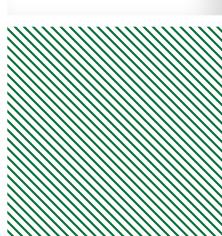
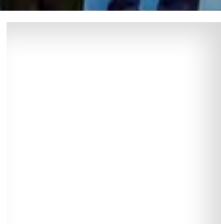
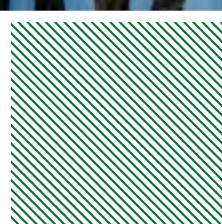
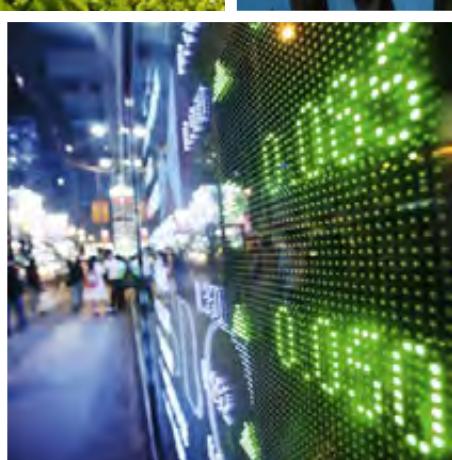
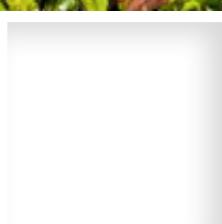
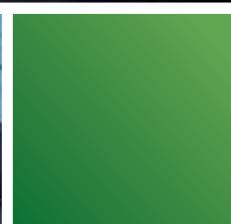




WORLD TRADE
ORGANIZATION

Annual Report 2017



> 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 2017 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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> An app is also available to download to your tablet or smartphone.



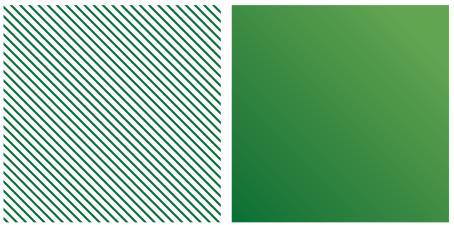
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Annual Report

2017



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Message from Director-General Roberto Azevêdo

Following the success of the 10th WTO Ministerial Conference in Nairobi in December 2015, we saw a significant rise in engagement in many areas of our work in 2016. The year was defined by robust discussion among members on a wide range of issues and a notable rise in interest from other stakeholders.

This heightened engagement was reflected in the large number of members who advanced their ratifications of two important WTO accords during the year, specifically the Trade Facilitation Agreement (TFA) and an amendment to the WTO's intellectual property agreement designed to enhance access to essential medicines among the poorest countries. This acceleration in members' domestic ratifications led to the entry into force of both agreements in early 2017 – a moment of real historic significance for the WTO.

The TFA is the biggest global trade deal so far this century. It aims to speed up the flow of goods across borders by streamlining customs procedures and making them more transparent, delivering major economic benefits as a result. Developing and least-developed countries will enjoy the greatest benefits of the Agreement, while also having access to technical assistance and capacity building programmes to help with its implementation.

The amendment to the WTO's intellectual property agreement is also very important. This amendment secures a legal pathway for developing countries to access medicines at more affordable prices. Under the amendment, generic versions of patented medicines may be exported to countries that do not have the capacity to manufacture generically the needed medicines themselves. By doing so, this deal could help these countries better tackle diseases such as HIV/AIDS, tuberculosis or malaria.

This progress has put renewed energy into the WTO's work and provided momentum for our forthcoming 11th Ministerial Conference, to be held in Buenos Aires in December this year – the first WTO Ministerial Conference to be held in South America. With this meeting in mind, members have been very active in their discussions. The Doha negotiating groups have been continuing their work and we have seen a number of new papers and ideas being put forward – covering a wide range of issues including agriculture, fisheries subsidies, services, e-commerce and measures related to small and medium-

sized businesses. I hope that we can sustain this prevailing momentum and positive engagement in the lead-up to the Buenos Aires meeting. There are also areas with a specific mandate for the 11th Ministerial Conference, such as public stockholding for food security. Any action in Buenos Aires should include steps on development and in support of the least developed countries.

A welcome addition to the ongoing discussions in Geneva has been the engagement of an array of stakeholders. At the initiative of the International Chamber of Commerce and the B20, the business arm of the G20, an event was held at the WTO in May 2016 bringing together over 60 business leaders to discuss the challenges they face in their trade operations and to discuss how the WTO can help in dealing with them. Participants represented an array of sectors, ranging from small to large enterprises from both developed and developing countries. This event was part of the "Trade Dialogues" initiative, aimed at providing a range of stakeholders, including labour organizations, consumer bodies and academics, with the opportunity to discuss trade-related matters. In September 2016, many of these constituencies came to the WTO to take part in our flagship annual outreach event – the Public Forum – which attracted over 1,100 participants to 100 sessions, the biggest turnout and the highest number of sessions in the Forum's history.

Another important form of outreach is the training and capacity building support that the WTO provides to its membership. In 2016, over 18,000 participants benefited from the WTO's training activities aimed at helping government officials gain a better understanding of the global trading system. This included participants from the WTO's newest members – Afghanistan and Liberia. Both formally joined the organization in July, bringing our total membership to 164, representing around 98 per cent of world trade.

The WTO's founders may not have conceived of technical assistance and capacity building as a central element of our





"We must work harder to ensure that the benefits of trade reach more people, especially in the most vulnerable countries. The WTO's role is to work with governments to help them build policies which respond to the many challenges in the economy today – policies which leverage trade as part of the solution."

work – but it is unquestionably central today. Moreover, these initiatives are vital for trade to play its full role in powering development as foreseen in the new Sustainable Development Goals. An independent evaluation carried out in 2016 showed that we continue to deliver a high level of trade-related technical assistance. WTO initiatives like Aid for Trade, the Standards and Trade Development Facility, the Trade Facilitation Agreement Facility and the Enhanced Integrated Framework, which launched its second phase in 2016, are also bearing fruit. We look forward to the 6th Global Review of Aid for Trade in July 2017 as an important moment to review and strengthen this work.

Out of our 164 members, two-thirds have participated in one way or another in our dispute settlement system, which had its most active year so far in 2016. By the end of the year, some 520 trade disputes had been submitted to the WTO. To respond to the increasing number of disputes being brought to the WTO, I have continued to reallocate resources to our legal divisions so that cases can be examined in a timely manner. The regular use of the WTO's dispute settlement system by both developing and developed countries is a clear indication of the importance that members attach to the system, and their confidence in it.

Nevertheless, we must recognise that these are challenging times for global trade. Economic growth is low; trade growth is low; the threat of protectionism cannot be ignored; and we struggle with the persistent global challenges of poverty, inequality and under-development. We must work harder to ensure that the benefits of trade reach more people, especially in the most vulnerable countries. The WTO's role is to work with governments to help them build policies which respond to the many challenges in the economy today – policies which leverage trade as part of the solution. Trade may not be a silver bullet that will by itself deliver growth, but it is a fundamental and necessary ingredient for any strategy aiming at sustainable social and economic development. In this context, cooperative engagement at the international level is more important than ever.

The structures of the multilateral trading system were built in direct response to the lessons of history. They represent the world's best effort to ensure that the mistakes of the past are not repeated. They provide the tools to deal with many of the problems that are at the forefront of the debate today. Our trade monitoring reports have shown us that the import-restrictive measures implemented since October 2008 and still in place cover just 5 per cent of world imports. It could be even lower, of course, but this illustrates that the system has worked. Despite the financial crisis and its economic impact, we have not seen a significant rise in protectionism, and we certainly have not seen a repeat of the 1930s where escalating tariffs and unilateral actions helped fuel the downward spiral that wiped out two-thirds of global trade and ultimately led to the Great Depression. With this in mind, I believe that the WTO is now more important than ever. We must work together to strengthen the trading system in the interests of global economic stability, and so that the benefits of trade in supporting jobs, growth and development can be spread as far and as wide as possible.

Finally, on a personal note, I would like to thank WTO members for reappointing me for a second term as Director-General, starting in September 2017. I believe that the WTO is stronger today. Moreover, in an increasingly interdependent world economy, I believe it is our responsibility to ensure that we bolster global economic cooperation – and that we leave a well-functioning trading system for future generations. I look forward to working with members over the next four years to fulfil that responsibility.

Roberto Azevêdo

Director-General

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.

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.

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.

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.

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.

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.



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 trade barrier.

What we do

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. Negotiations continue on the issues of the Doha Development Agenda, which was originally launched by WTO trade ministers in Doha, Qatar, in November 2001.

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

The WTO's procedure for resolving trade disputes under the 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 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, 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.

• 1994

April

Marrakesh Agreement establishing the WTO is signed.



• 1997

December

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



• 2000

January

Negotiations begin on services.

March

Negotiations begin on agriculture.



• 1995

January

The WTO is born on 1 January.

May

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



• 1998

May

Second Ministerial Conference takes place in Geneva.



• 2001

November

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



• 1996

December

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



• 1999

September

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



• 2002

September

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



2003

September

Fifth Ministerial Conference takes place in Cancún, Mexico.



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

January

Viet Nam becomes the WTO's 150th member.

November

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



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

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.

2014

April

Revised WTO Agreement on Government Procurement comes into force.

November

Approval of the final legal text of the Trade Facilitation Agreement, originally agreed in Bali in 2013.

2015

December

Tenth Ministerial Conference takes place in Nairobi, Kenya. "Nairobi Package" adopted. Expansion of Information Technology Agreement concluded.

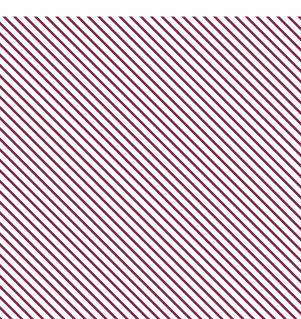


2016

July

Liberia becomes the WTO's 163rd member. Afghanistan becomes the WTO's 164th member.





WTO OMC



A year in review

A large number of WTO members ratified the Trade Facilitation Agreement in 2016, paving the way for its entry into force in early 2017. Many members also accepted an amendment to the WTO's intellectual property agreement, which finally came into effect in the first quarter of 2017. The amendment secures for developing countries a legal pathway to access affordable medicines. WTO members engaged constructively across several areas of trade negotiations from mid-2016 as they began to work towards the WTO's forthcoming ministerial conference, to be held in Argentina in December 2017.

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Trade negotiations

WTO members focused on implementing decisions taken at the Nairobi and Bali ministerial conferences and on looking towards potential outcomes for the 11th Ministerial Conference (MC11) to be held in Buenos Aires in December 2017.

In the second half of the year, trade negotiations intensified, with several proposals being submitted by WTO members, including on agriculture, services and fisheries subsidies. In his role as Chair of the Trade Negotiations Committee, Director-General Roberto Azevêdo stressed the need to deepen discussions significantly in the months ahead.

DG Azevêdo emphasized the need for clarity from WTO members in terms of what they wish to see as a final outcome and for flexibility to accommodate the circumstances of other members.

DG Azevêdo stressed that WTO members should take whatever steps are possible – underlining that on any issue this would not be the end of the road but a first step. Pragmatism remained a vital ingredient. Balancing elements was important so that they took into account members' different interests



WTO members agree on the importance of advancing the development aspects of any negotiating topics.



WTO members concentrated on implementing decisions taken at the Nairobi and Bali ministerial conferences.

and positions and responded to the needs of developed, developing and least-developed countries.

In December, the chairs of the negotiating group provided updates on their activities and considered the way forward in 2017, including areas for potential outcomes at MC11. The chairs highlighted constructive engagement across several issues as a positive development that had not been witnessed for some time but underlined that in some areas further engagement was needed.

DG Azevêdo reported that in his consultations in Geneva and in his visits to capitals, there was a shared desire to deliver a successful Ministerial Conference in Buenos Aires and a common belief in the importance of sustaining ministerial engagement in the lead-up to the conference. He highlighted that outcomes are more likely through incremental progress rather than major leaps and that WTO members agree on the importance of advancing the development aspects of any issues.

DG Azevêdo stressed that work needs to intensify in 2017 as divergent views remain in many areas. He proposed to facilitate exchanges among WTO members submitting proposals and delegations that have shown interest in specific issues so that they can share views and see how to advance these issues.



WTO members agree on the importance of advancing the development aspects of any negotiating topics.



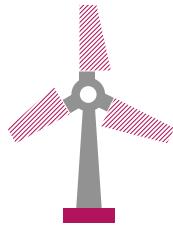
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WTO members started to focus on the 11th Ministerial Conference to be held in Buenos Aires in December 2017.

Negotiations on an Environmental Goods Agreement (EGA) continued among 18 participants representing 46 WTO members. A meeting of ministers and senior officials in December in Geneva made "good progress" and set the stage for further talks.

An Environmental Goods Agreement would potentially slash tariffs on a broad range of environment-related products aimed at generating clean and renewable energy, improving energy and resource efficiency, controlling air pollution and addressing other environmental concerns. The benefits of the new agreement would be extended to the entire WTO membership.

 See pages 30-43.



46

WTO members are conducting negotiations on an Environmental Goods Agreement.

Implementation and monitoring

A major milestone for the global trading system was reached in early 2017 when the first multilateral deal concluded in the 21-year history of the WTO entered into force. Following ratification of the Trade Facilitation Agreement (TFA) by Rwanda, Oman, Chad and Jordan in February 2017, the WTO obtained the necessary number of acceptances from the WTO's 164 members for the Agreement to take effect.

The TFA aims to streamline, simplify and standardise customs procedures. By easing the flow of goods across borders, it will help to cut trade costs around the world. Full implementation of the TFA is forecast to slash WTO members' trade costs by an average of 14.3 per cent. The Agreement is expected to reduce the time needed to import goods by over a day and a half and to export goods by almost two days, representing a reduction of 47 per cent and 91 per cent respectively over the current average. By 2030, the Agreement could add 2.7 percentage points per year to world trade growth and more than half a percentage point per year to world GDP growth.

The Agreement is unique in that it allows developing countries to set their own timetable for implementation depending on their capacity to do so. A Trade Facilitation Agreement Facility was created to help ensure these countries receive the assistance needed to reap the full benefits of the TFA.

Another major milestone was the entry into force of the amendment to the WTO's intellectual property (TRIPS) agreement, securing for developing countries a legal pathway to access affordable medicines under WTO rules. It is the first time since the launch of the WTO in 1995 that a WTO accord has been amended.

The amendment came into force in January 2017 after the protocol containing it was accepted by the necessary two-thirds of WTO members. The amendment makes permanent a mechanism to ease poorer WTO members' access to affordable generic medicines produced in other countries.



14.3%

The TFA is forecast to slash WTO members' trade costs by an average of **14.3** per cent.



The implementation of the Trade Facilitation Agreement (TFA) in February 2017 is expected to ease the flow of goods across borders.



The entry into force of the TRIPS amendment in January 2017 secures for developing countries a legal pathway to access affordable medicines.

164

Liberia and Afghanistan joined the WTO in July 2016, bringing the WTO's total number of members to **164**.

23

The WTO conducted Trade Policy Reviews of **23** WTO members in 2016.

Argentina's offer to host the 11th Ministerial Conference (MC11) was accepted by the General Council, the WTO's highest decision-making body in Geneva. The Council agreed that the conference would be held in December 2017 in Buenos Aires. Argentina will be the first South American country to host the biennial event.

Liberia and Afghanistan became the 163rd and 164th members of the WTO in July 2016. Later in the year, the General Council agreed to start WTO membership talks for Somalia and Timor-Leste.

The WTO's other councils and committees continued to meet regularly throughout the year to ensure that WTO agreements and rules are being properly implemented. The WTO also continued its trade monitoring role.

The latest trade monitoring report showed a slight decrease in the number of new trade-restrictive measures introduced by WTO members. Between mid-October 2015 and mid-October 2016, an average of 15 such measures were introduced per month compared with the recent peak of 20 measures per month in 2015. Of the 2,978 trade-restrictive measures recorded for WTO members since 2008, 740 had been removed by mid-October 2016.

The WTO's Trade Policy Review Body (TPRB) reviewed the trade policies and practices of 23 WTO members in 2016, bringing the total number of trade policy reviews to 452 since the TPRB was established in 1989.



See pages 44-103.

Dispute settlement

The WTO's dispute settlement system had its busiest year so far, averaging 22 active panel, arbitration and Appellate Body proceedings per month. The Dispute Settlement Body (DSB) received 17 requests for consultations, the first step in the dispute settlement process, and established eight new dispute settlement panels.

Out of the 17 requests for consultations, three complaints were filed by Brazil – against Indonesia, the United States and Thailand. Three complaints were also filed by the United States – all against China on three different matters: export duties on raw materials, domestic support provided to agricultural producers and China's administration of its tariff-rate quotas for wheat, rice and corn. The other disputes were brought by China (2), the European Union (2), India (2), Japan (2) and Turkey, which filed a dispute for the first time since 2003.

17

WTO members brought 17 new disputes to the WTO in 2016.

Some 520 trade disputes have been brought by WTO members since the organization was established in 1995. Two-thirds of the WTO membership has participated in the system in one way or another. The largest number of disputes

520

520 trade disputes have been brought to the WTO since the organization was established in 1995.

has been brought by the United States (112) followed by the European Union (97), Canada (35) and Brazil (30). The main respondent in disputes brought to the WTO has been the United States (129) followed by the European Union (83), China (38) and India (24).

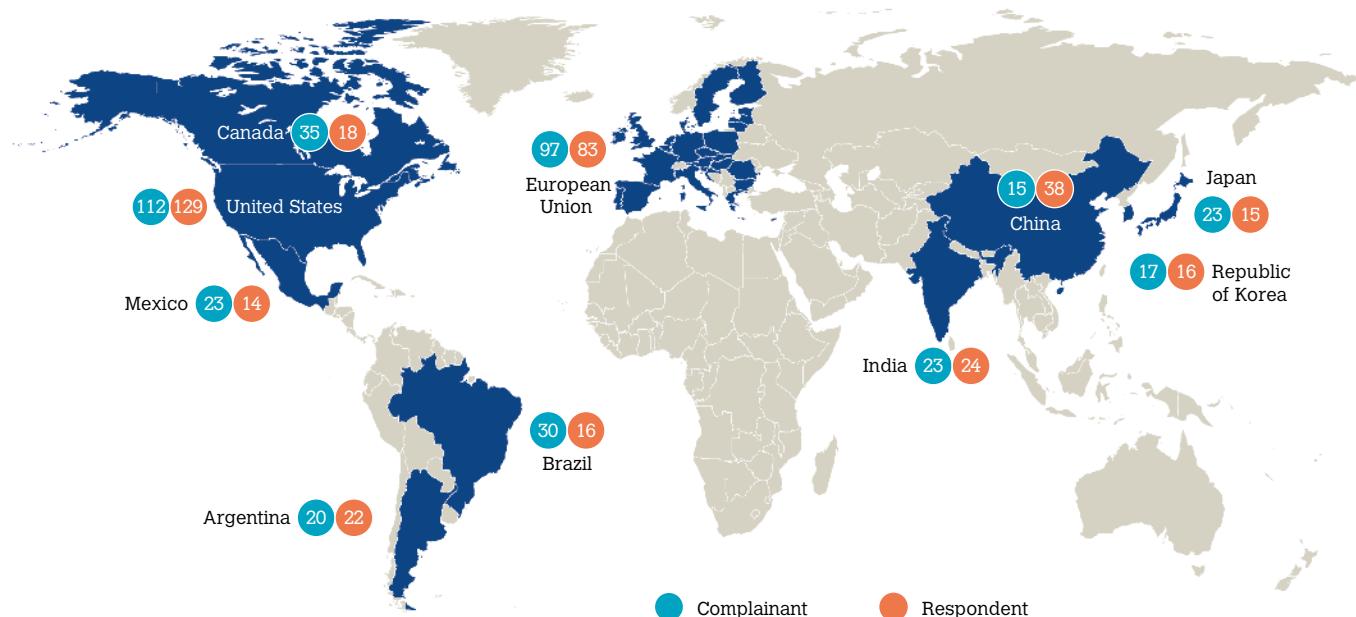
The disputes address a wide range of trade concerns and often touch upon global issues, such as human health, renewable energy, conservation of natural resources and, more recently, money laundering and tax evasion. A total of 11 panel reports were circulated in 2016.

During 2016, the dispute settlement system began to feel the benefit of measures introduced to address the challenge of the mounting number of disputes being brought by WTO

The Dispute Settlement Body appointed two new Appellate Body members: Hong Zhao of China (right) and Hyun Chong Kim of Korea (centre).



WTO members most involved in disputes, 1995 to 2016



members. One of those steps was to reallocate vacant posts to the legal divisions and to ensure adequate staffing for trade remedy cases, which are a particularly active area for disputes.

As of the end of 2016, the WTO's Rules Division, which handles trade remedy and subsidies disputes, was fully staffing all its disputes. This was achieved principally by recruiting more lawyers and by greater assignment flexibility.

The Appellate Body had a busy year in 2016, with eight panel reports appealed and six Appellate Body reports circulated. The then chair of the Appellate Body, Thomas Graham, delivered a lecture on the state of the Appellate Body at an event in November. He highlighted that the number of appeals, the number of issues appealed and the number of pages of submissions have all grown significantly in recent years. He urged WTO members to work with the Appellate Body to "maintain, nurture and preserve the trust and

credibility that has been built up over the years in this dispute settlement system".

The DSB appointed two new Appellate Body members – Hong Zhao of China and Hyun Chong Kim of Korea – for a term of four years, starting on 1 December 2016.

In an address to the Appellate Body in January 2017, DG Azevêdo said: "Recourse to the dispute settlement system has ensured adherence to negotiated rules, thereby helping to provide security and predictability in international trade... The Appellate Body has proven its value, through its rigour in reviewing panel decisions and its clarification of members' rights and obligations under the WTO's covered agreements. The experience and knowledge that Ms Zhao and Mr Kim bring to the Appellate Body could not have come at a more opportune time."

See pages 104-119.

Supporting development and building trade capacity

Support for development and building trade capacity has grown in importance at the WTO and is now a central focus of the organization's activities. Much of the work in this area is conducted through the Committee on Trade and Development (CTD) which held a commemorative event in November 2016 to mark its 100th session.

WTO members and representatives from other international organizations and academia reflected on how trade has evolved since the Committee held its first meeting 20 years ago and on what needs to be done to ensure that trade continues to support developing countries in the future.

"It is a milestone for the CTD, for the WTO, and for the broader trade and development community," DG Azevêdo said in an address. "This is a time for reflection — and it is a time to be ambitious. We should look at what more the WTO can do to ensure more people can use trade as a tool for development," he added.

In June, the WTO hosted a United Nations session on helping landlocked developing countries (LLDCs) benefit from trade. DG Azevêdo told the meeting that capacity-building work through the WTO's Aid for Trade initiative can be particularly beneficial to LLDCs and that implementing the Trade Facilitation Agreement will be crucial in reducing delays in transit that can have a significant effect on LLDCs.

Disbursements of Aid for Trade reached US\$ 39.8 billion in 2015, the highest amount for a single year. The WTO and the OECD launched the 2016 Aid for Trade monitoring and evaluation exercise, which aims to review Aid for Trade priorities in advance of the Global Review of Aid for Trade, to be held at the WTO in July 2017.

In 2016, the Enhanced Integrated Framework launched phase two of its programme, which aims to help least-developed countries (LDCs) use trade as a tool for growth. Phase two will

100

The Committee on Trade and Development commemorated its 100th session in November 2016.

run until 2022. Phase one (2009-2015) delivered 142 projects with a total allocation of US\$ 202 million across 51 of the world's poorest countries. Most projects were aimed at helping LDCs improve their capacity to trade and at creating the jobs that help to lift people out of poverty.

The WTO Secretariat undertook 315 technical assistance activities in 2016 aimed at helping government officials gain a better understanding of WTO rules and the multilateral trading system. Over 18,400 participants benefited from these training activities, up from some 15,000 in 2015. A total of 10,279 participants from 147 countries (compared with 7,523 in 2015) enrolled for e-learning courses, with Africa providing the majority of participants (38 per cent) followed by Latin America (21 per cent), and Asia and the Pacific (20 per cent).

An external evaluation report on the functioning of the WTO's technical assistance was issued in October 2016. It noted that these activities have been increasingly effective in improving the capacity of developing countries to implement multilateral trade rules and to participate in global trade. The report also recommended ways to improve the delivery of training courses based on the lessons learned over the past five years.



39.8

Disbursements of Aid for Trade reached **US\$ 39.8 billion** in 2015, the highest amount for a single year.



The WTO Secretariat undertook 315 technical assistance activities in 2016 aimed at helping government officials gain a better understanding of WTO rules and the multilateral trading system.

Speaking at a meeting of the Committee on Trade and Development in January 2017, DG Azevêdo said: "When the WTO was created over two decades ago, technical assistance was not a major part of our work. Fast forward to today and it constitutes one of the biggest outputs of the organization. It has become, unquestionably, a central element of the WTO's activities."



See pages 120-137.



Enhanced
Integrated
Framework

The EIF launched phase two of its programme, which aims to help least-developed countries use trade as a tool for growth.

Outreach

Interest in the WTO increased significantly in 2016. This led to the creation of the Trade Dialogues initiative, which was designed to facilitate increased engagement from a range of stakeholders. A series of meetings was held during the year, bringing in representatives of the private sector, NGOs, academia, labour and consumers.

As part of the Trade Dialogues initiative, the WTO facilitated a meeting of business leaders at the request of the International Chamber of Commerce and the B20, the business arm of the G20.

The event brought together over 60 business leaders to discuss the challenges and opportunities they face in conducting trade operations and how the WTO could address the current needs of the business community. The attendees were from small and large enterprises, from developed and developing countries, and from a variety of sectors.

In addition to the current negotiating agenda, the business leaders urged the WTO to look at a wide range of issues, such as electronic commerce, rules to better facilitate services and investment flows, support for micro, small and medium-sized enterprises, action to provide trade finance, and many others.

The WTO's major outreach event of the year was the Public Forum, held in September, which attracted over 1,100 participants to the 100+ sessions held during the three days of the event. The Forum provides a unique platform for businesspeople, academics and non-governmental organisations to come together to discuss some of the major trade and development issues of the day, with all of the sessions being organized by the participants. In 2016, the theme of the event was "inclusive trade".

Participants underlined the need to promote greater participation in trade by women and small businesses and the importance of ensuring that effective policies are put into place to help the poor and those who may suffer job losses resulting from trade. In his opening remarks, DG Azevêdo highlighted the need to ensure that the right policies are adopted so that the benefits of trade are shared more widely.

100

Over 100 sessions were held at the 2016 Public Forum.



The WTO's inaugural Trade Dialogues event brought together over 60 business leaders to discuss how the WTO can address the current needs of the business community.

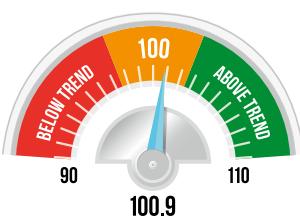
In July, DG Azevêdo attended the G20 trade ministers meeting in Shanghai, where he launched the WTO's World Trade Outlook Indicator, which aims to give an early indication of global trade trends. In September, he attended the summit of the G20 group of leading developed and developing countries in Hangzhou, China. In November, he presented then UN Secretary-General Ban Ki-moon with the WTO Ministerial Decision on Export Competition, which delivers a key contribution to meeting the UN's Sustainable Development Goal on "Zero Hunger".



The Public Forum, the WTO's major outreach event of the year, attracted over 1,100 participants to the three-day event in September 2016.

As part of its Trade Dialogues initiative, the WTO launched a series of lectures to allow technical experts to share their insights on topical issues, such as the relationship between trade and labour markets. The aim of the lectures is to promote informed discussion on these topics at a time when negative sentiment towards trade and globalization is on the rise.

The WTO's various channels of communication with the public continued to see increased traffic. The WTO website attracted almost 1.7 million visits a month in 2016 while its Facebook page and Twitter account increased to over 250,000 and 275,000 followers respectively.



The WTO's World Trade Outlook Indicator was launched in July to give an early indication of global trade trends.

1.7

The WTO website attracted almost 1.7 million visits a month in 2016.

See pages 138-165.

2016: a snapshot

- DG Azevêdo attends World Economic Forum in Davos.



January

February

March

April

May

June

- Harald Neple of Norway appointed as Chair of General Council.



- DG Azevêdo and heads of international agencies meet German Chancellor Angela Merkel to discuss the outlook for the global economy.



- WTO/World Bank forum on the role of trade in ending poverty takes place at WTO.



- WTO holds inaugural "Trade Dialogues" event.







Membership

- Liberia and Afghanistan joined the WTO in July 2016, bringing the WTO's total membership to 164.
- In December 2016, WTO members agreed to begin WTO membership negotiations for Somalia and Timor-Leste.
- Twenty-one governments are currently negotiating WTO membership.

Joining the WTO	24
A global membership	28

Joining the WTO

Liberia and Afghanistan became the 163rd and 164th members of the WTO in 2016. Members agreed to start WTO membership talks for the Federal Republic of Somalia and the Democratic Republic of Timor-Leste and to welcome them as observers to the WTO. Comoros kicked off its accession negotiations, while the working parties for the accession of Belarus and Sudan have resumed after interruptions of 12 and 13 years, respectively.

Liberia joined the WTO as its 163rd member on 14 July 2016, followed by Afghanistan, which became the organization's 164th member on 29 July 2016. Somalia and Timor-Leste took the first step in the process of becoming WTO members by sending applications to the Director-General requesting accession. Members agreed at a General Council meeting on 7 December to initiate membership negotiations. Two working parties were established to examine their respective applications.

Liberia and Afghanistan became WTO members 30 days after notifying the Director-General of the formal acceptance of their accession packages. Their accession increases the number of least-developed countries (LDCs) in the WTO and brings the WTO ever closer to its goal of universal membership. LDCs represent a fifth of the WTO membership.

The accession packages, or entry terms, contain specific commitments binding the countries to WTO rules, including commitments on market access for goods and services. The WTO accession process promotes the integration of new members into the global economy and, in return, acceding economies undertake to liberalize their trade regimes.

The length of accession processes varies depending on the negotiating commitment of the acceding economy, the degree to which its trade rules are already WTO-consistent and the complexity of the subject matter of the negotiations, which differs from one negotiation to another.

Background on joining the WTO

Since the WTO was launched in 1995, 36 members have joined the organization, including China, Russia and Saudi Arabia, and 21 states or separate customs territories are seeking to join. The WTO is open to states or customs territories with full autonomy over their external commercial relations. To join the WTO, a government has to bring its economic and trade policies in 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.

Liberia

Liberia joined the WTO after eight years of negotiating its accession terms with WTO members. It became the eighth LDC to negotiate its accession to the WTO since the organization's launch in 1995.

Ahead of Liberia's accession, the WTO Secretariat organized a national workshop on 27–29 June in Liberia on the implementation of the country's WTO accession commitments and discussed how Liberia can take advantage of membership under the WTO's Least-developed Countries (LDCs) and Accessions Programme (also known as the China Programme). It was the first post-accession technical assistance activity organized by the WTO Secretariat and sponsored by the China Programme (see below).

"Liberia's accession underscores the WTO's commitment to supporting the participation of LDCs in the multilateral trading system," Director-General Roberto Azevêdo said. "WTO membership will help Liberia to benefit from the international trade and investment that is essential to build the economy and improve people's lives," he added.



Liberia became the 163rd member of the WTO on 14 July 2016.

Liberia

Accession Working Party report

Paragraphs with commitment language	31
Market access for goods	
Average final bound tariff rates:	
All goods	26.7%
Agricultural goods	23.8%
Non-agricultural goods	27.2%
Market access for services	
Sectors	11
Sub-sectors	102



Afghanistan

Afghanistan joined the WTO some 12 years after starting its negotiations on accession terms with WTO members.

"This is an historic day for Afghanistan and its integration into the global economy," said Director-General Roberto Azevêdo. "We arrived at this point thanks to the commitment of President Mohammad Ashraf Ghani and the government of Afghanistan. WTO membership will be a foundation stone in the country's future development."

Afghanistan also ratified the WTO's Trade Facilitation Agreement (TFA) (see page 73) and deposited the instrument of acceptance – signifying its formal acceptance – on the first day of its membership.

Afghanistan

Accession Working Party report

Paragraphs with commitment language	37
Market access for goods	
Average final bound tariff rates:	
All goods	13.5%
Agricultural goods	33.6%
Non-agricultural goods	10.3%
Market access for services	
Sectors	11
Sub-sectors	104

Afghanistan became the WTO's 164th member on 29 July 2016.

Somalia

Somalia applied for WTO accession on 12 December 2015. Members agreed to establish a working party for its accession negotiations at the General Council meeting on 7 December 2016. Faduma Abdulahi Mohamud, Ambassador and Permanent Representative of Somalia in Geneva, said: "Many developing countries, particularly LDCs, such as my own, are keen to join the WTO because, among other things, the WTO promotes lower trade barriers, fair competition, non-discrimination, encourages development and economic reform while providing flexibilities for adjustment."



On 7 December 2016, WTO members agreed to establish a working party for Somalia's accession negotiations.

Membership

Somalia, an LDC, has a population of approximately 11 million. The 2012 Human Development Report estimated Somalia's gross domestic product per capita at US\$ 284 compared with the sub-Saharan Africa average of US\$ 1,300. Livestock is the backbone of the economy: 60 per cent of the population is dependent on livestock production.

Timor-Leste

Timor-Leste applied for WTO accession on 7 April 2015. Members agreed to establish a working party for its accession process at the General Council meeting on 7 December 2016. Estanislau Aleixo da Silva, Coordinating Minister of Economic Affairs and Minister of Agriculture and Fisheries of Timor-Leste, said: "Timor-Leste prioritizes WTO membership as it would help to leverage ongoing improvements in its infrastructure, human capital and administrative capacity to accelerate growth and economic diversification."

Timor-Leste is also an LDC. It has a population of approximately 1.2 million. Some 72 per cent of households are rural and make their living from agriculture. The GDP per capita in Timor-Leste stood at US\$ 988 in 2015, equivalent to 8 per cent of the global average.



On 7 December 2016, WTO members agreed to establish a working party for Timor Leste's accession negotiations.

Comoros

The first meeting of the working party on the accession of the Comoros was held on 6 December 2016. The Comoros has set the 11th Ministerial Conference (MC11), to be held in Buenos Aires in December 2017, as the target date for the conclusion of its accession negotiations.



The first meeting of the working party on the accession of the Comoros was held on 6 December 2016.

Belarus

WTO members welcomed the resumption of WTO membership negotiations for Belarus when the working party on the country's accession met on 24 January 2017 – 12 years after its last formal meeting. At the meeting, the first since May 2005, Andrei Yeudachenka, First Deputy Minister of Foreign Affairs of Belarus, emphasized that WTO accession is a priority for the country.

Sudan

Sudan's membership negotiations resumed on 31 January 2017 – 13 years after the last working party meeting. In a statement, Sudan's Minister of International Cooperation, Osman Ahmed Fadul Wash, underscored the government's commitment to the accession process. He called on WTO members to accelerate negotiations, adding he hoped that Sudan would be in a position to accede to the WTO by MC11.

Technical assistance

Acceding governments were invited to participate in over 100 WTO technical assistance activities in 2016, including seminars, workshops, advanced trade policy courses, e-learning and trade policy forums. The WTO Secretariat continued to implement the China Least-Developed Countries and Accessions Programme (China Programme), which aims to assist acceding LDCs and strengthen LDC members' participation in the WTO. As part of the programme, four interns – from Angola, Iran, Mali and Tajikistan – will



participate in 2016-2017 in the internship scheme in the WTO Secretariat.

Several technical missions were undertaken to WTO acceding countries as well as countries that have shown interest in WTO accession to assist them in their accession processes and applications. The beneficiaries of these missions were Bhutan, Bosnia and Herzegovina, Lebanon, Sudan, Timor-Leste and Turkmenistan.

The WTO Secretariat initiated several technical assistance activities in 2016. The first trade policy forum with a focus on Central Asia took place in Ashgabat, Turkmenistan, in May 2016. Organized in partnership with the United Nations Economic Commission for Europe, it focused on WTO accessions and associated domestic reforms, and regional integration.

The first training course on trade in services for acceding governments was organized on 28 November to 2 December. Participants included 27 officials from 14 governments. Under the sponsorship of the China Programme, the WTO Secretariat also organized the first-ever dedicated training on post-accession, for Liberia (see above) and Afghanistan. The Afghanistan course took place in July in Bangkok, Thailand.

The WTO Secretariat continued to work on accessions with other institutions: the Enhanced Integrated Framework (see page 130), the International Trade Centre, the Swedish National Board of Trade, the United Nations Economic Commission for Europe, the United Nations Economic and Social Commission for Asia and the Pacific and the World Bank.



164

The WTO has 164 members following the accessions of Liberia and Afghanistan in July 2016.

Awareness of accession activities was further enhanced through outreach dialogue with WTO regional groups and the Director-General's Annual Report on WTO Accessions.

Accession Intelligence Portal

In 2016, the WTO Secretariat launched the Accessions Intelligence Portal (AIP), which contains information on all ongoing and completed WTO accessions since 1995 as well as other accession-related information, such as the process for becoming a WTO member, technical assistance activities, relevant publications and other resources.

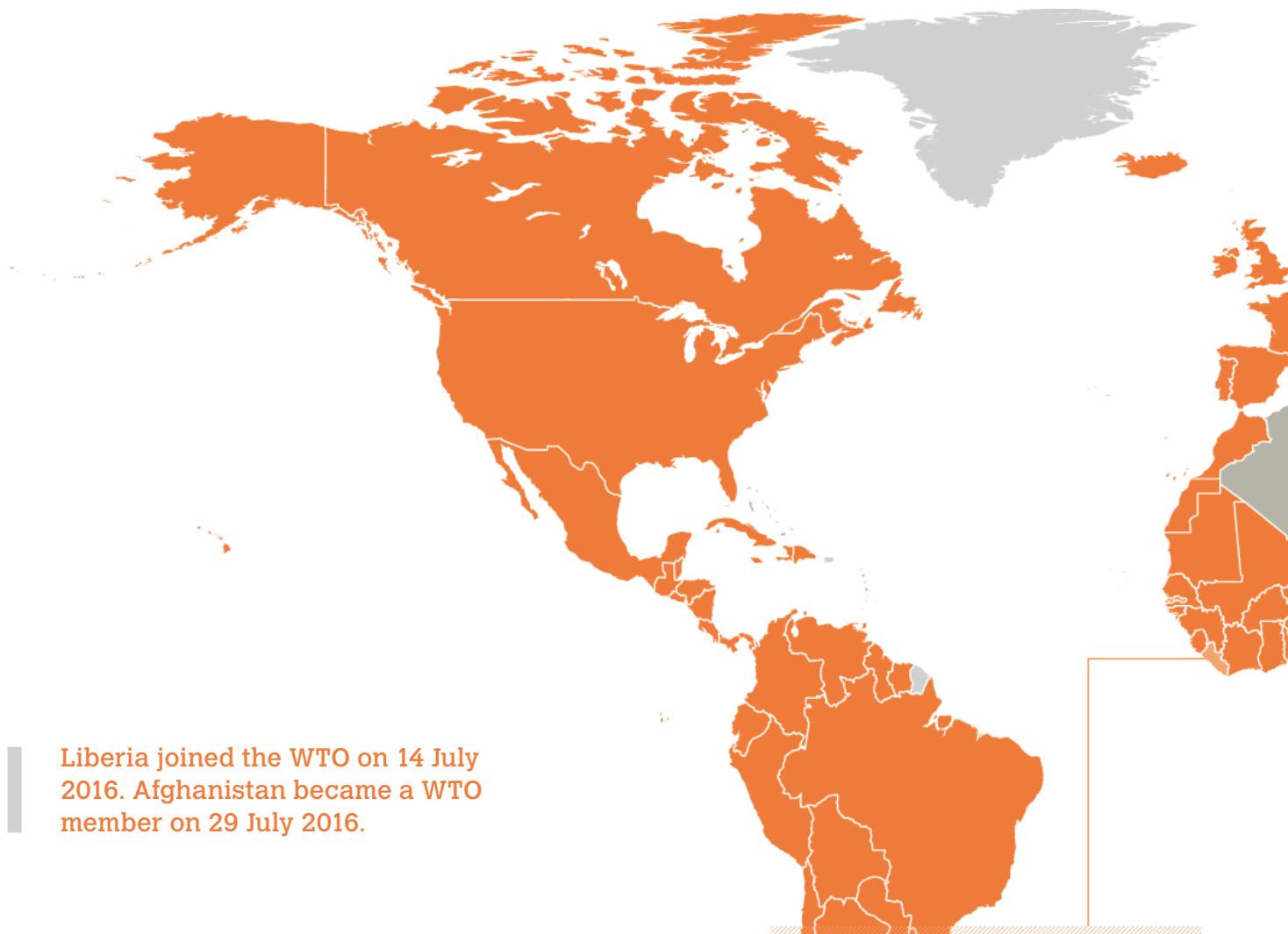


21

21 governments are currently negotiating WTO membership.

A global membership

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



Liberia joined the WTO on 14 July 2016. Afghanistan became a WTO member on 29 July 2016.

- WTO members
- New members in 2016
- New observers in 2016
- Observers
- Non-members

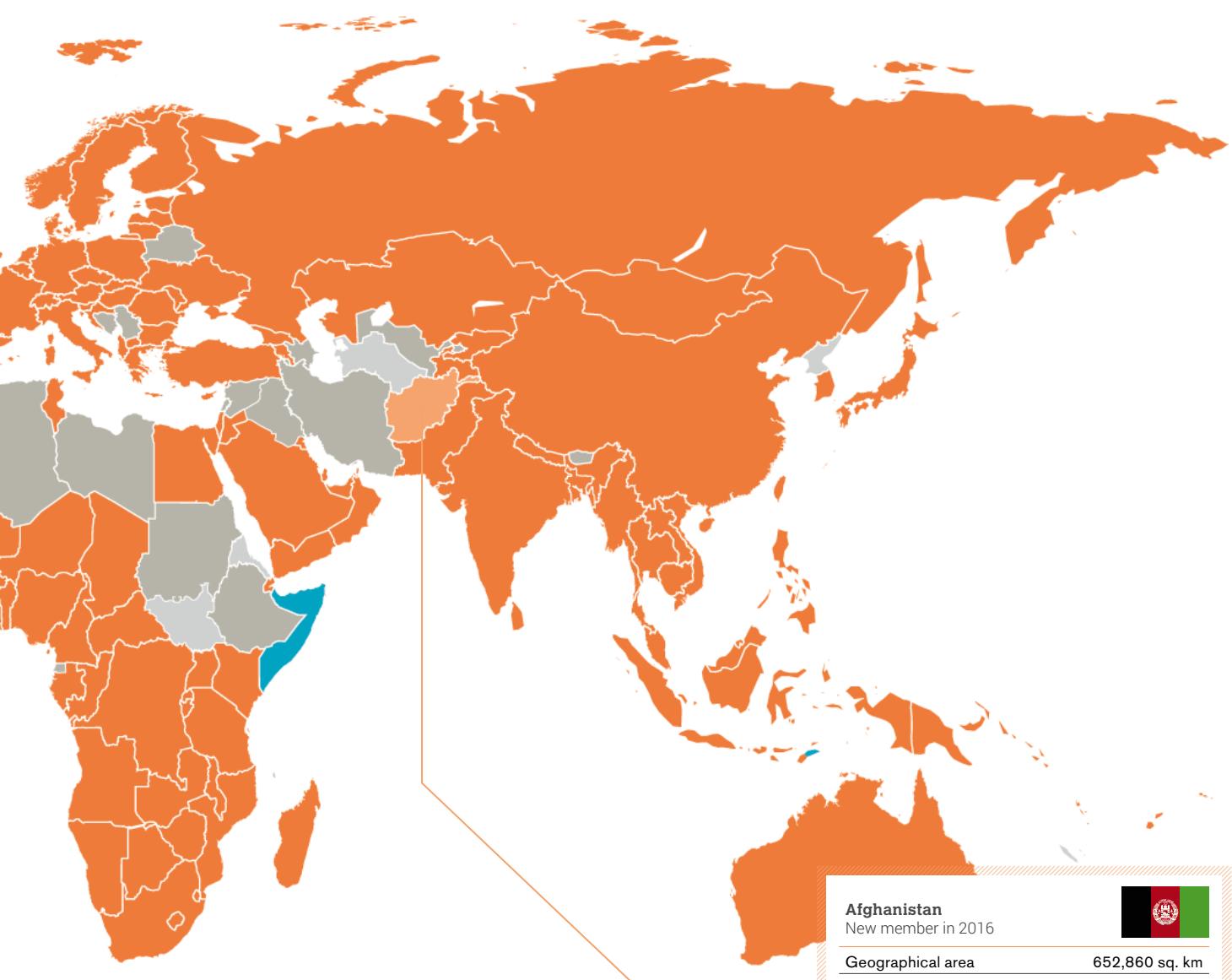
Source: WTO and World Bank.

For a full list of WTO members and observers, see page 180.

Liberia
New member in 2016



Geographical area	111,370 sq. km
Population (2015)	4,503,438
GDP (million current US\$, 2015)	2,053
GDP per capita (US\$, 2013-2015)	456
Trade per capita (US\$, 2013-2015)	359
Trade (% GDP, 2013-2015)	78.7
Rank in world trade (2015) – Exports	Merchandise: 171 Commercial services: 163
Rank in world trade (2015) – Imports	Merchandise: 149 Commercial services: 152



Afghanistan
New member in 2016



Geographical area	652,860 sq. km
Population (2015)	32,526,562
GDP (million current US\$, 2015)	19,199
GDP per capita (US\$, 2013-2015)	625
Trade per capita (US\$, 2013-2015)	171
Trade (% GDP, 2013-2015)	27.4
Rank in world trade (2015) – Exports	Merchandise: 164 Commercial services: 136
Rank in world trade (2015) – Imports	Merchandise: 120 Commercial services: 113

The map does not intend to show WTO members' non-metropolitan/overseas territories or the status of such territories in regard to the WTO agreements.



Trade negotiations

- WTO members intensified their engagement across several areas of negotiation as they began to look towards the forthcoming ministerial conference in December 2017.
- The chairs of the negotiating groups highlighted constructive engagement across several issues but underlined that further engagement by WTO members is needed.
- Negotiations among 46 WTO members on an Environmental Goods Agreement made further progress. A meeting in December 2016 set the stage for further talks.

Trade negotiations in 2016	32
Agriculture	34
Market access for non-agricultural products	36
Services	37
Trade-related aspects of intellectual property rights (TRIPS)	39
Trade and development	40
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Dispute Settlement Understanding	43

Trade negotiations in 2016

WTO members focused on implementing outcomes from the Nairobi and Bali ministerial conferences and on responding to instructions from ministers in Nairobi on trade negotiations. Following a period of reflection in the first half of the year, there was re-energized and constructive engagement from July onwards across several areas of negotiations as members began to look towards the 11th Ministerial Conference to be held in Buenos Aires in December 2017. In response to the success in Bali and Nairobi, the private sector urged the WTO to deliver further outcomes to boost growth and development.

Nairobi conference and future work

After the Nairobi Ministerial Conference in December 2015, WTO members focused on two main areas of work. First, they sought to implement outcomes from the ministerial conferences in Nairobi (2015) and Bali (2013) on export competition (see page 35), cotton, issues concerning least-developed countries (LDC), the Trade Facilitation Agreement (see page 73), a permanent solution on public stockholding for food security purposes (see page 35) and a special safeguard mechanism (see page 35). Secondly, they sought to respond to ministers' instructions regarding remaining Doha Development Agenda (DDA) issues and non-DDA issues.

The Nairobi Ministerial Declaration acknowledged that there was no consensus on how to proceed with the DDA. However, it also expressed ministers' strong commitment to advance negotiations on the remaining Doha issues. Development has to be at the core and priority given to the concerns and interests of LDCs. Ministers instructed members to "find ways

Background on trade negotiations

At the WTO's Fourth Ministerial Conference in Doha, Qatar, in November 2001, WTO members agreed to launch a new round of trade negotiations. They also agreed to work on other issues, in particular the implementation of the current WTO agreements. The entire package is called the Doha Development Agenda. The 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.

to advance negotiations" and requested the Director-General to report regularly to the General Council on these efforts. Some decisions taken by ministers in Nairobi call for specific follow-up action, including "negotiating" action – for example on public stockholding for food security.

While ministers agreed that work should be prioritized where results have not yet been achieved, they also acknowledged that some WTO members wished to discuss issues outside the DDA, and others did not. They agreed that the launching of multilateral negotiations on any issue would need agreement of all members.

In the first half of the year, members were mostly in "reflection mode" about the next steps. In their conversations, there was a clear emphasis on putting development at the centre and on prioritizing LDC issues. In May, the Chair of the Trade Negotiations Committee (TNC), Director-General Roberto Azevêdo, reported that he had heard nothing that could promise a breakthrough on the outstanding DDA issues. The difficulties were mostly political and revolved around fundamental conceptual differences about "what" and "how" each member should contribute to any outcome. There was no overlap in positions, he said. However, he was encouraged that nobody was giving up; new ideas and concepts were still being explored.

Beyond the core Doha issues of agriculture, non-agricultural market access (NAMA) and services, other issues that members wished to discuss at that point included fisheries subsidies, competition policy, micro, small and medium-sized businesses (MSMEs), investment facilitation, e-commerce, private standards and non-tariff barriers (NTBs).

Moving from reflection to action

From May, the Chair stressed the importance of moving to a proposal-driven process if members are to deliver





As Chair of the Trade Negotiations Committee, Director-General Roberto Azevêdo regularly reported on the activities of the negotiating groups.

11

The 11th WTO Ministerial Conference will be held in Buenos Aires, Argentina, in December 2017.

results by the 11th Ministerial Conference (MC11), to be held in Buenos Aires in December 2017. Members need to firmly and quickly establish their priorities for negotiations. This means becoming more specific both about which issues they wish to pursue and how they should be advanced. Creativity, open-mindedness and continued and increased political buy-in from capitals will be important, he added.

Available paths

The Chair emphasized that members need to better understand the negotiating paths available to them. The Nairobi Declaration stated that any multilateral negotiation on non-DDA issues must be approved by consensus. Some members want to start conversations on certain issues before it has been established if multilateral negotiations will be required or desirable, the Chair said.

DG Azevêdo stressed that whatever approach is taken should be inclusive and open to all members – at least as a starting point – letting all members participate actively and constructively. A multilateral approach should be preferred and future negotiations should be flexible and recognize fully the diversity of the membership, following the example of the Trade Facilitation Agreement (TFA). Technical assistance should be included as a fundamental ingredient for success, he said.

Looking to Buenos Aires

From July, there was more engagement in the negotiations in Geneva. Several papers were submitted by WTO members, including on agriculture, services and fisheries subsidies. The Chair stressed the need to deepen discussions significantly in the months ahead, maintaining and enhancing the focus on development and LDC issues.

Several other issues were raised during a range of exchanges in different formats between members. The exchanges included informal workshops on issues such as SMEs, e-commerce and digital trade. A number of submissions were circulated on e-commerce, in particular.

In September, given the challenges facing the global trading system, the Chair urged members to redouble their efforts to continue delivering trade reforms to generate more inclusive growth and development gains. These challenges included a revised downward forecast of global trade growth (see page 96) to 1.7 per cent in 2016 – the lowest since the 2008 financial crisis – and widespread concerns about the growth of anti-trade rhetoric. It is important that members deepen their discussion about what they wish to achieve at MC11 and focus on how to get there, the Chair said.

Some issues started to attract particular attention. These included public stockholding for food security and other agriculture topics, such as domestic support (subsidies) and services, along with SMEs, e-commerce, services facilitation and fisheries subsidies. If members are to make progress, the Chair emphasized the need for clarity from the proponents on what they wish to see as a final outcome and for flexibility to accommodate the circumstances of different members.

The immediate priority was to deepen conversations between members to scope out the issues for MC11. The Chair stressed that members should take whatever steps are possible – stressing that on any issue this would not be the

end of the road but a first step. Pragmatism remained a vital ingredient. Balancing elements was important so that they took into account members' different interests and positions and responded to the needs of developed, developing and least-developed members.

In December, members and negotiating group chairs provided updates on their activities and considered the way forward in 2017, including for MC11. The chairs highlighted re-energized and constructive engagement across several issues as a positive development that had not been witnessed for some time but in some areas the situation had not evolved much.

The Chair also reported on his consultations in Geneva and his visits to capitals. Common points in these discussions have included a shared desire to deliver concrete results at MC11 and belief in the importance of sustaining ministerial engagement throughout the preparatory process. He also highlighted awareness that outcomes are more likely through incremental progress rather than major leaps and agreement on the importance of advancing the development and LDC component of any issues.

The Chair stressed that while members can look back at a constructive year of discussion and debate, work needs to intensify in 2017. Divergent views remain in many areas. Convergent views, but with different approaches, have also been expressed. In 2017, he proposed to facilitate exchanges among proponents and delegations that have shown interest in specific issues so that they can share views and see how to advance these issues.

Agriculture

In 2016, WTO members focused on identifying the next potential outcomes for agriculture negotiations, particularly at the 11th Ministerial Conference (MC11) in December 2017. An outcome on domestic support (farm subsidies) and cotton is seen by the majority of WTO members as a priority for MC11. The Chair of the special session of the Committee on Agriculture, Vangelis Vitalis (New Zealand), said he was "encouraged" by the state of the discussions. He held numerous consultations with members, including dedicated sessions on public stockholding for food security purposes and on a special safeguard mechanism.

WTO members worked intensively to identify what can realistically constitute the next outcomes of the agriculture negotiations. The general view was that agriculture should form part of any results at the 11th Ministerial Conference (MC11) to be held in Argentina in December 2017. Many members said, however, that an outcome on agriculture is difficult to envisage without progress in other areas of the Doha Development Agenda (DDA).

Members made various submissions on domestic support aimed at advancing negotiations and targeting trade-distorting subsidies. A certain number of the Cairns Group of agricultural produce-exporting countries submitted a statistical paper on domestic support and a set of questions, including on the way to achieve "substantial progressive reductions in support and protection". Least-developed countries (LDCs) wanted to know what members are ready to contribute to an outcome, notably on products of special interest to them (including cotton).

While none of the ideas or options put forward enjoyed consensus, the debates displayed renewed intensity and creativity. "I have been encouraged by the engagement we have had during this meeting and therefore with the state of our negotiations," Ambassador Vitalis said in November at the

Background on agriculture

The agriculture negotiations began in 2000 under a commitment that WTO members made in the 1986-94 Uruguay Round to continue farm trade reforms. They were brought into the Doha Round when it was launched in 2001. Broadly, the objective is to reduce distortions in agricultural trade caused by high tariffs and other barriers, export subsidies and domestic support. The negotiations take place in the WTO Committee on Agriculture, meeting in special session. They also take into account social and political sensitivities in the sector and the needs of developing countries.



Ambassador
Vangelis Vitalis
chaired the
agriculture
negotiations
in 2016.

session's final 2016 meeting. He said the significant number of questions and submissions members had circulated underlined the commitment of all to engage with one another on domestic support and "more particularly on what may be doable for the meeting in Buenos Aires".

Many WTO members maintained that negotiations on market access (essentially tariffs) are also a priority. However, others considered that progress in this area will be contingent on movement elsewhere in the negotiations. Towards the end of 2016, members intensified work in this area, with several putting forward ideas for advancing negotiations on specific market access issues. These included tropical products, tariff escalation (whereby tariffs increase along processing chains), tariff peaks (i.e. relatively high tariffs on particular goods), converting tariffs into *ad valorem* rates (i.e. tariff rates in proportion to the estimated value of the goods) and special products (i.e. products for which developing countries are to be given extra flexibility in market access).

The Chair told members that he detected "an intensification and expansion of interest" in the negotiations on agricultural market access. "Clearly there has been a shifting of gear in this negotiation," Ambassador Vitalis said, noting that although it is not as high a priority as domestic support, market access is now a livelier part of the agriculture negotiations.

Export competition

A small group of WTO members expressed interest in continuing negotiations on export competition, one of the major successes of the 10th Ministerial Conference in Nairobi in 2015. In Nairobi, ministers took the historic decision to eliminate export subsidies for agricultural products. Developed countries were to eliminate export subsidies immediately, as a general rule, while developing countries were given longer implementation periods.

Some WTO members argued that there is "unfinished business" in export competition. Canada circulated a paper calling for stronger rules on export finance. But most members considered that trying to go beyond what was agreed in

Nairobi on export competition would be a distraction from the other issues.

Public stockholding for food security

Several dedicated sessions were held on public stockholding for food security purposes. Proponents say that stockpiles procured at administered prices are needed to ensure food security but others fear that, without appropriate disciplines, these programmes lead to over-production and high stockpiles that could depress prices and affect farm incomes and food security elsewhere.

The Ninth Ministerial Conference in Bali in 2013 set a deadline of the 11th Ministerial Conference for resolving the issue. Until a permanent solution is found, support to farmers provided under public stockholding programmes is allowed by the WTO, providing certain conditions are met.

Members kept to their well-known positions. WTO members consider food security a legitimate policy objective but they continue to disagree on how to shape the permanent solution. Nevertheless, members agree there is a clear mandate and a 2017 deadline for resolving the issue.

Special Safeguard Mechanism

Several dedicated discussions on the Special Safeguard Mechanism (SSM) were held in 2016. A special safeguard would allow developing countries to raise tariffs temporarily to deal with import surges or price falls. Members differ on whether an outcome in SSM can be sought independently of advances in the overall discussions on agricultural market access and also on the links between SSM and other outstanding issues in the negotiations.

The G33 of developing food-importing countries and the African, Caribbean and Pacific group (ACP) argue that an SSM would respond to the objectives of developing countries on food security and rural development. However, major exporting countries of agriculture products (including developing countries) remain concerned that an SSM could limit their exports. They argue that trade-offs in market access will be necessary to compensate.

Cotton

The overwhelming majority of WTO members made clear that cotton subsidies (see page 125) should be part of any outcome on domestic support. Such an outcome is the main priority for the Cotton 4 producing countries – Mali, Chad, Benin and Burkina Faso – who received the support of many members including other LDCs. Several contributions circulated by members in 2016 addressed this point.

The cotton transparency and monitoring process resulting from the Bali Ministerial Decision and extended by the Nairobi

■ Trade negotiations

Ministerial Decision continued in 2016. Two dedicated discussions of the relevant trade-related developments for cotton were held, in July and November. As in previous years, the WTO Secretariat provided a background paper compiling information and data from members' notifications and other submissions. Members also benefited from presentations by the International Cotton Advisory Committee on the global cotton market and trade trends as well as recent developments relating to government measures in favour of cotton.

Export restrictions

Among other issues in the negotiations, the importance of improved transparency in the application of export restrictions on foodstuffs has been raised by importing WTO members. A paper by Singapore in 2016 on this topic received interest from a large number of members.



Ambassador Didier Chambovey chaired the market access negotiations from October 2016.

Market access for non-agricultural products

In 2016, the Negotiating Group on Market Access met three times, principally to give transparency to consultations conducted by the Chair on how to move forward on the non-agricultural market access (NAMA) negotiations. In October, the Negotiating Group elected Ambassador Didier Chambovey of Switzerland as the new Chair. Both chairs reported little progress in determining the way forward.

In the first half of 2016, the then Chair, Remigi Winzap (Switzerland), held a number of bilateral meetings to seek views on how to re-engage the NAMA negotiations following the Nairobi Ministerial Declaration. In Nairobi, ministers reaffirmed "a strong commitment of all members to advance negotiations" on the remaining issues of the Doha Development Agenda (DDA), including on NAMA. At the Group's first meeting in 2016, Ambassador Winzap reported that members appeared to "be looking for a foothold in the post-Nairobi discussions". He identified essentially three views among members on the negotiations.

Background on market access for non-agricultural products

Non-agricultural products are products not covered by the Agreement on Agriculture. These range from manufactured goods to fuels and fisheries. Collectively, they represent more than 90 per cent of world merchandise trade. 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 largest group wished to continue working on NAMA issues (both tariffs and non-tariff barriers) in tandem with other Doha issues, he said. A second, much smaller group did not see "the comparative advantage of WTO as a forum for market access negotiations anymore", and therefore was not particularly enthusiastic about pursuing work on NAMA market access for the time being. A third group of a few members was either indifferent to further work on NAMA issues at this stage or was defensive about engaging in new tariff cuts in light of the "difficult macro-economic environment".

The assessment had not changed by the time Ambassador Winzap issued his final report as Chair in July 2016. He said there continued to be an "absence of traction" in the broader market access negotiations. However, several members were interested in working on non-tariff barriers, for instance by improving information among WTO members on issues such as transparency, good regulatory practice, food labelling or e-labelling (the posting of user information on the Internet), he added.

The new Chair, Ambassador Didier Chambovey (Switzerland), officially took up his role on 20 October. He undertook consultations which focused on possible NAMA outcomes for the next WTO Ministerial Conference in Buenos Aires in December 2017. At an informal meeting of the Group in November, the Chair reported that his conclusions were not very different from those of his predecessor. "Opinions were wide-ranging and difficult to reconcile," he said.

The Chair said he detected more movement in issues such as non-tariff barriers than in negotiations on tariff cuts. But there is no unanimity in support of such discussions. Furthermore, some members foresee difficulties in concluding a binding agreement in this area, the Chair added. Overall, there had been "no substantive change nor evolution" in positions, he said, adding that "no papers have been submitted to this negotiating group in a very long time".

Nevertheless, he encouraged those "who wished to have a discussion on NAMA to initiate the process with fresh ideas and proposals".



Ambassador
Marcelo Cima
chaired the
services
negotiations
in 2016.

Services

In 2016, WTO members expressed strong interest in revitalizing services negotiations during meetings of the special session of the Council for Trade in Services.

The Chair of the special session, Ambassador Marcelo Cima (Argentina), told the November meeting that headway will be possible if negotiating demands are realistic, if leadership is exercised, and if balance, flexibility and development considerations are duly taken into account. He called on negotiators to move towards specific proposals and to focus on both process and content.

WTO members pointed to three broad areas as possible priorities for negotiating work: domestic regulation, market access and e-commerce. Most delegations identified domestic regulation as a key area of interest, as shown by the various proposals put forward by delegations in the Working Party on Domestic Regulation (see below).

Background on services

Services are the most important economic activity in the large majority of countries when measured as a share of overall production, and are the single largest source of employment. The General Agreement on Trade in Services (GATS) mandates WTO members to progressively open up trade in services through successive rounds of negotiations. At the Doha Ministerial Conference in November 2001, the services negotiations became part of the Doha Development Agenda. They 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.

Trade negotiations

Several WTO members mentioned market access as another priority area. A number of delegations said that progress is long overdue because commitments under the General Agreement on Trade in Services (GATS) have not kept pace with trade opening that has occurred around the world. Several delegations pointed to the large and long-standing gaps between members' commitments and the rules they apply, which are often more open. Some members considered that the focus should be on removing this "water" between formal commitments and current practices.

Several WTO members highlighted e-commerce as a possible third priority area. They drew attention to the extensive role of services, which provide the basic infrastructure for e-commerce (e.g. telecommunication and distribution services), and to the fact that a broad range of services are supplied electronically.

While general statements of interests regarding market access and e-commerce were discussed, no specific negotiating proposal was submitted and discussions will continue in 2017.

Domestic regulation

Negotiating activity in 2016 concentrated largely on regulatory aspects of services trade. This was carried out in the Working Party on Domestic Regulation (WPDR). WTO members agreed to work on the basis of the full WPDR mandate, i.e. to develop any necessary disciplines to ensure that licensing and qualification requirements and procedures do not constitute unnecessary barriers to trade in services.

A group of WTO members (Australia, Chile, Colombia, the European Union, Japan, Mexico, Norway, Peru, Republic of Korea and Chinese Taipei) presented a draft proposal on the administration of regulatory measures, such as timeframes and processing for applications, fees, and examinations that may be required to obtain authorization to supply services.

The elements set out in the proposal build on earlier draft texts and the proponents' latest practices in preferential services agreements. They were presented as a building block for more comprehensive disciplines which would also contain other elements, such as obligations on the development of regulatory measures and transparency as well as provisions on development.

India presented a new proposal to reduce the bottlenecks that services and services suppliers face. These include high fees, opaque and cumbersome procedures and complex requirements for licensing and movement of persons.

In addition to addressing the administration of regulatory measures, the proposal seeks to increase transparency, facilitate the supply of all four services "modes" (see page 75) and promote cooperation between regulatory agencies of various WTO members.

For services supplied through "mode 3" (a foreign company setting up subsidiaries or branches to provide services in another country), the proposal suggests streamlining the setting up of businesses through a "single window". For the

cross-border movement of services suppliers (known as "mode 4"), it suggests simplifying work permit and visa procedures and ensuring that measures relating to taxation, fees and social security contributions do not unfairly disadvantage foreign service suppliers.

A large number of WTO members engaged in discussing the proposals. Members agreed that work needs to be focused and intensified if progress is to be made in 2017.

GATS rules

Given the overall negotiating context, the Working Party on GATS Rules made little progress in its technical discussions on emergency safeguard measures, government procurement and subsidies.



Trade-related aspects of intellectual property rights (TRIPS)

The Chair of the TRIPS Council in special session held consultations with WTO members on how to advance negotiations on a geographical indications (GI) register. It continued its deliberations on the application of “non-violation and situation complaints” to the TRIPS Agreement but members’ positions remained wide apart.



Ambassador Dacio Castillo chaired the TRIPS negotiations in 2016.

Negotiations on a GI register

The Chair of the TRIPS Council in special session, Ambassador Dacio Castillo (Honduras), held consultations with WTO members on how to advance negotiations on the geographical indications register. While emphasizing the continued importance of these negotiations, members were divided on whether it is realistic to hope for an outcome in this area at the 11th Ministerial Conference in Buenos Aires in December 2017. Little progress was made either on the substance of the GI register or on new approaches to the negotiations.

The register is intended to facilitate the protection of 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.

Members have long disagreed on the legal effects a GI register should have and whether the effects would apply to all WTO members or only to those who choose to participate in the register. They remained divided on product coverage and on whether, as the negotiating mandate says, the register should be confined to GIs for wines and spirits or whether it could also apply to other products, such as food and agricultural

goods. Differences also remained over whether linkages should be made between the GI register negotiations and the other TRIPS-related implementation issues (see below).

Outstanding implementation issues

In 2016, the question of whether the TRIPS obligation to give a “higher” level of protection for wine and spirit GIs should be extended to GIs for other products remained inactive. Members differ on whether extending such higher protection would help trade in such products or would create an unnecessary legal and commercial burden. This question of possible “GI extension” is the first of two so-called “outstanding implementation issues” in the TRIPS area on which the 2005 Hong Kong Ministerial Declaration called for consultations by the Director-General.

The second of these issues concerns the relationship between the TRIPS Agreement and the Convention on Biological Diversity (CBD): whether – and, if so, how – TRIPS should do more to promote the CBD objective of equitably sharing the benefits that arise when genetic resources are used in research and industry.

Background on TRIPS

The Doha Development Agenda mandates negotiations on a multilateral system for notifying and registering geographical indications (GI) for wines and spirits. The Council for Trade-Related Aspects of Intellectual Property Rights (TRIPS) carries out the negotiations in special session. In its regular sessions, the TRIPS Council implements other relevant ministerial decisions, notably those relating to technology transfer and dispute settlement. The Hong Kong Ministerial Declaration mandated the Director-General to consult on certain TRIPS-related implementation issues identified in the Doha Declaration.





Ambassador Tan Yee Woan chaired the trade and development negotiations in 2016.

Trade and development

In 2016, the Chair of the special session of the Committee on Trade and Development, Ambassador Tan Yee Woan (Singapore), met informally with negotiating groups working on presenting revised proposals on special and differential treatment (S&D) for developing countries.

The Chair had several informal meetings with group coordinators and focal points from the LDC (least-developed countries) Group, the African, Caribbean and Pacific Group and the African Group and other members.

In the run-up to the 10th Ministerial Conference in Nairobi in 2015, and at the conference itself, the Chair and members of the special session had worked hard to close gaps on a series of proposals on special and differential treatment (S&D) for developing countries. But differences remained too wide and no agreed text could be presented to the ministers.

S&D refers to the special treatment, or flexibility, granted to developing countries in WTO agreements, such as longer implementation periods. Differences among WTO members include the definition of who exactly should benefit from S&D.

Background on trade and development

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. As part of the Doha Round of negotiations, the special session of the Committee on Trade and Development is reviewing these "special and differential treatment" provisions, with a view to making them more precise, effective and operational.

In the informal meetings, proponents reiterated the importance they attach to the industrialization of their economies and that this remains the objective of the flexibilities they are seeking through strengthened S&D provisions. Discussions in the special session will resume once revised proposals are submitted.

Trade and environment

The Chair of the Committee on Trade and Environment in special session held regular informal consultations with WTO members to discuss the way forward in the negotiations under the Doha Development Agenda. A group of WTO members is also undertaking separate negotiations on an Environmental Goods Agreement outside the Committee.

The Chair of the special session, Ambassador Syed Tauqir Shah (Pakistan), held consultations during 2016 on the environment chapter of the Doha Development Agenda (DDA), seeking ways to advance negotiations on the mandate. However, the situation remained unchanged from the run-up to the Nairobi Ministerial Conference in December 2015.



Ambassador Syed Tauqir Shah chaired the trade and environment negotiations in 2016.

Background on trade and environment

The negotiations on trade and environment, part of the Doha Development Agenda, take place in the Committee on Trade and Environment in special session. The negotiations aim to ensure that trade and environment policies are mutually supportive.



Environmental Goods Agreement

Negotiations on an Environmental Goods Agreement (EGA) continued among 18 participants representing 46 WTO members. A meeting of ministers and senior officials in December in Geneva made “good progress” and set the stage for further talks.

An Environmental Goods Agreement (EGA) would potentially slash duties on a broad range of goods that can help countries tackle some of the world's most pressing environmental challenges. Negotiations on the EGA were launched in July 2014.

Participants have proposed products used in a variety of environment-benefiting functions, including: generating clean and renewable energy; improving energy and resource efficiency; reducing air, water and soil pollution; managing solid and hazardous waste; noise abatement; and monitoring environmental quality. Once the EGA negotiations are concluded, the results will become part of the participants' WTO schedules of commitments. This means all WTO members will benefit from improved access to the markets of EGA participants.

Negotiators held seven negotiating rounds during 2016. Ministers and senior officials from EGA participants met in Geneva in December to work towards concluding the negotiations. Participants held constructive talks but they remain divided over the product coverage and other implementing issues. The intensive discussions set the stage for further talks, however.

Director-General Roberto Azévedo said the Geneva meeting “made good progress towards an agreement” and called for further work towards a successful conclusion of the EGA. “This is not the usual kind of trade agreement as it is focused on protecting a common global good: the environment. The trading system should be in a position to make a positive and meaningful contribution towards tackling environmental degradation. I believe that all delegations involved in these discussions remain committed to this, and to building on recent achievements, such as the Paris Agreement on Climate Change and the UN's 2030 Sustainable Development Agenda” (see page 83).

The EGA participants are: Australia; Canada; China; Costa Rica; the European Union (representing Austria, Belgium, Bulgaria, Croatia, Republic of Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden and the United Kingdom); Hong Kong, China; Iceland; Israel; Japan; Korea; New Zealand; Norway; Singapore; Switzerland; Liechtenstein; Chinese Taipei; Turkey; and the United States.



Ministers and senior officials representing the 46 WTO members negotiating an Environmental Goods Agreement met at the WTO in December 2016.

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 environmental goods and services

In Nairobi, ministers recognized the importance of WTO work on trade and the environment, declaring: “We recognize the role the WTO can play in contributing towards the achievement of the 2030 Sustainable Development Goals” (see page 146). In 2016, WTO members reiterated the importance they attach to trade and the environment, noting recent key international developments, such as the Paris Agreement on climate change and Agenda 2030 on the Sustainable Development Goals.

WTO rules

The Negotiating Group on Rules continued its work on WTO rules on anti-dumping, subsidies and countervailing measures, and regional trade agreements (RTAs). Many delegations saw agreement on fisheries subsidies as a potential outcome for the 11th WTO Ministerial Conference in December 2017 and a number of proposals were presented.

Fisheries subsidies dominated work in the Negotiating Group on Rules during 2016, with Chair Wayne McCook of Jamaica declaring that many WTO members saw an outcome on fisheries subsidies as a “critical area for action” for the WTO’s 11th Ministerial Conference (MC11) in Buenos Aires in December 2017.

At the Group’s last meeting of the year in December, members discussed three new proposals aimed at achieving an outcome at MC11. The proposals from the European Union, the African, Caribbean and Pacific (ACP) group of members, and six Latin American members — Argentina, Colombia, Costa Rica, Panama, Peru and Uruguay — all seek to achieve the target on fishing set out in the United Nations’ Sustainable Development Goals (SDGs), agreed in 2015. Subsequently, in the first meeting of 2017 in January, the Least-Developed Countries (LDC) Group presented a new proposal for multilateral disciplines on fisheries subsidies.

SDG 14.6 calls for prohibiting certain forms of fisheries subsidies which contribute to over-capacity and over-fishing, eliminating subsidies that contribute to illegal, unreported and unregulated (IUU) fishing, and refraining from introducing new such subsidies, by 2020. The goal also recognizes that appropriate and effective special and differential (S&D) treatment for developing and least-developed countries should be an integral part of the WTO fisheries subsidies negotiations.

Background on WTO rules

WTO members agreed at the Doha Ministerial Conference in 2001 to launch negotiations to clarify and improve WTO rules on anti-dumping, subsidies and countervailing measures, and regional trade agreements. There was specific mention of disciplines on fisheries subsidies. At the Hong Kong Ministerial Conference in 2005 there was broad agreement on strengthening those disciplines, including through a prohibition of certain forms of fishery subsidies that contribute to over-capacity and over-fishing. Regarding regional trade agreements, the General Council established a transparency mechanism on a provisional basis in December 2006.



Ambassador Wayne McCook chaired the WTO rules negotiations in 2016.

The proposals all seek to achieve the UN goal, ensure effective disciplines, provide special and differential treatment for developing and least-developed countries and secure an outcome in Buenos Aires. Proponents called for the negotiations to proceed on a stand-alone basis, i.e. there should be no linkage with other issues being discussed as part of the rules negotiations.

While there was general support for making progress on fisheries subsidies, in line with the SDG requirement, the Chair said that several members also raised the question of balance in the rules negotiations, i.e. the need to ensure that any advance on fisheries subsidies goes hand in hand with progress on other issues within the four pillars of the rules negotiations. Some members consider that rules issues are linked together and that there should be no “cherry-picking”.

The Chair told the Negotiating Group that several delegations had told him in consultations that they also see the possibility of progress in trade remedies, which include anti-dumping and countervailing measures. However, others had indicated that, while their interest in this area remains, they do not consider the time to be ripe for work on trade remedy outcomes in Buenos Aires, he added.

Despite intensive efforts, the last Ministerial Conference in Nairobi in December 2015 was unable to agree outcomes in any area of the rules negotiations other than RTAs. Here, ministers reaffirmed the need to ensure that RTAs do not become a substitute for progress in multilateral talks and instructed the Committee on Regional Trade Agreements to discuss the systemic implications of RTAs for the multilateral trading system and their relationship with WTO rules (see page 88). The Ministerial Conference also agreed that



SDG 14.6 calls for prohibiting certain forms of fisheries subsidies.

WTO members will work towards making the transparency mechanism for RTAs, which is currently provisional, into a permanent mechanism.

During the year, work continued in the Technical Group, a forum in which delegations exchange information about their anti-dumping practices. The Technical Group met in April and October 2016 and exchanged information about WTO members' practices in regard to various aspects of dumping margin calculations, in particular product matching, adjustments, and alternative methods for determining normal value.



Ambassador
Stephen Ndung'u
Karau chaired the
DSU negotiations
from July 2016.

Dispute Settlement Understanding

Ambassador Stephen Ndung'u Karau of Kenya took over in July 2016 as Chair of the Dispute Settlement Understanding (DSU) special session. He held a series of informal meetings and consultations on issues identified in a 2015 report by his predecessor, Ambassador Ronald Saborío Soto (Costa Rica).

In July, the Chair reported to the special session that WTO members recognized the value of work done in the DSU negotiations. Despite differences of views about achievable outcomes, all members confirmed their willingness to continue to engage actively in the negotiations on improving and clarifying rules and procedures governing the settlement of WTO disputes.

In December 2015, the then Chair of the DSU negotiations reported that convergence among WTO members had been achieved in certain areas and significant progress made in others. Although it had not been possible to reach specific agreements in time for the December 2015 Ministerial Conference in Nairobi, participants recognized the systemic

importance of the negotiations and their potential to lead to practical and meaningful outcomes for the benefit of all members, the Chair added.

The 12 issues under discussion include third-party rights, panel composition, remand (i.e. referral of cases by the Appellate Body to panels for further action), mutually agreed solutions (including the suspension of appellate proceedings on the joint request of parties), strictly confidential information, sequencing and post-retaliation (i.e. the procedure to be followed when the parties disagree whether compliance with dispute settlement rulings has been achieved, either before retaliation has been granted – sequencing – or afterwards – post-retaliation).

Other issues under discussion include transparency (e.g. opening hearings to the public) and amicus curiae briefs (when someone not party to a case provides an unsolicited brief), timeframes for consultations, specific developing country concerns (including special and differential treatment for least-developed countries), flexibility and member control (involving issues such as whether to allow the parties to jointly seek deletion of parts of a panel or Appellate Body report), and ways to ensure prompt and effective compliance with WTO rulings by WTO members found to have breached them.

Background on the Dispute Settlement Understanding

In November 2001, at the Doha Ministerial Conference, WTO members agreed to negotiate to improve and clarify the DSU – the rules and procedures governing the settlement of WTO disputes. These negotiations, which take place in special sessions of the Dispute Settlement Body, are part of the Doha Development Agenda but are not formally part of the "single undertaking".



Implementation and monitoring

- The WTO's Trade Facilitation Agreement entered into force in February 2017, the first multilateral trade deal concluded in the 21-year history of the WTO.
- An amendment to the WTO's intellectual property agreement entered into force in January 2017, making it easier for developing countries to access affordable medicines.
- The WTO's latest trade monitoring report showed a slight decrease in the number of trade-restrictive measures introduced by WTO members.

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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.

General Council

In 2016, the WTO General Council oversaw the implementation of decisions taken at the Bali and Nairobi ministerial conferences as well as progress in trade negotiations work, based on reports of the Director-General. It also reviewed progress in the work programme on electronic commerce. In December, the General Council approved the establishment of two new working parties for the accessions of Somalia and Timor-Leste. The General Council decided that the 11th Ministerial Conference (MC11) will be held in Buenos Aires, Argentina, in December 2017.

Bali and Nairobi decisions

General Council Chair Harald Neple (Norway) provided regular reports on implementation of the Bali and Nairobi ministerial decisions in WTO regular councils and committees. This included the so-called “regular work” – TRIPS non-violation and situation complaints (see page 78), the work programme on e-commerce (see below), small economies (see page 126), Aid for Trade (see page 127) and trade and transfer of technology (see page 87) – and ministerial decisions in the Bali and Nairobi packages.

The Chair updated the Council on the work taking place in the Committee on Agriculture, for example, concerning the implementation of the Nairobi decision on export competition (see page 35), and on development and least-developed country (LDC) issues. These issues include the monitoring mechanism (see page 122), duty-free quota-free market access for LDCs (see page 122), preferential rules of origin for LDCs (see page 65) and the application of the LDCs' services waiver. He also provided regular reports on the status of ratifications of the Trade Facilitation Agreement (TFA), which entered into force in February 2017 (see page 73).

The Director-General, in his role as Chair of the Trade Negotiations Committee, reported regularly to the General Council on progress in the trade negotiations (see page 32) and in carrying out the instructions given by ministers in Nairobi regarding the negotiations.

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.

WTO's 11th Ministerial Conference

In 2016, the General Council Chair held consultations on the date and venue of the 11th Ministerial Conference (MC11). Offers to host the conference were received from the governments of Argentina and Uruguay. Subsequently, Uruguay withdrew its offer in favour of Argentina. Following the consultations, the General Council agreed that MC11 will be held in Buenos Aires in December 2017. Argentina will be the first South American country to host the biennial event. The last ministerial conference took place in Nairobi in December 2015.

Working parties on the accessions of Somalia and Timor-Leste

In December, the General Council agreed to establish working parties to negotiate membership terms for the Federal Republic of Somalia and the Democratic Republic of Timor-Leste (see page 25-6). In the meantime, it agreed to welcome them as observers to the WTO.

Other accession matters considered by the General Council in 2016 included the appointment of Ambassador Kemal Madenoglu (Turkey), Ambassador Gustavo Miguel Vanerio Balbela (Uruguay) and Mr Ryosuke Kuwana (Japan) to chair the working parties of Belarus, Algeria and Sudan, respectively, as well as the Director-General's Annual Report on Accessions.

Work Programme on Electronic Commerce

In July and December, in line with the Nairobi Decision on E-commerce, the General Council conducted a periodic review to assess progress in e-commerce, which involves the production, distribution, marketing, sale or delivery of goods and services by electronic means.



Ambassador Harald Neple was elected as Chair of the General Council in February 2016.

The Work Programme on Electronic Commerce is carried out under the auspices of the General Council, with the Council for Trade in Services, the Council for Trade in Goods, the Council for Trade-related Aspects of Intellectual Property Rights (TRIPS) and the Committee on Trade and Development examining and reporting to the General Council on various aspects of electronic commerce.

At the July meeting, Panama's Ambassador, Alfredo Suescum (friend of the GC Chair on electronic commerce), reported on consultations held in June as well as on the 11th Dedicated Discussion on E-commerce held earlier in July. He noted positions remained divergent, including on whether to make the current moratorium on customs duties on transmission of electronic data permanent. However, there was a greater interest among members about discussing e-commerce further. This increased interest resulted in the circulation of submissions from members covering a wide range of e-commerce-related issues.

The Chair reported in December on further e-commerce consultations with members. Many delegations had stressed the need to continue work on e-commerce in line with the 1998 mandate of examining and exploring its trade-related aspects, he said. While some delegations are ready to pursue discussions further, including possible rule-making, some felt that e-commerce is being given a higher priority than Doha Round issues of interest to them. Many delegations recognized the potential benefits of e-commerce but pointed to structural and infrastructural challenges that need to be addressed first.

During the General Council discussion, some members said they hoped to see some progress by MC11. Suggestions were made to look at areas where WTO rules could make a difference as well as to focus on easier issues where consensus could be reached – issues that are doable and realistic. Others stressed the need to address development challenges and to maintain a member-driven and bottom-up process.

Appointment of officers to WTO bodies

At the May meeting, some members asked the General Council Chair to hold consultations on whether the guidelines for appointing officers to WTO bodies need clarifying. These consultations took place in the second half of the year. At the December meeting, the General Council heard the report by the Chair who stressed the importance of starting the selection process early to allow sufficient time for group coordinators to conduct consultations with their respective constituencies.

Waivers under Article IX of the WTO Agreement

In 2016, the General Council considered and granted a number of requests for waivers from obligations under the WTO Agreement, as set out in Table 1. It also reviewed the following multi-year waivers:

- Canada – CARIBCAN, granted on 28 July 2015 until 31 December 2023
- Preferential treatment for LDCs, granted on 27 May 2009 until 30 June 2019
- United States – Former Territory of the Pacific Islands, granted on 27 July 2007 until 31 December 2016
- United States – Caribbean Basin Economic Recovery Act, granted on 5 May 2015 until 31 December 2019
- Philippines – Special treatment for rice, granted on 24 July 2014 until 30 June 2017
- Preferential treatment to services and service suppliers of LDCs, granted on 17 December 2011 until 31 December 2030
- Kimberley process certification scheme for rough diamonds, granted on 12 December 2012 until 31 December 2018
- European Union – Application of autonomous preferential treatment to the West Balkans, granted on 30 November 2011 until 31 December 2016

■ Implementation and monitoring

- Cuba – Article XV:6 of GATT 1994, extension of waiver, granted on 14 February 2012 until 31 December 2016

Other issues

The General Council heard a number of trade and implementation concerns. Other matters considered by the Council in 2016 included regular reports on the work programme on small economies, the development assistance aspects of cotton and the new biennial work programme on Aid for Trade, with the theme “promoting connectivity”.

The General Council also regularly considered the reports of the WTO Budget Committee and dealt with matters related

to the WTO Pension Plan, including consultations regarding the appointment of members, alternates and the chair of the Pension Plan Management Board.

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

In addition, the General Council considered a report from the Joint Advisory Group of the International Trade Centre (ITC), which is the policy-making 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).

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

In 2016, the General Council granted the following waivers from obligations under WTO agreements.

Member(s)	Waiver	Decision of	Expiry	Decision
Argentina, China and the European Union	Introduction of Harmonized System 2002 changes to WTO schedules of tariff concessions	7 December 2016	31 December 2017	WT/L/996
Argentina; Brazil; China; Dominican Republic; European Union; Israel; Malaysia; Mexico; New Zealand; Philippines; Switzerland; and Thailand	Introduction of Harmonized System 2007 changes to WTO schedules of tariff concessions	7 December 2016	31 December 2017	WT/L/997
Argentina; Australia; Brazil; Canada; China; Colombia; Costa Rica; Dominican Republic; El Salvador; European Union; Guatemala; Honduras; Hong Kong, China; India; Israel; Korea, Republic of; 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	7 December 2016	31 December 2017	WT/L/998
Argentina; Brazil; Canada; China; Colombia; Costa Rica; El Salvador; European Union; Hong Kong, China; Korea, Republic of; New Zealand; Norway; Paraguay; Russian Federation; Switzerland; Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu; United States; and Uruguay	Introduction of Harmonized System 2017 changes to WTO schedules of tariff concessions	7 December 2016	31 December 2017	WT/L/999
United States	Former Trust Territory of the Pacific Islands	7 December 2016	31 December 2026	WT/L/1000
United States	Trade Preferences granted to Nepal	7 December 2016	31 December 2025	WT/L/1001
European Union	Application of autonomous preferential treatment to the Western Balkans	7 December 2016	31 December 2021	WT/L/1002
Cuba	Article XV:6 – Extension of waiver	7 December 2016	31 December 2021	WT/L/1003

Trade in goods

In 2016, the Council for Trade in Goods addressed many trade concerns, including ten new ones, reflecting its growing role as a forum for airing concerns about measures, policies and practices considered potentially discriminatory or trade restricting. China and Pakistan presented a proposal for advancing the WTO work programme on e-commerce. The Council also considered several waiver requests.

Trade concerns were raised by WTO members at all three meetings of the Goods Council in 2016.

Ukraine raised the issue of Russian measures affecting international transit of cargo by road and rail, particularly from Ukraine. Ukraine said the measures were neither transparent nor justified and were applied in a non-uniform and onerous way. The restrictions, enacted on 1 January 2016, ban all international transit of cargo by road and rail transport from Ukraine to Kazakhstan through Russian territory. Goods must cross Belarus, adding up to 900 km to the distance and adding 30 per cent in transit costs, Ukraine said. It said the issue was not just a Ukrainian concern and deserved the attention of all WTO members.

The European Union, Turkey, Canada, Australia, Japan, the United States and Switzerland joined Ukraine in voicing concerns about the Russian measures. Turkey said that since the beginning of 2016 Russia had banned the import of 20 categories of products of Turkish origin.

For its part, Russia raised concerns about some aspects of the United States' monitoring programme for preventing illegal, unreported and unregulated (IUU) fishing (see page 84). Russia said that the US measures not only sought information already contained in customs declarations, bills of lading and commercial instruments but also required importers to keep some additional

and not clearly specified information during five years. The United States said that its monitoring programme is open to comments and the concerns will be reported to its capital.

The European Union, Japan and the United States expressed concerns about India's minimum import prices (MIP) for almost 173 iron and steel products. Imports are not allowed when the price is below the MIP. They said MIPs are inconsistent with GATT (General Agreement on Trade and Tariffs) Article XI on quantitative restrictions. Japan and the European Union also questioned India's safeguard measure for hot flat-rolled products. India also heard concerns about increased customs duties on 96 tariff lines for capital goods, including the information and communications technology (ICT) sector.

Complaints were also raised about India's "compulsory registration order" for certain electronic products, which requires foreign products be re-tested in an Indian laboratory to demonstrate their compliance with Indian standards even though these norms are identical to existing international standards. Chile, New Zealand, China and others welcomed India's decision to reopen several ports that were closed to apple imports but asked India to provide further explanation about the treatment applied to imports in the different ports. India replied that the MIP for steel had not yet been implemented, that safeguards are always controversial and that the port restrictions have been lifted.

Background on trade in goods

The Council for Trade in Goods is responsible for the workings of all WTO agreements on trade in goods. It consists of the full WTO membership and reports to the WTO General Council. The Goods Council has 11 subsidiary committees dealing with specific subjects, such as agriculture, market access, subsidies, technical barriers to trade, sanitary and phytosanitary measures, import licensing, and customs valuation. These committees also comprise all WTO members. Working parties on state trading enterprises and the Information Technology Agreement (ITA) also report to the Goods Council.



Implementation and monitoring

Russia, supported by China, raised a concern already brought before the Committee on Anti-Dumping regarding the European Union's anti-dumping practices and the methodology it uses in its investigations against cold-rolled flat steel products from Russia and China, particularly the rejection by EU authorities of data submitted by Russian exporters. Russia also questioned the way the EU investigating authority determines the export price for the targeted goods, which it considered to be artificially low. In response, the European Union said its anti-dumping investigations meet high quality standards and that it has already provided responses to these concerns. Its methodology complies with WTO rules, it added.

New Zealand raised concerns about Sri Lankan tariffs on skimmed milk and milk powder that exceeded the *ad valorem* bound duty of 20 per cent, an issue raised during the last three years at the Committee on Agriculture. Sri Lanka acknowledged the breach and indicated that it would address the issue by mid-2016.

New Zealand, backed by Australia, Chile, the European Union, Mexico and the United States, also raised concerns about various measures adopted by Canadian provincial authorities, particularly regulations implemented by British Columbia (BC) on wine. They said the British Columbian regulations discriminate against imported wine by allowing only local wine to be sold on grocery store shelves. The situation is similar for some wines and spirits in Ontario. Canada responded that its Government is working closely with the provinces concerned to ensure their policies are consistent with Canada's WTO obligations. But the British Columbia measure has existed for decades and was "grandfathered" through many agreements to which Canada is a party, it added.

Japan registered concerns over China's import tax on personal effects (hand luggage). The tax, implemented in April 2016, combines a customs duty, an import value added tax (VAT) and a consumption tax, all of which already existed. But for some products, the new combined rate appears to exceed the aggregate amounts of the three existing duties, Japan said.

Russia said some measures taken by Croatia are adversely affecting imports of petroleum products and biofuels from third countries, including from Russia. The measures include pre-approval requirements and mandatory use of certain warehouses. These measures are not applied to imports from EU members or to those of members of the European Economic Area and Turkey, Russia said. The European Union said it will analyse the issue with Croatia.

Japan voiced concerns about Turkey's duties on imported tyres, which it said are higher than what it had committed to the WTO. Turkey said it is working on this issue and assured members its policies are consistent with its WTO commitments.

The European Union raised concerns about Russia's mandatory certification measures for cement, which it said are a de facto ban on EU cement imports. It said certificates previously approved have been cancelled. Russia responded that the measures are justified due to a sharp decline in the quality of cement and that it applies the measure in a

non-discriminatory manner. It said the requirement applies to all manufacturers and that 290 certificates have been issued since March 2016, of which 51 correspond to foreign companies.

The Council also considered trade concerns that had been brought to its attention in previous years. These included: Nigerian import restrictions; China's measures applied to seafood; Indonesia's import and export restrictions; Ecuador's balance of payment measures; Ukraine's determination of the transaction value; and Pakistan's discriminatory taxes.

Waiver requests

The Council approved four collective waiver requests, extending the deadlines for the updating of tariff schedules under the harmonized system changes (2002, 2007, 2012 and 2017) (see page 52). It approved two waiver requests from the United States, extending a waiver concerning the Former Trust Territory of the Pacific Islands and some trade preferences granted to Nepal. It also extended a waiver concerning the European Union's application of autonomous preferential treatment to the Western Balkans and approved the extension of a waiver granted to Cuba to facilitate its compliance with Article XV:6 of the GATT 1994, which refers to WTO members who are not members of the International Monetary Fund (IMF).

The Council took note of the information provided by Jordan regarding the establishment of a new WTO programme to replace its current export subsidy programme for domestic producers, in particular small and medium-sized enterprises (SMEs). Jordan will continue updating the Council about the establishment of its new programme.

The Council also considered a draft decision on the procedure for the introduction of harmonized system 2017 changes to schedules of concessions, using the consolidated tariff schedules (CTS) database. It agreed to forward the draft decision to the General Council for adoption.

Regarding the EU enlargement of 2013 (Croatia), the Council agreed to extend the deadline for the withdrawal of concessions until 1 July 2017. On the accession of the Kyrgyz Republic to the Eurasian Economic Union (EEAU), the Council extended until 12 February 2018 the period in which interested members could withdraw substantially equivalent concessions. Similarly, the Council extended until 2 January 2018 the deadline for the withdrawal of concessions for the Republic of Armenia, following its accession to the EEAU.

Electronic commerce

Following the Nairobi Ministerial Conference decision to continue the existing WTO work programme on e-commerce, China and Pakistan proposed that discussions on e-commerce focus on the promotion and facilitation of cross-border trade in goods enabled by the Internet. Presenting the proposal to the November Council meeting, China said that the needs of developing countries should be reflected in any

outcomes. Priority should be given to “easy issues”, with a focus on realizing “pragmatic progress” at the 11th Ministerial Conference (MC11) to be held in Buenos Aires in December 2017, China said.

Several members affirmed the importance of working towards delivering outcomes at MC11. There was also support for incorporating the needs and concerns of developing countries in the deliberations. Some members emphasized the importance of maintaining discussions on other aspects of e-commerce, such as online trade in services as well as commitments for consumer protection, data privacy and intellectual property rights. Several delegations said there is a need to make permanent the moratorium on customs duties on electronic transmissions instead of continuing with the current practice of renewing the moratorium every two years.

Several members said they were working on a “mapping” paper identifying elements of substance and position. To advance the e-commerce discussions, China said a seminar on e-commerce and trade in goods should be organized under the auspices of the Council for Trade in Goods. Several members supported holding a joint informal meeting of the mandated WTO bodies.

Other issues

In 2016, the Council was informed about eight free trade agreements (FTAs) that were concluded and notified by WTO members.

China reminded members about the expiry date of Section 15(a)(ii) of its Protocol of Accession and invited members to change or adopt a new methodology to replace the current surrogate or analogue method relating to anti-dumping. Some members disagreed with China’s interpretation that the expiration of one provision in its Protocol of Accession requires members to abandon the use of a third-country methodology.

Market access

Members raised nine trade concerns at the two formal meetings of the Committee on Market Access in 2016. The Committee made further good progress in updating members’ schedules of commitments to reflect the latest international tariff classification standards and adopted procedures for the introduction of the latest classification amendment. Disappointment was expressed at the low number of notifications received on quantitative restrictions.

Trade concerns

WTO members raised nine trade concerns at the two formal meetings of the Committee on Market Access. The European Union considered that Argentina’s newly adopted law to promote its auto-part industry discriminates against imports (see page 68). The European Union also considered that Russia’s ban on exports of raw hides and skins unduly restricts trade. The European Union, Japan, Korea and the United States considered that India is levying duties on telecommunication products in excess of its bound duties.

Japan considered that India’s minimum import prices on iron and steel products discriminate against Japan’s exports and constitute a banned quantitative restriction (see page 49). Russia expressed concern with Croatia’s regulations on the importation and distribution of certain oil and biodiesel products (see page 50). Switzerland again questioned the level of Bahrain’s import duties on cigarettes as well as the impact of an eventual increase in duties by the Kingdom of Saudi Arabia.

Thailand expressed concern that Korea has not finished converting non-tariff measures into tariffs (so-called tariffication) and introducing a tariff rate quota for rice. The United States considered that Oman’s increase in its duties for tobacco products exceeds its bound commitment.

Background on market access

The Committee on Market Access supervises the implementation of tariff and non-tariff commitments not covered by any other WTO body. It also seeks to ensure that WTO members’ schedules of commitments are kept up to date, including changes required to reflect amendments to the Harmonized System (HS). This is important for ensuring that tariffs in members’ schedules of commitments can be compared with those applied in practice. The HS, administered by the World Customs Organization, allows countries to classify traded goods on a common basis. It has been updated four times since 1996.

Harmonized System

The Committee continued its work to ensure that WTO members' schedules of commitments reflect the amendments made by the World Customs Organization (WCO) to the Harmonized System nomenclature, which take place every four to five years. The amendments are typically referred to by the year in which they enter into force. They include HS96, HS2002, HS2007, HS2012 and HS2017. These "transposition" exercises help guarantee that members' schedules are up to date and that tariff obligations are transparent, allowing applied tariffs to be compared with members' legal obligations at the WTO.

The HS96 and HS2002 transpositions have been concluded for nearly all WTO members. Modest progress was made on the HS2007 exercise in 2016, with amendments to more than 105 schedules either certified or being certified, compared with 102 in 2015. The Committee began its work on the HS2012 transposition by adopting a detailed methodology identical to the one used for the HS 2007 transposition. However, it also includes measures proposed to improve the efficiency and quality of the work, including several simplifications of the transposition process and a standard procedure for verifying members' submissions. The Committee also agreed on the general procedures to be used for the HS2017 transposition, which were forwarded to the General Council for adoption.

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. For the first time, the Secretariat also prepared a report on renegotiations under GATT Article XXVIII on the modification of members' schedules, with a view to enhancing transparency and monitoring 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. The Secretariat also provided information on the use of information in the databases, the status of software development and the availability of technical assistance.

IDB data coverage has significantly improved in recent years but important gaps remain. Presently, IDB data needs to be complemented with data coming from other sources. The WTO Secretariat has therefore encouraged WTO members to notify the relevant data and to reduce the gaps.

Quantitative restrictions

During 2016, the Committee received 15 new notifications of quantitative restrictions on imports and exports from

Afghanistan, Brazil, Canada, Cuba, Hong Kong (China), Japan, Macao (China), Mauritius, Mexico, Nicaragua, Russia, Chinese Taipei, Ukraine, United States and Uruguay.

The General Agreement on Tariffs and Trade (GATT) requires the general elimination of quantitative restrictions, which include prohibitions and other restrictions on trade that do not take the form of a tariff or a tax. However, these restrictions are allowed in some defined circumstances. Members are required to provide detailed information on the quantitative restrictions they maintain, including their justification under WTO rules.

WTO members expressed disappointment over the continuing low number of notifications and poor compliance with the requirement.

Agriculture

The Committee on Agriculture continued to examine how WTO members are complying with their commitments on subsidies and market access and discussed issues arising from this. The number of questions posed to individual members hit a high of 362, with an increasing number directed to developing countries. The Committee held its first dedicated session on export competition since the Nairobi Ministerial Conference barred developed countries from using agricultural export subsidies. It reviewed a revised paper from a group of WTO members describing trends in domestic support.

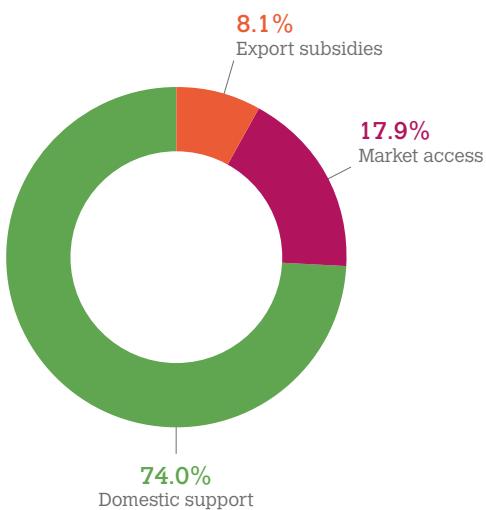
The Committee on Agriculture reviewed 80 notifications of agricultural trade measures by WTO members at its four meetings in 2016, up from 58 in 2015. WTO members raised 196 questions about these individual notifications.

The review of WTO members' progress in implementing their commitments on subsidies and market access under the

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 the areas of market access, domestic support and export competition as well as export restrictions and prohibitions. The Committee on Agriculture meeting in regular session oversees the implementation of the Agreement. The Committee is also entrusted with monitoring the 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 to the beneficiary countries.

Figure 1: Questions on notifications raised in the Committee on Agriculture in 2016, by subject area



Agriculture Agreement is largely based on their notifications. Members can also ask about agricultural measures that have not been notified. Article 18.6 of the Agreement allows members to raise any matter relevant to the implementation of commitments at any time. In 2016, members posed 146 such questions in the Committee, also the highest number in one year to date. Figure 1 gives a snapshot of the proportion of questions on notifications raised by subject area.

Figure 2 shows the annual proportion of questions on notifications addressed to developed and developing countries. Out of 362 questions raised in total (including questions on individual notifications, overdue notifications, Article 18.6 and questions raised under the “other” category), the highest to date, 247 were directed towards developing countries in 2016. Members posed many questions to Brazil and China relating to their recently notified domestic support (subsidy) measures. Brazil's notification covered its domestic support programme for 2013-14 while China's covered 2009-10.

More than half of the questions about individual notifications raised over the last 21 years (1995-2016) have focused on domestic support. In 2016, questions on domestic support programmes continued to dominate, although the percentage fell to 74 per cent from 87.5 per cent in 2015. Questions on market access nearly tripled in percentage terms to 17.9 per cent. A total of 63 implementation-related issues were raised – 51 of them for the first time – by 15 WTO members in 2016. The remaining issues had been discussed at least once in previous years.

While developing countries continued to be less active than developed countries in posing questions, their participation in the review process within the Committee has increased over time. In 2016, developing countries asked 24 questions under Article 18.6, which is more than in any previous year.

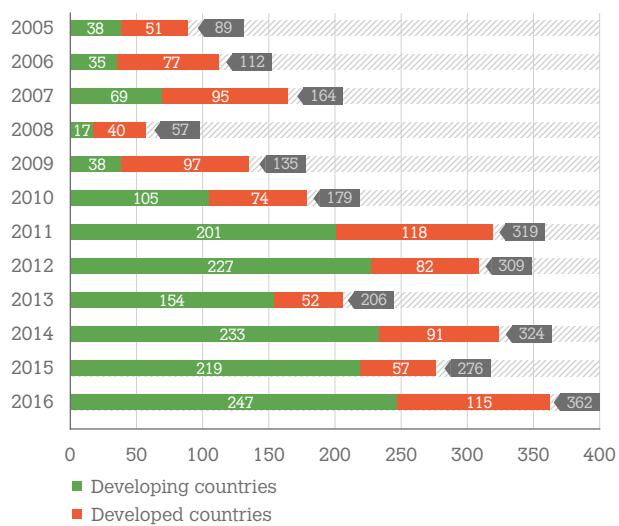
The issue of overdue notifications came up repeatedly in Committee discussions in 2016. Some WTO members renewed specific concerns about overdue notifications, particularly on domestic support and export subsidies. These concerns included EU imports under tariff quotas, domestic support policies of China and Thailand and Turkey's domestic support and export subsidy policies. Other issues raised in the Committee included Ukraine's concerns that Russia's restrictions on the transit of agricultural goods from Ukraine to Kazakhstan through Russia by truck and railway were effectively a ban on Ukraine's goods (see page 49), questions about India's export subsidies on onions, Greece's tax on coffee and Canada's wine sales policy (see page 50).

The information provided in notifications is essential to many other monitoring activities of the Committee, including WTO members' inputs to Committee discussions and the review of trends in agricultural trade. In 2016, the Committee discussed trends in notified domestic support described in a revised paper submitted by the Cairns Group of agricultural exporting nations, which compiled the latest data notified to the Committee by the top ten agricultural trading nations.

WTO members noted the important role that domestic support plays in attaining food security and livelihood objectives in developing countries and expressed sustained concerns about poor compliance with domestic support notification commitments. A total of 30 members have never submitted a domestic support notification.

The Committee also continued to review the growth of world agricultural trade in the context of export subsidy commitments. A background note by the WTO Secretariat showed how world agricultural trade has evolved in several products or product categories considered potentially more prone to export subsidies. Discussions benefited from additional information provided by some WTO members that extended the analysis. Many members noted that the data depended on notifications and urged timely notification to strengthen the review of trends in this area.

Figure 2: Questions on notifications addressed to developing countries, 2005-2016





80

The Committee on Agriculture reviewed 80 notifications of agricultural trade measures by WTO members, up from 58 in 2015.

Export competition

In June, the Committee held its first dedicated discussion on export competition since ministers decided in Nairobi in December 2015 to scrap farm export subsidies in all developed countries. Developing countries have longer timeframes. The discussions aim to enhance transparency and improve monitoring of export competition. Export competition covers export subsidies, export credits, export credit guarantees or insurance programmes, international food aid and agricultural exporting state trading enterprises.

The discussions were based on a WTO Secretariat background document, which compiled information provided by WTO members on their export competition policies. During the meeting, members exchanged questions and answers on specific measures in relation to the implementation of the Nairobi decision. The Cairns Group submitted a paper which drew some key conclusions from the analysis. The Group noted that the use of export subsidies has decreased dramatically over the past two decades. Several of the 16 WTO members with schedules of commitments permitting them to subsidize their farm exports confirmed their intention to formally modify their schedules.

Other ministerial outcomes

The Committee discussed follow-up to other ministerial decisions, specifically the Bali Ministerial Decision on Tariff Rate Quota Administration and the Bali Decision on Public Stockholding for Food Security Purposes. Members provided no new information on the monitoring foreseen under the two decisions.

Under tariff rate quotas (TRQs), duties inside a quota are lower, often significantly lower, than those levied outside the quota. Ministers declared that WTO members should notify the Committee of the extent to which their TRQs are being filled. Unused quotas mean exporters are missing out on potential sales. Similarly, on the issue of public stockholding for food security (see page 35), members are supposed to notify the Committee in certain cases. For example, members should tell the Committee if they are exceeding or close to exceeding agreed limits on domestic support.

Enhancing transparency and the review process

The Secretariat held an information session on enhancing transparency in the Committee's work. The session included a presentation on online sources of information useful for the work of the Committee, with an emphasis on the Agriculture Information Management System (AG IMS). Using the system, WTO members can analyse notified information and submit questions or responses. The session also provided a preview of a new system for online submission of agriculture notifications.

WTO members also shared experiences with respect to the preparation and submission of notifications and the reviews of implementation under the Agreement on Agriculture. Lack of awareness and technical knowledge were two of the reasons why only a small proportion of members fully comply with their transparency obligations, some members felt. Members suggested various ideas for strengthening the work of the Committee, including targeting the needs of members, particularly least-developed countries, through tailored technical assistance activities, including notification workshops to address gaps.

Notification workshop

Given the complexity of agriculture notifications, training and technical assistance for government officials involved in these notifications are critical for enhancing the monitoring function of the Committee. The WTO Secretariat delivered a workshop on agriculture notifications in July 2016 to facilitate the preparation and review of agriculture notifications.



The workshop provided training to 31 capital-based officials involved in preparing notifications. It included practical exercises related to the review process of the Committee and hands-on training on using the AG IMS.

Balance of payments

In 2016, the Committee on Balance-of-Payments Restrictions continued its consultations with Ecuador to review the import surcharges the country had adopted for balance-of-payments purposes. Ecuador had been due to lift the measure in June 2016, but it extended the end date until June 2017.

In March 2015, Ecuador introduced a temporary tariff surcharge for balance-of-payments purposes for a period of up to 15 months in view of the "highly unfavourable economic climate", including a sharp fall in the price of oil – one of its main exports. It was applied to 38 per cent of Ecuador's tariff lines at rates ranging from 5 per cent on "non-essential" capital and primary capital goods to 45 per cent on final consumer goods, with intermediary rates of 15 per cent and 25 per cent.

The surcharge is applicable to all of Ecuador's trading partners, except for Bolivia and Paraguay. Ecuador excluded these two WTO members because, within the Latin American Integration Association, they are regarded as countries of "lesser relative economic development". In October 2015, Ecuador presented a timetable for the gradual elimination of the measure.

Ecuador lowered the 45 per cent rate to 40 per cent from January 2016. Following the earthquake of April 2016, Ecuador notified the Committee that it would partially implement the timetable for the progressive reduction of the measure by removing the 5 per cent rate but that it would defer the final phase-out of the whole measure for an additional year. In October 2016, Ecuador notified the WTO that it was

Background on balance of payments

The Committee on Balance-of-Payments Restrictions is responsible for the review of all import restrictions applied by WTO members for balance-of-payments purposes. Under WTO rules, measures can be taken to safeguard a member's external financial position and (in the case of developing countries) to ensure a level of reserves adequate for the implementation of programmes of economic development. When adopting balance-of-payments measures, members must give preference to those with the least disruptive effect on trade.

lowering its top surcharge rate from 40 per cent to 35 per cent and the 25 per cent rate to 15 per cent.

The Committee held consultations with Ecuador in February, June and November 2016. Members welcomed Ecuador's efforts to lower its import surcharge rates and to reduce the number of tariff lines affected. However, they have been unable to reach consensus on whether the measure is in line with WTO rules or whether it is the most appropriate measure to deal with Ecuador's balance-of-payments problems. The Committee is scheduled to continue its consultations with Ecuador in 2017.

Sanitary and phytosanitary measures

The Committee on Sanitary and Phytosanitary (SPS) Measures considered a wide range of specific trade concerns in 2016, ranging from diseases such as avian influenza and African swine fever to plant pests and novel foods. Of the 416 trade concerns raised since 1995, WTO members have reported solutions for 148 of these issues. Pilot versions of a new notification submission system and a new information management system were tested by a group of members as part of an ongoing project to modernize SPS online systems.

Specific trade concerns

The Committee considered a wide range of specific trade concerns at each of its three meetings in 2016. Thirteen new concerns were raised and other previously raised concerns were discussed again. The measures discussed ranged from diseases such as avian influenza and African swine fever to plant pests, radionuclides, endocrine disruptors, novel foods, biotech and matters concerning approval processes.

New trade concerns included: Namibia's concerns over South Africa's revised veterinary health certificates for cattle, sheep

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 based on scientific principles.

and goats; Israel's concerns over Costa Rica's regulation on pesticides and related substances; Brazil's concerns over EU restrictions on exports of pork from the state of Santa Catarina; EU concern relating to China's import restrictions due to Schmallenberg Virus and Highly Pathogenic Avian Influenza; and Russia's import restrictions on certain animal products from Germany.

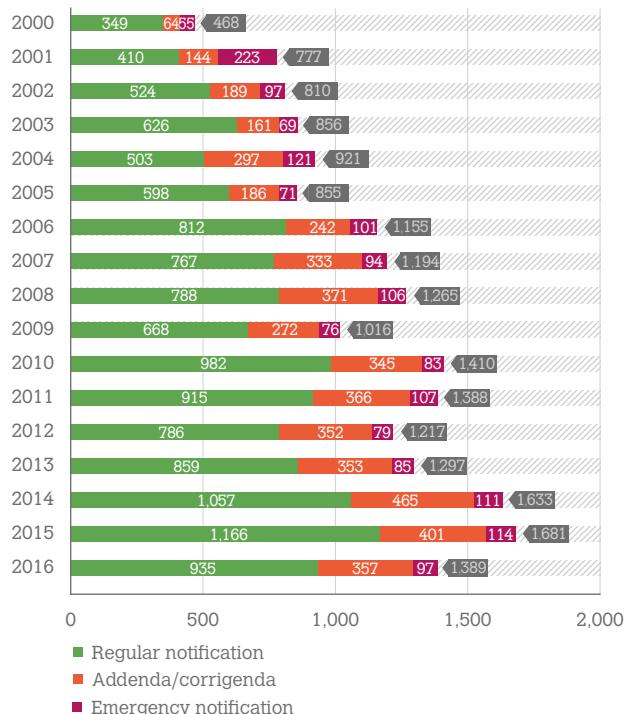
Two trade concerns were reported to have been resolved. One related to Mexico's measures on imports of hibiscus flowers and the other to China's import conditions related to phthalates (chemicals used in plastics) in spirits and wine.

Of the 416 trade concerns raised since 1995, WTO members have reported solutions for 148. A partial solution has been reported for another 32, meaning that not all those raising the concern accepted the solution or that a solution was found for only some of the products at issue. Altogether, about 43 per cent of the specific trade concerns raised in the SPS Committee since 1995 have been either completely or partially resolved. For the remaining 57 per cent, WTO members have not reported any solution.

Notifications by developing countries

As Figure 3 shows, the total number of all SPS notifications has grown steadily over the years, helping to improve the transparency of WTO members' activities. In 2016, 1,389 notifications were submitted. Of these, 935 were regular notifications (down from 1,166 in 2015), and 97 were emergency notifications (down from 114 in 2015).

Figure 3: Number of SPS notifications per year, 2000-16



416

The Committee on Sanitary and Phytosanitary Measures has considered 416 specific trade concerns since 1995.

Notifications inform trading partners of coming changes in the importing member's requirements and – unless there is an urgent health protection issue – provide a period during which partners can comment 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, although they should still receive and consider comments from trading partners. When there are changes to a regulation after it has been notified, or when a member wants to inform trading partners of a regulation's dates of adoption or entry into force, they can submit an addendum.

In 2016, developing countries accounted for 62 per cent of all SPS notifications (see Figure 4). Since 2008, developing countries have submitted more than 50 per cent of all notifications of new or changed food safety, animal or plant health regulations with an effect on international trade. Developing countries submitted 862 of the 1,389 notifications circulated in 2016. Three developing countries submitted notifications for the first time – Afghanistan, the Democratic Republic of the Congo and Kazakhstan.

Figure 4: Share of SPS notifications submitted by developing countries, 2000-16

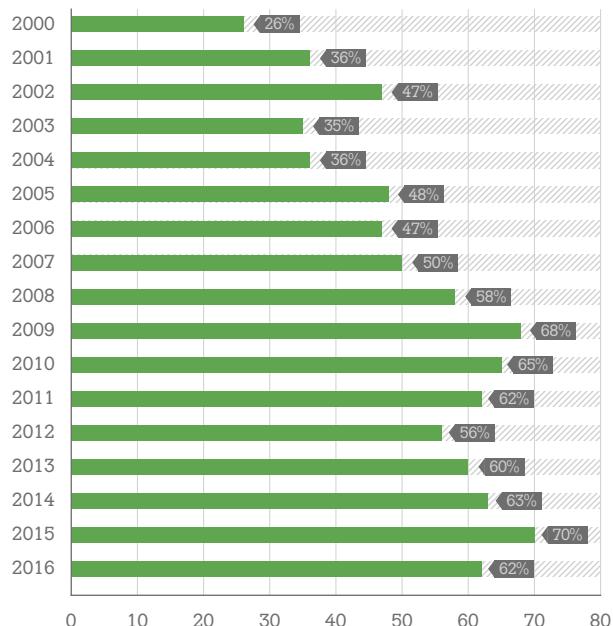


Figure 5: Number of SPS notifications by region

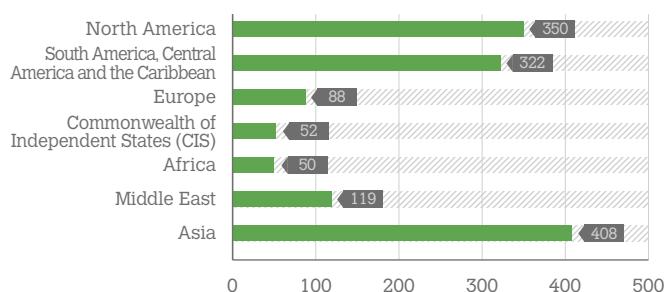


Figure 5 shows a regional breakdown of SPS notifications, illustrating the very high numbers of notifications submitted by WTO members in the Americas and Asia. In 2016, three regions increased the number of notifications submitted as compared with 2015: Europe, 88 (slightly up from 82), the Commonwealth of Independent States (CIS), 52 (up from 42) and the Middle East, 119 (up from 94).

Implementation of transparency obligations

The Committee continued to discuss possible improvements to WTO members' transparency obligations, including a joint proposal by Chile and the European Union. The proposal suggests creating a platform to post unofficial translations of notified regulations on the WTO website and holding an informal discussion in 2017 on how members decide which regulations to notify as trade-facilitating measures. It also suggests setting up a webpage with links to sites where members post final SPS regulations. The Committee agreed to hold a session on notification of trade-facilitating measures in March 2017.

The ongoing project to modernize existing SPS online systems moved forward with the launch of phase II in September 2016. A pilot group of volunteering members tested both the SPS information management system (IMS) and the notification submission system (NSS) to test their interoperability, as well as the functioning of the new SPS IMS.

In November 2016, a new online alert system (ePing) was introduced to help government agencies and small and medium-sized enterprises (SMEs) keep track of the latest information on regulatory requirements for international trade. It was launched jointly by the WTO, the United Nations Department of Economic and Social Affairs and the International Trade Centre (ITC) at a special meeting of the Technical Barriers to Trade Committee at the WTO (see page 60).

Private standards

The SPS Committee remained at an impasse regarding the fourth review of the implementation of the SPS Agreement, started in 2014, as a recommendation for the Committee's

future work on private standards persists as a point of contention. Although several members worked together to find a solution, they could not bridge differences.

In October 2015, the then Chair, Felipe Hees (Brazil), presented a package on SPS-related private standards in an effort to break the deadlock in the Committee. The package contains a draft working definition of the term "SPS-related private standard", recommendations for inclusion in the report of the fourth review and three future actions for the Committee on private standards.

The hope was that the package would allow for trade-offs and make it easier to find a solution to this issue. Several consultations with WTO members took place in 2016 but the Committee did not make any further progress on the text on recommendations for private standards. The Committee was also split on a new proposal from China to develop guidelines on private standards. Private standards remain a growing concern among developing countries, many of which urged continued efforts to find a compromise.

International harmonization of standards

Four new issues were raised under the Committee's procedure to monitor the process of international harmonization of standards. These included two issues raised by the United States: BSE restrictions not consistent with the World Organisation for Animal Health (OIE) standard; and phytosanitary certificate requirements for processed food products.

The other two issues concerned measures on bovine semen and reproductive material more restrictive than the OIE standard, raised by Argentina, and the application of International Standards for Phytosanitary Measures (ISPM) 13 on notifications of non-compliance, raised by Senegal.

The SPS Agreement encourages WTO members to bring to the attention of the SPS Committee any international standards whose use or non-use is creating trade problems, or where there is a lack of an international standard whose existence could facilitate trade.

Workshop on pesticides

The SPS Committee held a workshop on pesticide maximum residue levels (MRLs) in October 2016. Close to 180 participants attended the workshop, including Geneva- and capital-based delegates and regulators as well as participants from intergovernmental organizations and speakers from the private sector.

Complying with different MRLs of pesticides in various export markets can be a costly obstacle to trade, especially for small enterprises and for exporters in developing countries, participants heard. Participants also discussed difficulties in establishing MRLs for so-called "minor use crops" (crops for which pesticide manufacturers do not find it commercially

interesting to produce the data packages required for a risk assessment that would allow the establishment of an MRL) and the impact of default MRLs.

Where pesticides have not been registered, MRLs are often set at levels where even very low amounts found in traded products can lead to trade interruptions. The workshop sparked proposals for further work, including on increased transparency and harmonization and on how to ensure the best use of the limited resources available for MRL development and reduce duplication of work.



2,324

WTO members submitted a record 2,324 notifications of technical barriers to trade in 2016.

Technical barriers to trade

In 2016, WTO members embarked on a three-year work programme for the Technical Barriers to Trade (TBT) Committee. One major pillar of this programme, agreed in 2015, is sector-specific discussions on regulatory cooperation. The first two sessions covered energy efficiency and food labelling. Members raised the 500th specific trade concern, a milestone for this key element of Committee work. The launch of ePing, a global trade alert system, boosted transparency of product regulations. Members submitted a record 2,324 notifications in 2016.

Thematic sessions on regulatory cooperation

As part of its current work programme, the TBT Committee is seeking to reinforce regulatory cooperation between WTO members by scheduling dedicated thematic sessions on a sectoral basis. In contrast to specific trade concerns (see below), which have the potential to turn into disputes, regulatory cooperation aims to avoid the development of such problems.

A first session dealt with energy efficiency, underscoring the importance of aligning standards and regulations to save energy and fight climate change. These standards — covering products such as household appliances, TVs and cars — set

out minimum energy performance standards, provide ways of testing for energy efficiency performance and regulate energy management systems. Members emphasized the need to harmonize national requirements with international standards whenever possible, as companies may find it difficult to export if required to comply with multiple standards to achieve an “energy efficient” label.

In a second session, WTO members addressed food and nutrition labelling in which one key challenge for members is to increase coherence between parallel work being done in the Codex Alimentarius (Food Code) of the Food and Agriculture Organization (FAO) and the World Health Organization. The Committee also held five other thematic sessions during the year on cross-cutting topics: good regulatory practice (including the use of regulatory impact assessment), conformity assessment procedures, standards, transparency and technical assistance.

Specific trade concerns

WTO members raised 82 specific trade concerns (STCs), including the 500th concern to be raised since 1995, which highlighted the significance of this pillar in the Committee's work (see Figure 6). Acknowledging the milestone, Director-General Roberto Azevêdo said: “It sounds technical but actually this is about dealing with all sorts of real-life issues that we all care about — from the use of chemicals in toys to the sugar, salt and fat content of our food.”

Measures affecting a wide range of products were discussed, including the consumption of alcohol, food labelling, toy safety, medical devices, pharmaceutical products and, increasingly, information technology (IT) products. The latter include: the management and disposal of electronic waste (e-waste), regulations to ensure security in ICT, the use of 4G/LTE technologies in smartphones, and other regulations, such as conformity assessment procedures for electronics and IT goods. E-waste refers to discarded electronic appliances, such as mobile phones and computers.

WTO members use the Committee to raise concerns about measures they believe are not consistent with the TBT Agreement. These can be standards, testing and certification procedures, regulations or labelling requirements imposed by the importing country.

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 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.



Examples of new concerns for 2016 were India's new e-waste regulations, Egypt's compulsory manufacturer registration and Korea's health warning messages about smoking and drinking, which appeared to make a link between alcohol consumption and certain types of cancer.

Only 31 of the concerns raised were new, substantially fewer than the 47 in 2014 and 42 in 2013.

Developing countries raised ten new concerns in 2016, down from 14 in 2015, but one more than developed countries. Twelve new concerns were raised jointly by developing and developed countries (see Figure 7).

Figure 6: Specific trade concerns raised in the TBT Committee, 1995 to 2016

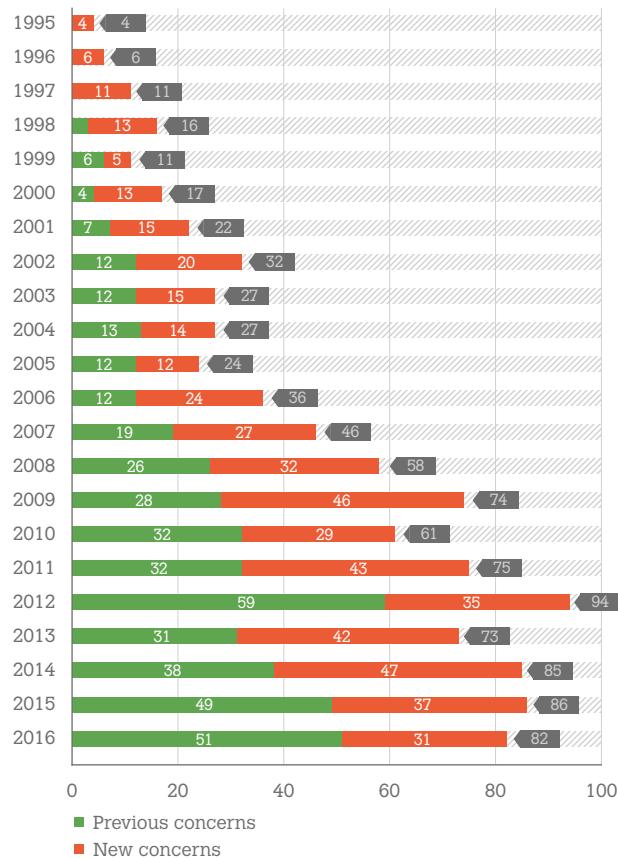
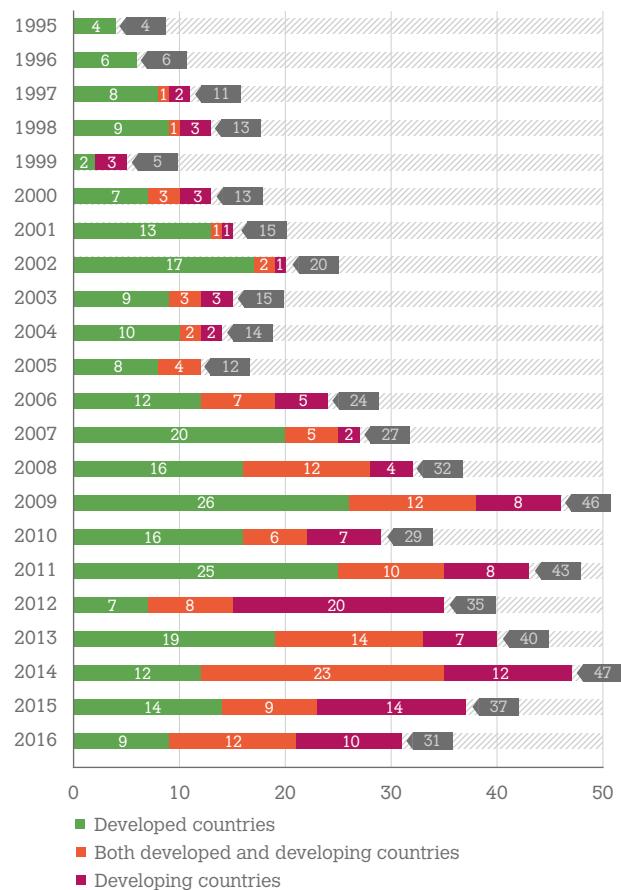


Figure 7: New specific trade concerns raised by developing and developed countries, 1995 to 2016

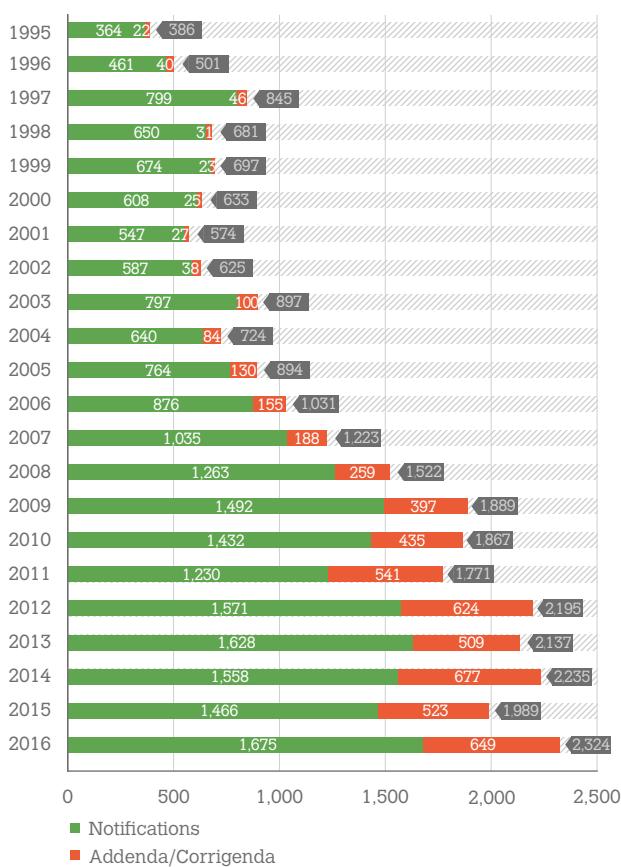


Notifications

In 2016, WTO members submitted a record 2,324 notifications of new (or changed) draft measures (see Figure 8), the highest figure since 1995. More than 60 per cent of all TBT notifications were submitted through the WTO's online portal, up from 52 per cent in 2015. The system has enabled the WTO Secretariat to publish notifications within two days of receipt. It also allows members to track the status of submitted notifications through a user interface and facilitates the preparation of similar notifications through the use of templates.

■ Implementation and monitoring

Figure 8: TBT notifications, 1995 to 2016



The TBT Committee received updates in 2016 from representatives of various observer organizations – the African Organisation for Standardisation; the African, Caribbean and Pacific States; the Bureau International des Poids et Mesures; the FAO/WHO Codex Alimentarius Commission; the International Electrotechnical Commission; the International Organization of Legal Metrology; the International Standards Organization; the Organisation for Economic Co-operation and Development; the United Nations Economic Commission for Europe; and the World Health Organization – on their latest activities, including on technical assistance.

ePing

Fruit of a tripartite collaboration between the WTO, the International Trade Centre (ITC) and the United Nations Department of Social Affairs (UNDESA), the global trade alert system "ePing" (www.epingalert.com) saw its official launch in November 2016. The system provides relevant information on product requirements in export markets through daily or weekly email alerts about sanitary and phytosanitary (SPS) and TBT notifications on products and markets of interest to users. Each year the WTO receives more than 3,500 TBT and SPS (see page 55) notifications proposing measures that may affect international trade. By improving access to this information, ePing will help avoid disruptions caused by these measures.

An integral part of this online system is an Enquiry Point Management tool, which facilitates information sharing and discussions at the domestic and international level. Stakeholders can track, comment on and/or adapt to the new regulatory conditions, avoiding trade disruption and addressing potential trade problems at an early stage.

Capacity building

Demand for TBT-related technical assistance has increased significantly over the last few years. In 2016, the WTO Secretariat organized 37 training activities. These included five regional workshops, seven national workshops and three advanced courses in Geneva on the TBT Agreement.

The activities were designed to help participants expand their understanding of the TBT Agreement, to discuss challenges in implementing the TBT Agreement and to better engage in the work of the TBT Committee. Particular emphasis was placed on transparency issues and national coordination. Several of the training activities also covered the SPS Agreement.

Observers

The Committee granted ad hoc observer status to the CARICOM Regional Organization for Standards and Quality. The organization, which comprises national standards bodies from each CARICOM member, works towards promoting the harmonization of metrology systems and standards.



The "ePing" system, providing regular alerts about SPS and TBT notifications, was launched at the WTO in November 2016.

Subsidies and countervailing measures

The Committee on Subsidies and Countervailing Measures (SCM) focused on improving the timeliness and completeness of WTO members' notifications and on encouraging more members to notify their subsidy programmes. Numerous members expressed serious concern at the state of notifications. The Committee considered the status of notifications of members that had benefited from extensions to the period for eliminating export subsidies.

In 2016, the 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. The chairs – Mitsuhiro Fukuyama of Japan at the spring meeting and Jin-dong Kim in the autumn – drew members' attention to the low compliance with the fundamental transparency obligation of notifying their subsidy programmes.

At the autumn meeting, Mr Kim urged the 63 members that still had not made their 2013 new and full subsidy notifications, and the 89 members that had not yet done so for 2015, to do so as soon as possible. Fifty-seven members had still not submitted their 2011 notifications. Many of these members "either have never notified or have done so only in the distant past," the Chair said. "The chronic low compliance with the fundamental transparency obligation to notify subsidies constitutes a serious problem in the proper functioning of the (SCM) Agreement," he added.

The Committee continued its consideration of 2015 new and full notifications, which is the latest notification period, and notifications for prior periods. It also continued to discuss ways to improve the timeliness and completeness of notifications and other information on trade measures under the SCM Agreement. The Committee continued to consider a proposal by the United States on procedures for questions and answers when members ask about other members'

Background on subsidies and countervailing measures

The Subsidies and Countervailing Measures (SCM) Agreement disciplines WTO members' use of subsidies and regulates the actions WTO members can take to counter the effects of subsidies if a subsidized import is 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.

subsidy programmes not included in their 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 were given a final two-year extension, to the end of 2015, for the elimination of such programmes. Final transparency notifications of the removal of the subsidies were due by end-June 2016. The Committee reviewed the final notifications that had been received, and considered the status of notifications by the members that had not yet made their final notifications. As of 31 December 2016, only seven members had provided their final transparency notifications out of 19 in total.

Least-developed countries (LDCs) 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, 14 WTO members were still in the latter category in 2016.

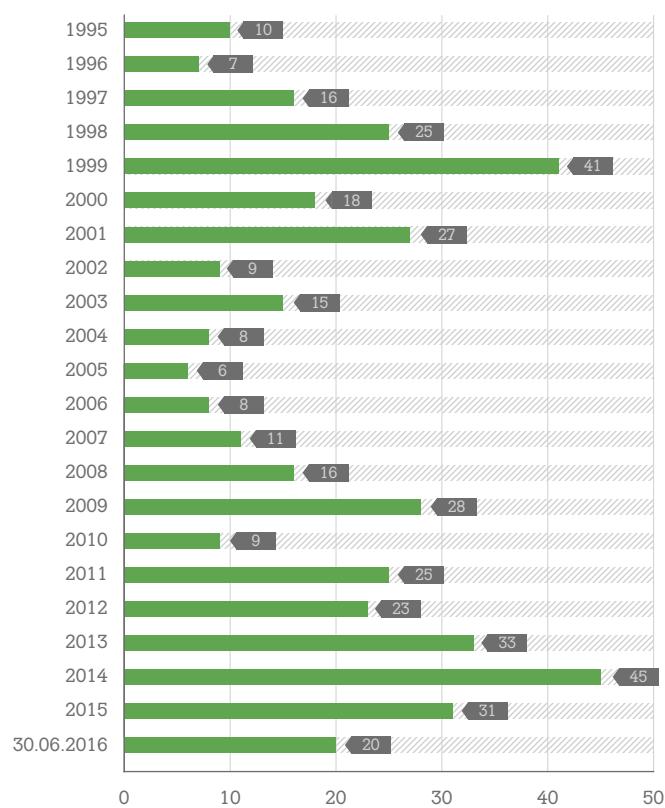
The Committee also reviewed notifications of countervailing actions taken (see Figure 9). As of 30 June 2016, there were 126 notified countervailing measures (definitive duties and undertakings) in force. The Committee also returned to a United States request to China about its support programmes for fisheries. It also considered Brazil's request to Canada for information about launch aid for Canadian plane maker Bombardier and an EU request to China. In addition, the Committee returned to the issue raised by the United States of the elimination by India of export subsidies for textile and clothing products.

The Committee started to discuss a US proposal to enhance information notified on fisheries subsidies, for which several WTO members expressed support but no consensus was reached.

The Committee also discussed a proposal by Brazil to establish an implementation working group on countervailing measures with an identical mandate to the one for anti-dumping. It proposed that the group operate as a forum where members exchange views on technical matters related to the implementation of countervailing and safeguard measures. While several WTO members were supportive, others considered that the scope of the proposed group should cover the entire SCM Agreement, particularly subsidy notifications.

Finally, at the October meeting, the Committee discussed a paper entitled "Subsidies and Over-capacity – Follow-up from the G-20 Process" submitted by the European Union, Japan, Mexico and the United States. The co-sponsors proposed that the Committee discuss whether the SCM Agreement needs to be amended to effectively regulate subsidies that contribute to over-capacity in certain sectors.

Figure 9: Countervailing initiations by reporting member, 1 January 1995 to end-June 2016*



* Figure 9 covers initiations up to the end of June 2016. Data for the second half of 2016 are not yet available.

Anti-dumping practices

WTO members initiated 145 new anti-dumping investigations from January to June 2016, significantly up from 108 in the same period in 2015. India was the leading initiator, accounting for nearly one-third of the total, followed by the United States. Steel continued to be a major concern. The Committee on Anti-Dumping Practices reviewed new legislative notifications, semi-annual reports on anti-dumping actions and ad hoc notifications of preliminary and final actions taken by WTO members.

India and the United States were by far the biggest initiators of anti-dumping investigations in the first six months of 2016. India initiated 48 investigations, four times as many as in the same 2015 period, while the United States initiated 24, sharply up from 15 previously. Argentina, Australia, Canada, the European Union, Morocco, Pakistan and Thailand also initiated more investigations. Other frequent users of anti-dumping investigations, including Brazil, China, Mexico and Turkey, initiated fewer investigations. After India and the United States, the top initiators in 2016 were Pakistan (12), Australia (11) and Chinese Taipei (8) (see Figure 10).

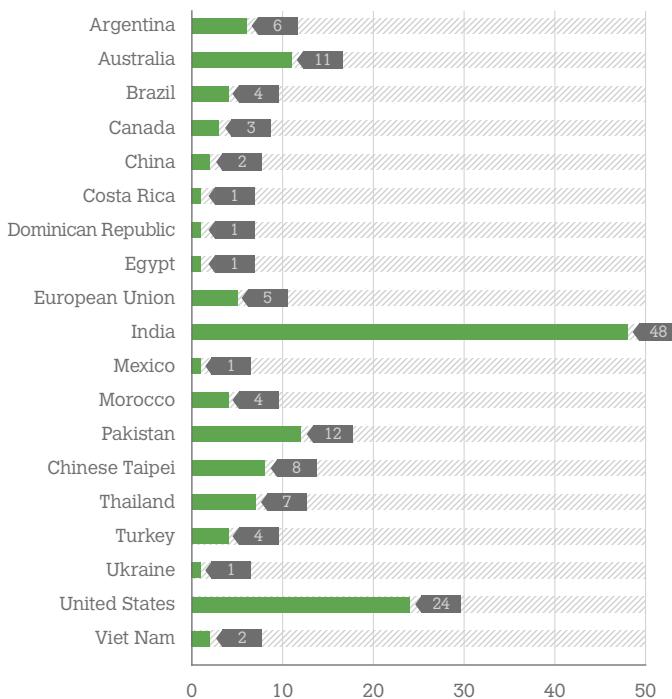
Steel concerns continued to dominate discussions in the Committee on Anti-Dumping Practices. At the Committee's April meeting, several members said they believe over-capacity in the steel sector and the resulting distortions in steel trade are behind an increase in the initiation of safeguard and anti-dumping investigations on steel products.

Japan said that 41 new anti-dumping investigations targeting steel imports were triggered in 2015. It added that it is concerned that oversupply in steel is mainly due to an economically unjustified expansion of production capacity among emerging economies and that this is triggering a rise in trade remedy measures globally. It urged members to examine whether their investigations meet the strict requirements set out under WTO rules. Brazil echoed Japan's concerns about the rising use of trade defence measures in the steel sector and said the trend is increasing.

Background on anti-dumping 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.

Figure 10: Anti-dumping initiations by reporting member, 1 January 2016 to end-June 2016*



* Figure 10 covers initiations up to the end of June 2016. Data for the second half of 2016 are not yet available.

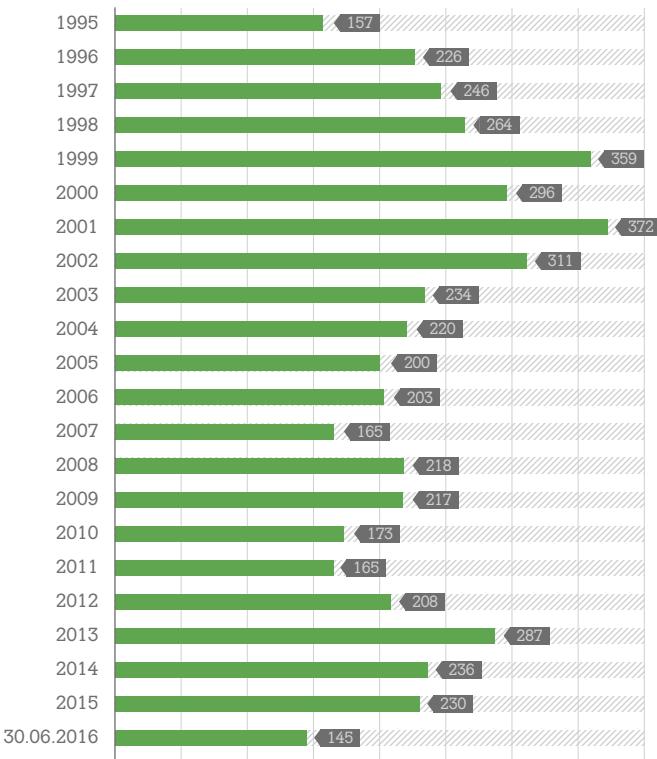
WTO members taking anti-dumping actions used the revised report format, adopted in 2008, for their semi-annual reports. Many used the minimum information format, as revised in 2009, in making their ad hoc notifications of such actions. Compliance with this notification obligation has improved. Following the creation of a more specific automated reply to electronic notifications, most members have been providing all their notifications electronically.

At its spring and autumn meetings, the Committee on Anti-Dumping Practices reviewed semi-annual reports for the second half of 2015 submitted by 41 WTO members and semi-annual reports for the first half of 2016 submitted by 45 members. It also reviewed ad hoc notifications of preliminary and final actions taken by 34 WTO members at both meetings. As of 30 June 2016, 45 members had notified the WTO of 1,598 anti-dumping measures (definitive duties and undertakings) in force.

The Committee reviewed new notifications of legislation submitted by the following members: Australia, Bahrain, Brazil, Canada, Colombia, Dominican Republic, India, Kazakhstan, Kuwait, Kyrgyz Republic, Oman, Pakistan, Qatar, Russia, Saudi Arabia, Seychelles, United Arab Emirates, United States and Vanuatu. Written questions posed about the legislative notification of Cameroon remained on the agenda of the April and October meetings.

The Working Group on Implementation, which serves as a forum for the exchange of information on member practices, held two meetings in 2016 and discussed the gathering and compilation of injury data and treatment of confidential information in anti-dumping investigations. Some WTO members made presentations or provided papers describing their practices while other members contributed to the discussions, posing questions or making comments.

Figure 11: Anti-dumping initiations by year, 1 January 1995 to end-June 2016*



* Figure 11 covers initiations up to the end of June 2016. Data for the second half of 2016 are not yet available.



145

WTO members initiated
145 new anti-dumping
investigations from January to
June 2016, compared to 108
in the same period in 2015.

Customs valuation

The Committee on Customs Valuation reviewed WTO members' national legislation on customs valuation and received responses to a standard checklist of issues. It concluded the review of five members' national legislation and received one new notification and one new reply to the checklist. The Committee continued to discuss a Uruguay proposal to update the method for determining the customs value of software for data processing equipment.

Review of national legislation

The Committee on Customs Valuation concluded its examination of the legislation of Ecuador, Mali, Moldova, South Africa and Ukraine. It continued examining the legislation of the Kingdom of Bahrain, Belize, Cabo Verde, Colombia, The Gambia, Guinea, Honduras, Montenegro, Nepal, Nicaragua, Nigeria, Russia, Rwanda and Sri Lanka. It also started to examine the legislation of the Solomon Islands. In addition, the Committee received Kazakhstan's response to the standardized checklist of issues, a questionnaire that facilitates the Committee's review of national legislation.

As of the end of 2016, the notification record remains poor, with only 97 WTO members having notified their national legislation and 65 members having provided responses to the checklist.

Uruguay's proposal

The Committee continued to discuss Uruguay's proposal to update a 30-year-old decision that has allowed WTO members to value, for customs purposes, software and data based on the cost of the carrier media (such as CDs) in which they are transported from one country to another.

Background on customs valuation

The customs value of a good plays a critical role in the calculation of import duties on an ad valorem basis. An ad valorem duty rate is one that is expressed as a percentage of the value of the imported goods, and it is the most common duty rate used in international trade. The Agreement on Customs Valuation seeks to establish a fair system for the valuation of goods for customs purposes. The Committee on Customs Valuation oversees this agreement and the Agreement on Pre-shipment Inspection.

The proposal would update the Committee's Decision on the Valuation of Carrier Media Bearing Software for Data Processing Equipment to take into account the fact that software is increasingly being imported using new types of carrier media, e.g. USB flash drives or other similar devices, which might not fall under the existing definition of "carrier medium". The proposal enjoys wide support but remains under discussion in the Committee.

Pre-shipment inspection

The Committee received two new notifications on pre-shipment inspection in 2016 – from Kazakhstan and Vanuatu.

Pre-shipment inspection is the practice of employing private companies to check shipment details, such as price, quantity and quality of goods ordered overseas. The Agreement on Pre-shipment Inspection recognizes that the principles of the General Agreement on Tariffs and Trade (GATT) apply to the activities of pre-shipment inspection agencies mandated by governments.

Rules of origin

In 2016, the Committee held "transparency and educational" sessions on non-preferential rules of origin attended by private sector representatives who highlighted the impact of these rules on international trade. In addition, the Committee discussed WTO members' implementation of the Nairobi ministerial decision on preferential rules of origin, which aims to make it easier for exports from least-developed countries (LDCs) to qualify for preferential market access. LDCs presented a draft template for the notification of preferential rules of origin which will be further discussed in 2017.

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 statistics, the determination of 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 and is referred to as the harmonization work programme.

Non-preferential rules of origin

The Committee on Rules of Origin held two information sessions on non-preferential rules of origin in 2016. During the sessions, private sector representatives explained how businesses cope with non-preferential rules of origin requirements. These sessions formed part of a transparency and educational exercise that members agreed to initiate in 2014 because of a long-standing deadlock in the Committee's work programme on harmonizing rules of origin.

The WTO Agreement on Rules of Origin mandated WTO members to negotiate and adopt common rules of origin. Harmonized rules would then be used by all WTO members in their non-preferential trade. 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. Negotiations on the harmonization work programme effectively halted around 2007 over differences in the way harmonized rules would be combined with other commercial regulations, such as anti-dumping or labelling. Members hold different views on whether to finalize the work programme.

The purpose of the transparency and educational exercise is to hear different views and learn more about how existing non-preferential rules of origin affect international trade and businesses. Many speakers pointed out that compliance with non-preferential rules of origin often imposes high costs on firms. Some called for the harmonization of non-preferential rules of origin, arguing that having a single global standard would simplify the planning and management of suppliers and reduce the uncertainty and risk associated with certification and marking of origin. Many also called for greater transparency in national requirements.

Drawing on views heard during these sessions, Switzerland circulated questions to encourage fresh discussions in the Committee about possible guidelines to streamline and simplify non-preferential rules of origin requirements.

The Chair, Chih-Tung Chang (Chinese Taipei), told members in September they should identify areas where work would be useful and said the Committee could try to narrow down discussions by focusing on specific topics, such as labelling, certification and anti-dumping. He also said it would be useful if members presented their own non-preferential origin requirements in greater detail.

Many members said they saw value in continuing the educational exercise, although some stressed the need to delineate discussions in these informal sessions from the formal work taking place in the Committee.

Preferential rules of origin

The Committee discussed the implementation of the 2013 Bali and 2015 Nairobi ministerial decisions on preferential rules of origin for least-developed countries (LDCs). At Bali, ministers set out for the first time multilaterally agreed guidelines to make it easier for LDC exports to qualify for preferential market access. At Nairobi, ministers took further steps towards ensuring that preferential trade arrangements for LDCs have simple and transparent rules of origin. Both decisions instructed the Committee to annually review developments in preferential rules of origin applicable to imports from LDCs.

In 2016, the Committee noted some new features, such as the introduction by the European Union, Norway and Switzerland of a system of self-certification of origin for registered exporters from LDCs. The Committee also reviewed notifications by preference-granting members of their imports from LDCs. At the April meeting, then chair Christian Wegener (Denmark) reminded delegations of their obligation under the Nairobi decision to inform the Committee about the measures being taken by preference-granting members to implement the 2015 ministerial decision. Developed countries should do so by the end of 2016, while for developing countries with preferential schemes, information is due when they start implementing the ministerial decision.

The Secretariat circulated a background note with the latest notifications of preferential rules of origin in favour of LDCs; 21 WTO members have preferential rules of origin for LDCs in place. The Chair noted that the report shows "very uneven" compliance with the notification requirements. Finally, the Committee was informed about a new function of the WTO Tariff Analysis Online (TAO) tool, which will allow users to directly access utilization rates under preferences for LDCs.

Following up on ministers' instructions in Nairobi, members discussed a draft template for the notification of preferential rules of origin prepared by the LDC Group. The LDCs consider that greater transparency and understanding of existing origin requirements will help their producers better seize market access opportunities. Members also considered options for the calculation of preferential utilization rates. Utilization rates could be used as an indicator of the stringency of specific preferential rules of origin (low utilization rates could indicate that the rules are overly stringent and cannot be met by LDC producers). The Committee will continue its discussions on both the template and on utilization rates in 2017.

Import licensing

The Committee on Import Licensing reviewed 86 notifications submitted by WTO members under the Agreement on Import Licensing Procedures, up from 67 in 2015. Nevertheless, the Chair of the Committee, Tapio Pysalo (Finland), said compliance with notification obligations was “not encouraging”. The Committee heard specific trade concerns about import licensing rules and procedures applied by some members.

The Committee on Import Licensing reviewed 25 notifications from 13 WTO members regarding publications and/or legislation on import licensing procedures, and 18 notifications from 11 members relating to new import licensing procedures or changes in these procedures. It also reviewed 43 notifications from 35 members regarding responses to a questionnaire on import licensing procedures.

Improving transparency through notifications is an important objective of the Agreement, particularly given concerns about the use of border measures, such as import licensing requirements, to restrict imports. The Agreement stipulates that import licensing should be simple, transparent and predictable, and administered in a neutral and non-discriminatory manner.

As of October 2016, 15 WTO members had not submitted any notifications under the Agreement. In addition, 23 members had never fulfilled their obligation to submit 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 2016, six members submitted notifications for the first time – Afghanistan, Bolivia, El Salvador, Kazakhstan, Seychelles and Tajikistan. The WTO Secretariat continued to provide technical assistance and capacity building to members in need. All notifications submitted by members are published on the WTO website.

The low level of compliance with transparency obligations has been the main preoccupation of the Committee. The Chair held six informal meetings in 2016 on improving transparency and streamlining the notification procedures and templates of the Agreement. To facilitate the discussion, the Secretariat prepared a number of background papers and presentations. There is general recognition that the issue of overlapping notification requirements contained in different provisions, as well as the duplications in current notification templates, contribute to the low compliance.

Nevertheless, the Chair said he was encouraged to see more WTO members involved in efforts to improve notification procedures. He identified five issues as priorities for discussion in the Committee: identification of overlapping notification requirements, clarification of elements to be notified, the types of notifications and their content,



86

The Committee on Import Licensing reviewed 86 notifications submitted by WTO members in 2016, up from 67 in 2015.

the appropriate template for each type of notification and improvements to the annual questionnaire.

During the Committee's review of new notifications, the European Union sought clarification on notifications from Bolivia and Malaysia. Malaysia asked questions regarding Turkey's surveillance system on imports of solar products.

The Committee also heard several new specific trade concerns regarding import licensing. Several emerging economies raised questions about an EU “surveillance” measure on imports of certain steel and iron products, which requires information about traders' intention to import. Russia, supported by China and Brazil, said the procedures have a “significant” impact on delivery times and thus grant an advantage to domestic suppliers in the European Union. The EU replied that licences are valid for four months and can be requested in advance.

Russia also sought clarification from Ukraine on a draft law that would restrict the distribution of print materials such as books and magazines “with so-called anti-Ukrainian content”. It called on Ukraine to adhere to relevant WTO rules.

Ukraine, in response, said that the draft law prescribes the treatment of print material “of extremist nature”.

Some members reiterated concerns about India's import regime on boric acid, Brazil's import licensing regulatory requirements on nitrocellulose, Indonesia's import regulations on cell phones, handheld computers and tablets, Viet Nam's import regime on distilled spirits, Mexico's steel import licensing regime and Bangladesh's import licensing procedures. In addition, WTO members raised questions about several other topics, including Morocco's import regime on bladed weapons and aerial vehicles.

Background on import licensing

The Agreement on Import Licensing Procedures establishes disciplines on WTO members' import licensing systems, with the principal objective of ensuring that the procedures applied for granting import licences do not in themselves restrict trade. The Agreement says import licensing should be simple, transparent and predictable, and administered in a neutral and non-discriminatory way.

Safeguards

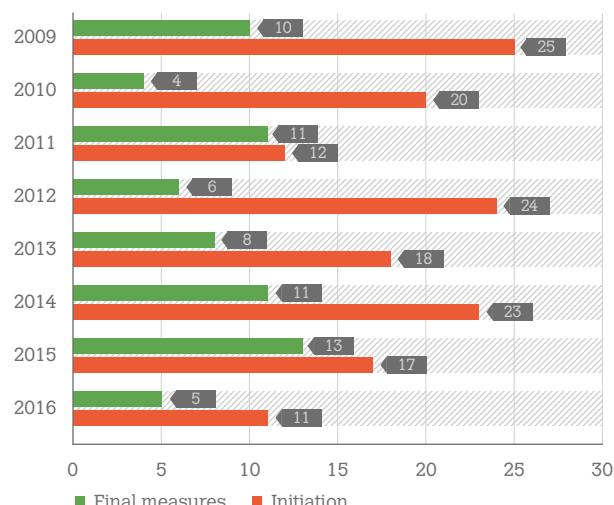
The Safeguards Committee reviewed WTO members' notifications of their safeguard rules and actions. Just 11 new investigations were initiated in 2016, the lowest figure since 2008. Notifications of final measures were the lowest since 2010. But members expressed concern at the rising use of safeguard measures in steel, which accounted for over 70 per cent of new investigations in 2016.

In 2016, the number of new investigations initiated declined to 11, from 17 in 2015 (see Figure 12). Safeguard investigations were initiated by 13 WTO members: China, the Cooperation Council for the Arab States of the Gulf (GCC) member countries (two), India, Jordan, Malaysia (two), South Africa (two), Thailand and Viet Nam. The GCC conducts safeguard investigations and imposes common measures on behalf of its member states – Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates.

The steel sector accounted for eight of the 11 investigations initiated in 2016, an unusually high percentage.

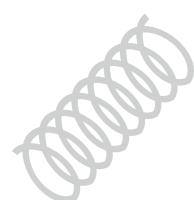
Several members told the Committee they believed over-capacity in the steel sector, and the resulting distortions in steel trade, were triggering an increase in the initiation of safeguard and anti-dumping investigations (see page 62) on steel products. Many members called for caution in the use

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



of safeguard measures. They stressed that safeguards, unlike anti-dumping and countervailing duties, target exports that are not violating any WTO rules, and members imposing these measures should therefore be particularly careful.

In 2016, WTO members imposed five new safeguard measures, a sharp decline from 2014 and 2015 when the number of final measures was unusually high. The countries that imposed final measures were Chile, India (two), Ukraine and Viet Nam.



8

The steel sector accounted for 8 of the 11 safeguard investigations initiated in 2016.

Background on safeguards

WTO members may take safeguard actions (temporarily restrict imports of a product) to protect a specific domestic industry from an increase in imports of any product that is causing, or threatening to cause, serious injury to the industry. In these circumstances, they have the right to restrict imports of the product from all sources (but not from a specific member or group of members). The Agreement on Safeguards provides detailed rules concerning the investigation that must be conducted and the application of safeguard measures. During an investigation, importers, exporters and other interested parties may present evidence, give their views and respond to the presentations of other parties.

Trade-related investment measures

The WTO's Committee on Trade-Related Investment Measures (TRIMs) discussed three new investment measures. The Committee also continued to debate several measures previously raised by WTO members. In addition, it reviewed compliance with members' notification obligations under the TRIMs Agreement.

The TRIMs Committee met twice in 2016, with three new investment measures on the agenda, all concerning alleged local content requirements, which stipulate that at least part of a good or service should be locally produced.

The first measure, discussed at the request of the United States, concerned draft regulations published by China requiring companies in the insurance industry to procure "secure and controllable" information technologies (IT). The United States said that the draft measure could imply a preference for local technologies. The European Union and other members echoed this concern. China countered that the issue is not relevant to the TRIMs Committee and has already been raised elsewhere.

Several WTO members raised concerns about Russian import-substitution measures replacing foreign imports with domestic production. The European Union said that Russia seems to be extending its local content requirement, pointing to a new measure in Russia to give 15 per cent price preference for domestic products. Russia replied that many of the items at issue are merely proposals that may or may not be implemented. The third new issue, discussed at the request of Mexico, related to a new Argentinian law offering tax incentives to automakers that give preference to the use of local components. Argentina responded that the law at issue has not been implemented pending the approval of regulatory legislation.

The Committee also discussed several concerns, some of them long-standing, regarding measures adopted by Indonesia. These include local content requirements for certain mobile devices (smartphones) and for the telecommunications and energy sectors. WTO members also reiterated concerns about Indonesia's Industry Law and Trade Law and its minimum local product content requirements for the retail sector.

The Committee took note of two new notifications 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. Members who had not provided notifications to date were urged to do so promptly.

The Committee also received notifications from Kazakhstan and Kuwait, under Article 5.1 of the TRIMs Agreement, which requires members to notify any trade-related investment measure that is not in conformity with the TRIMs Agreement. Kazakhstan's notification referred to certain local content requirements in the oil and gas and mining sectors and to certain provisions on industrial assembly of motor vehicles. Kuwait's notification indicated that it does not apply any WTO-inconsistent TRIMs.

In December 2016, the Chair of the Committee, Marine Willemetz (Switzerland), undertook consultations with interested members to hear views on possible ways to improve the operation of the Committee.

Background on trade-related investment measures

The Agreement on Trade-Related Investment Measures (TRIMs) 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 operation and implementation of the Agreement and allows members the opportunity to consult on any relevant matters.

Information Technology Agreement

The Committee continued to review progress on implementation of the Information Technology Agreement (ITA). A symposium will be held in June 2017 to mark the 20th anniversary of the ministerial declaration that launched the ITA. In 2016, participants in the ITA expansion agreement started implementing their tariff reduction commitments. Macao, China, joined the expansion of the ITA in December.

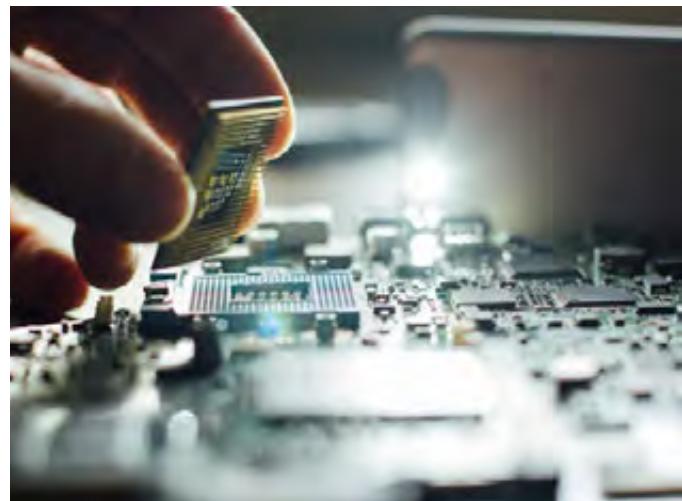
The number of participants in the ITA has remained at 53, representing 82 WTO members. The agreement covers around 97 per cent of world trade in information technology products, of which 90 per cent is duty-free. During the year, the Committee of the Participants on the Expansion of Trade in Information Technology Products continued to review progress in the implementation of the ITA.

IT symposium

Participants have agreed to hold a symposium on 27-28 June 2017 to mark the 20th anniversary of the Information Technology Agreement. Committee Chair Zsofia Tvarusko (Hungary) said she had started consulting with delegations on the format, structure and themes for the symposium. Some delegations stressed the need to make the symposium balanced by highlighting the concerns of developing countries.

Background on the Information Technology Agreement

The Information Technology Agreement (ITA) was concluded in December 1996 in Singapore. The plurilateral agreement requires participants to eliminate duties on IT products on a most-favoured nation (MFN) basis. It has 53 participants, representing 82 WTO members. The ITA covers a large number of high-technology products, including computers, telecommunication equipment, semiconductors, software and scientific instruments. The Committee of the Participants on the Expansion of Trade in Information Technology Products oversees the Agreement. The ITA expansion agreement was concluded at the Tenth Ministerial Conference in Nairobi in 2015 after three years of negotiations. It has 25 participants, representing 54 WTO members.



Product classification divergences

In 2016, the Committee made some further progress in reducing divergences in product classification. At its meeting of 18 April, the Committee agreed on the HS2007 classification (see page 52) of 15 additional so-called "Attachment B" products, thereby reducing the number of ITA products without an agreed HS2007 code to 22 items. "Attachment B" refers to a list of items attached to the 1996 Ministerial Declaration and for which there was no agreed tariff classification. ITA participants continue to work on the remaining 22 items to find a common classification. The WTO Secretariat is providing technical assistance to ITA participants in modifying their WTO schedules of commitments to reflect the agreed classification changes.

Non-tariff measures (NTMs)

One of the key areas of the NTMs work programme is a survey on conformity assessment procedures for electromagnetic compatibility (EMC) and electromagnetic interference (EMI) adopted and used by ITA participants. But responses to the survey, which aims to lead to the adoption of common guidelines, remains poor. Only 33 participants in the ITA have provided responses. The Committee encouraged those that have not yet done so to reply without further delay to enhance transparency and simplification.

In other areas of its work on non-tariff barriers (NTBs), the Committee continued to discuss follow-up to an



97%

The Information Technology Agreement covers 97 per cent of world trade in IT products, with 90 per cent of this trade now duty-free.



industry-driven workshop held in May 2015, at which the private sector shared its experience with trade policy-makers. The main issues raised at the workshop by industry representatives were transparency, standards for recognition of test results, e-labelling and energy efficiency. At the request of the Committee, the Chair Andrew Staines (United Kingdom) held informal consultations with interested delegations to examine the recommendations and avenues that were suggested by industry representatives. The consultations will continue in 2017.

Expansion of the ITA

In 2016, participants in the ITA expansion agreement, concluded at the Tenth Ministerial Conference in December 2015, started implementing their tariff reduction commitments. The landmark deal will liberalize trade in a further 201 high-tech products, whose annual value is estimated at some US\$ 1.3 trillion, around 10 per cent of world trade in goods.

Covered products include new generation multi-component integrated circuits, touch screens, GPS navigation equipment, portable interactive electronic education devices, video game consoles, and medical equipment such as magnetic resonance imaging and ultra-sonic scanning apparatus. The expansion of the agreement was the first major tariff-cutting deal at the WTO since 1996.

In December 2016, Macao, China, joined the expansion of the ITA. It presented an ambitious offer which immediately eliminates import duties and other charges on all 201 covered products. The inclusion of Macao, China, took the number of participants to 25, representing 54 WTO members, including developed and developing countries, and accounting for approximately 90 per cent of world trade in these products. Many other WTO members have signalled an interest in joining.

The decision taken at the Tenth Ministerial Conference established that the first set of tariff cuts would be implemented on 1 July 2016 and the second set no later than 1 July 2017. Further reductions would take place on 1 July 2018, with effective elimination for 90 per cent of the tariff lines covered – representing 95 per cent of imports – no later than 1 July 2019.

By the end of 2016, a large majority of participants had implemented their tariff commitments. Reporting on behalf of the ITA expansion group to the ITA Committee, Canada said that 18 of the 24 participants had submitted modified tariff schedules of commitments and that others were on track to do so. The cuts will be bound and applied on a most-favoured nation (MFN) basis, which means that all WTO members will benefit from duty-free access in these markets.



201

The expanded Information Technology Agreement liberalizes trade in a further 201 high-tech products, whose annual value is estimated at US\$ 1.3 trillion.

State trading enterprises

The Working Party on State Trading Enterprises (STEs) continued its monitoring of WTO members' notifications during its two formal meetings in 2016 and encouraged WTO members who were behind in complying with their notification obligations to improve their record.

At the June and October meetings of the Working Party on State Trading Enterprises, members started the review of new and full notifications of STEs in 2016 and asked questions about specific aspects of notifications made at previous meetings. The first notifications made by China and Viet Nam since they acceded to the WTO were among those reviewed.

In 2016, compliance with notification obligations remained poor. For the 2016 notification period only 33 new and full notifications were received out of a total of 136 members subject to this obligation. Members were encouraged by the Working Party to continue to work with their respective capitals and the WTO Secretariat to improve their notification record.

The Working Party continued to discuss a Canadian paper on agricultural exporting state trading enterprises, which aims at bringing to the attention of the Working Party discussions on export competition held in the Committee on Agriculture (see page 54).

Finally, the Working Party discussed a proposal aimed at improving transparency by automatically placing on the agenda

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.

of meetings those items whose review had not started or had not been completed at previous meetings. Consultations on this proposal continued into 2017.

Trade in civil aircraft

In 2016, the Trade in Civil Aircraft Committee began discussing how to deal with the issue of further amending the Agreement on Trade in Civil Aircraft to reflect the latest international harmonized system of product coverage. Tajikistan was granted observer status in the Committee.

The Committee adopted in November 2015 a protocol amending the Agreement to bring product coverage into line with the 2007 update of the Harmonized System (HS2007), used for classifying goods for customs purposes. The protocol had been under negotiation since 2008. None of the 32 signatories to the Agreement, of which 20 are member states of the European Union, has yet submitted to the WTO its instrument of acceptance of this protocol.

At its November 2016 meeting, the Committee discussed a proposal for another round of discussions to further update the products list to align it with the 2012 version of the Harmonized System. The Chair, Hsiao-Yin Wu (Chinese Taipei), said he will hold informal consultations on the issue.

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, promoting fair and equal competitive opportunities for civil aircraft manufacturers, and 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.



WTO members approved Tajikistan's request for observer status in the Committee. Tajikistan reaffirmed its intention to join the Agreement, which it undertook to do in its WTO accession commitments. It acceded to the WTO in 2013.

Trade facilitation

A major milestone for the global trading system was reached on 22 February 2017. The first multilateral trade deal concluded in the 21-year history of the WTO entered into force when the WTO obtained the necessary number of acceptances from the WTO's 164 members for the Trade Facilitation Agreement to take effect.

Rwanda, Oman, Chad and Jordan submitted their instruments of acceptance to WTO Director-General Roberto Azevêdo on 22 February, bringing the total number of ratifications over the required threshold of 110, or two-thirds of the WTO membership, the number needed to bring the TFA into force. By expediting the movement, release and clearance of goods across borders, the TFA is expected to give a significant boost to global commerce and to the multilateral trading system.

Full implementation of the TFA is forecast to slash WTO members' trade costs by an average of 14.3 per cent, notably by cutting the time taken to import and export goods. The TFA is likely to reduce the time needed to import goods by over a day and a half, and to export goods by almost two days, representing a reduction of 47 per cent and 91 per cent respectively over the current average. Implementing the TFA is also expected to help new firms to export.

Developing countries have the most to gain from the TFA; once it is fully implemented, developing countries may see a 20 per cent rise in the number of new products they export, with least-developed countries (LDCs) likely to see an increase of up to 35 per cent, according to a study by WTO economists published in the 2015 World Trade Report.

DG Azevêdo said: "By ratifying the Agreement, WTO members have shown their commitment to the multilateral trading system. They have followed through on the promises made when this deal was struck in Bali just over three years ago. And by bringing the deal into force we can now begin the work



of turning its benefits into reality... By 2030, the Agreement could add 2.7 percentage points per year to world trade growth and more than half a percentage point per year to world GDP growth. This impact would be greater than the elimination of all existing tariffs around the world."

The Agreement is unique in that it allows developing countries and LDCs to set their own timetable for implementation depending on their capacity to do so. A Trade Facilitation Agreement Facility (TFAF) (see below) was created at the request of developing and least-developed countries to help ensure they receive the assistance needed to reap the full benefits of the TFA and to support the ultimate goal of full implementation of the Agreement by all WTO members.

Developed countries have committed to immediately implement the Agreement, which sets out a broad series of trade facilitation reforms. The provisions include improvements to the availability and publication of information about cross-border procedures and practices, improved appeal rights for traders, reduced fees and formalities connected with the import/export of goods, faster clearance procedures and enhanced conditions for freedom of transit for goods. The Agreement also contains measures for effective cooperation between customs and other authorities on trade facilitation and customs compliance issues.

Developing and least-developed countries will immediately apply only the TFA provisions they have designated as "Category A" commitments. For the other provisions,

Background on trade facilitation

Negotiations on the Trade Facilitation Agreement were successfully concluded at the WTO's Ninth Ministerial Conference in December 2013. The Agreement entered into force following ratification by two-thirds of WTO members. The Agreement aims to expedite the movement, release and clearance of goods across borders and to establish measures for effective cooperation between customs and other authorities on trade facilitation and customs compliance issues. The Agreement also contains provisions for technical assistance and capacity building.

The Trade Facilitation Agreement entered into force on 22 February 2017.

Its aim is to streamline, simplify and standardise customs procedures and to ease the flow of goods across borders.

How does the TFA cut red tape at the border for easier trade?

- **Speeds up** the release and clearance of goods
- Makes information on rules and procedures more **readily available**
- Requires WTO members to accept **e-payments** and electronic versions of certain documents
- Imposes disciplines for fees and penalties charged for **customs processing** of imports and exports and other services
- Introduces **harmonized processes and standards** for border agencies and customs
- Provides opportunities for traders and others to comment on proposed rules and states that WTO members shall provide a **right to appeal** customs administrative decisions
- Provides for special and differential treatment for **developing countries** seeking to implement the Agreement.

► 14.3%

Full implementation of the TFA is expected to reduce trade costs by an average 14.3%, with least-developed countries forecast to enjoy an even bigger reduction.

► 2 days

The TFA is likely to reduce the time needed to import goods by over a day and a half and to export goods by almost two days.

By 2030, implementation of the TFA could add up to:

► 2.7%

2.7 percentage points per year to world trade growth

► 0.5%

more than half a percentage point per year to world GDP growth



The WTO's Trade Facilitation Agreement Facility will help developing countries assess their specific needs for implementing the Agreement and to identify possible development partners.



Rwanda, Oman, Chad and Jordan submitted their instruments of acceptance to DG Azevêdo on 22 February, bringing the total number of ratifications over the required threshold of two-thirds of the WTO membership, the number needed to bring the TFA into force.

■ Implementation and monitoring

categories "B" and "C", they must indicate when these will be implemented and, in the case of category C provisions, what capacity-building support will be needed to help them implement them. By the end of 2016, 90 WTO members had provided their notifications of category A commitments and six members had submitted notifications for categories B and C. Notifications on category B and C commitments are to be submitted by developing countries upon entry into force of the TFA, with LDCs given an additional year.

During 2016, WTO members regularly updated the Preparatory Committee on Trade Facilitation on the state of their ratification process and briefed it on technical assistance and capacity-building activities. A workshop on establishing national committees on trade facilitation, a requirement of the Agreement, was held on 8 June 2016. The committees will facilitate domestic coordination and implementation of the provisions of the Agreement.

Representatives from more than 150 countries shared their experiences on setting up such committees. Officials from government agencies outlined their experiences in drafting the mandates, defining the institutional frameworks and ensuring the proper functioning of such committees. Donor agencies and international organizations also outlined how to obtain assistance to set up and maintain the committees.

A common theme in the discussions was the importance of private sector involvement, particularly representatives from small and medium-sized enterprises, as business is directly affected by customs bottlenecks and red tape which the TFA seeks to address. Another common theme was the need for coordination between government ministries and agencies with a role in TFA implementation.

Trade Facilitation Agreement Facility

The Trade Facilitation Agreement Facility (TFAF) was launched in 2014 to provide guidance to developing and least-developed countries on the implementation of the TFA. It provides an information-sharing platform to provide resources, to help identify possible donors and to undertake donor and recipient match-making activities. It will also provide project preparation and project implementation grants in cases where efforts to attract funding from other sources have failed.

In 2016, the work of the TFAF national and regional workshops focused on helping WTO members prepare for ratification of the TFA and submit notifications to allow them to benefit from flexibilities in implementing the Agreement. It also organized two courses aimed at helping the chairs of the national trade facilitation committees increase their understanding of the Agreement.

In addition, the TFAF helped to find donors for members that requested assistance, and held meetings with partner organizations/donors to enhance coordination of support for implementation of the Agreement.

The TFAF complements efforts by regional and multilateral agencies, bilateral donors and other stakeholders that provide technical assistance and capacity-building support for trade facilitation. It is funded by WTO members on a voluntary basis.

While funding is an important element of the Facility, its core purpose is to help WTO members access the support they need through existing projects offered by bilateral donors as well as by international and regional organizations and the private sector.



Trade in services

The Council for Trade in Services focused much of its work on electronic commerce, with WTO members exchanging information and considering a proposal for a seminar on the services aspect of this topic. A seminar was also proposed to discuss barriers to the cross-border movement of persons to provide services (mode 4). The Council continued addressing the services waiver, which allows for more favourable treatment to be given to least-developed countries.

E-commerce

Electronic commerce – the production, distribution, marketing, sale or delivery of goods and services by electronic means – figured prominently on the Council's agenda in 2016. China presented recent data on the continuing acceleration of e-commerce in its market while Canada shared information on the e-commerce provisions included in its trade agreements.

At the June meeting, after noting that existing WTO rules apply to e-commerce, some delegations called on the WTO membership to consider whether additional disciplines might usefully complement the multilateral rulebook in this area. A few delegations reiterated, however, that WTO members' discussions under the e-commerce work programme, launched in 1998, must not aim at any prescriptive outcomes.

Brazil proposed that the WTO Secretariat update a 1998 note produced to assist members' examination of the treatment of e-commerce in the General Agreement on Trade in Services (GATS) legal framework. Many delegations welcomed the suggestion but no consensus was reached.

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, which is open to all WTO members, oversees the operation of the GATS.

In October, the Council considered a proposal by a group of WTO members for a seminar on the services aspects of e-commerce. At the November meeting, members agreed, in principle, to hold the seminar. Many delegations called for the event to focus on the development dimension of e-commerce, to address exclusively services issues and to serve as an information-sharing exercise, remaining within the mandate of the work programme and without any negotiating implications.

Some WTO members said their agreement on the seminar was conditional on the Council also agreeing to a proposal for a mode 4 seminar (see below). The Secretariat was tasked with the preparation of a draft programme for the seminar that reflected all the concerns raised and comments made.

China presented a communication, which it also submitted to other WTO bodies tasked with the e-commerce work programme (see page 46). It proposed that discussions should focus on services directly supporting trade in goods enabled by the Internet, such as payment and logistics services. All WTO members welcomed the communication, with several seeking a number of clarifications. Many members expressed support for its call to enhance transparency and information exchange. A few also backed its call for the moratorium on custom duties on electronic transmissions to be extended, with a number arguing that it should be made permanent.

In terms of the institutional arrangement for e-commerce discussions, most WTO members expressed flexibility but some argued for deliberations to take place initially in the WTO's subsidiary councils and committees and to be referred to the General Council only when sufficiently mature.

LDC services waiver

The Council continued to discuss the services waiver for least-developed countries (LDCs). The waiver, agreed in 2011, enables WTO members to grant more favourable treatment to LDC services and service suppliers. By the end of 2016, the Council had received 23 notifications of preferential



treatment to LDC services and service suppliers, provided by 50 members (counting EU member states individually).

Notifications were submitted by Canada, Australia, Norway, 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 and Thailand.

As instructed by ministers at the 10th Ministerial Conference in Nairobi, the Council promptly considered and approved all preferential treatment going beyond market access measures. The ministerial waiver stipulated that while WTO members can implement preferential treatment related to market access measures upon notification to the Council, preferential treatment regarding any other measure is subject to the Council's approval.

During the year, LDCs offered a detailed assessment of the preferences notified by the European Union, South Africa, Turkey and Canada. LDCs intend to continue sharing their examination of the notifications received at future meetings of the Council.

In Nairobi, ministers also instructed the Council to facilitate discussions on technical assistance aimed at promoting LDCs' participation in services trade. The European Union, China, Australia and India shared information on their capacity-building measures. A representative of the World Bank provided an overview of the types of assistance likely to be of greatest relevance to LDCs.

Mode 4 (movement of natural persons)

At its March and June meetings, the Council addressed a communication by India assessing barriers to entry in mode 4, which covers the temporary movement of people (rather than companies) across borders to supply services.

The communication referred to measures by the United States, Canada and the United Kingdom that India judges to impede or may impede mode 4 trade. The delegations concerned questioned India's approach in citing specific measures, rather than generic barriers, and expressed their disappointment that the issue had been raised in the Council in a manner they considered unconstructive. Several developing countries echoed India's general concerns about the many barriers that hamper mode 4 trade. India also proposed that the WTO Secretariat update its 2009 background note on mode 4 but a few members did not agree with the suggestion.

When the Council took up the issue again in October, India suggested that, rather than focusing on specific members' measures, the Council should organize either a dedicated discussion or a seminar to discuss generic mode 4 obstacles (such as unclear definitions, non-portability of social security, non-recognition of qualifications, residency requirements and economic needs tests).

Several WTO members offered their preliminary support to the suggestion but called on India to submit its proposal in writing. A few others called for a broader discussion of services market access issues, across all modes, and noted the importance of taking into account the sectoral scope and level of commitments.

In November, India made a written proposal for a mode 4 seminar. Although most WTO members said that, subject to clarifications and some amendments to the agenda, they could support India's suggestion, a few did not have instructions from their capitals and could not agree to it. It was agreed that the Chair would hold consultations on the proposal.

Exemptions to the MFN obligation

In June, the Council started a fourth review of the exemptions that many WTO members took from the most-favoured nation (MFN) obligation on becoming a member of the WTO.

The review examines whether the conditions that gave rise to the exemptions still exist. The Council decided to hold the substantive part of the review in a dedicated meeting in March 2017 on the basis of a question-and-answer process organized by sector. It requested questions to be submitted in writing before the end of 2016 and answers circulated in written form in advance of the dedicated meeting. The WTO Secretariat was mandated to update the compilations and statistical notes on MFN exemptions it had prepared for the previous review in 2010.

Other issues

At the meetings in March, June, October and November, Russia made a statement on measures related to the reform of the Unified Gas Transportation System of Ukraine. Ukraine responded to the statement and a few other WTO members intervened on this issue.

In March, Canada raised concerns about new administrative rulings adopted by China related to online publishing services.

In accordance with the GATS' transparency provisions, the Council received 20 notifications of new or revised measures that could significantly affect trade in sectors where the notifying WTO members have commitments. Another 13 notifications dealt with new economic integration agreements covering services trade.

Financial services

On 18 March 2016, Brazil accepted the Fifth Protocol to the GATS, which embodies the results of the financial services negotiations concluded in 1997. The protocol has now been accepted by all its parties.

The Committee on Trade in Financial Services continued its consideration of financial inclusion, focusing on the most important barriers, such as inadequate regulatory frameworks, institutional weaknesses and deficient financial infrastructure. It also focused on trade in services' contribution to the elimination of financial exclusion. As part of this discussion, WTO members exchanged information on their respective financial inclusion initiatives.

Under the Committee's ongoing review of global financial regulatory reform and the implications for trade in financial services, the Global Forum on Transparency and Exchange of Information for Tax Purposes made a presentation on recent developments and discussed with WTO members the potential implications for trade in financial services.

Jamaica, on behalf of the members of the Caribbean Community (CARICOM), highlighted the problems associated with de-risking by global banks, which could affect a wide range of international transactions, including remittance transfers, international trade finance and credit card settlements.



23

The Services Council received 23 notifications of preferential treatment provided by WTO members to LDC services and service suppliers by end-2016.

Specific commitments

In 2016, the Committee on Specific Commitments considered how to reinvigorate the discussion on economic needs tests (ENTs). An ENT is a test that conditions market access on the fulfilment of certain economic criteria. A major problem with respect to ENTs is that most relevant entries in WTO members' schedules of commitments provide no or minimal indications on the criteria applied.

Turkey made a number of suggestions for future work, including updating the WTO Secretariat's note on ENTs, examining tendencies in the scheduling of ENTs in regional trade agreements, exchanging information among WTO members on the application of ENTs and identifying common elements of the criteria for ENTs by mode or by sector. Turkey's proposal received general support.

Members generally agreed that ambiguous ENT entries in WTO members' schedules of commitments undermined the value of specific commitments under the GATS. Nevertheless, the Committee only agreed to task the Secretariat with updating its note by examining the schedules of newly acceded members.

The WTO Secretariat examined the schedules of commitments of the 11 WTO members that have acceded to the WTO since 16 April 2010. The note highlights that many ENT-related entries continue to be problematic, even in new members' schedules. The Committee will continue to consider how to proceed further with Turkey's proposal.

The Committee briefly touched upon the issue of "new services" – those that appear to be not specifically mentioned in the GATS classification system. A number of WTO members indicated that the Committee had exhausted this discussion while some others continued to express interest in further exploring related issues. Members have been divided on whether "new services" exist and whether a definition is needed and on their implications for existing GATS commitments.

The Chair, Gustavo Miguel Vanerio Balbela (Uruguay), held consultations on possible future work under the Committee's mandate. At the meeting of 5 October 2016, a number of WTO members expressed interest in having discussions on various scheduling and classification issues, in particular those related to e-commerce. There were also questions about the purpose of the Committee's work in the absence of market access negotiations. The Chair will continue to consult with members on the future work of the Committee.

Trade-related aspects of intellectual property rights (TRIPS)

An amendment to the TRIPS Agreement making it easier for developing countries to access affordable medicines came into force in January 2017. The TRIPS Council continued its regular work on promoting transparency in WTO members' intellectual property systems and reviewed the implementation of the TRIPS Agreement. It also discussed access to medicines, biodiversity, patentability of life forms and technical cooperation, among other topics.

TRIPS and public health

On 23 January 2017, an amendment to the TRIPS Agreement entered into force, securing for developing countries a legal pathway to access affordable medicines under WTO rules. It is the first time since the launch of the WTO in 1995 that an WTO accord has been amended. The amendment came into force after the protocol containing it was accepted by the necessary two-thirds of WTO members.

Unanimously adopted by WTO members in 2005, the protocol amending the TRIPS Agreement makes permanent a mechanism to ease poorer WTO members' access to affordable generic medicines produced in other countries. The amendment allows 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 or not in sufficient quantities.

"This is an extremely important amendment. It gives legal certainty that generic medicines can be exported at reasonable prices to satisfy the needs of countries with no pharmaceutical production capacity, or those with limited capacity. By doing so, it helps the most vulnerable access the drugs that meet their needs, helping to deal with diseases such as HIV/AIDS, tuberculosis or malaria, as well as other epidemics," said Director-General Roberto Azevêdo.

"The entry into force of the TRIPS amendment is a milestone in the WTO's comparatively short history," said the Chair of the TRIPS Council, Ambassador Modest Jonathan Mero of Tanzania.

WTO members who are yet to accept the TRIPS amendment currently have until end December 2017 to do so. In the meantime, a 2003 waiver decision granting access to affordable medicines from third-country sources continues to apply to these members.

In 2016, the Council also discussed a report by the UN Secretary-General High-Level Panel on access to medicines at the request of Brazil, India, China and South Africa. These members highlighted key recommendations made in the report, including a call for respect of the 2001 Doha Declaration on TRIPS and Public Health and full use of TRIPS flexibilities for access to medicines. The 2001 declaration stated that the TRIPS Agreement "does not and should not prevent members from taking measures to protect public health".

Discussions among WTO members also covered other recommendations, including on rigorous definitions of invention and criteria for the granting of patents that are "sensitive"

Background on TRIPS

Intellectual property rights have become a key part of the debate about economic development and broader public policy questions, such as innovation and public health. The Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS) 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 observers, administers the TRIPS Agreement, provides a forum for debate on policy issues and reviews the intellectual property legislation of individual WTO members.



An amendment to the TRIPS Agreement entered into force on 23 January 2017

The amendment eases poorer WTO members' 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) for export to countries that cannot manufacture the needed medicines themselves.

Five things you need to know about the TRIPS amendment

1. It is the first time since the WTO was created in 1995 that WTO rules have been amended.

1st

3. Law making can sometimes be slow but patience pays off. WTO members first agreed to ease access to generic medicines for countries lacking production capacity in 2003. Two years later, this decision was transformed into a permanent amendment to the WTO's IP rules. The amendment finally entered into force in 2017 after two-thirds of WTO members had accepted it.

2003 → 2017

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



4. The compulsory licence system for the export of medicines has been used once so far. A Canadian company exported HIV/AIDS medicine to Rwanda in 2008 and 2009. Efforts to make the amendment work effectively in the future and to deliver concrete results are under way.



5. The amendment came into force once Burkina Faso, Liechtenstein, Nigeria, the United Arab Emirates and Viet Nam submitted their instruments of acceptance in January 2017, bringing the total number of acceptances over the threshold of two-thirds of the WTO membership, the number needed to bring the amendment into effect.

The rate of acceptances increased significantly over the past two years, with 36 WTO members having submitted their instruments of acceptance since the start of 2015.



■ Implementation and monitoring

to public health. Members also discussed cooperation by international organizations to support governments applying such criteria, including training for patent examiners as well as legislation that facilitates the granting of compulsory licences. Some members highlighted the importance of innovation to promoting global health and the key role of IP protection in driving medical innovation, and expressed their concern over the narrow perspective of the panel report.

During 2016, the issue of TRIPS and public health continued to be addressed in various technical cooperation activities organized by the WTO Secretariat in collaboration with the World Health Organization and the World Intellectual Property Organization. The annual WTO workshop on trade and public health was held in Geneva in October and covered a wide range of topics, including the interface between health, trade and IP, the economics of innovation and access to health technologies, pricing and procurement policies, competition policy and rules, health services and the WTO's Trade Facilitation Agreement. Thirty-five government officials from 30 developing countries and five developed countries attended the workshop.

The three organizations hosted their sixth trilateral technical symposium in October. The symposium on antimicrobial resistance reviewed how to foster access to, and appropriate use, of antibiotics and innovation. The misuse of antibiotics can lead to the evolution of more resistant pathogens, posing a major risk to public health systems, participants heard. The issue of antimicrobial resistance has attracted growing global attention. In September 2016, a UN High-Level Meeting on Antimicrobial Resistance committed world leaders to curbing the spread of infections that are resistant to antimicrobial medicines.

Promoting transparency

Transparency in national IP systems is a key principle of TRIPS. It helps the TRIPS Council monitor the implementation of the TRIPS Agreement, to reduce trade tensions and to build productive trading relationships among WTO members.

TRIPS notifications provide a unique body of information and are an important transparency mechanism. In 2016, 15 WTO members notified the Council of more than 100 pieces of legislation, which reflect evolving policy needs and technological, social and commercial development in these jurisdictions.

In June 2016, the European Union notified the Council of its trademark reforms, which aim to give businesses more effective protection. Five members — Brazil, India, South Africa, China and Indonesia — expressed concerns about the impact of the new directive. They said they are concerned the new trademark regime could result in possible restrictions on legitimate shipments of goods, including essential medicines in transit. The European Union replied that the trademark provisions are limited to the use of trademarks that are identical with a trademark registered in the European

Union and will neither target patent infringements nor pharmaceutical products.

Under the Council's review of national implementing legislation, the European Union and the United States introduced their respective new legislation on the protection of trade secrets. They highlighted the importance of trade secrets to the fostering of innovation, encouraging exchange of knowledge and promotion of economic growth. Their presentations were complemented by brief overviews of relevant legislation in Canada, Japan, New Zealand and Chinese Taipei.

Trade secrets include formulas, processes, technological know-how, commercial data and other information. For the United States, protecting trade secrets is essential for maintaining the competitive edge of US business. The European Union noted that trade secrets are often used by small companies that do not have the resources to formally file patents.

Based on the notifications received, the Council completed reviews of TRIPS implementing legislation of Fiji and Tajikistan and initiated reviews of the legislation of Seychelles and Kazakhstan, both of which acceded to the WTO in 2015 and agreed to apply the TRIPS Agreement as of the date of their accession.



The Council continued its work on the e-TRIPS project. This aims to improve the timeliness and completeness of TRIPS notifications and other relevant information flows and to provide an enhanced information service for WTO members.

Plants, animals, biodiversity and traditional knowledge

The Council continued to deliberate a cluster of issues dealing with the patentability of plant and animal inventions and the protection of plant varieties, the relationship between the TRIPS Agreement and the Convention on Biological Diversity (CBD) and the protection of traditional knowledge and folklore.

Two issues remained at the forefront: 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 objective of equitably sharing the benefits that arise from the use of genetic resources and associated traditional knowledge.

Views continued to diverge on whether to amend the TRIPS Agreement to oblige WTO members to require patent applicants to disclose the source or the country providing genetic resources and associated traditional knowledge that form the basis for an invention.

Incentives for technology transfer

In October 2016, the Council, in its regular session, undertook the 14th annual review of reports provided by developed countries on the incentives they give for the transfer of technology to LDCs. The TRIPS Agreement requires developed countries to provide such incentives. In 2003, the Council, fulfilling a directive of the 2001 Doha Ministerial Conference, established a review mechanism to monitor this obligation.

The WTO Secretariat organized a ninth annual workshop to enhance LDCs' understanding of the reports and to enable LDCs and developed countries to have an open and frank dialogue about the operation of these incentives. On behalf of the LDC Group, Ambassador Eloi Laourou (Benin) recognized that some developed countries had defined "transfer of technology" in their reports, and indicated that this was a technical concept which encompassed the transfer of IP, ideas and technology.

In the discussion on IP and innovation, LDCs called for the implementation of Article 66.2 to foster the transfer of green technology, since LDCs are particularly vulnerable to climate change. LDCs have long pushed for this article, laying out the obligation for developed countries to provide incentives for technology transfer to be made more effective.

TRIPS non-violation and situation disputes

In 2016, WTO members continued to discuss the application of so-called non-violation and situation complaints but without narrowing their differences over whether such disputes should be permitted under the TRIPS Agreement, whether there is a need to establish the scope and ground rules (modalities) for such complaints, and whose task it would be to propose possible elements for the scope and modalities.

In general, WTO disputes can be brought not only if an agreement or commitment has been violated but also if an expected benefit under an agreement has been nullified, even without any violation of the letter of the agreement. However, for disputes over intellectual property protection, the TRIPS Agreement prescribed a five-year moratorium on initiating such "non-violation and situation complaints". This moratorium has been repeatedly extended by ministerial conferences. Most recently, the Tenth Ministerial Conference in Nairobi in 2015 recommended the Council to continue examining the scope and modalities for these disputes and to make recommendations to the next ministerial conference.

Technical cooperation and capacity building

The Council was updated on IP technical cooperation by developed countries, other intergovernmental organizations and the WTO Secretariat. The Secretariat continued to focus on assisting WTO members and observers to understand the rights and obligations which flow from the TRIPS Agreement and relevant decisions of WTO bodies to enable them to meet their developmental and other domestic policy objectives.

The WTO and WIPO jointly delivered two advanced technical assistance courses for government officials and university teachers in March and June in Geneva. The aim was to strengthen the capacity of developing-country participants to monitor and participate in international IP developments and to make informed assessments of IP policy issues. Over the past decade, the two courses have trained about 280 IP teachers and about 170 government officials.

In November, the WTO Secretariat organized a workshop on supporting least-developed countries (LDCs) in making effective use of intellectual property rights in advancing their national economic and social development goals.

Innovation

In 2016, the Council discussed three new topics as part of its series on "intellectual property and innovation", which has been requested by several WTO members on an ad hoc basis since 2012. The topics included IP education and diffusion, sustainable resource and low-emission technology strategies, and regional innovation models.

■ Implementation and monitoring

In March, WTO members shared detailed information on IP education as an innovation accelerator which benefits both innovators and users. The Council turned in June to discussing the role of IP in sustaining innovation and contributing to environmentally friendly growth and development. The discussion was linked to the broader policy context, notably the Paris Agreement on climate change and the implementation of the UN 2030 Sustainable Development Goals.

In its meeting of November, the Council discussed regional innovation models. Many members, including the European Union, Australia, Switzerland, Japan, the United States, Brazil and Canada, shared their experiences in setting up regional innovation hubs and collaborating across borders.

E-commerce

At the Tenth Ministerial Conference in Nairobi in 2015, members decided to continue work under the Work Programme on E-Commerce, based on their existing mandate

and guidelines. The Council resumed discussions on IP and e-commerce, initially on the basis of a request by Canada.

The Council discussed how to develop concrete themes which could guide its work on e-commerce during 2017. During 2016, Canada shared its national experience of an enforcement initiative against the sale of counterfeit products over the Internet. Brazil made a submission on copyright implementation in the digital environment, which would be examined in 2017. The Council is expected to make a substantive contribution to the periodic review of e-commerce that the General Council will conduct and report to the next Ministerial Conference in December 2017.

Other issues

No new proposals emerged from the reviews, mandated under the TRIPS Agreement, of the Agreement as a whole (the "71.1 review"). The Council's work on the incentives for technology transfer to LDCs and on "non-violation and situation complaints" is discussed on page 81.

Trade and environment

In 2016, the Committee on Trade and Environment discussed a broad range of trade-related environmental issues, including climate change, reform of fossil fuel subsidies, chemicals and waste management, wildlife trade, forestry and fisheries. The Committee was also updated on the WTO environmental database, the environmental provisions in regional trade agreements and the Environmental Goods Agreement negotiations.

Climate change and trade

The United Nations Framework Convention on Climate Change (UNFCCC) briefed the Committee on the main features of the 2015 Paris Agreement, which sets out a global action plan to avoid dangerous climate change by limiting global warming to below 2°C, and the status of climate change discussions. Several WTO members highlighted the importance of the Agreement and called for coherence between trade and climate policies.

Brazil, Chile, China, Mexico and Singapore presented their respective national climate action plans, known officially as Intended Nationally Determined Contributions (INDCs). Chinese Taipei described its experience with renewable energy and other policies related to climate change.

Citing the need for coherent policies, Korea, Canada, Costa Rica, Mexico and Chinese Taipei submitted a joint proposal to deepen the understanding of the relationship between trade and climate change. Their proposal is to take stock of discussions taking place at the WTO and other international organizations to deepen WTO members' understanding of trade policy's potential contribution to addressing climate change. Several delegations expressed support for the proposal. However, some expressed concerns and suggested that climate change discussions are better left to other fora.

Reform of fossil fuel subsidies

On behalf of the Friends of Fossil Fuel Subsidy Reform – an informal group of non-G20 countries – New Zealand drew attention to a communiqué on reform of fossil fuel subsidies issued at the UNFCCC conference in Paris. The communiqué called on the international community to increase efforts to phase out subsidies to fossil fuels by promoting policy transparency, ambitious reform and targeted support for the poorest.

New Zealand also drew attention to the commitment to rationalize inefficient fossil fuel subsidies contained in the Addis Ababa Action Agenda, a global action agenda for financing sustainable development adopted in 2015, and the United Nations' Sustainable Development Goal 12 (see page 40).

Several WTO members acknowledged the importance of the reform of fossil fuel subsidies, shared their experiences, and supported continued discussions in the Committee. However, several other members said that reform of fossil fuel subsidies has no link to the WTO; they were of the view that the WTO is not the appropriate venue to discuss such matters.



SDG 12 calls for sustainable consumption and production and environmentally sound management of chemicals and wastes throughout their life cycle.

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.





Some WTO members have stressed the need to prohibit certain forms of fisheries subsidies which contribute to over-capacity and over-fishing, and to eliminate subsidies that contribute to illegal, unregulated and unreported fishing.

Chemicals and waste management

Following a request from several developing countries, the Committee discussed chemicals and waste management, with a focus on discarded electronics or "e-waste".

The Secretariat of the Basel, Rotterdam and Stockholm (BRS) conventions, which all aim to protect human health and the environment from the harmful effects of chemicals and hazardous waste, made a presentation on its work. Executive Secretary, Ralph Payet, informed WTO members of BRS work regarding the management and recycling of e-waste.

The United Nations Industrial Development Organization (UNIDO) presented its work on the sustainable management of e-waste and the main barriers to e-waste treatment, particularly for developing countries. Chile, Canada and Chinese Taipei shared their domestic practices and regulations on waste management.

Wildlife trade

The Committee was briefed by the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) about recent developments, including decisions taken to combat illegal trade in wildlife and to improve the sustainability, legality and traceability of trade in wildlife at its conference of parties in Johannesburg in October 2016.

The European Union presented its Action Plan against Wildlife Trafficking, adopted in 2016, which sets out a roadmap for the EU strategy against wildlife trafficking until 2020. The United States updated delegations on the work of its Presidential Task

Force on Wildlife Trafficking, including the National Strategy for Combatting Wildlife Trafficking issued in 2014.

Forestry

Canada presented its forest and forest product governance and regulations as well as its legislation to enforce CITES in Canada and to control imports of non-CITES species obtained illegally. In addition to domestic experiences, the Committee was also briefed by the International Tropical Timber Organization on activities related to forest law enforcement and cooperation with CITES.

Fisheries

The Food and Agriculture Organization (FAO) shared findings from the 2016 State of World Fisheries and Aquaculture report, which highlights the role of fisheries in food security and provides information on fish trade. WTO members showed interest in the findings and some stressed the need to prohibit certain forms of fisheries subsidies (see page 42) which contribute to over-capacity and over-fishing, and to eliminate subsidies that contribute to illegal, unregulated and unreported (IUU) fishing.

Environmental provisions in RTAs

Several WTO members spoke about environmental provisions in regional trade agreements (RTAs). Canada shared its experience in negotiating and implementing environmental





Negotiations on an Environmental Goods Agreement are taking place among 46 WTO members, with the aim of slashing tariffs on a variety of environmental goods.

provisions in free trade agreements and said that the key principle it follows is to promote mutual supportiveness between trade opening and environmental protection. New Zealand gave a presentation on the implementation of environmental provisions in its RTAs, providing concrete examples of bilateral cooperation under its agreements.

The European Union noted that the rationale for including environmental provisions in RTAs is rooted in the recognition that environmental policies are an integral part of sustainable development. Chile, Korea, Switzerland and Chinese Taipei shared their experiences with environmental provisions in RTAs.

The WTO Secretariat made a presentation on environmental provisions in RTAs notified to the WTO, based on a WTO staff working paper published in August 2016. The analysis covers 270 RTAs in force and notified between 1957 and May 2016. Environmental exceptions along with environmental cooperation continue to be the most common types of environment-related provisions in the RTAs.

WTO environmental database

The WTO Secretariat presented an updated version of the Environmental Database and highlighted key trends in environment-related trade measures notified to the WTO. The database, which is updated annually, contains all environment-related notifications submitted by WTO members as well as environmental measures and policies mentioned in trade policy reviews (see page 92).

WTO members expressed their appreciation for the database and suggested that it could be improved with a web-based interface to facilitate dissemination and ease of use. The Secretariat noted that it is exploring such improvements subject to the availability of resources.

Environmental goods

Australia, as chair of the Environmental Goods Agreement (EGA) negotiations, continued to update the Committee on progress. The EGA is being negotiated by 18 participants, representing 46 WTO members (see page 41).

Other topics

Ecuador told WTO members that the current multiplicity of organic agricultural certificates creates a market access barrier, particularly for small producers. It said it supports giving preferential tariff treatment for organic products because this will create incentives for production, promote sustainable consumption and contribute to global environmental protection.

Australia briefed delegations on a workshop on “The WTO and Agenda 2030”, jointly organized by Mexico, Indonesia, the Republic of Korea, Turkey and Australia in October 2016. The workshop explored the history and content of Agenda 2030 as it relates to trade and featured detailed discussions of selected areas of Agenda 2030 relevant to WTO work.

MEAs and other international organizations

The Committee continued to serve as a platform to inform WTO members about the latest developments in multilateral environmental agreements (MEAs) and other international organizations. In 2016, this included briefings by the United Nations Environmental Programme (UNEP) on its work related to the implementation of the 2030 Agenda, including initiatives to promote synergies between trade and environment policies.



UNEP also briefed delegations on the second United Nations Environmental Assembly (UNEA-2), held in May 2016, and the deal adopted under the Montreal Protocol in October 2016 to curb the use of hydrofluorocarbons (HFCs), a major contributor to climate change. The agreement, reached in Kigali, caps and reduces the use of HFCs gradually, starting in 2019.

The United Nations Conference on Trade and Development (UNCTAD) presented a report on “trading into sustainable development: trade, market access, and the Sustainable Development Goals”. The Organisation for Economic Co-operation and Development (OECD) presented a working paper on how stringent but well-designed environmental policies in a country tend to encourage the development and exports of environmentally friendly goods and services.

In June, a panel discussion was held as part of an advanced course on trade and the environment co-organized by the WTO and the Grantham Institute, Imperial College London.

Technical assistance and outreach

In 2016, the WTO organized a two-week advanced course on trade and environment. A session on “unlocking trade for clean energy technology” was jointly delivered with the Grantham Institute of Imperial College, London, as part of the course. Speakers at the event discussed how trade can help bring climate technology solutions to where they are needed most and thereby help countries around the world achieve sustainable development.

Trade and environment training was also delivered as part of the WTO’s Geneva-based and regional trade policy courses, and through the e-learning platform.

The WTO collaborated with UNCTAD and the International Trade Centre in an event held at the UNFCCC Conference of the Parties (COP22), in Marrakesh, Morocco, in November. The main message was that trade can play an important role in addressing climate change and helping countries meet their commitments to the Paris Agreement.

Trade and transfer of technology

The Working Group on Trade and Transfer of Technology continued to analyse the relationship between trade and transfer of technology. It heard a presentation by Chinese Taipei on its experience with technological innovation and its transfer. WTO members also continued to discuss a submission by India, Pakistan and the Philippines on “facilitating access to information on appropriate technology sourcing”.

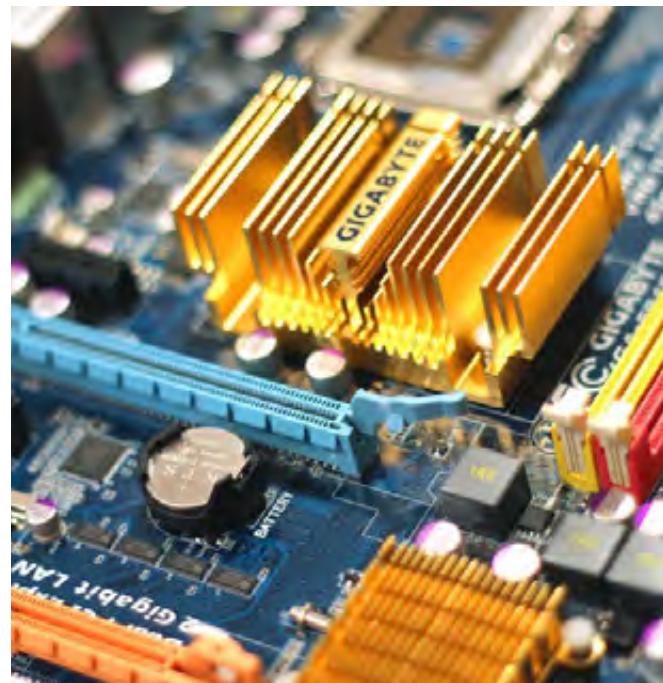
Discussions in the Working Group on Trade and Transfer of Technology highlighted the importance of technology and technical know-how for improving productivity, promoting export growth and supporting economic growth in developing and least-developed countries. WTO members reiterated a call to share national experiences, particularly if members have undergone rapid development in recent years. It was underlined that such experience-sharing would help technology-deficient countries make more informed choices in support of growth.

Chinese Taipei shared its experience with innovation, technology generation and its transfer. It emphasized that the key to building a sound technological base is the existence of a comprehensive technology policy that encourages institutional development and investment flows and that establishes linkages between all stakeholders. The presentation showed how Chinese Taipei had used technology transfer to help St Lucia improve its capacity to tackle Black Sigatoka Disease, a leaf disease affecting banana plants.

Discussions also highlighted the crucial role played by supportive governmental policies, finance, investment flows, research and development, educational institutes, human resources and infrastructure development in technology transfer.

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”.



During 2016, 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 suggested that the Working Group should recommend the establishment of a dedicated WTO webpage on technology transfer, which could serve as a one-stop-shop on technology-related issues.

Regional trade agreements

The Committee on Regional Trade Agreements (CRTA) began discussing the implications of RTAs for the multilateral trading system, as called for by the Tenth Ministerial Conference in Nairobi. In 2016, the WTO received 22 notifications of RTAs, up from 16 in 2015. The notifications involved 11 new RTAs. The Asia Pacific region and the Americas notified the highest number – five each. The WTO launched a new book on RTAs and their relationship with the WTO's rules.

Notifications

Of the 11 regional trade agreements (RTAs) notified to the WTO in 2016 (counting goods and services together), eight included both goods and services provisions while three included goods provisions only. In contrast to 2015, when most of the agreements were between developing and developed trading partners, only three of the RTAs were between developed and developing partners, while eight RTAs were between developing partners only.

WTO members reached a new milestone with the notification in June 2016 of an RTA between Japan and Mongolia. Before then, Mongolia had been the only WTO member that was not party to an RTA. Members from the Asia Pacific region and the Americas were involved in five RTAs each. Other RTAs involved members from Europe, the Commonwealth of Independent States, Africa and the Middle East. Three of the agreements covered members from two different regions and eight covered members from one region.



22

In 2016, the WTO received 22 notifications of RTAs, up from 16 in 2015.

The notifications took the number of RTAs notified to the WTO by 31 December 2016 to 643, of which 431 were in force (see Figure 13). RTAs include free trade agreements and customs unions. Under WTO rules, the goods and services aspects of RTAs, as well as accessions to existing RTAs, must be notified separately and thus are counted separately. However, if all three elements are counted together, the 643 notifications involved 464 individual RTAs, of which 271 were in force.

Some 83 RTAs had not been notified to the WTO as of 31 October 2016. Committee Chair Ambassador Daniel Blockert (Sweden) also told the Committee in November that he had consulted with delegations involved in RTAs for which data submissions are incomplete and hoped they will soon provide missing information so that the Secretariat can complete factual presentations of these RTAs.

Background on regional trade agreements

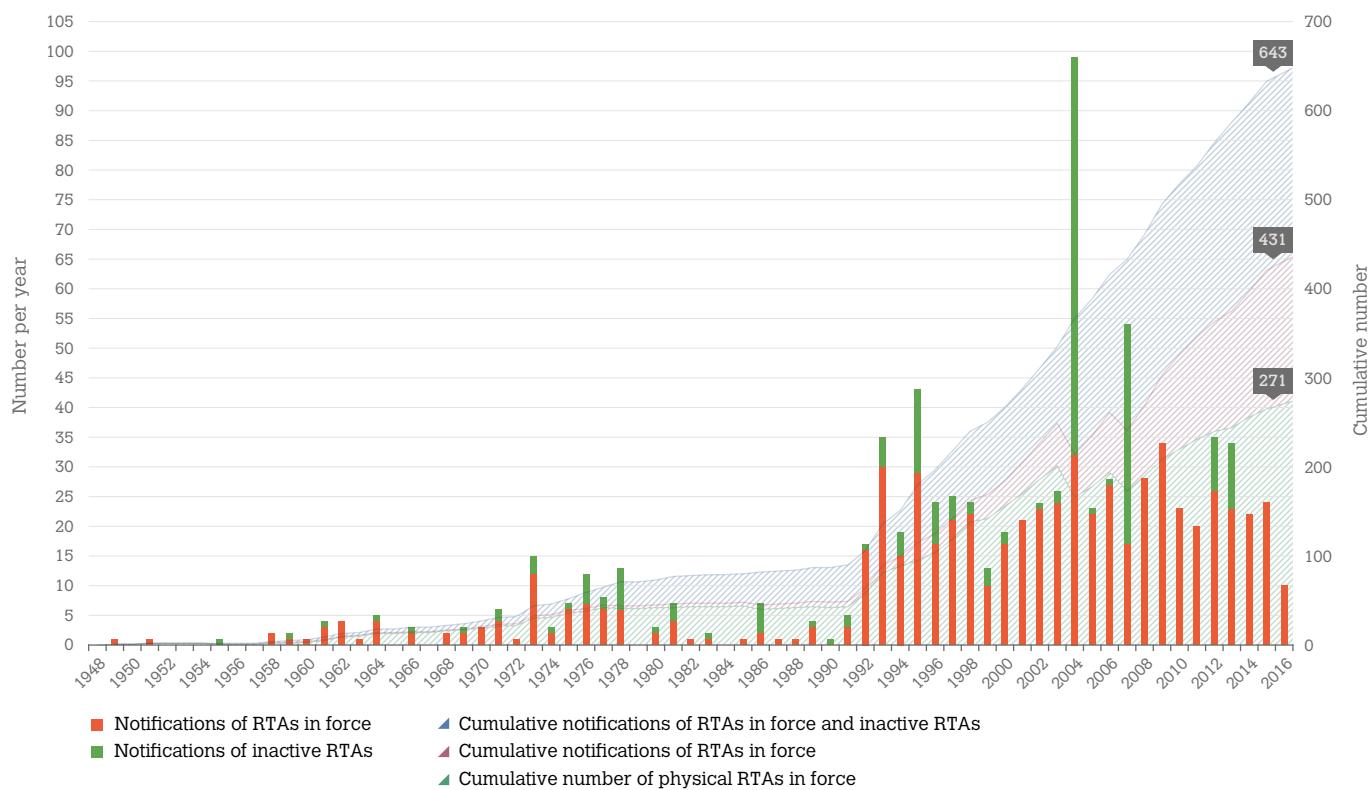
The Committee on Regional Trade Agreements (CRTA) monitors all regional trade agreements (RTAs) notified to the WTO, except those notified under special provisions for agreements between developing countries (the Enabling Clause), which are considered by the Committee on Trade and Development. The CRTA examines RTAs individually and considers their systemic implications for the multilateral trading system. Following the notification of the RTA between Mongolia and Japan in June 2016, all WTO members now have an RTA in force (some belonging to as many as 30).

Monitoring RTAs

All RTAs, 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) (for trade in services), are subject to the provisions and procedures of the transparency mechanism.

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

Figure 13: All RTAs notified to the GATT/WTO (1948 to 2016) by year of entry into force



Note: Notifications of RTAs: goods, services & accessions to an RTA are counted separately. Physical RTAs: goods, services & accessions to an RTA are counted together.

Source: WTO Secretariat.

RTA, and that each RTA be reviewed by WTO members. On 14 December 2016, the WTO marked the 10th anniversary of the mechanism, which has reviewed 143 RTAs involving 106 WTO members over the past decade.

The General Council established the transparency mechanism on a provisional basis in 2006. In Nairobi in December 2015, ministers called on WTO members to work towards making the mechanism permanent.

The Chair said that, based on his consultations, there is less commitment from members for possible negotiations about a permanent review mechanism although certain members had stressed that the issue remains important. For the mechanism to be adopted on a permanent basis, members need to review, and if necessary, modify it as part of the overall results of the Doha Round. The Negotiating Group on Rules started the review in 2011 (see page 42). Members are also required to review the legal relationship between the mechanism and relevant WTO provisions on RTAs.

Agreements notified under Article XXIV of the GATT 1994 and Article V of the GATS are considered by the Committee on Regional Trade Agreements (CRTA) while agreements notified under the Enabling Clause (see page 88) are considered by a dedicated session of the Committee on

Trade and Development (CTD), using the Secretariat's factual presentation as the basis for consideration (see Table 2).

WTO members are required to inform the WTO Secretariat of any changes to a notified agreement and to provide a report once an agreement is fully implemented. In the interests of transparency, they are also encouraged to inform the Secretariat of any agreements currently being negotiated or those that have been signed but are yet to enter into force (so-called early announcements).

Notified agreements already in force are considered by the CRTA or the CTD, normally within a year of the date of notification. In 2016, the CRTA held four meetings and considered 29 notifications of RTAs, counting goods, services and accessions separately, compared with 19 in 2015 and 42



643

By end-2016, the WTO had received 643 notifications of RTAs since 1995, of which 431 were in force.

Table 2: Regional trade agreements considered in 2016

1. Considered in the CRTA:

Canada – Republic of Korea (goods and services)

Japan – Australia (goods and services)

EFTA – Colombia (goods and services)

EFTA – Bosnia and Herzegovina (goods)

Republic of Korea – Australia (goods and services)

Canada – Honduras (goods and services)

Russian Federation – Serbia (goods)

Dominican Republic and Central America (Costa Rica, El Salvador, Guatemala, Honduras and Nicaragua) (goods and services)

Dominican Republic, Central America (Costa Rica, El Salvador, Guatemala, Honduras and Nicaragua) and the United States (goods and services)

United States – Panama (goods and services)

Chile – Viet Nam (goods)

Republic of Korea – New Zealand (goods and services)

European Union – Bosnia and Herzegovina (services)

Iceland – China (goods and services)

Australia – China (goods and services)

India – Association of Southeast Asian Nations (ASEAN) (services)

EFTA – Central America (Costa Rica and Panama) (goods and services)

2. Considered in the CTD:

Mauritius – Pakistan (goods)

MERCOSUR – India (goods)

Note: The table refers to 19 agreements, twelve of which covered both goods and services, five covered only goods and two only services.

in 2014. The CTD held two dedicated sessions on RTAs and considered two RTAs notified under the Enabling Clause.

The transparency mechanism also requires the WTO Secretariat to prepare “factual abstracts” on RTAs examined by the CRTA prior to their entry into force. By the end of 2016, 72 factual abstracts of agreements currently in force had been prepared in consultation with the relevant RTA parties and posted in the RTA database.

In addition, five “early announcements” of RTAs were received from WTO members in 2016, two for newly signed RTAs not yet in force and three for RTAs under negotiation. As of December 2016, the WTO had received 103 early announcements. Sixty-three of these had subsequently been notified to the WTO following entry into force of the agreements.

The CRTA also discussed the provision of end-of-implementation reports. Most RTAs are implemented over a transition period and the transparency mechanism requires RTA parties to submit a short written report on how the liberalization commitments are put into effect. Seven such reports were submitted in 2016. The reports are important for understanding whether RTAs accomplish what they set out to do. The Chair noted that implementation reports had been due for 129 RTAs as of 11 March 2016 but only seven had been received during the year.

Impact of RTAs on the multilateral trading system

New RTAs are becoming increasingly comprehensive, with provisions for market opening in services and other areas, such as investment, competition policy, trade facilitation, government procurement, intellectual property, electronic commerce and, in some cases, labour and the environment.

Most agreements are bilateral, giving rise to an increasingly complex regime of trade regulations. Critics argue that these overlapping trade regimes make international trade more complex and undermine WTO non-discrimination principles. Proponents of RTAs argue that regional trade regimes can lay the groundwork for future multilateral rules. They also allow members wishing to move faster than others in opening their markets to do so within WTO rules.

Although RTAs are by nature discriminatory, discrimination against non-parties can be reduced if the agreements are open and parties allow accession by third parties to existing agreements.

Enlargement and consolidation of existing agreements is proposed by new RTAs, such as the Pacific Alliance between Chile, Colombia, Mexico and Peru, which already have bilateral agreements among themselves. Other examples include the Regional Closer Economic Partnership Agreement between the Association of Southeast Asian Nations (ASEAN) and six other regional partners, and the Tripartite Agreement between 26 African partners, which will bring together three existing regional economic communities.

Other “behind the border” commitments, such as legislative reform (for example, a new competition or environment law) can also be non-discriminatory and beneficial for all trading partners. Research by the WTO Secretariat based on RTAs notified since 2000 shows that around 60 per cent of these agreements contain trade-opening commitments for both goods and services. In addition, over half contain rules on investment, government procurement, competition, sanitary and phytosanitary (SPS) measures, technical barriers to trade, trade defence measures and intellectual property rights. Some RTAs also include other issues, such as environmental and labour standards and electronic commerce, which are not yet covered by the WTO rules.

The Nairobi Ministerial Declaration of December 2015 reaffirmed the need to ensure that RTAs remain



A new publication on RTAs was launched at the Public Forum in September.



complementary to and not a substitute for the multilateral trading system. It instructed the CRTA to discuss the systemic implications of RTAs for the multilateral trading system and their relationship with WTO rules.

At a CRTA meeting in September, the Chair said members appeared ready to start such discussions. These will be geared towards the sharing of information and experience rather than reaching any formal conclusion, he added. "Many have made it clear to me that this is a priority for them and I have yet to encounter any members who are against this," he said.

The Chair noted, however, that there is less clarity on the type of systemic discussion desired by members. Several delegations said they are willing to engage in systemic discussions of a thematic nature. Some members said that any discussion of systemic issues had to take RTA rules as the starting point. The issue of dealing with improving members' compliance with the current transparency mechanism was also raised as an important systemic issue.

New publication

A new publication on RTAs and how they can potentially affect WTO rules was launched at the WTO's Public Forum in September. "Regional Trade Agreements and the Multilateral Trading System", edited by Rohini Acharya, Chief of the RTA Section, and authored by staff of the WTO Secretariat, examines provisions contained within these trade deals to see to what extent they reflect or diverge from the WTO's legal texts. The book uses what is perhaps the largest dataset yet on RTAs to increase understanding of whether RTAs are creating new standards that are different from the WTO's and the possible implications of this.

RTA database

All the information on RTAs notified to the WTO is contained in a publicly accessible database. This includes links to the official texts and annexes as well as information on the examination or consideration process in the WTO. For those RTAs that have already been the subject of a factual presentation, the database also contains the relevant trade and tariff data.

Trade Policy Reviews

In 2016, the Trade Policy Review Body (TPRB) reviewed the trade policies and practices of 23 WTO members. By the end of 2016, the TPRB had conducted 452 reviews since its establishment in 1989, covering 153 of the 164 WTO members. During the year, members agreed further reforms to the trade policy review mechanism, including adjusting the frequency of undertaking trade policy reviews.

Trade Policy Reviews

Of the 23 WTO members reviewed in 2016, two – Ukraine and the Russian Federation – underwent the process for the first time. The other members reviewed were Georgia, Morocco, Fiji, Turkey, Maldives, the Kingdom of Saudi Arabia, Malawi, Honduras, Albania, United Arab Emirates, Zambia, Tunisia, China, Singapore, El Salvador, the Republic of Korea, the Democratic Republic of the Congo, Sri Lanka, Guatemala, Solomon Islands and the United States. The dates of the reviews and the members covered are shown on the map on pages 94–5.

The United States is the most reviewed member, having been reviewed 13 times. It is followed by: Japan and the European Union – 12 times; Canada – 10 times; Hong Kong (China), Australia, the Republic of Korea and Thailand – seven times; Malaysia, Norway, Singapore, Indonesia, Switzerland, Brazil, China, Turkey and India – six times; and Mexico, Chile, New Zealand, Morocco and South Africa – five times. Twenty-eight members have been reviewed four times and 42 members three times.

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. The four largest trading entities (currently the European Union, the United States, China and Japan) are reviewed every two years, the next 16 largest every four years, and other members every six years, with a longer cycle for least-developed countries. Reviews are not intended to serve as a basis for the enforcement of obligations or for dispute settlement procedures.



23

The WTO reviewed the trade policies and practices of 23 WTO members in 2016.

Three members opted for the alternative timeline for the submission of written questions and replies for their TPR meetings in 2016. The alternative timeline was introduced at the fourth appraisal of the Trade Policy Review Mechanism (TPRM) in 2011. It requires members to submit questions four weeks before a meeting and requires the reviewed member to submit written responses one week in advance.

Digital audio files (podcasting) were used in 16 of the 23 TPR meetings in 2016, namely for Georgia, Morocco, Fiji, Turkey, Ukraine, Malawi, Honduras, Albania, United Arab Emirates, Zambia, Tunisia, China, Singapore, the Republic of Korea, Sri Lanka and the United States. The audio files are accessible to members but not to the public. As of 2017, the podcasting option will be discontinued in line with a decision of the sixth TPRM appraisal in 2016. The seven-minute rule for members' interventions continued to work satisfactorily.

Printed versions of each trade policy review are available as WTO publications. These include the report by the WTO Secretariat, the report by the member under review, the concluding remarks by the Chair of the TPRB and a key trade facts section.

Sixth Appraisal of the TPRM

The sixth appraisal of the TPRM was completed in December 2016. Members agreed on reforms to further improve the review of members' trade policies and practices and the monitoring of the trading environment. One decision was to adjust the frequency with which members are reviewed to ensure the continued effectiveness of reviews amid the rising number of WTO members. Currently, members undergo a TPR every two, four or six years, depending on their share in world trade. Beginning in 2019, they will be reviewed every three, five or seven years, respectively.

Members also agreed to revise the timeline for the question-and-answer process. Members under review will have one additional week to provide written answers to other members' questions. Members also noted efforts by the WTO Secretariat to develop an information technology system to better manage the question-and-answer process. To enhance the transparency of trade policies, it was agreed that members will provide brief reports on significant changes in their policies during trade monitoring meetings. The next appraisal is due not later than 2021.

TPR follow-up workshops

After a trade policy review, the reviewed member can ask the Secretariat to organize a follow-up workshop with domestic stakeholders to discuss the outcome. In 2016, four follow-up workshops – for Botswana (a member of the Southern African Customs Union), El Salvador, Guyana and Madagascar – were conducted, building on the success of the Myanmar and Pakistan follow-ups.

Trade Policy Review programme for 2017

Sixteen TPR meetings are scheduled to be held in 2017 for 24 members (counting the European Union as one). They are Sierra Leone, Japan, Mozambique, Mexico, Belize, Switzerland and Liechtenstein, Nigeria, Brazil, the European Union, Jamaica, Paraguay, Iceland, the Plurinational State of Bolivia, Cambodia, the Gambia and the West African Economic and Monetary Union members, i.e. Benin, Burkina Faso, Côte d'Ivoire, Guinea Bissau, Mali, Niger, Senegal and Togo.

Trade Policy Reviews in 2016

The WTO conducted 23 trade policy reviews in 2016. 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

Trade monitoring reports showed a slight decrease in the number of new trade-restrictive measures introduced by WTO members. The WTO revised downwards its trade forecasts for 2016, predicting the slowest pace of trade and output growth since the financial crisis of 2009. The monitoring reports underscore the need for WTO members to work together to ensure that the benefits of trade are spread more widely and are better understood.

The WTO Secretariat prepared four reports on global trade policy developments during 2016.

Trade monitoring summary for 2016

The number of new trade-restrictive measures introduced monthly by WTO members fell between mid-October 2015 and mid-October 2016.

WTO members applied 182 new trade-restrictive measures during the 12-month period, an average of 15 measures per month. While this represented a reduction in the monthly figure compared to the recent peak of 20 measures per month in 2015, it was actually a return to the trend level for new trade restrictions since 2009. It also remained significantly below the monthly average of trade-facilitating measures (see Figures 14 and 15) – a consistent trend over the past couple of years. The 182 new measures accounted for US\$ 101.2 billion of world merchandise imports during the review period.

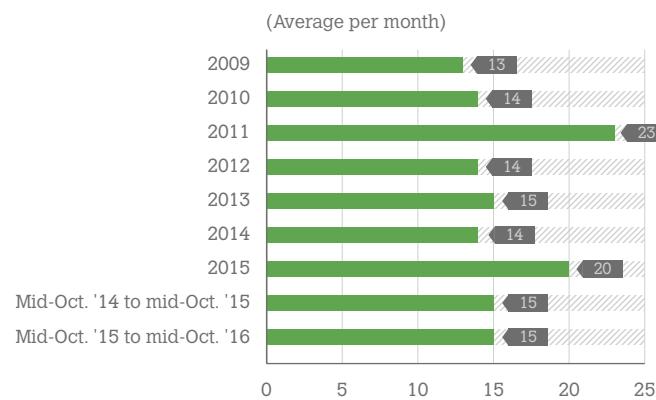
The number of new trade-restrictive measures being introduced remains a concern against the backdrop of the continuing global economic uncertainty. The WTO's downward revision of its trade forecasts, predicting for 2016 a 1.7 per cent growth, down from the 2.8 per cent forecast previously, marks the slowest pace of trade and output growth since the financial crisis of 2009.

Background on trade monitoring reports

In early 2009, the WTO began regular monitoring of global trade developments, covering all trade-related measures implemented by WTO members and observers. Initially launched in the context of the global financial and economic 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 providing comprehensive information on recent trade policy changes. The trade monitoring is overseen by the Trade Policy Review Body.

"In the context of a challenging economic scenario, it is more important than ever that WTO members adopt policies which will support trade and ensure that its benefits reach as many people as possible," Director-General Roberto Azevêdo said on presenting his annual overview of trade developments.

Figure 14: Trade-restrictive measures, (average per month)*

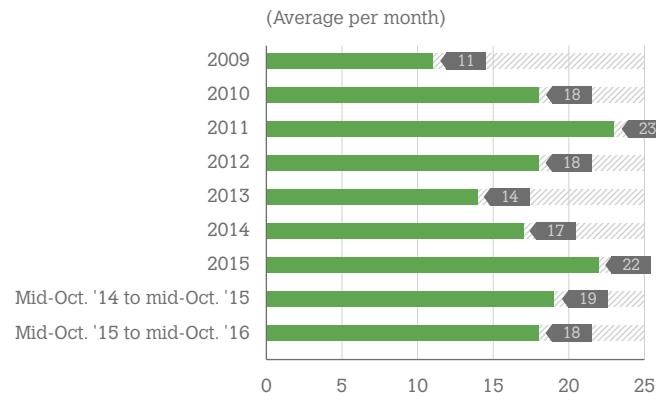


* Excluding trade remedies.

Note: Values are rounded.

Source: WTO Secretariat.

Figure 15: Trade-facilitating measures, (average per month)*



* Excluding trade remedies.

Note: Values are rounded.

Source: WTO Secretariat.



WTO members also applied 216 measures aimed at facilitating trade during the review period. Although the average of 18 trade-facilitating measures per month in the latest period was slightly down from 19 per month in the previous report, it remained above the 2009–2015 average.

The trade-facilitating measures recorded by the reports included the first measures implemented in the context of the expanded Information Technology Agreement (ITA) (see page 70). The trade-facilitating measures recorded were valued at US\$ 248.9 billion of world merchandise imports. The trade coverage value of the ITA expansion measures was not included, as it would distort any comparison with previous reports.

Of the 2,978 trade-restrictive measures recorded for WTO members since 2008, 740 had been removed by mid-October 2016. The rollback of trade-restrictive measures recorded since 2008 remains slow and continues to hover just below 25 per cent.

Trade remedy measures (anti-dumping actions, countervailing duties and safeguard measures) made up almost 47 per cent of all trade-related measures in the review period, up from 43 per cent in the previous annual report.

Out of the 347 trade remedy measures recorded, 257, or almost three-quarters, were anti-dumping actions. More initiations were recorded than terminations.

The reports underscore the importance of WTO members working together to ensure that trade remains open and to ensure that the benefits of trade are spread more widely and are better understood.

Adequate information on behind-the-border measures, including regulatory measures and subsidies, is still lacking. Various types of non-tariff measures, such as technical or health regulations and product standards, have increasingly been the subject of debate in WTO bodies. The 2016 monitoring reports, with a view to increasing transparency, continue to include a section providing a brief overview of trade concerns raised by WTO members in formal meetings of various WTO bodies during the reporting period.

Some consider that these types of measures have become more prominent in recent years, compared with conventional border measures, and that there is a paramount need to increase the quality of available information. To deliver on this and enhance understanding of the operation and effects of non-tariff measures on trade, the reports encourage WTO members to provide greater transparency in this area.

The WTO trade monitoring exercise contains a unique verification process, which provides WTO members with the opportunity to update and correct information included in the monitoring reports and subsequently submitted to the Trade Policy Review Body. The ability of these reports to provide information on overall trends in trade policy measures depends on the participation and cooperation of all members. Although the increase in the number of members participating in the preparation of reports is encouraging, a large number still do not take part.

The monitoring reports include several other important trade-related developments that took place during 2015–16. These included new initiatives in regional trade agreements (RTAs), developments in the Trade Facilitation Agreement (TFA) and in government procurement, electronic commerce and the new biennial Aid for Trade programme. The reports also drew attention to the changing technological landscape and to the increasing significance of intellectual property in economic development.

WTO trade monitoring – A unique process

The purpose of the WTO trade monitoring reports is to enhance the transparency of trade policy developments and to provide WTO members and observers with an up-to-date picture of trends in the implementation of trade-restricting as well as trade-liberalizing measures, particularly in times of economic crisis when restrictive pressures tend to surge.

Preparing the trade monitoring reports is an ongoing activity, which relies on continuous dialogue and exchange of information across divisions within the WTO Secretariat. The core of this information stems from formal notifications by

“The multilateral trading system helps to provide vital stability in global economic relations. The clearest example of this came after the financial crisis of 2008. That crisis posed a major challenge to the multilateral trading system – and it passed the test. We did not see a significant rise in protectionism, and we certainly did not see a repeat of the 1930s. The share of world imports covered by import-restrictive measures implemented since October 2008 is just 5 %. Of course it could be even lower – but it shows that the WTO did its job.”



DG Azevêdo

■ Implementation and monitoring

WTO members, formal publication of new legislation and other public sources, including media reports.

However, 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, which seeks to gather complete, up-to-date and accurate information on their trade-related measures and to verify the relevant information collected from other public sources. In preparation for each report, the Director-General writes to all WTO members and observers inviting them to provide the WTO Secretariat with information on recent trade-related measures as well as general economic support measures.

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, allowing members to check the accuracy of the information before it is made public. The trade monitoring reports are subsequently discussed at meetings of the WTO's Trade Policy Review Body.

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 all existing information compiled by the WTO Secretariat since 2008 so as to facilitate an evaluation of the extent of "rollback" of such measures. The database is updated once a new report has been discussed by WTO members.

Trade, debt and finance

Director-General Roberto Azevêdo highlighted the need to address persistent gaps in trade financing for small businesses in developing countries and met heads of partner institutions to discuss how to tackle the problem. A new WTO publication looks at how those gaps might be addressed. The Expert Group on Trade Finance continued to evaluate gaps in trade finance markets, especially in the poorest countries.

The Director-General continued to highlight the need to address persistent gaps in trade finance provision in 2016, following up on previous interventions, including at the Third UN Financing for Development Conference in Addis Ababa in July 2015. A WTO publication, "Trade Finance and SMEs", published in May 2016, took a detailed look at the gap in trade financing for developing countries. It considered potential steps to help deal with the issue, such as bolstering existing trade finance programmes, enhancing the trading capacity of developing countries and improving communication between all parties involved in trade finance.

Some 80-90 per cent of world trade relies on trade finance (trade credit and insurance/guarantees). During the worst of the financial and economic crisis in 2008-09, many companies, especially smaller enterprises in both developed and developing countries, found it impossible or prohibitively expensive to obtain the credit they needed to trade. The global financial system has since reduced its size and, by focusing on existing clients, has exercised greater selectivity in lending to small and medium-sized enterprises (SMEs) and in trade lending and guarantees to developing countries.

"Trade Finance and SMEs" looks at why the gap between supply and demand reached US\$ 1.4 trillion in 2015, according to an extensive survey by the Asian Development Bank and the International Chamber of Commerce. Other surveys, such as those from the African Development Bank and

Background on trade, debt and finance

WTO ministers decided in Doha 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, more recently, the relationship between exchange rates and trade.



90%

Some 80-90 per cent of world trade relies on trade finance (trade credit and insurance/guarantees).

the World Economic Forum, confirm that the lack of affordable trade finance remains one of the top three obstacles for firms in developing countries wishing to export.

Not all the financing gap is the outcome of a failure by markets to acknowledge the low-risk character of trade financing. The surveys also highlight the fact that SMEs in developing countries typically offer less collateral, guarantees and credit history than larger, more established companies. They also have less access to the largest banks. Even when liquidity is abundant, it may not always be available to them. The poorer the country, the greater the challenges faced by SMEs in accessing trade finance. Local financial institutions supporting them may be smaller, less internationalized, or less advanced in terms of risk management. In many such countries, and in some large regions, access to know-how and skills in handling trade finance instruments is also a challenge.

Following the 2009 financial crisis, the appetite of international banks for investing in developing countries has been limited. Some 57 per cent of trade finance requests by SMEs are rejected, against only 10 per cent for multinational companies, according to the Asian Development Bank survey. The lack of trade finance can be a powerful barrier to trade and for the integration of countries into the global trading system.

The publication looks at how the WTO could work with partners to enhance existing trade finance facilitation programmes operated by multilateral development banks, address knowledge gaps in local financial institutions by increasing capacity building provided by both the private and public sector, foster dialogue with regulators and better monitor trade finance gaps. Members of the Working Group on Trade, Debt and Finance (WGTD) supported this approach.

Implementation and monitoring

Members were eager to have further in-depth discussions in the WGTDF, notably on new methods of financing trade, such as supply-chain financing and digital trade, and ways in which micro and small and medium-sized enterprises (MSMEs) could be covered by the discussions and proposals on trade finance.

In recent years, a network of trade finance facilitation programmes has been established in almost all multilateral development banks, including the International Finance Corporation (IFC, part of the World Bank Group), the Asian Development Bank, the African Development Bank, the Inter-American Development Bank, the Islamic Development Bank and the European Bank for Reconstruction and Development. These programmes support roughly US\$ 30 billion in (small) trade transactions in the poorest countries. The Director-General continues to work with these partners to address problems in trade finance provision.

Expert Group on Trade Finance

Established after the Asian financial crisis in the late 1990s, the Expert Group on Trade Finance brings together

representatives of the main players in trade finance, including the IFC, regional development banks, export credit agencies and big commercial banks as well as the International Chamber of Commerce and other international organizations.

Under the chairmanship of the Director-General, the Expert Group continued to evaluate gaps in trade finance markets, especially in the poorest countries. One approach to filling these gaps has been for multilateral development banks to expand trade finance facilitation programmes in the regions where they operate (see above).

Strengthening cooperation with other IGOs

The WTO cooperates closely with the IMF and the World Bank on the issue of trade finance. The Director-General, IMF Managing Director Christine Lagarde and World Bank Group President Jim Yong Kim met on 7 October to emphasize that the benefits of trade must be spread more widely. They took part in a joint event entitled "Making Trade an Engine of Growth for All", held at the IMF's headquarters in Washington, D.C. The three leaders discussed the importance of making a credible and balanced case for trade.

Government Procurement Agreement

Ukraine and Moldova joined the Agreement on Government Procurement (GPA) in 2016. Good progress was made on the accessions of Australia, the Kyrgyz Republic and Tajikistan while discussions continued on China's accession. Russia applied to join the GPA. Phase II of the e-GPA web portal was completed, providing a single entry point for market access information. The WTO Secretariat continued to provide technical assistance to developing countries and strengthened its partnerships with other international organizations.

Accessions to the GPA

Ukraine and the Republic of Moldova completed their accession processes and became parties to the GPA in May and July 2016 respectively, bringing the total number of WTO members covered by the GPA to 47. For both countries, the substantive work on their accessions was concluded in around three years – from the circulation of the initial market access offer in Ukraine's case and the resumption of active negotiations in late 2012 in the case of Moldova. The two accessions are expected to encourage other WTO members in Eastern and Central Europe to come forward.

The GPA is a plurilateral agreement within the WTO framework. Any WTO members interested in joining can apply for membership based on terms to be agreed with the existing GPA parties. Accession negotiations include a review by existing parties of the candidate's legislative, regulatory and policy frameworks to ensure full compliance with the GPA and

Figure 16: Growth in GPA membership, 1996-2016



Background on the Government Procurement Agreement

The WTO Agreement on Government Procurement (GPA) ensures that signatories do not discriminate against the products, services or suppliers of other parties to the GPA with respect to the government procurement opportunities that are opened to foreign competition. The GPA also requires transparent and competitive purchasing practices in the markets covered. The GPA is a plurilateral agreement, meaning that it applies only to those WTO members that have agreed to be bound by it. The Committee on Government Procurement administers the GPA.

negotiations on market access commitments, i.e. the elements of the candidate's procurement market that will be opened up to international competition. The past decade has witnessed the steady growth of GPA membership (see Figure 16).

Work on the GPA accessions of Australia, the Kyrgyz Republic and the Republic of Tajikistan moved ahead in 2016. Australia's accession process began in 2015 and the Committee hopes that the negotiations can be concluded in 2017. Australia told the Committee its latest market access offer would open a procurement market to parties valued at over A\$ 100 billion (US\$ 70 billion) at the federal, state and local levels. The GPA accession negotiations of the Kyrgyz Republic were resumed in 2016 after being inactive for several years. Intensive discussions on this accession were carried out in 2016



■ Implementation and monitoring

based on market access offers and proposed amendments to the Kyrgyz Republic's public procurement law. Hopes have been expressed that the remaining minor issues can be resolved quickly.

Good progress was made on Tajikistan's accession in 2016. Since the initiation of its accession process in 2015, Tajikistan has circulated four market access offers for consideration by the Committee together with a draft law on public procurement. While some pending issues need to be addressed, the GPA Committee hopes to conclude this accession in 2017.

Constructive discussions continued on China's accession, possibly paving the way for the country to submit a revised offer on market access in 2017. The GPA parties reiterated that China's accession, on the appropriate terms, will be a matter of great significance for the Agreement, for the WTO and for the world economy. Russia submitted an application for accession, honouring a commitment it undertook in its WTO accession protocol. Its initial offer on market access is expected to be circulated in 2017.

Government procurement accounts for about 15 per cent of gross domestic product in developed and developing countries. Only a part of this is currently covered by the GPA. The Agreement aims to open as much as possible of the global procurement market to international trade and competition while ensuring appropriate transparency and a commitment to good governance. Kazakhstan was granted observer status under the GPA in October 2016, bringing the number of observers to 29.

Monitoring of implementation and legislation

The revised Agreement on Government Procurement (adopted by the parties in 2012) came into force for the Republic of Korea in January 2016, 30 days after the country submitted its instrument of acceptance. The revised Agreement is now in force for all but one of the parties, Switzerland. The latter hopes to accept the revised Agreement in 2017 when internal legislative procedures have been completed to harmonize its procurement legislation at the federal and cantonal levels.

The revision extends GPA 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. It creates market access gains of US\$ 80-100 billion or more annually. The text of the Agreement has been streamlined and modernized to include, for example, standards related to the use of electronic

procurement tools. The GPA's role in promoting good governance and battling corruption has been strengthened.

The revised GPA gives developing countries important flexibilities to manage their transition to a more internationally competitive government procurement regime. It reinforces the scope provided by the original Agreement to promote the conservation of natural resources and to protect the environment through the application of appropriate technical specifications.

The Committee adopted a decision on procedures to resolve disagreements when a party wishes to modify its agreed market access commitments. The decision lays out procedures and timelines to appoint arbitrators, organize substantive meetings, make determinations and implement decisions.

The Committee advanced its discussions under work programmes focusing on small and medium-sized enterprises, the collection and reporting of statistical data, sustainability in international procurement, and exclusions and restrictions in parties' schedule annexes. The work programmes are intended to promote transparency with respect to parties' implementation of the Agreement, to improve its administration and to assist preparations for future negotiations. The revised GPA calls for further negotiations to improve the Agreement and to progressively reduce and eliminate discriminatory measures.

The WTO launched an enhanced version of its e-GPA web portal. The e-GPA provides a single entry point for market access information under the revised Agreement together with related information that parties have committed to provide. The portal offers improved transparency, with the aim of better publicizing the market access opportunities available under the Agreement. New features include an advanced search tool and the possibility to access relevant information published in parties' domestic jurisdictions, such as tender notices and national legislation. Further improvements to the portal are envisaged. These include a module to handle notifications of statistical data and to facilitate access to such data.

Technical assistance and cooperation with other intergovernmental organizations

The WTO Secretariat carried out regional workshops, tailored national seminars and Geneva-based activities in response to heightened interest in the revised GPA. In Central and Eastern Europe, the Secretariat continued its cooperation with the European Bank for Reconstruction and Development in providing technical assistance. This cooperation has greatly facilitated the accession of countries to the GPA and reform

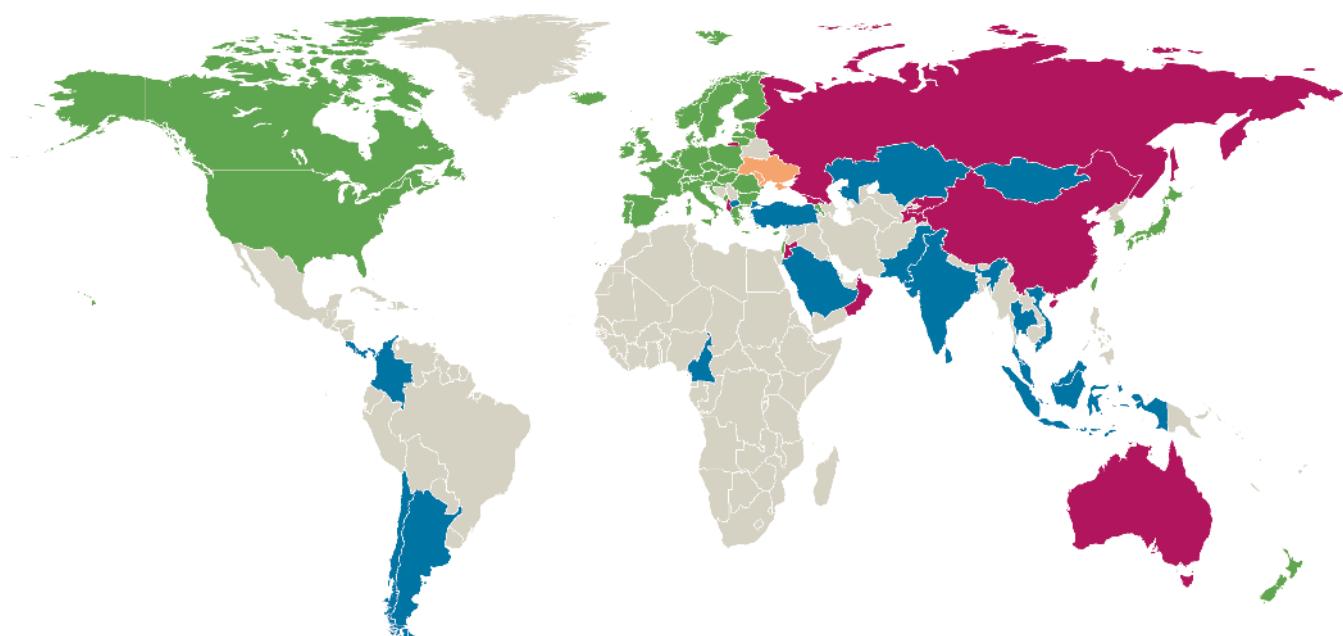


of their national procurement systems. Collaboration has also been strengthened with other international organizations, including the Organisation for Economic Co-operation and Development, the World Bank and other regional development banks.

In Central and Eastern Europe, the provision of technical assistance has been greatly facilitated by the WTO Secretariat's cooperation with the European Bank for Reconstruction and Development (EBRD). Collaboration

with other international organizations is also increasing. In September 2015, the Secretariat updated the Committee on its ongoing discussions with the World Bank to achieve greater synergies on government procurement issues. A new procurement framework, approved by the Bank's Executive Board in 2015, refers to GPA accession as one path that World Bank countries can use to put into place legislation which may also be acceptable to the World Bank for its own purposes.

Figure 17: Market coverage, members and observers of the Government Procurement Agreement



- Parties to the GPA: 19 parties (counting the European Union and its member states as one).
- New members in 2016: Republic of Moldova and Ukraine.
- WTO members in the process of GPA accession: Albania, Australia, China, Georgia, Jordan, Kyrgyz Republic, Oman, Russian Federation and Tajikistan.
- Other observer countries: Argentina, Kingdom of Bahrain, Cameroon, Chile, Colombia, Costa Rica, India, Indonesia, Kazakhstan, Malaysia, Mongolia, Pakistan, Panama, Kingdom of Saudi Arabia, Seychelles, Sri Lanka, Thailand, the former Yugoslav Republic of Macedonia, Turkey and Viet Nam.

1.7 trillion

19 WTO members (counting the European Union and its member states as one) are parties to the Government Procurement Agreement, giving them access to a US\$ 1.7 trillion market.



Dispute settlement

- WTO members brought 17 new disputes to the WTO's dispute settlement system in 2016.
- Out of the 520 trade disputes brought to the WTO since 1995, the largest number of disputes has been brought by the United States (112) and the European Union (97).
- Two new members were appointed to the WTO's seven-member Appellate Body in 2016.

Dispute settlement activity in 2016	106
Appellate Body	115

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.

Dispute settlement activity in 2016

The WTO's dispute settlement system had its busiest year so far, averaging 22 cases per month where active proceedings are under way. These are cases where a panel or arbitration has been composed and where preparations are ongoing for the finalization of a panel, arbitration or Appellate Body report. The Dispute Settlement Body (DSB) received 17 requests for consultations, the first step in the dispute settlement process, and established eight new panels. The dispute settlement system began to benefit from measures introduced to address the increasing workload it faces.

During 2016, the dispute settlement system began to feel the benefit of measures introduced by Director-General Roberto Azevêdo to address the challenge of the mounting number of disputes being brought by WTO members. One of those steps was to reallocate vacant posts to the legal divisions (see page 168) and to ensure adequate staffing for trade remedy cases, which are a particularly active area for disputes.

As of 31 December 2016, the WTO's Rules Division, which handles trade remedy and subsidies disputes, was fully staffing all its disputes. This was achieved principally by recruiting more lawyers (added to those already recruited in recent years) and by greater assignment flexibility.

Some 520 trade disputes have been brought by WTO members since the organization was established in 1995 (see Table 1). Two-thirds of the WTO membership has participated in the system in one way or another. The disputes



520

Some 520 trade disputes have been submitted to the WTO for settlement since 1995.

address a wide range of trade concerns and often touch upon global issues, such as human health, renewable energy, conservation of natural resources and, more recently, money laundering and tax evasion (see Figure 1).

"We have to acknowledge that such success and trust from WTO members also presents challenges, including of an administrative nature. We will continue to work together — the Appellate Body members, the Secretariat and WTO member countries — to respond to these challenges," DG Azevêdo said in an address to members in January 2017. "Recourse to the dispute settlement system has ensured adherence to negotiated rules, thereby helping to provide security and predictability in international trade," he said.

Background on dispute settlement activity

The General Council convenes as the Dispute Settlement Body (DSB) to deal with matters concerning disputes between WTO members. Such disputes may arise 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 (DSU). The DSB has authority to establish dispute settlement panels, refer matters to arbitration, adopt panel, Appellate Body and arbitration reports, maintain surveillance over the implementation of recommendations and rulings contained in such reports as adopted by the DSB, and authorize suspension of concessions in the event of non-compliance with those recommendations and rulings.



22

The WTO's dispute settlement system had its busiest year so far, averaging 22 active panel, arbitration and Appellate Body proceedings per month.



Table 1: WTO members involved in disputes, 1995 to 2016

Member	Complainant	Respondent	Member	Complainant	Respondent
Antigua and Barbuda	1	0	Malaysia	1	1
Argentina	20	22	Mexico	23	14
Armenia	0	1	Moldova, Republic of	1	1
Australia	7	15	Morocco	0	1
Bangladesh	1	0	Netherlands	0	3
Belgium	0	3	New Zealand	9	0
Brazil	30	16	Nicaragua	1	2
Canada	35	18	Norway	4	0
Chile	10	13	Pakistan	5	3
China	15	38	Panama	7	1
Colombia	5	5	Peru	3	5
Costa Rica	5	0	Philippines	5	6
Croatia	0	1	Poland	3	1
Cuba	1	0	Portugal	0	1
Czech Republic	1	2	Romania	0	2
Denmark	1	1	Russian Federation	4	7
Dominican Republic	1	7	Singapore	1	0
Ecuador	3	3	Slovak Republic	0	3
Egypt	0	4	South Africa	0	5
El Salvador	1	0	Spain	0	3
European Union	97	83	Sri Lanka	1	0
France	0	4	Sweden	0	1
Germany	0	2	Switzerland	4	0
Greece	0	3	Chinese Taipei	6	0
Guatemala	9	2	Thailand	13	4
Honduras	8	0	Trinidad and Tobago	0	2
Hong Kong, China	1	0	Turkey	3	9
Hungary	5	2	Ukraine	5	3
India	23	24	United Kingdom	0	3
Indonesia	10	14	United States	112	129
Ireland	0	3	Uruguay	1	1
Italy	0	1	Venezuela, Bolivarian Republic of	1	2
Japan	23	15	Viet Nam	3	0
Korea, Republic of	17	16			

Which WTO members initiated disputes in 2016?

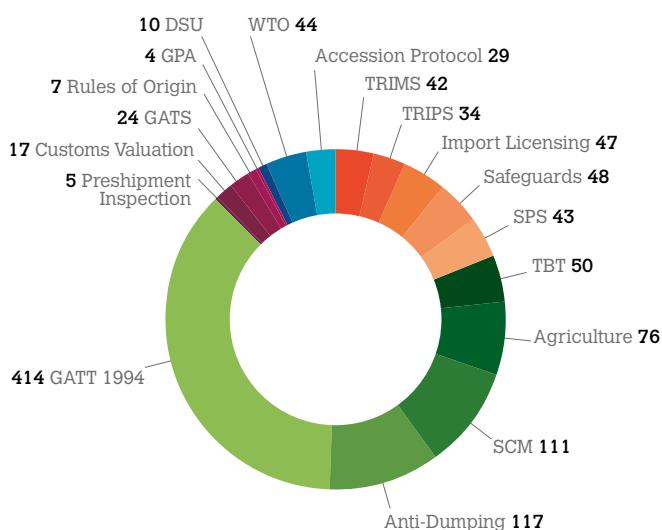
2016 was an active year for the initiation of disputes, with 17 requests for consultations, up from 13 in 2015 (see Figure 2). Developing country members made nine of the requests (up from seven) and were respondents in ten consultation requests (see Table 2).

Brazil launched three requests for consultations – against Indonesia, Thailand and the United States. Canada requested consultations with the United States concerning the imposition of countervailing measures on supercalendered paper. China initiated two disputes, one with the European Union and the other with the United States. The European Union requested consultations with China on the export duties imposed on raw materials and with Colombia concerning measures imposed on imported spirits.

India initiated two disputes with the United States, one concerning non-immigrant visas and another concerning measures relating to the renewable energy sector. Japan also launched two disputes, one with Korea concerning anti-dumping measures on pneumatic valves and another with India regarding measures on imports of iron and steel products.

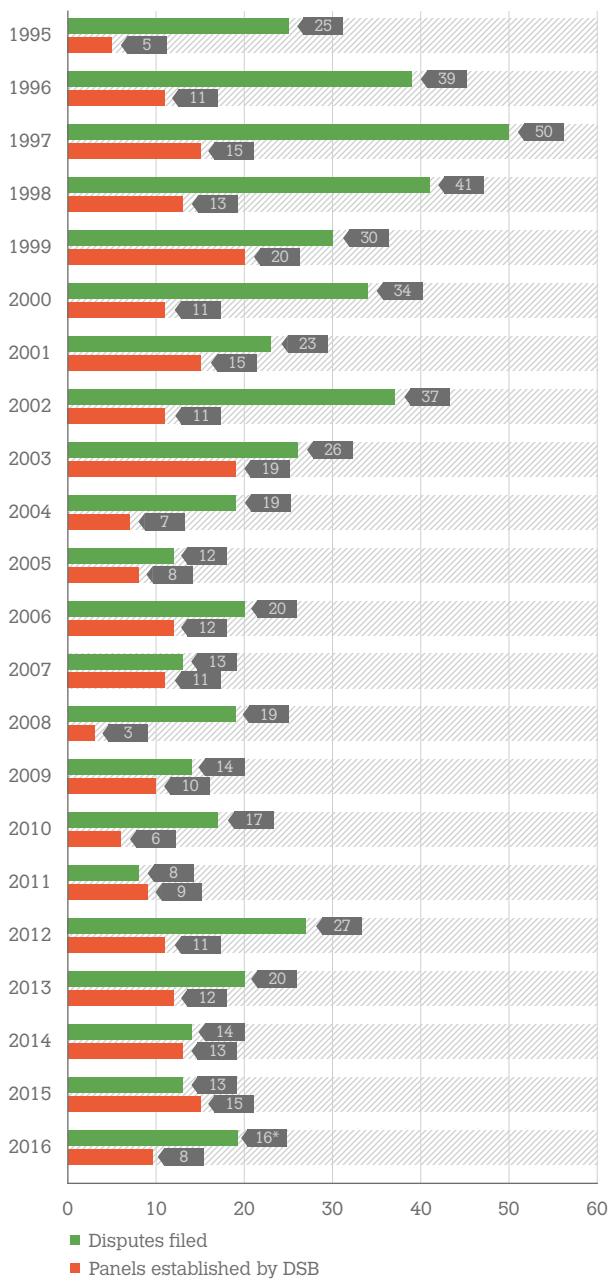
Turkey requested consultations with Morocco on anti-dumping measures on hot-rolled steel. This is Turkey's third request for consultations and its first since 2003. Ukraine requested consultations with Russia on certain restrictions.

Figure 1: WTO agreements* referred to in requests for consultations, 1995-2016 (number of times)



* GATS: General Agreement on Trade in Services; GATT 1994: General Agreement on Tariffs and Trade 1994; GPA: Agreement on Government Procurement; SCM: Subsidies and Countervailing Measures; SPS: Sanitary and Phytosanitary Measures; TBT: Technical Barriers to Trade; TRIMs: Trade-Related Investment Measures; TRIPS: Trade-Related Aspects of Intellectual Property Rights; WTO: Agreement Establishing the World Trade Organization.

Figure 2: Disputes filed by WTO members, and panels established by the DSB, 1995 to 2016.



* A request for consultations was received on 20 December 2016 but was not circulated to the membership until January 2017. It is therefore not included in the total number of disputes filed in 2016.

The United States requested consultations with China on three different matters: export duties on raw materials, domestic support provided to agricultural producers, and China's administration of its tariff-rate quotas, including those for wheat, rice and corn.

Five consultation requests relating to compliance were filed in 2016.



Table 2: Requests for consultations in 2016

Title	DS No.	Complainant	Date of initial request	Agreements cited	Status as of 31 December 2016
Colombia – Spirits	DS502	European Union	13 January 2016	General Agreement on Tariffs and Trade (GATT) 1994	Panel established, but not yet composed
United States – Measures Concerning Non-Immigrant Visas	DS503	India	3 March 2016	General Agreement on Trade in Services (GATS)	In consultations
Korea – Pneumatic Valves	DS504	Japan	15 March 2016	GATT 1994 Anti-Dumping Agreement (ADP)	Panel composed
United States – Supercalendered Paper	DS505	Canada	30 March 2016	GATT 1994 Agreement on Subsidies and Countervailing Measures (SCM)	Panel composed
Indonesia – Measures Concerning the Importation of Bovine Meat	DS506	Brazil	4 April 2016	GATT 1994 Agreement on the Application of Sanitary and Phytosanitary Measures (SPS) Agreement on Import Licensing Procedures (Licensing) Agreement on Technical Barriers to Trade (TBT) Agreement on Agriculture (Agriculture)	In consultations
Thailand – Subsidies on Sugar	DS507	Brazil	4 April 2016	GATT 1994 Agriculture SCM	In consultations
China – Raw Materials II (US)	DS508	United States	13 July 2016	GATT 1994	Panel established, but not yet composed
China – Raw Materials II (EU)	DS509	European Union	19 July 2016	GATT 1994 Accession Protocol	Panel established, but not yet composed
United States – Certain Measures Relating to the Renewable Energy Sector	DS510	India	9 September 2016	GATT 1994 Agreement on Trade-Related Investment Measures (TRIMs) SCM	In consultations
China – Domestic Support for Agricultural Producers	DS511	United States	13 September 2016	Agriculture GATT 1994	In consultations
Russia – Measures concerning Traffic in Transit	DS512	Ukraine	14 September 2016	GATT 1994	In consultations
Morocco – Anti-Dumping Measures on Certain Hot-Rolled Steel from Turkey	DS513	Turkey	3 October 2016	ADP GATT 1994 Licensing	In consultations
United States – Countervailing Measures on Cold- and Hot-Rolled Steel Flat Products from Brazil	DS514	Brazil	11 November 2016	GATT 1994 SCM	In consultations
United States – Measures Related to Price Comparison Methodologies	DS515	China	12 December 2016	GATT 1994 ADP	In consultations
European Union – Measures Related to Price Comparison Methodologies	DS516	China	12 December 2016	GATT 1994 ADP	In consultations
China – Tariff Rate Quotas for Certain Agricultural Products	DS517	United States	15 December 2016	GATT 1994 Accession Protocol	In consultations
India – Certain Measures on Imports of Iron and Steel Products	DS518	Japan	20 December 2016	GATT 1994 Agreement on Safeguards	In consultations

Table 3: Active appeals and panels as of 31 December 2016

Title	WT/DS No.	Complainant	Third Parties	Dates of panel establishment and composition or appeal	Agreements cited
EC and Certain member States – Large Civil Aircraft	DS316 (Art. 21.5)	United States	Australia, Brazil, Canada, China, Korea, and Japan	13 October 2016 (date of appeal)	DSU SCM
US – Large Civil Aircraft	DS353 (Art. 21.5)	European Union	Australia, Brazil, Canada, China, Japan, Korea, and Russia	23 October 2012 (panel established) 30 October 2012	DSU GATT 1994 SCM
Thailand – Cigarettes (Philippines)	DS371 (Art. 21.5)	Philippines	Australia, Canada, China, European Union, Japan, Russia, Singapore, and United States	21 July 2016 (panel established) 16 December 2016	Agreement on Implementation of Article VII (Customs Valuation) GATT 1994
US – Tuna II (Mexico)	DS381 (Art. 21.5 – US)	Mexico	Australia, Brazil, Canada, China, Ecuador, European Union, Guatemala, India, Japan, Korea, New Zealand, and Norway	9 May 2016 (panel established) 27 May 2016	GATT 1994 TBT
US – Tuna II (Mexico)	DS381 (Art. 21.5 – Mexico II)	Mexico	Australia, Brazil, Canada, China, Ecuador, European Union, Guatemala, Japan, Korea, New Zealand, and Norway	22 June 2016 (panel established) 11 July 2016	GATT 1994 TBT
China – Broiler Products	DS427 (Art. 21.5 – US)	United States	Brazil, Ecuador, European Union, and Japan	22 June 2016 (panel established) 18 July 2016	ADP GATT 1994 SCM
Australia – Tobacco Plain Packaging	DS435	Cuba	Argentina, Brazil, Canada, Chile, China, Cuba, Dominican Republic, Ecuador, European Union, Guatemala, Honduras, India, Indonesia, Japan, Korea, Malawi, Malaysia, Mexico, New Zealand, Nicaragua, Nigeria, Norway, Oman, Panama, Peru, Philippines, Russia, Saudi Arabia, Singapore, South Africa, Chinese Taipei, Thailand, Trinidad and Tobago, Turkey, Ukraine, Uruguay, United States, Zambia, and Zimbabwe	25 September 2013 (panel established)	
	DS441	Dominican Republic		26 March 2014 (panel established)	GATT 1994
	DS458	Honduras		25 April 2014 (panel established)	TBT
	DS467	Indonesia		5 May 2014	TRIPS
US – Countervailing Measures (China)	DS437 (Art. 21.5)	China	Australia, Canada, European Union, India, Japan, Korea, Russia, and Viet Nam	21 July 2016 (panel established) 5 October 2016	GATT 1994 Protocol of Accession SCM
US – Anti-Dumping Methodologies (China)	DS471	China	Brazil, Canada, European Union, India, Japan, Korea, Norway, Russia, Saudi Arabia, Chinese Taipei, Turkey, Ukraine, and Viet Nam	18 November 2016 (date of appeal)	ADP
Russia – Pigs (EU)	DS475	European Union	Australia, Brazil, China, India, Japan, Korea, Norway, South Africa, Chinese Taipei, and United States	23 September 2016 (date of appeal)	SPS
Brazil – Taxation	DS472	European Union	Argentina, Australia, Canada, China, Columbia, European Union, India, Japan, Korea, Russia, Singapore, South Africa, Chinese Taipei, Turkey, Ukraine, and United States	17 December 2014 (panel established)	GATT 1994
	DS497	Japan		26 March 2015 28 September 2015 (panel established) 29 September 2015	SCM TRIMs
EU – Energy Package	DS476	Russia	Brazil, China, Columbia, India, Japan, Korea, Saudi Arabia, Ukraine, and United States	20 July 2015 (panel established) 7 March 2016	GATT 1994 Services (GATS) SCM TRIMs WTO (Agreement Establishing the World Trade Organization)

Title	WT/DS No.	Complainant	Third Parties	Dates of panel establishment and composition or appeal	Agreements cited
Russia – Commercial Vehicles	DS479	European Union	Brazil, China, India, Japan, Korea, Turkey, Ukraine, and United States	20 October 2014 (panel established) 8 December 2014	ADP GATT 1994
EU – Biodiesel (Indonesia)	DS480	Indonesia	Argentina, Australia, Brazil, Canada, China, India, Japan, Norway, Russia, Singapore, Turkey, Ukraine and United States	31 August 2015 (panel established) 4 November 2015	ADP GATT 1994 WTO (Agreement Establishing the World Trade Organization)
China – Cellulose Pulp	DS483	Canada	Brazil, Chile, European Union, Japan, Korea, Norway, Singapore, Uruguay and United States	10 March 2015 (panel established) 27 April 2015	ADP GATT 1994
Indonesia – Chicken	DS484	Brazil	Argentina, Australia, Canada, Chile, China, European Union, India, Japan, Korea, New Zealand, Norway, Oman, Paraguay, Qatar, Russia, Chinese Taipei, Thailand, United States and Viet Nam	3 December 2015 (panel established) 3 March 2016	Agreement on Agriculture Agreement on Pre-shipment Inspection GATT 1994 Import Licensing Agreement SPS TBT
EU – PET (Pakistan)	DS486	Pakistan	China and United States	25 March 2015 (panel established) 13 May 2015	GATT 1994 SCM
US – Tax Incentives	DS487	European Union	Australia, Brazil, Canada, China, India, Japan, Korea and Russia.	16 December 2016 (date of appeal)	SCM
US – OCTG (Korea)	DS488	Korea	Canada, China, EU, India, Mexico, Russia and Turkey	25 March 2015 (panel established) 13 July 2015	ADP GATT 1994 WTO (Agreement Establishing the World Trade Organization)
Indonesia – Iron or Steel Products (Chinese Taipei) (Viet Nam)	DS490 DS496	Chinese Taipei Viet Nam	Australia, Chile, China, EU, India, Japan, Korea, Russia, Chinese Taipei, Ukraine, United States, and Viet Nam	28 September 2015 (panel established) 28 October 2015 (panel established) 9 December 2015	GATT 1994 Safeguards Agreement
US – Coated Paper (Indonesia)	DS491	Indonesia	Brazil, Canada, China, EU, India, Korea, and Turkey.	28 September 2015 4 February 2016	GATT 1994 ADP SCM
EU – Poultry Meat (China)	DS492	China	Argentina, Brazil, Canada, India, Russia, Thailand, and United States	20 July 2015 (panel established) 3 December 2015	GATT 1994
Korea – Radionuclides (Japan)	DS495	Japan	Brazil, Canada, China, EU, Guatemala, India, New Zealand, Norway, Russia, Chinese Taipei, and United States	28 September 2015 (panel established) 8 February 2016	GATT 1994 SPS
Korea – Pneumatic Valves	DS504	Japan	Brazil, Canada, China, Ecuador, EU, Norway, Singapore, Turkey, United States, and Viet Nam	4 July 2016 (panel established) 29 August 2016	ADP GATT 1994
US – Supercalendered Paper	DS505	Canada	Brazil, China, EU, India, Japan, Korea, Mexico, and Turkey	21 July 2016 (panel established) 31 August 2016	GATT 1994 SCM

Subject matter of the disputes

The requests for consultations in Table 2 show that WTO members have brought trade concerns in many different areas to the dispute settlement system. Several requests for consultations on anti-dumping measures concern products ranging from pneumatic valves to hot-rolled steel.

Panel proceedings in 2016 included a challenge to taxes and charges imposed by Brazil in the automotive sector and the electronics and technology industry, a challenge to EU measures in the energy sector and a challenge to testing and certification requirements regarding the presence of certain radionuclides in Japanese food products imposed by Korea after the accident at the Fukushima Daiichi nuclear power plant in Japan in March 2011. Panel proceedings in Australia's plain packaging requirements for tobacco products are drawing to a close.

Trade remedies disputes under way include those relating to EU anti-dumping measures on the importation of fatty alcohols from Indonesia, anti-dumping and countervailing measures imposed by the United States on coated paper products from Indonesia, and Russian anti-dumping measures imposed on commercial vehicles from the European Union.

Compliance proceedings are ongoing in disputes involving the United States and the European Union concerning large civil aircraft. The panel report in the dispute initiated by the United States concerning the European Union (EC and Certain Member States – Large Civil Aircraft) is before the Appellate Body. Circulation of the panel report in the dispute initiated by the European Union (US – Large Civil Aircraft (2nd complaint)) is expected in 2017. Compliance proceedings are also under way in Mexico's challenge of US measures on the labelling of tuna products.



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11 panel reports and 6 Appellate Body reports were circulated during the year.

Reports circulated or adopted by the DSB

Eleven panel reports were circulated during the year. Three of these panel reports were appealed. Two other panel reports circulated in 2015 were also appealed and the panel and Appellate Body reports in these disputes were adopted in 2016. Overall, the Legal Affairs and Rules divisions worked on 32 panel/arbitration proceedings and the Appellate Body dealt with nine appeals.

The panel and Appellate Body reports adopted in 2016 concerned anti-dumping measures on steel fasteners, the regulation of financial services and the prevention of harmful tax practices, measures aimed at preventing alleged illicit trade and money laundering, anti-dumping and countervailing measures on residential washing machines, tariff treatment of manufactured and agricultural products, measures relating to generation equipment for renewable energy and anti-dumping measures on biodiesel.

Table 4 shows panel and Appellate Body reports adopted or circulated (pending adoption) during 2016. It also lists panel and Appellate Body reports circulated in 2015 and adopted in 2016. The table also indicates the WTO agreements that were the subject of the disputes based on the panel and Appellate Body reports.

Table 4: Reports circulated or adopted in 2016 (as of 31 December 2016)

Dispute	Document symbol	Complainant	Respondent	Third parties	WTO agreements covered	Date of adoption or circulation/ appeal
EC – Fasteners (China) (Article 21.5 – China)	WT/DS397/RW WT/DS397/AB/ RW	China	European Union	Japan, United States	ADP DSU GATT 1994	Panel and Appellate Body reports adopted on 12 February 2016
Argentina – Financial Services	WT/DS453/R WT/DS453/AB/R	Panama	Argentina	Australia, Brazil, China, Ecuador, European Union, Guatemala, Honduras, India, Oman, Saudi Arabia, Singapore, and United States	DSU GATT 1994 GATS	Panel and Appellate Body reports adopted on 9 May 2016
Colombia – Textiles	WT/DS461/R WT/DS461/AB/R	Panama	Colombia	China, Ecuador, El Salvador, European Union, Guatemala, Honduras, Philippines, and United States	DSU GATT 1994	Panel and Appellate Body reports adopted on 22 June 2016
Russia – Pigs	WT/DS475/R	European Union	Russia	Australia, Brazil, China, India, Japan, Korea, Norway, South Africa, Chinese Taipei, and United States	SPS GATT 1994	Panel report circulated on 19 August 2016 Appeal filed on 23 September 2016



Dispute	Document symbol	Complainant	Respondent	Third parties	WTO agreements covered	Date of adoption or circulation/ appeal
US – Washing Machines	WT/DS464/R WT/DS464/AB/R	Korea	United States	Brazil, Canada, China, European Union, India, Japan, Norway, Saudi Arabia, Thailand, Turkey, and Viet Nam	ADP DSU GATT 1994 SCM	Panel and Appellate Body reports adopted on 26 September 2016
Russia – Tariff Treatment	WT/DS485/R	European Union	Russia	Australia, Brazil, Canada, Chile, China, Colombia, India, Japan, Korea, Moldova, Norway, Singapore, Ukraine, and United States	GATT 1994	Panel report adopted on 26 September 2016
EC and certain member States – Large Civil Aircraft (Article 21.5 – United States)	WT/DS316/RW	United States	European Union	Australia, Brazil, Canada, China, Japan, and Korea	GATT 1994 SCM	Panel report circulated on 22 September 2016 Appeal filed on 13 October 2016
India – Solar Cells	WT/DS456/R WT/DS456/AB/R	United States	India	Brazil, Canada, China, Ecuador European Union, Japan, Korea, Malaysia, Norway, Russia, Saudi Arabia, Chinese Taipei, and Turkey	DSU GATT 1994 SCM TRIMs	Panel and Appellate Body reports adopted on 14 October 2016
EU – Biodiesel	WT/DS473/R WT/DS473/AB/R	Argentina	European Union	Australia, China, Colombia, Indonesia, Malaysia, Mexico, Norway, Russia, Saudi Arabia, Turkey, and United States	ADP DSU GATT 1994 WTO Agreement	Panel and Appellate Body reports adopted on 26 October 2016
US – Anti-Dumping Methodologies (China)	WT/DS471/R	China	United States	Brazil, Canada, European Union, India, Japan, Korea, Norway, Russia, Saudi Arabia, Chinese Taipei, Turkey, Ukraine, and Viet Nam,	GATT 1994 ADP	Panel report circulated on 19 October 2016 Appeal filed on 18 November 2016
US – Tax Incentives	WT/DS487/R	European Union	United States	Australia, Brazil, Canada, China, India, Japan, Korea, and Russia	SCM	Panel report circulated on 28 November 2016 Appeal filed on 16 December 2016
EU – Fatty Alcohols (Indonesia)	WT/DS442/R	Indonesia	European Union	India, Korea, Malaysia, Thailand, Turkey, and United States,	GATT 1994 ADP	Panel report circulated on 16 December 2016
Canada – Welded Pipe	WT/DS482/R	Chinese Taipei	Canada	Brazil, China, European Union, Korea, Norway, United Arab Emirates, and United States	GATT 1994 ADP	Panel report circulated on 21 December 2016
Indonesia – Import Licensing Regimes (New Zealand)	WT/DS477/R	New Zealand	Indonesia	Argentina, Australia, Brazil, Canada, China, European Union, India, Japan, Korea, Norway, Paraguay, Singapore, Chinese Taipei, and Thailand	GATT 1994 Agreement on Agriculture Import Licensing Agreement Agreement on Preshipment Inspection (PSI)	Panel report circulated on 22 December 2016
Indonesia – Import Licensing Regimes (US)	WT/DS478/R	United States	Indonesia	Argentina, Australia, Brazil, Canada, China, European Union, India, Japan, Korea, Norway, Paraguay, Singapore, Chinese Taipei, and Thailand	GATT 1994 Agreement on Agriculture Import Licensing Agreement Agreement on Preshipment Inspection (PSI)	Panel report circulated on 22 December 2016

Implementation, compliance and arbitration

Members are given a reasonable time to implement the DSB's recommendations and rulings in a dispute. Where the parties to a dispute are unable to agree on the length of time for implementation, they may resort to arbitration. In 2016, at the request of Panama, an arbitrator determined the reasonable period of time for Colombia to implement the DSB's recommendations and rulings in the dispute "Colombia – Textiles". Arbitration on the implementation period in the "US – Washing Machines" dispute, brought by Korea against US anti-dumping and countervailing measures, was pending at the end of 2016.

A compliance panel is established when there is disagreement over the existence or consistency of measures taken by a member to comply with the recommendations and rulings of the DSB. The conclusions made by a compliance panel may also be challenged before the Appellate Body. During 2016, the DSB adopted the panel and Appellate Body reports in the compliance dispute "EC – Fasteners", which concerned China's allegation that the European Union had not fully implemented the DSB recommendations and rulings in the dispute over EU anti-dumping measures on certain Chinese iron or steel fasteners. As of 31 December 2016, seven compliance proceedings were pending before panels and the Appellate Body.

As of 31 December 2016, two arbitration proceedings were pending concerning the appropriate level of retaliation, known as suspension of concessions, which the DSB can authorize in a case of non-compliance. In its dispute with the United States concerning the labelling of tuna products, Mexico requested authorization from the DSB to suspend concessions or other

obligations against the United States. The United States objected to the level requested by Mexico and the matter was referred to arbitration.

On 7 July 2016, the United States requested authorization from the DSB to suspend concessions or other obligations, alleging that India had failed to comply with the DSB recommendations and rulings in "India – Agricultural Products", which concerns import bans imposed by India purportedly over concerns about avian influenza. India objected to the level and the matter was referred to arbitration.

Following adoption of the panel report in 2011 (DS404), and the panel and Appellate Body reports (DS429) in 2015 in disputes brought by Viet Nam relating to US anti-dumping measures on warm water frozen shrimp from Viet Nam, Viet Nam and the United States notified the DSB on 18 July 2016 that they had reached a mutually agreed solution in both disputes.

Translation services

Panel, Appellate Body and arbitration reports are circulated to WTO members and the public in the WTO's three languages (English, French and Spanish simultaneously). Translation of dispute settlement reports is very specialized work and requires experienced translators. As more panel proceedings are being completed, there is a commensurate pressure on the WTO's translation services. This increased workload in disputes is in turn resulting in some delays in translation services before reports can be circulated to WTO members and the public.



Appellate Body

The Appellate Body had a busy year in 2016, with eight panel reports appealed and six Appellate Body reports circulated. In addition, an arbitration concerning the reasonable period of time for implementation of Dispute Settlement Body (DSB) recommendations and rulings was carried out in 2016. The DSB appointed two new Appellate Body members, Hong Zhao of China and Hyun Chong Kim of Korea. As of the end of 2016, the Appellate Body had circulated 144 reports.

Increasing efficiency of appeal proceedings

In 2016, the Appellate Body continued with its efforts to ensure both the high quality of its reports and the completion of appellate proceedings as quickly as possible, despite the increasing workload. One measure, introduced in 2015, has been to incorporate executive summaries of written submissions provided by appeal participants in an addendum rather than for the Appellate Body to draft its own description of the arguments.

The Appellate Body also considered whether limiting the length of written submissions would enable better management of appellate proceedings and contribute to a more efficient use of resources. The Appellate Body initiated, in October 2015, a process of reflection and discussion with and among WTO members on limiting the length of the written submission. As differing views exist among members at this point, the Appellate Body decided not to pursue page limits on written submissions.

On 22 November 2016, Appellate Body Chair Thomas Graham delivered a special lecture on the state of the Appellate Body at an event co-hosted by the World Trade Institute, the University of Geneva Law School and the Graduate Institute of International and Development Studies.

Background on the Appellate Body

The Appellate Body consists of seven members appointed by the Dispute Settlement Body (DSB). 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. Any party to a dispute may appeal the panel report to the Appellate Body. The appeal is limited to issues of law covered in the panel report and legal interpretations developed by the panel.



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As of the end of 2016,
the Appellate Body had
circulated 144 reports.

The Chair drew attention to the increase in the number and volume of appeals. He recalled that the number of appeals, the number of issues appealed, and the number of pages of submissions have all grown significantly in recent years. He urged WTO members to work with the Appellate Body to "maintain, nurture and preserve the trust and credibility that has been built up over the years in this dispute settlement system, which is uniquely effective, but fragile, and which cannot be taken for granted."

Dispute
Settlement

Appointment of two new Appellate Body members

The second four-year term of Yuejiao Zhang (China) and the first four-year term of Seung Wha Chang (Republic of Korea) expired on 31 May 2016. Mr Chang was not reappointed for a second term and two processes were initiated to fill the two vacancies. The DSB agreed, at its meeting on 23 November 2016, to appoint Hong Zhao of China and Hyun Chong Kim of Korea (see below) as members of the Appellate Body for a term of four years, starting on 1 December 2016.

As of 31 December 2016, the seven Appellate Body members were:

- Ujal Singh Bhatia (India) (2011-2019), Chair of the Appellate Body in 2017
- Thomas R. Graham (United States) (2011-2019)
- Hyun Chong Kim (Korea) (2016-2020)
- Ricardo Ramírez-Hernández (Mexico) (2009-2017)



Members of the Appellate Body as of 31 December 2016, from left to right: Thomas R. Graham (Chair of the Appellate Body in 2016), Ricardo Ramírez-Hernández, Shree Baboo Chekitan Servansing, Hyun Chong Kim, Ujal Singh Bhatia, Peter Van den Bossche and Hong Zhao.

- Shree Baboo Chekitan Servansing (Mauritius) (2014-2018)
- Peter Van den Bossche (Belgium) (2009-2017)
- Hong Zhao (China) (2016-2020)

Hong Zhao (China) (2016-2020)

Hong Zhao received her bachelor and master's degrees and Ph.D. in Law from the Law School of Peking University in China. She currently serves as Vice President of the Chinese Academy of International Trade and Economic Cooperation. Ms Zhao is also a guest professor at several universities, including the Universities of Peking, Fudan and International Business and Economics.

Previously, Ms Zhao served as minister counsellor in charge of legal affairs at China's mission to the WTO, during which time she served as Chair of the WTO's Committee on Trade-Related Investment Measures (TRIMs). She then served as Commissioner for Trade Negotiations at the Chinese Ministry of Commerce's Department for WTO Affairs, where she participated in several important negotiations on international trade, including the Trade Facilitation Agreement negotiations and negotiations on expansion of the Information Technology Agreement.

Ms Zhao has helped formulate many important Chinese legislative acts in economic and trade areas adopted since the 1990s and has experience in China's judiciary system, serving as juror at the Economic Tribunal of the Second Intermediate Court of Beijing between 1999 and 2004. She has also taught and supervised law students on international economic law, WTO law and intellectual property rights (IPR) at various universities in China.



In January 2017, Hong Zhao (China) was sworn in as a member of the Appellate Body.



Hyun Chong Kim (Korea) (2016-2020)

Hyun Chong Kim received his bachelor and master's degrees and Juris Doctor from Columbia University in New York. He served as Trade Minister for Korea from 2004 to 2007, during which time Korea negotiated free trade agreements with more than 40 countries, including Korea's biggest trading partners.

As minister, Mr Kim was appointed facilitator for the services negotiations at the WTO's December 2005 Hong Kong Ministerial Conference and helped Korea host the November 2005 Asia-Pacific Economic Cooperation (APEC) leaders' summit in Busan. He served as Korea's Ambassador to the United Nations from 2007 to 2008 and was elected Vice President of the UN Economic and Social Council (ECOSOC) in 2008, where he worked towards achievement of the Millennium Development Goals.

Between 1999 and 2003, Mr Kim was a senior lawyer in the WTO's Appellate Body Secretariat and Legal Affairs Division, where he worked on cases related to IPR, services, TRIMs, safeguards and subsidies/countervailing measures, among others. More recently, Mr Kim oversaw patent and anti-trust litigation with a major Korean corporation and he is currently a professor at Hankuk University of Foreign Studies in Seoul, where he focuses on trade law and trade policies.



Julio Lacarte-Muró, the first chair of the Appellate Body, passed away on 4 March 2016.

Appellate Body mourns loss of Julio Lacarte-Muró

The Appellate Body mourned the loss in 2016 of former Appellate Body member Ambassador Julio Lacarte-Muró, who died at home in Uruguay on 4 March 2016 at the age of 97. Ambassador Lacarte had a sustained and profound influence on the multilateral trading system from the time of its origin in 1946 until the time of his death.

Having chaired the Uruguay Round negotiations on dispute settlement and successfully gavelled the text of the Dispute Settlement Understanding, Ambassador Lacarte was appointed in 1995 by the newly constituted Dispute Settlement Body as one of the original seven Appellate Body members. He remains the only Appellate Body member to have been nominated by a WTO member of which he was not a citizen (nominated by Canada). "He was a remarkable man, diplomat, and adjudicator, with a unique place in the history of global trade cooperation," said WTO Director-General Roberto Azevêdo.

Appeals

Eight panel reports were appealed in 2016 (see Figure 3 and Table 5). Six Appellate Body reports were circulated to WTO members (see Figure 4 and Table 6). In addressing the appeals, the Appellate Body clarified several issues of systemic significance. These included issues arising under the Anti-Dumping Agreement, the General Agreement on Tariffs and Trade (GATT) 1994, the General Agreement on Trade in Services (GATS), the Subsidies and Countervailing Measures (SCM) Agreement and the TRIMs Agreement.



In January 2017, Hyun Chong Kim (Korea) was sworn in as a member of the Appellate Body.

 Dispute settlement

Figure 3: Number of notices of appeal filed, 1995 to 2016

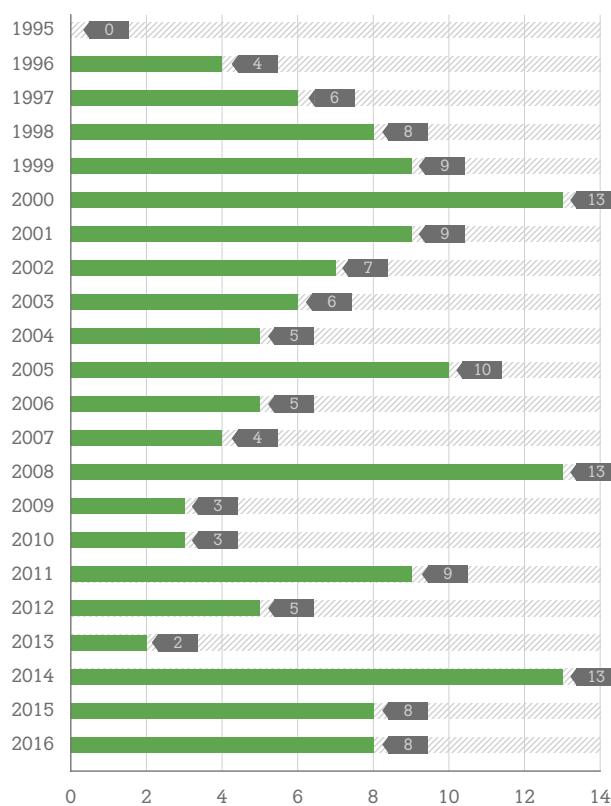
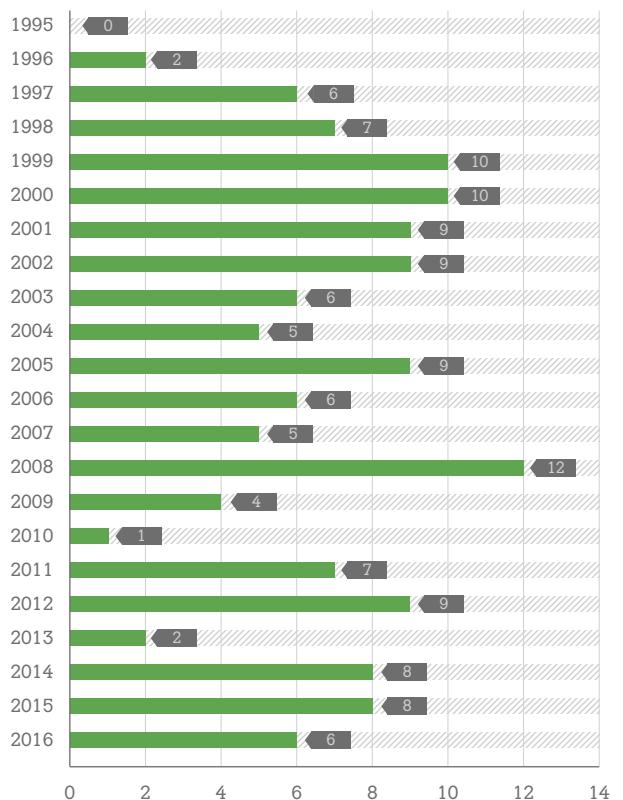


Figure 4: Number of Appellate Body reports circulated, 1995 to 2016*



* Some Appellate Body reports were issued as a single document covering two or more reports.

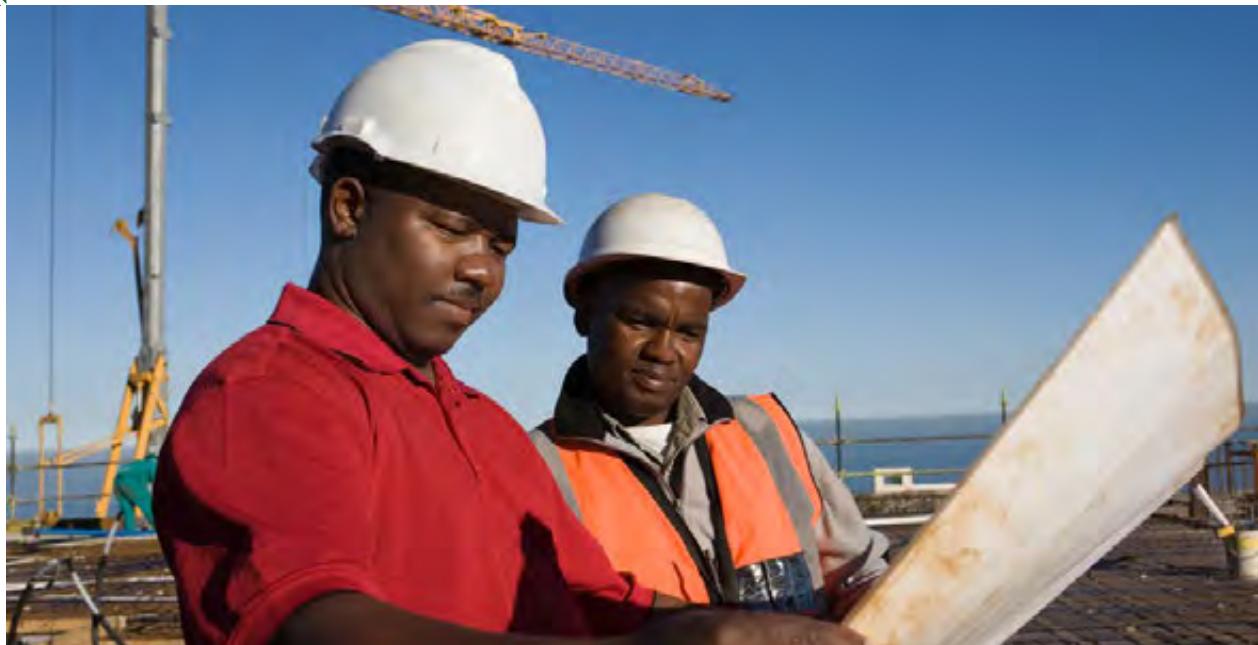
Table 5: Appeals filed in 2016

Panel reports appealed	Date of appeal	Appellant	Document number for notification of an appeal	Other appellant	Document number for notification of an other appeal
Colombia – Textiles	22 January 2016	Colombia	WT/DS461/6	No other appeal	-
US – Washing Machines	19 April 2016	United States	WT/DS464/7	Korea	WT/DS464/8
India – Solar Cells	20 April 2016	India	WT/DS456/9	No other appeal	-
EU – Biodiesel	20 May 2016	European Union	WT/DS473/10	Argentina	WT/DS473/11
Russia – Pigs (EU)	23 September 2016	Russian Federation	WT/DS475/8	European Union	WT/DS475/9
EC and certain member States – Large Civil Aircraft	13 October 2016	European Union	WT/DS316/29	United States	WT/DS316/30
US – Anti-Dumping Methodologies (China)	18 November 2016	China	WT/DS471/8	No other appeal	-
US – Tax Incentives	16 December 2016	United States	WT/DS487/6	European Union	WT/DS487/7

Table 6: Appellate Body reports circulated in 2016

Panel reports appealed	Date of appeal	Appellant	Document number for notification of an appeal	Other appellant	Document number for notification of an other appeal	Circulation date of report
EC – Fasteners (China)	9 September 2015	European Union	WT/DS397/21	China	WT/DS397/22	18 January 2016
Argentina – Financial Services	27 October 2015	Panama	WT/DS453/7	Argentina	WT/DS453/8	14 April 2016
Colombia – Textiles	22 January 2016	Colombia	WT/DS461/6	No other appeal	-	7 June 2016
US – Washing Machines	19 April 2016	United States	WT/DS464/7	Korea	WT/DS464/8	7 September 2016
India – Solar Cells	20 April 2016	India	WT/DS456/9	No other appeal	-	16 September 2016
EU – Biodiesel	20 May 2016	European Union	WT/DS473/10	Argentina	WT/DS473/11	6 October 2016

* Appellate Body reports concerning disputes with the same title were circulated as a single document.



Supporting development and building trade capacity

- Over 18,400 participants benefited from the WTO's training activities in 2016, aimed at helping government officials to gain a better understanding of WTO agreements and the multilateral trading system.
- Disbursement of Aid for Trade reached US\$ 39.8 billion in 2015, the highest amount for a single year.
- A commemorative event was held in November 2016 to mark the 100th session of the Committee on Trade and Development.

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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.

Trade and development

Support for developing countries lies at the heart of the WTO's activities. Much of the work in this area is coordinated by the Committee on Trade and Development, which commemorated its 100th session in 2016.

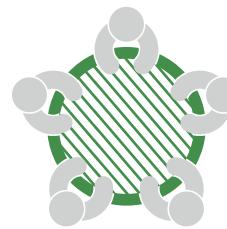
In 2016, the Committee on Trade and Development (CTD) continued its discussion of duty-free and quota-free (DFQF) market access for least-developed countries (LDCs). In November, the CTD conducted an annual review, based on a WTO Secretariat report, of steps taken by members to provide DFQF access. At the same meeting, the Committee considered a revised submission by Benin, on behalf of the LDC Group, concerning the draft terms of reference for a Secretariat study on DFQF implementation. Benin indicated that consultations with WTO members will continue.

WTO members considered a number of proposals submitted under the mandate from the WTO's 8th Ministerial Conference in 2011 for the Committee to undertake focused work on the link between trade and development. In response to a proposal by Ecuador, the WTO Secretariat updated its report on the implementation of special and differential treatment (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.

A commemorative event to mark the 100th session of the CTD was held in November 2016 under the theme "current and future perspectives on trade and development". WTO members and representatives from other international organizations and academia reflected on how trade has evolved since the Committee held its first meeting 20 years ago. They also discussed what needs to be done to ensure that trade continues to support developing countries in the future.

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.



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The Committee on Trade and Development held its 100th session in 2016.

"It is a milestone for the CTD, for the WTO, and for the broader trade and development community," Director-General Roberto Azevêdo said in an address. "This is a time for reflection — and it is a time to be ambitious. We should look at what more the WTO can do to ensure more people can use trade as a tool for development," he added.

The Committee held two dedicated sessions on the monitoring mechanism on special and differential treatment. The mechanism, agreed at the 9th Ministerial Conference in Bali in 2013, acts as a focal point within the WTO to analyse and review the implementation of S&D in WTO agreements and decisions. In sessions dedicated to regional trade agreements (RTAs), WTO members considered the agreements between MERCOSUR (the Southern Common Market) and India, and between Mauritius and Pakistan.

The Committee received a report on the 50th session of the Joint Advisory Group (JAG) of the International Trade Centre (ITC). The JAG is the policy-making 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). The ITC's work focuses on assisting small and medium-sized enterprises in developing countries.

Market access

In 2016, the Committee received notifications under the Enabling Clause (see page 88) concerning the generalized system of preferences (GSP) schemes of Norway and the United States. GSP schemes allow developed countries to grant preferential tariffs to imports from developing countries. In addition, a notification was circulated by China providing updated information on its DFQF Programme for LDCs.



On RTAs, notifications under the Enabling Clause were made concerning the Arab Mediterranean Free Trade Agreement (Agadir Agreement) between Egypt, Jordan, Morocco and Tunisia, the agreement between the Dominican Republic and Panama, and the accession of Afghanistan to the South Asian Free Trade Agreement.

Technical cooperation and training

The Committee took note of the 2015 report on technical assistance and training. The WTO Secretariat undertook 269 technical assistance activities in 2015, both in Geneva and elsewhere. Overall, 15,000 participants were trained during the year, an increase of 2 per cent compared with 2014 (see page 134).

In October 2016, 23 government officials from LDCs in Africa, Asia and the Pacific took part at the WTO in a course entitled "enhancing LDC participation in the multilateral trading system". The objective of the course was to deepen participants' understanding of the trade and development issues being discussed at the WTO. The course focused on issues of priority to LDCs, such as DFQF market access, preferential rules of origin, the LDC services waiver (see page 75) and technical assistance initiatives available to LDCs.

In 2016, an external evaluation of the WTO's trade-related technical assistance was carried out (see page 137). Regular updates on the status of the evaluation were provided to the CTD by Norway, on behalf of the Steering Committee of the evaluation. A CTD meeting was held in early 2017 to consider the report as well as the WTO Secretariat's response.

WTO hosts UN session on LLDCs

In June, the WTO hosted a United Nations session on helping landlocked developing countries (LLDCs) benefit from trade. Director-General Roberto Azevêdo attended the meeting of trade ministers together with Gyan Chandra Acharya, UN Under-Secretary-General and High Representative for LDCs, LLDCs and Small Island Developing States (UN-OHRLLS). The event was jointly organized by the WTO and UN-OHRLLS to discuss how trade can help LLDCs achieve their development goals.

DG Azevêdo told the meeting that capacity-building work through the WTO's Aid for Trade initiative can be particularly beneficial to LLDCs and that implementing the Trade Facilitation Agreement will be crucial in reducing delays in transit that can have a significant effect on LLDCs. "We expect that, when fully implemented, the Agreement could reduce trade costs in LLDCs by over 15 per cent on average," he said.



In June, the WTO hosted a UN session on helping landlocked developing countries to benefit from trade.

Least-developed countries

In 2016, the Sub-Committee on Least-Developed Countries (LDCs) continued its examination of systemic issues of interest to LDCs. The review of market access for LDCs was a core part of its deliberations. LDCs presented their “roadmap” for post-Nairobi work on LDC issues. The Sub-Committee monitored WTO technical assistance activities for LDCs as well as progress in LDC accessions to the WTO. It considered reports from the LDC Group Coordinator on the Istanbul Programme of Action for the LDCs and the UNCTAD 14 conference.

Market access for LDCs

Market access for LDCs was a central element of the discussions in the three meetings of the Sub-Committee on LDCs in 2016. 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 (see page 65).

Background on least-developed countries (LDCs)

The Sub-Committee on LDCs was established in July 1995 as a subsidiary body to the Committee on Trade and Development to address issues of interest to LDCs. Since the Doha Ministerial Conference in 2001, the Sub-Committee has focused on the implementation of the WTO work programme for LDCs, which looks at a number of systemic issues of importance to them, such as market access, technical assistance and accession to the WTO.

Growth in the value of LDC merchandise exports has been constrained by unfavourable developments in the prices of primary commodities since 2011. The share of LDCs in world merchandise exports fell to below 1 per cent in 2015, and the LDCs' collective merchandise trade deficit widened to US\$ 87 billion. The trend was more positive in services, where tourism helped the LDCs to sustain positive export growth and increase their share in world services exports to 0.8 per cent.

The LDCs expressed concern about the 24 per cent decline in LDC goods exports in 2015 and the widening trade deficit. They highlighted the importance of implementing effective duty-free and quota-free (DFOQF) market access and called on WTO members to continue the implementation of the Nairobi decision on preferential rules of origin to make it easier for LDC exports to qualify for preferential market access. In services, LDCs said they were encouraged by the fact that 23 members had notified commitments on preferential treatment for services and services suppliers from LDCs under the LDC services waiver (see page 75).

The Sub-Committee also considered a WTO Secretariat note giving a factual compilation of progress made in the implementation of ministerial declarations and decisions in favour of LDCs. The LDCs expressed their interest in further analytical work on the issue.

Technical assistance and capacity building

The Sub-Committee regularly monitors the progress of WTO trade-related technical assistance provided to LDCs as well as other capacity-building initiatives in which the WTO is involved. The WTO Secretariat assigns priority to LDCs in the delivery of its technical assistance (see page 134).

LDCs benefited from over 50 per cent of all technical assistance activities in 2015. LDCs, especially from Africa, were also among the biggest users of WTO e-learning courses, providing a third of participants in 2015. LDCs expressed appreciation for assistance products geared to their needs, such as internship programmes at the WTO and at LDC missions, as well as for two LDC-specific courses on services trade statistics and development issues held at the WTO in 2016.



The Executive Secretariat of the Enhanced Integrated Framework (EIF), which helps LDCs use trade as a vehicle for development, updated the Sub-Committee on the status of work under Phase Two of the EIF Programme (see page 130). Highlighting the importance of the EIF for their development, the LDCs encouraged development partners to continue supporting the EIF.

The secretariats of the EIF and the Standards and Trade Development Facility (see page 132) presented the key findings of a joint study on sanitary and phytosanitary (SPS) issues in diagnostic trade integration studies (see page 130), which help countries identify constraints to trade. The study underlines the importance of maintaining linkages between agriculture and trade ministries and the need to enhance national capacities to implement SPS policies.

Accession of LDCs to the WTO

The WTO Secretariat briefed members on accession working parties involving LDCs (Bhutan, Comoros, Equatorial Guinea, Ethiopia, Sudan, and Sao Tomé and Príncipe) as well as on post-accession support. The LDCs called on WTO members to provide capacity-building support to acceding LDCs.

Two LDCs, Afghanistan and Liberia, officially became members of the WTO in 2016 and accession negotiations were initiated for two other LDCs, Somalia and Timor-Leste, in December 2016 (see pages 25-6). Currently, eight LDCs are in the process of joining the WTO.

LDC Group retreat

The LDC Group held a retreat in April 2016, with the participation of Director-General Roberto Azevêdo. Following the retreat, the Group submitted its post-Nairobi priorities to the Sub-Committee in June. These priorities will serve as a "roadmap" for the Group's engagement in post-Nairobi work at the WTO.

LDC Group Coordinator Ambassador Eloi Laourou (Benin) emphasized the need for effective implementation of the decisions taken in favour of LDCs, including on preferential treatment for LDC services, DFQF market access and preferential rules of origin. Priority issues also include domestic support (subsidies) in agriculture, including cotton, fisheries subsidies and special and differential treatment for LDCs.

Under China's LDCs and Accessions Programme, the LDC Group engaged with other developing countries and international agencies in dialogue on LDCs and development in Annecy, France, in September 2016. Reporting to the Sub-Committee on the meeting, the LDC Coordinator said that the meeting had reviewed the evolving trends in cooperation between developing countries in trade, aid and investment.

Istanbul Programme of Action and UNCTAD 14

A mid-term review of the United Nations' Istanbul Programme of Action (IPoA) for the LDCs for 2011-2020 was held in Antalya, Turkey, in May 2016. The IPoA aims at helping LDCs overcome structural challenges in order to eradicate poverty and enable their graduation from the LDC category. The WTO Secretariat organized a side-event at the conference, which provided an opportunity to inform the UN community on how developments on LDC issues in the WTO contribute to the goals of the IPoA.

The LDC Group Coordinator drew the attention of the Sub-Committee to specific trade and investment measures recommended by the mid-term review to help LDCs achieve the objectives of the IPoA. These include doubling the share of LDCs in global exports to 2 per cent by 2020. Recommended measures include a call for donor countries to allocate 0.2 per cent of their gross national income as official development assistance to LDCs.

The review further emphasized the importance of the WTO as a global forum for trade rules and governance and urged the LDCs and their development partners to make use of WTO decisions, including on DFQF market access and preferential rules of origin, as well as Aid for Trade.

The LDCs also reported on the outcomes of the UNCTAD 14 conference held in Nairobi in July 2016. UNCTAD members agreed to strengthen the focus of UNCTAD on the trade and development needs of LDCs across all areas of its mandate and to continue UNCTAD's work on DFQF market access, rules of origin, the LDC services waiver, cotton and accessions. The LDCs underlined the importance of coordinated efforts between the WTO and UNCTAD to contribute towards achieving the UN's Sustainable Development Goals (SDGs).

Assistance for the cotton sector

In 2016, two rounds of the Director General's Consultative Framework Mechanism on Cotton reviewed cotton-specific assistance and other assistance related to the cotton sector such as infrastructure-support programmes.

In October 2016, DG Azevêdo took part in the Ministerial Meeting of the Cotton-4 group of West African cotton-producing countries (Benin, Burkina Faso, Chad and Mali), which took place in Bamako, Mali. He paid tribute to the Cotton-4's efforts to defend their interests and highlighted in particular the active role played by Mali as coordinator of the group. DG Azevêdo stressed the importance of continuing to work towards the reform of the cotton sector so that the Cotton-4 countries can compete on fair terms in international markets.

The latest data on cotton-specific development assistance show active commitments of US\$ 281 million, of which US\$ 100 million has been disbursed. Commitments on agriculture and infrastructure-related development assistance increased to US\$ 4.1 billion, of which US\$ 1.9 billion has been disbursed.

Beneficiaries of cotton development assistance continued their efforts to implement reforms in their cotton sectors. Nevertheless, speaking for the “Cotton Four” countries — Burkina Faso, Benin, Chad and Mali — whose economies largely rely on cotton exports, Ambassador Thiam Diallo of Mali said that the continuous downward pressure on global cotton prices and high production costs were having adverse consequences on the cotton sector in Africa.

Ministers reaffirmed their commitment “to continue to address in every area of WTO work, in a substantive and meaningful manner, the needs of small, vulnerable economies (SVEs) and to favourably consider the adoption of such measures as would facilitate their fuller integration into the multilateral trading system”. Ministers said they would take into account the needs of SVEs in all areas of negotiations, without creating a sub-category of WTO members.

Small economies

The Committee on Trade and Development carried out ministerial instructions to examine the impact of WTO rules on small, vulnerable economies (SVEs) and the trade-related constraints they face. It continued work on the challenges and opportunities SVEs experience in linking into global value chains. During dedicated sessions in 2016 on issues raised by SVEs, the Committee also began work on the challenges small economies experience in reducing trade costs.

Small, vulnerable economies are those WTO members that account for only a small percentage of world trade. WTO members recognize that these economies, while not forming an official sub-category of members, face specific challenges due to their size and the distances that can separate them from their key trading partners.

The Committee on Trade and Development took note of a revised compilation paper in which the WTO Secretariat detailed progress made on proposals submitted by SVEs since 2002. These include proposals made by SVEs in the Doha Round negotiating groups and in other WTO bodies, mainly regarding agriculture, industrial goods, services, rules (including fisheries subsidies) and trade facilitation.

The 10th Ministerial Conference in 2015 in Nairobi agreed that the Committee continue its work in dedicated session on the challenges and opportunities experienced by small economies when linking into global value chains in trade in goods and services. They also asked the WTO Secretariat to examine the challenges which small economies experience in their efforts to reduce trade costs, particularly in the area of trade facilitation.

Background on small economies

The Committee on Trade and Development – in dedicated session – oversees work on small economies and monitors the progress of proposals from small, vulnerable economies in the various WTO bodies and negotiating groups. Small economies are mainly but not exclusively small island states.

Dedicated sessions

Three dedicated sessions were held in 2016. At the session on 9 March, members continued to discuss the WTO Secretariat research paper, “Challenges and Opportunities experienced by Small Economies when linking into Global Value Chains in Trade in Goods and Services”. It examined the paper’s chapters on global value chains in the textiles and clothing sector and heard from experts about recent trends and examples of small economies successfully integrating their exports into value chains.

The paper shows that by specializing in specific tasks or stages within the value chain, small economies can, to a certain extent, mitigate their lack of economies of scale and realize economic benefits. Global value chains can help small economies diversify their exports away from primary commodities to manufacturing and services. However, this is by no means an automatic process, it adds.

At the session on 12 July, members addressed value chains in the tourism sector and heard presentations from the International Trade Centre (ITC), the UN World Tourism Organization, USAID, the Guatemalan Institute for Tourism and the South Pacific Tourism Organization.

Members discussed the challenges and opportunities related to building a sustainable tourism sector and shared national experiences. Besides its direct contributions to the economy, tourism yields indirect benefits through government spending on infrastructure, domestic purchases of goods and services and investment flows. In addition, there are linkages with agriculture, fisheries, construction, utilities and telecommunications. Tourism has already played a vital role in helping members like Cabo Verde, the Maldives and Samoa graduate from least-developed country (LDC) status.

On 4 November, members focused on how small economies can benefit from integrating into services value chains, especially in information technology and business process outsourcing, which include call centres and accounting, and logistic and maritime transport services. Presentations were made by the United Nations Conference on Trade and Development (UNCTAD) and the ITC as well as representatives from Panama, Jamaica, Sri Lanka and Guatemala.

At their last session of 2016, members also agreed to a proposal by the SVE group that the Secretariat conduct research on the challenges small economies experience in their efforts to reduce trade costs, especially in trade facilitation (see page 72).

Aid for Trade

The Committee on Trade and Development adopted the 2016-2017 Aid for Trade work programme on promoting connectivity. Disbursements of Aid for Trade reached US\$ 39.8 billion in 2015, the highest amount for a single year. The WTO and the Organisation for Economic Co-operation and Development launched the 2016 Aid for Trade monitoring and evaluation exercise, which aims to review Aid for Trade priorities in advance of the Global Review of Aid for Trade, to be held at the WTO on 11-13 July 2017.

Aid for Trade financing

Total disbursements of Aid for Trade since 2006 have reached US\$ 298 billion in official development aid. A further US\$ 248 billion has been provided in other official flows (development finance provided to developing countries but not at rates considered official development assistance).

Data from the OECD show that overall Aid for Trade disbursements reached US\$ 39.8 billion in 2015, the highest for a single year (see Figure 1). Total commitments climbed by US\$ 5.4 billion to US\$ 53.9 billion between 2014 and 2015, the latest year for which figures are available.



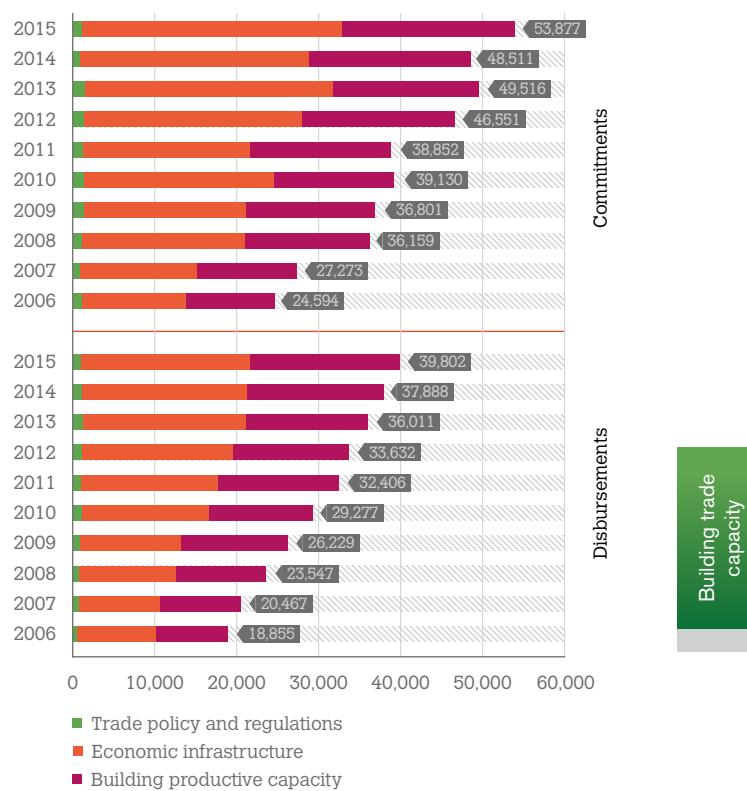
39.8 billion

Disbursements of Aid for Trade reached US\$ 39.8 billion in 2015, the highest amount for a single year.

Background on Aid for Trade

WTO members launched the Aid for Trade initiative at the Sixth Ministerial Conference in Hong Kong in 2005. Aid for Trade focuses on supporting developing countries, particularly the least-developed, in building trade capacity, enhancing their infrastructure and improving their ability to benefit from trade-opening opportunities.

Figure 1: Aid for Trade commitments and disbursements in US\$ million (2015 prices) by category

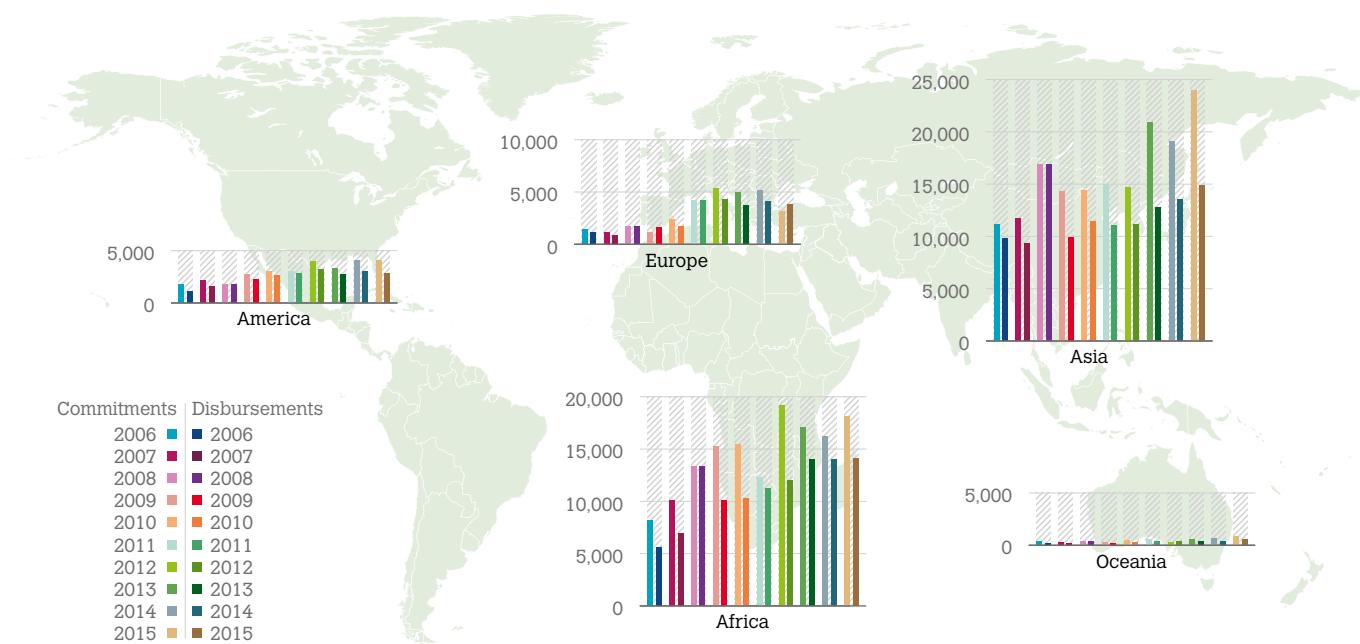


Source: OECD-CRS, Creditor Reporting System

Disbursements increased for Africa, Asia and Oceania (see Figure 2). Disbursements to least-developed countries (LDCs) increased by US\$ 1.1 billion to US\$ 10.6 billion in 2015 (see Figure 3). This is the highest level of disbursements to LDCs for a single year.

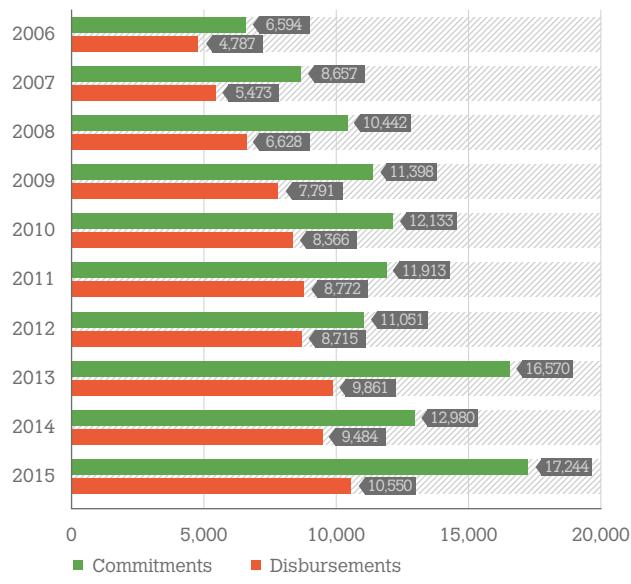
■ Supporting development and building trade capacity

Figure 2: Aid for Trade commitments and disbursements by region in US\$ million (2015 prices)



Source: OECD-CRS, Creditor Reporting System

Figure 3: Aid for Trade commitments to LDCs in 2006-15 in US\$ million (2015 prices)



Source: OECD-CRS, Creditor Reporting System

Promoting connectivity

A key message from the Fifth Global Review of Aid for Trade in 2015 was that high trade costs, such as tariff and non-tariff barriers, transport costs and exchange rate costs, create a substantial obstacle for developing countries seeking to connect to global markets – with LDCs, landlocked developing countries and small, vulnerable economies the most affected.

The 2016-17 Aid for Trade work programme aims to help developing countries connect to export markets so that they can fully exploit their potential. The programme, which was launched in February 2016, builds on the results of the Fifth Global Review.

The work programme will deepen analysis of how high trade costs inhibit the integration of developing countries into global value chains and restrict their economic development. The programme will include cross-cutting activities on empowering women, upgrading infrastructure for developing countries, e-commerce, and micro, small and medium-sized enterprises (MSMEs). These activities will culminate in the Global Review, scheduled for 11-13 July 2017, whose theme is “Promoting Trade, Inclusiveness and Connectivity for Sustainable Development”.





In May, a joint World Bank/WTO forum was held at the WTO on how to ensure that the poor gain from trade.



Committee on Trade and Development

The Committee on Trade and Development held three sessions on Aid for Trade, in February, May and October. At each session, WTO members reviewed the implementation of the work programme.

In 2016, the World Bank, the Asian Development Bank, the African Development Bank and the United Nations Industrial Development Organization (UNIDO) updated WTO members on implementing Aid for Trade activities and mobilizing resources.

In October, Benin, on behalf of the LDC Group, and China reported on the "South-South Dialogue on LDCs and Development", held in September in Annecy, France. Benin said the event had reviewed the evolving trends in cooperation between developing countries in the areas of trade, aid and investment and it had discussed the priority issues for LDCs.

Thematic events

Two Aid for Trade thematic events were held in 2016. In May, a joint World Bank/WTO forum was held on the theme of "connecting to trade: policies and programmes for maximizing poverty reduction impact".

The forum was a follow-up to the WTO-World Bank co-publication "The Role of Trade in Ending Poverty", launched by DG Azevêdo and World Bank President Jim Yong Kim in June 2015. It discussed various dimensions of trade and poverty, including employment, rural poverty, gender inequality, cross-cutting challenges and the related impact of trade measures.

A second event – on "promoting connectivity: the services dimension" – focused on services and the digital divide (the gap between those with ready access to computers and the Internet and those without). The workshop discussed the need to address poor regulatory environments which hinder the development of competitive service sectors.

Monitoring and evaluation

DG Roberto Azevêdo and OECD Secretary-General Angel Gurría launched the 2016 Aid for Trade monitoring and evaluation exercise (M&E) in July 2016. Its aim is to review Aid for Trade priorities and to assess how Aid for Trade is contributing to the achievement of the Sustainable Development Goals, notably the targets on poverty eradication and women's economic empowerment.

By the end of 2016, 101 WTO members and observers had taken part in the exercise. A total of 110 questionnaires and 145 case stories had been submitted by partner countries, regional economic communities and donors. The exercise also attracted the participation of the private sector, academia and civil society.

The information collected will be analysed and presented in the next edition of "Aid for Trade at a Glance", co-published with the OECD, which will be launched at the 2017 Global Review. The Review will highlight the main obstacles to connectivity and how these can be overcome to achieve trade growth and sustainable development.

Enhanced Integrated Framework

In January 2016, the Enhanced Integrated Framework (EIF) launched phase two of its programme, which aims to help least-developed countries (LDCs) use trade as a tool for growth. Phase two will run until 2022. The EIF rolled out projects in several LDCs aimed at supporting these countries' capacity to trade.

In 2016, the EIF focused on ensuring a seamless transition from phase one (2009–2015), which delivered 142 projects with a total allocation of US\$ 202 million across 51 of the world's poorest countries. Most projects were aimed at supporting trade development capacity. The projects have helped to create the kinds of jobs that lift people, particularly women and young people, out of poverty. The EIF's unique approach guarantees full LDC ownership; most EIF projects are co-financed by the LDCs themselves.

Implementation of the EIF programme continued in 2016 with the successful delivery of projects in many LDCs. Diagnostic trade integration studies (DTISs) or DTIS updates were finalized in Benin, Ethiopia, Guinea-Bissau, Mauritania, Myanmar and Samoa. DTISs help countries identify and address constraints to trade, economic growth and sustainable development. They provide a basis for action by governments, civil society, the private sector and development partners. Another 38 countries had institutional support projects under way and 32 supply-side support projects were being implemented.

Contribution agreements with EIF donors, following the EIF pledging conference in December 2015, have mostly been



142

Phase one of the EIF project delivered 142 projects with a total allocation of US\$ 202 million across 51 of the world's poorest countries.

completed and funding for the new phase has begun to be disbursed. At the conference, held in Nairobi ahead of the 10th WTO Ministerial Conference, 15 donor countries pledged US\$ 90 million for phase two.

The new phase also includes refining and rolling out improvements based on lessons learned from the first phase. Notable examples include the publishing of updated guidelines for DTISs, following an in-depth consultation process by the EIF partnership of LDCs, donors and agencies as well as additional support for work of EIF donor facilitators in LDCs. The facilitator is a representative from the donor community active in supporting an LDC's trade agenda and is identified by the government and other donors.

Work also began on meeting a commitment to donors to deliver a more dynamic and results-driven EIF capable of demonstrating increased efficiency, effectiveness, transparency and value for money. Development of a value-for-money framework for the EIF as well as a new, web-based management information system will help meet these goals.

Background on the Enhanced Integrated Framework

The EIF is the only global Aid for Trade programme dedicated to addressing the trade capacity needs of LDCs. It is supported by a multi-donor trust fund and provides financial and technical support to build trade capacity in LDCs to help them use trade as a tool for economic growth and poverty reduction. The EIF is a partnership of LDCs, donors and partner agencies, including the WTO, the World Bank, the International Monetary Fund, the United Nations Development Programme, the United Nations Conference on Trade and Development, the International Trade Centre, United Nations World Tourism Organization and United Nations Industrial Development Organization.

Recent EIF projects

In Mali, the EIF programme has helped improve the quality of the mango crop through phytosanitary treatment of mango orchards and by encouraging good agricultural practices. It has supported capacity-building of the different actors in the value chain (women farmers, producers, traders and exporters), provided guidance to a dozen exporters on obtaining "global



EIF funding is supporting the silk sector in Cambodia, helping to improve the livelihoods of women in rural areas working in this sector.

gap" certification and offered marketing support at national and international trade events. The global gap certificate is an internationally recognized symbol of commitment to excellence, sustainability and reliability. Thanks to the programme, over 450 women are earning more money from mango farming and jam-making. In addition, women in rural cooperatives are being trained in processing techniques for fruit and vegetables, which will add value to their exports.

As part of the EIF programme, a DTIS was undertaken in Myanmar to analyse opportunities and constraints in the country's trade environment. With the assistance of the World Bank, and with additional financial contributions from Australia and the United Kingdom, the "Opening for Business" DTIS addressed the country's major economic challenges and made recommendations. Among the latter were calls to overhaul trade policy regulations and build capacity in trade policy and promotion, to ensure inclusive export-led growth, to encourage growth of trade in services and to facilitate trade through better logistics and finance.

Collaboration

The EIF brought together its partners at the mid-term review of the Istanbul Programme of Action in Antalya (see page 125) in May 2016 and the UNCTAD XIV Ministerial Meeting in Nairobi in July 2016. It also held EIF-specific events, such as the EIF's Steering Committee meeting held in April 2016 and two regional EIF workshops for Asian EIF countries and for the Pacific region.

The EIF has also collaborated with teams across the WTO Secretariat, including co-publishing a joint briefing note with the Standards and Trade Development Facility on how sanitary and phytosanitary (SPS) issues are addressed in DTISs. It also participated in workshops on technical barriers to trade (TBT), trade facilitation and other areas of WTO activity.

Gender-focused projects

The EIF took stock in 2016 of some of its gender-focused projects at an event at the WTO's Public Forum (see page 140). Gender-related indicators have been incorporated into the phase two guidelines. The event included personal testimonies and footage of existing projects, such as support for the export of mangoes from Mali (see above), the manufacturing of silk clothing in Cambodia, cross-border trade in Rwanda (where 75 per cent of traders are women) and tourism services in the Solomon Islands. Speakers noted how trade plays a central role in empowering women.

Building trade capacity

Standards and Trade Development Facility

The Standards and Trade Development Facility (STDF) continued to help developing countries improve their capacity to implement sanitary and phytosanitary (SPS) standards and to access wider markets. It supported the preparation and implementation of numerous new projects aimed at promoting compliance with international standards and facilitating market access. It also produced a user guide on how to prioritize SPS investments and published a series of case studies highlighting the results of recent projects.

The STDF continued to harness worldwide expertise on trade, health and agriculture issues to help farmers and traders in developing countries use trade in agricultural products as a means of increasing their incomes and improving their standard of living. It developed new ways of providing assistance so that developing countries can improve their capacity to meet food safety, animal and plant health requirements and therefore reach wider markets for their products.

Project grants

The STDF approved 11 project preparation grants (PPGs) and one project in 2016. This project aims to help the National Public Health Laboratory in the Solomon Islands improve the service it provides to fish exporters so that they can reach wider markets.

Background on the Standards and Trade Development Facility

The STDF is a global partnership that helps developing countries build their sanitary and phytosanitary (SPS) capacity and their ability to gain and maintain market access. The STDF contributes to broader sustainable development goals, such as enhanced economic growth, poverty reduction, food security and environmental protection. Established by the UN Food and Agriculture Organization (FAO), the World Organisation for Animal Health (OIE), the World Bank, the World Health Organization and the WTO, the STDF is financed by voluntary contributions. The WTO provides the Secretariat and manages the STDF trust fund.

Figure 4: Location of STDF projects and project preparation grants (number)

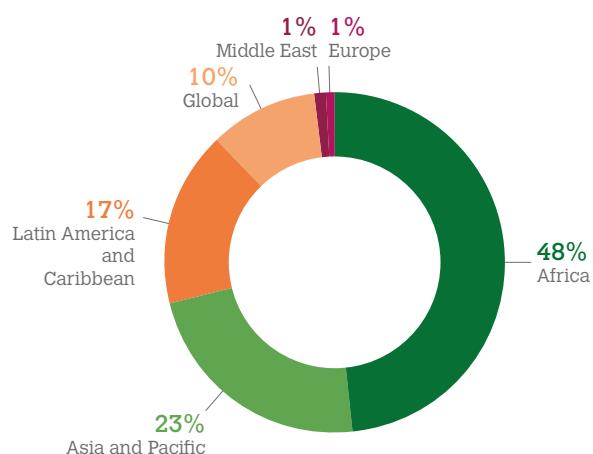
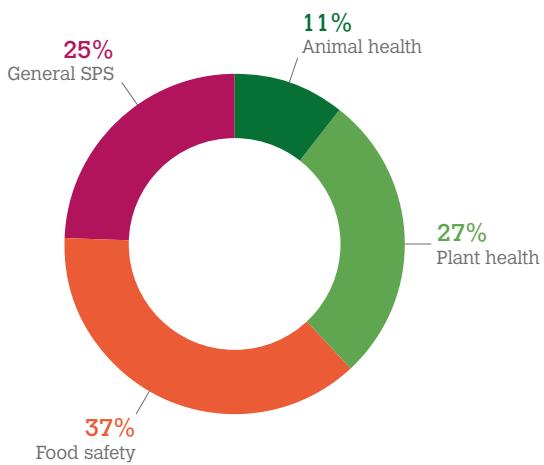


Figure 5: Coverage of STDF projects and project preparation grants (number)





Information sharing

Building on the STDF's work on reducing SPS-related trade costs, a seminar was organized at the WTO in June on electronic SPS certification. It brought together over 150 participants from WTO members, international organizations and global business. Speakers shared the latest knowledge and good practices on automated SPS systems and their impact on facilitating trade by cutting time and costs, compared with the old paper-based systems. Electronic SPS certification can contribute to faster movement of food and agricultural products, reduced transaction costs and improved health protection. It can lead to improved compliance with regulations and policies, reducing errors and fraud, supporting risk management and enhancing trust among partners.

Also in June, the STDF, in collaboration with the United Nations Industrial Development Organization (UNIDO), organized an information session on how an STDF-funded project helped cinnamon producers in Sri Lanka overcome trading constraints by formulating national standards and a curriculum for vocational training. The project helped set up a purpose-built cinnamon training academy at Kosgoda, Sri Lanka. It also started the process of registering pure Ceylon cinnamon as a geographical indication in European markets to add value to high-quality Ceylon cinnamon.

Promoting awareness

In October, the STDF launched a new initiative to promote awareness and uptake of STDF tools and project support, and raise the STDF's visibility. New fact-sheets and a series of stories on the results of projects were produced and made available on the STDF website. The STDF Secretariat continued to participate actively in conferences, training workshops and other meetings at international, regional and national level to promote cooperation on SPS projects and initiatives. The Secretariat reported to each meeting of the SPS Committee on its activities and operations as well as to other WTO committees.

In December, the STDF published a briefing note highlighting its work in helping women farmers, processors and traders produce and export safe food and agricultural products. The note underlines that promoting women's access to, and participation in, agriculture and trade can support economic growth, reduce poverty and boost food security in developing countries. Examples of how the STDF has helped women build their know-how to meet SPS standards are highlighted.



The STDF produced a new film entitled "Cocoa: a sweet value chain", highlighting how SPS standards help to make sure that chocolate is safe for consumers.

Of the total number of grants approved by the STDF, 48 per cent have been awarded to sub-Saharan Africa, 23 per cent to Asia and the Pacific and 17 per cent to Latin America and the Caribbean (see Figure 4). Of these grants, 38 per cent were dedicated to food safety, 27 per cent to plant health and 11 per cent to animal health issues (see Figure 5). Overall, the STDF has devoted 65 per cent of project resources to least-developed countries (LDCs) and other low-income countries, exceeding its target of at least 40 per cent.

New tools

In February, the STDF published a user guide "Prioritizing SPS Investments for Market Access: A framework to inform and improve SPS decision-making processes". An information session on the guide was organized on the margins of a meeting of the Committee on Sanitary and Phytosanitary (SPS) Measures in March. The guide highlights the importance of facilitating public-private dialogue on SPS matters, increasing political awareness about the benefits of strengthening SPS capacity, informing and improving national SPS planning and decision-making processes, supporting project design and leveraging additional funding resources. The user guide is available on the STDF website.

The STDF produced a new film entitled "Cocoa: a sweet value chain", which follows the journey of the cocoa bean from a tropical plantation to its transformation into chocolate. The film highlights how SPS standards help to make sure that cocoa plants are free from pests and diseases and that chocolate is safe for consumers. The film draws attention to the various actors who play a role in keeping the cocoa value chain safe, from smallholder farmers in West Africa to the chocolate manufacturers in Europe. The film was premiered at the World Cocoa Conference in the Dominican Republic in May and is available on the STDF website.

Technical cooperation and training

The WTO Secretariat undertook 315 technical assistance activities in 2016 aimed at helping government officials gain a better understanding of WTO rules and the multilateral trading system. Over 18,400 participants benefited from these training activities, up from some 15,000 in 2015. Least-developed countries (LDCs) were invited to participate in 60 per cent of all technical assistance activities, significantly more than in past years. Nearly half of the participants accessed training through e-learning resources on the WTO's online platform. An external report highlighted the value of the WTO's technical assistance programme.

The WTO's training activities are mostly based on a technical assistance and training plan approved by the Committee on Trade and Development. The 2016-17 plan followed a "results-based management approach", measuring results to ensure that training is delivered in the most effective way. Courses are undertaken as part of a "progressive learning strategy", meaning 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.

The WTO provides training for both generalists and specialists. Generalists are government officials who require a broad knowledge of many WTO subjects to conduct their work. This category includes many delegates posted to missions in Geneva. Specialists are government officials who require detailed knowledge in a specific area. This includes officials working on a particular issue in a government ministry.



18,400

Over 18,400 government officials benefited from WTO training activities in 2016 compared with around 15,000 in 2015.

Advanced courses are run on various subjects, including sanitary and phytosanitary issues, dispute settlement, trade-related intellectual property rights, regional trade agreements, trade in services, trade policy analysis, and other areas of specific interest to LDCs. Three Geneva-based advanced trade policy courses, each one lasting eight weeks, were held in 2016 for generalists.

The WTO also held a number of regional activities in 2016 aimed at both generalists and specialists. Eight-week regional trade policy courses were held for generalists in six regions: English-speaking Africa; French-speaking Africa; Asia and the Pacific; the Caribbean; Latin America; and Arab and Middle East countries. Kazakhstan was selected as the new partner for the Central and Eastern Europe and Central Asia regional course from 2017.

Specialist courses included a workshop on trade in services for member states of the Common Market for Eastern and Southern Africa and workshops on trade facilitation for the Arab and Middle-East region and for Central and Eastern Europe, Central Asia and the Caucasus region. A workshop on modifying tariff commitments was organized for the Economic Community of West African States, while a workshop on e-commerce was

Background on technical cooperation and training

The WTO's Institute for Training and Technical Cooperation coordinates the organization'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 first training course on trade in services for countries seeking to join the WTO was held at the WTO in November 2016.

held for Latin America. A further workshop on sanitary and phytosanitary measures, technical barriers to trade and trade facilitation was organized for Asia-Pacific countries.

The WTO continued to involve international and regional partners in the delivery of technical assistance activities to ensure that a regional perspective was included in the design of the training programmes. The partnership approach has also been extended to the Academic Support Programme (see page 164).

Twenty per cent of activities were for the benefit of African countries, 13 per cent for Asia and the Pacific, 10 per cent for Latin America, 10 per cent for Central and Eastern Europe and Central Asia, and 4 per cent for the Arab and Middle East regions (see Table 1). The remaining 40 per cent were “global”

activities, mostly held in Geneva, aimed at participants from all regions. In line with a demand-driven approach, approximately 35 per cent of all activities were delivered at the national level in countries where a specific need was identified.

The number of face-to-face training activities conducted by the WTO was relatively stable in 2016 in comparison with 2015. The number of online courses increased slightly and the WTO Secretariat continued to implement a targeted approach to meet members' needs.

LDCs had access to 60 per cent of all technical assistance activities, including national activities held in their countries, regional and global activities in which LDCs were invited to participate and e-learning courses. This is compared with around 50 per cent in previous years.

Table 1: Technical assistance activities by region in 2016*

Region	National technical assistance		Regional		Global**		Other (conferences, etc.)		Total	
Africa	40	36%	14	24%	0	0%	10	27%	64	20%
Arab and Middle East	7	6%	6	10%	0	0%	1	3%	14	4%
Asia and the Pacific	24	22%	14	24%	0	0%	3	8%	41	13%
Central and Eastern Europe and Central Asia	18	16%	8	14%	0	0%	5	14%	31	10%
Caribbean	3	3%	5	8%	0	0%	0	0%	8	3%
Latin America	18	16%	7	12%	0	0%	5	14%	30	10%
Sub-total	110	100%	54	92%	0	0%	24	65%	188	60%
Global	0	0%	5	8%	109	100%	13	35%	127	40%
Total	110	100%	59	100%	109	100%	37	100%	315	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.

The number of products specifically created for LDCs, or having LDCs as a priority, has also increased. For example, workshops were held on LDC needs in the field of intellectual property, trade in services statistics in relation to LDCs, and enhancing LDC participation in the multilateral trading system.

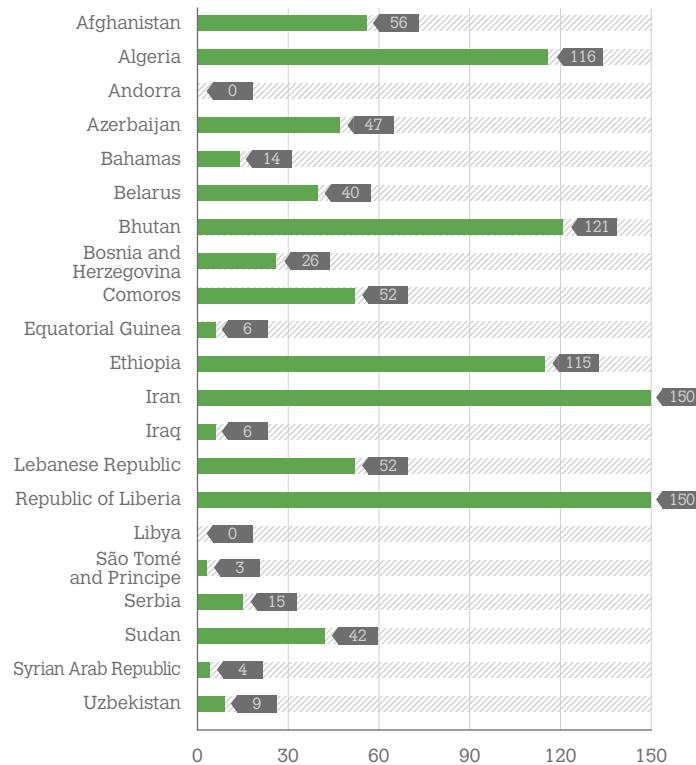
Participation rates

Approximately 18,400 people participated in technical assistance activities in 2016, compared with around 15,000 in 2015. In 2016, 10,279 participants from 147 countries (compared with 7,523 in 2015) enrolled for e-learning courses, with Africa providing 38 per cent of participants, followed by Latin America with 21 per cent, Asia and the Pacific with 20 per cent, Central and Eastern Europe and Central Asia with 8 per cent, the Arab and Middle East region with 8 per cent and the Caribbean with 5 per cent. Some 60 per cent of participants undertook the online course in English, 20 per cent in French and 20 per cent in Spanish.

Women represented 43 per cent of participants for all WTO technical assistance activities in 2016. Roughly 65 per cent of participants undertook technical assistance in English, 18 per cent in French and 16 per cent in Spanish.

Technical assistance was strengthened for countries seeking to join the WTO (see page 26 and Figure 6), with government officials invited to participate in over 100 technical assistance events.

Figure 6: Participants in WTO technical assistance activities in 2016 from countries seeking to join the WTO



Internship programmes

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.

In 2016, the majority of officials completing the WTO internship programmes were from Africa and the Asia and Pacific regions. Eighteen candidates completed the French and Irish Missions Internship Programme, 16 candidates completed the Netherlands Trainee Programme, five candidates completed the Regional Coordinator Internship Programme and seven the Accession Internship Programme.

Young Professionals Programme

The Young Professionals Programme was launched in 2016 to increase the representation of professionals from under-represented countries. Six young professionals became the first participants in the programme in January 2017 (see page 169).

WTO reference centres

The WTO Reference Centres Programme provides guidance to government officials, the private sector and the academic community on trade-related information available on the WTO website and distributes trade-related publications to improve understanding of WTO issues. Reference centres also organize trade-related events, training activities and technical meetings. There are currently over 65 active WTO reference centres around the world.

In 2016, the WTO established/upgraded seven reference centres: four in Africa (Benin, Mozambique, Tanzania and Zambia), two in Asia (Bangladesh and Bhutan), and one in Latin America (Paraguay).

Financing technical assistance

The bulk of the technical assistance programme is financed by the Doha Development Agenda Global Trust Fund, which receives voluntary contributions from WTO members (see Table 2). The balance carried forward from 2015 allowed the financial position of the fund to remain solid in 2016.

As in previous years, the high level of funds carried forward was mainly due to large contributions being received in the last few months of the year. However, with a total of CHF 7 million contributed by 12 WTO members in 2016, donations fell by some 22 per cent compared with 2015, when CHF 9.1 million was received from 13 countries.

Other funding sources included the WTO's regular budget for Geneva-based courses and national technical assistance missions – approximately CHF 4.5 million in 2016 – and contributions from other trust funds (such as the French-Irish Missions Internship Programme, the Netherlands Trainee Programme and the China Programme), which totalled CHF 3.9 million in 2016.

External evaluation of WTO technical assistance

An external evaluation report on the functioning of WTO trade-related technical assistance was issued in October 2016. It identifies best practices and lessons learned in the delivery of training courses. The evaluation covers all WTO's technical assistance activities from 2010 to 2015, totalling over

2,000 activities and involving some 80,000 participants with a total budget of some CHF 110 million.

The report, produced by London-based Saana Consulting, highlights the WTO's progress towards achieving the targets outlined in its biennial plans for technical assistance. It notes that its technical assistance activities have been largely, and increasingly, effective in improving the capacity of developing countries to respect multilateral trade rules and to participate in trade negotiations. The report also recommends ways to make the training activities more transparent, targeted and accountable.

"When the WTO was created over two decades ago, technical assistance was not a major part of our work. Fast forward to today and it constitutes one of the biggest outputs of the organization. It has become, unquestionably, a central element of the WTO's activities," said WTO Director-General Roberto Azevêdo.

Table 2: Doha Development Agenda Global Trust Fund (as of 31 December 2016)

Contributions (CHF)	2011	2012	2013	2014	2015	2016	Grand total
Australia	1,803,600	-	2,689,900	61,370	2,162,382	-	6,717,251
Austria	258,600	240,200	243,600	241,400	104,900	109,000	1,197,700
Canada	944,276	1,362,298	-	-	-	-	2,306,574
Czech Republic	23,746	-	-	-	-	-	23,746
Denmark	331,230	321,903	491,063	482,422	400,028	-	2,026,646
Estonia	26,209	23,199	24,160	24,640	24,120	21,800	144,128
European Union	1,187,500	1,024,050	1,232,000	317,592	1,658,552	1,294,800	6,714,494
Finland	1,228,000	-	-	-	-	-	1,228,000
France	611,000	600,500	617,000	608,500	434,400	433,200	3,304,600
Germany	1,237,500	1,198,000	1,233,000	1,203,000	1,060,000	1,083,000	7,014,500
Japan	395,604	395,604	368,744	312,019	267,413	218,634	1,958,018
Republic of Korea	322,350	334,950	313,600	336,350	346,500	347,200	2,000,950
Liechtenstein	40,000	40,000	40,000	40,000	40,000	40,000	240,000
Netherlands	1,472,990	-	-	875,000	495,000	490,000	3,332,990
Norway	1,593,626	2,438,905	2,287,108	2,163,722	1,161,373	1,177,302	10,822,035
Spain	400,050	-	-	-	-	-	400,050
Sweden	2,074,322	2,386,480	2,245,600	-	-	1,253,700	7,960,102
Switzerland	-	800,000	800,000	-	-	-	1,600,000
Chinese Taipei	184,200	-	181,400	-	-	-	365,600
United States	940,580	940,535	851,885	1,127,392	950,400	529,036	5,339,828
Total contributions	15,075,383	12,106,624	13,619,060	7,793,406	9,105,068	6,997,672	64,697,213
Number of donors	19	14	15	13	13	12	



Outreach

- The WTO launched a Trade Dialogues initiative in 2016, with the aim of providing a range of stakeholders – such as the private sector, NGOs, academia and consumers – with regular opportunities to discuss trade-related issues.
- The first “Trade Dialogues” event was held in May 2016, bringing together over 60 business leaders to discuss how the WTO could address the current needs of the business community. The WTO also launched a “Trade Dialogues” lecture series, aimed at analysing the relationship between trade and labour markets.
- The WTO’s major outreach event of the year, the Public Forum, attracted over 1,100 participants to some 100 sessions organized over three days.

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Background on outreach

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

Public Forum 2016

The 2016 Public Forum – the WTO’s major event for public engagement – focused on how trade can be made more inclusive so that the benefits of trade are spread more widely. Participants looked at how the WTO could help small and medium-sized enterprises (SMEs) gain better access to the global market, and shared ideas on the role of new technologies, digital innovation and e-commerce. The Forum also discussed how women can participate more fully in international trade and better reap the benefits of global trade. The WTO’s World Trade Report and three other publications were launched during the three-day meeting.

Held from 27 to 29 September under the theme “Inclusive Trade”, the 2016 Public Forum attracted over 1,100 participants. Over 100 sessions were held during the three days, including two high-level plenary debates.

The Forum opened with a strong call for more inclusive trade and for a greater focus on the needs of the vulnerable sectors of society. Against a background of slowing growth in world trade (see page 96), speakers emphasized the need to facilitate a greater role for micro, small and medium-sized enterprises (MSMEs) in global trade by addressing barriers such as the gap between those with ready access to information and communications technology (ICT) and those without it (the digital divide) and the lack of trade finance for small businesses (see page 99).

Participants also underlined the need to promote greater participation by women in trade and to ensure that effective policies are put into place to help the poor and those who may suffer job losses resulting from trade. In the second plenary debate, the WTO launched its flagship World Trade Report (see page 157), which examines the participation of MSMEs in global trade.

Background on the Public Forum

The Public Forum grew out of the WTO’s desire to open its doors to non-governmental organizations (NGOs). Over the years, the event has grown to become the WTO’s major outreach vehicle for public debate across a wide range of trade issues. It is a unique platform for senior government representatives, global leaders in business, academics, NGOs and trade delegates to come together to discuss trends in global trade and the role of the WTO. Participation has increased year on year. Trade associations and private sector companies have organized an increasing number of sessions, bringing practical experience to global trade issues.



1,100

The Public Forum attracted over 1,100 participants in 2016.

The Public Forum sessions were organized by a wide range of participants, including WTO members, businesses, non-governmental organizations (NGOs), academia, law firms and international organizations (see below). Topics for debate





EU Trade
Commissioner Cecilia
Malmström speaking
at the opening session
of the Public Forum.

included how e-commerce and digital trade can help MSMEs and why this contributes to development, what governments, companies and international rules can do to bridge the digital divide, and how to align global trade targets with women's interests.

Participants recognized that the digital economy can generate a new industrial revolution and that it allows small enterprises in developing countries to tap into global markets. But they said infrastructure and skill gaps need to be addressed. A session organized by the missions of the United Kingdom and Australia and the International Trade Centre (ITC) concluded that trade can only be truly inclusive if women

worldwide are empowered. Despite the economic gains offered by trade, only one in five exporting companies is owned by women and 90 per cent of countries have at least one law discriminating against women, the session heard.

In addition to the World Trade Report, the Forum featured three other book launches: *African Perspectives on Trade and the WTO: Domestic Reforms, Structural Transformation and Global Economic Integration* and *Regional Trade Agreements and the Multilateral Trading System*, both co-published by Cambridge University Press, and *Derecho de la Organización Mundial del Comercio*, the first book in Spanish covering the entire corpus of WTO law.



Nigeria's Trade and Investment Minister Okechukwu E. Enelamah speaking at the launch of "African Perspectives on Trade and the WTO".



Building on last year's success, the Forum programme included several "Meet the Author" sessions, presented by the WTO bookshop and library. Stands were organized by a variety of partners showcasing how trade can benefit women. Forum participants presented ideas on how to change the WTO rule book in favour of women's participation in the trading system. Participants were very active on social media, posting many messages about the inclusiveness debate.

Participation

The Public Forum 2016 attracted 1,150 participants (excluding WTO delegates and staff). Participants came from 105 countries, including non-WTO members and observer governments. Businesses provided the largest number of representatives (see page 150), followed closely by NGOs, international organizations and students. Many sessions were the result of collaboration between different types of organization.



Figure 1: Public Forum participation in 2016

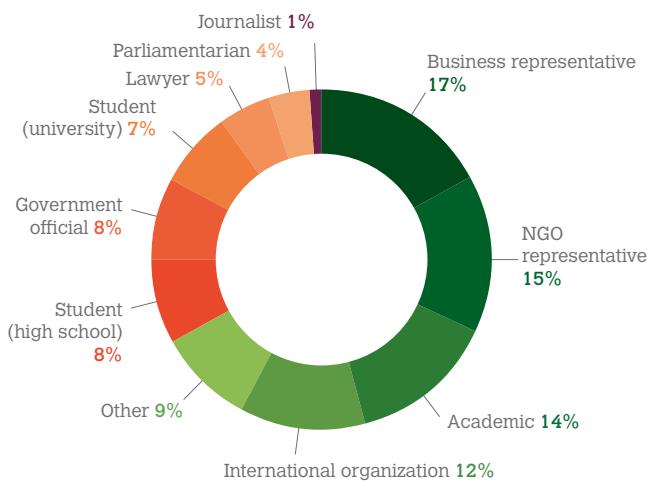
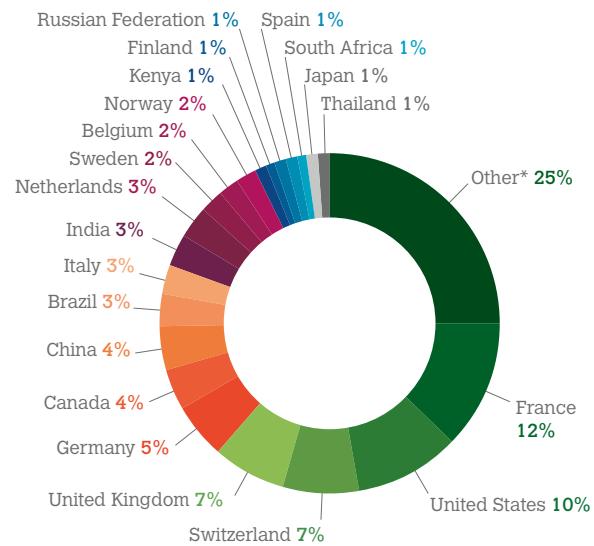


Figure 2: Public Forum participation in 2016, by country



* "Other" covers 85 countries, each with less than 1 per cent participation.

Relations with non-governmental organizations

Non-governmental organizations (NGOs) received regular updates on WTO activities in 2016, including briefings on trade negotiations and other issues. They participated actively in the Public Forum, the WTO's main outreach event with NGOs.

NGOs organized 26 sessions at the Public Forum (see page 140) on a wide range of topics, including inclusive agricultural development, how to facilitate access to world trade for small and medium-sized enterprises (SMEs) and how trade can be more inclusive and help meet the UN Sustainable Development Goals (SDGs).

Briefings

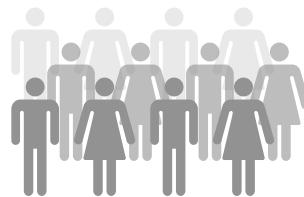
NGOs received regular briefings from the WTO Secretariat, where they were updated on the latest developments in trade negotiations as well as on the daily work and activities of the organization. NGO briefings take place after meetings of the WTO's General Council and Trade Negotiations Committee.

Open hearings

Since 2005, some panel meetings, Appellate Body hearings and arbitration proceedings have been open to the public, including local NGO representatives. In 2016, registered NGOs had the opportunity to attend two panel hearings. One was in

Background on relations with NGOs

The WTO maintains regular dialogue with civil society organizations on various aspects of the WTO and ongoing trade negotiations. The aim of this dialogue is to enhance cooperation and increase awareness of WTO activities and the multilateral trading system. The WTO's founding agreement establishes a legal basis for consultation and cooperation with NGOs. The General Council recognized the role of NGOs in raising awareness about the WTO in a declaration in 1996.



26

26 sessions at the 2016 Public Forum were organized by non-governmental organizations.

May and concerned US tax incentives for large civilian aircraft (see page 112). The other, in December, and which also involved the United States, concerned the importation, marketing and sale of tuna and tuna products (see page 112).



A session at the 2016 Public Forum co-organized by the World Farmers' Organisation.



Contact with parliamentarians

The 2016 Parliamentary Conference on the WTO was held on the theme of “What Future for the WTO?” The participants welcomed the successful outcome of the Nairobi Ministerial Conference and stressed that mega regional trade agreements should work alongside multilateral accords. Parliamentarians hailed the ministerial decision on export competition as the most significant step adopted by the WTO in agriculture. The WTO organized several regional workshops with parliamentarians during the year to increase understanding of the multilateral trading system.

The Parliamentary Conference on the WTO, meeting on 13-14 June 2016 at the WTO's headquarters, expressed strong support for the multilateral trading system.

Parliamentarians from around the world welcomed decisions taken by the WTO's 10th Ministerial Conference in Nairobi in December 2015. They called the decision on export competition (see page 35) the most significant agreement on agriculture since the creation of the WTO in 1995. Participants urged all WTO members to ratify the Trade Facilitation Agreement (TFA) (see page 73). They also called for new export opportunities to be created for service providers from least-developed countries (LDCs) under the LDC services waiver and the simplification of regulations governing rules of origin (see pages 75 and 65, respectively).

The Steering Committee of the Inter-Parliamentary Union (IPU) on WTO matters, comprising about 30 parliamentarians, met in February in Brussels and in September in Geneva during the WTO's Public Forum (see page 140). The IPU is the international organization of parliaments. Participation in these



Background on contact with parliamentarians

Parliamentarians play an important role in the multilateral trading system and the WTO due to their constitutional role. 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 WTO participates in parliamentary body meetings and organizes workshops for parliamentarians at national and regional levels.



DDG Brauner addressing the Parliamentary Conference on the WTO in June 2016.

meetings by senior WTO staff, the Chair of the WTO General Council and Geneva-based ambassadors provides a means to brief legislators on important issues facing the multilateral trading system. On both occasions, WTO Deputy Director-



Parliamentary Conference on the WTO

13-14 June 2016



The Parliamentary Conference on the WTO met on 13-14 June at the WTO's headquarters.

General Karl Brauner addressed the Committee, briefing members of parliament (MPs) on work at the WTO.

A parliamentary session was held during the Public Forum on "How can global value chains make trade more inclusive? – A legislative perspective". Speakers included members of the European Parliament and members of national assemblies from Pakistan and Indonesia. A speaker from the Organisation for Economic Co-operation and Development (OECD) also addressed the session.

Regional workshops and meetings

In 2016, the WTO organized three regional workshops for MPs from Asia, Africa and the Caribbean. The WTO teamed up with the Organization Internationale de la Francophonie for

the African event held in Madagascar, which also included the private sector and civil society organizations. The Caribbean event was held in Trinidad and Tobago and organized jointly with the Commonwealth Parliamentary Association. The Asia event was held in Singapore and organized jointly with the TEMASEK Foundation. This was the seventh time that the event has been held in Singapore. The three events attracted over 100 participants overall.

The workshops are part of regular WTO cooperation with various regional parliamentary associations, foundations and think tanks. These regional workshops complement national workshops for parliamentarians, which are carried out as part of the WTO's regular technical assistance work. The aim of the workshops is to generate greater understanding of the multilateral trading system and to provide a forum for participants to exchange ideas.

Cooperation with other international organizations

In 2016, the WTO cooperated with other intergovernmental organizations on many trade-related issues. Director-General Roberto Azevêdo participated in events organized by the United Nations, the World Bank and the International Monetary Fund and attended the G20 summit in Hangzhou, China. The WTO continued to publish reports on G20 trade and investment measures, together with UNCTAD and the Organisation for Economic Co-operation and Development (OECD).

United Nations

DG Azevêdo attended the autumn meeting 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 International Monetary Fund (IMF), the World Bank and the WTO. The role of the CEB, chaired by the UN Secretary-General, is to enhance international cooperation on global issues. WTO Secretariat officials also participate in meetings of the Board's subsidiary bodies dealing with programme and management issues.

The Director-General participated in the 14th Session of the United Nations Conference on Trade and Development (UNCTAD) held in Nairobi with the overall theme of "From Decisions to Actions". The Director-General and Deputy Director-General Yonov Frederick Agah took part in official meetings and roundtables; they also held numerous bilateral meetings with heads of delegations taking part in UNCTAD 14.

The WTO is part of the UN Secretary General-led High-Level Task Force (UN HLTF), which brings together 23 UN agencies and international organizations to enhance coordination in global food security responses. In 2016, the HLTF began to focus on the UN 2030 Agenda for Sustainable Development.

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.

The task force offers high-level policy coordination and political leadership from the UN system, with the aim of achieving the Sustainable Development Goals (SDGs) related to food and nutrition security and to sustainable agriculture and food systems.

On 10 November, DG Azevêdo presented then UN Secretary-General Ban Ki-moon with the WTO Ministerial Decision on Export Competition, which delivers a key contribution to meeting the SDG on "Zero Hunger". The SDGs are the centrepiece of the UN's 2030 Sustainable Development Agenda. The Ministerial Decision, taken at the WTO's Ministerial Conference in Nairobi in December 2015 (see page 35), eliminates agricultural export subsidies and measures with equivalent effect, thereby making a major contribution to the UN target.

The WTO works closely with UNCTAD and the International Trade Centre (ITC) on various aspects of SDG monitoring. An early result of this collaboration was a joint chapter on "international trade as an engine for development" in a 2016 report by the Inter-Agency Task Force on Financing for Development. The report maps out the commitments and action points contained in the Addis Ababa Action Agenda (see page 99) and lays out how the Task Force will monitor their implementation in future years. Work related to the SDGs and Agenda 2030 is coordinated by the "Geneva Trade Cluster".



One of the targets of SDG 2 is to correct and prevent distortions in world agricultural markets, including the elimination of all forms of agricultural export subsidies.



DG Azevêdo participated in the 14th meeting of UNCTAD in Nairobi, Kenya, in July 2016.

The three organizations also produced a joint paper on “trade as an engine for development” as part of the Task Force’s “Issue Brief Series”. Published in July 2016, the paper highlights how trade promotes sustainable development and serves as an engine for inclusive economic growth and poverty reduction. It looks at export trends of developing and least-developed countries (LDCs), market access conditions affecting trade between developing countries and the effects of trade costs.

The WTO and UNCTAD continued to cooperate in providing training and technical assistance to developing countries and LDCs, building on the declaration signed by DG Azevêdo

and Secretary-General Kituyi in October 2015 to strengthen collaboration between the two organizations. The heads of the WTO and UNCTAD signed a declaration in October 2015 to strengthen this collaboration, committing them to work together to harness trade as a tool for development and poverty alleviation.

The WTO also cooperates with UNCTAD within the framework of the UN inter-agency “cluster” on trade and productive capacity, which aims to coordinate trade and development operations throughout the UN system. At the UNCTAD Ministerial Meeting in Nairobi in July, Deputy Director-General Yonov Frederick Agah took part in a session on a planned multi-donor trust fund for the cluster, together with officials from UNCTAD, the ITC, the International Labour Organization (ILO), the UN Food and Agriculture Organization (FAO) and the United Nations Industrial Development Organization (UNIDO). The agencies confirmed their intention to establish the fund, which will seek to attract further resources for coordinated action.

UNCTAD is also a major WTO partner on programmes such as the Enhanced Integrated Framework (EIF) (see page 130) and the Joint Integrated Technical Assistance Programme, which provides technical assistance to selected LDCs and other African countries.

International Trade Centre (ITC)

The WTO and UNCTAD jointly sponsor the ITC, a trade promotion body for developing countries. The WTO also collaborates with ITC and UNCTAD in the annual publication of the World Tariff Profiles (see page 160).

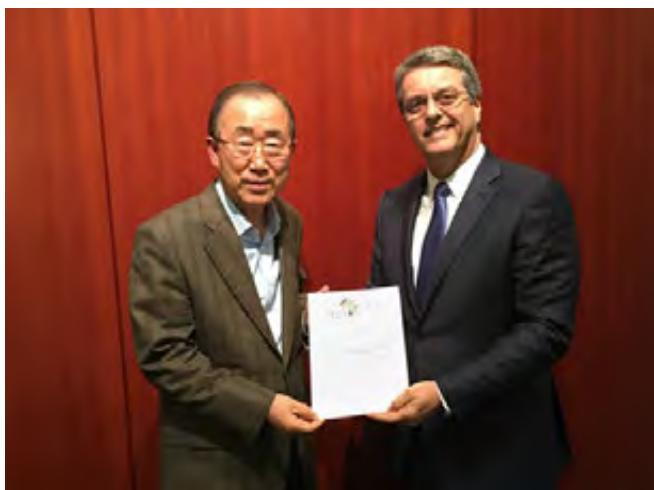
The WTO works closely with the ITC to provide the support that developing countries need to implement and benefit from WTO agreements. In addition to the collaboration noted above, the WTO and ITC are also working together in the Business



DG Azevêdo presented UN Secretary-General Ban Ki-moon with the WTO Ministerial Decision on Export Competition, which delivers a key target of SDG 2.



Cooperation with other international organizations
www.wto.org/otherorgs





DG Azevêdo speaking at the opening of the WIPO-WHO-WTO Joint Technical Symposium on Antimicrobial Resistance in October 2016.

for Development initiative, which aims to help the private sector in developing countries define national priorities for WTO negotiations and encourage governments to be mindful of business concerns.

The ITC's Joint Advisory Group (JAG) meets annually to make recommendations on the ITC's work programme. The 50th session of the JAG was held on 4 July at the WTO. The report of the meeting was presented to the WTO's Committee on Trade and Development and was subsequently adopted by the General Council.

Organisation for Economic Co-operation and Development (OECD)

The OECD and the WTO cooperate in a wide range of areas, including in the Trade in Value-Added (TiVA) database (see page 159), launched in January 2013. The WTO released in January 2016 new statistical profiles on global value chains (GVCs) for 61 economies. These profiles, available on the WTO website, bring together a set of indicators on trade taking place within GVCs. Measuring trade in terms of value added gives a clearer picture of today's way of trading than the traditional statistics based on customs returns.

To improve the database, the two organizations also teamed up to produce estimates of services trade based on the Extended Balance of Payments Services Classification of the IMF.

The OECD and WTO are also cooperating on the development of a set 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.

Other intergovernmental organizations

The WTO cooperates on trade issues and on the needs of developing countries with several other intergovernmental organizations.

In October, the WTO held a joint technical workshop with the World Health Organization (WHO) and the World Intellectual Property Organization (WIPO). Thirty-five government officials from 30 developing countries and five developed countries attended the workshop on trade and public health (see page 80). The objective was to increase the capacity of participants to analyse and formulate policies at the interface between trade and public health.



DG Azevêdo speaking at an event entitled "Making Trade an Engine of Growth for All" held at the IMF's headquarters in Washington in October 2016.



DG Azevêdo participated in the G20 summit in Hangzhou, China, in September 2016.

The WTO Secretariat attends sessions of the ILO Governing Body and the International Labour Conference as an observer and participates in meetings of the Governing Body's Working Party on the Social Dimension of Globalization. The ILO and the WTO are undertaking research on the role that skills-development policies can play in making trade an engine of inclusive growth.

G20

In July, DG Azevêdo attended the G20 trade ministers meeting in Shanghai, where he launched the WTO's World Trade Outlook Indicator (WTOI) on global trade trends (see page 157). The trade ministers endorsed the G20 Strategy for Global Trade Growth, committing themselves to lower trade costs, boost trade in services, enhance trade finance, promote e-commerce development and address trade and development.

DG Azevêdo attended the summit of the G20 group of leading developed and developing countries in Hangzhou, China, in September. The G20 leaders underlined their commitment to a rules-based and inclusive multilateral trading system and resolved to work with other WTO members to achieve positive outcomes at the 11th Ministerial Conference in December 2017 and beyond.

The G20 leaders endorsed the outcome of the G20 trade ministers meeting, welcomed the establishment of the G20 Trade and Investment Working Group (TIWG) and committed to further strengthen G20 trade and investment cooperation. The TIWG acts as a forum for high-level policy makers to advance multilateral trade and investment agendas and to bolster policy cooperation. The WTO has contributed a range of discussion papers, including in collaboration with other international organizations.

On trade monitoring, the WTO published two six-monthly reports with UNCTAD and the OECD on trade and investment measures in G20 countries (see also page 96). The report published in October highlighted how the uncertain global economic outlook continued to have an adverse impact on international trade.

The WTO's Agriculture and Commodities Division enhanced its policy monitoring in the framework of the G20 Agricultural Market Information System (AMIS), an initiative established in 2011 to enhance food market transparency and encourage international policy coordination. The Division attended the G20 Rapid Response Forum, the policy coordination body comprising senior officials from AMIS countries, and the expert meetings of the AMIS Global Food Market Information Group. In October 2016, the Division briefed the FAO on the policy tools and inter-agency coordination activities created in the context of the AMIS.

Contact with the business community

Engagement with the business community increased significantly in 2016. In May, the WTO facilitated a meeting of business leaders at the WTO's headquarters at the request of the International Chamber of Commerce (ICC) and the B20, the business arm of the G20. The event was held as part of the WTO's "Trade Dialogues" initiative, which aims to give stakeholders, including the business community, an opportunity to discuss trade concerns. A follow-up event was held at the WTO's Public Forum, which attracted a large number of private sector representatives.

Trade Dialogues

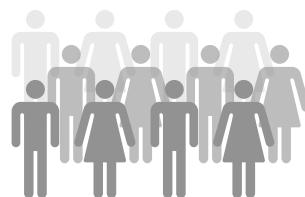
The Trade Dialogues meeting of the business community on 30 May was the first of its kind to be held at the WTO. The event brought together over 60 business leaders to discuss the challenges and opportunities they face in conducting trade operations and how the WTO could address the current needs of the business community. The attendees were from small and large enterprises, from developed and developing countries, and from a variety of sectors.

In addition to the current negotiating agenda, the business leaders urged the WTO to look at a wide range of issues, such as electronic commerce, rules to better facilitate services and investment flows, support for micro, small and medium-sized enterprises, action to provide trade finance, and many others.

The views of other important stakeholders, such as consumers, represented by Consumers International, and labour, represented by the International Trade Union Confederation, were also heard in a separate session of the meeting.

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.



60

Over 60 business leaders attended the inaugural "Trade Dialogues" event at the WTO in May 2016.

Following the 30 May meeting, the discussion among the business representatives continued in two groups. The first group focused on e-commerce and on micro, small and medium-sized enterprises (MSMEs) while the second group focused on improving market access, trade in services and investment facilitation. ICC and the German Business Federation (BDI) shared the results of these discussions at a dedicated session during the Public Forum (see below).

John Danilovich, Secretary-General of the ICC, reported that ideas discussed by the first group ranged from enhancing connectivity and providing capacity building to MSMEs to helping MSMEs sell goods online more efficiently. The group suggested creating digital trade rules to support e-commerce growth and to improve consumer trust.

Dr Stormy-Annika Mildner, BDI head of foreign trade policy, said the second group called for a roll-back of trade-restrictive measures, the revitalization of WTO trade negotiations, new plurilateral initiatives and the rapid and effective implementation of the Trade Facilitation Agreement (see page 73). It also called for strengthening rules for trade in services, investment facilitation and regional trade agreements.



DG Azevêdo participated in the B20 summit in Hangzhou, China, in September 2016 for discussions with international business representatives.

in line with the multilateral process and for improved rules on regulatory issues and competition, she said.

"The Trade Dialogues process is an important opportunity for business to bring ideas and technical expertise to support the development of the WTO system. We believe that with the right global policies in place there is an opportunity to unleash a new era of inclusive trade; one in which all companies — regardless of size, sector or location — can benefit from equal access to the global trading system," John Danilovich declared.

Public Forum

The WTO's 2016 Public Forum in September (see page 140) drew 180 business representatives to its debates and meetings on the theme of "inclusive trade", up from 170 in 2015 and 20 per cent more than in 2014. Businesses organized 22 sessions during the three-day event, covering topics such as e-commerce, small and medium-sized enterprises (SMEs), women and trade, and the future trade agenda.

Session organizers included the ICC, World SME Forum, Huawei Technologies, SPINNA Circle Ltd, BusinessEurope, a representative voice of the European business community, the Federation of German business Industries, the Association of Organisations of Mediterranean Business Women, the World Federation of the Sporting Goods Industry,

EUROCHAMBERS (the European association of chambers of commerce), the Semiconductor Industry Association and the National Foreign Trade Council.

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 post-Nairobi (see page 32), the ratification of the Trade Facilitation Agreement and dispute settlement.

In May, Director-General Roberto Azevêdo met with Markus Beyer, Director-General of BusinessEurope. The group has shown particular interest in engaging on issues such as the digital economy, investment and transparency in procurement practices. In June, the DG participated in the ICC World Council and the ICC Brazil Business Day in São Paulo, Brazil.

The WTO's web pages dedicated to the business community (www.wto.org/business) and its regular electronic newsletter continue to be important channels of communication with the private sector, providing the latest updates on trade negotiations, trade statistics and new initiatives aimed at encouraging dialogue with the business community.



Contact with the business community

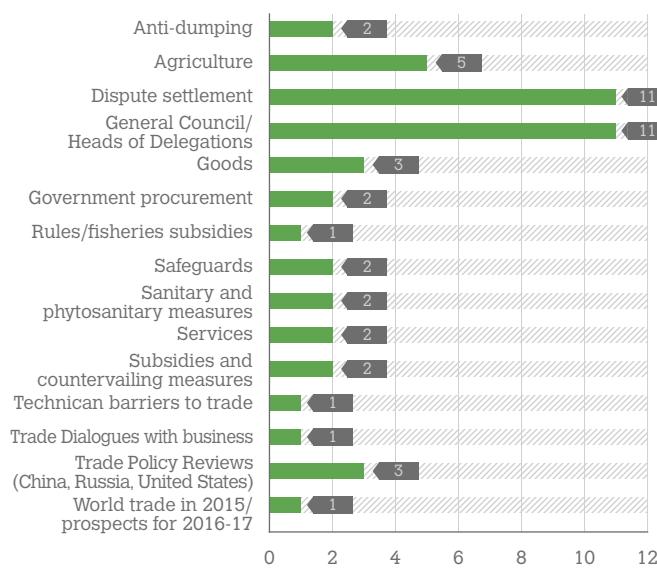
www.wto.org/business

Contact with the media

The WTO organized 49 press events, including press conferences and briefings, in 2016 and expanded its worldwide outreach to journalists. In addition, journalists were invited to seminars, book launches and the Public Forum, the WTO's flagship outreach event. Six training activities were held for journalists, both in Geneva and elsewhere.

Journalists attended over 40 press briefings during the year, covering issues such as dispute settlement, trade negotiations and meetings of the General Council (see Figure 3). Director-General Azevêdo engaged with media throughout the year, including many dozens of interviews and press conferences. Two press conferences were held at the WTO to announce the WTO's trade forecast in April and the outcome of the Trade Dialogues event in May (see page 150), which brought together over 60 business leaders to discuss trade challenges and opportunities.

Figure 3: Meetings/subjects covered by WTO briefings/press conferences in 2016



The WTO received 186 requests in 2016 for registration to the media newsroom of the WTO website, reflecting increased media interest in WTO activities. The newsroom gives journalists access to information under embargo and advance warning of press events. The number of journalists registered stood at over 1,900 at the end of 2016.

The media were invited to various workshops, book launches and seminars at the WTO. These included a workshop on enhancing the participation of micro, small and medium enterprises (MSMEs) in international trade and the Trade Dialogues lecture series, where academic experts share their insights on trade-related developments (see page 150).

In July, DG Azevêdo and Chinese Minister of Commerce Gao Hucheng met with the press in Shanghai for the launch of the WTO's new World Trade Outlook Indicator (see page 158), designed to provide "real time" information on trends in global trade. The DG also delivered a keynote speech to the National Press Club in Washington, D.C. in October.

Training activities

In 2016, the WTO organized six training activities for journalists. Ten Russian and Belarussian journalists attended an information seminar at the WTO in March, covering issues such as the latest developments in WTO negotiations, dispute settlement and regional trade agreements.

Twelve journalists from developing and least-developed countries participated in an information seminar in April. The programme covered topics ranging from the Nairobi Ministerial Conference to global value chains. Participants heard presentations from WTO Secretariat officials and had the opportunity to meet with the heads of delegations of various WTO members. Financial support for both events was provided by the Friedrich Ebert Stiftung, a German foundation.

WTO press officers also participated in national and regional outreach activities for media, parliamentarians and civil society in Colombia, Madagascar, Singapore, and Trinidad and Tobago.



Training event at the WTO for journalists from Africa and Asia.

Contact with the public

The WTO makes use of various channels of communication, such as the WTO website and social media, to engage with the public. The website received just over 20 million visits in 2016 while our social media channels attracted increasing numbers of followers. Video clips on the WTO website were watched over 200,000 times on average each month. Over 70 WTO publications were produced, with five book launches held at the WTO during the year. The WTO welcomed 208 visiting groups in 2016.

WTO website

The WTO website attracted almost 1.7 million visits a month. In 2016, total page views rose to 52.9 million, compared with 47.8 million the previous year. A total of 15.4 per cent of the visitors were from the United States, followed by 5.9 per cent from India, 5.7 per cent from Mexico and 4.4 per cent from China. Over 2,000 web pages were created or updated during the course of the year.

The most downloaded files in 2016 were two WTO flagship publications, *International Trade Statistics 2015* (over 250,000 downloads) and the *World Trade Report* (over 80,000), followed by *Global Value Chains in a Changing World* (over 50,000). The new "World Trade Statistical Review", published in July, was downloaded nearly 40,000 times. The most popular video in 2016, with over 250,000 views, was an interview on the WTO's dispute settlement system with the late Professor John Jackson of Georgetown University, United States.

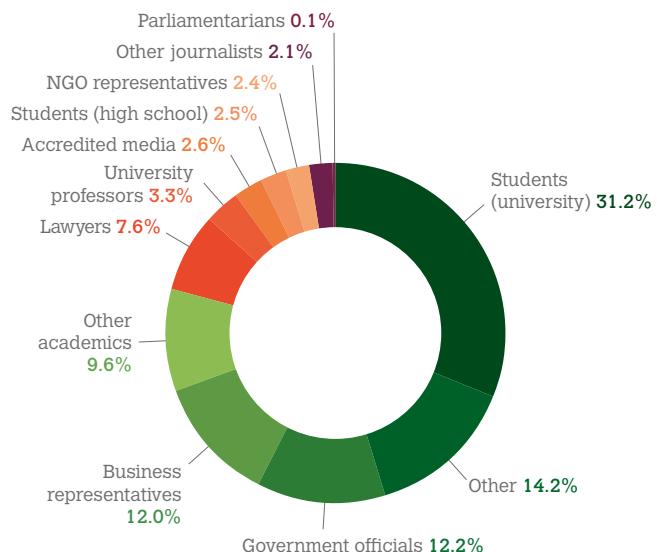
The number of people registered to receive email alerts when news items are published on the website stands at just over 85,000. The largest categories for these alerts are university students (31 per cent), government officials (12 per cent), the business community (12 per cent), the academic community (10 per cent) and lawyers (8 per cent) (see Figure 4). The countries with the largest number of registrations are India (11 per cent), the United States (8 per cent), Mexico (5 per cent), France (4 per cent), Colombia (4 per cent) and China (4 per cent).



1.7 million

The WTO website attracted almost 1.7 million visits a month in 2016.

Figure 4: People registered to receive email alerts, as of end-2016



Social media

Social media remain a key means of providing regular updates about WTO activities to the wider public. Publication of infographics, short video statements and regular updates about the latest developments at the WTO were well received by users of social media. In April, the WTO held its first Twitter chat, featuring Chief Economist Robert Koopman talking about the WTO's forecasts for global trade.

At the end of 2016, the WTO's Twitter account had increased to over 275,000 followers. The WTO Facebook page grew by 27 per cent, with almost 250,000 "likes". Director-General Roberto Azevêdo's Twitter account is followed by nearly 13,000 users. The WTO is also active on Weibo, a Chinese social media platform, with over 600,000 followers.



■ Outreach

The audience for the WTO's social media activities includes WTO delegates, students, journalists, businesspeople, academics and the general public.



275,000

At the end of 2016, the WTO's Twitter account had increased to over 275,000 followers.

WTO videos

New WTO videos included several short videos produced exclusively for dissemination on social media platforms; longer videos were produced to explain certain trade issues. "Imagine Inclusive Trade", a video first shown during the Public Forum, highlights some of the challenges faced by small businesses, new companies and women in accessing global markets.

An average of 211,000 video clips were watched or downloaded on the WTO website each month in 2016, with an additional 180,000 views via social media during the year. Videos about the Public Forum, trade forecasts and the Nairobi Ministerial Conference were the most watched recent videos.

Visiting groups

In 2016, the WTO welcomed 208 visiting groups, who wished to find out more about WTO activities and the workplace of the WTO. The total number of visitors was just under 6,000. Presentations to visitors covered the history of the WTO and its current work. Some visiting groups requested presentations on specific WTO topics, such as dispute settlement, agriculture, development and intellectual property.

Most presentations (70 per cent) were given in English; 17 per cent in French and 4 per cent in Chinese. The remaining 9 per cent were given in German, Korean, Russian, Italian, Turkish, Portuguese and Ukrainian.



208

The WTO welcomed 208 visiting groups in 2016.

WTO publications

Seventy-two WTO publications were produced in 2016, including apps of the Annual Report and the World Trade Report. Five book launches were held at the WTO. Three of these took place at the Public Forum – the World Trade Report, *Regional Trade Agreements and the Multilateral Trading System* and *African Perspectives on Trade and the WTO*. Two books were launched at the WTO Chairs Programme Annual Conference: *Trade Costs and Inclusive Growth – Case Studies Presented by WTO Chair-holders* (see page 163); and *An Advanced Guide to Trade Policy Analysis: The Structural Gravity Model* (see page 157).

The vast majority of WTO publications can be downloaded free of charge from the WTO website in the WTO's three official languages: English, French and Spanish. Printed copies can be purchased from a global network of distributors and from the WTO online bookshop at <http://onlinebookshop.wto.org>

Apps of the Annual Report and the World Trade Report can be downloaded from the App Store and Google Play for viewing on tablets and mobile phones.

The WTO's Publications Facebook page has over 48,000 fans, up from 45,000 in 2016, and its Twitter page has over 60,000 followers, an 18 per cent increase on the previous year. WTO Publications also has a presence on Foursquare, Google+ and Pinterest. A digital newsletter, "Book News", is sent regularly to over 90,000 recipients.

Flagship publications

Annual Report 2016

ISBN 978-92-870-4073-2 | 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 over the past 12 months.



Annual Report 2016 app

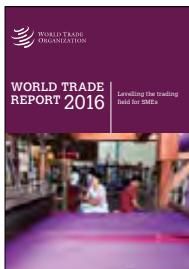
Free

The Annual Report app can be downloaded from the App Store and Google Play for viewing on tablets and mobile phones. The app includes an interactive quiz and the full text of the Annual Report plus videos, photo galleries and interactive maps.



**World Trade Report 2016 –
Levelling the trading field for SMEs**
ISBN 978-92-870-4076-3 | CHF 60

The World Trade Report 2016 examines the participation of small and medium-sized enterprises (SMEs) in international trade. It looks at how the international trade landscape is changing for SMEs and what the multilateral trading system can do to encourage more widespread SME participation in global markets.



World Trade Report 2016 app

Free

The World Trade Report app can be downloaded from the App Store and Google Play for viewing on tablets and mobile phones. The app includes the full text of the report plus the underlying data for all charts and tables in Excel format. It also contains a video and photos of the launch event.



World Trade Statistical Review 2016

ISBN 978-92-870-4110-4 | CHF 50

This new publication replaces the WTO's annual flagship publication, International Trade Statistics. It provides a detailed analysis of the latest developments in world trade, focusing on the most recent trends in goods and services trade and the participation of developing economies in world trade.



Other annual publications

Trade Profiles 2016

ISBN 978-92-870-4113-5 | CHF 50

Trade Profiles 2016 provides a series of key indicators on trade in goods and services for 195 economies. For each economy, the data is presented in a handy two-page format, providing a concise overview of global trade.



World Tariff Profiles 2016
ISBN 978-92-870-4116-6 | CHF 50

World Tariff Profiles 2016 provides comprehensive information on the tariffs and non-tariff measures imposed by over 170 countries and customs territories. It is jointly published by the WTO, the United Nations Conference on Trade and Development (UNCTAD) and the International Trade Centre (ITC).



Boxed set of WTO statistical titles 2016

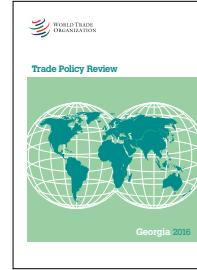
ISBN 978-92-870-4122-7 | CHF 120

The set comprises the WTO's three annual statistical publications: the World Trade Statistical Review 2016, Trade Profiles 2016 and World Tariff Profiles 2016.



Trade Policy Reviews

The Trade Policy Reviews analyse the trade policies and practices of WTO members. In 2016, 35 reviews were published, covering meetings held in 2015 and in 2016. The TPRs covered Georgia, Morocco, Fiji, Turkey, Maldives, the Kingdom of Saudi Arabia, Ukraine, Malawi, Honduras, Albania, the United Arab Emirates, Zambia, China, Tunisia and Singapore.



Dispute Settlement Reports 2015

Dispute Settlement Reports 2015 provides the full texts of panel reports, Appellate Body reports and arbitration awards issued by the WTO in 2015. Eleven volumes were published in 2016. Co-published with Cambridge University Press.



WTO Dispute Settlement: One-Page Case Summaries, 1995-2014 (2015 edition)

ISBN 978-92-870-4009-1 | CHF 40

One-Page Case Summaries provides a succinct summary of the key findings of every dispute panel report up to the end of 2014 and, where applicable, the subsequent Appellate Body report.



New publications

Agriculture – Third Edition – WTO Agreements Series

ISBN 978-92-870-4022-0 | CHF 30

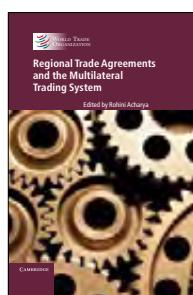
This new edition provides an introduction to the WTO's Agreement on Agriculture, outlining its key principles, the work of the Agriculture Committee and how disputes have interpreted WTO law on agriculture. It includes the full text of the Agriculture Agreement, as well as the decisions taken on agriculture at the 2013 and 2015 WTO ministerial conferences.



Regional Trade Agreements and the Multilateral Trading System

ISBN 978-1-316-61401-3 | CHF 70

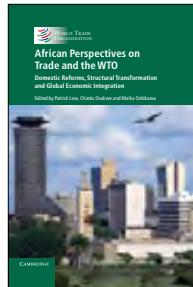
This publication contains a collection of studies examining issues negotiated in regional trade agreements (RTAs) and how WTO rules relate to new rules being developed by RTAs. Co-published with Cambridge University Press.



African Perspectives on Trade and the WTO: Domestic Reforms, Structural Transformation and Global Economic Integration

ISBN 978-1-316-62652-8 | CHF 40

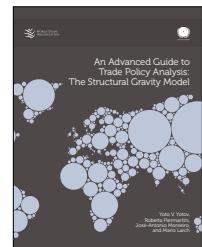
Africa is in a process of economic transformation, but challenges remain in areas such as structural reform, governance, commodity pricing and geopolitics. This publication offers expert insights into how Africa can achieve deeper integration into the multilateral trading system and global economy. Co-published with Cambridge University Press.



An Advanced Guide to Trade Policy Analysis: The Structural Gravity Model

ISBN 978-92-870-4123-4 | CHF 40

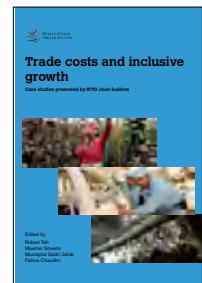
This publication outlines one of the most successful tools for the analysis of trade policy and provides practical guidance on how to apply it. Co-published by the WTO and the United Nations Conference on Trade and Development (UNCTAD), the book is a follow-up to *A Practical Guide to Trade Policy Analysis*.



Trade Costs and Inclusive Growth: Case Studies Presented by WTO Chair-holders

ISBN 978-92-870-4375-5 | CHF 50

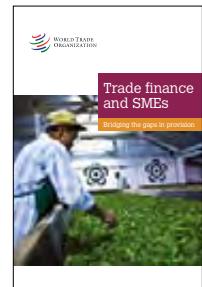
The publication looks at how implementation of the WTO's Trade Facilitation Agreement can help to reduce trade costs and promote growth. The publication brings together contributions from ten participants in the WTO Chairs Programme, which supports trade-related activities by academic institutions in developing countries.



Trade Finance and SMEs: Bridging the Gaps in Provision

ISBN 978-92-870-4070-1 | Free

Trade finance can play a key role in helping developing countries participate in global trade, helping small businesses grow and supporting the development of the poorest countries. This publication examines this issue and emphasizes the importance of multilateral agencies working together in response.



Economic research activities

The WTO's Economic Research and Statistics Division (ERSD) organized a wide range of outreach activities in 2016, including the launch of the WTO's flagship publication – the World Trade Report – and a new book on trade analysis. It participated in workshops, including the Fifth IMF-World Bank-WTO Joint Trade Research Workshop. It launched a new series of lectures on economic and policy developments as part of the WTO's Trade Dialogues initiative. In 2016, the WTO launched the World Trade Outlook Indicator (WTOI) giving "real time" information on trade trends.

The WTO's flagship publication, the *World Trade Report*, was launched by Director-General Roberto Azevêdo in September. The Report examines the participation of small and medium-sized enterprises (SMEs) in international trade, how the international trade landscape is changing for SMEs, and what the multilateral trading system can do to encourage more widespread SME participation in global markets. The report finds that small businesses continue to face disproportionate barriers to trade and highlights the scope for policy actions that would help SMEs participate more actively in world markets.

A new book on trade policy analysis was launched in November by the WTO and the United Nations Conference on Trade and Development (UNCTAD).



DG Azevêdo launched the WTO's flagship publication, the World Trade Report, at the Public Forum in September 2016.

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.

An Advanced Guide to Trade Policy Analysis: The Structural Gravity Model outlines one of the most successful tools for the analysis of trade policy and provides practical guidance on how to apply this tool to trade policy making. The book is a follow-up to *A Practical Guide to Trade Policy Analysis*, which was published in 2012. The series aims to enhance researchers' and policy makers' understanding of economic methods and data sources for trade policy analysis.

The Fifth Annual Trade Workshop, organized in collaboration with the World Bank and the International Monetary Fund, was held in Washington, D.C. in November. The workshop brought together trade experts from the three institutions to





"An Advanced Guide to Trade Policy Analysis" was launched at the WTO in November 2016.

present ongoing research papers, to discuss current policy issues and to identify areas of future collaboration. The papers covered topics such as trade barriers, global value chains, trade in services, foreign direct investment and migration, and deepening trade integration through trade agreements.

In 2016, the Geneva Trade and Development Workshop programme – co-organized by ERSD, the Graduate Institute's Centre for Trade and Economic Integration, the University of Geneva and UNCTAD – hosted 20 events. The programme brings together academics and researchers in the Geneva region working in the area of trade and development. By providing a forum for the presentation of cutting-edge research, the programme contributes to the exchange of ideas, supports high-quality research and facilitates outreach to policy-makers.

In 2016, the WTO launched the World Trade Outlook Indicator (WTOI), designed to provide "real time" information on trends in global trade. The WTOI was unveiled in Shanghai, China, on 8 July ahead of a meeting of G20 trade ministers. Combining a variety of trade-related indices, the WTOI is designed to give an early indication of trends in world trade. It complements existing tools, such as the WTO's longer-term trade forecasts and other statistical releases. The WTOI will be updated on a quarterly basis.

In June 2016, ERSD worked with Think20, a network of research institutes and think tanks from G20 countries providing research-based policy advice, to organize its annual conference on "global trade and investment cooperation: openness, inclusiveness and growth" as part of the WTO's Trade Dialogues series of outreach activities (see page 150). The conference brought together a wide range of experts for panel discussions on issues such as the future of the multilateral trading system, the relationship between multilateralism and regionalism, how to re-energize global trade growth, and trade and investment policy.

In November, ERSD launched the Trade Dialogues lecture series to allow technical experts to share their insights on topical issues, such as the relationship between trade and labour markets. The aim of the lectures is to promote informed discussion on these topics at a time when negative sentiment towards trade and globalization is on the rise.

The first lecture in the series was given in November by Lucian Cernat from the European Commission and Professor Torben Andersen of Aarhus University, Denmark, who discussed how governments can adjust their policies in response to changes in the labour market. Other lectures – on trade and technology and wage inequality – have been given by Professor David Dorn of the University of Zürich and Professor Eric Verhoogen of Columbia University, New York.

WTO Essay Award for Young Economists

The Eighth WTO Essay Award for Young Economists went to Matthieu Bellon for his paper on trade liberalization and inequality. The winner received a prize of CHF 5,000. The panel also awarded an honourable mention to Eunhee Lee for her work on trade and inequality. The prize-winner was announced at the annual meeting of the European Trade Study Group in Helsinki 8-10 September 2016.

The paper by Matthieu Bellon – “Trade Liberalization and Inequality: A Dynamic Model with Firm and Worker Heterogeneity” – focuses on the effect of trade liberalization on wage distribution.

The paper finds that trade liberalization increases overall welfare and provides firms with both new export markets and new sources of competition. Expanding, high-paying firms increase wages to recruit better workers at a faster rate. Workers in the firms threatened by competition accept wage cuts to delay their employers’ exit from the market and to keep their jobs. Using firm-worker data from France, the author shows that, following trade liberalization, inequality initially increases. It peaks after three years but eventually falls back to half of its peak in the longer term.

Eunhee Lee also received an honourable mention for her paper on the effect of international trade on inequality in

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.



Dr Roberta Piermartini presents the 2016 WTO Essay Award to Matthieu Bellon.

developing countries, entitled. “Trade, Inequality, and the Endogenous Sorting of Heterogeneous Workers”.

Matthieu Bellon is a French national. He received his Ph.D. in economics from Columbia University in 2016. As of September 2016, he works as an economist at the International Monetary Fund.

Eunhee Lee is from the Republic of Korea. She obtained her Ph.D. in economics from Yale University in 2016. Since autumn 2016, she has worked as Assistant Professor of Economics at the University of Maryland.

Academic Selection Panel

The Academic 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 (Counsellor, Economic Research and Statistics Division, WTO) coordinated the work of the panel.

Statistics activities

In 2016, the WTO made further improvements to its statistical products. The Integrated Trade Intelligence Portal (I-TIP) was updated to increase the range of information available and the WTO's flagship statistical publication – the “World Trade Statistical Review” – was revamped. Improvements were also made to the WTO's two other annual statistical publications, “Trade Profiles” and “World Tariff Profiles”. The WTO hosted three major statistical events during the year.

Integrated Trade Intelligence Portal

The WTO's Integrated Trade Intelligence Portal (I-TIP) was updated to increase the information available on non-tariff measures (NTMs) and on services trade policies. I-TIP provides a single entry point for WTO members' notifications on trade policy measures. These include trade contingency measures (such as anti-dumping), technical measures (such as sanitary and phytosanitary measures and technical barriers to trade) quantitative restrictions, and NTMs relating to the Agreement on Agriculture. The World Bank and the WTO are working together to substantially increase information on WTO members' services trade policies. I-TIP regularly attracts up to 20,000 visits per month.



20,000

I-TIP regularly attracts up to 20,000 visits per month.

the participation of developing economies in world trade. In addition, the publication is now published earlier in the year, bringing it closer to the reporting period.

The WTO has also revamped “Trade Profiles”, expanding its coverage to include indicators on trade in goods and services for 195 economies. Integrating the information previously provided in “Services Profiles”, each country profile is presented in a handy two-page format, allowing for easy comparison between economies.

“World Tariff Profiles”, co-published with the United Nations Conference on Trade and Development (UNCTAD) and the International Trade Centre (ITC), has also been expanded to include information on non-tariff measures, such as anti-dumping actions, countervailing duties and safeguards.

In addition, the WTO released in 2016 new statistical profiles on trade in value added and global value chains (GVCs) for the 61 economies covered by the Organisation for Economic Co-operation and Development (OECD)-WTO trade in value added database. These profiles, available on the WTO website, include insights into the value-added content of exports, the interconnection between economies within GVCs and the role of the services industry in exports.

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. The division is the principal supplier of WTO trade statistics and information on tariffs. It provides technical assistance in trade policy courses and national workshops and contributes to inter-organizational statistical activities.

Statistical capacity-building

The WTO strengthened its technical assistance collaboration with UNCTAD, building on the 2013 memorandum of understanding aimed at sharing information on non-tariff measures and encouraging the use of common standards and classifications.



DG Azevêdo at a press conference to announce the WTO's annual trade forecast in April 2016.

The WTO organized its first thematic course on trade in services statistics for least-developed countries (LDCs) in November. The course was organized in cooperation with the Institute for Training and Technical Cooperation (see page 134) and focused on best practices for collecting data in services sectors of most interest to LDCs.

The course benefited from the contributions of experts from the central banks of France and Italy, ITC, OECD, Paris21 (a worldwide network of statisticians, policy makers, analysts, and development practitioners) and UNCTAD. Prior to the course, participants took a five-week e-learning course on trade in services statistics developed in partnership with UNCTAD.

Trade in Value-Added Data Day

The WTO organized a Trade in Value-Added (TiVA) Data Day in November for WTO members and observers. The objective was to present underlying concepts for trade in value-added terms and to convey the key points arising from TiVA. The meeting was followed by a workshop demonstrating how to extract data from the TiVA database and responding to technical questions. Measuring trade in terms of value added, rather than customs values, gives a clearer picture of today's way of trading, which relies heavily on international supply chains.

Expert meeting on cross-border e-commerce

The WTO collaborated with the secretariats of UNCTAD, the Universal Postal Union (UPU) and OECD to organize a one-day technical workshop on data sources that can help shed light on the relationship between e-commerce and cross-border trade. The workshop considered official statistics as well as private data sources. The four organizations reached out to both national statistical offices and international organizations as well as to the private sector, hoping to build constructive dialogue and future collaboration in the topic.

The aim of the workshop was to identify ways of developing better statistical data in the area of e-commerce, taking into account trade in goods and services. As e-commerce grows in importance, better statistics will be needed for governments and other stakeholders to formulate policies.

Improving services and GVC-related statistics

The WTO is working with the OECD and other organizations, such as the United Nations Statistics Division (UNSD), to improve the estimation of bilateral trade flows and to tackle the issue of so-called bilateral asymmetries. This refers to the fact that what Country A reports as imports from Country B often differs significantly from what Country B reports as its exports to Country A. These asymmetries, especially for services, are significant.

Task Force on International Trade Statistics

The most recent meeting of the Task Force on International Trade Statistics took place in New York on 10-11 October 2016. The meeting covered methodological and quality issues related to trade statistics, e-commerce (measurement of cross-border transactions), bilateral asymmetries, the development of trade in services data sets, and statistical capacity building.

Support for FAO/OECD AMIS database

The WTO contributed significantly to the Agricultural Market Information System (AMIS), an inter-agency platform aimed at enhancing food market transparency and policy responses for food security. In collaboration with the OECD and the Food and Agriculture Organization of the United Nations (FAO), the WTO has developed a procedure to consolidate agricultural policy data contained in various WTO databases into a standard format that conforms with the AMIS database.

Cooperation with academic institutions

The WTO Chairs Programme (WCP) launched a new book on reducing trade costs and inclusive growth at the WCP Annual Conference in November. The WCP's Advisory Board reviewed the achievements of the programme, which aims to support trade-related activities by universities in developing countries, and discussed how to ensure its sustainability. In 2016, 12 activities were implemented under the Academic Support Programme (ASP).

WTO Chairs Programme

The Advisory Board of the WTO's Chairs Programme (WCP) met at the WTO on 20 June 2016 to discuss the achievements of the second four-year phase (Phase II) of the programme and the challenges that lie ahead. It discussed how to ensure the sustainability of the programme and how to further enhance the work undertaken by the programme's academic institutions. Particular attention was given to the role that Board members could play in support of the chairs' activities.

Other topics discussed included how to increase the policy relevance of the chairs' work and whether common research themes could be suggested for the chairs at national or regional level. The Board is an external body composed of experienced scholars whose role is to ensure the academic quality of output generated by chair-holders.



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The WTO Chairs Programme, initiated in 2010, has 19 participating institutions.

The Board began to discuss the longer-term strategy of the WCP. It encouraged the WTO Secretariat to pursue an extension of the programme and to deepen relations with the chairs involved in Phases I and II.

The WCP, initiated in 2010 and now with 19 participating institutions, aims to enhance understanding of the multilateral trading system and WTO issues among academics and students in developing countries and to encourage dialogue between policy-makers and academics. The programme, whose phases run for four years, is implemented through partnership agreements between the WTO and selected institutions. It is jointly managed by the WTO's Economic Research and Statistics Division (ERSD) and the Institute for Training and Technical Cooperation (ITTC).

Background on the 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 provide teaching support for the development and delivery of courses on trade policy and WTO-related matters and to foster further research. Chairs are expected to cooperate with other chairs through joint research, shared lecturing arrangements and student/academic exchanges. Universities awarded a chair are also expected to organize public activities to disseminate research and promote discussion regarding international trade.





A new book on trade costs and inclusive growth was launched at the annual conference of the WTO Chairs Programme in November 2016.

The 2016 WCP Annual Conference, held on 14-16 November, also reviewed the work of the programme and discussed its main achievements and challenges. Thirteen chairs selected during the first phase (2010-13) and six during the second phase (2014-17) are still active in the programme.

The conference began with the launch of a WCP book, *Trade Costs and Inclusive Growth: Case Studies presented by WTO Chair-holders*. The book was based on presentations by the WTO chairs at the Fifth Global Review of Aid for Trade, held in Geneva in 2015, on the theme of "Reducing trade costs for inclusive sustainable growth". The book examines how the Aid for Trade initiative (see pages 127) can assist with implementing the Trade Facilitation Agreement (TFA) (see page 73), the importance of mainstreaming trade into national development strategies and the potential impact of the TFA in various regions. The book is the second WCP publication, the first being *Connecting to Global Markets – Challenges and Opportunities: Case Studies Presented by WTO Chair-holders*, produced in 2014.

Chairs from Getulio Vargas Foundation, North-West University and Istanbul Bilgi University delivered presentations at the WTO Public Forum in September (see page 140) on how to mainstream trade into national development strategies and the role of the WTO and policy makers in making trade an engine for inclusive growth. The session was organized by the ITTC and the ERSD and chaired by WTO Deputy Director-General Yonov Frederick Agah.

In May, a forum on trade and poverty took place at the WTO organized by the WCP and the World Bank. "Connecting to trade: policies and programmes for maximizing poverty reduction impact" was part of a WTO/World Bank work programme on trade and poverty and follows on from the release of their joint publication on *The Role of Trade in Ending Poverty*

in June 2015. The forum was an opportunity for chairs from the Université d'Abomey-Calavi (Cotonou), University of Jordan (Amman) and Tunis Business School to present their research on how trade is helping alleviate poverty in their respective countries. The WTO and the World Bank also issued a call for proposals for papers on trade and poverty to be included in a jointly edited publication to be released in 2017.

The Secretariat also organized regular video conferences with Phase II chairs to follow more closely the progress made by each institution and to better respond to any specific requests. The interaction between chairs, the WCP Advisory Board and the WTO Secretariat, through WCP events and WCP publications, enhanced the engagement and visibility of the WCP and contributed to strengthening this academic network.

Activities of WTO chairs

Chairs arranged a number of workshops and were active in several conferences during 2016. Through these activities, the chairs engaged with government agencies and invited experts, including WTO staff. Initiatives of this type have proven to be effective in maintaining a dialogue with governments, in generating new ideas and creating opportunities to network.

The WTO Secretariat participated in and supported activities organized by chairs, such as academic conferences, seminars and specialized courses. During the year, 15 activities were delivered by the WTO Secretariat, with 386 participants being trained during these events.

Academic Support Programme

In 2016, 12 activities were implemented under the Academic Support Programme (ASP), which engages with academic institutions from developing countries and least-developed countries (LDCs) that are not part of the WCP. Activities over the year included lecturing arrangements with universities in which WTO staff taught in masters and bachelor degree courses.

Special efforts were made to support university competitions on WTO law. The WTO provided staff to act as panellists in regional inter-university competitions and funded the participation of two African teams in the final round held at the WTO headquarters in Geneva.

The ASP also handled donations of WTO publications to universities and organized presentations to academic audiences, together with the WTO Reference Centres Programme (see page 136). During 2016, the WTO continued encouraging universities to register lecturers as participants in online courses offered by the WTO's E-campus (see page 135).

Universities participating in the WTO Chairs Programme

- Phase I Chairs
- Phase II Chairs







Secretariat and budget

- Roberto Azevêdo was reappointed by WTO members for a second term, starting in September 2017, following a selection process in 2016.
- At the end of 2016, the WTO had 628 staff representing 79 nationalities.
- The WTO is close to achieving gender parity at the professional level. In 2016 nearly 45 per cent of professional staff was female.
- The WTO introduced a Young Professionals Programme to increase the number of professionals from under-represented countries.

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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.

WTO Secretariat

The Secretariat is headed by Director-General Roberto Azevêdo, who took office for four years on 1 September 2013. WTO members agreed to appoint Mr Azevêdo for a second term, starting in September 2017, following a selection process at the end of 2016. The four Deputy Directors-General began their terms on 1 October 2013. They are Yonov Frederick Agah of Nigeria, Karl Brauner of Germany, David Shark of the United States and Xiaozhun Yi of China (see Figure 1). The number of WTO staff fell from 647 to 628 in 2016; a recruitment process is under way to fill the vacancies.

General Council Chair Harald Neple of Norway informed WTO members on 3 November 2016 of the process to appoint the WTO Director-General after the current term of office comes to an end on 31 August 2017. He said that Mr Azevêdo had provided a letter expressing his wish to seek reappointment for a further term, and that if members wished to nominate other candidates, they would have from 1 to 31 December 2016 to do so. On 4 January 2017, he told the WTO membership that no further nominations for the position of Director-General had been received and that the incumbent, Roberto Azevêdo, was the only candidate. At a meeting of the General Council in February 2017, WTO members reappointed Mr Azevêdo for a second term, starting in September 2017.

WTO Secretariat staff members come from 79 WTO member countries (see Figure 5). The staff are composed mostly of economists, lawyers and others with a specialization in international trade policy. Staff also include other professions required to carry out the daily operations of the organization in areas such as information technology, 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 61 per cent of the total and support service staff 39 per cent. Women continue to outnumber men at the WTO, by 335 to 293. Of the professional staff, 44 per cent are female and 56 per cent male (see Figure 4).

The Human Resources Division has responded to the evolving needs of the Secretariat, assisting in the reallocation of resources to new or high-priority areas of work. In 2016, the legal divisions continued to face a rising workload due to the high number of disputes being filed by WTO members. To address this, 29 posts have already been deployed to the legal divisions and nearly all have been filled.

At the end of 2016, the number of staff working in the legal divisions stood at 20 in the Appellate Body, 31 in the Legal Affairs Division and 28 in the Rules Division, up from 17, 23 and 20, respectively, in 2014, when the period of reallocation began (see Figure 2). The recruitment process is still under way to fill the remaining vacant positions in the Appellate Body Secretariat and the Rules Division. The staffing measures take into account the limitations imposed by WTO members, including the overall

New recruits

Stela Rubínová

Research Economist | Economic Research and Statistics Division

Nationality: Czech

Joining date: 1 July 2016

I came to Geneva almost six years ago to do a master's degree in international economics. It was the emphasis on policy that attracted me to the programme, and Geneva's clustering of academic and international institutions motivated me to stay for my doctoral studies. The WTO always interested me because it connects economic research with practical policy considerations. I did an internship here when I started my PhD.

In the past four years, I have been working on my doctorate, which focuses on aspects

“
The WTO always interested me because it connects economic research with practical policy considerations „

of globalized production and how they change the way we should think about international trade. My academic research led me to collaborate with the Organisation for Economic Co-operation and Development and the Belgian National Bank. I also participated in policy-oriented projects with the World Bank and the International Labour Organization.

Becoming part of the WTO economic research team allows me to capitalize on and expand my previous experience. I will participate in all its activities, ranging from policy publications, such as the World Trade Report, to collaboration with academia and other international organizations and economic analysis for dispute settlement.



cap on the budget, and are being met by reallocating vacated posts from elsewhere in the WTO Secretariat.

Other organizational initiatives in 2016 included the establishment of the Office of Internal Oversight (OIO) and the appointment of a Head of Office (see page 170). The OIO will provide an independent and objective assessment of management practices, expenses and budgetary control and any allegations of misconduct. It takes over the functions formerly exercised by the Office of Internal Audit.

New methods of informal resolution of workplace disputes have been introduced, with the appointment of an external mediator and an internal mediator whose role is to facilitate dialogue between staff to help them arrive at an agreement.

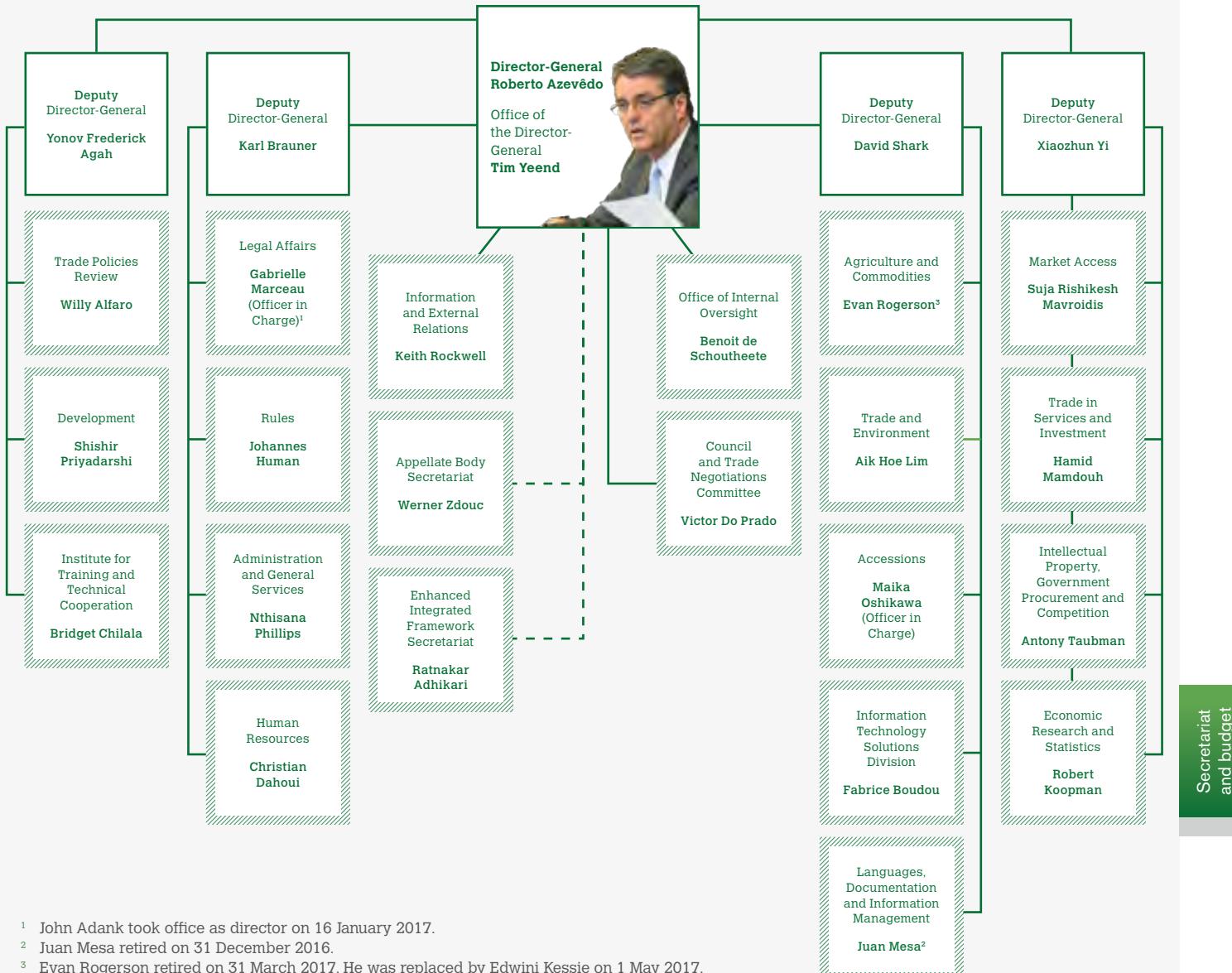
The Young Professionals Programme (YPP) was introduced in 2016 to increase the number of professionals in the WTO Secretariat from developing and least-developed countries with currently no representation. A vacancy notice was published

in 2016 and a large number of applications were received. The selection process was held jointly by the Institute for Technical Cooperation and Training (ITTC) (see page 134) and the Human Resources Division. Divisions interested in hosting a young professional were also invited to participate in the process. Six young professionals from five unrepresented countries were selected and will work in various divisions. The young professionals joined the WTO in January 2017 for a year.

The Human Resources Division continued to perform its role of enhancing the performance and effectiveness of WTO staff and supporting a work environment that is both engaging and conducive to developing the professional skills of staff.

The WTO Staff Council, elected by staff members, promotes the interests of all staff within the Secretariat, provides staff with a forum for issues of concern, increases staff understanding of their rights and duties, represents the interests of staff and presents staff views to senior management.

Figure 1: WTO Secretariat organizational chart, as of 31 December 2016

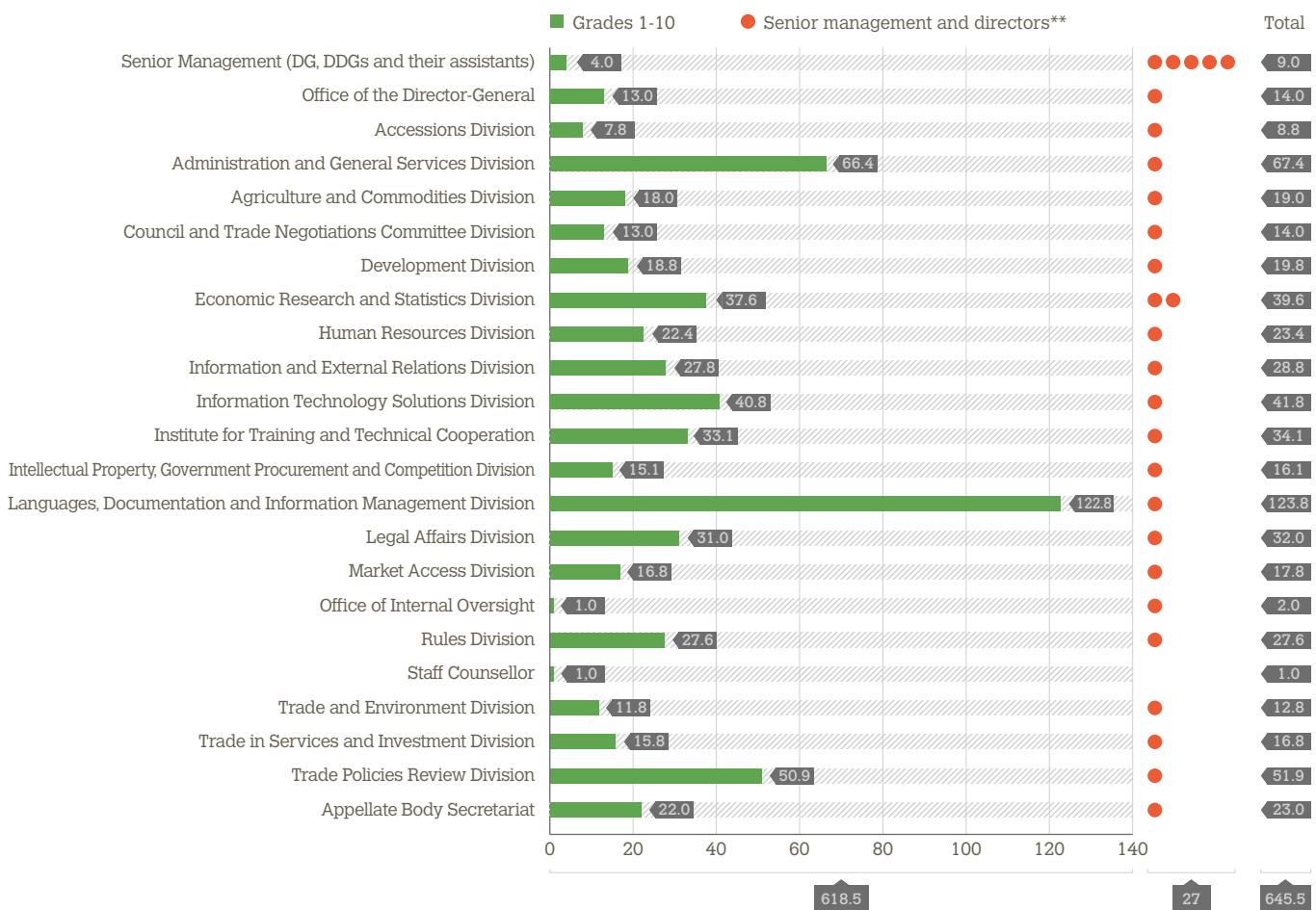


¹ John Adank took office as director on 16 January 2017.

² Juan Mesa retired on 31 December 2016.

³ Evan Rogerson retired on 31 March 2017. He was replaced by Edwini Kessie on 1 May 2017.

Figure 2: Allocation of staff by division, as of 31 December 2016 (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).

** Two grade 10s as Officers in Charge (Accessions and Legal Affairs Divisions) counted in this instance as "Directors".

New recruits

Benoit de Schoutheete

Head of Office | Office of Internal Oversight

Nationality: Peruvian

Joining date: 5 September 2016

I have worked in internal oversight for more than 15 years, first in the private sector, then for non-governmental humanitarian organizations and finally for United Nations' agencies, including the World Food Programme (WFP), the International Telecommunication Union (ITU) and the High Commissioner for Refugees (UNHCR). Before arriving in Geneva, I had worked in Europe, Latin America, Africa and Asia-Pacific. Everywhere I have seen how trade is at the heart of social and human development.

I believe that international trade is a key factor in the improvement of social well-being and the preservation of peace,

" I believe that international trade is a key factor in the improvement of social well-being and the preservation of peace "

and so I was very excited to join the WTO, an organization with a worldwide reputation, operating at the heart of international trade.

In my view, the role of internal oversight is to provide an unbiased view on the organization's risk management, governance and internal control processes. We are not here to judge and we do not pretend to give lessons. We are like the WTO's family doctor, responsible for helping managers and staff to establish a clear diagnostic of their professional risks, problems or challenges, and to find adequate solutions and mitigating controls. Internal audits, evaluations and investigations aim to enhance the WTO's effectiveness and efficiency.



Figure 3: WTO staff on regular budget by grade and gender, as of 31 December 2016

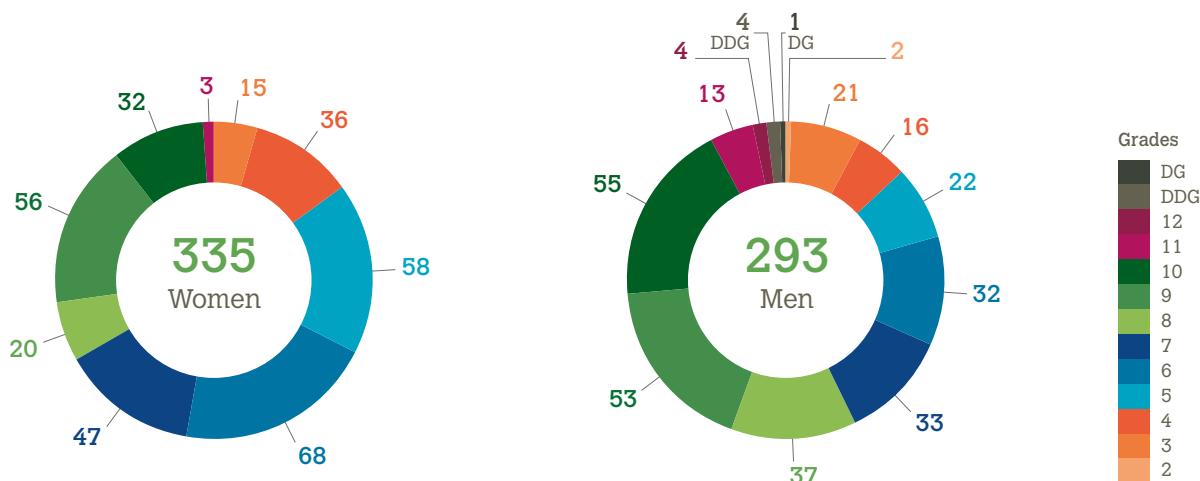
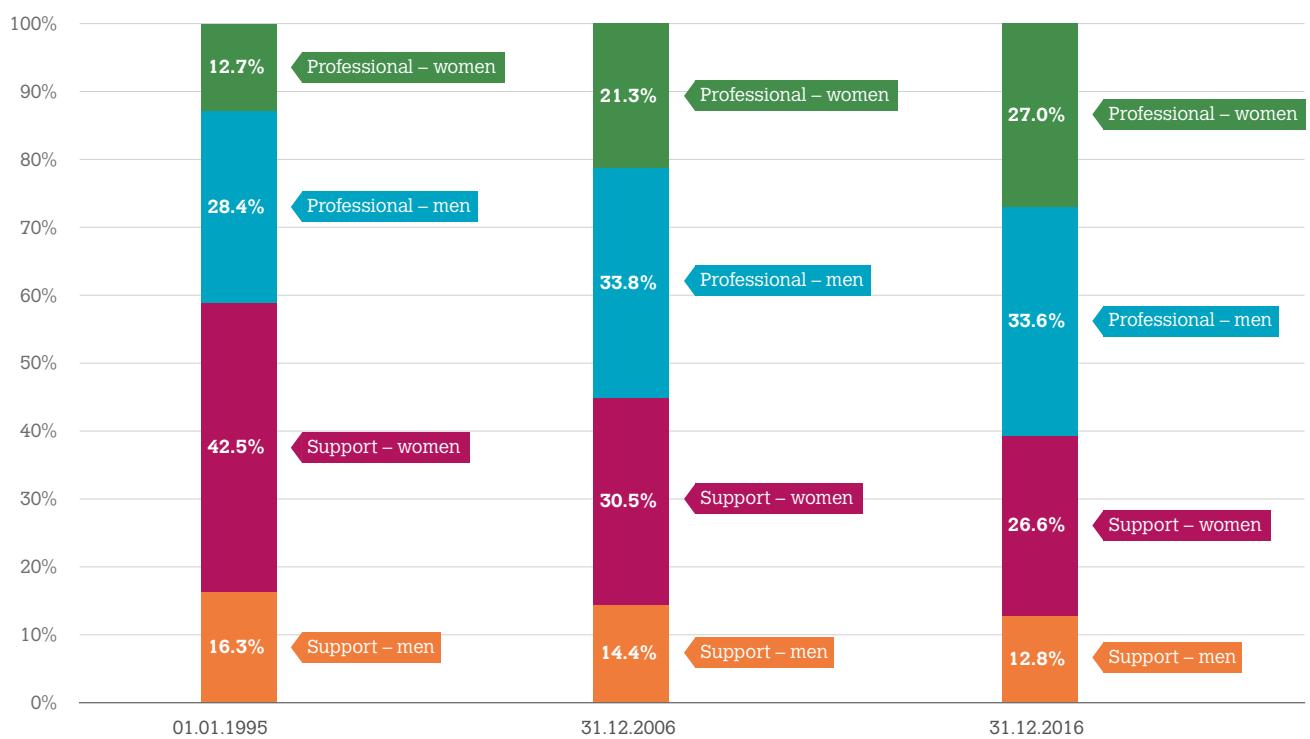


Figure 4: Percentage of WTO staff by professional/support category



■ Secretariat and budget

Figure 5: WTO staff on regular budget by gender and nationality, as of 31 December 2016



New recruits

Tashi Kaul

Dispute Settlement Lawyer | Rules Division

Nationality: Indian

Joining date: 1 October 2016

I have worked in international trade all my career, as a lawyer and as an economist. I have represented companies before investigating authorities in anti-dumping and safeguards cases and advised governments on trade policy and compliance with WTO rules.

Before joining the WTO, I worked in the international trade practice of several law firms and consulting firms worldwide. I worked at White & Case LLP in Geneva, Washington DC and Brussels before moving to New Delhi to launch an international trade practice at Ernst & Young LLP. In my last position before joining the WTO, I was a

“ Having worked for several years on trade remedies cases in domestic jurisdictions, I was interested in working on such cases at the international level ”

partner on international trade practice in the law firm Lakshmikumaran & Sridharan in New Delhi.

Having worked for several years on trade remedies cases in domestic jurisdictions, I was interested in working on such cases at the international level. The WTO was a natural choice – and I am happy to be here.

At the Rules Division, I advise panels on disputes that members bring to WTO dispute settlement. The work enthrals me and I see it as an exciting progression from the work I have done on trade remedies in the past.





Budget, finance and administration

The Committee on Budget, Finance and Administration reviewed reports on the financial and budgetary situation of the WTO, presented the financial performance report 2015, the mid-term review 2016-2017 and the first report of the Office of Internal Oversight. It sent proposed revisions to the WTO pension plan to the General Council for approval.

The WTO Secretariat presented the 2015 WTO financial performance report. The Committee proposed that the General Council approve the transfers between budgetary sections outlined there and the General Council approved them.

The external auditors presented their report for 2015 to the Committee. Notably, they lifted the reservations they had made on the prior year's financial statements and gave their unqualified approval for the 2015 financial statements. On the basis of a recommendation from the Committee, the General Council approved the external auditors' report. The Committee also reviewed proposed revisions to the WTO Financial Rules and recommended their approval by the General Council.

The WTO Secretariat regularly updates WTO members on aspects of the organizational review process launched by Director-General Roberto Azevêdo in December 2013. In 2016, these aspects included the bonus working group, various groups assessing issues related to staff performance, the promotion policy and the mobility initiative.

The Committee examined the Mid-Term Review for the Biennium 2016-2017 of the WTO and of the International Trade Centre (ITC). Neither the WTO nor the ITC proposed a revision to their 2017 budget. The Committee proposed that the General Council approve the WTO members' scale of contributions for 2017.

The Committee made a recommendation to the General Council to approve pro-rata contributions for the accession of the Republic of Liberia and the Islamic Republic of Afghanistan to the WTO in July 2016. The General Council approved the recommendation.

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.

During the year, the Committee invited the General Council to urge members and observers in arrears and under administrative measures to eradicate their arrears.

The Office of Internal Oversight (OIO) presented its report on internal audit activities. The OIO, which was established in November 2015, is responsible for conducting internal audits, investigations and any other assessment deemed necessary to strengthen accountability, internal controls, compliance, value for money and governance in the WTO Secretariat.

The Committee was informed about the new policies put in place by the Information Technology Solutions Division regarding IT governance, information security and security controls. These have become very important global issues and the Secretariat is giving them significant attention. An IT Security Steering Committee, composed of senior management, was established and met regularly.

The Management Board of the WTO Pension Plan shared with the Committee proposed revised rules for the WTO Pension Plan. The Committee took note of the proposed revisions and sent them to the General Council for approval.

In November, the WTO Secretariat delivered a draft strategy to the Monitoring Group on ASHI (after service health insurance) Strategy Development. The Group is reviewing work on developing a long-term strategy to ensure the sustainability of the WTO's medical insurance plan and related ASHI benefits. Following the Group's request for clarifications, revised texts were presented to both the Monitoring Group and the CBFA. Discussion of this topic will continue in 2017.

The working group regarding the Audit Committee assessed whether there is a need for the WTO to have an Audit Committee. In its report to the Committee, the working group indicated that it had not been able to reach a consensus. Several members of the Committee expressed the hope that the topic could be revisited in the future.

The Committee approved a CHF 70,000 donation from the Loterie Romande to finance the restoration and installation of the ceiling in meeting rooms V and Y.



WTO budget 2017

The WTO derives its income from annual contributions from its 164 members (see Tables 1, 2 and 3) 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 2017 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
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Table 1: Consolidated budget for 2017

Section	Budget 2017 (in thousand CHF)
Staff expenditure (including staff remuneration, pension and postemployment benefits, health and invalidity insurance, family and international benefits)	131,415
Temporary assistance (including short-term staff, consultants, panellists and Appellate Body member fees)	17,289
General services (including telecommunications and post, contractual services and maintenance, energy and supplies, documentation and publication)	15,330
Travel and hospitality	7,351
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)	2,350
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 and Ministerial Conference operating fund)	21,975
Grand total	197,204

Table 3: WTO members' contributions to the consolidated budget of the WTO Secretariat and the Appellate Body Secretariat 2017

Member	2017 Contribution CHF	2017 Contribution %	Member	2017 Contribution CHF	2017 Contribution %
Afghanistan	48,875	0.025%	Dominican Republic	154,445	0.079%
Albania	44,965	0.023%	Ecuador	240,465	0.123%
Angola	496,570	0.254%	Egypt	510,255	0.261%
Antigua and Barbuda	29,325	0.015%	El Salvador	74,290	0.038%
Argentina	780,045	0.399%	Estonia	179,860	0.092%
Armenia	35,190	0.018%	European Union ¹	0	0.000%
Australia	2,754,595	1.409%	Fiji	29,325	0.015%
Austria	1,978,460	1.012%	Finland	944,265	0.483%
Bahrain, Kingdom of	168,130	0.086%	France	7,470,055	3.821%
Bangladesh	297,160	0.152%	Gabon	68,425	0.035%
Barbados	29,325	0.015%	The Gambia	29,325	0.015%
Belgium	3,800,520	1.944%	Georgia	64,515	0.033%
Belize	29,325	0.015%	Germany	14,294,960	7.312%
Benin	29,325	0.015%	Ghana	152,490	0.078%
Bolivia, Plurinational State of	93,840	0.048%	Greece	672,520	0.344%
Botswana	72,335	0.037%	Grenada	29,325	0.015%
Brazil	2,586,465	1.323%	Guatemala	140,760	0.072%
Brunei Darussalam	80,155	0.041%	Guinea	29,325	0.015%
Bulgaria	316,710	0.162%	Guinea-Bissau	29,325	0.015%
Burkina Faso	31,280	0.016%	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	86,020	0.044%	Hong Kong, China	5,157,290	2.638%
Cameroon	64,515	0.033%	Hungary	1,030,285	0.527%
Canada	5,022,395	2.569%	Iceland	60,605	0.031%
Central African Republic	29,325	0.015%	India	4,463,265	2.283%
Chad	44,965	0.023%	Indonesia	1,800,555	0.921%
Chile	787,865	0.403%	Ireland	1,955,000	1.000%
China	18,756,270	9.594%	Israel	832,830	0.426%
Colombia	576,725	0.295%	Italy	5,436,855	2.781%
Congo	91,885	0.047%	Jamaica	52,785	0.027%
Costa Rica	142,715	0.073%	Japan	8,345,895	4.269%
Côte d'Ivoire	105,570	0.054%	Jordan	164,220	0.084%
Croatia	224,825	0.115%	Kazakhstan	639,285	0.327%
Cuba	146,625	0.075%	Kenya	121,210	0.062%
Cyprus	119,255	0.061%	Korea, Republic of	5,947,110	3.042%
Czech Republic	1,397,825	0.715%	Kuwait, the State of	694,025	0.355%
Democratic Republic of the Congo	103,615	0.053%	Kyrgyz Republic	39,100	0.020%
Denmark	1,515,125	0.775%	Lao People's Democratic Republic	29,325	0.015%
Djibouti	29,325	0.015%	Latvia	156,400	0.080%
Dominica	29,325	0.015%	Lesotho	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 34.04% of the total assessed contributions for 2017.



Member	2017 Contribution CHF	2017 Contribution %
Liberia	29,325	0.015%
Liechtenstein	62,560	0.032%
Lithuania	310,845	0.159%
Luxembourg	848,470	0.434%
Macao, China	303,025	0.155%
Madagascar	29,325	0.015%
Malawi	29,325	0.015%
Malaysia	2,084,030	1.066%
Maldives	29,325	0.015%
Mali	29,325	0.015%
Malta	125,120	0.064%
Mauritania	29,325	0.015%
Mauritius	58,650	0.030%
Mexico	3,503,360	1.792%
Moldova, Republic of	37,145	0.019%
Mongolia	54,740	0.028%
Montenegro	29,325	0.015%
Morocco	351,900	0.180%
Mozambique	62,560	0.032%
Myanmar	91,885	0.047%
Namibia	56,695	0.029%
Nepal	41,055	0.021%
Netherlands	5,821,990	2.978%
New Zealand	451,605	0.231%
Nicaragua	48,875	0.025%
Niger	29,325	0.015%
Nigeria	785,910	0.402%
Norway	1,530,765	0.783%
Oman	391,000	0.200%
Pakistan	340,170	0.174%
Panama	254,150	0.130%
Papua New Guinea	64,515	0.033%
Paraguay	113,390	0.058%
Peru	416,415	0.213%
Philippines	660,790	0.338%
Poland	2,107,490	1.078%
Portugal	793,730	0.406%
Qatar	791,775	0.405%
Romania	666,655	0.341%
Russian Federation	4,418,300	2.260%
Rwanda	29,325	0.015%
Saint Kitts and Nevis	29,325	0.015%

Member	2017 Contribution CHF	2017 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	2,490,670	1.274%
Senegal	43,010	0.022%
Seychelles	29,325	0.015%
Sierra Leone	29,325	0.015%
Singapore	4,723,280	2.416%
Slovak Republic	764,405	0.391%
Slovenia	308,890	0.158%
Solomon Islands	29,325	0.015%
South Africa	1,051,790	0.538%
Spain	3,800,520	1.944%
Sri Lanka	158,355	0.081%
Suriname	29,325	0.015%
Swaziland	29,325	0.015%
Sweden	2,142,680	1.096%
Switzerland	3,554,190	1.818%
Chinese Taipei	3,000,925	1.535%
Tajikistan	29,325	0.015%
Tanzania	91,885	0.047%
Thailand	2,367,505	1.211%
The former Yugoslav Republic of Macedonia	52,785	0.027%
Togo	29,325	0.015%
Tonga	29,325	0.015%
Trinidad and Tobago	115,345	0.059%
Tunisia	217,005	0.111%
Turkey	1,998,010	1.022%
Uganda	54,740	0.028%
Ukraine	746,810	0.382%
United Arab Emirates	2,774,145	1.419%
United Kingdom	7,366,440	3.768%
United States of America	21,968,335	11.237%
Uruguay	119,255	0.061%
Vanuatu	29,325	0.015%
Venezuela, Bolivarian Republic of	705,755	0.361%
Viet Nam	1,114,350	0.570%
Yemen	99,705	0.051%
Zambia	86,020	0.044%
Zimbabwe	48,875	0.025%
TOTAL	195,500,000	100.000%

How the WTO is structured

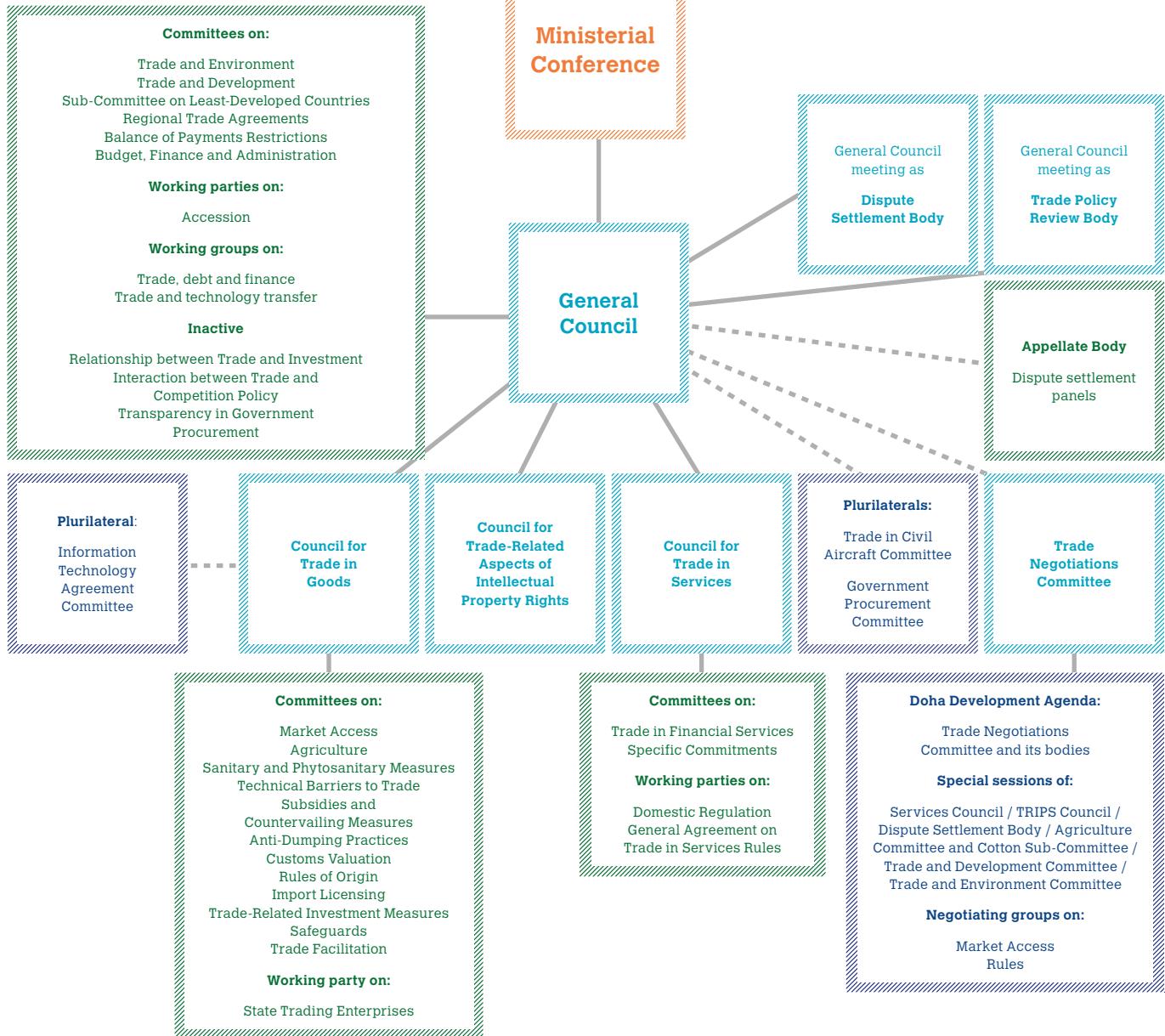
The WTO's top-level decision-making body is the Ministerial Conference, which usually meets every two years.

Below this is the General Council (normally ambassadors and heads of delegation in Geneva, but 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 2016)

Chairpersons of the General Council and bodies reporting to it

General Council	Ambassador Harald Neple (Norway)
Dispute Settlement Body	Ambassador Xavier Carim (South Africa)
Trade Policy Review Body	Ms Irene B. K. Young (Hong Kong, China)
Council for Trade in Goods	Ambassador Hamish McCormick (Australia)
Council for Trade in Services	Ambassador Gustavo Vanerio (Uruguay)
Council for Trade-Related Aspects of Intellectual Property Rights	Mr Modest Jonathan Mero (Tanzania)
Committee on Trade and Environment	Ambassador Héctor Casanueva (Chile)
Committee on Trade and Development	Ambassador Christopher Onyanga Aparra (Uganda)
Committee on Balance-of-Payments Restrictions	Ambassador Shameem Ahsan (Bangladesh)
Committee on Regional Trade Agreements	Ambassador Daniel Blockert (Sweden)
Committee on Budget, Finance and Administration	Ambassador Inga Erntsone (Latvia)
Working Group on Trade and Transfer of Technology	Ambassador Luis Enrique Chávez Basagoitia (Peru)
Working Group on Trade, Debt and Finance	Ambassador Atanas Atanassaov Paparizov (Bulgaria)
Trade Negotiations Committee	Director-General Roberto Azevêdo (WTO)
Preparatory Committee on Trade Facilitation	Ambassador Mariam Md. Salleh (Malaysia)

Chairpersons of bodies established under the Trade Negotiations Committee

Negotiating Group on Market Access	Ambassador Didier Chambovey (Switzerland)
Negotiating Group on Rules	Ambassador Wayne McCook (Jamaica)
Special Session of the Council for Trade in Services	Ambassador Marcelo Cima (Argentina)
Special Session of the Council for TRIPS	Ambassador Dacio Castillo (Honduras)
Special Session of the Dispute Settlement Body	Ambassador Stephen Karau (Kenya)
Special Session of the Committee on Agriculture	Ambassador Vangelis Vitalis (New Zealand)
Sub-Committee on Cotton	Ambassador Vangelis Vitalis (New Zealand)
Special Session of the Committee on Trade and Environment	Ambassador Syed Tauqir Shah (Pakistan)
Special Session of the Committee on Trade and Development	Ambassador Yee Woan Tan (Singapore)

Chairpersons of subsidiary bodies of the Council for Trade in Goods

Committee on Agriculture	Mr. Garth Ehrhardt (Canada)
Committee on Anti-Dumping Practices	Mr. Peira Shannon (Australia)
Committee on Customs Valuation	Dr Yasser Korani (Egypt)
Committee on Import Licensing	Mr Tapan Pyysalo (Finland)
Committee on Market Access	Ms. Hanna Olsen Bodsberg (Norway)
Committee on Rules of Origin	Mr. Chih-Tung Chang (Chinese Taipei)
Committee on Safeguards	Mr. Yusong Chen (China)
Committee on Sanitary and Phytosanitary Measures	Ms Marcela Otero (Chile)
Committee on Subsidies and Countervailing Measures	Mr Jin-dong Kim (Republic of Korea)
Committee on Technical Barriers to Trade	Ms Esther Peh (Singapore)
Committee on Trade-Related Investment Measures	Ms Marine Willemetz (Switzerland)
Working Party on State Trading Enterprises	Ms Yeili Daniely Rangel Peñaranda (Colombia)
Committee of Participants on the Expansion of Trade in Information Technology Products	Ms Zsofia Tvarusko (Hungary)

Chairpersons of subsidiary bodies of the Council for Trade in Services

Committee on Trade in Financial Services	Ms. Junko Ueno (Japan)
Working Party on Domestic Regulation	Ms Katarzyna Stecz (Poland)
Committee on Specific Commitments	Mr Han Changtian (China)
Working Party on GATS Rules	Mr. Gustavo Héctor Mendez (Argentina)

Chairpersons of Committees of Plurilateral Agreements

Committee on Trade in Civil Aircraft	Mr Hsiao-Yin Wu (Chinese Taipei)
Committee on Government Procurement	Mr John Newham (Ireland)

Membership of the WTO: 164 members (as of 31 December 2016)

Member¹	Year of accession	Member¹	Year of accession	Member¹	Year of accession
Afghanistan	2016	Israel	1995	Suriname	1995
Albania	2000	Italy	1995	Swaziland	1995
Angola	1996	Jamaica	1995	Sweden	1995
Antigua and Barbuda	1995	Japan	1995	Switzerland	1995
Argentina	1995	Jordan	2000	Chinese Taipei	2002
Armenia	2003	Kazakhstan	2015	Tajikistan	2013
Australia	1995	Kenya	1995	Tanzania	1995
Austria	1995	Korea, Republic of	1995	Thailand	1995
Bahrain, Kingdom of	1995	Kuwait, the State of	1995	The former Yugoslav Republic of Macedonia	2003
Bangladesh	1995	Kyrgyz Republic	1998	Togo	1995
Barbados	1995	Latvia	1999	Tonga	2007
Belgium	1995	Lao People's Democratic Republic	2013	Trinidad and Tobago	1995
Belize	1995	Lesotho	1995	Tunisia	1995
Benin	1996	Liberia	2016	Turkey	1995
Bolivia, Plurinational State of	1995	Liechtenstein	1995	Uganda	1995
Botswana	1995	Lithuania	2001	Ukraine	2008
Brazil	1995	Luxembourg	1995	United Arab Emirates	1996
Brunei Darussalam	1995	Macao, China	1995	United Kingdom	1995
Bulgaria	1996	Madagascar	1995	United States of America	1995
Burkina Faso	1995	Malawi	1995	Uruguay	1995
Burundi	1995	Malaysia	1995	Vanuatu	2012
Cambodia	2004	Maldives	1995	Venezuela, Bolivarian Republic of	1995
Cameroon	1995	Mali	1995	Viet Nam	2007
Canada	1995	Malta	1995	Yemen	2014
Cabo Verde	2008	Mauritania	1995	Zambia	1995
Central African Republic	1995	Mauritius	1995	Zimbabwe	1995
Chad	1996	Mexico	1995		
Chile	1995	Moldova, Republic of	2001	States/separate customs territories seeking to join the WTO (as of 31 December 2016)	
China	2001	Mongolia	1997	Algeria	
Colombia	1995	Montenegro	2012	Andorra	
Congo	1997	Morocco	1995	Azerbaijan	
Costa Rica	1995	Mozambique	1995	Bahamas	
Côte d'Ivoire	1995	Myanmar	1995	Belarus	
Croatia	2000	Namibia	1995	Bhutan	
Cuba	1995	Nepal	2004	Bosnia and Herzegovina	
Cyprus	1995	Netherlands	1995	Comoros	
Czech Republic	1995	New Zealand	1995	Equatorial Guinea	
Democratic Republic of the Congo	1997	Nicaragua	1995	Ethiopia	
Denmark	1995	Niger	1996	Iran	
Djibouti	1995	Nigeria	1995	Iraq	
Dominica	1995	Norway	1995	Lebanese Republic	
Dominican Republic	1995	Oman	2000	Libya	
Ecuador	1996	Pakistan	1995	São Tomé and Príncipe	
Egypt	1995	Panama	1997	Serbia	
El Salvador	1995	Papua New Guinea	1996	Somalia	
Estonia	1999	Paraguay	1995	Sudan	
European Union	1995	Peru	1995	Syrian Arab Republic	
Fiji	1996	Philippines	1995	Timor Leste	
Finland	1995	Poland	1995	Uzbekistan	
France	1995	Portugal	1995		
Gabon	1995	Qatar	1996	Countries that officially became WTO members in 2016	
The Gambia	1996	Romania	1995	Member	Date of membership
Georgia	2000	Russian Federation	2012	Liberia	14 July 2016
Germany	1995	Rwanda	1996	Afghanistan	29 July 2016
Ghana	1995	Saint Kitts and Nevis	1996		
Greece	1995	Saint Lucia	1995		
Grenada	1996	Saint Vincent and the Grenadines	1995		
Guatemala	1995	Samoa	2012		
Guinea	1995	Saudi Arabia, Kingdom of	2005		
Guinea-Bissau	1995	Senegal	1995		
Guyana	1995	Seychelles	2015		
Haiti	1996	Sierra Leone	1995		
Honduras	1995	Singapore	1995		
Hong Kong, China	1995	Slovak Republic	1995		
Hungary	1995	Slovenia	1995		
Iceland	1995	Solomon Islands	1996		
India	1995	South Africa	1995		
Indonesia	1995	Spain	1995		
Ireland	1995	Sri Lanka	1995		

¹ Members are mostly states but can also be customs territories with full autonomy over their external commercial relations.

Abbreviations

ADP	Anti-Dumping Practices	MFN	Most-favoured nation
ASEAN	Association of Southeast Asian Nations	NAMA	Non-agricultural market access
CTD	Committee on Trade and Development	NFIDCs	Net food-importing developing countries
DDA	Doha Development Agenda	NGO	Non-governmental organization
DSB	Dispute Settlement Body	NTMs	Non-tariff measures
DSU	Dispute Settlement Understanding	OECD	Organisation for Economic Co-operation and Development
EIF	Enhanced Integrated Framework	PLS	Progressive learning strategy
EU	European Union	PSI	Agreement on Preshipment Inspection
FAO	Food and Agriculture Organization	RTAs	Regional trade agreements
FDI	Foreign direct investment	SCM	Subsidies and Countervailing Measures
GATS	General Agreement on Trade in Services	SG	Agreement on Safeguards
GATT	General Agreement on Tariffs and Trade	SMEs	Small and medium-sized enterprises
GDP	Gross domestic product	SPS	Sanitary and phytosanitary measures
GIs	Geographical indications	STDF	Standards and Trade Development Facility
GPA	Government Procurement Agreement	SVE	Small, vulnerable economy
HS	Harmonized System	TBT	Technical barriers to trade
ICC	International Chamber of Commerce	TNC	Trade Negotiations Committee
ILO	International Labour Organization	TPR	Trade Policy Review
IPU	Inter-Parliamentary Union	TPRM	Trade Policy Review Mechanism
ISO	International Organization for Standardization	TRIMs	Trade-related investment measures
ITA	Information Technology Agreement	TRIPS	Trade-related aspects of intellectual property rights
ITC	International Trade Centre	UNCTAD	United Nations Conference on Trade and Development
ITTC	Institute for Training and Technical Cooperation	WIPO	World Intellectual Property Organization
ITU	International Telecommunication Union		
LDCs	Least-developed countries		
MEAs	Multilateral environmental agreements		

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 2016 and early 2017. 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 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. The publication replaces *10 Benefits of the WTO Trading System* and *10 Common Misunderstandings about the WTO*.

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