Steel Products	DS518	6 November 2018	Appealed
US – Pipes and Tubes (Turkey)	DS523	18 December 2018	Appealed

* Panel report adopted as modified or upheld by the Appellate Body following an appeal.

Table 6: Compliance panel reports adopted and/or circulated in 2018

Title	Document symbol	Date circulated	Date adopted by the DSB (if applicable)
EC and certain member states – Large Civil Aircraft (Article 21.5 – US)*	DS316	22 September 2016	28 May 2018
China – Broiler Products (Article 21.5 – US)	DS427	18 January 2018	28 February 2018
US – Countervailing Measures (China) (Article 21.5 – China)	DS437	21 March 2018	Appealed
Colombia – Textiles (Article 21.5 – Colombia) / Colombia – Textiles (Article 21.5 – Panama)	DS461	5 October 2018	Appealed
Thailand – Cigarettes (Philippines) (Article 21.5 – Philippines)	DS371	12 November 2018	Appealed

* Panel report adopted as modified or upheld by the relevant Appellate Body report.



WTO and Appellate Body secretariats

The Legal Affairs Division and the Rules Division of the WTO Secretariat service dispute settlement panel and arbitral proceedings. Depending on the subject matter of the disputes, relevant divisions in the Secretariat also contribute their expertise in their areas of specialization. Appeals are serviced by the Appellate Body Secretariat (see page 123).

Other parts of the WTO Secretariat, such as translation services, also play an important role in dispute settlement activities, as the often voluminous and complex reports of panels, arbitrators and the Appellate Body are circulated to members and made public only when they are available in the three working languages of the WTO (English, French and Spanish).

Due to the increase in dispute settlement activity in recent years, the number of posts in the legal divisions has grown to adjust to the additional workload.

Appellate Body members

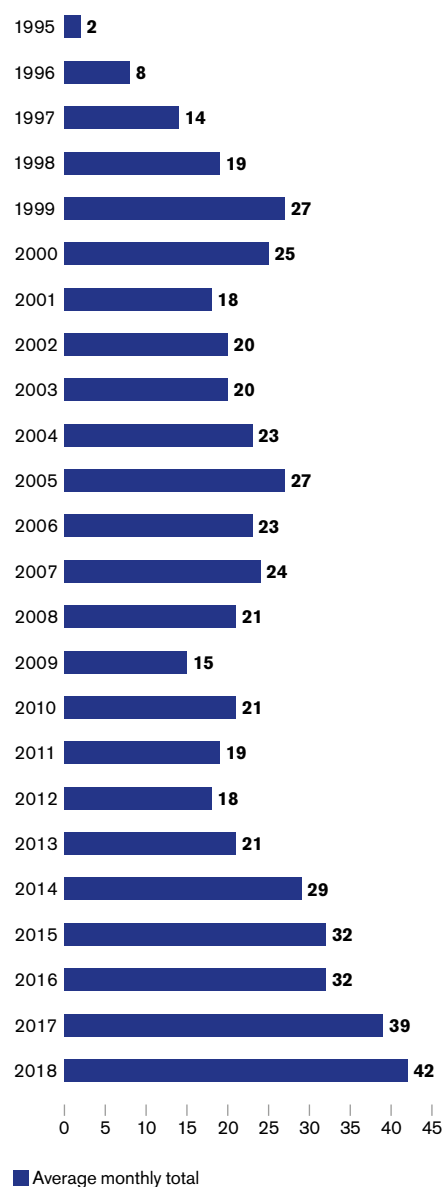
WTO members remained divided on the selection process to appoint replacements for four of the seven members of the Appellate Body, whose term in office has expired (see page 123).

Intensity of activities

Figure 3 shows the intensity of dispute settlement activities since the inception of the WTO in 1995. It displays how many panel, appellate and arbitral proceedings were ongoing each month, on average, every year from 1995 to 2018. It reveals that the level of activity in dispute settlement proceedings has been steadily increasing in recent years, including in 2018.

For the purposes of Figure 3, proceedings are counted as a single instance where they relate to the same matter, regardless of the number of complainants involved or the level of complexity of the proceedings. This provides a quantitative indication of the number of distinct issues that are subject to “active” dispute settlement proceedings (ongoing panel, arbitral or appellate proceedings). It does not seek to reflect the relative complexity of different proceedings, which has also tended to increase over time.

Figure 3: Average of monthly active disputes, 1995-2018





A new publication was launched to mark the 70th anniversary of the GATT.

New publication on evolution of GATT dispute settlement

To mark the 70th anniversary of the General Agreement on Tariffs and Trade (GATT), the WTO issued a new publication covering the evolution of GATT dispute settlement decisions and procedures from 1948 to 1995.

The publication – “GATT Disputes: 1948-1995” – represents the first comprehensive effort to consolidate information on more than 300 disputes brought by contracting parties during the GATT period. It provides factual and verified information from multiple sources, including public and internal records held by the GATT/WTO secretariats.

The publication consists of two volumes. The first volume contains an overview of GATT dispute settlement, a one-page case summary for each dispute, and annexes listing disputes by contracting party, agreement and provisions at issue. The second volume compiles for the first time all GATT dispute settlement procedures and a selection of other key documents of historical interest.

The final round of the Moot Court Competition on WTO Law was held at WTO headquarters.

As noted by DG Azevêdo in his foreword to the book, “the considerable evolution of GATT dispute settlement is a testament to the resilience and flexibility of the multilateral trading system, as well as the increasing importance of the rule of law in international trade”.

Competition on WTO law

The European Law Students' Association (ELSA) Moot Court Competition on WTO Law took place in 2018, marking its 16th year. Five regional rounds took place in Naples, Wrocław, Washington D.C., Bangkok and Nairobi. The competition continues to grow, with over 90 schools from all over the globe participating.

The final round was hosted jointly by the WTO and the Graduate Institute of International and Development Studies in Geneva from 19 to 23 June. Students had the opportunity to compete before WTO Secretariat officials, current and former Appellate Body members, leading academics, trade lawyers and delegates, who served as panellists in the mock dispute.

In 2018 the competition's name was changed. It will be known as the John H. Jackson Moot Court Competition in memory of the academic who was a founding figure in international trade law. The competition will continue to be organized by ELSA International.



Appellate Body

- The Appellate Body had a busy year, with 11 appeal proceedings initiated and nine reports circulated.
- Appellate Body member Shree Baboo Chekitan Servansing's term expired on 30 September 2018. Four Appellate Body positions remained vacant at the end of 2018.
- A facilitator has been appointed to help the General Council resolve differences among WTO members on the functioning of the Appellate Body.
- The WTO's dispute settlement system faces challenges to its legitimacy and very existence, Appellate Body Chair warns.

Background on the Appellate Body

Parties to a dispute can appeal a panel's ruling. Each appeal is heard by three members of an Appellate Body comprising persons of recognized authority and unaffiliated with any government. Each member is appointed for a term of four years, with the possibility of being appointed for one further four-year term. Three members of the Appellate Body hear an appeal of a panel's ruling. The appeal is limited to issues of law covered in the panel report and legal interpretations developed by the panel.

Appeals

Twelve panel reports concerning 11 matters were appealed in 2018 (see Figure 4 and Table 7). The Appellate Body completed its work on one complex appeal concerning trade in large civil aircraft filed in 2016, and work on another such appeal filed in 2017 began in 2018.

Nine Appellate Body reports concerning six matters were circulated in 2018 (see Figure 5 and Table 8). In addressing these appeals, the Appellate Body addressed issues arising under the Anti Dumping Agreement, the Technical Barriers to Trade Agreement, the General Agreement on Tariffs and Trade 1994, the Subsidies and Countervailing Measures Agreement, the Safeguards Agreement and the Enabling Clause. Since its inception, the Appellate Body has circulated 159 reports.

The four vacancies on the Appellate Body are leading to delays in the resolution of disputes. At the end of 2018, a total of seven proceedings were on hold while five proceedings were active.

Four vacancies in the Appellate Body

Shree Baboo Chekitan Servansing of Mauritius completed his first term of office on 30 September 2018. There was no consensus among members to appoint him for a second term. He continued to complete the appeals to which he had been assigned.

Members were unable to agree by the end of 2018 on the appointment of Appellate Body members to fill four vacancies.



Ujal Singh Bhatia chaired the Appellate Body in 2018.



As of 31 December 2018, the three Appellate Body members were:

- Ujal Singh Bhatia (India) (2011-2019),
Chair of the Appellate Body in 2018
- Thomas R. Graham (United States) (2011-2019)
- Hong Zhao (China) (2016-2020)

Impasse requires urgent resolution

The impasse in the dispute settlement mechanism, particularly in the Appellate Body, was a recurrent theme in WTO members' discussions at Heads of Delegation (HoDs) meetings at the WTO.

Many members expressed serious systemic concerns with the lengthy delays in launching a selection process to appoint new Appellate Body members. Concerns about the functioning of the Appellate Body were also brought to the fore. Several members pointed out that this was the priority issue that required urgent resolution to maintain this essential pillar of the organization that underpinned the whole trading system.

DG Azevêdo provided regular updates on his own efforts. He urged WTO members to engage actively. Some members had been thinking about ideas that could overcome the impasse or help address the situation as the impasse persisted, he said. The Director-General encouraged all members to seriously consider these ideas and put forward their own. He warned that if members did not find a solution, the multilateral trading system could be severely compromised.

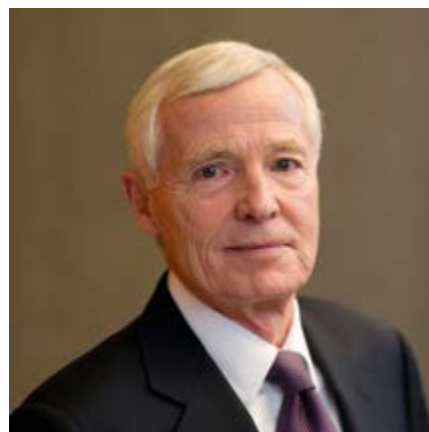
By the year's end, while no breakthroughs were achieved, WTO members had started engaging more actively by putting forward ideas and proposals. Many said that it was important to expedite this discussion and find ways forward to end the impasse. In December, the General Council agreed to launch an informal process to overcome the impasse (see page 59).

Ambassador David Walker of New Zealand was appointed as facilitator to assist General Council Chair Ambassador Junichi Ihara in working with WTO members to resolve differences on the functioning of the Appellate Body.

Appellate Body members



Ujal Singh Bhatia, Chair of the Appellate Body in 2018



Thomas R. Graham



Hong Zhao

Figure 4: Number of notices of appeal filed, 1995 to 2018

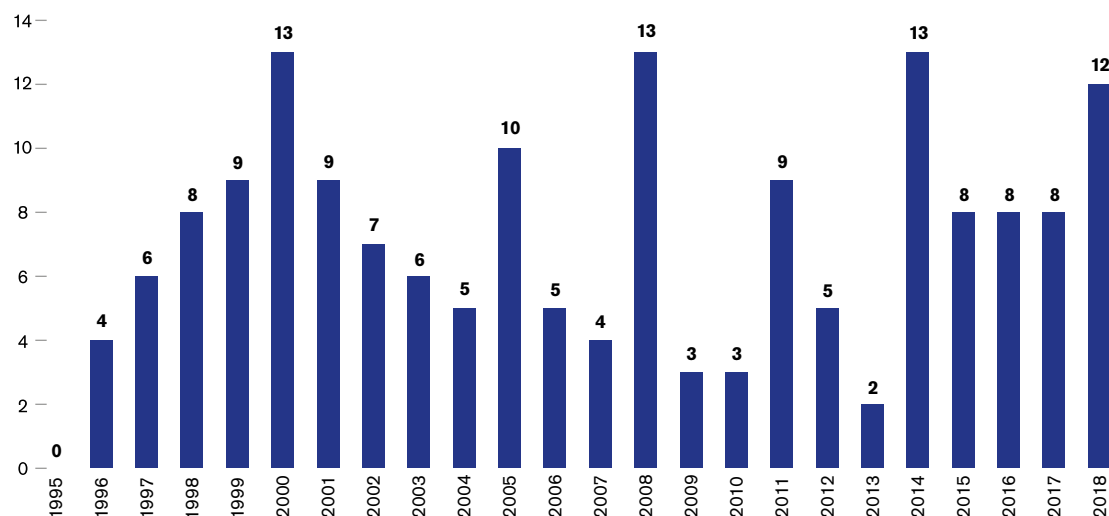
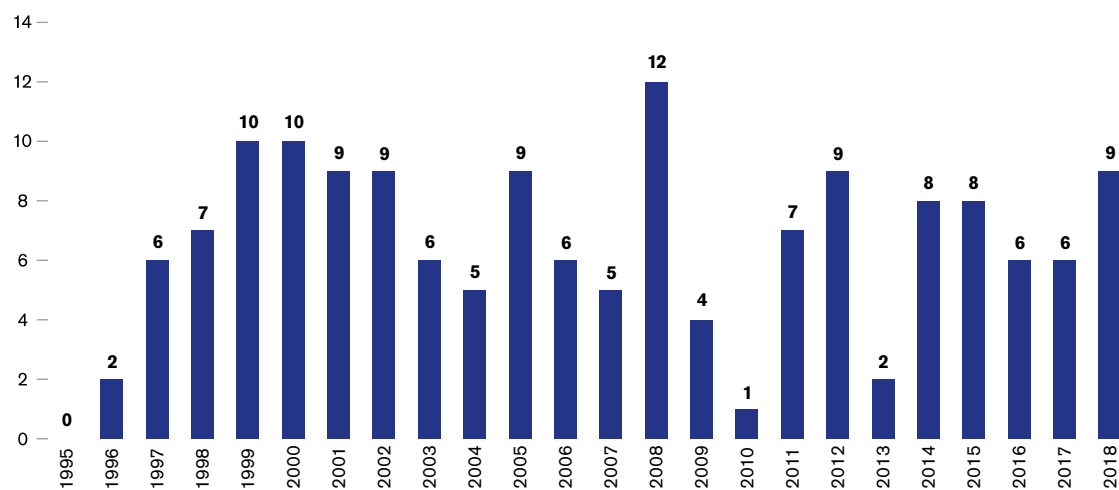


Table 7: Appeals filed and pending in 2018

Panel report appealed	Date of appeal	Appellant ^a	Document symbol	Other appellant ^b	Document symbol
US – Large Civil Aircraft (2nd complaint) (Article 21.5 – EU)	9 April 2018	Korea	WT/DS495/8	Japan	WT/DS495/9
Korea – Radionuclides	27 April 2018	United States	WT/DS437/24	China	WT/DS437/25
US – Countervailing Measures (China) (Article 21.5 – China)	28 May 2018	Japan	WT/DS504/5	Korea	WT/DS504/6
Korea – Pneumatic Valves (Japan)	19 July 2018	Honduras	WT/DS435/23	-	-
Australia – Tobacco Plain Packaging (Honduras) / Australia – Tobacco Plain Packaging (Dominican Republic)	23 August 2018	Dominican Republic	WT/DS441/23	-	-
Ukraine – Ammonium Nitrate	23 August 2018	Ukraine	WT/DS493/6	-	-
Russia – Railway Equipment	27 August 2018	Ukraine	WT/DS499/6	Russia	WT/DS499/7
US – Supercalendered Paper	27 August 2018	United States	WT/DS505/6	-	-
EU – Energy Package	21 September 2018	European Union	WT/DS476/6	Russia	WT/DS476/7
Colombia – Textiles (Article 21.5 – Colombia) / Colombia – Textiles (Article 21.5 – Panama)	20 November 2018	Panama	WT/DS461/28	Colombia	WT/DS461/29
Morocco – Hot-Rolled Steel (Turkey)	20 November 2018	Morocco	WT/DS513/5	Turkey	WT/DS513/6
India – Iron and Steel Products	14 December 2018	India	WT/DS518/8	Japan	WT/DS518/9

^a Pursuant to Rule 20(1) of the Working Procedures.

^b Pursuant to Rule 23(1) of the Working Procedures.

Figure 5: Number of Appellate Body reports circulated, 1995 to 2018*

* Some Appellate Body reports were issued as a single document covering two or more reports.

Table 8: Appellate Body reports circulated in 2018

Case	Document symbol	Date circulated	Date adopted by the DSB
Russia – Commercial Vehicles	WT/DS479/AB/R	22 March 2018	9 April 2018
EC and certain member States – Large Civil Aircraft (Article 21.5 – US)	WT/DS316/AB/RW	15 May 2018	28 May 2018
EU – PET (Pakistan)	WT/DS486/AB/R	16 May 2018	28 May 2018
Indonesia – Iron or Steel Products* (Complaints by Viet Nam and Chinese Taipei)	WT/DS490/AB/R WT/DS496/AB/R	15 August 2018	27 August 2018
Brazil – Taxation* (Complaints by the European Union and Japan)	WT/DS472/AB/R WT/DS497/AB/R	13 December 2018	11 January 2019
US – Tuna II (Mexico) (Article 21.5 – US) / US – Tuna II (Mexico) (Article 21.5 – Mexico II)*	WT/DS381/AB/RW/USA WT/DS381/AB/RW2	14 December 2018	11 January 2019

* In these matters, Appellate Body reports bearing two separate document symbols were issued.



Challenges

In June 2018, Appellate Body Chair Ujal Singh Bhatia warned that the dispute settlement system faces increasingly complex disputes while fundamental questions have been raised about the way the WTO's dispute settlement procedures should be used. He highlighted that the impasse

in the process for appointing Appellate Body members is debilitating the Appellate Body, leading to significant delays in dispute resolution.

The Chair encouraged WTO members to engage in a reasoned and systemic dialogue that keeps at the forefront the enormous value of an effective system and the consequences of its paralysis.

David Walker was appointed as facilitator to help WTO members resolve differences on the functioning of the Appellate Body.



Supporting development and building trade capacity

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Background on supporting development and building trade capacity

The WTO aims to help developing countries build their trade capacity and allows them a longer time to implement trade agreements. Hundreds of training courses are organized each year for officials from developing countries.

7



Trade and development

- The Committee continued its work on the link between trade and development.
- Topics discussed by the Committee included issues relating to duty-free and quota-free market access for least-developed countries and the monitoring mechanism for special and differential measures.
- A new WTO publication shows how trade can help accelerate progress in meeting the Sustainable Development Goals.

Background on trade and development

The Committee on Trade and Development is the focal point for the coordination of all work on trade and development issues in the WTO. The Committee deals with a variety of issues, including all developmental issues, technical cooperation and training, and notifications under the Enabling Clause, which allows developed countries to give more favourable treatment to developing countries.

The Committee on Trade and Development continued work on the link between trade and development, as instructed by trade ministers. They considered possible future work for the Committee on electronic commerce and continued discussion of duty-free and quota-free market access for least-developed countries (LDCs). They also discussed the monitoring mechanism for special and differential treatment (S&D) for developing countries in WTO agreements and decisions.

Chad, on behalf of the LDC Group, reminded WTO members of the group's proposal on draft terms of reference for a WTO Secretariat study on DFQF market access for LDCs, submitted in 2016.

The WTO Secretariat prepared a report for the Committee on the implementation of S&D provisions in WTO agreements and decisions. Such provisions range from increasing trade opportunities for developing countries and LDCs to granting longer transition periods for the implementation of WTO agreements and providing technical assistance.

The Committee held two dedicated sessions on the monitoring mechanism, which acts as a focal point to review the implementation of S&D. Ministers declared in at the 2013 Ministerial Conference in Bali that monitoring should be based on written inputs or submissions. However, no written submissions had yet been received. Delegations differ on whether to proceed with a review of the mechanism or wait until there is concrete experience of its use.

At a meeting of the Committee in November, WTO members expressed regret at the lack of submissions regarding the monitoring mechanism. The Chair, Ambassador Diego Aulestia of Ecuador, urged members to come to a common understanding on the way forward for the mechanism.

In a session dedicated to regional trade agreements (see page 99), the Committee considered the Partial Scope Agreement between Panama and the Dominican Republic, and the Arab Mediterranean Free Trade Agreement (Agadir Agreement) between Egypt, Jordan, Morocco and Tunisia. The Committee also adopted a template for notifying changes to an existing regional trade agreement.

A session dedicated to preferential trade arrangements allowed members to consider the US trade preferences for Nepal.

The Committee received a report on the 52nd session of the Joint Advisory Group (JAG) of the International Trade Centre. The JAG is the policy-making body of the trade promotion agency for developing countries jointly sponsored by the WTO and the United Nations Conference on Trade and Development (UNCTAD).



Trade and the SDGs

In May, the WTO launched a publication on the role of trade in advancing the UN 2030 Agenda for Sustainable Development and its Sustainable Development Goals (SDGs). The new publication – “Mainstreaming Trade to Attain the Sustainable Development Goals” – looks at how international trade can help countries gain access to new markets and new investments, boost growth, raise living standards and promote sustainable development.

It outlines a number of steps to help accelerate progress in achieving the SDGs, including embedding trade policies in governments' national development plans. It also suggests action to further lower the costs of world trade, notably by implementing the WTO's Trade Facilitation Agreement (see page 86), which establishes procedures for streamlining the flow of goods among WTO members.

“Combined with the right financing and capacity-building assistance, trade is a vital catalyst for development. This is demonstrated by the experience of recent decades,” DG Azevêdo said on launching the report at the WTO Public Forum (see page 150) in October.

Market access

The Committee received notifications under the Enabling Clause concerning an agreement between MERCOSUR (the Southern Common Market) and Egypt, and an agreement between Ecuador and El Salvador. Discussion continued on the notification under the Enabling Clause made in 2017 by Argentina, Brazil, Chile, Mexico, Paraguay and Uruguay, members of the Latin American Integration Association.

Technical cooperation and training

The annual performance report on technical assistance and training for 2017 was presented to the Committee. The WTO Secretariat undertook 261 technical assistance activities in 2017 and participated in several other related activities. Overall, 18,200 participants were trained, down from 18,600 the year before. Close to two-thirds of the participants in WTO technical assistance activities were trained online (see page 141).

A new WTO publication on trade and the SDGs was launched at the Public Forum.



Least-developed countries

- Least-developed countries (LDCs) highlighted the need for better market access, including through implementing ministerial decisions on duty-free, quota-free market access and preferential rules of origin.
- LDC exports grew 13 per cent, reversing a three-year negative trend. But the LDC share of world exports remains low.
- Twelve countries are expected to graduate from the LDC category in the near future.

Background on least-developed countries (LDCs)

The Sub-Committee on LDCs, established in July 1995 as a subsidiary body to the Committee on Trade and Development, focuses its work on an agreed WTO work programme for LDCs. This programme looks at a number of systemic issues of importance to LDCs in the multilateral trading system, such as market access, technical assistance and accession to the WTO.

Market access for LDCs

LDCs highlighted their need for improved market access, which continued to be a central element of discussions in the Sub-Committee on LDCs. They also called for progress in implementing a ministerial decision on preferential rules of origin for LDCs (see page 79).

The WTO Secretariat presented its yearly report on trends in LDC trade and market access and briefed the Sub-Committee on developments in preferential rules of origin in the Committee on Rules of Origin.

After three years of negative growth, LDCs' exports of goods and services increased by 13 per cent in 2017, thanks largely to increases in the prices of fuels and minerals. LDCs' share of world exports increased slightly from 0.88 per cent in 2016 to 0.90 per cent in 2017. But their trade deficit remained substantial at US\$ 93 billion in 2017, three times higher than in 2010. Tourism was one bright spot, with the LDC share of world travel exports increasing from 1.1 per cent in 2010 to 1.4 per cent in 2017.

The LDCs expressed concern about their low share (0.5 per cent) of world manufacturing exports and regretted that they are far from doubling their share of world exports of goods and services by 2020, as seen by the Istanbul Programme of Action for the LDCs and the Sustainable Development Goals.

LDCs urged preference-granting members to improve duty-free, quota-free (DFQF) market access conditions for products from LDCs and to speed implementation of the Nairobi ministerial decision to make it easier for LDC

exports to qualify for preferential access. The European Union asked LDCs that still had to fulfil the prerequisites for this access to apply the Registered Exporter system of certification for origin of goods relating to the EU's Generalized System of Preferences scheme.

DG Azevêdo told a meeting of the LDC Group in June: "I think you will need to develop specific proposals especially on implementation of DFQF market access and engage directly with the relevant stakeholders."

"The strong progress we saw after Hong Kong and after Bali has slowed," the DG said, referring to the 2005 and 2013 ministerial conferences. DG Azevêdo also referred to the LDC services waiver (see page 88). He said LDCs should consider submitting specific recommendations on measures that would support their services sector.

Technical assistance and capacity building

The WTO continued to attach priority to LDCs in the delivery of technical assistance (see page 141). The Sub-Committee monitors the progress of technical assistance provided to LDCs as well as other capacity building initiatives.

In 2017, LDCs were associated with approximately 60 per cent of all activities. LDCs, especially from Africa, were among the biggest users of e-learning courses, accounting for close to one-third of participants. The delivery of technical assistance in the Asia-Pacific region has been significantly improved through close collaboration with UNESCAP, the United Nations Social Commission for Asia and the Pacific.





LDC exports of goods and services increased by 13 per cent, largely due to higher prices in fuels and minerals.

The Executive Secretariat of the Enhanced Integrated Framework (EIF), which assists LDCs in integrating trade into their national development strategies, updated WTO members on the EIF programme (see page 137). LDCs highlighted the positive impact of EIF projects and called on development partners to continue supporting the EIF.

The Secretariat of the Standards and Trade Development Facility (STDF) noted that LDCs benefited from close to 60 per cent of STDF project funds (see page 139). LDCs called on donors to increase their contributions to the STDF. The Advisory Centre on WTO Law briefed WTO members on the free legal advice, training and WTO dispute settlement support provided to LDCs.

Accession of LDCs to the WTO

The WTO Secretariat briefed WTO members on the state of play in working parties on LDC accessions and experience-sharing among acceding LDCs (see page 28). Eight LDCs are in the process of acceding to the WTO (Bhutan, Comoros, Ethiopia, São Tomé and Príncipe, Somalia, South Sudan, Sudan and Timor-Leste). LDCs emphasized the importance of special and differential treatment in the LDC accession process in line with the LDC accession guidelines.

LDC graduation

The Istanbul Programme of Action for LDCs for 2011-20 aims to help LDCs graduate from the LDC category. The Secretariat of the UN Committee for Development Policy reported that 12 LDCs are expected to graduate in the near future. The LDCs requested assistance from the WTO to help graduating LDCs improve their understanding of the trade-related implications of graduation.

South-South dialogue on LDCs and development

Under China's LDCs and Accessions Programme, the third South-South Dialogue on LDCs and Development was held in Chavannes-de-Bogis, Switzerland, in December. It provided an opportunity to discuss recent proposals on WTO reform. The LDCs highlighted that discussions at the WTO must remain inclusive and stressed the need to further strengthen the development dimension of the multilateral trading system.

Small economies

- **WTO members discussed the challenges and opportunities for small, vulnerable economies in reducing trade costs, particularly through trade facilitation.**
- **Possible solutions included reducing transport costs and increasing digital connectivity.**
- **The WTO's Trade Facilitation Agreement is seen to be already bringing benefits.**

Background on small economies

The Committee on Trade and Development – in dedicated sessions – oversees work on small economies and monitors the progress of proposals from small, vulnerable economies in the various WTO bodies and negotiating groups. Several small economies are small island states.

The Committee on Trade and Development held two dedicated sessions in 2018 on small, vulnerable economies (SVEs). Work was based on a 2017 WTO Secretariat report on the challenges and opportunities small economies face in their efforts to reduce trade costs, particularly in the area of trade facilitation.

At their first session in June, participants concentrated on the challenges – transportation and logistics, border costs, such as red tape and documentation, the cost of information, and tariff and non-tariff barriers. Several SVEs shared their experiences, underlining problems such as weak IT capability, lack of coordination among public agencies, poor infrastructure and lack of access to trade financing.

The meeting in November focused on possible solutions. Representatives from the United Nations Conference on Trade and Development (UNCTAD) and the Enhanced Integrated Framework (see page 137) talked about policy

options that could reduce transport costs, such as: improving links between national, regional and intercontinental shipping services; regional coordination in planning port investments to accommodate vessels travelling on the same route; and the modernization of seaports.

Digital connectivity and e-trade were also mentioned as ways to reduce costs for SVEs. Representatives from several SVEs explained how their countries were tackling the challenges identified by implementing the WTO's Trade Facilitation Agreement (TFA – see page 86) and adopting digital solutions. Mongolia and Mauritius underlined how the TFA will help to reduce trade costs. Mauritius said that major reforms to customs procedures have already greatly reduced processing time for the clearance of imported goods.

The SVE Group will prepare an outcome document of the discussions held in 2018.



Aid for Trade

- The Committee on Trade and Development adopted the 2018-19 Aid for Trade Work Programme on “Supporting economic diversification and empowerment”.
- Global disbursements of Aid for Trade amounted to US\$ 38.8 billion in 2016 (the latest year on record) compared with US\$ 40.3 billion in 2015.
- In 2018, the WTO and OECD launched a monitoring and evaluation exercise to review Aid for Trade priorities.
- The next Aid for Trade Global Review is set to take place in Geneva on 3-5 July 2019.

Background on Aid for Trade

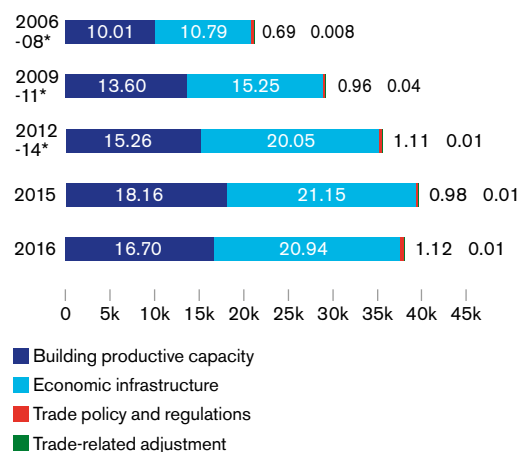
Aid for Trade helps developing countries, and particularly least developed countries, trade. The WTO-led Aid for Trade initiative encourages developing country governments and donors to recognize the role that trade can play in development. In particular, the initiative seeks to mobilize resources to address the trade-related constraints identified by developing and least-developed countries.

Aid for Trade financing

From 2006 to 2016, the total amount of Aid for Trade, a subset of official development aid (ODA), disbursed to developing countries reached US\$ 342.3 billion. An additional US\$ 297.4 billion was provided as part of other official flows, development finance that is provided at non-concessional rates.

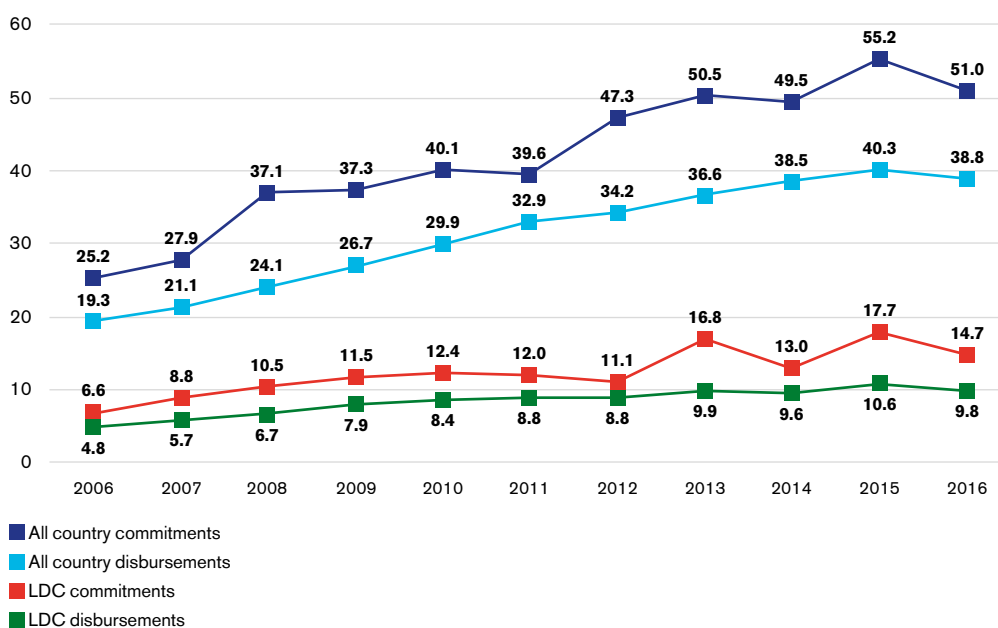
The latest Aid for Trade data available from the Organisation for Economic Co-operation and Development (OECD) show that global disbursements amounted to US\$ 38.8 billion in 2016 compared with US\$ 40.3 billion in 2015 (see Figures 1 and 2). Commitments totalled US\$ 51.0 billion in 2016, down from US\$ 55.2 billion in 2015.

Figure 1: Aid for Trade disbursements by category (in US\$ billion, 2016 prices)



Source: OECD-CRS, Creditor Reporting System

Figure 2: Aid for Trade commitments and disbursements by category (in US\$ billion, 2016 prices)



Disbursements increased for Africa, America and Europe (see Figure 3). Disbursements to least-developed countries (LDCs) slipped to US\$ 9.8 billion in 2016 from a high of US\$ 10.6 billion in 2015 but were well above those of 2006 (US\$ 4.8 billion). Increasingly, support for LDCs is taking the form of loans rather than grants, which raises debt sustainability concerns.

Aid for Trade Work Programme

The Committee on Trade and Development adopted the 2018-2019 Aid for Trade Work Programme entitled “Supporting Economic Diversification and Empowerment for Inclusive, Sustainable Development through Aid for Trade”.

The programme seeks to further develop analysis on how trade can contribute to economic diversification and empowerment, with a focus on eliminating extreme poverty, particularly through the effective participation of women and youth. It also focuses on how Aid for Trade can contribute by addressing trade capacity and trade-related infrastructure constraints, including for micro, small and medium-sized enterprises (MSMEs). The programme will also further examine themes that emerged in the 2017 Global Review.

Activities outlined in the programme will culminate in the next Global Review, scheduled for 3-5 July 2019. Global Reviews are attended by ministers of trade and development, international financial institutions, private sector firms and associations, development research organizations and participants from the trade and development community.

“Over the last 12 years, our Aid for Trade initiative has been a powerful instrument for building trade capacity and trade-related infrastructure in developing and least-developed countries,” said DG Azevêdo. “Our focus in 2019 will be how trade can do even more to contribute to economic diversification and empowerment.”

Committee on Trade and Development

The Committee on Trade and Development held three sessions on Aid for Trade. A number of international organizations updated the Committee on Aid for Trade activities, implementation and resource mobilization. Participating organizations included the Asian Development Bank, the African Development Bank, the Enhanced Integrated Framework (EIF) (see page 137), the International Trade Centre, the Islamic International Trade Finance Corporation, the Standards and Trade Development Facility (see page 139) and the World Bank.

Thematic events

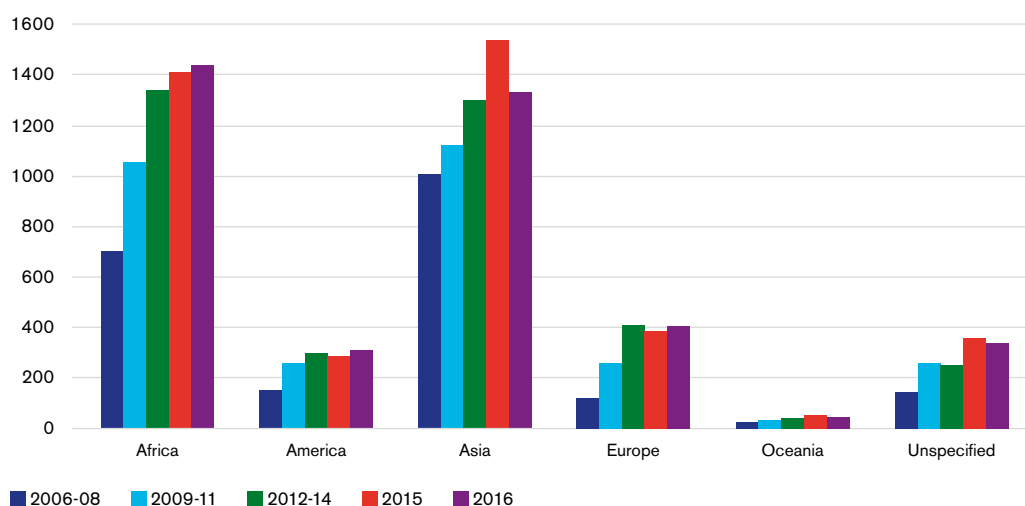
In November 2018, the WTO held two Aid for Trade workshops. A first workshop highlighted trends in economic diversification and industrialization. It also discussed policy perspectives and national experiences. A second workshop examined economic diversification, with a focus on youth and women. It presented various empowerment programmes, initiatives and policies implemented at international and regional levels.

Monitoring and evaluation

The latest OECD-WTO Aid for Trade monitoring and evaluation exercise was launched in November. It aims to review Aid for Trade priorities and assess how Aid for Trade is supporting economic diversification and contributing to the empowerment of MSMEs, youth and women.

The data collected will be analysed and presented in the next edition of “Aid for Trade at a Glance”, a co-publication with OECD. The report will be launched at the 2019 Global Review of Aid for Trade.

Figure 3: Aid for Trade disbursements by region (in US\$ million, 2016 prices)



Source: OECD-CRS, Creditor Reporting System



Enhanced Integrated Framework

- The Board of the Enhanced Integrated Framework (EIF) approved the strategic plan for 2019-22 – “Inclusive trade for better lives”.
- US\$ 47 million in new funding was submitted to the EIF Board, with US\$ 25 million from the EIF Trust Fund and US\$ 21.9 million from other sources. Sixty-four per cent of project funding went to building trade capacity in least-developed countries (LDCs).
- The EIF hosted the first Global Forum for Inclusive Trade for LDCs at the WTO. Some 300 participants attended from more than 50 countries. Four LDCs issued a call to global leaders to substantially increase support for trade development in the LDCs and for the EIF.
- The EIF intensified its work in the most fragile LDCs.

Background on the Enhanced Integrated Framework

The Enhanced Integrated Framework (EIF) is the only multilateral partnership dedicated exclusively to addressing the capacity needs of least-developed countries in their use of trade as an engine for growth, sustainable development and poverty reduction. It is supported by a multi-donor trust fund. The EIF partnership of 51 countries, 24 donors and eight partner agencies work closely with governments, development organizations, civil society and academia. The WTO houses the Executive Secretariat of the EIF.

New EIF strategic plan

The EIF's strategic plan for 2019-2022, approved in 2018, focuses on building “inclusive trade for better lives”. The plan has two key goals. The first is to generate improved trade environments conducive to inclusive and sustainable growth for LDCs. This includes improved policy and regulatory frameworks for trade and investment, strengthened institutional coordination for trade development and investment, and enhanced capacities for policy formulation and implementation.

The second goal of the plan focuses on increased exports and access to international markets for LDCs, including through greater participation in strategic value chains, improved technology use in production and services for select value chains, and support to EIF-assisted countries to leverage additional investments for capacity-building.

In 2018, US\$ 47 million in new funding for 42 new projects was submitted to the EIF Board, US\$ 25 million of it through the multi-donor EIF Trust Fund and US\$ 21.9 million from other sources. This continues a recent trend; every EIF dollar invested in LDC capacity-building since 2016 has resulted in US\$ 0.9 million of additional resources from LDC governments and development partners.

The Trust Fund had US\$ 116.8 million in donor pledges, slightly up on US\$ 115 million at end-2017. By the end of 2018, US\$ 44 million had been allocated to ongoing projects and operations, giving a disbursement rate of around 50 per cent (US\$ 22.33 million).

Overall, 64 per cent of the funding for projects was allocated to building trade capacity in LDCs. New projects included investing in Benin's shea butter value chain, supporting honey production in Ethiopia, developing export competitiveness in Lao People's Democratic Republic and assisting metrology development in Senegal.

Ongoing projects are delivering results. EIF supported trade promotion in Malawi has resulted in US\$ 47 million of new agribusiness exports, for example. In 2018, over 1,600 smallholder farmers received key skills for improving production and more than 300 micro, small and medium-sized enterprises (MSMEs) and 125 producer associations received training and support.

Ensuring institutional ability to implement effective trade and development strategies remains a crucial part of EIF work. EIF national structures coordinate Aid for Trade (see page 135) activities and provide a consultative mechanism between the government and relevant stakeholders. In 2018, 35 per cent of project resources was targeted at this area, resulting in more than 400 individuals and 125 associations increasing their awareness of trade-related issues. These structures are embedded in government structures in at least 16 LDCs.

Global Forum

In June 2018, the EIF hosted the first Global Forum on Inclusive Trade for LDCs at the WTO. The forum resulted in a call from four LDCs – The Gambia, the Central African Republic, Malawi and Uganda – for global leaders to substantially increase support for trade development in the LDCs and for the EIF.



More than 300 participants from over 50 countries attended, including the Vice-President of The Gambia, Fatoumata Jallow-Tambajang, HRH Princess Abze Djigma from Burkina Faso and the trade ministers of the Central African Republic, The Gambia, Malawi and Uganda as well as Geneva-based heads of agencies.

Agricultural trade was a major theme and “connecting” was a key word – connecting the ministries involved, connecting farmers to markets and connecting markets to buyers. “Inclusive growth is important, and we cannot continue with business as usual – if we want to stop migration, if we want to keep decent jobs, we really need inclusivity, and this means we have to share market access and remove hurdles,” Princess Abze Djigma told the forum.

Working in fragile LDCs

The EIF has intensified its work in the most fragile LDCs. This has included joint work with the WTO to drive the WTO accession process of South Sudan and to support institutional strengthening.

The EIF co-organized a high-level panel at the WTO Public Forum (see page 150) on “Trade for

Peace in 2030: Integration of fragile states into the global economy as a pathway towards peace and resilience”. The panel helped to raise awareness about the challenges facing fragile countries. Countries long isolated by years of conflict are yet to fully realize their trade potential and reap the benefits, participants highlighted. Thirteen out of 22 governments currently acceding to the WTO are considered “fragile” countries.

Deepening engagement in cross-cutting areas

The EIF has jointly invested with the International Trade Centre in projects to support women traders in The Gambia and Zambia. The EIF has also partnered with the South Asian Women Economic Development Forum in working with women entrepreneurs in Afghanistan, Bangladesh, Bhutan, Maldives and Nepal on leveraging technology and e-commerce.

New e-trade readiness assessments for LDCs were undertaken in conjunction with the United Nations Conference on Trade and Development. These assessments review the current e-commerce and digital trade situation in selected countries and allow LDCs to identify opportunities and barriers.

The Vice-President of The Gambia, Fatoumata Jallow-Tambajang, opened the Global Forum on Inclusive Trade for LDCs.



Standards and Trade Development Facility

- In 2018, the Standards and Trade Development Facility (STDF) committed US\$ 3.9 million to help developing countries meet international standards for food safety, plant and animal health and access global markets.
- A new STDF book was launched with 25 “results stories” on projects helping small-scale farmers, processors and traders gain market access.
- The STDF released an external evaluation of STDF projects in Africa, Asia-Pacific and Latin America and the Caribbean.
- Since 2004, over US\$ 32 million has been provided through STDF funding to support projects in least-developed and other low-income countries.

Background on the Standards and Trade Development Facility

The STDF is a global partnership that helps developing countries build their sanitary and phytosanitary capacity and their ability to gain and maintain market access. The STDF contributes to Sustainable Development Goals, such as enhanced economic growth, poverty reduction, food security and environmental protection. Established by the WTO, the UN Food and Agriculture Organization, the World Organisation for Animal Health, the World Bank and the World Health Organization, the STDF is financed by voluntary contributions. The WTO houses the Secretariat and manages the STDF trust fund.

Improving trading capacity in developing countries

Six project grants and six project preparation grants (PPGs) were approved by the STDF in 2018, totalling US\$ 3.9 million. These projects and PPGs aim to improve the capacity of the public and private sectors in developing countries to meet international standards for food safety, plant and animal health and to access international markets.

New projects aim to upgrade the sesame value chain in Sudan, help Uganda and Togo comply with phytosanitary requirements for their fruits and vegetables, reduce aflatoxin contamination in Burkina Faso maize, expand exports of safe and high-quality spices from India and enhance the capacity of the Kyrgyz fruit and vegetable industry to comply with food safety requirements.

New PPGs include the development of proposals to control sanitary and phytosanitary (SPS) risks in cashew, shea and smoked fish in Mali, to establish a bee sanctuary in Niue in the South Pacific, to support the national food-control system in Kiribati in the Central Pacific and to test and assess voluntary third-party assurance programmes for food safety in Africa and Central America. Another PPG will develop a regional project in eight Asian countries to mitigate pesticide residue limit violations through the use of biopesticides.

Since its founding, the STDF has provided US\$ 48.9 million for projects aimed at building the SPS capacity of producers, traders and governments in developing countries. Of these funds, over US\$ 32 million has been provided through STDF funding to support projects in least-developed and other low-income countries.

STDF project work mostly benefits countries in Africa, followed by Asia-Pacific and Latin America and the Caribbean (see Figures 4 and 5).

Figure 4: Location of STDF projects and project preparation grants (number), 2004-18

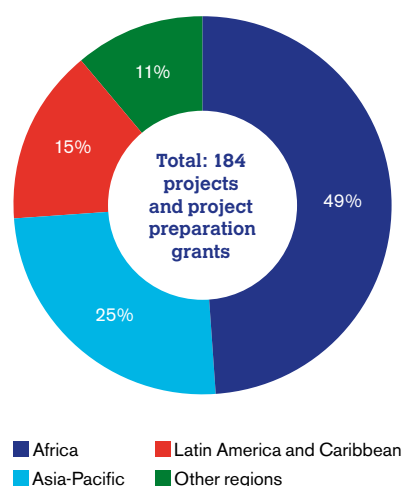
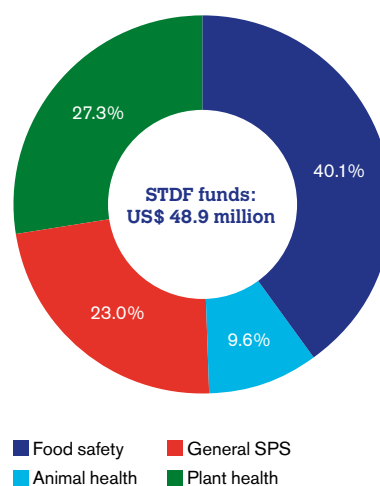


Figure 5: Coverage of STDF projects and project preparation grants (number), 2004-2018 (US\$ million)



Good regulatory practice

The STDF continued its work on good regulatory practice (GRP) to analyse how it can improve the quality and effectiveness of SPS measures in developing countries. The main objective of this work is to bring GRP to the attention of policy makers and SPS regulatory authorities in developing countries as well as the private sector. A consultant is currently working on a study on GRP in the SPS area, based on research, interviews and analysis.

Prioritizing SPS investments for market access (P-IMA)

Work continues on the STDF's P-IMA framework, which aims to improve SPS planning and decision-making processes. Two P-IMA focused PPGs were carried out in Tajikistan and Madagascar. In addition, the STDF started a project to help selected Common Market for Eastern and Southern Africa (COMESA) member states in using the P-IMA framework to mainstream SPS investments in agriculture, trade and environment planning and financing frameworks. This project will be implemented in partnership with the Enhanced Integrated Framework (see page 137).

SPS awareness-raising

In 2018, the STDF published a results book, "Driving Safe Trade Solutions Worldwide", containing examples of the impact of 25 STDF projects on local communities in developing countries and showcasing their contribution to achieving various Sustainable Development Goals.

An independent evaluation of 22 STDF projects was published, highlighting useful lessons for further strengthening the STDF's future activities and improving the quality of SPS projects.

In 2018, the STDF Secretariat shared experiences and lessons from the STDF's work at over 60 conferences and SPS capacity-building workshops worldwide. Presentations were given on electronic SPS certification, border agency cooperation, implementation of the WTO's Trade Facilitation Agreement (see page 86) in relation to SPS compliance, prioritizing SPS investments for market access and the impact of STDF work on poverty reduction, women's economic empowerment and food security.

The STDF improves access to export markets by helping farmers and processors comply with international standards.



Technical cooperation and training

- The WTO undertook more than 330 technical assistance activities in 2018, including e-learning, global and regional training courses, academic programmes and national and regional workshops.
- Least-developed countries (LDCs) participated in over 52 per cent of all technical assistance activities.
- Recommendations from an external evaluators' report were reflected in the new workplan for 2018-19.

Background on technical cooperation and training

The Institute for Training and Technical Cooperation coordinates the WTO's technical assistance programmes. Its activities include e-learning, global and regional training courses, academic programmes and workshops at national and regional level. The technical assistance programmes help WTO members better understand their rights and obligations in the multilateral trading system. This strengthens countries' capacity to benefit from participation in the system.

The WTO Secretariat undertook over 330 technical assistance activities in 2018 to help government officials gain a better understanding of WTO rules and the multilateral trading system. More than 21,000 participants benefited, a 17 per cent increase from 2017.

The WTO's training activities are mostly based on a biennial technical assistance and training plan approved by the Committee on Trade and Development. As with its predecessor, the 2018-19 plan follows a "results-based management" approach, measuring results to ensure that training is delivered in the most effective way. The plan for 2018-19 follows many of the recommendations made by an external evaluation of WTO technical assistance undertaken in 2016. This evaluation endorsed the WTO approach, concluding that it was relevant, effective, efficient, sustainable and had an impact in beneficiary countries.

Courses are undertaken as part of a progressive learning strategy so that participants benefit from a step-by-step approach to improving their

awareness of trade issues. Guidelines and benchmarks help to maintain a high standard of content for all training, consistent teaching methods and regular evaluation of all technical assistance activities delivered by the WTO.

Overall, the WTO Secretariat undertook 336 training activities in 2018 (254 face-to-face and 82 online), a 22 per cent increase over 2017, and participated in 25 conferences and other events organized by partner institutions. The number of technical assistance activities in which LDCs participated was slightly lower than in previous years but still over 52 per cent. More than 60 per cent of all participants accessed their training through e-learning resources on the WTO's online platform.

The WTO continued to involve international and local partners in technical assistance activities to integrate a local perspective in the design of the training programmes. Fourteen per cent of activities were for the benefit of African countries, 13 per cent for Asia and the Pacific,

Table 1: Technical assistance activities by region in 2018*

Region	Regional		National		Global**		Total	
Africa	19	26%	29	23%	–	0%	48	14%
Asia Pacific	15	20%	29	23%	–	0%	44	13%
Caribbean	5	7%	8	6%	–	0%	13	4%
Central and Eastern Europe and Central Asia	13	18%	23	18%	–	0%	36	11%
Global	7	9%	–	0%	134	100%	141	42%
Latin America	7	9%	28	22%	–	0%	35	10%
Middle East	8	11%	11	9%	–	0%	19	6%
Total	74	100%	128	100%	134	100%	336	100%

* Totals may not add up to 100 per cent due to rounding.

** Activities under the "global" category are not targeted at a specific region but include activities such as Geneva-based courses, distance learning, internship programmes and an advisory role on legal issues.



Technical cooperation and training



336

technical assistance
activities in 2018



Over

60%

of all participants
accessed their
training through
e-learning resources.

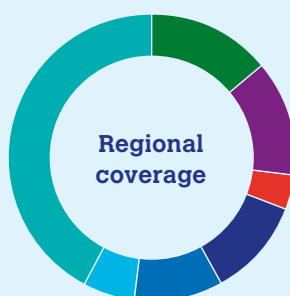


22%

increase over 2017

21,600

participants



- 14% Africa
- 13% Asia Pacific
- 4% Caribbean
- 11% Central and Eastern Europe and Central Asia
- 10% Latin America
- 6% Middle East
- 42% Global

11 per cent for Central and Eastern Europe and Central Asia, 10 per cent for Latin America, 6 per cent for Middle East countries and 4 per cent for the Caribbean (see Table 1). The remaining 42 per cent were “global” activities, mostly held in Geneva (including online courses), aimed at participants from all WTO members and observers. In line with the demand-driven approach, approximately 38 per cent of all activities were delivered at the national level in countries where a specific need was identified.

Participation levels

Approximately 21,600 participants undertook technical assistance activities in 2018, a 17 per cent increase from the previous year.

Women represented 47 per cent of participants for all WTO technical assistance activities in 2018, an increase of two percentage points compared with 2017. Roughly 60 per cent of participants undertook technical assistance in English, 17 per cent in Spanish and 16 per cent in French. Another 7 per cent of participants benefited from multilingual training.

Technical assistance continued for countries seeking to join the WTO (see Figure 1 on page 30), with some 570 government officials invited to participate in approximately 100 technical assistance events.

Internship programmes

In 2018, the majority of officials completing WTO internship programmes were from LDCs and other low-income countries in Africa and the Asia and Pacific regions. Sixteen candidates completed the French and Irish Missions Internship Programme, five candidates completed the Regional Coordinator Internship Programme and three completed the Accession Internship Programme.

WTO internship programmes offer government officials hands-on experience in WTO activities. The Netherlands Trainee Programme, the French and Irish Missions Internship Programme, the Regional Coordinator Internship Programme and the Accession Internship Programme give priority to applicants from Africa and LDCs, to small, vulnerable economies and to countries in the process of joining the WTO.



Fifteen young professionals took part in the 2018 Young Professionals Programme.



Young Professionals Programme

Following a merit-based selection process, 15 young professionals were recruited for the Young Professionals Programme in 2018. The programme was launched in 2016 to increase the representation of professionals from nationalities currently under-represented at the WTO Secretariat. Funded by the Global Trust Fund, the programme aims to improve the chances of the young professionals being recruited by the WTO and/or other regional and international organizations. All the young professionals came from members currently with no professional staff in the WTO Secretariat.

The young professionals were hosted by several divisions in the Secretariat and were supervised by WTO staff. Their tasks ranged from contributing to Secretariat working documents, attending meetings and preparing minutes to co-delivering technical assistance presentations and assisting in the organization of the WTO's Public Forum.

Financing technical assistance

The bulk of the technical assistance programme is financed by the Global Trust Fund, which receives voluntary contributions from WTO members.

Excluding some annual fluctuations, there has been a steady decrease in voluntary contributions for a decade, with fewer donors and lower contributions. In 2018, one major contributor resumed support for the programme, leading to a 23 per cent increase in the grants received by the fund during the year, with the total reaching CHF 7.4 million.

For the first time in four years, technical assistance expenses rose by 8 per cent in 2018. Expenses continued to exceed contributions and the year-end balance in the fund was further reduced.

Other funding sources include the WTO regular budget for Geneva-based courses and national technical assistance activities – approximately CHF 4.5 million for 2018 – and contributions from other trust funds (such as the French and Irish Missions Internship Programme and the China Programme), which totalled CHF 1.6 million in 2018.



Outreach

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Background on outreach

The WTO maintains regular dialogue with the business community, non-governmental organizations, parliamentarians, other international organizations, the media and the general public to enhance cooperation and raise awareness of trade issues.

8



Spotlight:

Trade Dialogues

In June, the WTO facilitated a second “Trade Dialogue” at the WTO’s headquarters, bringing together over 60 senior business representatives to discuss trade-related issues and challenges. Their recommendations on strengthening global trade were presented in October during the WTO Public Forum.

Hosted at the request of the private sector, the International Chamber of Commerce (ICC) and B20 Argentina, the business arm of the G20, the one-day meeting drew participants from small and large enterprises, from developed, developing and least-developed countries and a variety of sectors.

The discussions, which continued beyond the June meeting, resulted in a series of recommendations on how to reinforce global trade and investment in support of inclusive growth and development, together with a declaration of support for the WTO. The main topics – sustainable development, e-commerce, investment facilitation, and micro, small and medium-sized enterprises (MSMEs) – stemmed from priorities identified at the Business Forum held in December 2017 alongside the WTO’s 11th Ministerial Conference in Buenos Aires.

Business representatives sent a strong message of support for the WTO and the rules-based multilateral trading system, stressing its role in creating economic stability and supporting growth, development and job creation. Participants at the Trade Dialogues event

highlighted the negative impact of protectionism and called for businesses to speak up for an open, rules-based trading system.

DG Azevêdo addressed the opening session. “The level of engagement from the private sector in the WTO keeps rising, and I think that today’s event will provide real food for thought for WTO members as they take forward their work. I also heard a strong desire from business to keep this conversation going and to keep building this constructive partnership,” he said.

The first “Trade Dialogue” was held in 2016. The initiative aims to bring together a wide range of stakeholders, including labour organizations, consumer bodies, business and academics, to discuss trade concerns.

The opening session of the 7 June 2018 event was followed by four break-out sessions where participants engaged in small groups on the main topics identified by the business community as priorities. Business representatives also heard updates on the work conducted at the WTO in these areas since the Ministerial Conference.



Business representatives sent a strong message of support for the WTO and the multilateral trading system.



The sessions were chaired by four “discussion leaders”:

- Sunil Bharti Mittal, former ICC Chairman
- Paul Polman, ICC Chairman
- Daniel Funes de Rioja, B20 Chair
- Fernando Landa, B20 Policy Sherpa

At the final session, the discussion leaders and other participants presented the main messages from the working sessions to WTO members. DG Azevêdo and the Chair of the WTO General Council, Ambassador Junichi Ihara (Japan), also attended.

Mr Polman told the final session: “Governments are increasingly making plans to align global trading policies with national development approaches, to accelerate progress towards the Sustainable Development Goals. It is critical that new forms of innovation and cooperation continue to be explored, amongst business, government and multilateral institutions. That is why dialogues – such as today’s – are necessary.”

The Trade Dialogue participants used the Public Forum in October (see page 150) to share their recommendations with a wider audience. On 2 October, a public session was held by the ICC and the B20 Argentina, where the chairs of the four groups outlined their recommendations.

Business representatives reaffirmed their “strong support for the WTO” and stressed that the “stability, predictability and transparency” provided by the multilateral trading system are crucial for

supporting growth, development and job creation. They underlined the need for ongoing multilateral negotiations and discussions at the WTO to ensure the system “remains responsive and well-equipped” to deal with trade-related and other modern, global economic issues.

DG Azevêdo told the session that it is vital that business “engage with governments directly, and with other stakeholders who also inform WTO members’ positions. This must be a constant process.”

The business recommendations included a call for a common and inclusive approach on a coherent regulatory framework for e-commerce and for the WTO to lead the way in aligning best regulatory practices to facilitate trade and investment. “The business community strongly supports the Joint Initiative on Investment Facilitation at the WTO, and stands ready to contribute to the development of a multilateral framework to facilitate investments.”

On sustainable development, business leaders said they support ongoing WTO work on fisheries subsidies and agriculture as well as initiatives on environmental goods and services. “Business stands ready to actively participate to help finding appropriate and workable outcomes on these issues,” the recommendations said. On MSMEs, the recommendations recognized the progress made through the Joint Initiative on MSMEs (see page 51) and encouraged increased dialogue on trade between governments and the private sector.

Relations with non-governmental organizations

- **Non-governmental organizations (NGOs) were kept up to date on WTO activities through briefings, workshops and their attendance at various events.**
- **They were the second-largest group at the WTO's annual Public Forum.**

Background on relations with NGOs

The WTO maintains regular dialogue with civil society organizations to enhance cooperation and increase their awareness of WTO activities and the multilateral trading system. Maintaining and strengthening the relationship with civil society remains important for increasing transparency and increasing public awareness of the work of the WTO.

The WTO kept NGOs informed of its activities through workshops, briefings and a series of WTO events to which they were invited, notably the 2018 Public Forum.

The WTO Secretariat regularly briefed NGOs on the status of work in WTO bodies and in trade negotiations. To further encourage interaction with WTO members, NGOs are invited to submit position papers on trade-related topics. In 2018, six papers were received containing analysis and commentary on topics being addressed in the agricultural negotiations. These are available on the WTO's NGO webpage.

In October, the WTO and the Friedrich Ebert Stiftung held a three-day regional workshop in Nairobi, Kenya, for civil society, business and media from East Africa. Discussions among the 39 participants focused on the WTO's scope and functions, ongoing negotiations and issues relevant to the region, such as the role of trade in the Sustainable Development Goals, the digital economy, regional trade developments and trade

facilitation initiatives. Participants stressed that trade offers both challenges and opportunities in these areas and that regional cooperation and experience-sharing is key for making progress.

In 2018, NGOs had the opportunity to attend three dispute hearings which were opened to the public. These concerned two cases: US – Large Civil Aircraft (2nd complaint), a compliance complaint brought by the European Union; and US – Differential Pricing Methodology, a case brought by Canada.

Public Forum

In October, the Public Forum, the WTO's biggest outreach event, attracted over 2,500 participants from over 100 countries, including many NGOs. NGOs organized 17 sessions and accounted for 14 per cent of participants, the second largest group after business (see page 155). The sessions organized by NGOs covered topics ranging from inclusiveness and technology-enabled trade to sustainable trade.

Our World Is Not for Sale organized a Public Forum session on making the multilateral trading system more sustainable and inclusive.



Contact with parliamentarians

- The 2018 Parliamentary Conference on the WTO attracted more than 300 members of parliament (MPs) representing more than 100 countries to the two-day meeting held at the WTO.
- The conference discussed WTO reform and the trade impact of rapid technological change. MPs urged WTO members to strengthen the multilateral trading system.

Background on contact with parliamentarians

Parliamentarians play an important role in the multilateral trading system. Any deal resulting from intergovernmental negotiations at the WTO will, in most cases, need approval from legislators. The WTO seeks to maintain an open dialogue with parliamentarians and to help them gain a deeper understanding of the organization and its work.

The 2018 Parliamentary Conference on the WTO, meeting on 6-7 December at the WTO, discussed WTO reform and the effect on trade of rapid technological change, including digitalization, robots and artificial intelligence. The conference urged WTO members to strengthen the multilateral trading system, with the WTO as its cornerstone.

MPs were addressed by WTO Deputy Director-General Xiaozhun Yi, Chair of the WTO General Council Ambassador Junichi Ihara (Japan) and Vice President of the European Parliament Mr Fabio Massimo Castaldo, as well as by several Geneva-based ambassadors. All highlighted the importance of WTO reform and indicated the need to tackle issues such as the digital economy and the functioning of the WTO dispute settlement system.

DDG Yi stressed that at a time of heightened trade tensions it is more critical than ever for WTO members to find a way forward. He recalled the successes of the WTO and said there are now persistent voices for the need to reform the multilateral trading system while noting that not all members agree. He reiterated the WTO's firm commitment to working with parliamentarians as they are "the key transmission belt between international institutions, negotiations and the public in general".

The Steering Committee of the Inter-Parliamentary Union (IPU) on WTO matters met in April 2018 in Brussels and in Geneva during the WTO Public Forum (see page 150). The IPU is the international organization of parliaments. Deputy Director-General Yonov Frederick Agah, senior WTO staff and Geneva-based ambassadors briefed legislators on important issues facing the multilateral trading system.

A parliamentary session was held during the Public Forum on "Sustainable development in trade agreements". Speakers included members of the European Parliament and the National Assembly of Senegal as well as a representative of the International Labour Organization.

Regional workshops and meetings

In 2018, the WTO organized three regional workshops for parliamentarians: in Vienna (co-organized with the Joint Vienna Institute) for MPs from Central European, Central Asian and Caucasus countries; in Belgrade (organized jointly with the Parliamentary Assembly of the Mediterranean) for MPs from the Mediterranean area; and in Singapore (with the TEMASEK Foundation) for MPs from Asia. The three events drew over 180 MPs.



Spotlight: Public Forum 2018

The Public Forum debated how technological and other developments will affect trade in 2030. It attracted over 2,500 participants and staged a record number of sessions – 111 – on its themes of sustainable trade, technology-enabled trade and a more inclusive trading system. For the first time, the Forum held a session organized entirely by youth.



Policy-makers and representatives of government, business, workers, consumers and civil society (see Figure 1) came together at the 2018 Public Forum in October for three days of debate on how technological and other developments will affect trade in 2030 and beyond, and how to manage the major social and economic challenges technological change will bring.

Under its main theme of “Trade 2030”, the WTO’s biggest outreach event attracted over 2,500 participants from over 100 countries, with a record number of 111 sessions taking place.

High-level sessions

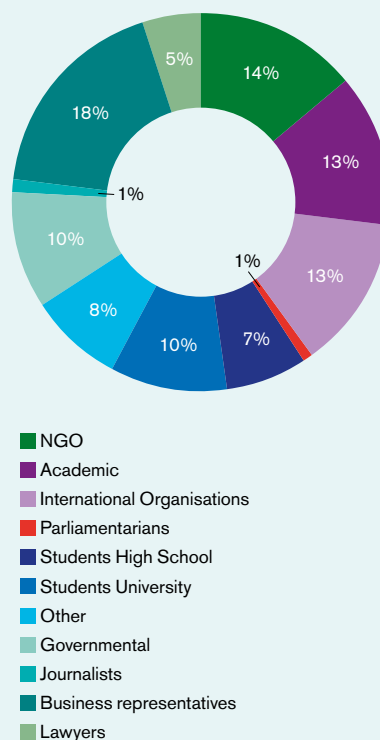
Keynote speakers at the opening plenary session stressed the importance of innovation and flexibility in adapting to the new global trading environment. DG Azevêdo underlined the need “to set a path towards better global trade by 2030 – trade that is even more sustainable and inclusive. We can’t put progress on hold until we’re ready. We have to start talking now. We have to get involved.”

Jack Ma, co-founder of the Alibaba Group, sounded an optimistic note. “All these things will fundamentally change the way we do trade, but for sure most businesses will benefit. We will create

a lot more jobs than we expected,” he said. Other speakers included: Erik Solheim, former Executive Director of the UN Environment Programme, Christine Bliss, President of the US-based Coalition of Services Industries (CSI) and two young entrepreneurs, Laura Behrens Wu, CEO and co-founder of Shippo, a multi-carrier shipping platform, and Tunde Kehinde, co-founder of Lidya, a finance company for small business.

The Forum saw the launch of the WTO’s flagship publication, the World Trade Report, which focuses on how digital technologies, such as artificial intelligence, 3D printing and Blockchain are transforming trade. A panel of experts, while optimistic about the future, agreed that digital technologies pose challenges to global trade regulation and that governments must work hard for coordinated solutions.

Figure 1: Public Forum participation in 2018





A high-level leadership dialogue on “Making Trade Work for the Environment, Prosperity and Resilience” (see page 96) was hosted by Mr Solheim and DG Azevêdo. “We must do everything we can ... to unlock trade in green sectors and move us towards more sustainable ways of consuming and producing. When we do this, we will find huge opportunities for prosperity and jobs,” Mr Solheim said.

Youth

For the first time, the Forum held a session organized entirely by youth. The session was based on a report prepared by the Global Shapers Community, a network of young people. Sixty city-based hubs from 42 countries, representing 800 young people, contributed to the report.

Participants highlighted that digital technology will redefine the workplace and business processes but many countries are ill-prepared to embrace the impact of new technologies. As “the generation of tomorrow”, they called for a “seat at the table” in order to shape the trade policies of the future.

Side events

A record number of 27 exhibitors, including international organizations and businesses, showcased their products and work relating to trade. Among them were companies offering innovative and sustainable technological solutions that are contributing towards greener, more inclusive economies. Exhibitors included Universal Robots, which displayed one of the robots that is changing the future of manufacturing.

The WTO Bookshop and Library organized three “Meet the Author Sessions” at which authors discussed their recent titles.

Small Business Champion

The Institute of Export and International Trade was declared a “Small Business Champion” (see page 156).



Cooperation with other intergovernmental organizations

- G20 leaders recognized the contribution of the multilateral trading system to economic growth but called for reform to improve its functioning.
- The WTO continued to work closely with other international organizations to promote the Sustainable Development Goals and to assist developing countries in maximizing the benefits of trade.
- DG Azevêdo attended the G20 summit and took part in events organized by the UN, the World Bank, the IMF, the OECD and others.
- Addressing the OECD Council Meeting in May 2018, DG Azevêdo said the stability of the trading system is fundamental to global economic wellbeing.

Background on cooperation with other international organizations

The WTO works closely with other intergovernmental organizations and regional bodies, especially those involved in trade-related issues. This cooperation helps to ensure coordinated action and a consistent approach to international trade policies.

G20

In November, DG Azevêdo attended the leaders' summit of the G20 group of countries in Buenos Aires, Argentina. In a communiqué issued at the end of the summit, leaders emphasized the important contribution of the multilateral trading system to growth, productivity, innovation, job creation and development. They also recognized that "the system is currently falling short of its objectives and there is room for improvement. We therefore support the necessary reform of the WTO to improve its functioning. We will review progress at our next Summit [in Osaka, Japan, in June 2019]."

"With this statement, the leaders underline the vital importance of trade and of the multilateral trading system," DG Azevêdo said. Noting the leaders' call for improvements and reforms, the Director-General said he will "work with WTO members to take this forward in the interests of all". In September, DG Azevêdo had also attended the G20 Trade and Investment Ministerial Meeting in Mar del Plata, Argentina, setting the stage for a productive discussion on trade by G20 leaders.

With the United Nations Conference on Trade and Development (UNCTAD) and the Organisation for Economic Co-operation and Development (OECD), the WTO continued to publish six-monthly reports on trade and investment measures in G20 countries. The November report showed a significant increase in the number and coverage of trade-restrictive measures, providing an insight into the measures imposed in the context of current trade tensions (see page 106).

The WTO contributed widely to trade discussions, notably in the G20 sherpa context and in the G20 working group on trade and investment. The International Monetary Fund (IMF), the World Bank, OECD and the WTO organized a conference during the IMF and World Bank annual meeting in Bali in October, bringing together policy makers and experts from G20 and other countries to discuss how global trade promotes growth and can benefit everyone. Together with the IMF and the World Bank, the WTO provided a background study on "Reinvigorating Trade and Inclusive Growth", which was launched by the heads of the three organizations (see page 109).

OECD

DG Azevêdo addressed the OECD Ministerial Council in May 2018, telling the meeting that the WTO is essential in resolving growing trade tensions but that this requires WTO members' active support for the system itself. "The stability of the trading system is fundamental to our economic wellbeing. Yet it is simply taken for granted. So we need to strengthen and safeguard the system," he said.

The OECD and the WTO cooperate in a wide range of areas, including in the trade in value-added (TiVA) database, launched in 2013. They also cooperate to improve the measurement of digital trade (see page 165). The OECD and WTO are also working together in the development of trade facilitation indicators (TFIs). This interactive web tool covers 152 countries. The TFIs identify areas for action and assess the potential impact of trade facilitation reforms so that governments can prioritize action and mobilize technical assistance.



DG Azevêdo participated in the G20 summit in Buenos Aires.



In cooperation with the OECD, the WTO launched the WTO iLibrary (www.wto-ilibrary.org), a new platform that brings together all the WTO's key research material on global trade (see page 159).

United Nations

DG Azevêdo attended meetings of the United Nations Chief Executives Board (CEB), a high-level body composed of the executive heads of UN agencies, funds and programmes as well as the executive heads of the IMF, the World Bank and the WTO. During the CEB spring meeting, held in London, DG Azevêdo presented to the UN Secretary-General António Guterres the WTO publication on "Mainstreaming Trade to Attain the Sustainable Development Goals" (see page 131).

The WTO is part of the UN Secretary General-led High-Level Task Force, which brings together 23 UN agencies and international organizations to provide policy coordination and political leadership to achieve the SDGs related to food security and to sustainable agriculture and food systems. The WTO also works closely with the UN Secretariat on trade-related targets in the Agenda 2030 for Sustainable Development.

During the Public Forum 2018, the WTO and UN Environment co-hosted a leadership dialogue and released a joint publication on "Making Trade Work for Environment, Prosperity and Resilience" (see page 96).

UNCTAD, the International Trade Centre (ITC) and the WTO jointly produce quarterly and annual statistics on international trade in services. They also combine in statistical capacity-building activities, including training courses and e-learning courses. Experts from the WTO Secretariat and UNCTAD met at the WTO in March 2018 to discuss how to better measure trade in services in the digital age. The event was the first in the "Simply Services" speaker series, an informal platform for sharing the latest information on trends in services trade.

The WTO's cooperation with the UN Economic and Social Commission for Asia and the Pacific

(UNESCAP) has grown, particularly in the areas of technical assistance and economic research. In 2018, the WTO and UNESCAP agreed to work together on a research project to better understand the impact on the economies of former LDCs when they graduate to developing country status. This research will be accompanied by technical assistance to graduating LDCs so that they can efficiently manage the transition.

ITC

The WTO and UNCTAD jointly sponsor the ITC, a trade-promotion body for developing countries. The WTO also collaborates with the ITC and UNCTAD in the annual publication of the World Tariff Profiles (see page 164).

The WTO works closely with the ITC to help developing countries implement and benefit from WTO agreements. The two organizations work together on the Business for Development initiative, which aims to help the private sector in developing countries define national priorities for WTO negotiations and make governments aware of business concerns.

The ITC's Joint Advisory Group (JAG) meets annually to make recommendations on the ITC's work programme. The 52nd session of the JAG was held in July at the WTO.

Other intergovernmental organizations

With the World Bank, the WTO launched a joint publication in December (see page 163) – "Trade and Poverty Reduction: New Evidence of Impacts in Developing Countries" – highlighting the need for policies to maximize trade gains for the extreme poor in developing countries.

The WTO is actively involved in the G20 Agricultural Market Information System (AMIS). The WTO undertook to continue helping AMIS in ensuring increased transparency in international commodity markets and improving policy coordination as part of the collective effort to address global food security.



Contact with the media

- The WTO's media team handled a growing number of queries as a result of mounting trade tensions and calls for reform of the WTO.
- The WTO increased its outreach to journalists, organizing a workshop for Latin American journalists in Mexico City and a seminar in Geneva for journalists from English-speaking countries in Africa, the Caribbean and Asia.

The WTO media team handled a growing number of queries from journalists about the organization's role in safeguarding the multilateral trading system in view of mounting global trade tensions and calls by WTO members for reform of the organization. International correspondents came to Geneva to undertake profiles of the WTO and to speak with senior officials from the WTO Secretariat and members' missions.

Thirty-one press briefings were held in 2018, almost half of them on dispute settlement. In April, DG Azevêdo briefed journalists on the WTO's annual trade outlook. In July, he was invited by the Geneva Association of UN Correspondents (ACANU) to brief its members.

The WTO's flagship outreach event, the Public Forum (see page 150), attracted strong media interest. Journalists were also invited to attend a number of special events at WTO headquarters, including three workshops and three book launches.

The WTO received 234 requests for registration to the online newsroom, where journalists can access press releases and publications under embargo. This was slightly up on the previous

year's 226. The total number of accredited journalists registered was 1,933, against 1,917 in 2017.

Outreach

The WTO organizes workshops for journalists to help them gain a better understanding of the WTO and the rules-based trading system. One was held for Latin American journalists in Mexico City. Under-Secretary of Foreign Trade Juan Carlos Baker opened the workshop and panellists included Mexican Ambassador to the WTO Roberto Zapata and former Appellate Body Chair Mr Ricardo Ramírez-Hernández.

Over 40 journalists took part in the workshop – 29 invited participants from 14 countries plus local media. The workshop covered a wide range of issues, from WTO reform to trade and climate change and the importance of the agriculture sector in Latin American economies.

The WTO invited 14 journalists from 12 English-speaking countries in Africa, the Caribbean and Asia to Geneva in December for a seminar. The programme touched on the new challenges of international trade and ways of using trade as an engine for growth and development.

Fourteen journalists from Africa, the Caribbean and Asia took part in a seminar at the WTO in December.



Contact with the business community

- The business community presented at the WTO's Public Forum its recommendations on how to reinforce global trade.
- DG Azevêdo welcomed the support of the business community for strengthening the multilateral trading system.

Background on contact with the business community

Business and the WTO have always been closely connected. The private sector is a major beneficiary of transparent and predictable trade rules and obligations. Business is an important interlocutor for both governments and the WTO. It is actively involved in the multilateral trading system and participates in public activities of the WTO.

Recommendations on reinforcing global trade

The International Chamber of Commerce (ICC) and B20 Argentina, the business arm of the G20, presented at the WTO Public Forum in October recommendations on how to reinforce global trade in support of inclusive growth and development. The recommendations build on the outcomes of the Business Forum held in Buenos Aires at the end of 2017 and the "Trade Dialogues" meeting (see page 146) held at the WTO in June 2018. They cover e-commerce, investment facilitation, small businesses and sustainable development.

The business community formed the largest grouping at the 2018 Public Forum (see page 150), with around 230 business representatives attending debates and meetings on the theme of "Trade 2030". The business community organized and co-organized 26 sessions during the three-day event, covering topics such as inclusive and sustainable trade and technology-enabled trade.

The Trade Dialogues session at the Public Forum was led by ICC Secretary General John Denton, B20 Chair Daniel Funes de Rioja and B20 Policy Sherpa Fernando Landa. DG Azevêdo delivered the opening remarks. "Reaching consensus

amongst businesses is just one element of the equation. You also have to bring your ideas and suggestions to the members themselves, and work with them to drive your issues forward ... I am delighted you are using the Public Forum for this continued exchange," he said.

Secretary General Denton said: "We know it is a particularly challenging time for the multilateral trading system and the point we made when we met in June was that the ICC stands willing and able to engage in constructive discussions to facilitate a continuing role for multilateralism in global commerce."

During a visit to Buenos Aires in October, where he attended the B20 Summit, DG Azevêdo welcomed the support of the business community for strengthening the multilateral trading system.

Small Business Champions

The Institute of Export and International Trade (UK) was announced as a new Small Business Champion and three more successful proposals were named under the ICC and WTO Small Business Champions initiative, which the two organizations launched in August 2017 (see page 156).

Other contact with businesses

Throughout the year, WTO officials met with members of the business community visiting Geneva and held meetings with business representatives during visits overseas. The issues most frequently discussed included the state of play in the WTO's trade negotiations, trade tensions and the Appellate Body impasse.



The ICC and B20 presented recommendations on how to reinforce global trade at the 2018 Public Forum.



Spotlight:

Small Business Champions initiative

The WTO and the International Chamber of Commerce (ICC) declared the UK's Institute of Export and International Trade as the second ICC-WTO Small Business Champion. Google was named as the first in 2017. Encouraging micro, small and medium-sized enterprises (MSMEs) to trade internationally and raising awareness about the difficulties they face was the motive behind launching the Small Business Champions initiative.

MSMEs play vital roles in national economies, particularly in terms of providing innovation, growth and job creation. Yet their share in international trade is relatively small. The initiative, launched in August 2017, called on companies and private sector organizations around the world to come up with innovative and practical proposals for encouraging and assisting MSMEs to do business across borders.

The Institute of Export and International Trade's proposal was to run a competition – “Open to Export International Business Award” – aimed at encouraging small businesses around the world to begin trading internationally. It provided support, training and the online tools to help small businesses put together a “global growth action plan”.

Alan Chanda, CEO of Dytech Limited, a Zambia-based honey producer, won the Export Business Award.

During the Public Forum, 12 finalists pitched their “export action plans” to a panel of judges for the chance to win a package of financing and assistance from the Institute. The competition was launched in May and attracted plans from small businesses worldwide. “Running this competition and working with inspiring MSMEs from around

the world has been both humbling and truly inspirational. Thank you to the WTO and ICC for supporting it,” said Lesley Batchelor, Director General of the Institute of Export and International Trade, in announcing the result.

The winner was Dytech Limited, a Zambia-based honey producer. “I’m flabbergasted,” said Alan Chanda, co-founder and CEO of the social enterprise. “There were so many people with interesting ideas from around the world, and I’m extremely thankful that I’ve been chosen to go back home with a smile on my face.”

About 10 per cent of Dytech’s eco-friendly honey is bottled, branded and sold in 150 shops across Zambia while the rest is sold in bulk. The company has sold to customers in South Africa to the tune of 90 tons a year. It is now targeting new markets and will soon export to Germany and China for the first time.

Besides the Institute, the other three successful proposals in 2018 were from eBay, Brazil’s National Confederation of Industry and the Asian Association of Business Incubation.



The UK's Institute of Export and International Trade was announced as an ICC-WTO Small Business Champion.



Winners of a competition launched by Google, the first Small Business Champion, attended a masterclass at Google headquarters.



The “eBay Emerging Markets Initiative” aims to help motivated MSMEs in Latin America, the Middle East and North Africa leverage the eBay marketplace to reach developed market consumers. The project aims to provide training on key online commerce issues, a package of promotional eBay services and support and showcase successful project participants.

Under its project “Small Business Without Barriers”, Brazil’s National Confederation of Industry has conducted a range of activities, including surveying more than 400 small businesses to identify the difficulties they face in trading internationally, conducting capacity-building roadshows and providing training through brochures, online courses and videos.

The proposal by the Asian Association of Business Incubation aims at helping small businesses in Asia’s technology sector by matching them with

partners to assist them in areas such as cross-border technology transfer and identifying new trading opportunities.

The call for proposals for the business champions initiative closed in December 2018, with seven proposals having been accepted. They will be recognized as small business champions following the successful conclusion of their project.

A video competition launched by Google in partnership with the WTO and the ICC was the first successful proposal under the Small Business Champions initiative. The three small business winners of the competition were invited by Google to its headquarters in Mountain View, California, in May 2018 to participate in a “master class” in digital skills for export. Following the successful completion of its project, Google was confirmed as the first Small Business Champion.

Contact with the public

- The WTO website attracted over 2.3 million visits a month.
- The WTO's social media channels grew by almost 10 per cent in 2018.
- WTO videos were watched over 750,000 times on social media over the year.
- The WTO issued over 60 publications and launched the WTO iLibrary containing over 1,000 publications and reports.

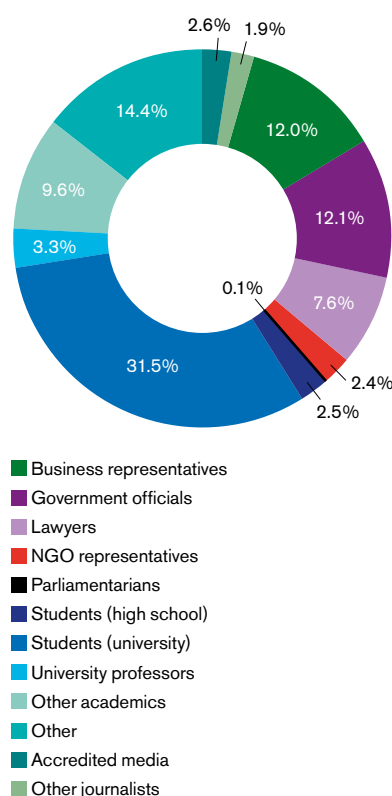
WTO website

The WTO website attracted over 2.3 million monthly visits in 2018, over 20 per cent more than the year before. Of these visits, 14.0 per cent were from the United States, 13.6 per cent from China, 10.2 per cent from Russia and 4.3 per cent from India. Total page views rose to 60.8 million from 50.1 million in 2017. Over 460 news items were published on the site in 2018.

The most downloaded files were the WTO's flagship publications, the World Trade Statistical Review 2017 (111,400 downloads), the World Trade Report 2017 (41,200) and the Annual Report 2018 (over 25,000). The most popular video posted on the WTO website, with 7,700 views, was about the 20th anniversary of the WTO while a video on global value chains had over 7,000 views. The "Trade Changes" video from the 2017 Public Forum, which illustrates how trade changes, challenges and connects people, continued to attract attention, with 6,000 views.

Some 87,500 people have registered to receive email alerts for WTO news items (see Figure 2). The largest numbers of registrations are from India (11 per cent), the United States (7 per cent), Mexico (5 per cent), Colombia (4 per cent), France (4 per cent) and China (3 per cent).

Figure 2: People registered to receive email alerts, as of end-2018



WTO website

2.3m

monthly visits to the
WTO website in 2018



20%
increase over 2017

Visitors to the website



14%
from the
United States



10%
from the
Russian Federation



14%
from
China



4%
from India



Social media followers 2018

4,248



Instagram

74,205



LinkedIn

293,736



Facebook

361,516



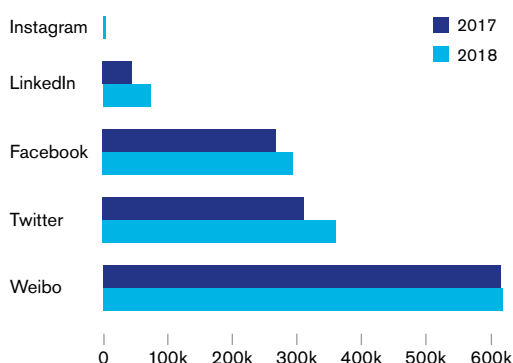
Twitter

618,466



Weibo

Figure 3: Growth in numbers of followers of the WTO on Facebook, Instagram, LinkedIn, Twitter and Weibo



Social media

The WTO is active on social media, providing regular updates about WTO activities to journalists, business people, academics and the general public. Posts about the Young Professionals Programme (see page 143), the Public Forum (see page 150) and news about WTO activities attracted the highest level of interactions. Material showcasing the history of the WTO was also very popular.

In 2018, the WTO increased its offering of social media content in official languages other than English. The organization's Instagram presence has grown, using content developed especially for the platform's public. At the end of the year, the WTO's three institutional Twitter accounts had more than 360,000 followers, its Facebook page had nearly 300,000 "likes" and its page on Weibo, a Chinese social media platform, had 618,000 followers (see Figure 3).

WTO videos

In 2018, the WTO expanded the publication of videos in Spanish and French. Video production made use of diverse formats to cater to different audiences on the WTO website and on social media platforms. The most popular videos showcased the history of the WTO and highlighted trade statistics and forecasts. WTO videos were watched over 750,000 times on social media over the year.

Visiting groups

In 2018, the WTO welcomed 235 visiting groups (over 6,600 people). The presentations provided to these groups mostly covered the WTO's history, functions and current work. Some groups requested presentations on specific topics, primarily dispute settlement, agriculture, development and intellectual property rights.

Most of the presentations were given in English (153) while 32 were given in French, 12 in Chinese, nine in Russian, seven in Spanish and five in Korean. Three presentations each were

given in Arabic, German and Italian, two each in Portuguese, Thai and Ukrainian, and one each in Swedish and Vietnamese.

WTO publications

The WTO's publications programme was very active, issuing 63 publications and adding interactive apps of the Annual Report and the World Trade Report to its app library. The WTO held six high-level book launches in 2018, including co-publications with UN Environment (see page 96) and the World Bank (see page 109) and a new two-volume publication on the dispute settlement system under the General Agreement on Tariffs and Trade (GATT) to mark the 70th anniversary of the GATT.

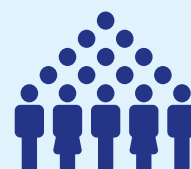
Most WTO publications can be downloaded free of charge in the WTO's three official languages, English, French and Spanish. Printed copies can be purchased from the WTO's online bookshop (<http://onlinebookshop.wto.org>). The WTO's apps are available free of charge from the App Store and Google Play. The WTO's Publications Facebook page has over 49,000 followers and its Twitter page has over 69,000 followers. A digital newsletter, "Book News", is regularly sent to 85,000 recipients.

In September, the WTO launched the WTO iLibrary (www.wto-ilibrary.org), a new dynamic research tool that brings together for the first time, into one self-contained area, all the WTO's key research material on global trade. Developed in cooperation with the Organisation for Economic Co-operation and Development (OECD), the WTO iLibrary contains over 400 titles published by the WTO or co-published with other international organizations, over 30 titles co-published with Cambridge University Press, over 200 WTO working papers, comprehensive statistical data on world trade and over 400 dispute settlement reports.

Visiting groups

235

visiting groups



6,640

people in total



Contact with the public
www.wto.org

Flagship publications



Annual Report 2018

ISBN 978-92-870-4507-2 | CHF 50

The Annual Report contains a message from the Director-General, an overview of the past year and in-depth accounts of the WTO's various areas of activity.



World Trade Report 2018 app

Free

The World Trade Report 2018 app features an interactive quiz that tests users' knowledge of how digital technologies are transforming global commerce, and links to the full text of the Report.



Annual Report 2018 app

Free

The Annual Report app features an interactive quiz that tests users' knowledge of the WTO and links to the full text of the Report.



World Trade Statistical Review 2018

ISBN 978-92-870-4623-9 | CHF 50

The World Trade Statistical Review 2018 provides a comprehensive overview of the latest developments in world trade, covering both trade in goods and services and trade in value-added terms.



World Trade Report 2018

ISBN 978-92-870-4501-0 | CHF 50

The 2018 World Trade Report analyses how digital technologies are transforming global commerce and how trade is likely to evolve as a result of these technologies, such as 3D printing, artificial intelligence and Blockchain.

Other annual publications



Trade Profiles 2018

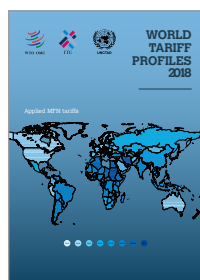
ISBN 978-92-870-4629-1 | CHF 50

Trade Profiles 2018 provides key indicators on trade in goods and services for 196 economies, highlighting each economy's major exports and imports and main trading partners.



Trade Policy Reviews

In 2018, 17 Trade Policy Reviews were published, analysing the trade policies and practices of Bolivia, Cambodia, China, the European Union, The Gambia, Guinea, Iceland, Jamaica, Japan, Malaysia, Mexico, Paraguay, the Philippines, Mauritania, Montenegro, Switzerland and Liechtenstein, and the West African Economic and Monetary Union.



World Tariff Profiles 2018

ISBN 978-92-870-4635-2 | CHF 50

World Tariff Profiles 2018 provides comprehensive information on the tariffs and non-tariff measures imposed by over 170 countries and customs territories. Co-published with ITC and UNCTAD.



Dispute Settlement Reports 2017

Eight volumes were produced in 2018, providing the full texts of panel reports, Appellate Body reports and arbitration awards issued by the WTO in 2017. Co-published with Cambridge University Press.



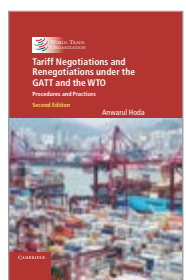
New publications



The WTO Agreements: The Marrakesh Agreement Establishing the World Trade Organization and its Annexes

ISBN 978-1-108-43843-8 | CHF 50

This publication contains the text of the WTO's founding agreement, the 1994 Marrakesh Agreement Establishing the World Trade Organization, and its Annexes, including all amendments and additions up to September 2017. Co-published with Cambridge University Press.



Tariff Negotiations and Renegotiations under the GATT and the WTO: Procedures and Practices (2nd edition)

By Anwarul Hoda
ISBN 978-1-107-19433-5 (hardback) | CHF 130

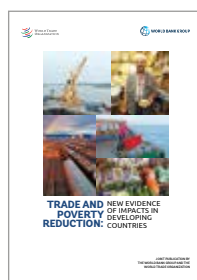
This publication reviews the evolution of the procedures and practices relating to tariff negotiations and renegotiations since the establishment of the GATT, encompassing the ITA expansion and successive enlargements of the European Union. Co-published with Cambridge University Press.



Can Blockchain Revolutionize International Trade?

By Emmanuelle Ganne
ISBN 978-92-870-4760-1 | CHF 40

This publication seeks to demystify the Blockchain phenomenon by providing a basic explanation of the technology. It analyses the relevance of this technology for international trade by reviewing how it is currently used or could be used in the various areas covered by WTO rules.



Trade and Poverty Reduction: New Evidence of Impacts in Developing Countries

ISBN 978-92-870-4521-8 | CHF 40

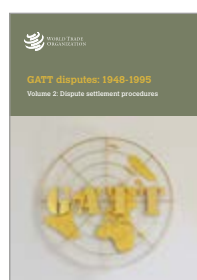
The publication is a follow-up to "The Role of Trade in Ending Poverty", which examined the challenges the poor face in benefiting from trade opportunities. The country-specific approach of this new co-publication complements the global perspective of the previous report. Co-published by the WTO and the World Bank.



GATT Disputes: 1948-1995 Volume 1: Overview and One-page Case Summaries

ISBN 978-92-870-4260-6

Volume 1 provides a comprehensive overview of dispute settlement activities under the General Agreement on Tariffs and Trade (GATT) 1947 and one-page case summaries for each of the 316 GATT disputes brought by contracting parties during this period.



GATT Disputes: 1948-1995 Volume 2: Dispute Settlement Procedures

ISBN 978-92-870-4262-0

Volume 2 compiles documents containing GATT dispute settlement rules and procedures, and other selected documents.



Making Trade Work for the Environment, Prosperity and Resilience

ISBN 978-92-870-4296-5 | CHF 30

This co-publication by the WTO and UN Environment looks at the interplay between trade and the environment and identifies ways to ensure that trade and a healthy environment reinforce each other.



Mainstreaming Trade to Attain the Sustainable Development Goals

ISBN 978-92-870-4272-9 | CHF 30

This publication identifies steps towards ensuring that international trade contributes to achieving the SDGs. By continuing to foster stable, predictable and equitable trading relations across the world, the WTO is playing an important role in delivering the SDGs.



WTO in Brief

WTO in Brief provides a starting point for essential information about the WTO. Concise and practical, this short brochure is an ideal introduction to the WTO.



Economic research activities

- The WTO's flagship World Trade Report says digital technologies will have a profound impact on international trade.
- Together with the IMF, World Bank and OECD, the WTO organizes a conference on how trade can promote growth for all.
- A new study analyses the impact of Blockchain on international trade.
- A WTO-World Bank joint publication shows how gains from trade and inclusiveness can be part of the same debate.

Background on economic research activities

The WTO's Economic Research and Statistics Division organizes regular seminars and conferences as well as online forums involving academics and researchers in Geneva and around the world. These activities include the Geneva Trade and Development Workshop programme. It is responsible for the WTO's flagship publication, the World Trade Report, which aims to deepen understanding about trends in trade, trade policy issues and the multilateral trading system.

The WTO's flagship publication, the World Trade Report, was launched by DG Azevêdo at the WTO Public Forum (see page 150) in October. The report finds that digital technologies, such as artificial intelligence, 3D printing and Blockchain, will have a profound impact on global trade, adding up to 34 percentage points to trade growth by 2030 thanks to lower costs and higher productivity. They will also foster trade in goods such as time-sensitive products, change patterns of comparative advantage and affect the complexity and length of global value chains.

The reduction in trade costs could especially benefit micro, small and medium-sized enterprises and firms from developing countries, provided they can adopt digital technologies. "We are living through an era of unprecedented technological change ... These technologies are reshaping the economy before our eyes," said DG Azevêdo at the report's launch.

In October 2018, the Economic Research and Statistics Division (ERSD) organized with the International Monetary Fund (IMF), the World Bank and the Organisation for Economic Co-operation and Development (OECD) a conference

during the IMF and World Bank annual meetings in Bali to discuss how global trade promotes growth and can benefit everyone. The IMF, World Bank and the WTO launched a study on "Reinvigorating Trade and Inclusive Growth", which says that trade reform has not kept pace with changes in services trade, digital technologies and foreign direct investment. In many other domains, such as the rural economy, gender and small enterprises, trade-related reforms are important to foster more inclusive growth and increase productivity.

In November, ESRD launched "Can Blockchain Revolutionize International Trade?". The publication reviews how the tamper-proof, decentralized record of transactions is used or can be used in areas covered by WTO rules and how the technology could affect cross-border trade. It discusses the potential for reducing trade costs and enhancing supply chain transparency, and reviews challenges that must be addressed before the technology can be widely used.

In December, ESRD organized a conference on "Updating Trade Cooperation: An Economic View". Leading trade economists and the ambassadors of Japan, China, the United States

DG Azevêdo launched the World Trade Report 2018 at the Public Forum.



The WTO and the World Bank co-published “Trade and Poverty Reduction” in 2018.



and Brazil discussed the challenges facing the international rules-based system and the main principles and mechanisms that might make it more sustainable in the future. A WTO-World Bank co-publication on trade and poverty was launched in December 2018. The book – “Trade and Poverty Reduction: New evidence of impacts in developing countries” – presents eight case studies on how trade can help to reduce poverty in developing countries.

In 2018, the Geneva Trade and Development Workshop hosted 24 events. The programme provides a forum for the presentation of cutting-edge research and the exchange of ideas, supports high-quality research and facilitates outreach to policy-makers.

WTO Essay Award for Young Economists

Background on the WTO Essay Award for Young Economists

The WTO established the annual WTO Essay Award for Young Economists in 2009. The award, which carries a prize of CHF 5,000, aims to promote high-quality economic research on the WTO and WTO-related issues and to reinforce the relationship between the WTO and the academic community.

The 2018 WTO Essay Award for Young Economists went to Alonso de Gortari of Harvard University for his paper “Disentangling Global Value Chains”. He received a prize of CHF 5,000. The selection panel named Yuan Mei of the University of Chicago as runner-up for his work “Regulatory Protection and the Role of International Cooperation”.

The winning paper highlights a new feature of global value chains (GVCs) – that they employ specialized inputs tailored to the destination of final-product shipment. For example, the United States accounts for 74 per cent of the foreign inputs in Mexican vehicles sold to US consumers but for only 18 per cent of the inputs of those sold to German consumers. Similarly, the share of German inputs is much higher in cars exported to Germany than in those exported to the United States.

The paper suggests that members of GVCs are substantially more integrated with one another than traditional measures have shown, with the implication that traditional studies substantially underestimate the cost of GVCs being disrupted.

Yuan Mei’s paper studies the effects of product standards regulation on trade and welfare. The key finding is that standards can affect fixed as well as marginal costs of production. The paper shows that the gains from national treatment – the principle of giving others the same treatment as that given to nationals – are relatively small and that the potential for further gains from international standards cooperation can be very large.

Alonso de Gortari is a Mexican national. He received his Ph.D. in economics from Harvard University in 2018. He is currently an IES post-doctoral fellow at Princeton University. He will be joining Dartmouth College as Assistant Professor in 2019.

Yuan Mei is a Chinese national. He received his Ph.D. in Economics from the University of Chicago in 2018. He is currently Assistant Professor of Economics at Singapore Management University.

Selection Panel

The selection panel comprised Dr Avinash Dixit (Emeritus Professor of Economics, Princeton University), Dr Robert Koopman (Director, Economic Research and Statistics Division, WTO), Dr Robert Staiger (Professor of Economics, Dartmouth College) and Dr Alberto Trejos (Professor of Economics, INCAE Business School). Dr Roberta Piermartini (Economic Research and Statistics Division, WTO) coordinated the work of the panel.



Statistics activities

- A new WTO data portal was launched to provide a user-friendly comprehensive online database with a wide range of statistical indicators.
- The WTO continued its collaboration with OECD to produce a global dataset of bilateral trade in services statistics.
- The WTO advanced, with EU funding, an experimental data set on global trade in services by mode of supply.
- The Expert Group on Measuring Digital Trade met to discuss the first draft of a handbook for measuring digital trade.

Background on statistics activities

The Economic Research and Statistics Division supports WTO members and the WTO Secretariat with data on economic and trade policy issues and with technical advisory services on market access negotiations and on the maintenance of goods schedules. The division is the principal supplier of WTO trade statistics and information on tariffs and non-tariff measures. It provides technical assistance for trade policy courses and national workshops and contributes to inter-organizational statistical activities.

WTO data portal

The WTO launched in November its new online database. The WTO data portal brings together a wide range of statistical indicators on international trade, tariffs, non-tariff measures and other WTO-related information.

The new portal, which replaces the statistics database, is a central and user-friendly portal containing all available WTO time series on merchandise trade, trade in services statistics, market access indicators (bound, applied and preferential tariffs), non-tariff information and other indicators. The portal includes user-friendly retrieval functionalities, such as data selection, display and export of all WTO statistical data and official estimates.

Statistical time series and publications

The WTO's flagship statistical publication, "World Trade Statistical Review 2018", offers a detailed analysis of the most recent trends for world trade in goods and services. It also examines trade in value-added terms and the latest trade policy developments, highlighting recent trends in WTO members' use of trade-restrictive and trade-facilitating measures (see page 160).

Two other statistical publications were issued. "Trade Profiles 2018" provides a series of key indicators on trade in goods and services for

196 economies. "World Tariff Profiles 2018", a joint publication of the WTO, the International Trade Centre (ITC) and the United Nations Conference on Trade and Development (UNCTAD), provides comprehensive information on the tariffs and non-tariff measures imposed by over 170 countries and customs territories. The special topic was "Utilization of preferential tariff treatment of products exported by least-developed countries", which examined the preferential market access granted to LDCs to improve their export performance and to what extent these preferential schemes have been utilized.

A new dataset, on trade in services by mode of supply, funded by the European Union, is being developed in cooperation with other international organizations, data compilers and researchers. The release of this experimental data set is planned for 2019. This work follows on from the WTO's cooperation with the Organisation for Economic Co-operation and Development (OECD) to develop a transparent methodology for creating a global dataset of bilateral trade in services statistics by main services categories from 1995 to 2012.

In 2018, the WTO boosted its efforts to improve dissemination of its statistical products. A bulk download online application was introduced to allow users to download all annual data on merchandise trade and trade in commercial services.



Statistical capacity building

The WTO organized a course in Geneva on trade in services statistics, with an emphasis on Africa, assisted by experts from the central banks of France and Italy, the UK Office for National Statistics, UNCTAD, the OECD, the UN Statistical Division, the ITC and the Partnership in Statistics Development in the 21st Century. It focused on best practices for collecting data in services sectors.

In September, the WTO hosted the second thematic course on trade in value added (TiVA) and global value chains (GVCs). The objective was to improve participants' understanding of the policy implications of TiVA and the repercussions of GVCs on trade. During 2018, the WTO provided technical assistance on trade in services and GVC-related statistics in several countries.

The WTO, in cooperation with the UN Development Programme, held a course on goods schedules negotiations for Uzbekistan's accession to the WTO to assist the government in preparing its goods offer.

A national workshop on tariffs and tariff rationalization was delivered at the request of Myanmar to strengthen capital-based officials' understanding of WTO-related issues and to help the country fulfil its notification obligations. Another workshop familiarized capital-based officials from Nigeria with online tools for market access databases as well as requirements for notifications.

International cooperation

In October, the Expert Group on Measuring Digital Trade met under the aegis of the Inter-Agency Task Force on International Trade Statistics (TFITS) to discuss the first draft of the "Handbook on Measuring Digital Trade", which includes a conceptual framework for digital cross-border transactions and a compilation of existing country experiences. It will be released online in 2019.

The TFITS's annual meeting discussed ongoing methodological issues, such as questions related to classifications and the treatment of crypto-currencies as legal tender. The group also discussed creating an online technical assistance hub.

I-TIP

The WTO's Integrated Trade Intelligence Portal (I-TIP) was updated to increase the information available on non-tariff measures and on services trade policies. As of the end of 2018, more than 54,000 measures on trade in goods had been included.

DG Azevêdo delivered the WTO's forecast for global trade at a press conference in April 2018.



Cooperation with academic institutions

- **The WTO Chairs Programme (WCP) generated substantial research on trade-related issues, including 67 published articles in peer-reviewed journals, six books or book chapters and 80 working papers.**
- **Phase II of the WCP concluded in 2018; an external evaluation will be conducted in 2019 to assess its impact and to ensure the sustainability of the outcomes achieved.**
- **The WCP organized a session at the WTO Public Forum looking at the impact of digital technology on trade.**

Background on WTO Chairs Programme

The WTO Chairs Programme was launched in 2010 to enhance knowledge and understanding of the trading system among academics and policy makers in developing countries. Chair-holders are selected by a competitive process. Its main objectives are to foster further research on trade and WTO issues, to provide teaching support for the development and delivery of courses on trade policy and WTO-related matters and to organize public activities to disseminate research and promote discussion regarding international trade. The WCP is jointly managed by the WTO's Economic Research and Statistics Division and the Institute for Training and Technical Cooperation.

Activities of the Chairs Programme

In 2018, the WTO's Chairs Programme (WCP) helped 26 students develop PhD or Masters theses on WTO-related issues and trained about 2,600 students. Forty-four new or updated courses and diploma programmes were proposed and developed. The chairs arranged 62 outreach activities, attracting more than 1,400 participants, among them more than 370 officials or policy-makers.

The research output of the WCP was substantial in 2018. Chairs produced some 67 published articles in peer-reviewed journals, six books or book chapters and 80 working papers on trade, WTO topics and subjects of importance to the WTO.

At the WTO's Public Forum (see page 150), the WCP organized a session looking at the impact of digital technology on trade and the issues facing countries when adapting to the new trade era. The panel included WTO chairs and representatives from the Geneva trade policy community.

WCP chairs were active in many conferences, where they reached out to national government agencies, international organizations, the business community, media and other academics to underline the importance of trade. Activities included a trade workshop for the Middle East and North Africa region in Carthage, Tunisia, in March. It was organized by the Tunis Business School (University of Tunis), a WCP member, in partnership with other organizations and covered global value chains, trade agreements, the competitiveness of firms and the informal trade sector. In Buenos Aires, 30 participants attended a course on trade and climate change in December at the Latin American School of Social Sciences, a WCP member.



The WTO Secretariat participated in five technical assistance activities organized by chairs, such as academic conferences, seminars and specialized courses.

The WCP e-Platform, the dedicated WCP website launched in December 2017, continued to facilitate the sharing of information, encourage discussion and promote internet-based networking among institutions and individuals associated with the programme.

Concluding Phase II of the WCP

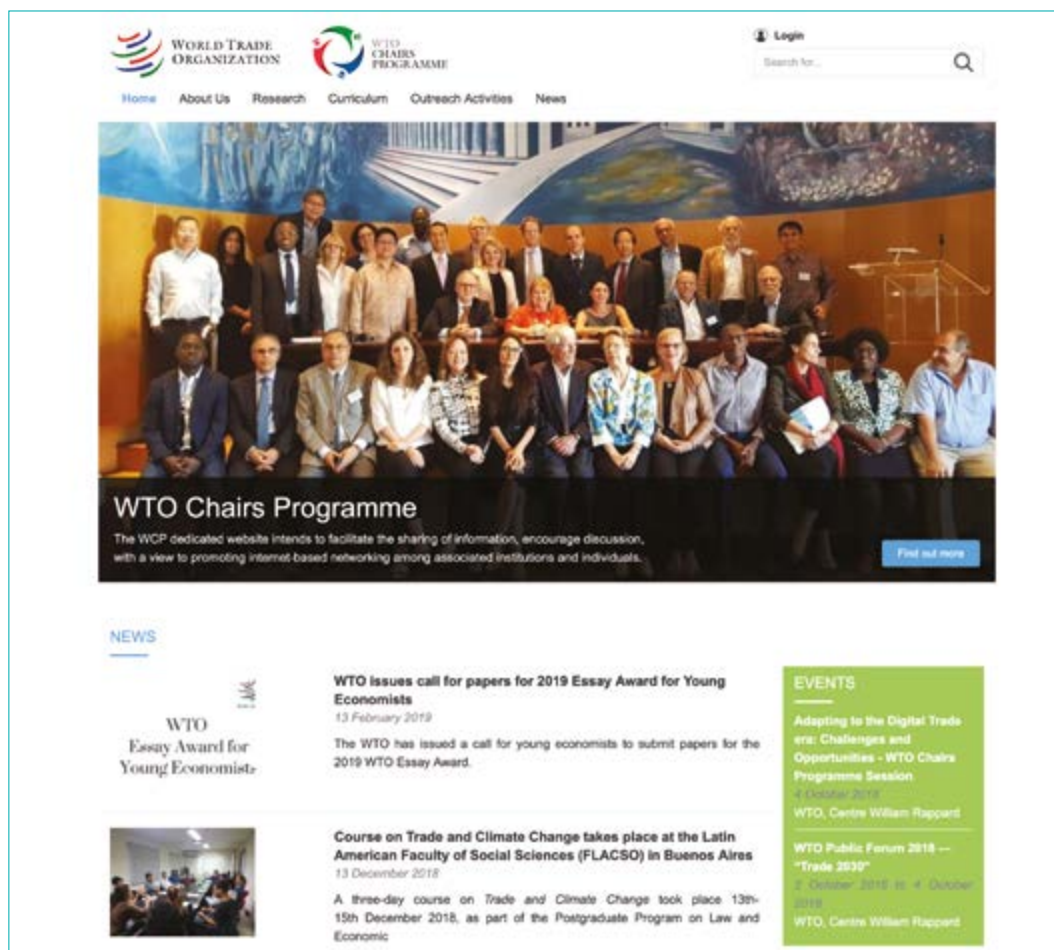
The WCP was launched in 2010, with two phases having run for four years each. Phase II ended in 2018. An external and independent evaluation of the WCP is scheduled to take place in 2019. The evaluation is to assess the performance of the WCP, identifying its impact, lessons learned, best practices and steps to ensure the sustainability of the outcomes achieved.

The result of the evaluation is expected to be presented at the Annual Conference of the WCP scheduled to be held in July 2019. It will provide an important guide to the future direction of the WCP.

The Advisory Board, an external body composed of experienced scholars, has recommended that the WTO Secretariat seek an extension of the programme to Phase III after the evaluation takes place.



The WTO Chairs Programme website facilitates the sharing of information and discussion among participants.



Academic Support Programme

In 2018, 12 activities were implemented under the Academic Support Programme (ASP), which engages with academic institutions from developing countries and least-developed countries that are not part of the WTO's Chairs Programme. Activities over the year included lectures delivered by WTO staff for master's and bachelor degree courses.

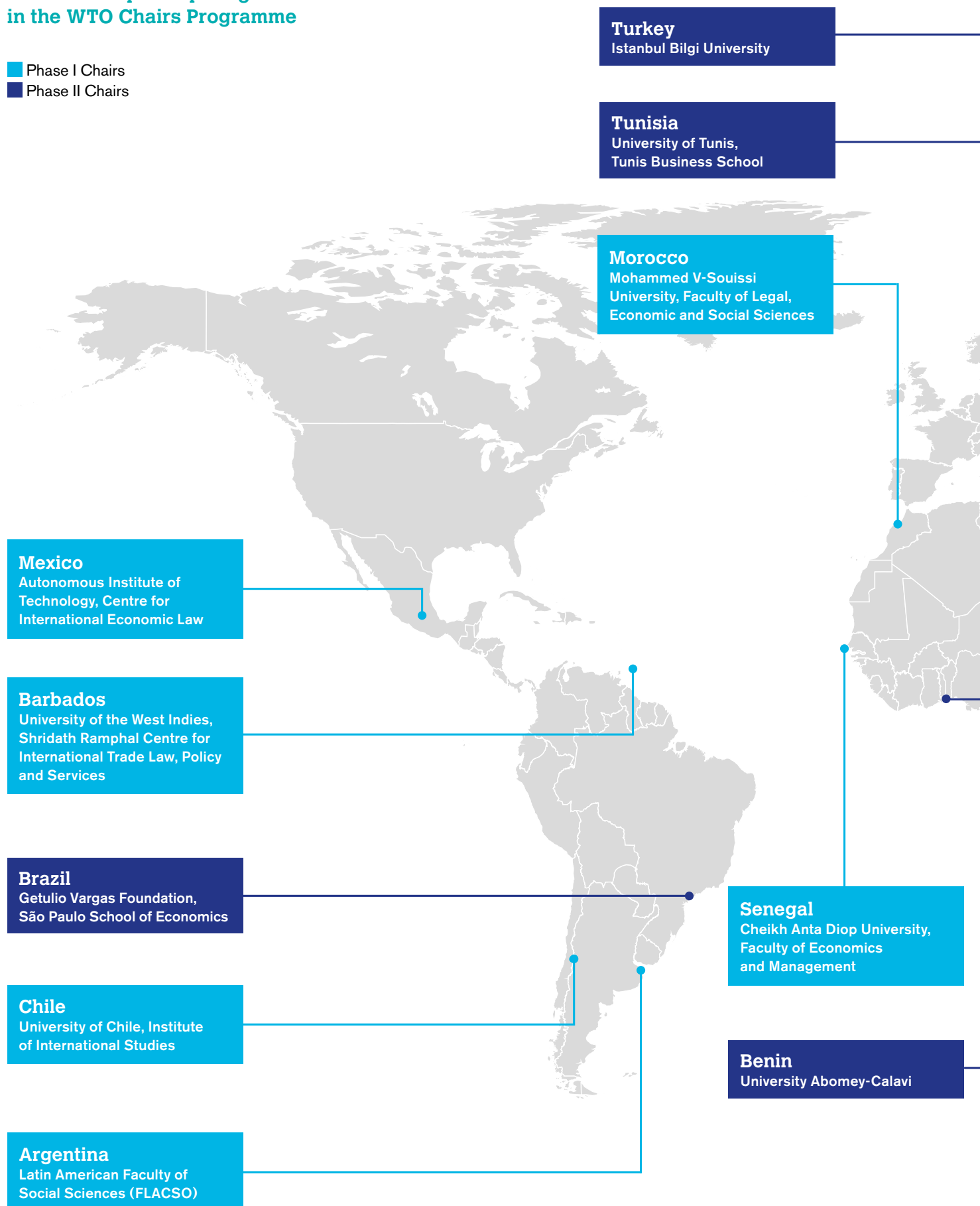
Half of the activities were related to supporting university competitions on WTO law and increasing knowledge of dispute settlement procedures among students and professors.

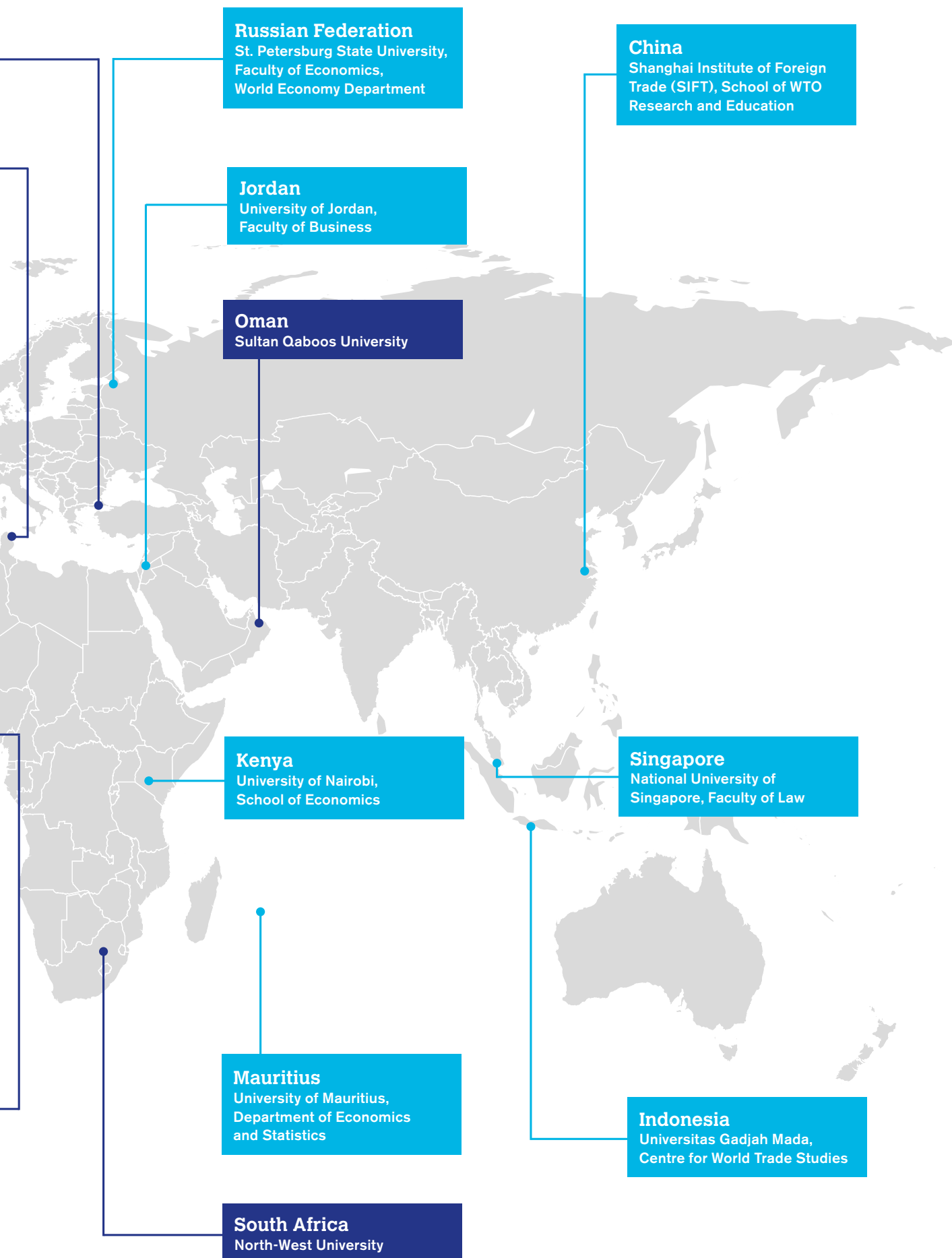
The WTO provided staff to act as panellists in regional inter-university competitions and for the final round of the competition at WTO headquarters (see page 122).

The ASP organized presentations to academic audiences. In addition, the WTO continued encouraging universities to register lecturers as participants in online courses offered by the WTO's E-campus.

Universities participating in the WTO Chairs Programme

- Phase I Chairs
- Phase II Chairs



**Russian Federation**

St. Petersburg State University,
Faculty of Economics,
World Economy Department

China

Shanghai Institute of Foreign
Trade (SIFT), School of WTO
Research and Education

Jordan

University of Jordan,
Faculty of Business

Oman

Sultan Qaboos University

Kenya

University of Nairobi,
School of Economics

Singapore

National University of
Singapore, Faculty of Law

Mauritius

University of Mauritius,
Department of Economics
and Statistics

South Africa

North-West University

Indonesia

Universitas Gadjah Mada,
Centre for World Trade Studies



Secretariat and budget

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Background on Secretariat and budget

The WTO Secretariat has over 600 regular staff who coordinate the activities of the WTO. Most of the WTO's annual budget consists of contributions by its members



DG Azevêdo with participants in the 2018 Young Professionals Programme.

WTO Secretariat

- **WTO staff numbers increased from 625 to 627 in 2018.**
- **The Human Resources Division continued to respond to the evolving needs of the Secretariat by reallocating resources to high-priority areas.**
- **The WTO launched “Right to Work in an Environment free from Discrimination, Harassment and Abuse of Authority”, a policy to strengthen protection of staff members’ rights.**
- **A “Wellness” programme was launched in the WTO Secretariat to promote the health and fitness of staff.**

The WTO's recruitment activity remains high, with 41 vacancies filled in 2018. In 2018, the number of staff increased slightly to 627 from 625 the previous year. WTO Secretariat staff come from 84 WTO members, up from 83 previously.

The Secretariat is composed mostly of economists, lawyers and others with a specialization in international trade policy. There are also specialists in information technology, communications, statistics, finance, human resources and language services. The working languages of the WTO are English, French and Spanish.

Secretariat staff on the regular budget comprise professional and support service categories. Professional staff account for 62 per cent of the total and support service staff 38 per cent. Women continue to outnumber men at the WTO, by 334 to 293. Of the professional staff, 44 per cent are female and 56 per cent male.

The Human Resources Division continues to respond to the evolving needs of the Secretariat by reallocating resources to high-priority areas. Staffing measures take into account the

limitations imposed by WTO members, including the overall cap on the budget and personnel.

Due to the increase in dispute settlement activity, 30 posts have been redeployed to the legal divisions. At the end of 2018, the number of permanent positions in the legal divisions stood at 25 in the Appellate Body, 34 in the Legal Affairs Division and 31 in the Rules Division, up from 17, 23 and 20, respectively, in 2014, when the period of reallocation began.

New methods of informal resolution of workplace disputes, initiated in 2016, continue to be available. The WTO is also considering using external specialists for psychological and social support, which will be another avenue open to staff seeking assistance in addition to the external and internal mediators, the Head of the Office of Internal Oversight (OIO) and the Legal Counsel to the Administration. The OIO took over functions formerly exercised by the Office of Internal Audit.

In 2018, a policy on the “Right to Work in an Environment free from Discrimination, Harassment and Abuse of Authority” was launched. This aims at



New recruits

Laurent Galichet

**Head of the Documentation Branch
Languages, Documentation and Information
Management Division**

Nationality: French
Joining date: 1 May 2018

I began my career as a chemist, working in the polymer and then pharma industries. However, I have always had a passion for words, and so I made the jump to publishing, first working as an editor in the world of pharma and chemistry patents, then on major reference

works in forensic toxicology. A stint in pharmaceutical advertising was followed by positions at the World Health Organization's International Agency for Research on Cancer and then at the International Organization for Standardization, where I began to observe the importance of the WTO in cases where international standards were used as technical barriers to trade. When the opportunity arose to join as Head of the Documentation Branch at the WTO, I took it.

In my current post, I look after the Document Management, Monitoring and Production section and the Graphics and Event Design, Print and Distribution section. Quality and timeliness are the key factors to deliver on. I believe in a “Right first time, on time” approach.



promoting a more harmonious and efficient work environment through the improved protection of staff members' rights. The protection applies to all staff members, whether on a regular, fixed-term or short-term contract, as well as to interns, participants in the young professionals programme and consultants. To complement this policy, an e-learning tool is being developed by the Secretariat in consultation with a group of staff members.

The Young Professionals Programme aims to increase the number of professionals in the WTO Secretariat from developing and least-developed countries not currently represented.

Thirteen new young professionals joined the WTO in January 2019 to work in 12 divisions (see page 143).

The new medical service, with a newly appointed doctor in 2017, is providing a more comprehensive health approach. It offers regular medical appointments, taking into account age and risk factors, as well as guidance to staff with their health concerns. Positive feedback has been received for the "Wellness Challenge" launched in 2018, which aims at promoting health and fitness among staff. Some 50 staff members benefited from the programme.

Figure 1: WTO Secretariat organizational chart, as of 31 December 2018

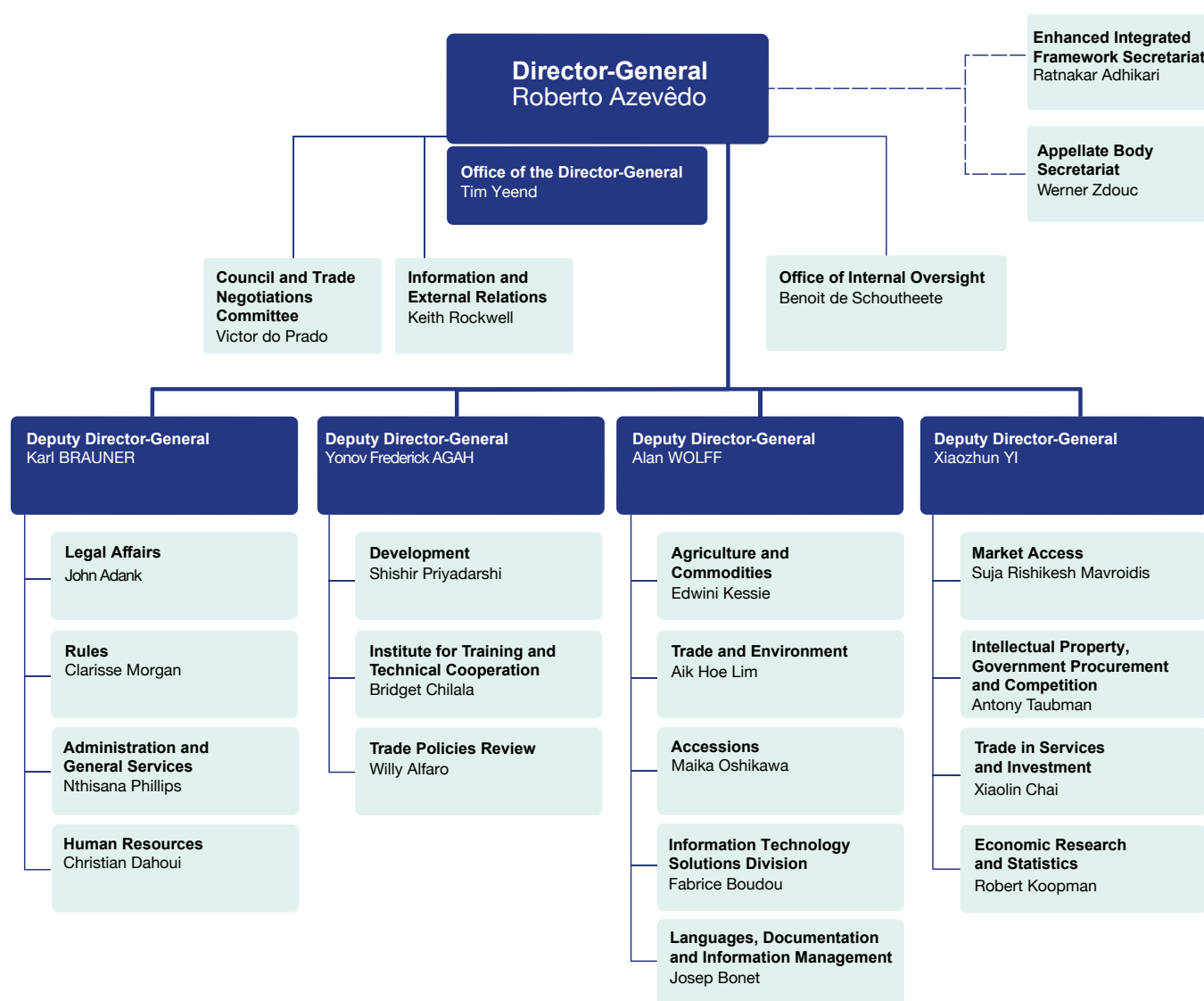
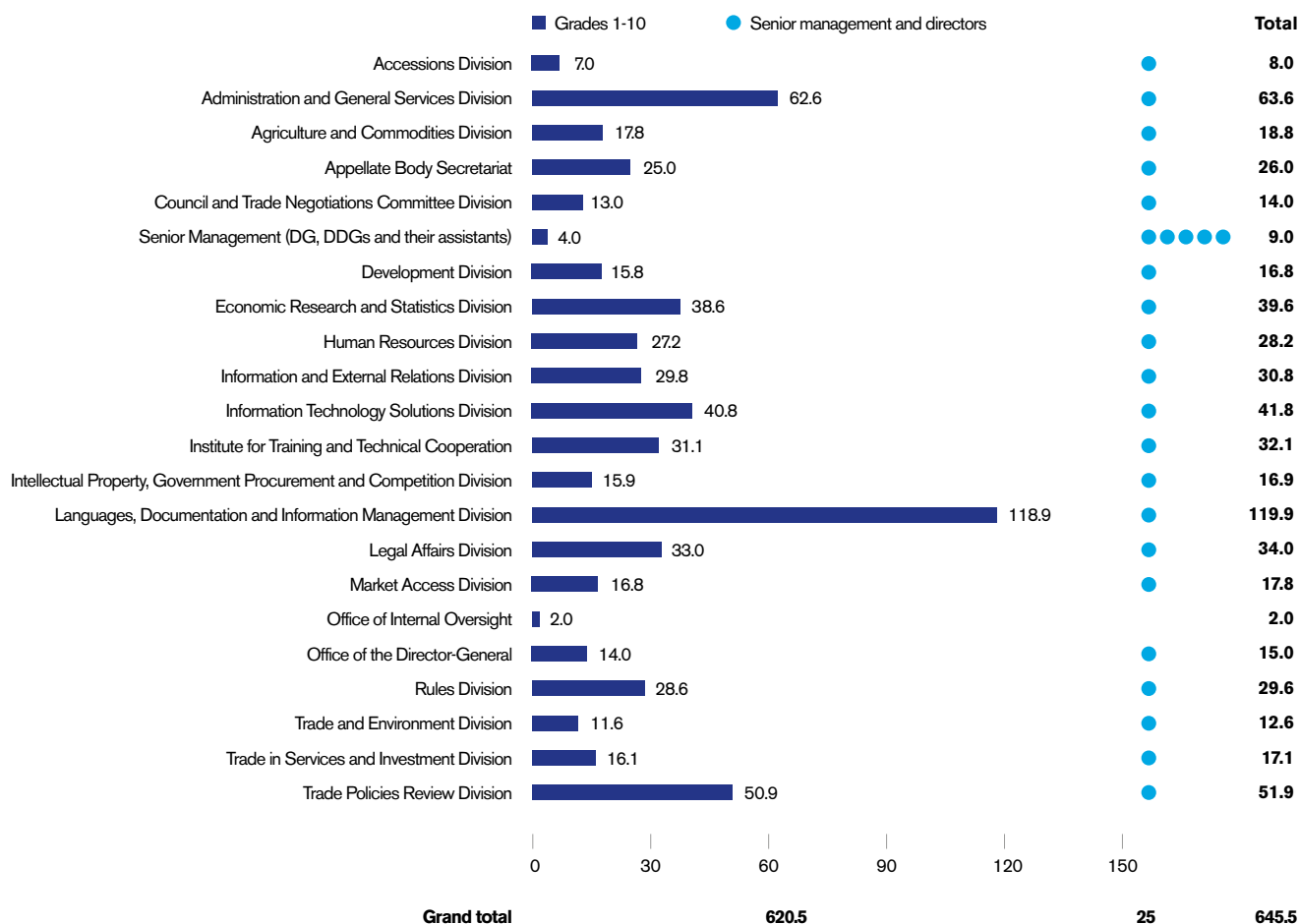


Figure 2: Allocation of staff by division, as of 31 December 2018 (number of posts)*



*includes posts not yet filled. Figures in decimals indicate staff members who work a percentage of the working week (e.g. 80 per cent).



New recruits

Ivy X. Zhang

Communications Officer | Information and External Relations Division

Nationality: Chinese

Joining date: 1 November 2018

I graduated from Fudan University, Shanghai, and Green Templeton College, Oxford University. My career began at the Los Angeles Times Shanghai Bureau, where I closely followed China's economic and social transformation after its WTO accession. Subsequently I worked at the World Economic Forum, where I managed the Global Agenda

Council on China and was part of the team that designed programmes for the Davos annual meetings and for the regional summits in Asia.

In my current role at the WTO, I work with colleagues to create communication products, with a view to interacting effectively with WTO stakeholders and facilitating awareness about what the WTO does. In the Information and External Relations Division, we are the interface between the WTO and the world, and we strive to enhance the organization's reputation and to gain public support for the multilateral trading system. Our role has never been more important!



Figure 3: WTO staff on regular budget by grade and gender, as of 31 December 2018

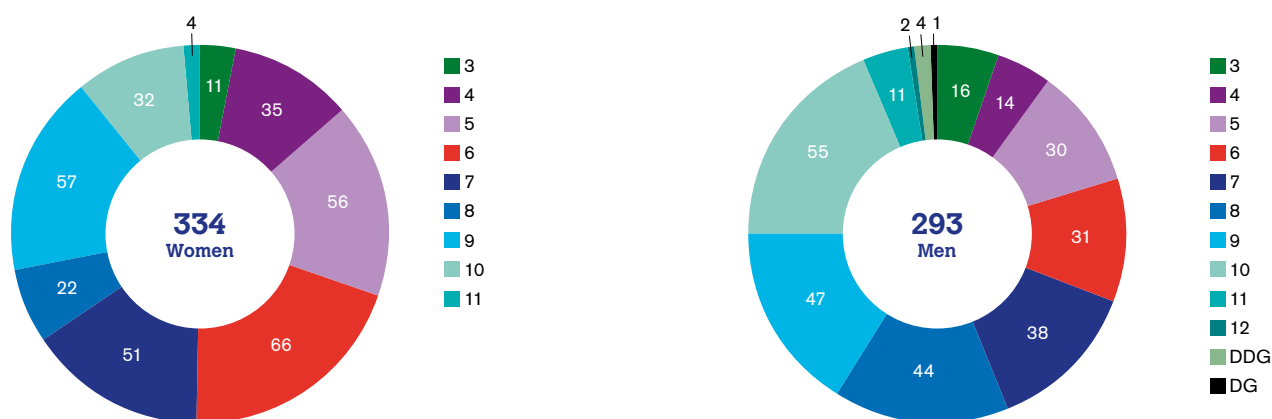
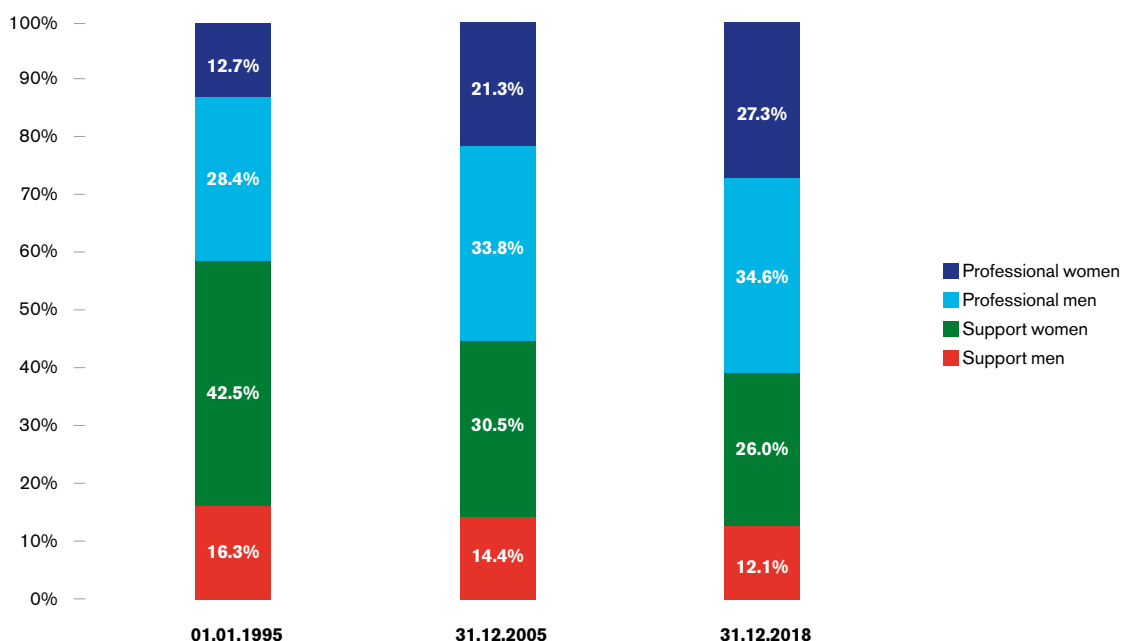


Figure 4: Percentage of WTO staff by professional/support category



New recruits

Mark Henderson

Economic Affairs Officer Market Access Division

Nationality: British

Joining date: 1 August 2018

My route to the WTO started in 2010 when I joined a trade project supporting China's integration into the WTO system. Since then I have worked continuously on trade and development issues, including in Brussels as an EU negotiator on the UN Sustainable Development Goals and on free trade agreement chapters. I have observed

an unprecedented public interest in the UK in trade policy and trade negotiations in recent years – consequently, more people there know of the WTO than ever!

I am now working in the Market Access Division on the Trade Facilitation Agreement (TFA) Facility, supporting developing and least-developed countries in their efforts to implement the TFA and simplify border procedures.

I see it as a real privilege to continue combining my knowledge and experience of trade policy with my project management background to assist WTO members as they seek to use the TFA to drive inclusive growth and sustainable development.



Figure 5: WTO staff on regular budget by gender and nationality, as of 31 December 2018

334 women
293 men
Total 627

North America

Member	Women	Men	Total
Canada	3	11	14
Mexico	2	6	8
United States of America	21	13	34
Grand total	26	30	56

South/Central America and the Caribbean

Member	Women	Men	Total
Argentina	3	5	8
Barbados	0	1	1
Bolivia, Plurinational State of	0	2	2
Brazil	6	8	14
Chile	1	0	1
Colombia	3	4	7
Costa Rica	1	1	2
Cuba	1	0	1
Ecuador	1	1	2
Guatemala	2	0	2
Honduras	2	0	2
Jamaica	1	1	2
Paraguay	1	0	1
Peru	5	4	9
Trinidad and Tobago	1	0	1
Uruguay	0	3	3
Venezuela, Bolivarian Republic of	1	3	4
Grand total	29	33	62



Europe

Member	Women	Men	Total
Austria	2	2	4
Belgium	2	2	4
Bulgaria	1	4	5
Croatia	1	0	1
Czech Republic	1	0	1
Denmark	2	1	3
Estonia	1	0	1
Finland	2	3	5
France	100	68	168
Germany	7	13	20
Greece	3	2	5
Hungary	0	2	2
Ireland	11	1	12
Italy	11	12	23
Lithuania	0	1	1

Member	Women	Men	Total
Moldova, Republic of	1	0	1
Netherlands	1	5	6
Norway	0	2	2
Poland	3	1	4
Portugal	0	4	4
Romania	2	0	2
Russian Federation	2	1	3
Spain	30	14	44
Sweden	1	2	3
Switzerland	6	7	13
Ukraine	2	1	3
United Kingdom	40	12	52
Grand total	232	160	392

Africa

Member	Women	Men	Total
Benin	0	2	2
Botswana	1	0	1
Cameroon	1	0	1
Chad	0	1	1
Democratic Republic of the Congo	1	2	3
Egypt	3	1	4
Ghana	0	1	1
Guinea	0	1	1
Kenya	1	0	1
Malawi	0	1	1
Mauritius	0	2	2
Morocco	1	3	4
Nigeria	0	1	1
Rwanda	0	1	1
Senegal	0	1	1
Seychelles	0	1	1
South Africa	0	1	1
Tanzania	1	0	1
The Gambia	2	0	2
Tunisia	2	2	4
Uganda	1	0	1
Zambia	1	0	1
Zimbabwe	2	0	2
Grand total	17	21	38

Asia

Member	Women	Men	Total
Bangladesh	0	1	1
China	9	7	16
India	3	11	14
Japan	2	3	5
Jordan	1	0	1
Korea, Republic of	4	0	4
Malaysia	0	2	2
Nepal	0	1	1
Pakistan	0	4	4
Philippines	6	9	15
Sri Lanka	2	0	2
Turkey	1	3	4
Grand total	28	41	69

Oceania

Member	Women	Men	Total
Australia	2	7	9
New Zealand	0	1	1
Grand total	2	8	10



Budget, finance and administration

- **The Committee reviewed reports on the WTO's financial and budgetary situation and examined the mid-term review of the budget for 2018-19.**
- **The Committee made a recommendation with respect to the utilization of the budgetary surplus.**

Background on budget, finance and administration

The Committee on Budget, Finance and Administration monitors the WTO's budgetary and financial matters. It considers issues concerning human resources management, hears progress reports on the WTO pension plan and deals with financial and administrative matters concerning the WTO Secretariat. The Committee reports to the General Council.

In 2018, the Committee on Budget, Finance and Administration held six formal meetings and submitted related reports to the General Council. The Committee reviewed and took note of quarterly reports on the financial situation of the regular budget of the WTO and extra-budgetary funds, regular updates on the arrears of contributions from WTO members and observers, an update on the WTO pension plan, and a report on the WTO medical plan and after service health insurance (ASHI) contributions.

The Committee also reviewed and took note of regular updates on external audit findings, the WTO risk management report, the annual report on diversity in the WTO Secretariat, the human resources annual report on grading structure and promotions, the salary survey of 2017, the 2017 report of the Office of Internal Oversight, and the WTO Strategic Facilities Plan.

The Committee took note of outstanding contributions from WTO members and observers and invited the General Council to urge members and observers under administrative measures to liquidate their arrears.

The Committee made a recommendation to the General Council for the suspension of administrative measures for the Central African Republic. The member agreed to liquidate all arrears over a period of 30 years. The General Council approved the recommendation.

The Chief of the Office of Internal Oversight (OIO) presented his report on the activity plan conducted by the OIO from July 2017 to June 2018.

The Committee also examined the mid-term review of the budget for 2018-19 of the WTO and the International Trade Centre.

In December 2018, the Committee made a recommendation to the General Council on the 2019 scale of WTO members' contributions to the regular budget, using a formula based on updated trade statistics (see below). It also made a recommendation that the accumulated budgetary surplus as at 31 December 2017 be transferred to the Working Capital Fund and that an investment policy be developed to govern the investment management of the Capital Fund.

The Committee also approved procedures for disclosure of non-official documents of the General Agreement on Tariffs and Trade and for making them available on the internet.

WTO budget 2019

The WTO derives its income from annual contributions from its 164 members (see Tables 1 and 2) and miscellaneous income. These contributions are based on a formula that takes into account each member's share of international trade. Miscellaneous income mainly consists of contributions from observer countries, income from the sale of publications and rental of meeting rooms.



The WTO's budget for 2019 is:

WTO Secretariat:

CHF 189,624,000

Appellate Body and its Secretariat:

CHF 7,579,900

The total WTO budget is

CHF 197,203,900

Table 1: Consolidated budget for 2019

Section	Budget 2019 (in thousand CHF)
Staff expenditure (including staff remuneration, pension and post-employment benefits, health and invalidity insurance, family and international benefits)	131,415
Temporary assistance (including short-term staff, consultants, translators, panellists and Appellate Body member fees)	17,281
General services (including telecommunications and post, contractual services and maintenance, energy and supplies, documentation and publication)	15,773
Travel and hospitality	7,450
Implementing partners (includes any activity or event partly/jointly/fully funded by the WTO but executed by a third-party organization)	213
Capital expenditure (including procurement of fixed assets and rental and leasing of equipment)	2,349
Financial expenditure (including bank and interest charges and building loan reimbursement)	1,280
Contributions to International Trade Centre and special reserves (including Appellate Body operating fund, Ministerial Conference operating fund and Building Renovation fund)	21,443
Grand total	197,204



Table 2: WTO members' contributions to the consolidated budget of the WTO Secretariat and the Appellate Body Secretariat 2019 (in Swiss Francs with a minimum contribution of 0.015%)

Member	2019 Contribution CHF	2019 Contribution %	Member	2019 Contribution CHF	2019 Contribution %
Afghanistan	46,920	0.024%	Ecuador	228,735	0.117%
Albania	41,055	0.021%	Egypt	496,570	0.254%
Angola	428,145	0.219%	El Salvador	78,200	0.040%
Antigua and Barbuda	29,325	0.015%	Estonia	175,950	0.090%
Argentina	733,125	0.375%	Eswatini	29,325	0.015%
Armenia	37,145	0.019%	European Union ¹	0	0.000%
Australia	2,594,285	1.327%	Fiji	29,325	0.015%
Austria	1,911,990	0.978%	Finland	877,795	0.449%
Bahrain, Kingdom of	246,330	0.126%	France	7,440,730	3.806%
Bangladesh	338,215	0.173%	Gabon	60,605	0.031%
Barbados	29,325	0.015%	The Gambia	29,325	0.015%
Belgium	3,646,075	1.865%	Georgia	70,380	0.036%
Belize	29,325	0.015%	Germany	13,882,455	7.101%
Benin	29,325	0.015%	Ghana	166,175	0.085%
Bolivia, Plurinational State of	103,615	0.053%	Greece	608,005	0.311%
Botswana	74,290	0.038%	Grenada	29,325	0.015%
Brazil	2,394,875	1.225%	Guatemala	146,625	0.075%
Brunei Darussalam	72,335	0.037%	Guinea	29,325	0.015%
Bulgaria	310,845	0.159%	Guinea-Bissau	29,325	0.015%
Burkina Faso	33,235	0.017%	Guyana	29,325	0.015%
Burundi	29,325	0.015%	Haiti	29,325	0.015%
Cabo Verde	29,325	0.015%	Honduras	76,245	0.039%
Cambodia	105,570	0.054%	Hong Kong, China	5,427,080	2.776%
Cameroon	70,380	0.036%	Hungary	991,185	0.507%
Canada	4,922,690	2.518%	Iceland	76,245	0.039%
Central African Republic	29,325	0.015%	India	4,445,670	2.274%
Chad	39,100	0.020%	Indonesia	1,722,355	0.881%
Chile	731,170	0.374%	Ireland	2,361,640	1.208%
China	19,737,680	10.096%	Israel	842,605	0.431%
Colombia	563,040	0.288%	Italy	5,096,685	2.607%
Congo	78,200	0.040%	Jamaica	52,785	0.027%
Costa Rica	152,490	0.078%	Japan	7,896,245	4.039%
Côte d'Ivoire	109,480	0.056%	Jordan	168,130	0.086%
Croatia	220,915	0.113%	Kazakhstan	570,860	0.292%
Cuba	136,850	0.070%	Kenya	127,075	0.065%
Cyprus	121,210	0.062%	Korea, Republic of	5,777,025	2.955%
Czech Republic	1,388,050	0.710%	Kuwait, the State of	645,150	0.330%
Democratic Republic of the Congo	105,570	0.054%	Kyrgyz Republic	41,055	0.021%
Denmark	1,517,080	0.776%	Lao People's Democratic Republic	37,145	0.019%
Djibouti	29,325	0.015%	Latvia	160,310	0.082%
Dominica	29,325	0.015%	Lesotho	29,325	0.015%
Dominican Republic	164,220	0.084%	Liberia	29,325	0.015%

¹ The European Union is not subject to contributions. However, its 28 members are assessed individually. The total share of members of the European Union represents 33.6% of the total assessed contributions of 2019.



Member	2019 Contribution CHF	2019 Contribution %
Liechtenstein	64,515	0.033%
Lithuania	316,710	0.162%
Luxembourg	930,580	0.476%
Macao, China	256,105	0.131%
Madagascar	31,280	0.016%
Malawi	29,325	0.015%
Malaysia	1,966,730	1.006%
Maldives	29,325	0.015%
Mali	31,280	0.016%
Malta	136,850	0.070%
Mauritania	29,325	0.015%
Mauritius	58,650	0.030%
Mexico	3,720,365	1.903%
Moldova, Republic of	37,145	0.019%
Mongolia	54,740	0.028%
Montenegro	29,325	0.015%
Morocco	353,855	0.181%
Mozambique	70,380	0.036%
Myanmar	115,345	0.059%
Namibia	50,830	0.026%
Nepal	44,965	0.023%
Netherlands	5,745,745	2.939%
New Zealand	459,425	0.235%
Nicaragua	54,740	0.028%
Niger	29,325	0.015%
Nigeria	656,880	0.336%
Norway	1,411,510	0.722%
Republic of North Macedonia	52,785	0.027%
Oman	383,180	0.196%
Pakistan	346,035	0.177%
Panama	263,925	0.135%
Papua New Guinea	62,560	0.032%
Paraguay	111,435	0.057%
Peru	418,370	0.214%
Philippines	719,440	0.368%
Poland	2,142,680	1.096%
Portugal	772,225	0.395%
Qatar	793,730	0.406%
Romania	688,160	0.352%
Russian Federation	3,937,370	2.014%
Rwanda	29,325	0.015%
Saint Kitts and Nevis	29,325	0.015%

Member	2019 Contribution CHF	2019 Contribution %
Saint Lucia	29,325	0.015%
Saint Vincent and the Grenadines	29,325	0.015%
Samoa	29,325	0.015%
Saudi Arabia, Kingdom of	2,326,450	1.190%
Senegal	46,920	0.024%
Seychelles	29,325	0.015%
Sierra Leone	29,325	0.015%
Singapore	4,774,110	2.442%
Slovak Republic	768,315	0.393%
Slovenia	303,025	0.155%
Solomon Islands	29,325	0.015%
South Africa	973,590	0.498%
Spain	3,663,670	1.874%
Sri Lanka	173,995	0.089%
Suriname	29,325	0.015%
Sweden	2,068,390	1.058%
Switzerland	3,710,590	1.898%
Chinese Taipei	3,384,105	1.731%
Tajikistan	29,325	0.015%
Tanzania	95,795	0.049%
Thailand	2,404,650	1.230%
Togo	29,325	0.015%
Tonga	29,325	0.015%
Trinidad and Tobago	117,300	0.060%
Tunisia	199,410	0.102%
Turkey	2,011,695	1.029%
Uganda	54,740	0.028%
Ukraine	627,555	0.321%
United Arab Emirates	3,071,305	1.571%
United Kingdom	7,446,595	3.809%
United States of America	22,660,405	11.591%
Uruguay	144,670	0.074%
Vanuatu	29,325	0.015%
Venezuela, Bolivarian Republic of	570,860	0.292%
Viet Nam	1,401,735	0.717%
Yemen	89,930	0.046%
Zambia	86,020	0.044%
Zimbabwe	54,740	0.028%
TOTAL	195,500,000	100.00%

How the WTO is structured

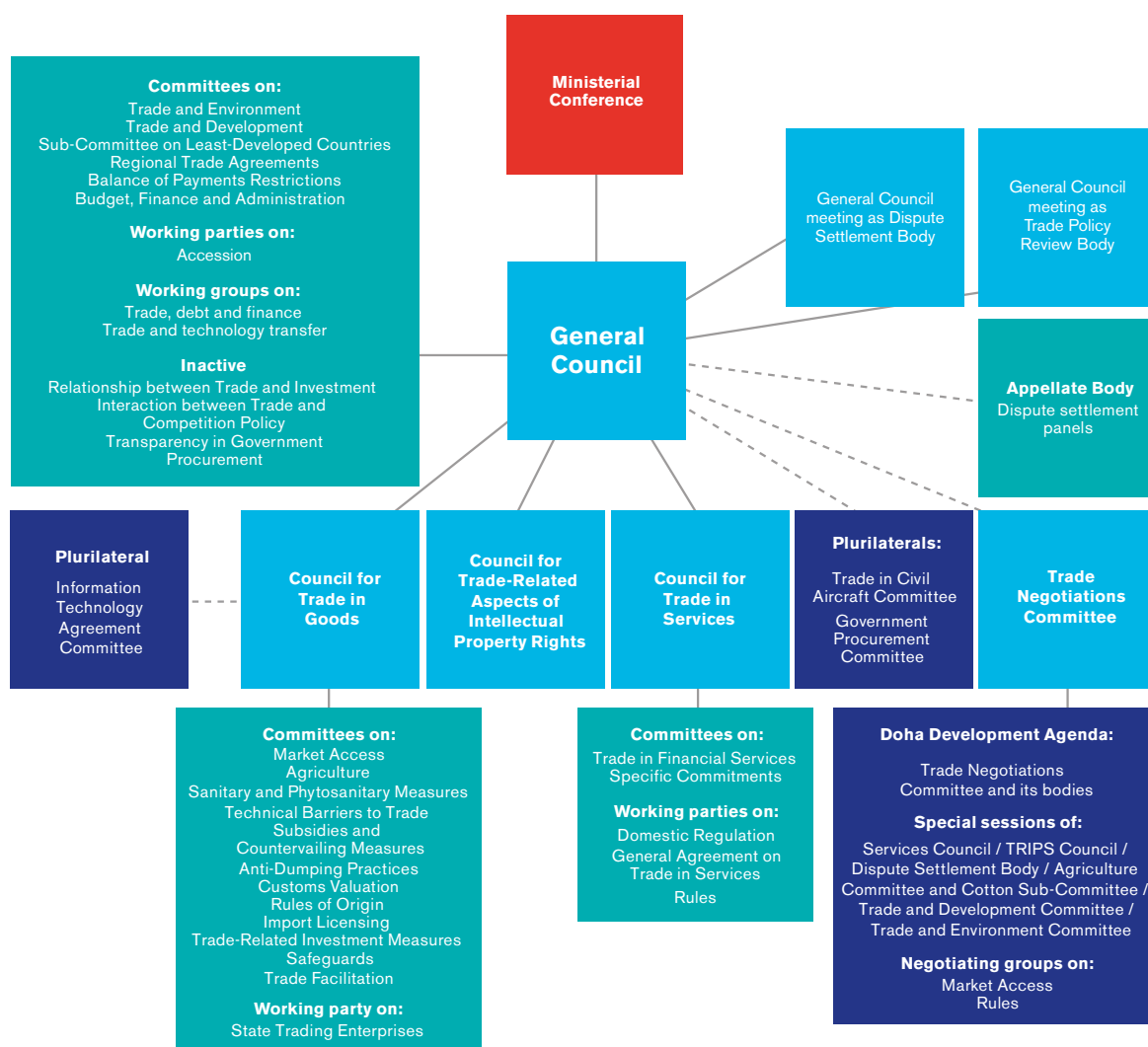
The WTO's top-level decision-making body is the Ministerial Conference, which usually meets every two years.

Below this is the General Council (normally ambassadors and heads of delegation in Geneva, and sometimes officials sent from members' capitals), which meets several times a year in the Geneva headquarters. The General Council also meets as the Trade Policy Review Body and the Dispute Settlement Body.

At the next level, the Goods Council, Services Council and Intellectual Property (TRIPS) Council report to the General Council.

Numerous specialized committees, working groups and working parties deal with the individual agreements and other areas such as the environment, development, membership applications and regional trade agreements.

All WTO members may participate in all councils and committees, with the exceptions of the Appellate Body, Dispute Settlement panels and plurilateral committees.



WTO Chairpersons (as of 31 December 2018)

Chairpersons of the General Council and bodies reporting to it	
General Council	Ambassador Junichi Ihara (Japan)
Dispute Settlement Body	Ambassador Sunanta Kangvulkulij (Thailand)
Trade Policy Review Body	Ambassador Eloi Laourou (Benin)
Council for Trade in Goods	Ambassador Stephen de Boer (Canada)
Council for Trade in Services	Ambassador Alfredo Suescum (Panama)
Council for Trade-Related Aspects of Intellectual Property Rights	Ambassador Walter Werner (Germany)
Committee on Trade and Environment	Ambassador Sondang Anggraini (Indonesia)
Committee on Trade and Development	Ambassador Diego Aulestia (Ecuador)
Committee on Balance-of-Payments Restrictions	Ambassador Claudio de la Puente (Peru)
Committee on Regional Trade Agreements	Ambassador Julian Braithwaite (United Kingdom)
Committee on Budget, Finance and Administration	Ambassador Juan Esteban Aguirre Martínez (Paraguay)
Working Group on Trade and Transfer of Technology	Ms Sabine Böhlke-Möller (Namibia)
Working Group on Trade, Debt and Finance	Ambassador Mohammad Haqjo (Afghanistan)
Trade Negotiations Committee	Director-General Roberto Azevêdo (WTO)
Chairpersons of bodies established under the Trade Negotiations Committee	
Negotiating Group on Market Access	Ambassador Didier Chambovey (Switzerland)
Negotiating Group on Rules	Ambassador Roberto Zapata Barradas (Mexico)
Special Session of the Council for Trade in Services	Ambassador Zhanar Aitzhanova (Kazakhstan)
Special Session of the Council for TRIPS	Ambassador Dacio Castillo (Honduras)
Special Session of the Dispute Settlement Body	Ambassador Coly Seck (Senegal)
Special Session of the Committee on Agriculture	Ambassador John Deep Ford (Guyana)
Sub-Committee on Cotton	Ambassador John Deep Ford (Guyana)
Special Session of the Committee on Trade and Environment	Ambassador Syed Tauqir Shah (Pakistan)
Special Session of the Committee on Trade and Development	Ambassador Tan Yee Woan (Singapore)

Chairpersons of the General Council and bodies reporting to it	
Chairpersons of subsidiary bodies of the Council for Trade in Goods	
Committee on Agriculture	Ms Débora Cumes (Guatemala)
Committee on Anti-Dumping Practices	Ms Karine Mahjoubi Erikstein (Norway)
Committee on Customs Valuation	Mr Yuichiro Okumura (Japan)
Committee on Import Licensing	Ms Lorena Rivera Orjuela (Colombia)
Committee on Market Access	Ms Zsófia Tvaruskó (Hungary)
Committee on Rules of Origin	Ms Thembekile Mlangeni (South Africa)
Committee on Safeguards	Mr Hyouk Woo Kwon (Republic of Korea)
Committee on Sanitary and Phytosanitary Measures	Ms Noncedo Vutula (South Africa)
Committee on Subsidies and Countervailing Measures	Mr Luis Adolfo Fernández (Costa Rica)
Committee on Technical Barriers to Trade	Ms Kate Swan (New Zealand)
Committee on Trade Facilitation	Ms Dalia Kadišienė (Lithuania)
Committee on Trade-Related Investment Measures	Ms Carrie Wu (Chinese Taipei)
Working Party on State Trading Enterprises	Mr Antonius Yudi Triantoro (Indonesia)
Committee of Participants on the Expansion of Trade in Information Technology Products	Mr Muhammad Nur Hadri Bin Sopri (Singapore)
Chairpersons of subsidiary bodies of the Council for Trade in Services	
Committee on Trade in Financial Services	Mr Jean Marc Van Dril (Switzerland)
Working Party on Domestic Regulation	Mr Henning Enval (Sweden)
Committee on Specific Commitments	Mr Nurbek Maksutov (Kyrgyz Republic)
Working Party on GATS Rules	Mr Felipe Henriquez Palma (Chile)
Chairpersons of Committees of Plurilateral Agreements	
Committee on Trade in Civil Aircraft	Mr Hsiao-Yin Wu (Chinese Taipei)
Committee on Government Procurement	Mr Carlos Vanderloo (Canada)

Membership of the WTO: 164 members (as of 31 December 2018)

Member ¹	Year of accession	Member ¹	Year of accession	Member ¹	Year of accession
Afghanistan	2016	Hungary	1995	Saudi Arabia, Kingdom of	2005
Albania	2000	Iceland	1995	Senegal	1995
Angola	1996	India	1995	Seychelles	2015
Antigua and Barbuda	1995	Indonesia	1995	Sierra Leone	1995
Argentina	1995	Ireland	1995	Singapore	1995
Armenia	2003	Israel	1995	Slovak Republic	1995
Australia	1995	Italy	1995	Slovenia	1995
Austria	1995	Jamaica	1995	Solomon Islands	1996
Bahrain, Kingdom of	1995	Japan	1995	South Africa	1995
Bangladesh	1995	Jordan	2000	Spain	1995
Barbados	1995	Kazakhstan	2015	Sri Lanka	1995
Belgium	1995	Kenya	1995	Suriname	1995
Belize	1995	Korea, Republic of	1995	Swaziland	1995
Benin	1996	Kuwait, the State of	1995	Sweden	1995
Bolivia, Plurinational State of	1995	Kyrgyz Republic	1998	Switzerland	1995
Botswana	1995	Latvia	1999	Chinese Taipei	2002
Brazil	1995	Lao People's Democratic Republic	2013	Tajikistan	2013
Brunei Darussalam	1995	Lesotho	1995	Tanzania	1995
Bulgaria	1996	Liberia	2016	Thailand	1995
Burkina Faso	1995	Liechtenstein	1995	Togo	1995
Burundi	1995	Lithuania	2001	Tonga	2007
Cambodia	2004	Luxembourg	1995	Trinidad and Tobago	1995
Cameroon	1995	Macao, China	1995	Tunisia	1995
Canada	1995	Madagascar	1995	Turkey	1995
Cabo Verde	2008	Malawi	1995	Uganda	1995
Central African Republic	1995	Malaysia	1995	Ukraine	2008
Chad	1996	Maldives	1995	United Arab Emirates	1996
Chile	1995	Mali	1995	United Kingdom	1995
China	2001	Malta	1995	United States of America	1995
Colombia	1995	Mauritania	1995	Uruguay	1995
Congo	1997	Mauritius	1995	Vanuatu	2012
Costa Rica	1995	Mexico	1995	Venezuela, Bolivarian Republic of	1995
Côte d'Ivoire	1995	Moldova, Republic of	2001	Viet Nam	2007
Croatia	2000	Mongolia	1997	Yemen	2014
Cuba	1995	Montenegro	2012	Zambia	1995
Cyprus	1995	Morocco	1995	Zimbabwe	1995
Czech Republic	1995	Mozambique	1995		
Democratic Republic of the Congo	1997	Myanmar	1995		
Denmark	1995	Namibia	1995		
Djibouti	1995	Nepal	2004		
Dominica	1995	Netherlands	1995		
Dominican Republic	1995	New Zealand	1995		
Ecuador	1996	Nicaragua	1995		
Egypt	1995	Niger	1996		
El Salvador	1995	Nigeria	1995		
Estonia	1999	North Macedonia, Republic of	2003		
European Union	1995	Norway	1995		
Fiji	1996	Oman	2000		
Finland	1995	Pakistan	1995		
France	1995	Panama	1997		
Gabon	1995	Papua New Guinea	1996		
The Gambia	1996	Paraguay	1995		
Georgia	2000	Peru	1995		
Germany	1995	Philippines	1995		
Ghana	1995	Poland	1995		
Greece	1995	Portugal	1995		
Grenada	1996	Qatar	1996		
Guatemala	1995	Romania	1995		
Guinea	1995	Russian Federation	2012		
Guinea-Bissau	1995	Rwanda	1996		
Guyana	1995	Saint Kitts and Nevis	1996		
Haiti	1996	Saint Lucia	1995		
Honduras	1995	Saint Vincent and the Grenadines	1995		
Hong Kong, China	1995	Samoa	2012		

Countries seeking to join the WTO (as of 31 December 2018)

Algeria
Andorra
Azerbaijan
Bahamas
Belarus
Bhutan
Bosnia and Herzegovina
Comoros
Equatorial Guinea
Ethiopia
Iran
Iraq
Lebanese Republic
Libya
São Tomé and Príncipe
Serbia
Somalia
South Sudan
Sudan
Syrian Arab Republic
Timor-Leste
Uzbekistan

¹ Members are mostly states but can also be customs territories with full autonomy over their external commercial relations.



Abbreviations

ADP	anti-dumping practices	LDCs	least-developed countries
ASEAN	Association of Southeast Asian Nations	MEAs	multilateral environmental agreements
CTD	Committee on Trade and Development	MFN	most-favoured nation
DDA	Doha Development Agenda	NAMA	non-agricultural market access
DSB	Dispute Settlement Body	NGO	non-governmental organization
DSU	Dispute Settlement Understanding	NTMs	non-tariff measures
EIF	Enhanced Integrated Framework	OECD	Organisation for Economic Co-operation and Development
EU	European Union	PSI	Agreement on Preshipment Inspection
FAO	Food and Agriculture Organization	PTAs	preferential trade arrangements
FDI	foreign direct investment	RTAs	regional trade agreements
GATS	General Agreement on Trade in Services	SCM	Subsidies and Countervailing Measures
GATT	General Agreement on Tariffs and Trade	SG	Agreement on Safeguards
GDP	gross domestic product	SMEs	small and medium-sized enterprises
GIs	geographical indications	SPS	sanitary and phytosanitary measures
GPA	Government Procurement Agreement	STDF	Standards and Trade Development Facility
HS	Harmonized System	SVE	small, vulnerable economy
ICC	International Chamber of Commerce	TBT	technical barriers to trade
ILO	International Labour Organization	TNC	Trade Negotiations Committee
IPU	Inter-Parliamentary Union	TPR	Trade Policy Review
ISO	International Organization for Standardization	TPRM	Trade Policy Review Mechanism
ITA	Information Technology Agreement	TRIMs	trade-related investment measures
ITC	International Trade Centre	TRIPS	Trade-Related Aspects of Intellectual Property Rights
ITTC	Institute for Training and Technical Cooperation	UNCTAD	United Nations Conference on Trade and Development
ITU	International Telecommunication Union	WIPO	World Intellectual Property Organization

0 is zero or became zero due to rounding.

Billion means one thousand million.

Minor discrepancies between constituent figures and totals are due to rounding.

Unless otherwise indicated, (i) all value figures are expressed in US dollars; (ii) trade figures include the intra-trade of free trade areas, customs unions, regional and other country groupings.

Note This report covers the WTO's activities in 2018 and early 2019. The word "country" is frequently used to describe WTO members whereas a few members are officially "customs territories", and not necessarily countries in the usual sense of the word.

Further information

Further information about the organization and its activities can be found on the WTO website:

www.wto.org

General information about the WTO is available in the following publications, which may all be downloaded free of charge from the website:

WTO in Brief

WTO in Brief provides a starting point for essential information about the WTO. Concise and practical, this short brochure is an ideal introduction to the WTO.

10 things the WTO can do

This publication highlights some of the benefits of the trading system, but it does not claim that everything is perfect – otherwise there would be no need for further negotiations and for the system to evolve and reform continually.

Online bookshop

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