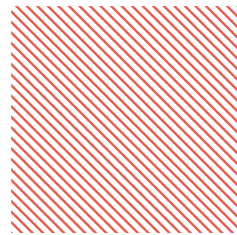
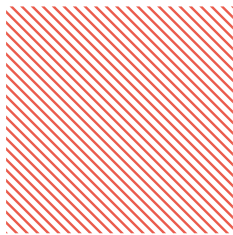




WORLD TRADE ORGANIZATION

# Annual Report 2016



## > 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 2016 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

Website: [www.wto.org](http://www.wto.org)

General enquiries: [enquiries@wto.org](mailto:enquiries@wto.org)

Tel: +41 (0)22 739 51 11

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# Annual Report

2016



# Major events of 2015



## Spotlight: 20<sup>th</sup> anniversary of the WTO

The WTO celebrated its 20<sup>th</sup> birthday on 1 January 2015.

See page **8**

## Spotlight: Nairobi Ministerial Conference

The Nairobi Ministerial Conference took place from 15 to 19 December 2015.



See page **20**



## Spotlight: Fifth Global Review of Aid for Trade

The Fifth Global Review of Aid for Trade took place from 30 June to 2 July 2015.

See page **126**

## Spotlight: Public Forum 2015

The Public Forum took place from 30 September to 2 October 2015.



See page **140**



## Spotlight: WTO Open Day

The WTO's fifth Open Day took place on 14 June 2015.

See page **156**

<b>1. Introduction</b>	<b>2</b>
Message from Director-General Roberto Azevêdo	2
Understanding the WTO	4
A brief history	6
Spotlight: 20 <sup>th</sup> anniversary of the WTO	8
<b>2. A year in review</b>	<b>10</b>
2015: a snapshot	12
Our year	14
Spotlight: Nairobi Ministerial Conference	20
<b>3. Membership</b>	<b>22</b>
Joining the WTO	24
A global membership	28
<b>4. Trade negotiations</b>	<b>30</b>
Changes to the rules of trade require the agreement of all WTO members, who must reach consensus through rounds of negotiations.	
<b>5. Implementation and monitoring</b>	<b>48</b>
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.	
<b>6. Dispute settlement</b>	<b>100</b>
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.	
<b>7. Supporting development and building trade capacity</b>	<b>116</b>
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.	
<b>8. Outreach</b>	<b>136</b>
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.	
<b>9. Secretariat and budget</b>	<b>166</b>
The WTO Secretariat has over 600 regular staff and coordinates the activities of the WTO. Most of the WTO's annual budget consists of contributions by its members.	
How the WTO is structured	178
WTO Chairpersons (as of 31 December 2015)	179
Membership of the WTO (as of 31 December 2015)	180
Abbreviations and further information	181
Download the app	182

# Message from Director-General Roberto Azevêdo

Surely few years in the history of the WTO can have been as memorable as 2015. Not only did we mark the organization's 20 year anniversary, we also ended the year with the successful conclusion of our Tenth Ministerial Conference in Nairobi, where a number of historic agreements were reached.

The "Nairobi Package" consists of six ministerial decisions covering agriculture, cotton and issues of specific interest to least-developed countries (LDCs). It includes a landmark commitment to abolish subsidies for farm exports, which is the most important reform of international trade rules in agriculture since the WTO was founded. Farmers and exporters in developing countries will benefit in particular from this decision.

Developing countries will also benefit from the other decisions taken in Nairobi. These include a commitment by WTO members to find a permanent solution on rules for the stockpiling of staple food crops for food security purposes, and a commitment to develop a special safeguard mechanism for developing countries. For LDCs, ministers agreed steps to support their integration into the global economy, including granting preferential treatment to LDC services providers. In addition, members agreed measures to help low-income cotton producers access new markets.

The conference also saw the conclusion of a landmark deal to expand the WTO's Information Technology Agreement, eliminating tariffs on 201 additional IT products with annual trade valued at over US\$ 1.3 trillion.

The success of the Nairobi Ministerial Conference comes hot on the heels of our successful Ministerial Conference in Bali in December 2013, where ministers approved the Trade Facilitation Agreement as part of the "Bali Package" of measures. It has been estimated that, once implemented, this new agreement could increase global merchandise exports by up to US\$ 1 trillion per annum by reducing transit times and slashing trade costs by nearly 15% on average.

The Trade Facilitation Agreement will enter into force once two-thirds of WTO members have ratified it. We are seeing significant progress in reaching this target. By April 2016, 77 WTO members had ratified the Agreement and presented their country's instrument of acceptance to the WTO.

We are also making good progress on the protocol amending the WTO's intellectual property (TRIPS) agreement. In 2015, ten more WTO members accepted the protocol, which aims to make it easier for the WTO's poorest members to access affordable medicines. Again, the protocol will come into force once two-thirds of WTO members have ratified the amendment. We are now very close to this target.

Another successful outcome of the Nairobi conference was the approval of the WTO membership packages for Liberia and Afghanistan. Both countries have experienced troubled times recently so I am delighted to see them embracing membership of the WTO as a way of achieving greater stability and economic growth in the future. It was a pleasure to mark these momentous occasions by sharing the podium in Nairobi with Liberia's President, Ellen Johnson Sirleaf, and the First Deputy Chief Executive of Afghanistan, Mohammad Khan Rahmani.

I was also delighted to see the Seychelles and Kazakhstan officially join the WTO last year. Seychelles becomes the latest small island developing state to join the organisation while the arrival of Kazakhstan, with its population of 27 million, brings another major economy into the WTO family.

One of the most memorable features of the Nairobi conference was the generosity of our Kenyan hosts. I was honoured to be joined at the opening ceremony by Kenya's President, Uhuru Kenyatta, and the Conference itself was ably chaired by Kenya's Cabinet Secretary for Foreign Affairs and International Trade, Amina Mohamed. The meeting was an historic occasion in its own right as it was the first WTO ministerial conference to be held on African soil.

While the Nairobi conference was a success in many ways, it has also presented the WTO with some challenges. The Ministerial Declaration issued at the end of the conference acknowledges that WTO members "have different views" on the future of the Doha Round negotiations. Although there is a strong commitment by all members to advance negotiations on the remaining Doha issues, there was no consensus on





**“The overriding message of Nairobi, as our second successful ministerial conference in two years, is that the WTO can deliver very significant negotiated outcomes – and the clear message I am receiving from our members is that they want to keep delivering in the years to come.”**

how that should be done. Moreover, the declaration notes that some members may also wish to take up issues outside the Doha mandate. Members must face up to these fundamental divisions on our negotiating agenda and decide how to move forward.

Despite these differences the overriding message of Nairobi, as our second successful ministerial conference in two years, is that the WTO can deliver very significant negotiated outcomes – and the clear message I am receiving from our members is that they want to keep delivering in the years to come. Indeed, I am now encountering levels of interest in and optimism about our work which surpass anything that I have seen for a very long time.

While the negotiating agenda attracts a lot of attention, we should also maintain a spotlight on what we are achieving in other areas of our work. In 2015, the WTO reached the significant milestone of our 500<sup>th</sup> trade dispute, demonstrating members' continuing confidence in the dispute settlement system. In recent years, the breadth and complexity of disputes brought to the WTO have increased immeasurably, placing a strain on our existing resources. To ensure the system remains one of the most efficient in the world, I have made some internal reforms to ensure that it has the resources needed to keep delivering to the standard that members expect.

In addition, we continue our work on monitoring countries' trade policies. By the end of 2015, 151 of the WTO's 162 members had undergone an in-depth review of their trade policies and practices. For the membership as a whole, our latest trade monitoring report has revealed that the stockpile of trade restrictions introduced by WTO members since 2008 continues to grow. Only 20 per cent of the restrictions put in place have been rolled back so the pace of removal of these measures needs to be accelerated. This is an area where continued vigilance and action will be required in 2016.

We also continue to work to build the trading capacity of our developing country members. In 2015, we undertook over 300 training activities and helped almost 15,000 participants gain a better understanding of WTO agreements and the multilateral trading system. We also marked the launch of phase two of the Enhanced Integrated Framework – ensuring that it can continue to deliver essential practical support to LDCs.

The WTO's Aid for Trade initiative continues to help developing countries participate more effectively in global trade. According to the latest available figures, WTO members' commitments to this initiative increased by US\$ 1.8 billion compared with the previous year. The Fifth Global Review of Aid for Trade, which took place at the WTO in July 2015, highlighted the important role the initiative can play in helping the international community attain the Sustainable Development Goals recently launched by the United Nations. Through the Nairobi decision to abolish agricultural export subsidies, we have already delivered on a key target of the second Sustainable Development Goal, entitled “Zero Hunger”.

It is fitting that an anniversary year should record some major achievements and begin to set a path for the future. In this sense, 2015 delivered. It was an historic year for the WTO in many ways and it has provided the momentum for us to deliver many more historic achievements in the years to come in the service of growth, development and job creation around the world.

**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 a 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 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 legal ground 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 – 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 disguising protectionist policies.

### 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.



## 1995

January  
The WTO is born on 1 January.

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



## 1996

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



## 1997

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



## 1998

May  
Second Ministerial Conference takes place in Geneva.



## 1999

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



November  
Third Ministerial Conference takes place in Seattle, US.

## 2000

January  
Negotiations begin on services.

March  
Negotiations begin on agriculture.



## 2001

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



## 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 150<sup>th</sup> 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 156<sup>th</sup> 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.

June  
Yemen becomes the WTO's 160<sup>th</sup> member.



November  
Approval of Trade Facilitation Agreement, the first multilateral trade agreement to be concluded since the WTO was established.

## 2015

April  
Seychelles becomes the WTO's 161<sup>st</sup> member.

November  
Kazakhstan becomes the WTO's 162<sup>nd</sup> member.

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



# 20<sup>th</sup> anniversary of the WTO

The WTO marked its 20<sup>th</sup> birthday in 2015 with a series of events – book launches, exhibitions and other special activities – designed to remind WTO members and the general public of what the WTO has achieved over the past two decades.

The WTO's achievements are wide-ranging. Global trade barriers are historically low, the WTO's dispute settlement mechanism ensures international trade rules are respected, and participation in an open, increasingly integrated and rules-based world trading system has become all but universal, with 33 new members, including China and Russia, joining since 1995.

WTO members have also made important progress in areas of trade opening. The "Bali Package" of 2013 resulted in the landmark Trade Facilitation Agreement, which, in simplifying and speeding up global customs procedures, could see average trade costs fall significantly. More recently, at the Ministerial Conference in Nairobi, 50-plus WTO members reached agreement on an expanded Information Technology Agreement that aims to eliminate tariffs on over 200 technology products, representing trade of US\$ 1.3 trillion per annum.

Also in Nairobi, trade ministers agreed to abolish export subsidies for farm exports as part of a "Nairobi Package". WTO Director-General Roberto Azevêdo hailed the result as the "most significant outcome on agriculture" in the organization's history.

The overall effect of increasing WTO membership over the past 20 years has been to boost growth, increase stability in the global economy and strengthen the organization. The current 162 WTO members – soon to be 164 with the incorporation of Afghanistan and Liberia – are home to more than 7 billion people and account for nearly 96 per cent of the global economy and 98 per cent of world trade.

Trade volumes have increased two-and-a-half times since 1995, with the developing world's share rising from 27 per cent to over 43 per cent today. Average applied tariffs have been cut in half – to less than 8 per cent from 15 per cent. Today, almost 60 per cent of world trade flows tariff free, while another fifth is subject to tariffs of under 5 per cent.

And while industrialized countries dominated the WTO's predecessor, the General Agreement on Tariffs and Trade (GATT), developing countries play a key role in managing the WTO, shaping its agenda and negotiating its agreements.

## 20<sup>th</sup> anniversary highlights

To mark the 20<sup>th</sup> anniversary, the WTO organized a number of events highlighting the achievements of the past two decades. Many of these were organized with other intergovernmental organizations.





Together with the World Health Organization and the World Intellectual Property Organization, the WTO hosted a symposium on “Public Health, Intellectual Property and TRIPS at 20”. The symposium illustrated the importance of international cooperation for improving global governance in the area of trade-related intellectual property rights (TRIPS) and what can be achieved by organizations working in unison.

Together with the World Bank, the WTO launched the co-publication *The Role of Trade in Ending Poverty*, which highlights trade as a key factor for growth in developing countries. “Trade plays an essential role in driving ... job creation and can be a powerful force in reducing poverty,” World Bank Group President Jim Yong Kim said at the launch of the publication.

Other books published during the year included *The WTO at Twenty*, bringing together contributions from across the WTO to assess the challenges and achievements of the organization. *A History of Law and Lawyers in the GATT/WTO* and *The Making of the TRIPS Agreement*, meanwhile, offer unique first-hand accounts of how the WTO’s rulebook has evolved. And *WTO Accessions and Trade Multilateralism* looks at how the organization’s growing membership has expanded the reach of the multilateral trading system.

In addition, the WTO published a series of anniversary brochures, covering various aspects of the WTO’s work, to allow policy-makers and the wider public to gain a better understanding of the organization’s activities. Also to mark the anniversary, the WTO launched a video series, “Trade Starts Here”, showcasing people from different parts of the world and different backgrounds who have benefited from trade.

The WTO also hosted a series of high-profile events, such as the Public Forum, the Open Day and the Global Review of Aid for Trade.



**“The most important takeaway from the past two decades is the spirit of cooperation. Without multilateral cooperation, members cannot conclude new agreements. And when members are willing to work together, agreement can be reached, as history has shown us”**

Deputy Director-General Xiaozhun Yi, who oversaw the 20<sup>th</sup> anniversary activities.



## A year in review

<b>2015: a snapshot</b>	<b>12</b>
<b>Our year</b>	<b>14</b>
Trade negotiations	15
Implementation and monitoring	16
Dispute settlement	17
Supporting development and building trade capacity	18
Outreach	19
<b>Spotlight: Nairobi Ministerial Conference</b>	<b>20</b>

# 2015: a snapshot

- WTO marks its 20<sup>th</sup> anniversary.



- DG Azevêdo attends World Economic Forum in Davos, Switzerland.



- WTO welcomes Seychelles as 161<sup>st</sup> member.



- WTO holds joint event with UNEP on building pathways to sustainable development.



February

May

June

January

April

- Istanbul Bilgi University joins WTO Chairs Programme.



- Fernando de Mateo, of Mexico, is appointed as Chair of General Council.



- WTO launches website for Trade Facilitation Agreement Facility.



- WTO and World Bank launch new publication on role of trade in ending poverty.



- WTO welcomes over 3,000 visitors to its "Merci Genève" Open Day.



- Fifth Global Review of Aid for Trade takes place at WTO.





- Public Forum on "Trade Works" takes place at WTO.



- Niger becomes first least-developed country to ratify Trade Facilitation Agreement.



- WTO receives 500<sup>th</sup> trade dispute for settlement.



- Kazakhstan joins WTO as 162<sup>nd</sup> member.



- DG Azevêdo attends UN General Assembly that adopts Sustainable Development Goals.



- DG Azevêdo attends G20 leaders summit in Antalya, Turkey.



August      September      **October**      November      December

- WTO and UNCTAD sign declaration on increased cooperation.



- WTO holds joint symposium with WHO and WIPO on public health, trade and intellectual property.



- Tenth Ministerial Conference adopts "Nairobi Package", including decision to abolish agricultural export subsidies.



- WTO members approve membership packages for Liberia and Afghanistan.



- WTO members conclude landmark US\$ 1.3 trillion IT trade deal.





# Our year

The WTO held its Tenth Ministerial Conference in Nairobi in 2015, the first time such a meeting has been held in Africa. Ministers took a number of decisions on agriculture, cotton and issues related to least-developed countries. These included a historic decision to abolish export subsidies for farm exports.

The Ministerial Declaration issued at the end of the conference acknowledged that WTO members “have different views” on how to address the Doha Round negotiations but noted the “strong commitment of all members to advance negotiations on the remaining Doha issues”.

The conference saw the approval of the WTO membership packages for Liberia and Afghanistan, paving the way for them to become WTO members in 2016. Earlier in the year, Seychelles and Kazakhstan joined the WTO, bringing the total number of members to 162.



## 6

The “Nairobi Package” includes six ministerial decisions on agriculture, cotton and LDC issues.

### Trade negotiations

Trade negotiations in 2015 culminated at the Nairobi Ministerial Conference in December with the adoption of six ministerial decisions on agriculture, cotton and issues related to least-developed countries, known collectively as the “Nairobi Package”. Ministers also issued a declaration on the future of the WTO and members’ divergent views on the Doha Round.


The Nairobi Package included a historic decision to abolish export subsidies for farm exports, hailed by Director-General Roberto Azevêdo as the “most significant outcome on agriculture” in the organization’s 20-year history. Other decisions on agriculture covered public stockholding for food security and a special safeguard mechanism, which, once agreed to by WTO members, would allow developing countries to raise tariffs temporarily to deal with import surges or price falls.

On cotton, ministers decided to prohibit cotton export subsidies by developed countries immediately while developing countries are required to do so no later than 1 January 2017. For least-developed countries, ministers took two decisions aimed at making it easier for these countries to qualify for preferential market access and to play a bigger role in global trade in services. The conference also saw the conclusion of negotiations to expand the Information Technology Agreement, eliminating tariffs on 201 additional IT products valued at over US\$ 1.3 trillion per year.

In the Ministerial Declaration issued at the end of the conference, ministers acknowledged that WTO members “have different views” on how to address the Doha Round negotiations but noted the “strong commitment of all members to advance negotiations on the remaining Doha issues”.

Earlier in the year, the Trade Negotiations Committee and its subsidiary bodies had focused on preparing a clearly defined work programme on the remaining Doha Development Agenda issues by the end of July. Despite much effort, no substantive progress was made and significant differences remained across many key areas. From September, work switched to focusing on potential outcomes for the Tenth Ministerial Conference (MC10). Work continued up to and during the conference.

The chair of MC10, Kenya’s Cabinet Secretary for Foreign Affairs Amina Mohamed, and DG Azevêdo chaired meetings in Nairobi to facilitate discussion and consensus-building on the various texts that would be put forward for formal consideration by ministers, including the text of a draft Ministerial Declaration. Some ministers were asked to act as facilitators to assist in and help speed up the negotiations that led ultimately to the successful conclusion of the conference with the adoption of the Nairobi Package.

 See pages 30-47.

## Implementation and monitoring

Various WTO councils and committees seek to ensure that WTO agreements and rules are being properly implemented. The General Council is the WTO's highest-level decision-making body in Geneva.

In 2015, the Council oversaw preparations for the Tenth Ministerial Conference in Nairobi. In July, it approved the membership terms for Kazakhstan, which became the 162<sup>nd</sup> member of the WTO. Earlier in the year, Seychelles joined the WTO following the approval of its accession package in December 2014. The Tenth Ministerial Council approved the WTO membership packages of Liberia and Afghanistan.

By late January 2016, 68 WTO members had ratified the Trade Facilitation Agreement, which will come into effect once two-thirds of the WTO membership have ratified it. The Agreement will simplify and speed up global procedures for the movement of goods across borders and could see average trade costs fall by over 14 per cent. The Preparatory Committee on Trade Facilitation has received over 70 notifications from WTO members indicating how they will implement the Agreement once it enters into force. The Tenth Ministerial Conference saw the launch of the Global Alliance for Trade Facilitation, a new public-private platform that seeks to use private sector expertise and resources to support trade facilitation reforms.


In 2015, ten more WTO members accepted the protocol amending the WTO's intellectual property (TRIPS) agreement. The amendment aims to make it easier for the poorest

members to access affordable medicines and will come into force once it is approved by two-thirds of the membership.

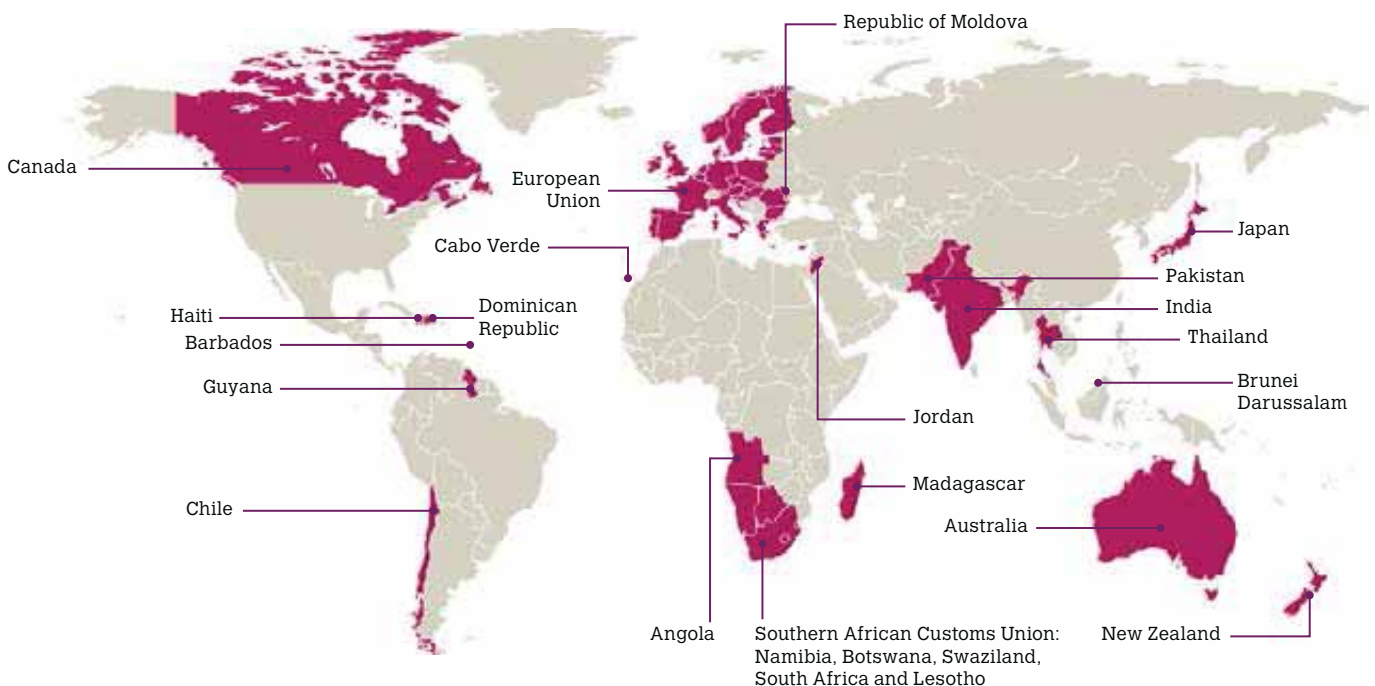
The Committee on Sanitary and Phytosanitary (SPS) Measures continued its review of the SPS Agreement. It received a record 1,681 notifications from WTO members regarding new or changed food safety, animal or plant health regulations. Seven developing countries submitted notifications for the first time, improving the transparency of their trade measures.

The Technical Barriers to Trade (TBT) Committee agreed on a three-year work plan, including work on good regulatory practice, regulatory cooperation between members and transparency on issues such as labelling requirements. As part of the WTO's 20<sup>th</sup> anniversary activities, an event was held in November to look back at the Committee's work in dealing with concerns arising from standards and regulations and in resolving frictions between WTO members.

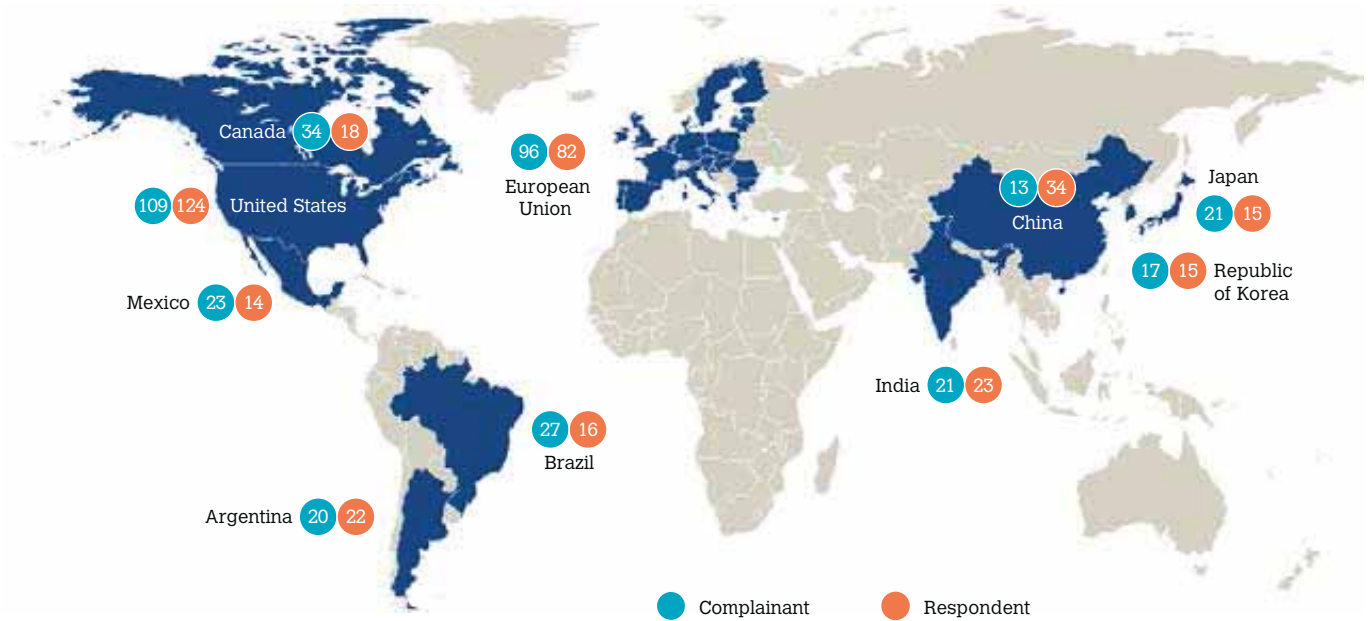
The WTO's trade monitoring reports showed that WTO members continued to introduce trade-restrictive measures in 2015. Given the continuing uncertainties in the global economy, the reports stressed the need for members to show restraint in imposing new trade restrictions and to eliminate more of the existing measures. The WTO conducted 20 Trade Policy Reviews in 2015, bringing the total number of members covered by these reviews to 151.

 See pages 48-99.

### Trade Policy Reviews in 2015



## WTO members most involved in disputes, 1995 to 2015



## 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 (DSB).

The WTO's dispute settlement system experienced its busiest year so far, with an average of 30 active panels per month. During 2015, the 500<sup>th</sup> dispute was submitted to the WTO, demonstrating WTO members' continuing confidence in the dispute settlement process.

Over the year, the DSB received 13 requests for consultations, the first step in the dispute settlement process, more than half of them from developing countries. It adopted 11 panel reports, compared with nine in 2014. The DSB also adopted eight Appellate Body reports against seven the year before. There has been a recent increase in WTO members requesting that an arbitrator determine how long a "losing" member can have to implement the panel and Appellate Body recommendations as adopted by the DSB. During 2015, WTO members made three such requests.

There has also been an increase in compliance panel proceedings. A compliance panel is established when there is disagreement between the parties as to whether the losing party has brought its measure into line with WTO rules

following an adjudication process. Four compliance panel reports were adopted in 2015. Compliance panel proceedings in the disputes concerning Boeing and Airbus are still ongoing.

WTO members continue to litigate in many different trade areas. Current disputes include Australia's plain packaging requirements for tobacco products, certain measures imposed by Argentina that affect trade in goods and services, a ban imposed by Russia on the importing of European pork products because of concerns related to African swine fever, and EU modifications to its tariff concessions on poultry meat.

In October 2015, DG Azevêdo addressed the DSB on the challenges faced by the dispute settlement system. He said the increased breadth and complexity of disputes have changed the face of WTO dispute settlement completely. He acknowledged that the dispute settlement system is highly efficient and faster than other international adjudicatory systems but WTO members face some delays as their disputes progress through the system. To deal with the increasing workload, he has nearly doubled the number of lawyer posts in the three legal divisions since he has taken office, from 30 to 57. He said that the Secretariat is focused on recruiting and developing expertise in key areas, and is looking into other ways of reducing the waiting time for dispute settlement.

The DSB reappointed two Appellate Body members, Ujal Singh Bhatia of India and Thomas Graham of the United States, for second four-year terms.



# 500

Over 500 trade disputes have been submitted to the WTO for settlement since 1995.

See pages 100-115.



321

The WTO undertook 321 technical assistance activities for government officials in 2015.

## Supporting development and building trade capacity

The WTO aims to help developing countries improve their trade capacity so that they can participate more effectively in the multilateral trading system.

At the Tenth Ministerial Conference in December 2015, ministers took decisions of specific benefit to least-developed countries (LDCs). These include a decision on “rules of origin” to help make it easier for LDC exports to qualify for preferential market access. Ministers also decided to extend the waiver allowing WTO members to grant preferential treatment to LDC suppliers of services.

On cotton, ministers adopted a decision prohibiting export subsidies and calling for a further reduction in domestic support. They also called for improvements to market access for LDCs. The decision aims to level the playing field for cotton exporters in the poorest countries, where the cotton sector is of vital importance.

As part of the WTO’s 20<sup>th</sup> anniversary activities in 2015, the WTO organized an event to review the progress made in integrating LDCs into the multilateral trading system and discussed how the WTO could help LDCs overcome the remaining challenges.

The WTO’s Fifth Global Review of Aid for Trade, held in July, examined how high trade costs impede LDC efforts to fully benefit from the multilateral trading system. The three-day meeting, which attracted over 1,500 delegates, highlighted the importance of implementing the WTO’s Trade Facilitation Agreement as one means of reducing trade costs.

The Aid for Trade initiative aims to enhance growth and reduce poverty in developing countries, particularly LDCs, so that they can better integrate into the multilateral trading system. Financing for the initiative has continued to grow, despite the fiscal challenges faced by many donor countries. The latest available figures – for 2013 – show an increase in commitments of US\$ 1.8 billion compared with the previous year.

Phase Two of the Enhanced Integrated Framework (EIF), a multi-donor programme that aims to help LDCs use trade as a tool for growth, was launched at the Fifth Global Review of Aid for Trade. At an EIF pledging conference in December, approximately US\$ 90 million was promised to support the new phase, which runs from 2016 to 2022.

The Sustainable Development Goals (SDGs), launched by the United Nations in September 2015, put significant emphasis on the role that trade can play in boosting growth, tackling poverty and promoting sustainable development. The WTO is already fulfilling a key target of the second SDG, entitled “Zero Hunger”, by its decision to abolish agricultural export subsidies, as agreed at the Tenth Ministerial Conference.

In 2015, the WTO organized 321 training activities to help government officials improve their understanding of the multilateral trading system. The number of participants benefiting from training reached 14,900 in 2015, with nearly half of these accessing training resources through the WTO’s e-learning platform.

 See pages 116-135.



85

The Public Forum attracted participants from 85 countries.

## Outreach

The WTO maintains regular dialogue with non-governmental organizations (NGOs), parliamentarians, other international organizations, the media, businesses and the general public to enhance openness and transparency.

The WTO's major outreach event – the Public Forum – attracted 1,300 participants from 85 countries. Its 90 sessions were organized by a wide range of participants, including business representatives, NGOs, academia, law firms, international organizations and WTO members.

On 14 June 2015, the WTO held its fifth Open Day, entitled “Merci Genève”. The event brought over 3,000 people to the WTO's headquarters in Geneva, and provided the opportunity to thank the people of Geneva for hosting the organization over the past 20 years.

In the run-up to the Tenth Ministerial Conference, the WTO organized workshops for NGOs in Kenya, South Africa and Senegal. About 30 side events were organized by NGOs during the conference, which was attended by over 300 NGO representatives. The WTO organized two regional workshops for members of parliament from Asia and from the Indian Ocean Commission.

During the year, the WTO increased its cooperation with other intergovernmental organizations. In June, the World Bank and the WTO jointly launched a new co-publication, “The Role of Trade in Ending Poverty”, which looks at the complex relationships between economic growth, poverty reduction and

trade. In September, DG Azevêdo attended the UN General Assembly which adopted the Sustainable Development Goals. In October, the WTO and the United Nations Conference on Trade and Development signed a declaration to strengthen their collaboration, committing them to work together to harness trade as a tool for development and poverty alleviation.

Also in October, the WTO held a joint symposium with the World Health Organization and the World Intellectual Property Organization, which looked at access to medical innovation and technologies.

Some 350 journalists attended the Tenth Ministerial Conference, including 12 from least-developed countries (LDCs) invited by the WTO. During the year, the WTO held seminars in Geneva for journalists from Russia and from francophone African countries.

The WTO continued to build its relations with business. Over 170 business representatives attended the Public Forum, up from the previous year's total of 150, and 23 business organizations attended the Ministerial Conference.

In 2015, the WTO website received just over 20 million visits. The site was merged with the WTO members' website to bring all WTO material into one self-contained area. The WTO expanded its use of social media, almost doubling its number of Twitter followers.

 See pages 136-165.

# Nairobi Ministerial Conference

The WTO's Tenth Ministerial Conference, held in Nairobi from 15 to 19 December 2015, adopted a range of decisions on agriculture, cotton and issues related to least-developed countries. The decisions include a commitment to abolish export subsidies for farm exports, which Director-General Roberto Azevêdo hailed as the “most significant outcome on agriculture” in the organization's 20-year history. In their Nairobi Declaration, ministers acknowledged that WTO members “have different views” on how to address the future of the Doha Round negotiations. The Conference also approved the accessions of Liberia and Afghanistan. A landmark information technology deal was concluded.

## Nairobi Package

The Tenth Ministerial Conference, the first to be held in Africa, was attended by over 3,000 participants. At the end of the five-day meeting, ministers adopted the “Nairobi Package”, including six ministerial decisions on agriculture, cotton and issues of particular interest to least-developed countries (LDCs).

### Agriculture

On **export competition**, developed countries committed to remove export subsidies immediately, except for a handful of agriculture products, which were given extra but limited time. Developing countries will do so by 2018, although net food-importing developing countries will have more time. The decision also contains new rules on export financing support, international food aid and exporting state-trading enterprises.

A ministerial decision on **public stockholding for food security** commits WTO members to engage constructively in finding a permanent solution to the issue of countries stockpiling staple food crops for food security purposes. The Bali ministerial decision of 2013 set a deadline of the 11<sup>th</sup> Ministerial Conference in 2017 for resolving this matter. Until a permanent solution is approved,

### Background on the Ministerial Conference

The Ministerial Conference of the WTO consists of representatives of all WTO members. It is the highest decision-making body of the organization and usually meets every two years. Ministerial conferences review ongoing work, give political guidance and direction to that work, and set the agenda for further work.

food stockpiling at administered prices will continue to be protected from legal action by WTO members as long as certain conditions are met (see page 35).

Ministers decided that negotiations to establish a **special safeguard mechanism** – which would allow developing countries to raise tariffs temporarily to deal with import surges or price falls – will take place in dedicated sessions of the Committee on Agriculture and progress in these negotiations will be regularly reviewed by the General Council.

### Cotton

Ministers stressed the vital importance of **cotton** to LDCs. Their decision mandates developed countries to prohibit cotton export subsidies immediately while developing countries are required to do so no later than 1 January 2017. It also includes a commitment by developed countries – and those developing countries declaring they are able to do so – to grant duty-free and quota-free market access to cotton exports from LDCs from 1 January 2016, to the extent provided for in their respective preferential trade arrangements.

### LDC issues

Ministers built on the 2013 Bali Ministerial Decision on **preferential rules of origin** for LDCs, which set out, for the first time, guidelines to help make it easier for LDC exports to qualify for preferential market access. The latest decision (see page 39) provides more detailed directions on issues such as methods for determining when a product qualifies as “made in an LDC”.

Ministers also extended a current waiver under which WTO members may grant preferential treatment to **LDC services**. The waiver, adopted in December 2011, runs 15 years. Ministers extended it an additional four years until 31 December 2030 (see page 74).







◀ (Left) President Uhuru Kenyatta at the Opening Session of the Tenth Ministerial Conference.

◀ (Right) DG Azevêdo greets Kenya's President, Uhuru Kenyatta.

### Other decisions

Ministers took three decisions regarding the regular work of WTO committees. On **small economies**, they reaffirmed their commitment to the work programme (see page 122). They extended a current moratorium on so-called **non-violation and situation complaints** in intellectual property (see page 41). On **e-commerce**, ministers extended a moratorium on imposing customs duties on electronic transmission (see page 50).

### Landmark information technology deal

WTO members representing major exporters of IT products concluded a landmark deal to eliminate tariffs on 201 information technology products valued at over U\$ 1.3 trillion per year. DG Azevêdo called it the "first major tariff-cutting deal at the WTO since 1996".

Negotiations on the expanded Information Technology Agreement (see page 47) were conducted by 53 WTO members but all members will benefit from duty-free market access to the markets of members eliminating tariffs on these products. Under the agreement, approximately 65 per cent of tariff lines will be fully eliminated by 1 July 2016 and by 2019 almost all of the relevant products will be duty free.

### Accessions

WTO members adopted the accession packages of Liberia and Afghanistan. The two countries will become WTO members 30 days after they notify the WTO of their acceptance of their accession terms and conditions.

### Future work of the WTO

In the Ministerial Declaration issued at the end of the conference, ministers acknowledged that, while many WTO members reaffirmed their full commitment to conclude the Doha Development Agenda on the basis of the existing mandate, others "do not reaffirm the Doha mandates, as they believe new approaches are necessary to achieve meaningful outcomes in multilateral negotiations. Nevertheless, there remains a strong commitment of all members to advance negotiations on the remaining Doha issues." Ministers agreed that officials should work to find ways to advance negotiations and they requested the Director-General to report regularly to the General Council on these efforts.

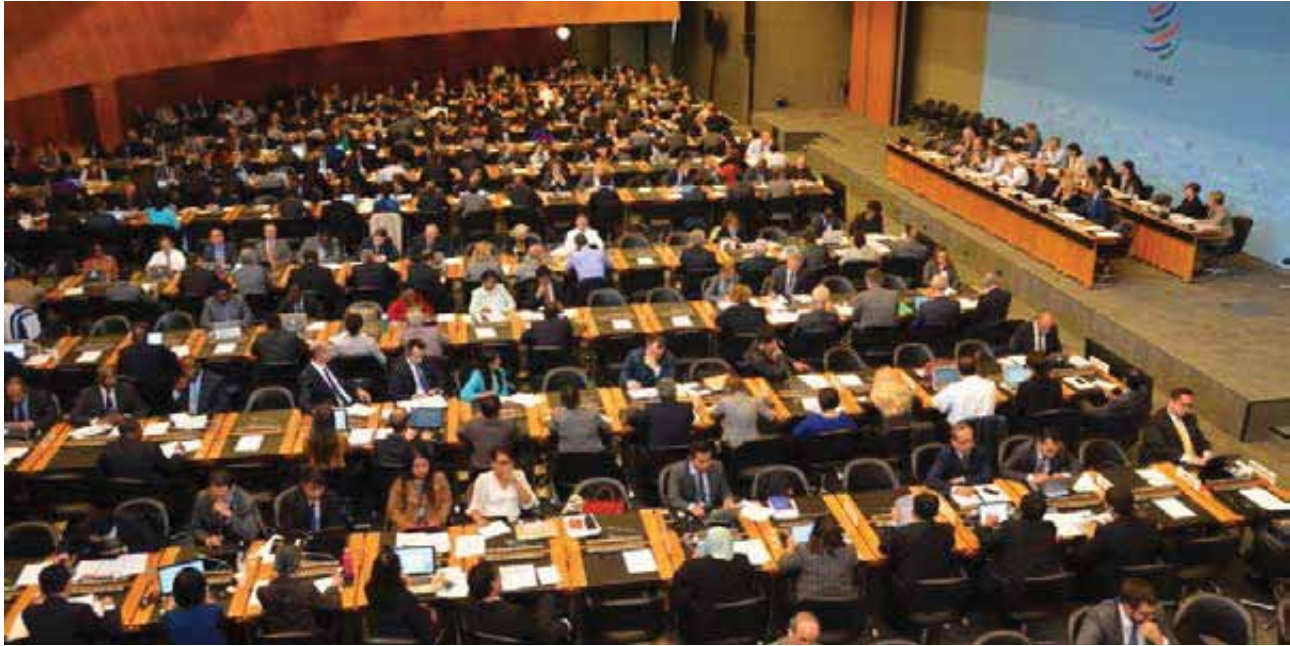


3,000

Over 3,000 participants attended the WTO's Tenth Ministerial Conference.

◀ DG Azevêdo welcomes Liberia's President, Ellen Johnson Sirleaf.





## Membership

- > Seychelles and Kazakhstan became the newest members of the WTO in 2015, bringing the WTO's total membership to 162.
- > The WTO membership packages of Liberia and Afghanistan were approved at the Tenth Ministerial Conference in Nairobi.
- > Least-developed countries now represent more than one-fifth of the WTO membership.

Joining the WTO	24
A global membership	28

# Joining the WTO

Seychelles and Kazakhstan became the 161<sup>st</sup> and 162<sup>nd</sup> members of the WTO in 2015. In December, the Tenth Ministerial Conference approved the WTO membership packages of Liberia and Afghanistan, which will become members once they have ratified their entry accords. These new accessions bring the WTO closer to its target of achieving universality, with the current membership representing 98 per cent of world trade.

Seychelles became a WTO member on 26 April 2015, followed by Kazakhstan on 30 November. Liberia and Afghanistan have until June 2016 to ratify their respective accession packages. They will become WTO members 30 days after notifying the acceptance of these packages to the WTO Director-General. Least-developed countries (LDCs) now represent more than a fifth of the WTO membership. A number of other aspiring members (see list on page 180) made progress with their accession negotiations.

The accession packages, or entry terms, contain specific commitments binding the countries to WTO rules, including negotiated concessions and 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 mix and complexity of the subject matter of the negotiation, which differs from one accession to another.



## 162

The WTO has 162 members following the accession of Seychelles in April 2015 and of Kazakhstan in November 2015.

## Seychelles

Seychelles became the 161<sup>st</sup> WTO member, ending 20 years of negotiating its accession terms with WTO members. "I am delighted to welcome the Republic of Seychelles as the 161<sup>st</sup> member of the WTO," said Director-General



Seychelles President James Michel signs the Instrument of Acceptance of the WTO Accession Protocol on 25 March 2015.

## Background on joining the WTO

An important goal of the newly created WTO in 1995 was to make the organization universal in coverage. In the past two decades, 34 members have joined, including China, Russia and Saudi Arabia, vastly expanding the global coverage of WTO rules. 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 trading partners on guaranteed minimum levels of access to their domestic markets for goods and services.

Roberto Azevêdo. “This is great news for Seychelles’ economy and, therefore, for the people of Seychelles. It is also a boost for the WTO and a vote of confidence in the Organization.”

Following signature of the ratification of the WTO Accession Protocol, Seychelles President James Michel said: “It is a proud moment for Seychelles to have taken this final step towards WTO accession. As a Small Island Developing State, we are reliant on open access to trade in goods and services both to ensure that the basic needs of our people are met, and to ensure that we continue to create opportunities for wealth creation and prosperity. As we join this world trading body, we look forward to working with the WTO Secretariat to further help us in building our capacity.”

## Kazakhstan

Kazakhstan became the 162<sup>nd</sup> WTO member, closing a 20-year long chapter of negotiating its accession terms with WTO members. DG Azevêdo said: “I think this is a truly historic occasion for Kazakhstan, and for the WTO. We are delivering a result which will have a major economic impact, a major systemic impact, and a major human impact. Because, crucially, the benefits of accession can help to create jobs, raise incomes, and improve people’s lives. For Kazakhstan, this is an endorsement of the extensive programme of reforms which you have undertaken. And it is a message to the world that Kazakhstan is open for business.”

Speaking at the General Council meeting of 27 July 2015, where WTO members formally adopted Kazakhstan’s terms of entry, Kazakhstan’s President Nazarbayev said: “We are sincerely grateful to each of the WTO member states for their constructive approach and support throughout a very



^  
DG Azevêdo and President Nazarbayev signed the Protocol on the Accession of Kazakhstan on 27 July 2015.

tough negotiation process. For a long time now, we have been shaping our economic policies in the spirit of the WTO, by removing barriers, acting as an engine of regional integration and promoting the principles of open collaboration. Effective implementation of the reforms will help to shape a brand new institutional environment”.



^  
Liberia’s President, Ellen Johnson Sirleaf, at the ceremony marking the approval of Liberia’s accession during the Tenth Ministerial Conference.

## Liberia

The accession negotiations of Liberia took eight years. Congratulating Liberia on its achievement, Kenya’s President Uhuru Kenyatta said: “I am pleased that this decision was taken here in Nairobi, on African soil, at the WTO’s Tenth Ministerial Conference. Without a doubt, WTO membership carries considerable gains and benefits. Liberia’s accession package provides a platform for continuing domestic reforms and should inspire other African countries in their domestic measures.”

Liberia’s President, Ellen Johnson Sirleaf, said that Liberia’s accession to the WTO “marks another turning point in our history, particularly in our journey of economic transformation for inclusive growth. Our transformation can neither be done alone, nor in isolation, but by forging partnerships. We appreciate the collective efforts of our partners who have made this accession a resounding success. We fully subscribe to the African common position on strengthening the rules-based multilateral trading system to create the Africa that we want”.

## Membership

### 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

In welcoming the approval of Liberia's terms of entry, DG Azevêdo paid tribute to the "engagement and leadership" of the President of Liberia. "It is particularly appropriate that, at this first ministerial conference in Africa, we are welcoming a new African member," he said. "I hope that this achievement here today will help Liberia to continue on the path of hope, progress and development."

### Afghanistan

The accession negotiations of Afghanistan took 11 years. On 17 December, at the Nairobi Ministerial Conference, Mohammad Khan Rahmani, First Deputy Chief Executive of Afghanistan, declared: "Today is a historic day for the people of Afghanistan who have embraced democratic values and market economy principles. Our WTO membership will cement our long-standing commitment to an open economy, transparency, rule of law, good governance, non-discrimination, and market instruments for the development of our economy and the private sector, and for the alleviation of poverty. Trade-led growth will create new economic opportunities and jobs, especially for women; it will reduce poverty and increase prosperity. It will certainly contribute in a major way to dramatically reducing extremism and achieve regional peace and security."

DG Azevêdo paid special tribute to the government of Afghanistan for "this historic achievement" and for having undertaken an "extensive programme of domestic reforms to accelerate economic growth despite very challenging circumstances". He said: "Afghanistan's WTO accession is a clear sign for all the world to see that the country is building a business-friendly environment. I am confident that WTO membership will contribute to establishing a firm foundation for Afghanistan's future development and prosperity."



Afghanistan's WTO membership terms were formally approved at a special ceremony attended by Afghanistan's First Deputy Chief Executive Mohammad Khan Rahmani during the Tenth Ministerial Conference.

### 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

## 20 years

1995  2015

Seychelles and Kazakhstan both concluded 20 years of negotiations when they became WTO members.

## New publications

The WTO launched a new publication in October entitled *WTO Accessions and Trade Multilateralism: Case Studies and Lessons from the WTO at Twenty*, which looks at how the organization's ever-expanding membership has increased the scope of the multilateral trading system. Speaking at the launch, DG Azevêdo said: "By bringing an increasing number of countries together in an atmosphere of cooperation and shared rules, the multilateral trading system is a means not just to achieve growth and development, but also to support peaceful relations."



# 19

19 countries are currently negotiating WTO membership.

The Director-General issued the Seventh Annual Report on WTO Accessions in November 2015. The report provides detailed information on work on WTO accessions, accession events and initiatives during the 20<sup>th</sup> anniversary year of the WTO, including post-accession support and the trade and economic performance of economies that have joined the WTO since 1995.

## Technical assistance

Acceding economies participated in over 40 WTO technical assistance activities in 2015, with six acceding economies acting as hosts for some of these events. Beneficiaries included Afghanistan, Belarus, Iran, Liberia and Seychelles.

The WTO Secretariat continued with the implementation of China's Least-Developed Countries and Accessions

Programme (known as the China Programme). This initiative aims to assist acceding LDCs and to strengthen LDC members' participation in the WTO. Two round tables were held in 2015, the first in Dushanbe, Tajikistan, on 2-4 June, and the second in Nairobi, Kenya, on 13-14 December, just before the Ministerial Conference. The beneficiary economies included all acceding economies and several WTO members. As part of the programme, four interns (from Afghanistan, Brazil/Colombia, Montenegro and Uganda) were selected in 2015 to participate in the internship scheme at the WTO Secretariat.

The Enhanced Integrated Framework (EIF) (see page 128) continued to provide technical assistance and capacity-building support in selected acceding economies. For Liberia, the EIF-funded project was coordinated with the Swedish National Board of Trade. The International Trade Centre (ITC) and the WTO Secretariat continued their work under the joint ITC-WTO programme, launched in 2009, in support of the private sector in acceding developing economies and LDCs. Working party chairs visited several acceding economies to meet key domestic stakeholders to promote outreach, answer questions and improve understanding of WTO membership. The Accessions Division also undertook briefings for newly designated working party chairs and new delegates as well as workshops for parliamentarians and civil society.

Awareness of accession activities was further enhanced by regular meetings of the Informal Group on Accessions, the WTO accessions newsletter, the Director-General's Annual Report on WTO Accessions and the annual accessions outreach dialogue with WTO groupings. In 2015, this dialogue included the Group of Latin American and Caribbean Countries, the Asian Group of Developing Members, the Arab Group, the African Group and the LDC Consultative Group. A follow-up briefing for LDCs was provided at the 75<sup>th</sup> session of the Sub-Committee on LDCs.

# A global membership



Seychelles joined the WTO in April 2015, followed by Kazakhstan in November 2015. The accession packages of Afghanistan and Liberia were approved in December 2015 at the WTO's Tenth Ministerial Conference.

- WTO members
- New members in 2015
- WTO membership package approved in 2015
- Observers
- Non-members

Source: WTO.

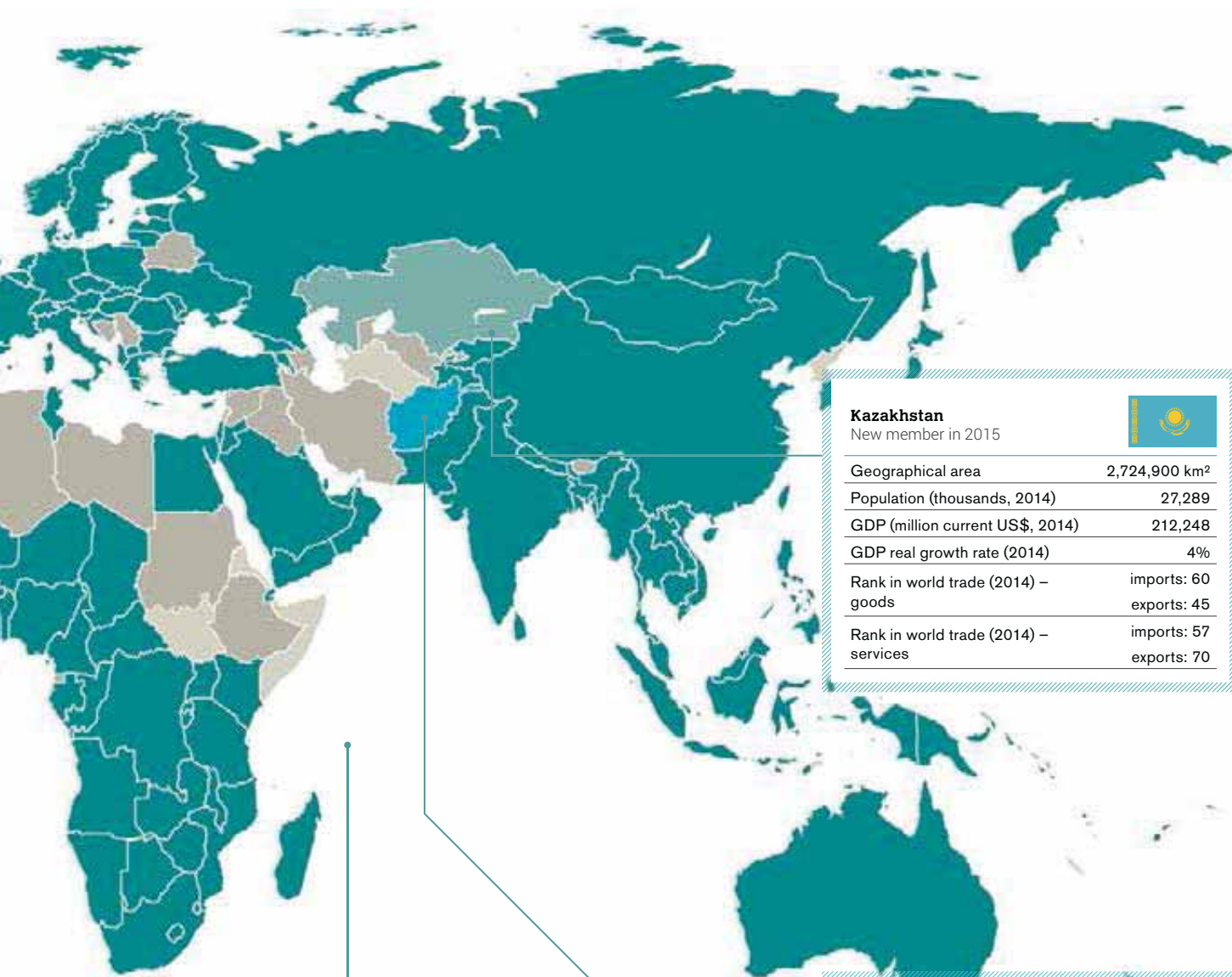
For a full list of WTO members and observers, see page 180.

**Liberia**

WTO membership package approved in 2015

Geographical area	111,369 km <sup>2</sup>
Population (thousands, 2014)	4,397
GDP (million current US\$, 2014)	2,027
GDP real growth rate (2014)	9%
Rank in world trade (2014) – goods	imports: 170 exports: 162
Rank in world trade (2014) – services	imports: 162 exports: 157





### Kazakhstan

New member in 2015



Geographical area	2,724,900 km <sup>2</sup>
Population (thousands, 2014)	27,289
GDP (million current US\$, 2014)	212,248
GDP real growth rate (2014)	4%
Rank in world trade (2014) – goods	imports: 60 exports: 45
Rank in world trade (2014) – services	imports: 57 exports: 70

### Seychelles

New member in 2015



Geographical area	455 km <sup>2</sup>
Population (thousands, 2014)	92
GDP (million current US\$, 2014)	1,406
GDP real growth rate (2014)	3%
Rank in world trade (2014) – goods	imports: 167 exports: 165
Rank in world trade (2014) – services	imports: 170 exports: 148

### Afghanistan

WTO membership package approved in 2015



Geographical area	652,230 km <sup>2</sup>
Population (thousands, 2014)	31,281
GDP (million current US\$, 2014)	20,842
GDP real growth rate (2014)	2%
Rank in world trade (2014) – goods	imports: 109 exports: 163
Rank in world trade (2014) – services	imports: 110 exports: 87



A global membership

[www.wto.org/accessions](http://www.wto.org/accessions)



## Trade negotiations

- > The WTO's Tenth Ministerial Conference, held in Nairobi from 15 to 19 December, concluded with the adoption of the "Nairobi Package", a series of six ministerial decisions on agriculture, cotton and issues related to least-developed countries.
- > The Nairobi Package includes a historic decision to eliminate agricultural export subsidies, the most important reform of international trade rules in agriculture since the WTO was founded.
- > The Nairobi Ministerial Declaration acknowledges that WTO members "have different views" on the future of the Doha Round negotiations but notes the "strong commitment of all members to advance negotiations on the remaining Doha issues".
- > Over 50 WTO members concluded a landmark deal to expand the WTO's Information Technology Agreement, eliminating tariffs on 201 additional IT products valued at over US\$ 1.3 trillion per year.

<b>Trade negotiations in 2015</b>	<b>32</b>
Agriculture	34
Market access for non-agricultural products	36
Services	37
Rules of origin	39
Trade-related aspects of intellectual property rights (TRIPS)	40
Trade and development	42
Trade and environment	43
Trade and transfer of technology	44
WTO rules	45
Dispute Settlement Understanding	46
<b>Information Technology Agreement</b>	<b>47</b>

### **Background on trade negotiations**

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

# Trade negotiations in 2015

In 2015, the Trade Negotiations Committee and its subsidiary bodies focused on delivering meaningful outcomes for the Tenth Ministerial Conference in Nairobi in December. In the first half of the year, WTO members focused on preparing a post-Bali work programme. Although members ultimately failed to establish this programme, they redoubled efforts in the second half of the year to deliver substantive outcomes in Nairobi. Negotiations at the Ministerial Conference concluded with six ministerial decisions on agriculture, cotton and issues related to least developed countries, known collectively as the “Nairobi Package”. Ministers also issued a declaration on the future of the WTO and members’ divergent views on the Doha Round.

## Post-Bali work programme

The Ninth Ministerial Conference in Bali had instructed the Trade Negotiations Committee (TNC) to prepare a clearly defined work programme on the remaining Doha Development Agenda (DDA) issues. Work took place on three tracks: in negotiating groups, consultations by the TNC chair Director-General Roberto Azevêdo in different configurations, and meetings of the full membership at the level of heads of delegation.

Despite much effort and engagement, no substantive progress was made and significant differences remained across many key areas. Consultations continued until 31 July to explore all avenues. At a 31 July TNC meeting, the chair reported that he had not seen the progress necessary to deliver on the ministers’ instructions. The chair asked WTO members to use their summer break to reflect and to return in September fully committed to making the upcoming Ministerial Conference a success.

### 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.

## Deliverables for Nairobi

From September, WTO members intensified work on potential outcomes for the Nairobi Ministerial Conference. Reporting on his consultations, the TNC chair told a meeting in September that it was time to start working intensely on those issues where there appeared to be more convergence. He reported that export competition in agriculture, development issues, with a particular focus on least-developed countries (LDCs), and some transparency provisions in various areas had emerged as the areas where consensus seemed most likely. He encouraged the respective chairs of the negotiating groups to intensify work in their groups and also intensified his own consultations on a number of issues.

In the discussions, divergent positions started to emerge about the future of the Doha Round after the Tenth Ministerial Conference (MC10). A parallel negotiating process was launched to discuss a potential outcome document for MC10 that would take stock of decisions taken at the Conference, including on the Doha Development Agenda (DDA), and give guidance on future work.

Work in the negotiating groups continued in various configurations. WTO members submitted textual proposals, and text-based negotiations were carried out in some areas. However, at the 7 December meeting of the General Council – the last before the start of the Ministerial Conference – the chair of the TNC reported that progress on some key issues was difficult, even on export competition, where text-based negotiations had begun. On extending a waiver for preferential access for LDC services, WTO members had agreed that a draft text provided a basis for continuing work. Members were also close to agreeing a draft ministerial decision on preferential rules of origin for LDCs (see page 39).

The TNC chair concluded that, as of 7 December, the only certain deliverables for the Nairobi Conference were three draft decisions in the area of regular work (see page 50). However, he said there



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

was still a chance of delivering some significant elements for Nairobi and urged WTO members to increase their efforts.

### Preparatory process for Ministerial Declaration

At the General Council in October, WTO members discussed a potential Ministerial Declaration in Nairobi. At an informal meeting of heads of delegation, the TNC chair appointed three facilitators to assist him and the chair of the General Council in this process: Ambassador Gabriel Duque of Colombia, Ambassador Harald Neple of Norway and Ambassador Stephen Karau of Kenya.

The facilitators consulted extensively with WTO members and presented a report on the structure, elements and process to lead members to a consensual text. There was rapid convergence on how the declaration should be divided into three parts: an introduction focusing on the importance of the multilateral trading system, the deliverables of the Nairobi Ministerial Conference, and the future work of the WTO after Nairobi. There were clear differences among WTO members about the future of the Doha Round and on the possibility of extending negotiations to other areas not covered in the DDA. These issues were not addressed by the facilitators.

WTO members submitted textual proposals on what they wished to see in the Ministerial Declaration, and the facilitators were requested to produce a compilation of these proposals. They were subsequently asked to produce a draft consolidated text. Text-based negotiations among WTO members continued on the basis of the facilitators' draft.

By the General Council meeting on 7 December – the last before the start of MC10 – WTO members had made substantial progress. However, bracketed texts – indicating areas where agreement could not be reached – remained in some areas. Contentious issues, namely the reaffirmation of

the DDA and how to address new issues, which had not been addressed in the facilitators' consultations, were forwarded to ministers in Nairobi.

### Consultations continue in Nairobi

The chair of MC10, Kenya's Cabinet Secretary for Foreign Affairs Amina Mohamed, and DG Azevêdo announced that informal meetings open to all WTO members at the level of heads of delegation would continue throughout the conference in parallel with the formal plenary meetings. These informal meetings would constitute the core forum for facilitating discussion and consensus-building on the various texts that would be put forward for formal consideration and action by ministers, including the text of a draft Ministerial Declaration. Some ministers were asked to act as facilitators to assist in and help speed up the negotiations.

The facilitators were Norway's Minister of Foreign Affairs Børge Brende, Mexico's Secretary of the Economy Ildefonso Guajardo Villarreal, Lesotho's Trade Minister Joshua Setipa, Rwanda's Trade Minister François Kanimba, Jamaica's Foreign Affairs Minister Arnold Nicholson and WTO Deputy Director-General Yonov Frederick Agah.

While not all issues could be agreed, draft texts in a number of areas, including agriculture, cotton and LDC issues, as well as a final draft text of the Ministerial Declaration, were presented at an informal heads of delegations meeting on 19 December, the final day of the conference. Late in the afternoon, heads of delegations reached agreement to transmit the texts to the formal plenary session of the Ministerial Conference, held immediately afterwards, for ministers to consider. The result was a final Ministerial Declaration, which listed six decisions on agriculture, including an end to farm export subsidies, cotton and LDC issues (see page 20). The declaration also included a section on the future of the WTO.

## Future work

In the Ministerial Declaration, ministers acknowledged that WTO members “have different views” on the future of the Doha Round negotiations but noted the “strong commitment of all members to advance negotiations on the remaining Doha issues”. Some members “wish to identify and discuss other issues for negotiation; others do not. Any decision to launch negotiations multilaterally on such issues would need to be agreed by all members,” ministers stated in the declaration.

## Agriculture

**The Tenth Ministerial Conference (MC10) took four decisions on agriculture, including a historic decision to end export subsidies. The other decisions were on cotton, the special safeguard mechanism for developing countries and public stockholding for food security. The Nairobi Ministerial Declaration contained a strong commitment to advance work in all areas of the agriculture negotiations.**

Intensive negotiations took place throughout the year in various configurations, with a view to identifying what could constitute an agricultural outcome at the Tenth Ministerial Conference in Nairobi. They were complemented by a series of consultations held by Director-General Roberto Azevêdo on various key issues in close cooperation with the chairs of the special session of the Committee on Agriculture, first Ambassador John Adank and then, from September, Ambassador Vangelis Vitalis, both of New Zealand.

Initially attention had focused on all three pillars of the agriculture negotiations – domestic support (subsidies), market access and export competition – together with cotton and the search for agreement on a permanent solution to the issue of

### 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 2015.

public stockholding of food for food security purposes. The latter is on a separate but parallel negotiating track outside the agriculture negotiations in the Doha Round. As for other areas of the Doha Round, the agriculture negotiations were aiming for agreement on a work programme by 31 July 2015, as called for by the General Council. But this proved impossible, with no narrowing of differences on domestic support and market access.

Over the second part of the year, it became clear that export competition (export subsidies and export measures with equivalent effect) offered the best chance of agreement in Nairobi. Another issue mentioned as a possible outcome for the Nairobi Conference was the special safeguard mechanism (SSM) – a mechanism for developing countries to temporarily raise import tariffs in response to import surges or price falls.

It was also clear from the outset, as reiterated by Ambassador Vitalis in November, that “cotton must be part of any outcome from the 10<sup>th</sup> Ministerial Conference”.

In addition, WTO members were striving for agreement on the public stockpile issue, as instructed by the General Council. The only proposal on the table was one from the G-33 group of developing countries from July 2014. This argued that support given when governments buy food at non-market prices for stockholding should not be considered trade distorting and therefore be allowed without limit.



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MC10 took four decisions on agriculture, including a historic decision to end export subsidies.

As a result of this process, the Chair circulated on 9 December four compilations of proposals received from WTO members concerning the special safeguard mechanism, public stockholding and export competition as well as a draft ministerial text on cotton. The latter resulted from the separate negotiations held with the major cotton players, including the co-sponsors of the Sectoral Initiative in Favour of Cotton – Burkina Faso, Benin, Mali and Chad (the Cotton Four or C-4).

Intensive negotiations continued in Nairobi during the 15-19 December Ministerial Conference and these finally led to the adoption of decisions in these four areas (see page 20).

## Special safeguard mechanism

During the year, WTO members discussed the issue of the special safeguard mechanism in a variety of configurations. Despite intensive efforts, including the submission of new proposals by the G-33, no convergence had been achieved with respect to details of the mechanism in the lead up to the Ministerial Conference.

The G-33 introduced a few changes to previous proposals in terms of the products subject to tariff increases, the extent and duration of such increases and flexibilities for poor countries. Many developing countries maintain that the mechanism, as agreed in principle in the 2005 Hong Kong Ministerial Declaration, would help to protect farmers suffering from subsidies by big players. Opponents of the proposal, however, note that distortions in agricultural trade should not be tackled by introducing more distortions.

In Nairobi, ministers reaffirmed that developing countries will have the right to have recourse to a special safeguard mechanism and specified that WTO members should meet in dedicated sessions of the Committee on Agriculture in special session to continue negotiations. The Nairobi decision further specifies that the General Council will regularly review progress on negotiations in this area.

## Public stockholding, food security

During the year, WTO members met in various configurations to discuss the issue of public stockholding for food security, including in dedicated sessions as mandated by the General Council.

Despite the efforts and two new proposals – one by the G-33 and the other by Australia, Canada and Paraguay – WTO members could not agree on a permanent solution as the divergences remained too deep. Proponents say stockpiling is needed to ensure food security but others fear that without appropriate disciplines, the procurement of food at government-set prices may lead to an increase of produced quantities and their subsequent release could depress prices, so affecting farm incomes and food security elsewhere. The Ministerial Conference reaffirmed members' commitment to make "all concerted efforts" to agree on

a permanent solution and to continue to negotiate "in an accelerated time-frame".

The Bali Ministerial decision of 2013 had set a deadline of the 11<sup>th</sup> Ministerial Conference in 2017 for resolving this matter, but in 2014 the General Council decided that agreement should be sought by end-2015. Until a permanent solution is approved, food stockpiling at administered prices will continue to be protected from legal action under domestic support provisions of the Agreement on Agriculture, as long as certain conditions are met.

## Export subsidies and related policies

In the second part of the year, WTO members engaged in an in-depth negotiation on the so-called export competition pillar covering export subsidies, export financing support, agricultural exporting state trading enterprises (STEs) and international food aid.

In Nairobi, ministers took the historic decision to eliminate agricultural export subsidies more than 50 years after a similar decision had been made for industrial products. This will be especially beneficial to developing countries, where farmers will not have to face unfair competition from products benefiting from such highly trade-distortive subsidies.

WTO members will eliminate export subsidies according to different timelines. Developed countries will eliminate export subsidies immediately as a general rule, with delayed implementation under certain conditions for a limited number of products. Developing countries have longer implementation periods.

The decision also contains disciplines on maximum repayment terms and self-financing of export credits, export credit guarantees and insurance programmes. WTO members also agreed to ensure that agricultural exporting STEs do not operate in a manner that would circumvent the other provisions of the decision. Finally, the decision includes disciplines on food aid aimed at minimizing the risk of it distorting trade and, more specifically, ensuring that food aid does not negatively affect domestic producers and local or regional markets.

The decision also includes various flexibilities to take on board the specific concerns of least-developed countries (LDCs) and net food-importing developing countries.



**The abolition of agricultural export subsidies, agreed at MC10, is fulfilling a key target of the second UN Sustainable Development Goal.**

## Cotton

The decision on cotton taken in Nairobi covers market access, domestic support and export competition plus a development-related component. Developed countries and developing countries in a position to do so agreed to grant, to the extent provided for in their respective preferential trade arrangements, duty free and quota free (DFQF) market access for exports by LDCs of cotton and cotton-related agricultural products (listed in the annex to the decision).

WTO members also agreed that developed countries would immediately eliminate export subsidies for cotton, with developing countries doing so by not later than 1 January 2017. Finally, on domestic support, ministers acknowledged the efforts made by some members to reform their domestic cotton policies, but emphasized that more efforts were needed.

In 2015, the cotton transparency and monitoring process put in place following the Bali Ministerial Conference continued and two dedicated discussions of relevant trade-related developments for cotton were held, in June and November. As in 2014, the dedicated discussions were aided by a WTO Secretariat background paper with information and data from members' notifications and other submissions on export subsidies, domestic support and market access.

Members also benefitted from presentations by the International Cotton Advisory Committee (ICAC) on the global cotton market and trade trends as well as on recent developments relating to government measures in favour of cotton. Members agreed in Nairobi to extend this transparency and monitoring process.

## Ministerial Declaration

In Nairobi, ministers declared that "there remains a strong commitment of all members to advance negotiations on the remaining Doha issues. This includes advancing work in all three pillars of agriculture, namely domestic support, market access and export competition".

## Market access for non-agricultural products

**The Negotiating Group on Non-Agricultural Market Access (NAMA) met regularly in 2015 with the aim of drawing up a work programme and presenting some progress in the negotiations to the Tenth Ministerial Conference in Nairobi. However, "very limited progress" was made. Ministers in Nairobi acknowledged that views differed among WTO members on how best to proceed with the Doha Round but declared that WTO members maintained a "strong commitment" to advance on the remaining Doha issues, including NAMA.**

In the first half of 2015, the objective of the Negotiating Group on Market Access was to reach a work programme by end July 2015, as mandated at the Ninth Ministerial Conference and subsequently extended by the General Council. During this time, the Negotiating Group discussed how they could move forward the NAMA negotiations and resolve a stalemate in the talks. This stalemate partly stemmed from the difficulty some WTO members had with the draft 2008 negotiating text (commonly referred to as Rev. 3), and in particular the "Swiss Formula" which was envisaged as the main means of tariff cutting. The Swiss formula is a "non-linear" formula, under which the higher the initial tariff, the higher the cut.

Discussions took place in various formats, including meetings open to the entire membership, small-group consultations and bilaterals. WTO members explored alternative tariff-cutting modalities to the Swiss Formula, such as averaging. In terms of concrete proposals, only one proposal on a request/offer approach was submitted by Argentina. Regarding non-formula applying members, there was some understanding that these members – including small, vulnerable economies and least-developed countries – would not have to do more than what was envisaged in the draft text. In spite of these exchanges, the gap between members could not be bridged.

### 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 for Non-Agricultural Products.





Ambassador Remigi Winzap chaired the NAMA negotiations in 2015.

## Services

**In the run-up to the Tenth Ministerial Conference (MC10), WTO members made a number of proposals in the special session of the Council for Trade in Services on transparency issues as potential deliverables for MC10. But there proved to be insufficient time to reach consensus on the proposed texts. However, ministers adopted one decision on services at MC10, extending the current waiver period under which WTO members may grant preferential treatment to service suppliers from least-developed countries (LDCs).**

The Chair of the Negotiating Group, Ambassador Remigi Winzap (Switzerland), reported to the General Council on 31 July that “members have only made very limited progress on NAMA”. It was not possible to “identify much convergence as of today,” the Chair added.

Further meetings took place early in the second half of the year in smaller formats convened by Director-General Roberto Azevêdo, the Chair and individual WTO members, with a view to presenting some progress to the Tenth Ministerial Conference to be held in Nairobi in December. But in September 2015, it became clear that a broad result in agriculture, including on domestic support (subsidies) and market access, would be extremely difficult to achieve in time. Under these circumstances, many members’ interest and engagement in NAMA diminished strongly because it has long been understood that progress in NAMA depends on parallel advances in the agriculture negotiations.

In Nairobi, ministers acknowledged that views differed among WTO members on how best to proceed with the Doha Round. “Nevertheless, there remains a strong commitment of all members to advance negotiations on the remaining Doha issues. This includes ... non-agricultural market access...”, they stated in their Ministerial Declaration.

In respect of non-tariff barriers (NTBs), while some WTO members believed that it would be useful to begin a conversation on NTBs, others felt that a tariff outcome was required before a discussion on non-tariff barriers could commence. As a result, no discussions were pursued on NTBs.

During the first half of the year, the special session continued to consider possible services elements of a post-Bali work programme, in the hope of meeting a July 2015 deadline set for all aspects of the Doha Round negotiations. WTO members recognized that services must form an essential part of any Doha Round outcome and highlighted the crucial importance of services for the growth and development of their national economies and for world trade. It was understood that the services negotiations need to be “calibrated” in some way with those in agriculture and non-agricultural market access (NAMA), yet there remained a wide range of views on the nature of such calibration.

Several WTO members suggested that there should be a discussion on what members want from the negotiations and what they are willing to contribute. As a first step, this could mean that members would provide a list of sectors and modes of supply they are willing to include or improve upon before entering into “request and offer” negotiations. This would help to determine the level of ambition for the services negotiations, they argued.

### Background on services

Services are the most important economic activity in most 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 rounds of negotiations. At the Doha Ministerial Conference in November 2001, the services negotiations became part of the “single undertaking” under 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

A number of WTO members indicated sectors and modes of service supply where they would like to see new or improved commitments from members. These include express delivery, transport and logistics, telecommunications, computer services, distribution, financial services, construction and energy-related services as well as the temporary movement of contract suppliers and independent professionals (mode 4, i.e. movement of persons). The General Agreement on Trade in Services (GATS) distinguishes between four modes of supplying services: cross-border trade, consumption abroad, commercial presence, and presence of natural persons.

In addition, the ACP (Africa, Caribbean and Pacific) group of developing countries called attention to a paper submitted to the Trade Negotiations Committee, recalling the GATS provisions that allow developing countries to provide market access in fewer services sectors than in developed countries, in line with their development situation, and the importance of achieving liberalization in sectors and modes of supply of interest to developing countries.

Members generally recognized that a result on services market access was essential for any services outcome, yet expressed varying views on the desirable levels of improved coverage or depth of commitments. Most members recalled that the market access part of the services negotiations would need to fully take account of the need to promote development and the importance of LDC interests.

Despite the various ideas put forward, WTO members were unable to produce a text of clearly defined work for services for the post-Bali programme.

### Potential deliverables for Nairobi

From July 2015, the special session held two informal meetings predominantly focused on the possibility of deliverables for the Tenth Ministerial Conference in Nairobi in December. One potential deliverable, based on proposals by the European Union, Canada, Australia and Russia, related to transparency in domestic regulation in services.

Two distinct positions emerged on whether to start discussions on a potential services outcome in transparency, such as disciplines for the publishing of regulatory measures, the establishing of mechanisms to respond to requests for information by service suppliers and publishing of draft regulation to facilitate comments of service suppliers. Proponents expressed readiness to explore appropriate development components. However, several developing countries said they would not take on new obligations on their domestic regulations.

Other proposals were made by India, regarding transparency in the question of movement of natural persons, and by the ACP group concerning the maintaining of flexibility for developing countries in all areas of WTO negotiations, including services. In the end, there was not sufficient time to reach consensus among WTO members on texts related to these proposals prior to the Nairobi Ministerial Conference.



Ambassador Gabriel Duque chaired the special session of the Council for Trade in Services in 2015.

In Nairobi, therefore, the only services-related decision adopted by ministers was a proposal that had emerged from discussions in the regular sessions of the Council for Trade in Services. The decision (see page 74) extends the current waiver period under which WTO members may grant preferential treatment to LDC services and service suppliers. The waiver, adopted in December 2011, runs 15 years. The ministerial decision extends this an additional four years, or until 31 December 2030.

### Domestic regulation

The Working Party on Domestic Regulation has explored a variety of technical issues in recent years, including the clarification of concepts and terms as they relate to regulatory frameworks and practices as well as experience-sharing of regulatory provisions in regional trade agreements. One additional contribution was received on the latter issue, but no further technical work took place.

During the first half of 2015, the Working Party on Domestic Regulation considered the relationship of the domestic regulation work programme and the post-Bali work programme. This work complemented discussions in the special session of the Services Council focused on the market access aspects of a possible services outcome. Several delegations provided substantive views on their domestic regulation priorities in the context of a post-Bali work programme, which included provisions to discipline licensing and qualification requirements and procedures. Other delegations reiterated that other areas of the negotiations needed to progress before the issue of domestic regulation could be considered in the same context.

During the second half of 2015, the special session discussed whether transparency in domestic regulation could be an element of a "Nairobi package". While the proposal received support from some delegations, various developing countries expressed concern that cherry-picking "transparency" in the services negotiations would undermine the focus on development, particularly given the uncertainty on what the Nairobi package would deliver for development.

## GATS rules

Given the overall context of the Doha Round negotiations and the focus on possible deliverables for the Nairobi Ministerial Conference, 2015 saw little progress in the Working Party on GATS Rules in its technical discussions on emergency safeguard measures, government procurement and subsidies (discussions conducted in accordance with the negotiating mandates contained in Articles X, XIII and XV of the WTO General Agreement on Trade in Services).

On emergency safeguard measures (ESM), the Working Party continued its dedicated discussion on emergency safeguard provisions in regional trade agreements, as proposed by the "Friends of ESM" (comprising Brunei Darussalam, Cambodia, Indonesia, Lao People's Democratic Republic, Malaysia, Myanmar, Philippines, Thailand and Viet Nam) in October 2013. On substance, however, WTO members brought no new elements to the negotiating table.

On government procurement, the Working Party discussed a WTO Working Paper entitled "The Relationship between Services Trade and Government Procurement Commitments: Insights from Relevant WTO Agreements and Recent RTAs". The paper discusses the relationship between commitments on trade in services and government procurement in services, with reference to relevant WTO agreements and a number of recent regional trade agreements.

Concerning subsidies, the WTO Secretariat issued a revised version of its background note on "Subsidies for Services Sectors – Information contained in WTO Trade Policy Reviews". More conceptual work would be needed to better understand how subsidies are provided and what trade effects they might have.

## Rules of origin

**At the Tenth Ministerial Conference in Nairobi, ministers adopted a new decision on preferential rules of origin that builds on their decision of 2013 to make it easier for exports from least-developed countries (LDCs) to qualify for preferential market access. The Nairobi ministerial decision provides more detailed directions on specific issues, such as methods for determining when a product qualifies as "made in an LDC".**

The 2015 ministerial decision on preferential rules of origin for LDCs constitutes another step to ensuring that preferential trade arrangements for LDCs have simple and transparent rules of origin. It expands on the agreement on preferential rules of origin reached at the 2013 Bali Ministerial Conference by providing more detailed directions on specific issues, such as methods for determining when a product qualifies as "made in an LDC" and when inputs from other sources can be "cumulated" — or combined together — into the consideration of origin. It also calls on preference-granting members to consider allowing the use of non-LDC originating materials for up to 75 per cent of the final value of the product. Key beneficiaries will be sub-Saharan African countries, which make up the majority of the LDC Group.

When a good is manufactured using imported inputs, preferential rules of origin set minimum requirements to ensure that these inputs have been "substantially transformed" into a new final product which can qualify for preferences. When such requirements are complex or overly strict, LDC producers may find it difficult to comply with them and not be able to utilize the preferences.

The Bali decision sought to ensure that these requirements were not strict or overly complex. It set out, for the first time, multilaterally agreed guidelines to help make it easier for LDC exports to qualify for preferential market access. It recognized that each country granting trade preferences to LDCs had its own method of determining rules of origin, and it invited members to draw upon the elements contained in the decision when they developed or built on their individual rules of origin arrangements applicable for LDCs. The decision also required

### Background on rules of origin

Rules of origin are the criteria used to determine the country in which a product was 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 trade policy instruments, such as anti-dumping and countervailing duties, origin marking, and safeguard measures.

## Trade negotiations

members to notify their preferential rules of origin for LDCs to the WTO to enhance transparency.

The decision by the Tenth Ministerial Conference in Nairobi drew on proposals made by the LDC Group in negotiations during the year in the Committee on Rules of Origin. LDCs had sought to go beyond the Bali ministerial decision, which they said had remained largely “non-operationalized”.

Speaking on behalf of the LDC Group, Bangladesh put forward proposals at the October meeting that it said were “based on existing best practices and drafted to reflect the real-world problems LDCs were facing in benefitting from such schemes”. The proposals included adopting a maximum percentage of non-originating materials of “at least” 75 per cent in the total value of the final qualifying good and recognizing self-certification of rules of origin. In his report as Chair of the Trade Negotiations Committee, DG Azevêdo announced at a meeting of the General Council in October that he had appointed Ambassador Steffen Smidt of Denmark, in his role as LDC Facilitator, to take forward the proposals of the LDC Group on his behalf and to act as “Friend of the Chair”.

Ministers in Nairobi instructed the Committee on Rules of Origin to review annually the developments in preferential rules of origin applicable to imports from LDCs, in accordance with their guidelines, and to report to the General Council. The Secretariat was to provide the Sub-Committee on LDCs with an annual report on the outcome of such a review.

## Trade-related aspects of intellectual property rights (TRIPS)

**The TRIPS Council special session held a comprehensive review of work on geographical indications (GIs) but made no significant progress in 2015 on outstanding questions. WTO members did not see GIs as a priority for the Tenth Ministerial Conference in December. The Council, in regular session, undertook its 13<sup>th</sup> annual review of the incentives given to companies by developed countries to transfer technology to least-developed countries (LDCs). After detailed discussions about the application of so-called non-violation and situation complaints to the TRIPS Agreement, the Council recommended a further extension of the moratorium on such complaints, which the Ministerial Conference subsequently adopted.**



←  
Ambassador Dacio Castillo chaired the special session of the Council for TRIPS in 2015.

### Negotiations on a GI register

Work on GIs was not a priority for WTO members in their preparations for the Nairobi Ministerial Conference, and the TRIPS Council special session made no progress on the issue. Throughout 2015, the Chair, Ambassador Dacio Castillo (Honduras), sought to revitalize the work of the special session. In February, after a series of consultations, the special session held an information meeting that included a comprehensive overview of past work on GIs. But members showed little appetite for work on this mandate in the short term.

Members have long disagreed over the legal effects a GI register should have and whether the effects would apply to all WTO members, or only to those who chose to participate in the register. Positions also remained divided on product coverage and 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. 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 gives them particular qualities, reputation or other characteristics.

### Background on TRIPS

The Doha Development Agenda mandates negotiations on a multilateral system for notifying and registering geographical indications 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 mandates the Director-General to consult on certain TRIPS-related implementation issues identified in the Doha Declaration.

## Outstanding implementation issues

During 2015, there was no work on the question of whether the TRIPS obligation to give a “higher” or “enhanced” level of protection for wine and spirit GIs should be extended to GIs for other products. 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 the two so-called “outstanding implementation issues” in the TRIPS area on which the 2005 Hong Kong Ministerial Declaration had 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. The main focus has been on proposals to amend the TRIPS Agreement 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. No further consultations on the outstanding implementation issues have been held since the last written report by the Director-General in April 2011. A number of members raised this matter in the TRIPS Council’s regular meetings during 2015 but no advances were made.

## Incentives for technology transfer

In October 2015, the TRIPS Council, in regular session, undertook its 13<sup>th</sup> annual review of the reports provided by developed countries on the incentives they give to transfer technology to LDCs. The TRIPS Agreement requires developed countries to provide such incentives, and 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 an eighth annual workshop for LDC and developed-country delegations to discuss in more depth the operation of these incentives. The discussions also covered harmonization of reporting formats based on an LDC proposal and the Secretariat’s efforts to improve the accessibility of the vast amounts of useful information available. A representative from the United Nations Conference on Trade and Development (UNCTAD) presented plans for a UN Technology Bank that would aim to address science, technology and innovation gaps in LDCs.

## TRIPS non-violation and situation disputes

WTO members made new submissions and had detailed exchanges on the merits of applying so-called non-violation and situation complaints in the context of trade disputes concerning intellectual property rights. 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 “non-violation and situation complaints” and this moratorium has been repeatedly extended by decisions made by ministerial conferences.

Debate in 2015 focused on possible consequences of applying such complaints under the TRIPS Agreement, and whether the existing framework of WTO rules provided sufficient guidance to allay concerns over possible lack of legal clarity in this area. Members continued to disagree over whether such disputes should be permitted under the TRIPS Agreement, and over the grounds on which such disputes could be based. Hence, the Council recommended that the moratorium be extended, and the Tenth Ministerial Conference subsequently maintained the extension while recommending that the TRIPS Council continue examining the scope and modalities for these disputes and make recommendations to the next ministerial conference.

## Trade and development

**WTO members worked hard in special session of the Committee on Trade and Development during 2015 to close gaps on a series of proposals on special and differential treatment (S&D) for developing countries to submit to the Tenth Ministerial Conference, held in Nairobi in December 2015. But differences remained too great and no agreed text could be presented to ministers. In Nairobi, ministers took decisions, however, on rules of origin and a services waiver that benefit least-developed countries (LDCs).**

In February the special session of the Committee on Trade and Development received a list of 14 proposed agreement-specific S&D provisions from the African group and the African Caribbean and Pacific (ACP) group, together with another list of 25 provisions from the LDCs. S&D refers to the special treatment, or flexibility, granted to developing countries in WTO agreements, such as longer implementation periods and easier obligations. As part of the Doha Round, the Committee is seeking to make these provisions more precise, effective and operational.

After much coordination work, the G90 group of developing countries presented consolidated proposals covering 25 provisions in July. The submission, which proponents said was based on a thorough review of S&D provisions in WTO agreements, covered areas such as infant industry protection, sanitary and phytosanitary measures, technical barriers to trade, and trade-related aspects of intellectual property rights (TRIPS).

The Chair, Ambassador Tan Yee Woan (Singapore), held a number of meetings in various formats, including text-based consultations in small groups. This intensive work led proponents to prioritize a list of 19 proposals as potential deliverables for the Nairobi Conference. Consideration of these proposals continued throughout November, with the special session convening almost every day in the run-up to the Ministerial Conference.



Ambassador Tan Yee Woan chaired the special session of the Committee on Trade and Development in 2015.

But positions remained widely divergent. Sticky issues impeding progress included defining exactly who should benefit from the flexibilities sought, together with some systemic concerns. Just before leaving for Nairobi, the Chair circulated text on nine proposals identified as potential areas of convergence among members. But these also failed to gain traction. Last-ditch efforts in Nairobi could not bridge the gaps and there was no tangible outcome in this area of work.

In Nairobi, however, ministers took two important decisions that benefit LDCs. They agreed to extend a current waiver for preferential treatment for LDC services and service suppliers until 31 December 2030. On rules of origin, they gave more detailed directions on how to make it easier for LDC exports to qualify for preferential market access (see pages 39).

### 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.

## Trade and environment

**The Committee on Trade and Environment in special session (CTESS) held an information session in March on the state of play in the negotiations and discussed the way forward on the environment chapter of the Doha mandate, including priorities for the Tenth Ministerial Conference (MC10) in Nairobi. Consultations continued during the year. At a meeting in November, however, there was general consensus among WTO members that there was not sufficient time for an outcome on the Doha trade and environment mandate to be reached at MC10.**

The CTESS held an information session in March to review the state of play in all three aspects of the environment chapter of the Doha Round negotiations. 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.

Regarding barriers to environmental goods and services, the CTESS chair Ambassador Wiboonlasana Ruamraksa (Thailand) said it was clear that the trade opening efforts on environmental goods being pursued by a group of WTO members (see page 81) had affected the level of priority that delegations were giving to the topic in the CTESS.

In September, Ambassador Syed Tauqir Shah (Pakistan) took over as chair of the CTESS. Consultations continued during the rest of the year on ways to advance the work of the CTESS.

### Background on trade and environment

The negotiations on trade and environment, part of the Doha Development Agenda, address the relationship between the WTO and multilateral environmental agreements, and the elimination of barriers to trade in environmental goods and services. The negotiations take place in special session of the Committee on Trade and Environment. The negotiations aim to ensure that trade and environment policies are mutually supportive.



Ambassador Syed Tauqir Shah chaired the special session of the Committee on Trade and Environment in 2015.

At an informal meeting of the CTESS in November, some WTO members stressed the importance of sending an appropriate signal on trade and environment in view of the other international developments in 2015, notably the adoption by the United Nations of the 2030 Agenda for Sustainable Development and the UN climate change negotiations in Paris. Other members, while recognizing the importance of the Doha Round trade and environment mandate, stressed the need to first address other core issues on the Doha agenda – agriculture, non-agriculture market access and trade in services.

There was general consensus that, while there was an interest to remain engaged, there was not sufficient time for an outcome on the Doha trade and environment mandate at the Tenth Ministerial Conference in Nairobi.

### Ministerial Declaration

The Ministerial Declaration issued at the end of the Ministerial Conference referred to the Agenda for Sustainable Development and the future work of the WTO on trade and



**“We recognise the role the WTO can play in contributing towards achievement of the 2030 Sustainable Development Goals.”**

Nairobi Ministerial Declaration

environment. It stated: "We recognize the role the WTO can play in contributing towards achievement of the 2030 Sustainable Development Goals [see page 119], in so far as they relate to the WTO mandate, and bearing in mind the authority of the WTO Ministerial Conference".

The Declaration acknowledged that "international trade can play a role towards achieving sustainable, robust and balanced growth for all". Furthermore, it stated that there is a strong commitment of all WTO members to advance negotiations on the remaining Doha Round issues. It also acknowledges that members have different views on how to address the negotiations.

## Trade and transfer of technology

**The Working Group on Trade and Transfer of Technology was briefed by various WTO members on workshops, initiatives and projects in the area of technology transfer undertaken in 2015. This was part of ongoing work on the relationship between trade and transfer of technology and steps that could be taken to increase flows of technology to developing countries.**

At one of the three meetings held during the year, Ecuador briefed the Working Group on a workshop entitled "Contribution of Intellectual Property to Facilitating the Transfer of Environmentally Rational Technology", held in May 2015 in Crozet, France.

Organized by the Permanent Mission of Ecuador in collaboration with German foundation Friedrich Ebert Stiftung, the workshop gathered experts from the International Centre for Trade and Sustainable Development, South Centre, an intergovernmental organization of developing countries, the United Nations Conference on Trade and Development (UNCTAD), the WTO and academia to discuss a proposal that Ecuador had earlier presented in the TRIPS Council on the

### Background on trade and transfer of technology

The Working Group on Trade and Transfer 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".



Ambassador Luc-Joseph Okio chaired the Working Group on Trade and Transfer of Technology in 2015.

issue of technology transfer and climate change. The proposal states that the issue of technology and its transfer is a fundamental aspect of the fight against climate change and adapting to, and mitigating, its harmful effects. According to the proposal, the timely dissemination and transfer of technology are therefore essential for achieving that objective.

The Philippines briefed WTO members on some of the recent initiatives taken by its government to encourage and generate technology transfer. It shared information on specific legislative measures, including the setting up of technology-focused institutions to implement development-oriented programmes promoting international cooperation and public sector involvement.

Chinese Taipei briefed the Working Group on its e-Customs information and communications technology project on trade facilitation for Central American countries. The project streamlines customs procedures by using high-tech integration processes to reduce delays and transaction and trade costs.

The discussions of the Working Group underscored the significance of sharing experiences and lessons learnt in innovation and technology generation, particularly by countries that have undergone rapid technological advancement. It was felt that such experiencesharing exercises not only enriched and advanced the work of the Group but also facilitated the finding of technology solutions and helped technology-deficient countries make more informed choices about protechnology policies and measures.

India, Pakistan and the Philippines told the Working Group that they were refining an earlier presentation, "Facilitating Access to Information on Appropriate Technology Sourcing – A Step to Increase Flows of Technology to Developing Countries". They said that they intended to present the new version in the near future. During the discussion, the proponents also suggested that the WTO Secretariat host a webpage on transfer of technology issues for the benefit of producers in developing countries. Other members expressed interest and asked for more detail on the contents of such a website.



## WTO rules

**The Negotiating Group on Rules continued its consideration of WTO rules on anti-dumping, subsidies and countervailing measures, and regional trade agreements (RTAs). It examined possible rules outcomes for the Tenth Ministerial Conference (MC10) in Nairobi but differences remained in all areas of the negotiation. At MC10, no further progress was made beyond the area of RTAs. In the Nairobi Ministerial Declaration, the Committee on RTAs was instructed to discuss the systemic implications of regional trade agreements for the multilateral trading system. Ministers also agreed to work towards making the provisional “Transparency Mechanism” for RTAs into a permanent mechanism.**

In line with the instruction issued by ministers in Bali in December 2013, the Negotiating Group on Rules held a series of informal consultations and meetings to consider what, if any, role WTO rules on anti-dumping, subsidies, countervailing measures and regional trade agreements – the four pillars – should play in the post-Bali work programme.

Members remained divided between those pressing for progress in specific aspects, such as anti-dumping or fisheries subsidies, and those who argued that progress in rules was not possible until it became clearer what could be achieved in agriculture, industrial goods and services, the core pillars of the Doha Development Agenda.

In May, the Secretariat held an information session on the rules negotiations. Thereafter, during the course of the summer, a number of delegations or groups of delegations submitted proposals related to the post-Bali work programme, including in relation to anti-dumping, fisheries subsidies disciplines

### 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. In the context of the subsidies negotiations, there was specific mention of disciplines on fisheries subsidies, and at the Hong Kong Ministerial Conference in 2005 there was broad agreement on strengthening those disciplines, including through a prohibition of certain forms of fisheries subsidy that contribute to over-capacity and over-fishing. With regard to regional trade agreements, the General Council established a transparency mechanism on a provisional basis in December 2006.



Ambassador Wayne McCook chaired the Negotiating Group on Rules in 2015.

and transparency across the different pillars of the rules negotiations. While some delegations welcomed these proposals, others said that elements in the proposals were still far too ambitious and/or not properly calibrated to the current state of play in the overall Doha Round negotiations.

Beginning in September, the focus turned to the upcoming Tenth Ministerial Conference (MC10) in Nairobi. A number of delegations submitted proposals for MC10 outcomes in one or more of the four pillars of the rules negotiations, which were considered in a variety of formats up to and including at MC10. The negotiating group considered proposals for an outcome on fisheries subsidies in an eventual “Nairobi Package”, focusing variously on transparency alone, or on transparency plus certain disciplines and special and differential treatment for least-developed countries. The group also considered a number of proposals on anti-dumping as well as on transparency across the different pillars of the rules negotiations.

But the differences remained in all areas of the negotiation and, despite intensive work right up to the end of MC10, no further progress was made beyond the area of RTAs. Here, the Ministerial Declaration 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. It also agreed that WTO members would work towards making the Transparency Mechanism for RTAs, which is currently provisional, into a permanent mechanism (see page 86).

During the year, work continued in the Technical Group. While the Technical Group was created by the Negotiating Group, it is not a negotiating forum. It is a forum in which delegations exchange information about their anti-dumping practices. The Technical Group met in April and October 2015 and exchanged information about WTO members’ practices in regard to the so-called “lesser” duty rule, under which authorities impose duties at a level lower than the margin of dumping. They also discussed public interest clauses (evidence for safeguard measures must include arguments on whether a measure is in the public interest) and the treatment of confidential information in anti-dumping investigations.

## Dispute Settlement Understanding

**Negotiations to improve the Dispute Settlement Understanding (DSU) achieved further convergence among WTO members in a number of areas in 2015 but more conceptual work is needed in others. Despite the progress, it was not possible to agree any outcomes for the Tenth Ministerial Conference in Nairobi.**

In December 2015, the Chair of the DSU negotiations, Ambassador Ronald Saborío Soto (Costa Rica), reported that convergence among WTO members had been achieved in certain areas and significant progress made in a number of others. In some areas, however, further work at the conceptual level would be needed to clarify the basis on which convergence might be found.

Although it had not been possible to reach specific agreements in time for the December Ministerial Conference, participants remained strongly committed to continuing to work towards agreement on improvements and clarifications of the DSU. They recognized the systemic importance of this negotiation and its potential to lead to practical and meaningful outcomes for the benefit of all members, the Chair added.

Work during 2015 explored the potential for further convergence across all 12 issues under discussion, building on the elements of a potential solution identified in the “horizontal process” in which all areas were covered. The process was completed in 2014.

The 12 issues 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

### 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”. This means they are not legally tied to the success or failure of the other Doha Round negotiations.



Ambassador Ronald Saborío Soto chaired the special session of the Dispute Settlement Body in 2015.

– 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.

The Chair further highlighted that the increase in dispute settlement activity (see page 102) made the work more urgent and relevant. The negotiation and the work conducted to date provided an important avenue for WTO members to address current challenges and improve the overall efficiency and effectiveness of the dispute settlement system.

In Nairobi, ministers noted that the DSU continued to offer a means for the settlement of disputes “that is unique in international agreements”. The large and growing number of disputes demonstrated WTO members’ continuing confidence in the system. “We recognize that the increasing number and growing complexity of disputes present challenges to the system. We therefore commit to pursue and renew efforts to address current challenges and to further strengthen the system, including through effective implementation of the rulings and recommendations of the Dispute Settlement Body (DSB),” the Ministerial Declaration said.

# Information Technology Agreement

On 16 December 2015, at the Tenth Ministerial Conference in Nairobi, participants in negotiations to expand the Information Technology Agreement (ITA) concluded a landmark deal to liberalize trade in an additional 201 high-tech products, whose annual value is estimated at US\$ 1.3 trillion, accounting for nearly 10 per cent of world trade in goods. It is the first major tariff-cutting deal at the WTO since 1996.

Negotiations were conducted by 53 WTO members, including both developed and developing countries, accounting for approximately 90 per cent of world trade in these products. The new tariff commitments will be recorded in each participant's WTO schedule of commitments and applied on a most-favoured nation (MFN) basis, which means that all 162 WTO members will benefit from duty-free access in those markets.

Participants in the ITA expansion negotiations had agreed in July 2015 on a list of 201 additional products that will benefit from duty-free treatment. They then engaged in "staging" negotiations on how and over what period of time they would eliminate duties on these products. During November and December 2015, with the assistance of the WTO Secretariat, 24 draft schedules were reviewed and approved, paving the way for the conclusion of negotiations in Nairobi.

Approximately 65 per cent of tariff lines will be fully eliminated by 1 July 2016. Most of the remaining lines will be phased out in four stages over three years, which means that by 2019 almost all imports of the relevant products will be duty-free.

The ITA expansion declaration also contains a commitment to work to tackle non-tariff barriers in the IT sector (see page 71) and to keep the list of products covered under review to determine whether further expansion may be needed to reflect future technological developments.

According to preliminary estimates by the WTO Secretariat, approximately 95 per cent of participants' import duties on these products will be fully eliminated by 2019. Products covered by the ITA expansion 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 products and ultra-sonic scanning apparatus.

Director-General Roberto Azevêdo said that the products covered by the agreement amounted to more than global trade in automotive products or global trade in textiles, clothing, iron and steel combined. "In fact, this deal will eliminate tariffs on approximately 10 per cent of global trade," he said in Nairobi following the announcement of the deal. He noted that some of the IT products currently faced very high tariffs. For example, in some markets, the import tariff for video cameras is 35 per cent. "With this agreement, tariffs will be reduced to zero — and legally locked-in at zero. So today marks a very significant achievement. Eliminating tariffs on trade of this magnitude will have a huge impact," he said.

The lower prices will help many other sectors that use IT products as inputs. The agreement will create jobs and help to boost growth around the world. It will improve productivity and market access, and enhance predictability for traders and investors, the DG declared.

## Background on the Information Technology Agreement

The agreement is an expansion of the 1996 Information Technology Agreement. In 2012, WTO members recognized that technological innovation had advanced to such an extent that many new categories of IT products were not covered by the existing agreement. Negotiations began in June 2012 to expand the coverage of the accord. The ITA expansion is open to any WTO member wishing to join it.



# 201

201 IT products worth US\$ 1.3 trillion a year have been added to the goods covered by the Information Technology Agreement.



## Implementation and monitoring

- > By the end of April 2016, 77 WTO members had ratified the Trade Facilitation Agreement, which will come into effect once two-thirds of the WTO membership have ratified it. Implementation of the Agreement will help to cut trade costs by speeding up the flow of goods across borders.
- > In 2015, ten more members accepted the protocol amending the WTO's intellectual property (TRIPS) Agreement, which will come into force once two-thirds of the WTO membership have ratified it. By the end of April 2016, 61 per cent of WTO members had accepted the protocol. The aim of the protocol is to make it easier for the WTO's poorest members to access affordable medicines.
- > The Committee on Sanitary and Phytosanitary (SPS) Measures received a record 1,681 notifications from WTO members concerning food safety, animal or plant health regulations, helping to improve the transparency of members' use of these measures.
- > The use of trade-restricting measures by WTO members is a cause for concern, according to the latest WTO trade monitoring reports, as the overall stockpile of trade restrictions introduced by members since 2008 continues to grow.

<b>General Council</b>	<b>50</b>
<b>Trade in goods</b>	<b>53</b>
Market access	55
Agriculture	56
Balance of payments	58
Sanitary and phytosanitary measures	59
Technical barriers to trade	62
Subsidies and countervailing measures	65
Anti-dumping practices	66
Customs valuation	67
Rules of origin	68
Import licensing	69
Safeguards	70
Trade-related investment measures	70
Information Technology Agreement	71
State trading enterprises	72
Trade in civil aircraft	73
<b>Trade in services</b>	<b>74</b>
<b>Trade-related aspects of intellectual property rights (TRIPS)</b>	<b>77</b>
<b>Trade and environment</b>	<b>80</b>
<b>Trade facilitation</b>	<b>83</b>
<b>Regional trade agreements</b>	<b>85</b>
<b>Trade Policy Reviews</b>	<b>88</b>
<b>Trade Policy Reviews in 2015</b>	<b>90</b>
<b>Trade monitoring reports</b>	<b>92</b>
<b>Trade, debt and finance</b>	<b>95</b>
<b>Government Procurement Agreement</b>	<b>97</b>

#### **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 2015, the General Council made preparations for the Tenth Ministerial Conference in Nairobi and submitted recommendations for decisions. It oversaw progress in the Doha Round negotiations on the basis of reports from the Director-General in his capacity as Chair of the Trade Negotiations Committee. It also oversaw progress in implementing decisions taken at the Ninth Ministerial Conference in Bali, based on regular reports by the General Council chair, Fernando de Mateo of Mexico. It heard the Director-General's reports on the Fifth Global Review of Aid for Trade and other matters, such as WTO accessions.

## Ministerial Conference

The Chair of the General Council prepared both the substantive and organizational aspects of the Tenth Ministerial Conference. Delegations were consulted regularly on organizational issues, such as the appointment of chairs and other officers for the Conference and the participation of observers and non-governmental organizations.

The General Council submitted three recommendations for decisions to the Nairobi Ministerial Conference regarding e-commerce, small economies, and so-called non-violation and situation complaints in trade-related aspects of intellectual property rights (TRIPS). Work to finalize Nairobi "deliverables" – matters that could be agreed at the Ministerial Conference – and the Ministerial Declaration took place in the relevant negotiating bodies as well as in the General Council and the Trade Negotiations Committee.

The General Council also oversaw progress on mandates given by ministers at the Bali Ministerial Conference in 2013, including on the drawing up of work programmes by the negotiating bodies of the Doha Round (see page 32). It reviewed other issues from regular WTO bodies for ministerial action.

## Aid for Trade

In July, the Director-General reported on the Fifth Global Review of Aid for Trade (see page 126) whose theme was

"Reducing Trade Costs for Inclusive, Sustainable Growth". He said that the review had been a success and that the Aid for Trade initiative was already having a tangible effect on reducing trade costs and in helping least-developed countries (LDCs) connect to global supply chains. WTO members stressed the importance of reducing trade costs and pledged their continued support for the initiative.

## E-commerce

The Work Programme on Electronic Commerce, which involves the digital transfer of goods and services across borders, 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 TRIPS, and the Committee on Trade and Development examining and reporting to the General Council on various aspects of electronic commerce.

As instructed by the Ninth Ministerial Conference, the General Council continued to review progress on the e-commerce programme. The Friend of the Chair for e-commerce, Ambassador Suescom (Panama), who chaired the dedicated discussions on e-commerce on behalf of the General Council Chair, reported in July that positions were little changed on key issues, such as whether to make the current moratorium on customs duties on electronic transmissions permanent. At the 30 November 2015 General Council meeting, WTO members agreed to forward a draft decision on e-commerce to the Tenth Ministerial Conference. In Nairobi, ministers decided to continue the work and asked the General Council to keep the moratorium on transmission duties until the next Ministerial Conference in 2017.

### 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 meetings of the Ministerial Conference in addition to carrying out the specific tasks assigned to it by the Agreement establishing the WTO.



Ambassador Fernando de Mateo was elected as Chair of the General Council in February 2015.

## Waivers under Article IX of the WTO Agreement

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:

- › LDCs — Article 70.9 of the TRIPS Agreement with respect to pharmaceutical products, granted on 8 July 2002 until 1 January 2016
- › Preferential treatment for LDCs, granted on 27 May 2009 until 30 June 2019
- › United States — Former Trust Territory of the Pacific Islands, granted on 27 July 2007 until 31 December 2016
- › United States — African Growth and Opportunity Act (AGOA), granted on 27 May 2009 until 30 September 2015 (see page 54)
- › 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 17 December 2026 (see page 74)
- › 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
- › Cuba — Article XV:6 of GATT 1994, Extension of waiver, granted on 14 February 2012 until 31 December 2016

## Intellectual property issues

In February, the General Council heard an update on implementation of the protocol amending the TRIPS Agreement, which aims to make it easier for poorer WTO members to gain access to medicines through the granting

of compulsory licences, referred to as the “Paragraph 6” system (see page 78). The latter is a waiver permitting generic versions of patented medicines to be exported to developing countries with no domestic manufacturing capacity.

In November, the General Council received a report from the TRIPS Council on implementation of Paragraph 6 of the Doha Declaration on the TRIPS Agreement and Public Health. The General Council agreed to extend until 31 December 2017 the period for WTO members to accept the protocol, which comes into force when it has been accepted by two-thirds of WTO members (see page 78).

In November, on the recommendation of the TRIPS Council, the General Council agreed to extend for 17 years until 1 January 2033 the transitional period for LDCs to enforce global trade rules protecting pharmaceutical patents and clinical data (see page 79).

## WTO accessions

At a meeting in July, attended by Kazakhstan’s President Nursultan Nazarbayev, the General Council approved the draft protocol on the accession of Kazakhstan. It adopted the draft decision on the country’s accession and the report of the respective working party. Kazakhstan became the 162<sup>nd</sup> WTO member on 30 November, 30 days after depositing its instrument of acceptance of its membership terms with the Director-General (see page 25).

The General Council considered at its meeting in November the 2015 Annual Report on Accessions by the Director-General, which looked back at WTO accessions over the past 20 years. The report said that the process of accession and its results illustrated the value of the WTO “in supporting domestic priorities for economic diversification and modernization, updating the rules of trade and promoting broader international cooperation for trade”. The report also highlighted the need for a post-accession support strategy for new WTO members.

### Micro, small and medium-sized enterprises (MSMEs)

At its meetings in July, October and November, the General Council discussed proposals by the Philippines and other co-sponsors for action to improve the participation of MSMEs in global and regional markets. The Philippines proposed a forum to share national experiences on MSMEs and to highlight the opportunities and challenges confronting them (see page 54).

### Other issues

The General Council heard updates about the chair's consultations on improving the guidelines for granting intergovernmental organizations permanent observer status in the WTO.

As part of its oversight function, the General Council conducted a year-end review of WTO activities on the basis of annual reports from its subsidiary bodies. All the annual reports were forwarded to the Tenth Ministerial Conference.

The General Council reviewed the exemption provided under paragraph 3 of the General Agreement on Tariffs and Trade (GATT) 1994. This review of the exemption granted to US legislation – the Jones Act – which prohibits the use, sale or lease of foreign-built or foreign-reconstructed ships in US national waters, takes place in the Council every two years.

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

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

In 2015, the General Council granted the following waivers from obligations under the WTO agreements.

Member(s)	Type	Decision of	Expiry	Decision
Argentina, China and European Union	Introduction of Harmonized System 2002 changes into WTO schedules of tariff concessions	30 November 2015	31 Dec 2016	WT/L/967
Argentina, Brazil, China, Dominican Republic, El Salvador, European Union, Israel, Republic of Korea, Malaysia, Mexico, New Zealand, Nicaragua, Philippines, Switzerland and Thailand	Introduction of Harmonized System 2007 changes into WTO schedules of tariff concessions	30 November 2015	31 Dec 2016	WT/L/968
Argentina; Australia; Brazil; Canada; China; Costa Rica; Dominican Republic; El Salvador; European Union; Guatemala; Honduras; Hong Kong, China; India; Israel; Republic of Korea; Macao, China; Malaysia; Mexico; New Zealand; Norway; Pakistan; Philippines; Russian Federation; Singapore; Switzerland; Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu; Thailand; and United States	Introduction of Harmonized System 2012 changes into WTO schedules of tariff concessions	30 November 2015	31 Dec 2016	WT/L/969
United States	Africa Growth and Opportunity Act	30 November 2015	30 September 2025	WT/L/970
Least-developed countries	Obligations under Article 70.8 and Article 70.9 of the TRIPS Agreement with respect to pharmaceutical products	30 November 2015	1 January 2033	WT/L/971
Canada	CARIBCAN	28 July 2015	31 December 2023	WT/L/958
United States	Caribbean Basin Economic Recovery Act	5 May 2015	31 December 2019	WT/L/950



# Trade in goods

The Council for Trade in Goods addressed a large number of trade concerns in 2015, reflecting its increasing role as a forum for airing concerns about measures, policies and practices considered potentially discriminatory or trade-restricting. It also considered a number of waiver requests and took note of an updated and comprehensive list of notifications submitted by WTO members. The Philippines delivered a statement about the obstacles faced by micro, small, and medium-sized enterprises in participating in regional and global markets. Colombia presented the conclusions of a panel on illicit trade and money laundering.

## Trade concerns

The Goods Council discussed a large number of trade concerns raised by WTO members at its three meetings in 2015.

Japan, echoed by Canada, Korea, Mexico and the United States, reiterated its concerns that Ecuador had not taken action to remove or correct its restrictions on imports of automobiles and parts, which these members consider to be contrary to GATT (General Agreement on Tariffs and Trade) Article XI on quantitative restrictions, and questioned Ecuador's justification of protecting the environment. Japan also expressed concern about Ecuador's surcharge on imports and urged it to notify this measure to the WTO Committee on Balance-of-Payments (BOP) Restrictions (see page 58). Colombia, the United States, the European Union, Guatemala, Panama, Peru and Mexico shared these concerns. Ecuador responded that its measures did not discriminate between imported and domestically produced cars and were aimed at reducing carbon emissions.

The European Union, Japan and the United States, supported by Australia, Brazil, Canada, Chile, New Zealand, Norway,

Switzerland and Chinese Taipei, recalled the concerns previously raised in the Goods Council and other WTO bodies about a growing number of Indonesian trade and investment restrictions affecting a broad range of sectors, including agriculture, information and communications technology, energy and consumer goods. Concerns were also raised with regard to a prepaid corporate tax on importers, Indonesia's port of entry restrictions applying to certain raw materials, its Mining Law restricting exports of raw material such as nickel, and laws on trade and industry regarding minimum local content.

The European Union, the United States, Australia, Japan and Norway again asked Nigeria to respond to their concerns over local content requirements in oil and gas, concerns originally raised in 2011. Concerns were also raised by Chile, the European Union, Iceland, Malaysia, Norway, Switzerland, Thailand, the United States and Uruguay about Nigeria's regulations prohibiting foreign exchange transactions for 41 products. These included fish from Norway and the European Union, as well as agricultural products, plastics, aircraft and aircraft parts, and metal and metal products from the United States.

## 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. All these committees also comprise all WTO members. Also reporting to the Goods Council are working parties on state trading enterprises and the Information Technology Agreement.



## ■ Implementation and monitoring

The European Union reiterated its systemic and commercial concerns over a series of Russian measures affecting the transit of products through Russian territory, increased border controls affecting mainly Lithuanian products and trucks loaded in or dispatched from Lithuania, and the transit of agricultural goods through Russian territory towards a final destination in Central Asia. Concerns were also expressed over Russia's industrial assembly programme and the local content requirement to obtain preferential treatment as well as subsidies provided to local automobile producers in areas such as energy consumption, production of ecologically friendly vehicles, employment and research and development. Russia reiterated that its measures were WTO-compliant.

Norway, Iceland and Switzerland raised concerns regarding customs valuation practices in Ukraine. Norway said it had received complaints from its seafood exporters about Ukrainian customs authorities systematically rejecting the transaction values reported by the exporters. Switzerland described the practices as burdensome and non-transparent. Ukraine replied that its customs valuation system was in full conformity with WTO requirements. However, its regulations were undergoing reforms which had already led to significant improvements.

The Council heard concerns about various Chinese measures, established since 2010, which included quarantine and testing procedures and import licences for salmon and a further 39 fish species. A number of members questioned India's decision to limit imports of apples to only one port (Nhava Sheba). The EU, Canada, the United States, Japan and Switzerland expressed concerns regarding what they said were Pakistan's discriminatory sales taxes, which impose a higher rate of tax on imported over domestic goods. The United States said a regulation adopted last year by Pakistan raised sales tax on imported leather, footwear, apparel and sporting goods from 5 to 17 per cent. Pakistan said the government was considering withdrawing the measure and that an indicative date for the withdrawal might be announced soon.

Brazil's imposition of non-automatic licensing requirements on imports of industrial nitrocellulose, which is used in the production of lacquer and nail varnish, was raised by the European Union, which said the licences were a *de facto* ban. Brazil countered that the measure was being misrepresented by the European Union as an import ban and that the requirements were in conformity with WTO rules.

### Waiver requests

The Council approved three collective waiver requests, extending the deadlines for the updating of tariff schedules under the Harmonized System changes (2002, 2007 and 2012) (see pages 55). It also approved a request from Canada to extend a waiver for the Caribbean Initiative (CARIBCAN) and from the United States regarding the African Growth and Opportunity Act (AGOA). AGOA is a preferential trade programme granting special access to the US market for goods imported from 39 beneficiary countries in sub-Saharan Africa. The AGOA waiver will run until the expiry of the

programme, which has been extended for another ten years until 2025. It also extended a waiver for the US Caribbean Basin Economic Recovery Act (CBERA), which offers duty-free treatment or other preferential treatment for eligible articles from 17 beneficiary countries.

The Council continued to consider a waiver request from Jordan to extend the phase-out period of an export subsidy programme for domestic producers, in particular small and medium-sized enterprises (SMEs). Jordan said it was facing an "exceptional geopolitical situation" and that "severe instability" in the region continued to negatively affect the country's economy and hinder the industrial sector.

Regarding the EU enlargement of 2013 (Croatia), the Council agreed to extend the deadline for the withdrawal of concessions until 1 July 2016. It took note of statements by Argentina, Australia, Brazil, New Zealand and Uruguay about the slow pace of the negotiations. Following the accession of Armenia and the Kyrgyz Republic to the Eurasian Economic Union (EUEA), the Council agreed to their requests to extend for 12 months the period in which interested members could withdraw substantially equivalent concessions.

### Micro, small and medium-sized enterprises

In a statement, the Philippines said that micro, small and medium-sized enterprises (MSMEs) had become a critical component of both developing and developed economies. However, they faced a number of barriers that prevented their integration into global value chains. The statement drew members' attention to the Boracay Action Plan to Globalize MSMEs, an initiative of the Asia-Pacific Economic Cooperation (APEC) states aimed at addressing the cross-cutting concerns of MSMEs.

### Illicit trade and money laundering

Colombia, together with Chile, Costa Rica, the European Union, Guatemala, Mexico and Peru, presented the conclusions of the Panel on Illicit Trade and Money Laundering in International Trade that took place during the 2015 WTO Public Forum (see pages 140). The Panel's objectives were to sensitize the WTO community to illicit trade, a problem that affected an ever-growing number of developing countries and to stimulate a discussion about possible strategies collectively to address the phenomenon.

### Other issues

In 2015, the Council was informed about ten free trade agreements (FTAs) (see pages 85) concluded and notified by WTO members. Thailand notified the Council of its preferential tariff treatment for LDCs.

Finally, the Council approved a draft decision concerning the derestriction of the bilateral negotiating documents of the Tokyo Round (see page 56).

## Market access

**The Committee on Market Access heard a number of trade concerns raised by WTO members. It continued to make good progress in updating members' schedules of concessions to reflect the latest international tariff classification standards. Members are making a big effort to provide tariff and import data through the WTO's Integrated Data Base and the Consolidated Tariff Schedule database. The Committee recommended the derestriction of negotiating materials of the Tokyo Round. Members expressed disappointment at the low number of notifications received on quantitative restrictions.**

### Trade concerns

A number of trade concerns were raised by WTO members at the two formal meetings of the Committee on Market Access. The European Union considered that Argentina was applying discriminatory taxes against imported vehicles. The European Union also considered that Pakistan was applying discriminatory taxes to the detriment of imports (see page 108). Switzerland asked the Kingdom of Bahrain to explain why customs duties on cigarettes were being levied in excess of the corresponding bound tariffs. The United States and the European Union questioned Colombia's excise taxes on alcoholic beverages. The Dominican Republic expressed concern at overland import restrictions affecting some 23 products imposed by Haiti. Finally, Chile questioned Nigeria's import restrictions on mackerel. In most cases, the concerns expressed were supported by other WTO members who requested that a prompt solution be found.

### Background on market access

The Committee on Market Access provides a forum for consultation and supervises the implementation of tariff and non-tariff concessions not covered by any other WTO body. It also seeks to ensure that WTO members' schedules of concessions are kept up to date, including changes required to reflect amendments to the Harmonized System (HS). This is crucial for surveillance purposes (i.e. to be able to compare tariffs in the schedules of concessions with those applied in practice by WTO members). The HS, administered by the World Customs Organization, allows countries to classify traded goods on a common basis. It has been updated three times since 1996.

## Harmonized System (HS) transposition exercise

The Committee continued its work to ensure that WTO members' schedules of concessions 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 and HS2012, with HS2017 soon to be added. The "transposition" exercise helps guarantee that members' schedules are up to date and that tariff obligations are transparent (i.e. allowing tariffs being applied in practice to be compared with members' legal obligations at the WTO).

Significant progress was made on the HS2007 exercise, with amendments to more than 102 schedules either certified or under the certification process, compared with 85 in 2014. The HS96 and HS2002 transpositions are concluded for most WTO members. The Committee is expected to begin the HS2012 exercise in 2016.

As usual, the WTO Secretariat issued its "Situation of schedules of WTO members" report, which lists in one place all the legal instruments relating to each member's schedule of concessions.

### Databases

WTO members have made a big effort to make available tariff and import data, a process which is overseen by the Committee on Market Access. 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 the schedules of concessions. The Secretariat also provided information on the use of information in the databases, the status of software development, and technical assistance in this area.

IDB data coverage has significantly improved in recent years but some important gaps remain. A comprehensive dataset on tariffs and import statistics is very important for any analysis that WTO members might want to undertake. However, at present, IDB data needs to be complemented with data coming from other sources. For this reason, the WTO Secretariat encouraged members to notify their data and help fill in the gaps. The Secretariat is available to provide technical support on IDB notifications, and announced a joint pilot project with the United Nations Conference on Trade and Development (UNCTAD) to develop a module to collect information through ASYCUDA, a computerized customs management system.

### Quantitative restrictions

The WTO Secretariat issued a report analysing the notifications of quantitative restrictions (QRs) submitted by WTO members in accordance with the 2012 Council for Trade in Goods decision that members must notify all such restrictions in force every two years and any changes to those restrictions no later than six months from their entry into force.

## Implementation and monitoring

The 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, QRs are allowed in a number of defined circumstances.

According to the report, 27 WTO members had notified a total of 731 quantitative restrictions on imports and exports, with most of the restrictions taking the form of import/export bans and non-automatic licensing procedures. At the formal meetings of June and September, the Committee reviewed new QR notifications from Australia, Canada, China, Japan, Lao People's Democratic Republic, the Philippines, Russia, Singapore and Chinese Taipei. Disappointment was expressed at both meetings over the low number of notifications and poor compliance with the decision.

### Other issues

The Committee lifted restrictions on the publication on the WTO website of bilateral tariff negotiating material from the Tokyo Round. The negotiating records from the first five trade rounds of the General Agreement on Tariffs and Trade (GATT) have already been posted on the site, and the records for the Tokyo Round will be released in the near future.

## Agriculture

**The Committee on Agriculture examined how countries are complying with their commitments on subsidies and market access and discussed issues arising from this. It reviewed a paper submitted by a group of WTO members describing trends in domestic support. In addition, the Committee held an informal session to discuss improving the implementation of notifications on export restrictions and held a second dedicated discussion on export competition.**

The Committee reviewed approximately 58 notifications of agricultural trade measures by WTO members at

### 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.

its three meetings in 2015. This was down from some 80 in 2014. Members raised 200 questions on these individual notifications.

The review of WTO members' progress in implementing their commitments on subsidies and market access under the Agriculture Agreement is largely based on their notifications. Members can also ask about agricultural measures that have not been notified. Figure 1 gives a snapshot of the proportion of questions on notifications raised by subject area. The proportion of all questions posed annually to developing countries has almost doubled since 2005.

**Figure 1: Questions on notifications raised in the Committee on Agriculture in 2015, by subject area**

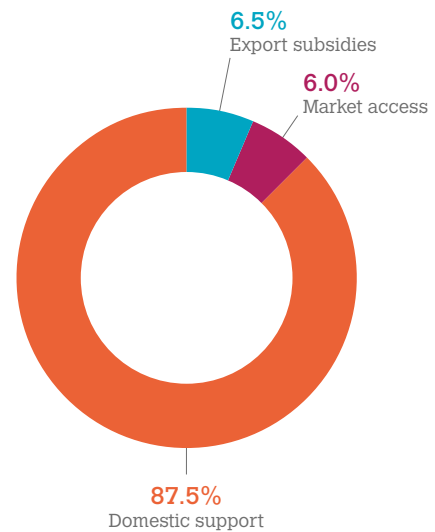
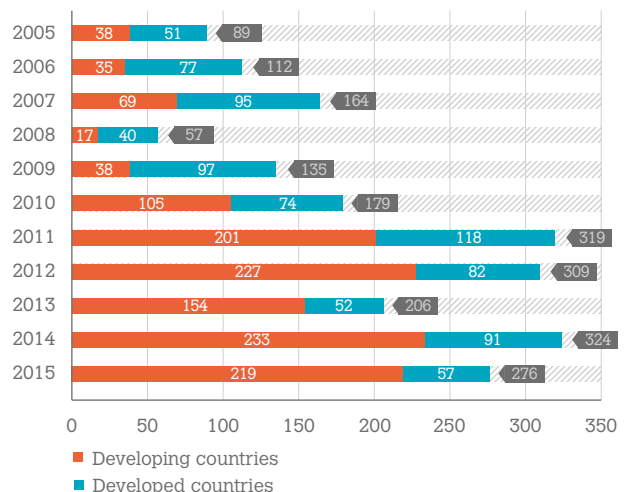


Figure 2 shows the annual proportion of questions addressed to developed and developing countries. In 2015, members posed many questions to India and China relating to their recently notified domestic support (subsidy) measures. China's notification concerned its domestic support programme for 2009-10 while India's covered 2004-05 to 2010-11.

**Figure 2: Proportion of questions addressed to developing country members, 2005-2015**



WTO members raised 33 issues that were not related to specific notifications, 18 of them for the first time. The remaining issues had been discussed at least once in previous years. The Committee also looked at how well members are fulfilling their reporting obligations. Some delegations raised specific concerns about overdue notifications, particularly on domestic support and export subsidies. Many of the new issues raised in this context were related to export policies, including various forms of export subsidies. These topics included Pakistan's wheat export subsidies, US export credit guarantees, Switzerland's export subsidy budget, India's export assistance and EU dairy policies.

The Committee discussed trends in notified domestic support as portrayed 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 (counting the European Union as one).

WTO members expressed differing views on how to analyse and evaluate which countries are important subsidizers. Some focused on "trade distortion" (when policies cause prices and production to be higher or lower than levels that would usually exist in a competitive market) caused by large overall quantities of support, including increases in major developing countries. Others argued that those figures overlooked the difference between the large amounts paid per farm in commercial agriculture and the considerably smaller amounts paid per head to poor farmers.

Many WTO members noted that the data depended on notifications and urged timely notification in order to strengthen the review of trends in this area. Discussions benefited from additional information provided by some members that extended the analysis and explored alternative methods for summarizing notified information.



## Export competition

In June, the Committee held its second annual dedicated discussion on export competition, as called for by the Ninth Ministerial Conference in Bali, to enhance transparency and improve monitoring of the issue. Export competition covers export subsidies, export credits, export credit guarantees or insurance programmes, international food aid and agricultural exporting state trading enterprises (STEs).

The discussion was based on a background document from the WTO Secretariat circulated in May covering replies to a questionnaire to WTO members on their export competition programmes. A revised version of the document was circulated in September. During these discussions many members noted that an outcome on export competition was doable and necessary at the Tenth Ministerial Conference in December. In Nairobi, ministers decided to eliminate export subsidies and prevent governments from reverting to trade-distorting export support in the future. Following the ministers' decision (see page 35), the Committee will continue to monitor the situation with respect to export competition on an annual basis.

## Tariff rate quota (TRQ) administration

According to a decision of the Bali Ministerial Conference in 2013, WTO members are required to notify the Committee of the extent to which their tariff rate quotas (TRQs) are filled. Tariffs inside a quota are lower, often significantly lower, than duties outside the import quota. When import quotas go unfilled, it means that exporters have missed out on possible sales.

In this decision on TRQ administration, ministers established a monitoring process within the Committee that combines consultations with the quick provision of information about factors, including administrative factors, that might contribute to TRQs not being filled. In 2015, WTO members increasingly began to provide fill-rate information in their notifications but they did not initiate the monitoring process.

## Discussions on implementation of notifications

The Committee discussed, in informal setting, issues relating to the implementation of notifications, specifically in the area of export restrictions. In these informal meetings, members considered the definition of "foodstuffs" in the context of Article 12 of the Agreement on Agriculture, covering export prohibitions and restrictions, including the scope of the notification provisions under that article.

## Notification workshop

Given the complexity of agriculture notifications, training and technical assistance for government officials involved in these notifications is critical for enhancing the monitoring function of the Committee. The Secretariat held its tenth workshop on agriculture notifications on 6-9 July 2015. The workshop provided specialized training to 26 capital-based

## ■ Implementation and monitoring

officials involved in preparing notifications. Over three days, participants attended lectures, received hands-on practice, and met with Secretariat officials to discuss notification questions.

## Balance of payments

**In 2015, the Committee on Balance-of-Payments Restrictions held consultations with Ukraine and Ecuador to review import surcharges they had adopted for balance-of-payments purposes. Ukraine lifted its measure at the end of 2015 and Ecuador is due to do so by June 2016.**

### Ukraine

In February 2015, Ukraine introduced a temporary import surcharge following a serious deterioration in its balance of payments. The measure consists of a 10 per cent import surcharge on agricultural goods and 5 per cent on industrial goods, levied on all goods regardless of the country of origin. A few essential goods, including oil and other energy products and medical devices, are excluded.

In 2012-14, Ukraine's economic growth declined due to the impact of internal and external factors, including a fall in prices and a reduction of global demand for major categories of Ukrainian export goods, such as metals. In 2014, the negative trends in the economy intensified as a result of the economic and geopolitical impact of the military conflict in eastern Ukraine, according to a document supplied by Ukraine.

The Balance of Payments (BOP) Committee held meetings with Ukraine in April and June 2015. The majority of WTO members recognized Ukraine's balance of payments difficulties and considered that it had applied the measure consistently with WTO provisions, although they encouraged it to remove

the surcharge as soon as possible. One WTO member considered that Ukraine's measure was not justified by the BOP provisions of the WTO Agreement. The Committee was unable to reach consensus and concluded the consultations. The report of the consultations was circulated and sent to the General Council for adoption.

As agreed during the BOP consultations, Ukraine removed the measure at the end of 2015.

### Ecuador

In March 2015, Ecuador introduced a temporary tariff surcharge for balance-of-payments purposes for a period of up to 15 months because of what it termed the "highly unfavourable economic climate", including the sharp fall in the price of oil, one of its main exports. The surcharge is 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.

It is applicable to all of Ecuador's trading partners, except for Bolivia and Paraguay. Ecuador excluded these two WTO members due to their status as countries of "lesser relative economic development" under the Latin American Integration Association (LAIA).

The BOP Committee held consultations with Ecuador in June and October 2015 but was unable to reach consensus. Following the October meeting, Ecuador presented a timetable for the progressive removal of the measure, with a final phase-out programmed for June 2016. The Committee is scheduled to continue its consultations with Ecuador in 2016.

### 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.

# Sanitary and phytosanitary measures

**The Committee on Sanitary and Phytosanitary (SPS) Measures continued the fourth review of the SPS Agreement, and held a thematic session on risk communication. Thematic sessions are one of the new approaches for experience-sharing on important SPS issues. A workshop on transparency provisions provided hands-on training on SPS online tools and examined ways of improving WTO members' implementation of transparency obligations, such as notifications. The pilot version of the new notification submission system had its debut. Developing countries accounted for a record 70 per cent of all submitted notifications.**

The SPS Committee held its first thematic session on risk communication, as a follow-up to the workshop on risk analysis related to food safety, animal or plant health held in October 2014. The SPS Agreement requires that trade measures be based on risk assessments or on international standards.

The thematic session examined risk communication frameworks and provided a platform for WTO members to share experiences and best practice concerning risk communication strategies. It looked at guidance from the relevant standard-setting organizations and questions linked to identifying the audience and their communication needs. Through thematic sessions, the Committee seeks to encourage in-depth discussions among members on SPS issues.

During 2015, the SPS Committee continued its fourth review of the operation and implementation of the SPS

Agreement, started in 2014, including proposals submitted by WTO members for possible areas of future work. However, the Committee reached an impasse over adopting the report of the review. A recommendation regarding the Committee's future work on private standards (see below) has been a major point of contention. On a proposed catalogue of instruments available for WTO members to manage SPS issues, members have not reached a consensus on including a disclaimer to clarify the legal status of the document.

## Implementation of transparency obligations

A workshop in October on the transparency provisions of the SPS Agreement provided interactive training on the use of the SPS information management system and on the SPS notification submission system (NSS). A pilot version of the new NSS was presented during the workshop as part of the ongoing project to modernize the existing SPS online systems. In addition, the workshop provided a platform for discussion of a proposal, submitted under the fourth review, on improving the quality and completeness of notifications to enhance transparency.

WTO members shared their experiences in filling in notifications, tracking notifications, handling comments, and obtaining translations, and explored possible solutions to the various challenges experienced in the notification process. Some of the challenges include how to effectively fill in notifications, limited access to the Internet and lack of collaboration between the notification authority and other competent authorities. Members also discussed the difficulties with prioritizing and dealing with a large volume of comments received in response to notifications that have been circulated. They discussed how to identify measures that facilitate trade and that can therefore be implemented more quickly without the comment periods granted for measures that restrict trade.

Participants included a large number of officials from developing and least-developed countries with direct responsibility as SPS national notification authorities and enquiry points.

### 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.



# 70%

Developing countries provided 70 per cent of all sanitary and phytosanitary notifications in 2015.

### Notifications by developing countries

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. In 2015, developing countries accounted for 70 per cent of all SPS notifications, the highest percentage ever recorded – see Figure 3.

Developing countries submitted 1,180 of the record 1,681 notifications received in 2015, representing a 15 per cent increase for developing countries' notifications compared with the previous year. Seven developing countries submitted notifications for the first time in 2015: Burkina Faso, the Central African Republic, Haiti, the Kyrgyz Republic, Nigeria, Togo and Tunisia.

Notifications inform trading partners that there will be changes in the importing member's requirements and – unless there is an urgent health protection issue – provide a period during which partners can submit comments on these draft regulations before they enter into force. When members adopt a regulation in response to an urgent health problem, they 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.

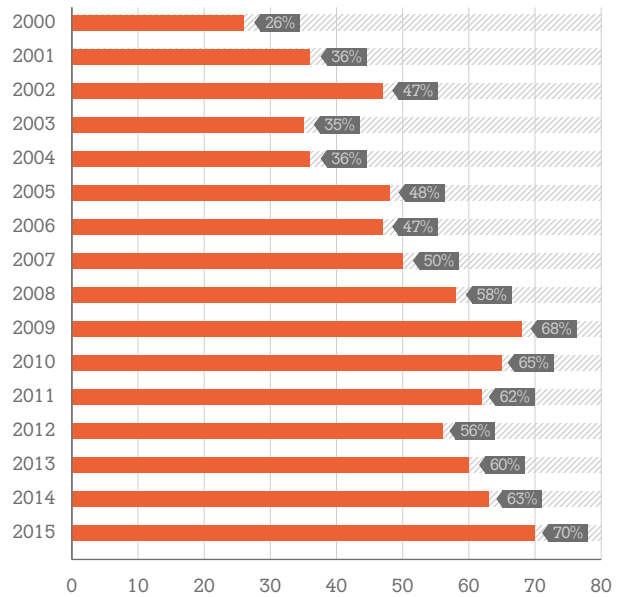
As Figure 4 shows, the total number of all SPS notifications has grown steadily over the years, reaching its highest level in 2015. The 1,681 notifications in 2015 compare with 1,633 the year before. Of these, 1,166 were regular notifications (up from 1,057 in 2014), and 114 were emergency notifications (slightly up from 111 in 2014).



**1,681**

A record 1,681 sanitary and phytosanitary notifications were received by the WTO in 2015.

**Figure 3:** Share of SPS notifications submitted by developing countries, 2000-15



**Figure 4:** Number of SPS notifications per year, 2000-15

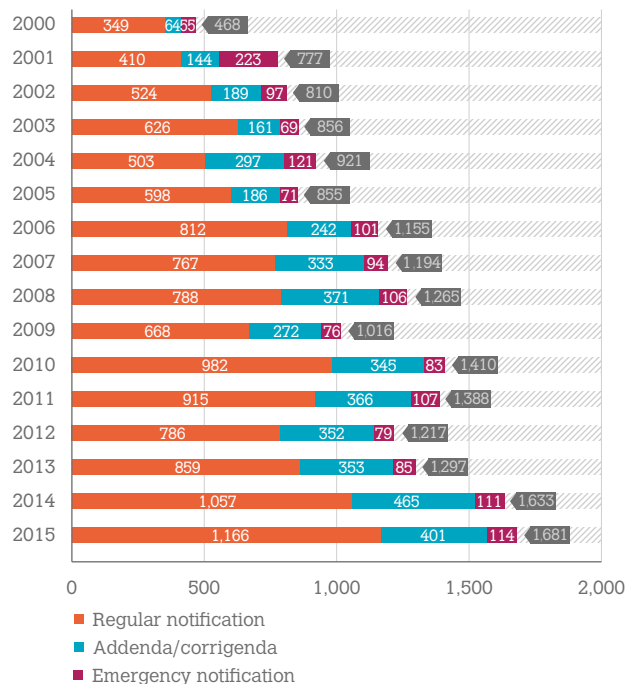
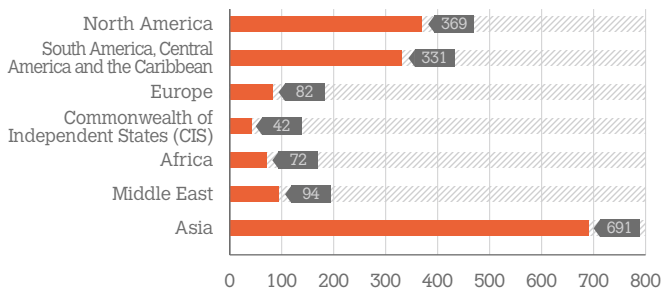


Figure 5 shows a regional breakdown of SPS notifications, illustrating the very high numbers of notifications submitted by WTO members in the Americas and Asia. In 2015, only two regions increased the number of notifications submitted as compared with 2014: Asia, 691 (up from 402) and Africa, 72 (up from 20).



**Figure 5: Number of SPS notifications by region**



### Specific trade concerns

The Committee considered a wide range of “specific trade concerns” at each of its three meetings in 2015. Twenty-one new specific trade concerns were raised and other previously raised concerns were discussed again. The measures discussed related to issues ranging from diseases such as avian influenza and African swine fever to plant pests and matters concerning approval processes.

New trade concerns included China’s restrictions on bovine meat, Mexico’s measures on hibiscus flowers, the European Union’s and China’s policies related to genetically modified organisms (GMO) and Russia’s restrictions on processed fishery products. Two trade concerns were reported to have been resolved. One related to China’s import policy on swallow nests and the other to several WTO members’ import restrictions due to avian influenza.

Nigeria announced its intention to request a mediation process regarding Mexico’s import measures on hibiscus flowers. According to Nigeria, Mexico requires verification of plant health certificates for consignments of hibiscus flowers, a plant commonly used in beverages, resulting in delays of up to six weeks. Mexico said that the validation requirement was due to its detection of false certification by Nigeria.

Nigeria said it intended to request the “good offices” of the Chair of the Committee to assist in resolving the issue. The mediation process, a new procedure agreed by WTO members in July 2014, offers a way of resolving differences on specific trade concerns while avoiding a more complicated legal challenge under the WTO’s dispute settlement system.



**400**

The Committee on Sanitary and Phytosanitary Measures has provided a forum for WTO members to raise over 400 specific trade concerns.

Of the 403 trade concerns raised since 1995, WTO members have reported that a solution has been found for 146 of them. A partial solution has been reported for another 31, meaning that not all those raising a concern accept 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 that a solution has been found.

### Private standards

The SPS Committee continued its efforts to develop a working definition of SPS-related private standards, such as those used by supermarket chains and other entities outside government. A working group consisting of interested WTO members had been attempting to find consensus language. In 2015, the Committee was unable to resolve all remaining differences and agreed to have a “cooling-off” period for the working group. Private standards are 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 dealt with avian influenza-related restrictions not consistent with World Organisation for Animal Health (OIE) standards, use of the Codex international standard on glyphosate, the risk of introduction of bovine spongiform *encephalopathy* (BSE or “mad cow” disease) and the lack of a Codex standard for the pesticide Imidacloprid used in sesame production. Codex was established by the UN Food and Agriculture Organization (FAO) and the World Health Organization to develop harmonized international food standards.

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.

## Technical barriers to trade

**In 2015, WTO members agreed on a three-year work plan for the Technical Barriers to Trade (TBT) Committee including work on good regulatory practice, regulatory cooperation between members and transparency. Members raised 86 specific trade concerns for discussion, the second-highest number since 1995. An event was held at the WTO in November, as part of the WTO's 20<sup>th</sup> anniversary activities, to look back at the Committee's work over the past two decades on reducing trade frictions arising from standards and regulations.**

### Work plan

WTO members adopted a new road map and a set of recommendations for the work of the Technical Barriers to Trade Committee for the next three years. This was the Committee's seventh triennial review. The work plan covers themes such as good regulatory practice, regulatory cooperation across borders, testing and certification schemes, standards, transparency and capacity building. The reviews are intended to strengthen implementation of the TBT Agreement by helping members adapt to a changing trade landscape.

The seventh review took into account 45 proposals from WTO members. The adopted text broadens the scope of the Committee's thematic sessions – aimed at exchanging experiences and developing guidance on the implementation of the TBT Agreement – and seeks to make regulatory cooperation between members more effective.

Under the work plan, the Committee will continue its work on developing a list of voluntary mechanisms and related principles of good regulatory practice. This includes initiating a discussion on regulatory impact assessments. The purpose of this work is to streamline the way that regulations are prepared, adopted and applied so as to avoid unnecessary barriers to trade.

### 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.

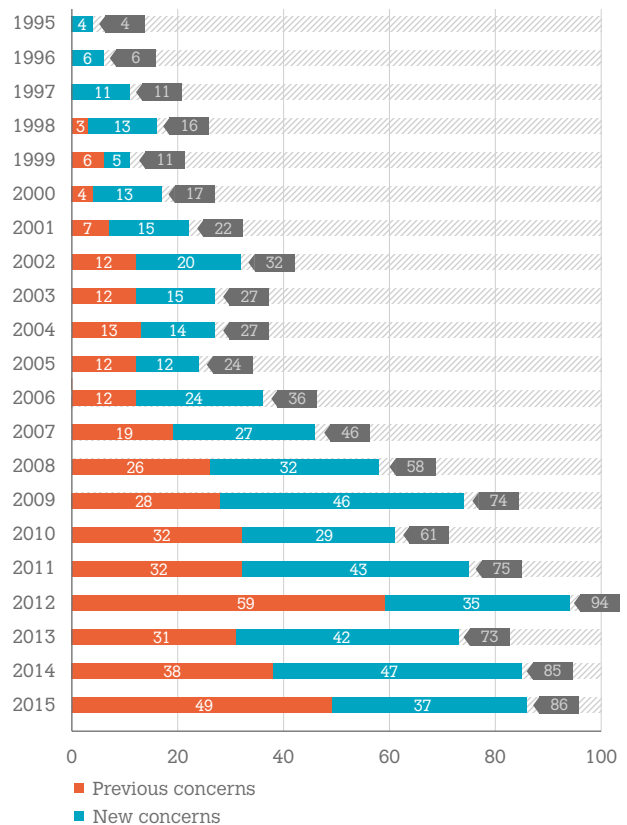
The recommendations include a call for the Committee to target technical assistance for developing countries more effectively. They also mandate the WTO Secretariat to explore, in cooperation with other organizations, the development of an alert system for TBT notifications.

### Specific trade concerns

WTO members raised 86 specific trade concerns (STCs) for discussion, the second-highest number since 1995 (see Figure 6). Measures affecting a wide range of products were discussed, including tyres, toys, food and beverages, and information technology (IT) products. Members raise concerns about measures they believe are not consistent with the TBT Agreement. These can concern standards, testing and certification procedures, regulations or labelling requirements imposed by the importing country.

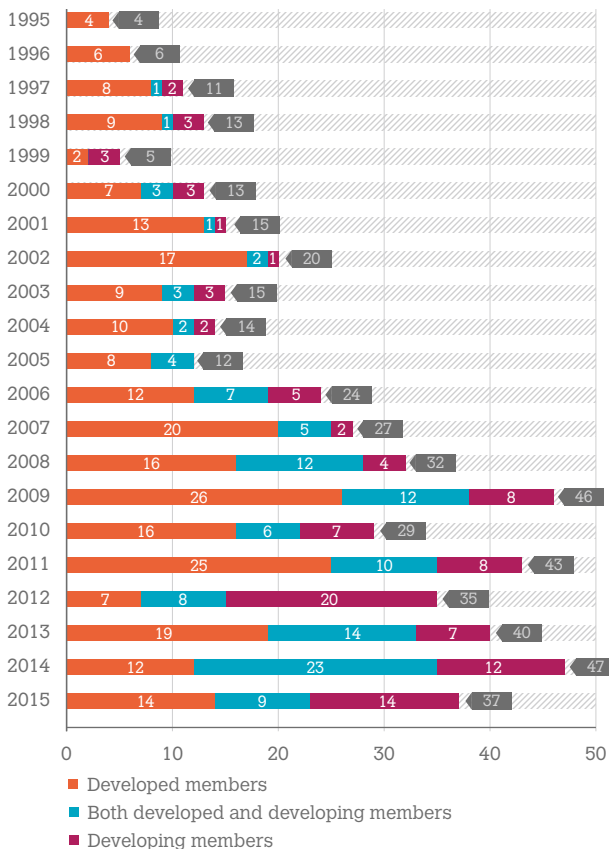
In contrast to the two previous years, WTO members focused on following-up on previously raised concerns rather than raising new ones. Only 37 of the concerns raised were new, compared with 47 in 2015 and 42 in 2014.

**Figure 6: Specific trade concerns raised in the TBT Committee, 1995 to 2015**



Developing countries are increasingly raising STCs. In 2015, they raised 14 new STCs, the same number as developed members, while nine new STCs were raised jointly by developing and developed countries (see Figure 7).

**Figure 7: New specific trade concerns raised by developing and developed country members, 1995 to 2015**



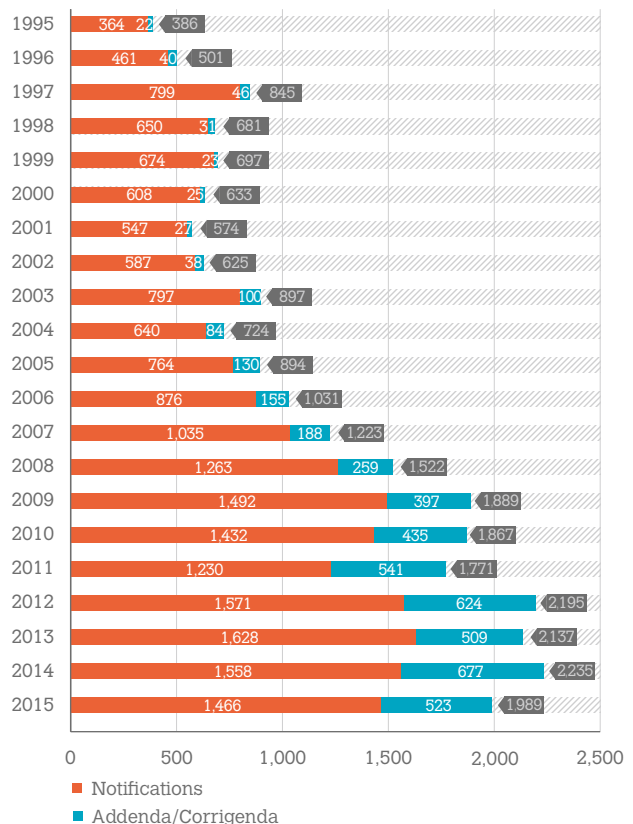
## Notifications

In 2015, WTO members submitted a total of 1,989 notifications of new (or changed) draft measures (see Figure 8), the lowest figure since 2011. More than 50 per cent of all TBT notifications were submitted through

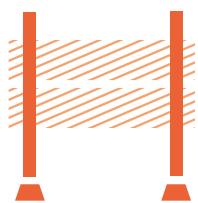
the WTO's online portal, up from 34 per cent in 2014. The system has enabled the WTO Secretariat to publish notifications within two days of receipt. It also allows members to track the status of submitted notifications through a user interface and facilitates the preparation of similar notifications through the use of templates.

The WTO Secretariat continued to develop an online notification alert system in coordination with the International Trade Centre and the UN Department of Social Affairs (UNDESA). This system will allow increased access to sanitary and phytosanitary (SPS) and TBT notifications, broken down by product coverage or notifying member, and will be made publicly available.

**Figure 8: TBT notifications, 1995 to 2015**



Implementation and monitoring



# 86

WTO members raised 86 specific trade concerns in the Technical Barriers to Trade Committee in 2015, the second-highest number since 1995.



On 4 November 2015, an event was held at the WTO to mark the 20<sup>th</sup> anniversary of the Technical Barriers to Trade Agreement.

## TBT@20

An event to mark 20 years of the TBT Agreement attracted over 250 participants, including around 80 from the private sector and academia, on 4 November 2015. The aim of the event was to highlight the role of the TBT Committee in reducing trade tensions and in avoiding disputes in the area of standards and regulations over the past two decades.

In his opening speech, Director-General Roberto Azevêdo said that the work in this area “often goes unseen and unremarked upon – but it is one of the key strengths of the multilateral trading system. Over the last 20 years it has become a well-functioning, dynamic mechanism for addressing matters of everyday commercial and social significance – from chemicals in toys, to carbon footprint labelling, to test procedures for medical devices and pharmaceuticals.”

Three panels looked into different aspects of the Committee's work. The first highlighted its success in developing good practice for implementing the TBT Agreement and in limiting or reducing technical barriers to trade. A second panel looked at the broader relevance of the work of the TBT Committee in relation to businesses, trade associations and consumers. Speakers included representatives from international companies and standards organizations.

A third panel looked at how the TBT Agreement will be implemented in the future. Some of the challenges identified included reviewing how regional trade agreements address TBT issues, how trade barriers can be reduced in the area of testing and certification and how developing countries can participate more effectively in the work of the TBT Committee.

## Capacity building

Demand for technical assistance has increased significantly over the last few years. In 2015, the WTO Secretariat organized 37 training activities. These included four regional workshops, 13 national workshops and an advanced course 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 TBT Committee received updates in 2015 from representatives of various observer organizations – the Bureau International des Poids et Mesures, the FAO/WHO Codex Alimentarius Commission, the International Electrotechnical Commission, the International Organization for Standardization, the International Trade Centre, the United Nations Economic Commission for Europe and the World Health Organization – on their latest activities, including on technical assistance.

The Committee granted ad hoc observer status to the African Organization for Standardization and the Intergovernmental Authority on Development.

# Subsidies and countervailing measures

**The WTO's Committee on Subsidies and Countervailing Measures focused on encouraging more WTO members to notify their subsidy programmes and on improving the timeliness and completeness of notifications. The chairs expressed serious concern that a significant number of members have yet to make new and full notifications for the latest notification periods, 2013 and 2015. The final two-year phase-out period for the export subsidies of 19 developing members expired at the end of 2015.**

The Subsidies and Countervailing Measures (SCM) Committee reviewed WTO members' notifications of specific subsidies, notifications of countervailing duty legislation, semi-annual reports of countervailing actions and ad hoc notifications of preliminary and final countervailing measures taken. At the Committee's regular meeting in April, the then Chair Eduardo Minoru Chikusa, of Brazil, expressed serious concern about the state of subsidy notifications. His successor as Chair, Mitsuhiro Fukuyama of Japan, reiterated this concern at the October meeting. He urged the 65 members that had not made their 2013 new and full subsidy notifications and the 106 members that had not made their 2015 new and full subsidy notifications by the 30 June deadline to explain why.

The Committee began its consideration of 2015 new and full notifications and continued its consideration of new and full notifications for prior periods (2013, 2011, 2009, and 2007). At both its spring and autumn meetings, the Committee continued its discussions of ways to improve the timeliness and completeness of notifications and other information flows on trade measures under the SCM Agreement.

Regarding extending the period for elimination of the export subsidy programmes of 19 developing-country members, the Committee took no further action. For these members, the final two-year phase-out period for the elimination of export subsidies expired at the end of December 2015. At the autumn

## Background on subsidies and countervailing measures

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

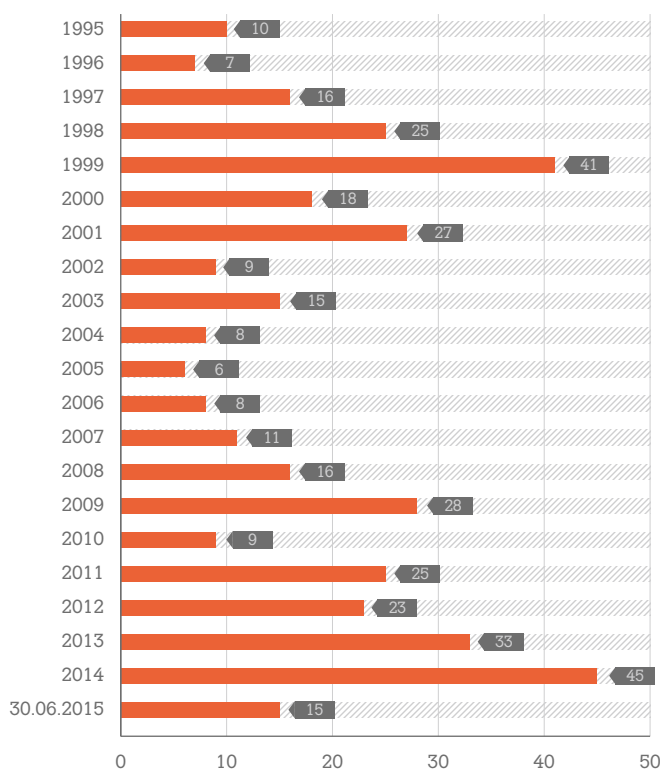
meeting, the Chair reminded the members involved that they were required to eliminate their export subsidies not later than 31 December 2015 and to provide their final transparency notifications not later than 30 June 2016.

Certain other developing countries are exempted from the general requirement to eliminate export subsidies so long as they remain least-developed countries (LDCs) or if they are listed individually in Annex VII to the SCM Agreement and remain below the US\$ 1,000 threshold for per capita GNP.

According to a ministerial decision taken in Doha in 2001, a WTO member listed individually in Annex VII remains there until its per capita gross national income (GNI) is above US\$ 1,000, calculated in constant 1990 dollars, for three consecutive years. The World Bank calculates the deflated per capita GNI figures for the members concerned once per year. According to the most recent of these calculations, performed in 2015, the listed members remaining in Annex VII are Bolivia, Cameroon, Congo, Côte d'Ivoire, Ghana, Guyana, Honduras, India, Kenya, Nicaragua, Nigeria, Pakistan, Senegal and Zimbabwe. In addition, all members designated as LDCs by the United Nations are included in Annex VII and are exempt from the export subsidy prohibition.

The Committee reviewed notifications related to the countervailing duty legislation of Armenia, Australia, Bahrain, Brazil, Cameroon, Qatar, Saudi Arabia and the United States.

**Figure 9: Countervailing initiations by reporting member, 1 January 1995 to end-June 2015\***



\*Figure 9 covers initiations up to the end of June 2015. Data for the second half of 2015 are not yet available.

## Implementation and monitoring

The Committee also reviewed notifications of countervailing actions taken (see Figure 9). The notifying members were Australia, Brazil, Canada, China, Egypt, the European Union, India, Peru, Russia, Turkey, Ukraine and the United States. As of 30 June 2015, there were 112 notified countervailing measures (definitive duties and undertakings) in force, of which 60 were maintained by the United States, 18 by Canada and 15 by the European Union.

## Anti-dumping practices

**WTO members initiated 107 new anti-dumping investigations from January to June 2015, just slightly up from 106 in the same period in 2014. The United States, Brazil and India were again the leading initiators in 2015, along with Turkey. The Committee on Anti-Dumping Practices reviewed new legislative notifications, semiannual reports on anti-dumping actions and ad hoc notifications of preliminary and final actions taken by WTO members.**

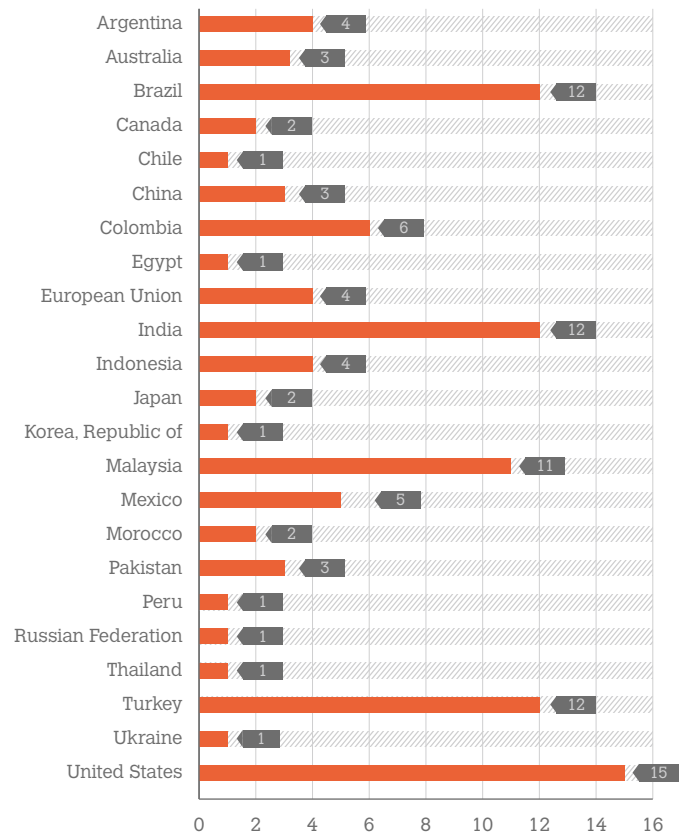
Malaysia, Mexico, Turkey and the United States initiated more anti-dumping investigations during the first half of 2015 compared with the same period in 2014. Other frequent users of anti-dumping investigations, including Brazil, China, India and Russia, initiated fewer. However, the top initiators in 2015 were again the United States (15 new investigations), followed by Brazil (12) and India (12), with Turkey also launching 12 (see Figures 10 and 11).

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.

### Background on anti-dumping practices

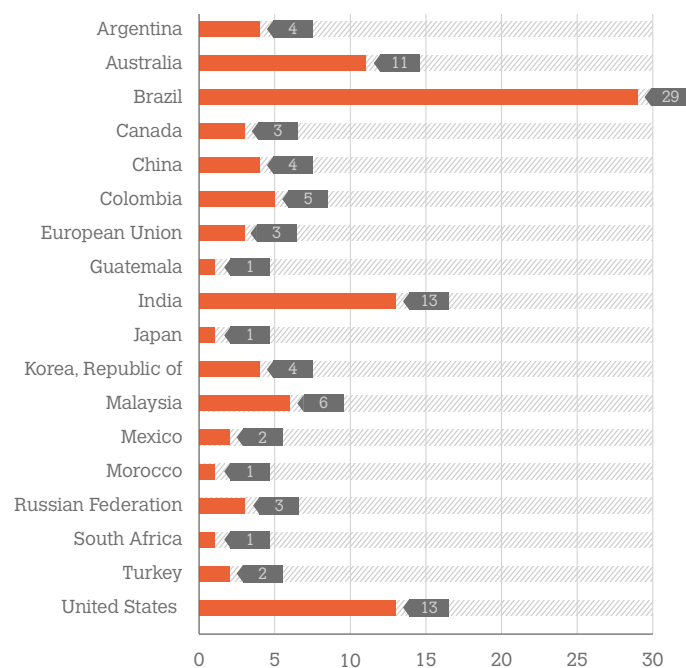
WTO members are allowed to apply “anti-dumping” measures on imports of a product where the exporting company exports the product at a price lower than the price it normally charges in its home market and the dumped imports cause or threaten to cause injury to the domestic industry. The Committee on Anti-Dumping 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 2015 to end-June 2015\***



\* Figure 10 covers initiations up to the end of June 2015. Data for the second half of 2015 are not yet available.

**Figure 11: Anti-dumping initiations by reporting member, 1 January 2014 to end-June 2014**



## Customs valuation

**The WTO's Committee on Customs Valuation continued to review national legislation and responses to a standard checklist of issues raised by WTO members. The reviews of four members were concluded and new or further notifications of national legislation were received.**

The Committee held two formal meetings, in May and October. The reviews of Lesotho, Ukraine, St. Vincent and the Grenadines, and Uruguay were concluded. The Committee received new or further notifications from eight members: Cabo Verde, Guinea, Honduras, Montenegro, Nepal, Russia, South Africa and Sri Lanka. The Committee continued its examination of the legislation of Bahrain, Belize, Cabo Verde, Colombia, Ecuador, Gambia, Guinea, Honduras, Mali, Moldova, Montenegro, Nepal, Nicaragua, Nigeria, Russia, Rwanda, South Africa and Sri Lanka.

As of the end of 2015, 96 WTO members had notified their national legislation on customs valuation to the Committee, and 64 members had provided responses to the checklist of issues, a questionnaire that facilitates review of national legislation. The notification record remains poor, however. Thirty-seven members have yet to send a notification and 71 have not provided responses to the checklist.

### Background on customs valuation

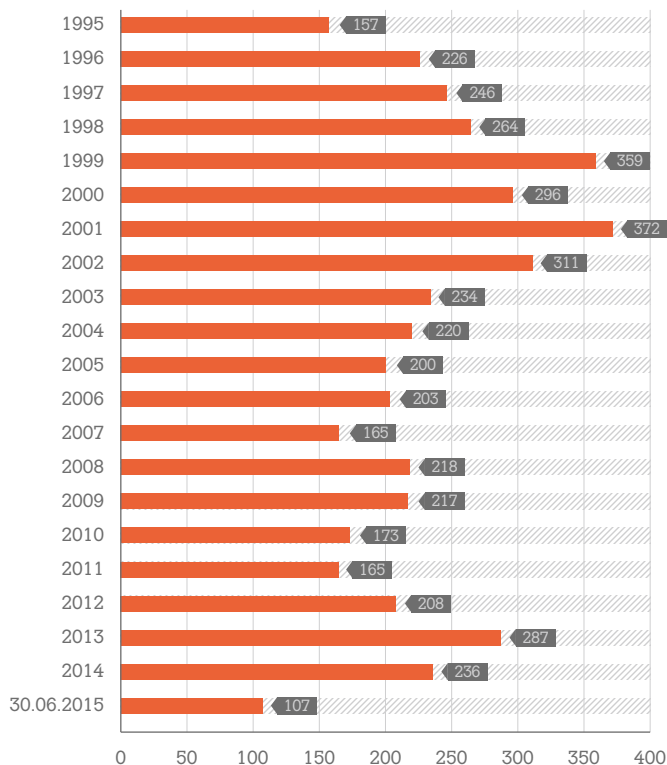
The value of a good plays a critical role in the calculation of import duties. The customs value is indispensable for the calculation of ad valorem duties, the most common type. It is also often required for the calculation of other duties (e.g. compound and mixed) and other border taxes. The WTO's Agreement on Customs Valuation seeks to protect the use of tariff concessions by establishing a fair, uniform and neutral system for the valuation of goods for customs purposes, precluding the use of arbitrary or fictitious values. The Committee on Customs Valuation manages this agreement and the Agreement on Preshipment Inspection.

At its spring and autumn meetings, the Committee on Anti-Dumping Practices reviewed semi-annual reports for the second half of 2014 submitted by 34 WTO members and semi-annual reports for the first half of 2015 submitted by 33 members. It also reviewed ad hoc notifications of preliminary and final actions taken by 25 WTO members at both meetings. As of 30 June 2015, 32 members had notified the WTO of 1,504 anti-dumping measures (definitive duties and undertakings) in force.

The Committee reviewed new notifications of legislation submitted by the following members: Armenia, Australia, Bahrain, Brazil, Qatar, Saudi Arabia and the United States. It also continued its review of the notifications of Brazil and Qatar. Pending written questions posed about the legislative notification of Cameroon remained on the agenda of the April and October meetings.

The Working Group on Implementation discussed administrative, arbitral and judicial review of national legislation containing anti-dumping measures. Some WTO members made presentations or provided papers describing their practices while other members contributed to the discussion, posing questions or making comments.

**Figure 12: Anti-dumping initiations by reporting member, 1 January 1995 to end-June 2015\***



\* Figure 12 covers initiations up to the end of June 2015. Data for the second half of 2015 are not yet available.

## Rules of origin

**WTO members heard presentations by several organizations about the impact of non-preferential rules of origin on international trade. This “educational exercise” was aimed at furthering members’ understanding of national rules in the absence of harmonized rules of origin. The Committee on Rules of Origin also discussed preferential rules of origin for least-developed countries (LDCs). Ministers took a fresh decision on simplifying these rules at the Nairobi Ministerial Conference.**

The Committee on Rules of Origin held two formal meetings in April and October 2015. The main work of the Committee concerns negotiations to harmonize non-preferential rules of origin (known as the Harmonization Work Programme). These negotiations, mandated under the WTO Agreement, were initiated in 1995 and are conducted in collaboration with the Technical Committee on Rules of Origin at the World Customs Organization (WCO).

Despite progress in elaborating specific rules of origin for thousands of tariff lines, the negotiations came to a virtual halt in 2007 due to divergences on a number of “core policy issues” and have since lost momentum. Members hold different views regarding whether there is a need to finalize the Harmonization Work Programme. Given these differences, the Chair of the Committee Christian Wegener, of Denmark, said that it was difficult to propose any technical work on the draft harmonized rules of origin.

Pending the continuation of the programme, the Committee agreed to initiate a transparency exercise to exchange information about non-preferential rules of origin currently in place. Some WTO members presented to the Committee their current non-preferential rules of origin and shared their experiences regarding the application of such rules.

### Background on rules of origin

Rules of origin are the criteria used to determine the country in which a product was 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 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.

The Committee also heard presentations by the WTO Secretariat, the WCO, International Trade Centre (ITC), the International Chamber of Commerce and the United Nations Conference on Trade and Development (UNCTAD) about the impact of rules of origin on international trade.

These presentations were part of an information exercise agreed by the Committee to further members’ understanding of the impact of non-preferential rules of origin in international trade. According to ITC, businesses report that rules of origin are one of the most common barriers to trade (22 per cent of all barriers mentioned in ITC’s surveys were linked to rules of origin). Some sectors were more affected than others (e.g. clothing, textiles and non-electrical machinery).

The Committee held an informal session on preferential rules of origin for least-developed countries (LDCs). At this session, WTO members heard presentations by several LDC representatives and learned more about how rules of origin may hinder market access opportunities for LDCs. For each agenda item, the LDCs recalled the “benchmarks” set in the 2013 Bali Ministerial Decision and provided examples of existing rules which, according to them, did not meet these benchmarks. The LDCs proposed specific reforms to enhance their ability to make effective use of preferential market access opportunities. The Committee heard presentations about new rules introduced by Thailand and China and a presentation by Japan about changes to its existing rules regarding clothing.

In addition, the Committee reviewed new developments as mandated by the Bali Ministerial Decision, which had set out, for the first time, multilaterally agreed guidelines to make it easier for LDC exports to qualify for preferential market access

Drawing on proposals put forward by LDCs, the Tenth Ministerial Conference in Nairobi took a further step towards ensuring that preferential trade arrangements for LDCs have simple and transparent rules of origin (see page 39).

### Harmonizing non-preferential rules

The Committee reviewed the results of the transposition exercise conducted by the WTO Secretariat. All draft harmonized rules of origin have now been transposed to the most recent version of the Harmonized System (2012) (see page 55) and compiled in a single document. WTO members agreed that comments to the draft transposed rules should be sent to the Secretariat by 15 March 2016 and that the Committee should consider this item again at its next meeting.

Regarding notifications, the Committee took note of new notifications sent by WTO members. These notifications indicated that 44 members had implemented some type of non-preferential rules of origin while 51 members had not implemented rules of origin for non-preferential purposes. Information about non-preferential rules of origin was still missing for 38 WTO members.



# Import licensing

**The Chair of the Committee on Import Licensing, Carrie I.J. Wu (Chinese Taipei), consulted WTO members on how to improve compliance with notification obligations amid concerns that import licensing is being used to restrict imports. The Committee reviewed 67 notifications submitted by WTO members under the Agreement on Import Licensing Procedures. However, some members have not submitted any notifications. The Committee also heard specific trade concerns about import licensing rules and procedures applied by some members.**

The Committee on Import Licensing reviewed 15 notifications from 12 WTO members regarding publications and/or legislation on import licensing procedures, and 16 notifications from 10 members relating to the institution of new import licensing procedures or changes in these procedures. It also reviewed 36 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.

WTO members' compliance with notification obligations remains a challenge. As of October 2015, 14 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 (see page 92) have identified import licensing as one of the main trade-restricting measures introduced by governments.

Montenegro and Saint Vincent and Grenadines submitted their first notifications in 2015 under the Agreement. The WTO Secretariat continued to provide technical assistance and capacity building to members in need. All notifications

submitted by members have been published on the WTO website for easy reference.

The chair held consultations on how to improve members' compliance rate for notifications, including through the holding of a workshop. WTO members agreed to explore the idea of a workshop to familiarize them with their notification obligations.

The Committee also heard a number of specific trade concerns regarding import licensing. Some members reiterated concerns about India's import regime on marble and marble products and boric acid, and amendments in the import conditions applicable to apples, Brazil's import licensing requirements on nitrocellulose (see page 54) and Indonesia's import regulations on cell phones, handheld computers and tablets.

In addition, WTO members raised questions about a number of other topics, including Angola's non-automatic licensing regime regulating the importation, distribution and sale of certain fish products. They also raised questions about Turkey's surveillance licensing regime, its import authorization on old and renovated goods and its import regime for non-fuel petroleum products. They also questioned Mexico's automatic licensing procedures on certain steel products, Bangladesh's import licensing regime, Viet Nam's import licensing requirements on distilled spirits, and Indonesia's import licensing regulation for the importation of carcasses/processed meat products.

A panel was established to hear a complaint brought by New Zealand and other WTO members against Indonesia for certain measures imposed on imports of horticultural products, animals and animal products.

## 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. Notifications of new investigations in 2015 declined, while notifications of final measures taken remained at the same level as last year.**

In 2015, notifications of new investigations declined to 17, from 23 the year before (see Figure 13). The safeguard investigations were initiated by 11 WTO members: Chile, Egypt, India, Indonesia, Malaysia, Morocco, Tunisia, Turkey, Ukraine, Viet Nam and, for the first time, Zambia. The products covered ranged from ceramic tiles and cars to polyethylene terephthalate (PET), used for making beverage containers, and alloy and non-alloy steel.

Notifications of final measures totalled 14, the same as the previous year. Indonesia imposed the highest number of final measures, with three, followed by Egypt and the Kyrgyz Republic with two.

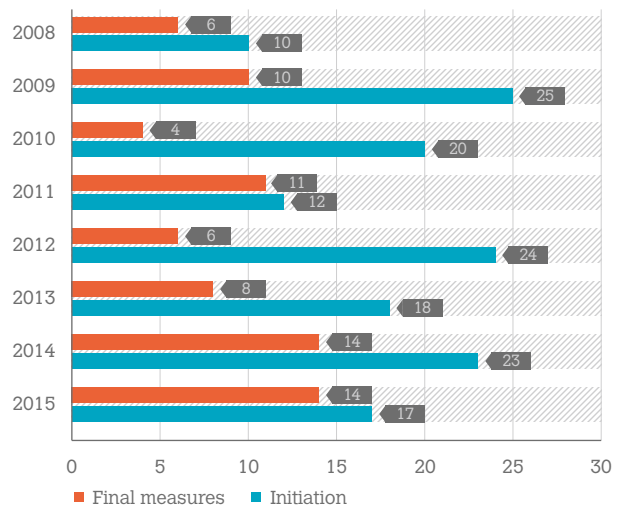
At the Committee's meetings, many WTO members expressed concerns about the proliferation of safeguard measures. They stressed that safeguards, unlike anti-dumping and countervailing duties, target exports that are not violating any WTO rules, and members imposing these measures should therefore be particularly careful.

A safeguard investigation seeks to determine whether increased imports of a product are causing, or are threatening to cause, serious injury to a domestic industry. During an investigation, importers, exporters and other interested parties may present evidence, give their views and respond to the presentations of other parties.

### Background on rules of origin

Rules of origin are the criteria used to determine the country in which a product was 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 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.

**Figure 13: Notifications of safeguard investigations by year (for all WTO members)**



## Trade-related investment measures

**The WTO's Committee on Trade-Related Investment Measures (TRIMs) discussed at its two meetings seven new investment measures taken by WTO members. It continued to debate eight measures previously raised by members. In addition, it reviewed compliance with members' notification obligations under the TRIMs Agreement.**

Five of the new investment measures raised by WTO members concerned local content requirements, which stipulate that

### 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 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.



at least part of a good or service should be locally produced. The first measure, raised by the European Union, concerned Turkey's local content requirements in the electricity generation sector. The second, raised by Japan and the United States, concerned local content requirements on information and communication technology (ICT) equipment used by the banking sector in China. The third, raised by the European Union, involved local content requirements in solar power generation projects in India.

A fourth measure, raised by the United States, concerned local content requirements in the production of mobile devices in Indonesia. Another two new measures, raised by the European Union and the United States and by the European Union and Japan respectively, concerned local content requirements for purchases by Russian state-owned enterprises and Russian support measures for its automotive industry.

Another new investment measure was raised by Japan concerning assistance measures for producers of agricultural machinery in Korea.

Discussions on measures previously raised at the Committee included local content requirements in the Indian and Indonesian telecommunications sectors and in the Indonesian, Nigerian and US energy sectors. Other measures concerned local content requirements in Russia's agricultural equipment sector, provisions of Indonesia's Industry Law and Trade Law, and minimum local product content requirements for the Indonesian retail sector.

The Committee took note of three new notifications under 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.

## Information Technology Agreement

**Kazakhstan joined the WTO's Information Technology Agreement (ITA) in 2015, bringing the total number of members to 82. An expansion of the ITA was agreed by over 50 WTO members at the Tenth Ministerial Conference, eliminating tariffs on 201 additional IT products valued at over US\$ 1.3 trillion per year (see page 47). The Committee continued its work on non-tariff measures (NTMs) affecting trade in IT products and held a workshop on this topic. WTO members agreed to work on the basis of a Swiss proposal to tackle the issue of divergences in product classification.**

Kazakhstan joined the ITA in 2015, bringing the total number of participants to 82. The Agreement covers some 97 per cent of world trade in information technology products, with almost all of this trade now duty free. Because ITA concessions are included in the participants' WTO schedules of commitments, the tariff elimination is implemented on a most-favoured nation basis. This means that even WTO members that have not joined the ITA can benefit from the trade opportunities generated by ITA tariff elimination.

During the year, the Committee of the Participants on the Expansion of Trade in Information Technology Products continued to review implementation of the ITA.

### Expansion of the ITA

The expansion of the ITA, agreed in December at the Tenth Ministerial Conference in Nairobi, opens up trade in an additional 201 high-tech products, whose annual value is estimated at US\$ 1.3 trillion, accounting for nearly 10 per cent

#### Background on Information Technology Agreement

The Information Technology Agreement (ITA) was concluded in December 1996 in Singapore. This plurilateral agreement requires participants to eliminate duties on IT products on a most-favoured nation (MFN) basis. The ITA covers a large number of high-technology products, including computers, telecommunication equipment, semiconductors, software and scientific instruments, and their parts and accessories. The Committee of the Participants on the Expansion of Trade in Information Technology Products oversees the Agreement.

## ■ Implementation and monitoring

of world trade in goods. The new agreement is the first major tariff-cutting deal at the WTO since 1996 (see page 47).

### Non-tariff measures (NTMs)

On 7 May 2015, the Committee held a workshop on NTMs affecting trade in IT products. This provided an opportunity for the private sector to share their experience with trade policy-makers and to express their views on possible ways to address NTMs and to improve market access. The main issues raised at the workshop were transparency, standards for recognition of test results, e-labelling and energy efficiency.

The lack of harmonization for standards, for both administrative and technical regulations, creates many barriers to trade by significantly increasing the costs of compliance (e.g. duplication of testing and certification procedures) and by delaying market entry. The industry is unanimous in saying that for each area of certification (for example, electromagnetic compatibility (EMC), safety, telecom approvals, radio emission, and energy efficiency), there should be one global standard, one global test, one global certificate.

Consultations between the chair of the Committee, Mr. Andrew Staines (United Kingdom), and WTO members are under way to examine the recommendations of industry representatives and a possible way forward. These recommendations include establishing a centralized database of administrative requirements (e.g. conformity assessment procedures) and technical requirements (e.g. standards) per area of certification (e.g. EMC, safety, radio, environment) per product and per country to solve the lack of transparency. Other recommendations include adoption of e-labelling as a simple solution to the problem of the proliferation of requirements. Many countries have already endorsed e-labelling.

### Product classification divergences

Classification divergences on ITA products continued to be an area of controversy. In 2013, the Committee agreed on the HS 2007 classification (see page 55) of 18 products, mainly semiconductor manufacturing equipment, but WTO members have continued discussions on the remaining 37 items listed in "Attachment B" of the 1996 Ministerial Declaration, for which there is no agreed tariff classification.



Ten WTO members provided their comments on classification options outlined by the WTO Secretariat under a Swiss proposal. The proposal, agreed in 2014, required the Secretariat to circulate the list of 37 items – including computers, network equipment, flat panel display and semiconductor manufacturing equipment – indicating their possible classification in HS 2007 so that members can identify where their domestic classification diverges. The Committee will continue discussing the issue of divergences in 2016, with a view to narrowing down the differences among members.

## State trading enterprises

**The Working Party on State Trading Enterprises (STEs) continued to review WTO members' notifications of STEs. These are enterprises granted exclusive rights or privileges that can influence exports or imports. China made its first notification. However, the number of notifications remains low and the chair, Andrew Jory (Australia), called for improvements to members' compliance with notification obligations. Canada submitted a new paper on agriculture-exporting STEs.**



# 97%

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

### Background on state trading enterprises

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



At the June meeting of the Working Party on State Trading Enterprises, Canada submitted a paper on agriculture-exporting STEs, in which it suggested that part of the review process carried out by the Committee on Agriculture would “enrich” the work of the Working Party. It drew attention to what the Committee had discussed on this issue. Switzerland, Colombia, the European Union, Chile and New Zealand supported Canada’s proposal. Australia made a presentation on its experience of fulfilling notification obligations in changing circumstances.

At its October meeting, the Working Party reviewed 45 new and full notifications from 16 WTO members and 22 updating notifications from four members. Notifications cover products imported into or exported from members’ territories by STEs. WTO members have extended indefinitely a June 2012 agreement to submit new and full notifications every two years.

Compliance with notification obligations remains poor. Of 133 notifying members, only 44 submitted notifications for the most recent period (2012-13). For the previous period (2010-11), only 52 notifications were received from a total of 130 notifying members. The chair of the Working Party encouraged members to continue to work with their respective capitals and the WTO Secretariat to improve their notification record. The Working Party reviewed notifications of Barbados, Canada, India and New Zealand on the basis of written questions from delegations.

Members may counter-notify when they have reason to believe that another WTO member has not adequately notified its STEs. Accordingly, at both its meetings, the Working Party reviewed a counter-notification submitted by the United States regarding China’s STEs. At the October meeting, China submitted its first notification since it joined the WTO in 2001.

Following a joint request by the European Union and the United States, the Working Party discussed Russia’s notification obligations. Both the European Union and the United States asked Russia to provide notifications of all its STEs, including Gazprom. The European Union also asked Russia to provide detailed information about the status and functioning of the Russian United Grain Company.

## Trade in civil aircraft

**In 2015, the Trade in Civil Aircraft Committee adopted a protocol to amend the Agreement on Trade in Civil Aircraft. The protocol, which had been under negotiation since 2008, brings product coverage under the Agreement into line with the 2007 update of the Harmonized System (HS2007), used for classifying goods for customs purposes (see page 55).**

The protocol, which amends the existing annex to the Agreement on Trade in Civil Aircraft, was opened for acceptance by parties to the Agreement.

The Agreement currently has 32 signatories, of which 20 are member states of the European Union. It eliminates import duties on civil aircraft-related products covered by its product annex, such as engines, radar, flight recorders and ground flight simulators. The Agreement also contains disciplines on matters such as government-directed procurement of civil aircraft and inducements to purchase.

### 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 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.

# Trade in services

The Council for Trade in Services focused on encouraging the use of the services waiver for least-developed countries (LDCs), which aims to help LDCs play a more active role in global services trade. By the end of the year, the Council had received 21 notifications from WTO members granting preferential treatment to LDC services. The Tenth Ministerial Conference in Nairobi extended the waiver for another four years, until 2030. The Council also discussed electronic commerce and developments in services trade policy.

## LDC services waiver

The services waiver for LDCs dominated the Council's work in 2015. The waiver, agreed in 2011, enables WTO members to grant more favourable treatment to services and service suppliers of LDCs. As no preferential treatment had been notified under the waiver by the time of the Bali Ministerial Conference in 2013, ministers took steps to encourage members to make use of the waiver. One of them was directing the Council for Trade in Services to convene a high-level meeting at which members would indicate the preferential treatment they intended to grant to LDC services and service suppliers.

The high-level meeting was held on 5 February 2015. Over 25 WTO members, both developed and developing, indicated sectors and modes of supply where they were considering providing preferential treatment. These addressed most of the 74 services sectors in which LDCs had sought preferential treatment, as specified in a collective request. Many members also mentioned technical assistance initiatives to improve the export capacity of LDC services. Members agreed that they should endeavour to notify their preferential

treatment at the earliest possible date, and no later than 31 July 2015.

WTO members' assessment of the pledges made at the meeting was very positive overall. Following the meeting, members started to submit the first notifications of preferential treatment under the waiver. By the end of 2015, the Council had received a total of 21 notifications of preferential treatment to LDC services and service suppliers on the part of 48 members (counting European Union member states individually). They 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 and South Africa.

At a meeting of the Council in November, LDCs provided a detailed assessment of the notifications received until then. They noted that the number of notifications received was impressive, considering the scant progress made initially on the issue, stating that the notifications were testament to WTO members' commitment to integrating LDCs into the multilateral trading system. They also noted that many of the sectors where they had sought preferential treatment were included in the notifications and that all modes of service supply were featured.

LDCs noted that more than half of their collective request appeared to have been considered in the notifications, although more needed to be done to address requests related to non-market access preferential treatment. Some of the preferences set out in the notifications went beyond WTO

### 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.



21

The Services Council has received 21 notifications from WTO members granting preferential treatment to LDC services, as of end-2015.



members' Doha Round services offers or the preferences pledged at the high-level meeting in February, LDCs noted. But they also sought clarifications as some notifications did not spell out precisely how the preferential treatment would operate for LDCs.

Concerns were also expressed about the limited number of preferences covering "mode 4", an issue of particular importance to LDCs. Mode 4 consists of individuals moving temporarily in another member's territory to supply services. Notifying members provided some initial explanations and stated their readiness to discuss the queries of LDCs bilaterally.

At the same meeting, the Council also approved preferential treatment going beyond market access measures contained in notifications submitted until then. As stipulated in the ministerial waiver decision, 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.

At the Tenth Ministerial Conference in Nairobi, ministers adopted a decision on the services waiver. In light of the time gap between the adoption of the waiver in 2011 and WTO members' notification of preferential treatment in 2015, ministers decided to extend the existing waiver period by four years until the end of 2030. They also instructed the Council to encourage discussions among members on technical assistance aimed at increasing the capacity of LDCs to participate in services trade, and to initiate a review process to monitor the operation of the notified preferences.

## E-commerce

The Council continued to engage in discussions on electronic commerce. WTO members considered a US suggestion to address and share information on cross-border information flows, localization requirements, privacy protection and cloud computing. Members seemed generally amenable to engaging in such a discussion, provided that it implied no normative or prescriptive content. The Council also addressed the protection of personal information in relation to e-commerce on the basis of a contribution by Chinese Taipei drawing on its privacy protection framework.

WTO members accepted a proposal by China to formalize the sharing of information on e-commerce by adding a regular item to the agenda of the Council. Under that item, China and Nigeria shared their respective experiences with the fast pace of e-commerce growth in their countries and the impact on small and medium-sized enterprises. Other delegations said they would contribute to the discussion in the future. Given ministers' agreement at the Nairobi Ministerial Conference to press on with the work programme on electronic commerce, the issue will continue to occupy the Council in 2016.

## Other Services Council issues

In 2015, the Council also debated recent developments in services trade and regulation. WTO members participating in the negotiations on a plurilateral Trade in Services Agreement (TISA) kept the Council regularly informed on progress in their negotiations. While non-TISA participants were generally appreciative of the transparency, some remained concerned about the initiative and in particular its impact on multilateralism. TISA participants pointed out that TISA was developed to be compatible with the General Agreement on Trade in Services (GATS) and could help to facilitate multilateral talks in the future.

## ■ Implementation and monitoring

At the meetings held in March, June and October, Russia made a statement on certain measures related to the reform of the Unified Gas Transportation System of Ukraine. In March and June, Ukraine responded to the statement. A few other WTO members expressed their interest in the issue.

In accordance with the GATS' transparency provisions, the Council received 33 notifications of new or revised measures that could significantly affect trade in sectors where the notifying WTO members had commitments. It also received two notifications concerning recognition measures. Another 12 notifications dealt with new economic integration agreements covering services trade.

### Financial services

The Committee on Trade in Financial Services continued its consideration of the issue of financial inclusion, or greater access to financial services, including such questions as mobile banking, on the basis of a note prepared by the WTO Secretariat. The note addresses the issue from a trade policy perspective, including the role that the GATS may play.

Several WTO members reviewed the situation of financial inclusion in their respective economies and highlighted the most important initiatives and policies adopted to promote it. The Committee agreed to continue this discussion, focusing specifically on obstacles to financial inclusion.

The Committee continued its consideration of regulatory issues in financial services. Following an invitation by the Committee, representatives of the Financial Action Task Force, the International Monetary Fund and the Islamic Financial Services Board gave an overview of the most recent international regulatory reforms and initiatives in their respective areas of competence, and discussed with WTO members the potential implications for trade in financial services.

### Specific commitments

In 2015, the Committee on Specific Commitments continued to consider the issue of "new services" based on an informal note prepared by the WTO Secretariat. This contains an illustrative list of services identified in previous discussions as not being explicitly referred to in the GATS classification system.

The Secretariat note also provided background on the issue of "new services" and suggested a number of general questions for consideration. WTO members expressed divergent views on issues such as whether "new services" really existed, whether a definition of "new services" was needed, and the implications of "new services" for existing commitments under the GATS. There were substantive discussions on the nature of cloud computing services. A number of members reiterated that the discussion of "new services" should not affect the scope of the existing commitments under the GATS.

In order to have a better understanding of classification issues and to facilitate future discussions, for its meeting on 14 October the Committee invited experts from the United Nations Statistics Division to give a presentation on the evolution of the central product classification (CPC) and the gaps between the version on which the GATS classification is based and the latest version.

The Committee generally supported a proposal to examine economic needs tests (ENTs), which are referred to in Article XVI:2 of the GATS as one form of quantitative limitation on market access. An ENT is a test that conditions market access upon the fulfilment of certain economic criteria. The 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 in the test. In order to have substantive discussions, a written proposal on issues related to ENTs was requested.



# Trade-related aspects of intellectual property rights (TRIPS)

The TRIPS Council continued to promote transparency in WTO members' intellectual property (IP) systems and reviewed implementation of the TRIPS Agreement. It discussed access to medicines, biodiversity, traditional knowledge, the patentability of life forms, biotechnology and technical cooperation, among other topics. The Council extended until January 2033 a waiver on least-developed countries (LDCs) having to apply TRIPS provisions on pharmaceutical patents. It also recommended a parallel waiver of LDC obligations regarding two other TRIPS provisions regarding pharmaceutical products. The Council discussed aspects of innovation policy, including the role of IP in financing innovation.

## Promoting transparency

Transparency in national intellectual property systems helps the TRIPS Council to monitor the operation of the TRIPS Agreement, to promote understanding of members' IP policies, to reduce trade tensions and to build productive trading relationships in knowledge products and technology.

The TRIPS Council has developed a unique body of information about diverse approaches to protecting and regulating IP, based on notifications of WTO members and the Council's review of national systems. It has also collected extensive reporting from members on such matters as technical cooperation and technology transfer incentives.

## Background on TRIPS

Intellectual property rights have become a key part of the debate over 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, administers the TRIPS Agreement, provides a forum for debate on policy issues and reviews the intellectual property legislation of individual members.

In 2015, 17 members notified the Council of more than 47 pieces of legislation, which were mainly focused on amendments and revisions of previously notified laws and regulations to reflect evolving policy needs and technological, social and commercial changes. So far, the TRIPS Council has received more than 3,000 legal texts notified by 132 members along with detailed checklists on enforcement mechanisms applied within over 100 jurisdictions.

The Council continued to consider how to make the notification system more accessible to WTO members and the public at large. In particular, the Council introduced a new reporting tool for notification, which includes cross-references and brief descriptions of the notified laws or regulations. Also, the Council completed its review of Russia's TRIPS implementing legislation and followed up its review of Tajikistan.

## Plants, animals, biodiversity and traditional knowledge

The Council continued to address 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 were 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

## ■ Implementation and monitoring

and associated traditional knowledge. Some proposed amending 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.

### TRIPS and public health

In 2015, ten more WTO members accepted the protocol amending the TRIPS Agreement to formally incorporate the so-called paragraph 6 system, which makes it easier for developing countries to access affordable medicines. The system allows generic versions of patented medicines to be produced under a compulsory licence (one that is granted without the patent holder's consent) exclusively for export to countries that cannot manufacture the needed medicines themselves.

A further nine WTO members accepted the protocol in the first four months of 2016. By the end of April 2016, 61 per cent of WTO members had submitted their instruments of acceptance for the TRIPS protocol, which was agreed in 2005. The amendment will come into force once it is accepted by two-thirds of the WTO membership. The TRIPS Agreement originally limited the issue of compulsory licences to predominantly domestic market use but this effectively excluded the use of compulsory licences by countries, particularly poorer developing countries, with no domestic manufacturing capacity.

Issues relating to TRIPS and public health were addressed in many technical cooperation activities organized by the WTO Secretariat, which coordinates capacity-building activities in this area with the World Health Organization (WHO) and the World Intellectual Property Organization (WIPO).

Thirty-one government officials from 24 developing countries and two from developed countries took part in an October workshop on trade and public health, the latest in a series. It aimed to build national policy-makers' capacity to analyse policy choices in areas where trade, intellectual property and public health all play a part. Topics included the interface between health, trade and intellectual property, the economics of innovation and access to health technologies, public health determinants, pricing and procurement policies, competition policy and rules, health services and the WTO's Trade Facilitation Agreement (see page 83).

The three organizations also held a fifth trilateral technical symposium in late October which reviewed access and

innovation in medical technologies. The symposium provided an opportunity to discuss practical ways in which the twin challenges of innovation and access have been addressed. It reviewed selected data on the complex relationship between trade in medical technologies, patents, innovation and access, including the role of TRIPS flexibilities and recent experience with the use of compulsory licences and voluntary licence agreements. This was preceded by a technical workshop on patentability criteria, giving participants practical insights into how these criteria are applied in practice at country level and how different definitions and interpretations can impact on public health.

### Technical cooperation and capacity building

The Council was updated on technical cooperation in the area of intellectual property 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 in order 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 intellectual property developments and to make informed assessments of IP policy issues. The course for government officials drew 25 participants and the course for university teachers attracted 27. In recent years, the courses have trained about 260 IP teachers and about 150 government officials.

To mark the 20<sup>th</sup> anniversary of the WTO and the TRIPS Agreement, the WTO Secretariat organized a capacity-building symposium for TRIPS delegates that aimed to deepen understanding of the Agreement's negotiating history and its relevance for current multilateral discussions on trade-related aspects of intellectual property. Officials who participated in the TRIPS negotiations in the Uruguay Round shared their experiences and discussed the practical impact of the TRIPS Agreement since its entry into force. Insights from this symposium were captured in a new publication – *The Making of the TRIPS Agreement* – launched at the Public Forum (see page 140) as a resource for policymakers and negotiators.



# 61

61 per cent of WTO members have accepted the TRIPS protocol on access to medicine, as of the end of April 2016.



# 2/3

The TRIPS protocol will enter into force once two-thirds of the WTO membership have accepted it.



## Pharmaceutical patent exemption for LDCs

At the request of LDCs, the Council extended – until January 2033 – the period during which key provisions of the TRIPS Agreement do not apply to pharmaceutical products in LDCs. This means LDCs can choose whether or not to protect pharmaceutical patents and clinical trial data before 2033. The decision also keeps open the option for further extensions beyond that date.

The latest extension, the second specifically applied to pharmaceutical products for LDCs, is in line with directions set by WTO ministers in the 2001 Doha Declaration on the TRIPS Agreement and Public Health, which decided a specific transition period should apply for LDCs in this area. The transition was initially due to end in 2016.

A subsequent General Council decision, on the recommendation of the TRIPS Council, also extended an existing waiver for LDCs exempting them from granting patent holders exclusive marketing rights for five years after they obtain marketing approval or until a product patent is granted or rejected in a member territory, whichever period is shorter.

The General Council also provided a new waiver for LDCs regarding “mailbox” measures under which any WTO member not applying patent protection for pharmaceutical products still has to provide a means by which patent applications can be filed. These two waivers complement and buttress the effect of the decision to extend the transition period in respect of obligations concerning pharmaceutical patenting and the protection of clinical data until 2033.

These extension decisions follow the adoption of the new UN Sustainable Development Goals (SDGs) (see page 119). SDG3 on “Good Health and Well-being” affirms the right of developing countries to utilize the TRIPS Agreement flexibilities to ensure access to medicines for all.

## Innovation

At its February meeting, the Council considered the topic of women and innovation, with WTO members describing the benefits of gender equality for innovation and entrepreneurship as part of its series on “Intellectual Property and Innovation”. The Council looked broadly at various aspects of the issue, including the relationship between entrepreneurship and innovation in women-owned businesses and addressing barriers to women's participation in the economy and trade in particular.

In June, the Council considered the role of IP in financing innovation, in particular how it attracted and guided investment and capital towards innovation activity. A side-event on the same topic was sponsored by the European Union, the United States and Switzerland. The Council turned in October to examining entrepreneurship and new technologies using the experiences of small and medium-sized enterprises and start-ups in the area of new and mobile technologies to illustrate the role that IP played in bringing innovation to the market. The focus lay in particular on start-ups commercializing mobile technologies and applications (“apps”) and on the potential benefits for developing countries.



## Tobacco control measures

In recent years, the Council has discussed tobacco plain packaging legislation and its compatibility with the TRIPS Agreement. The plain packaging measures adopted by Australia are currently the subject of four disputes initiated by Cuba, the Dominican Republic, Honduras and Indonesia (see pages 107-8).

In 2015, the Council continued to discuss tobacco control policies under the heading “Concerns with respect to Measures Related to Plain Packaging of Tobacco Products in the United Kingdom and Ireland”. The sponsor of the item, Dominican Republic, and several other delegations reiterated their view that such measures were incompatible with TRIPS obligations on protecting trademarks and geographical indications (see page 40) and urged members, in particular the United Kingdom and Ireland, that were considering introducing similar tobacco plain packaging measures, not to adopt them until the WTO panels had ruled on their compatibility with WTO obligations. Some other members defended such policies as legitimate public health measures that are consistent with WTO rules. In Australia's view, it was inappropriate to use the pending disputes to discourage other members from implementing public health measures.

## Other issues

No new proposals emerged from the reviews, mandated under the TRIPS Agreement, of the Agreement as a whole (the “71.1 review”). Regarding the review of the application of the provisions on geographical indications (the “24.2 review”), China and the European Union shared information on their bilateral agreements with Costa Rica, Switzerland and a number of other countries.

The Council's work on the incentives for technology transfer to LDCs and on “non-violation and situation complaints” is discussed on pages 41.

# Trade and environment

The Committee on Trade and Environment (CTE) discussed topics ranging from energy efficiency and illegal logging to illegal fishing. The Committee was briefed by international organizations on recent sustainable development initiatives, including the launch of the United Nations Sustainable Development Goals (SDGs) in September. A ministerial declaration issued at the end of the Tenth Ministerial Conference in Nairobi “recognized the role the WTO can play in contributing towards achievement of the 2030 SDGs. The Committee was also updated on negotiations for an Environmental Goods Agreement.

## Energy efficiency

The Committee on Trade and Environment discussed several initiatives to improve energy efficiency. The European Union shared information on its energy efficiency policy framework. This includes mandatory requirements that seek to eliminate the least energy-efficient products from the market (commonly referred to as “eco-design”) and energy labelling, which offers information on a product’s energy efficiency.

Singapore explained that its limited options to harness renewable energy made energy efficiency a core element of its strategy to reduce carbon emissions. Thailand emphasized that energy efficiency was a key aspect of its energy policy, given its high dependence on fossil fuels. Chile provided details on education campaigns, labelling and other domestic measures to improve energy efficiency.

Pakistan presented its national experience and explained how solar and wind energy could help to ensure adequate access to energy for its population and overcome its reliance on fossil fuels. Chinese Taipei introduced its efforts to establish an energy efficient economy and create a “win-win-win” solution for energy, the environment and the economy. Canada explained how investments under its ecoENERGY efficiency programme had helped Canadian consumers reduce energy costs and greenhouse gas emissions.

WTO members expressed significant interest in these initiatives. Their discussions on these issues covered market and structural barriers, labelling schemes, methodologies

for energy pricing and consumption measurement, internal coordination challenges to implement specific programmes, and international cooperation and capacity building.

The Organisation for Economic Co-operation and Development (OECD) described the broad array of measures used worldwide to improve energy efficiency and their possible trade implications. Such measures include minimum energy-performance standards for appliances and buildings, labelling schemes and energy efficiency incentives. The International Organization on Standardization (ISO) provided information on ISO 50001 – a standard that seeks to support organizations in using energy more efficiently – and other energy efficiency standards.

## 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.



## Fisheries

Several WTO members shared their experience in tackling illegal, unreported and unregulated (IUU) fishing. Ecuador provided information on its action plan to combat IUU fishing and efforts to strengthen institutional capacity in this area. The United States described the work of its Presidential Task Force on Combating IUU Fishing and Seafood Fraud.

Mexico presented specific programmes to address IUU fishing, including vessel registration, satellite monitoring and on-board observation, which involves placing independent observers on vessels to monitor vessel positions and observe fishing operations. It noted that regional and multilateral cooperation was needed to reinforce domestic efforts against IUU fishing.

The European Union described its policy on IUU fishing and underlined the importance of creating a culture of compliance, ensuring traceability throughout the supply chain and of promoting international cooperation. Australia, the Republic of Korea, New Zealand, Norway, Papua New Guinea, the Philippines, Sri Lanka and Chinese Taipei also shared their experiences in combating IUU fishing.

Responding to the presentations, several WTO members underscored the negative environmental and socio-economic impacts of IUU fishing. They urged members to take the interests of developing country exporters into consideration when designing and implementing measures to combat IUU fishing. It was recalled that such measures should respect the principle of non-discrimination and avoid the creation of unnecessary barriers to trade. Some members underlined the links between efforts to combat IUU fishing and the ongoing negotiations to address fisheries subsidies in the WTO (see page 45).

## Illegal logging

The Committee continued its discussion of the trade aspects of illegal logging. Malaysia, a major producer and exporter of tropical timber, presented its timber certification scheme, a voluntary national scheme that provides independent assessment of forest management practices, as well as cooperation efforts with other countries to combat illegal logging.

Russia provided an overview of the 2013 Roundwood Act, which seeks to establish a system for tracking the life cycle of timber from harvest to processing or export. Commenting on these experiences, several WTO members underlined the

importance of cooperation and transparency in tackling illegal logging and related trade activities.

## Environmental goods

Australia, which chairs the negotiations on an Environmental Goods Agreement (EGA), continued to update the Committee on progress towards an EGA among 44 WTO members, which together account for a large proportion of global trade in environmental goods. In a statement issued in Nairobi just ahead of the Tenth Ministerial Conference, the chair Andrew Robb said that “considerable progress” had been made in the negotiations.

Director-General Roberto Azêvedo welcomed this progress. He said: “I further welcome Minister Robb’s statement that negotiators will capitalize on the momentum and re-engage early in 2016 to continue to work towards a successful conclusion. This agreement will be an important contribution of the international trade community towards realizing the complementary benefits of trade and environmental policy.”

Negotiations are focused on building a list of possible products to be covered by a future agreement. The chair recalled that EGA participants are committed to transparency and that the EGA remains open to other WTO members similarly committed to liberalizing trade in environmental goods. He further noted that the EGA will be implemented on a most-favoured nation (MFN) basis, meaning all WTO members will benefit once a critical mass of participation has been reached. Negotiations on the EGA were launched in July 2014.

The participants are considering products in several areas of environmental protection and climate change mitigation, including those that contribute to generating clean and renewable energy, improving energy efficiency, controlling air pollution, managing waste, and treating waste water.

## Other issues

China described its Ecological Civilization Strategy, which seeks to intensify the protection of the environment and the conservation of resources, to promote low-carbon development, to deepen reform, to encourage innovation and to raise public awareness of environmental issues. In addition, it presented its environmental labelling scheme, which currently covers 97 categories of products, and outlined the environmental provisions included in its recent free trade agreements (FTAs), such as the China-Korea FTA. It noted that its recent FTAs had a growing number of disciplines that aim to address trade and environment issues.

Canada and a representative of the International Hydropower Association presented a tool for assessing the sustainability of hydropower plants and projects. Canada emphasized the importance of preventing barriers to trade on hydropower technologies and inputs. Several delegations shared some of their own experiences with hydropower. Some delegations underlined the need to include the costs of sustainability assessments in the financial viability of hydropower projects and to take into consideration the special needs of developing countries.



# 44

Negotiations on an Environmental Goods Agreement are taking place among 44 WTO members, which account for a large proportion of global trade in environmental goods.



The Executive Director of the United Nations Environment Programme, Mr Achim Steiner, and DG Azevêdo at a 20<sup>th</sup> anniversary event on trade and environment on 28 April 2015.

On behalf of the Friends of Fossil-Fuel Subsidy Reform (FFFSR) – an informal group of non-G20 countries aiming to build political consensus on the importance of fossil fuel subsidy reform – New Zealand and Norway highlighted the benefits of tackling inefficient fossil fuel subsidies. In pursuit of this goal, FFFSR had launched voluntary peer reviews of the efficiency of measures related to fossil fuel subsidies.

### Multilateral environmental agreements 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 2015, this included regular briefings by the United Nations Framework Convention on Climate Change (UNFCCC) on the state of play of the climate change negotiations.

The United Nations Conference on Trade and Development (UNCTAD) briefed delegations on the economic and sustainability benefits of promoting organic agriculture in developing countries. The United Nations Environment Programme (UNEP) highlighted the trade opportunities and other benefits of organic farming in South Africa. The International Trade Centre (ITC) presented initiatives for helping agricultural exporters in developing countries to meet carbon standards and increase their resilience to climate change.

The UN Department of Economic and Social Affairs (UNDESA) briefed the Committee on Agenda 2030, launched at the United Nations in September and which includes the UN Sustainable Development Goals (SDGs) (see page 119), and the Addis Ababa Action Agenda, which aims to provide a global framework for financing sustainable development. Following requests by some WTO members, the WTO Secretariat provided an overview of the main trade-related elements of these two processes. The Secretariat also introduced and updated its “Matrix on Trade-related Measures Pursuant to Selected Multilateral Environmental Agreements” and continued to present relevant environment-related case law under the WTO.

### 20<sup>th</sup> anniversary of the WTO

In April, Director-General Roberto Azevêdo and the Executive Director of the United Nations Environment Programme (UNEP), Achim Steiner, jointly opened a high-level event, “20 Years of Building Pathways to Sustainable Development”, held at the WTO. The one-day gathering, held as part of the WTO’s 20<sup>th</sup> anniversary activities, looked back at how the global trade and environment regimes have helped countries to achieve sustainable development, and explored how WTO case law on trade and environment has evolved over the past two decades. Representatives from international organizations, civil society and academia participated in this event.

In June, the DG and John Scanlon, Secretary-General of the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES), launched a new publication, *CITES and the WTO: Enhancing Cooperation for Sustainable Development*. The joint publication shows how the relationship between CITES and the WTO has become a leading example of mutual supportiveness between global trade and environmental regimes.

### Nairobi Ministerial Declaration

At the close of the Tenth Ministerial Conference in Nairobi, WTO members agreed on a ministerial declaration which acknowledges that “international trade can play a role towards achieving sustainable, robust and balanced growth for all.” Furthermore, it recognized the role the WTO can play in contributing towards achievement of the UN’s Sustainable Development Goals.

### Technical assistance

In 2015, the Trade and Environment Division of the WTO organized national workshops in Cuba and Qatar. In addition, a workshop for the Arab and Middle East region was held in Kuwait, in partnership with the International Monetary Fund’s Centre for Economics and Finance. Trade and environment training was delivered as part of the WTO’s Geneva-based and regional trade policy courses, and through the e-learning platform.

# Trade facilitation

By end of April 2016, 77 WTO members had ratified the Trade Facilitation Agreement (TFA), which will come into effect once two-thirds of the WTO membership have done so. The Preparatory Committee on Trade Facilitation received over 70 notifications from WTO members indicating how they will implement the Agreement once it enters into force. A website was launched for the Trade Facilitation Agreement Facility, which helps developing and least-developed countries find the support they need to implement the TFA. The Global Alliance for Trade Facilitation was launched at the Tenth Ministerial Conference.

The Trade Facilitation Agreement will simplify and speed up global procedures for the movement of goods across borders and could see average trade costs fall by over 14 per cent. The Agreement was approved at the 2013 Bali Ministerial Conference and is one of the biggest reforms of the WTO since it was established in 1995. Implementation of the TFA has the potential to increase global merchandise exports by up to USD 1 trillion per year.

By the end of April 2016, the Preparatory Committee on Trade Facilitation had received 83 category "A" commitment notifications, indicating what the WTO member designates for immediate implementation upon entry into force of the Agreement (or, in the case of a least-developed country, within one year of entry into force).

At meetings of the Preparatory Committee, WTO members were updated on the state of ratification processes and briefed on technical assistance and capacity-building activities, both by donor members and the WTO Secretariat. WTO members discussed a range of topics, including their ratification procedures, the establishment of national trade facilitation committees and the implementation of other measures under the TFA.

## Background on trade facilitation

Negotiations on the Trade Facilitation Agreement were successfully concluded in December 2013 at the WTO's Ninth Ministerial Conference. The Agreement will enter into force once two-thirds of members have ratified it. The Agreement aims to expedite the movement, release and clearance of goods across borders. It establishes 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. A Preparatory Committee on Trade Facilitation oversees the Agreement.

For the first time in WTO history, the requirement to implement an agreement is directly linked to the capacity of a country to do so. The Agreement states that assistance and support should be provided to help members achieve that capacity. To benefit from this, developing and least-developed countries must notify their commitments and needs to the WTO.

## Trade Facilitation Agreement Facility

A website was launched for the Trade Facilitation Agreement Facility, which helps developing and least-developed countries find the support they need to implement the TFA.

The website ([www.TFAFacility.org](http://www.TFAFacility.org)) provides information on the TFA, case studies, training materials and other implementation-related resources. It also provides information and contact points for donors and regional/international organizations.

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, help identify possible donors, and undertake donor and recipient match-making activities. In the future it will also provide project preparation and project implementation grants in cases where efforts to attract funding from other sources have failed.

In 2015, the WTO Secretariat conducted workshops for parliamentarians to support their efforts to ratify the TFA. It also organized national workshops to help WTO members assess their capacity to implement the Agreement and to prepare notifications required to benefit from implementation flexibilities. It helped members that requested assistance to find donors, conducted meetings with partner organizations/donors to enhance coordination of implementation support and participated in many other activities.

The TFAF complements efforts by regional and multilateral agencies, bilateral donors and other stakeholders that provide



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The Global Alliance for Trade Facilitation was launched at the WTO's Tenth Ministerial Conference in Nairobi.

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.

### Global Alliance for Trade Facilitation

An event on trade facilitation at the Tenth Ministerial Conference in Nairobi saw the launch of the Global Alliance for Trade Facilitation. This is a new public-private platform that seeks to use private sector expertise and resources to support trade facilitation reforms. The Alliance was created by the Center for International Private Enterprise, the International Chamber of Commerce and the World Economic Forum, with support from the governments of the United States, the United Kingdom, Canada and Germany.

At the event, Director-General Roberto Azevêdo welcomed the pledges made by governments and private sector entities to help developing and least-developed countries implement the TFA, declaring efforts to provide support had “got off to a good start”.

“There is significant support and funding available from a range of partners to help with trade facilitation measures, and specifically with the implementation of the Trade Facilitation Agreement,” the Director-General said. “This is very positive, and we must keep this momentum ... the more extensive and faster the implementation of the Trade Facilitation Agreement, the greater the benefits will be.”



77

77 WTO members have ratified the Trade Facilitation Agreement, as of end-April 2016.



# Regional trade agreements

In 2015, the WTO received 16 new notifications about regional trade agreements (RTAs), down from 22 in 2014. The notifications involved eight new RTAs. Half of the RTAs were between developed and developing partners, maintaining a recent trend. The Asia Pacific region made the highest number of notifications – six RTAs – while the Americas made notifications about three RTAs. At the Tenth Ministerial Conference in Nairobi, ministers called for a discussion of the systemic implications of RTAs for the multilateral trading system.

## Notifications

Of the eight individual RTAs notified to the WTO in 2015 (counting goods and services components as one), five included both goods and services provisions while three included goods provisions only. The trend towards agreements between developing and developed trading partners was maintained. Members from the Asia Pacific region were involved in six RTAs, and the rest involved members in the Americas region (three agreements) and Europe, African and Middle East regions (one agreement each). Four of the agreements covered members from two different regions and four covered members from one region.

The notifications took to 621 RTAs the number received by the WTO as of 31 December 2015, of which 415 were in force (see Figure 14). 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, have to be notified separately so they are counted separately. However, putting the three together, the 621 notifications involved 453 individual RTAs, of which 266 were in force.

## 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. All WTO members except Mongolia are members of one or more (some belonging to as many as 30). In addition, Mongolia has recently signed an agreement with Japan and has joined the Asia-Pacific Trade Agreement, both of which should enter into force shortly.



# 621

621 regional trade agreements have been notified to the WTO since 1995, of which 415 are in force.

## Increasing complexity

The newer RTAs broaden and, in many cases, deepen coverage, compared with the older ones. Thus, while some agreements are limited to reducing barriers to trade in goods, most are becoming increasingly more comprehensive, with provisions on market opening in services and in other areas, such as investment, competition policy, trade facilitation, government procurement, intellectual property, electronic commerce and, in some cases, labour and the environment.

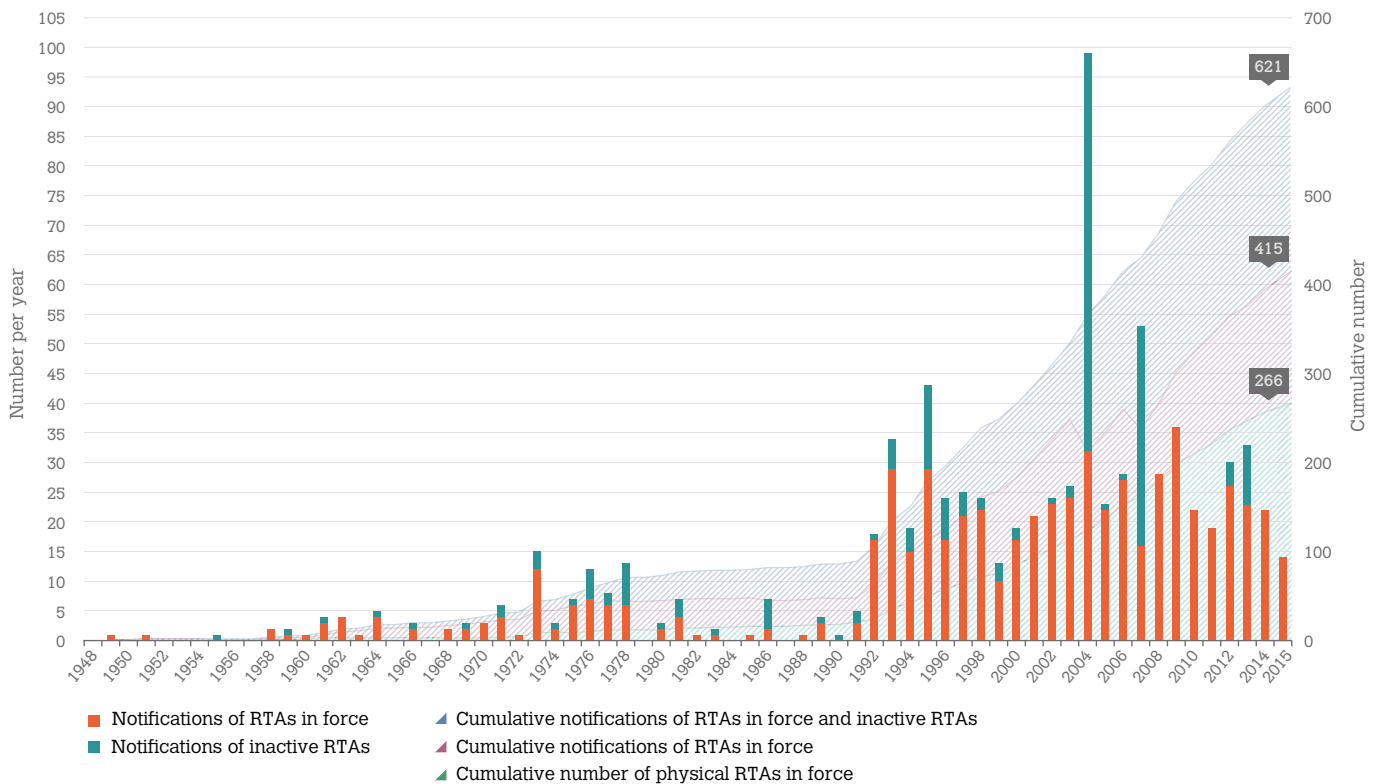
Most agreements are bilateral, giving rise to an increasingly complex regime of different trade regulations. Critics argue that these overlapping regional trade regimes make international trade more complex and undermine WTO non-discrimination principles. However, proponents of RTAs say they can lay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

## Enlargement

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.

Such enlargement and consolidation of existing agreements is being proposed by new negotiations, such as the Trans-Pacific Partnership Agreement (TPP) among 12 parties, most of which already have bilateral RTAs with each other. Another example is the Regional Closer Economic Partnership Agreement

**Figure 14: All RTAs notified to the GATT/WTO (1949 to 2015) by year of entry into force**



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

Source: WTO Secretariat.

between the Association of South East Asian Nations (ASEAN) and six other regional partners. Negotiations on TPP were completed on 5 October 2015 and the agreement was signed on 4 February 2016.

Other negotiations include the Pacific Alliance, a Latin American grouping that also involves countries that already have bilateral RTAs with each other, and the Tripartite Agreement, which involves 26 African partners at present. It remains to be seen if the eventual agreements are able to harmonize some of the rules in existing RTAs between the individual parties. Existing bilateral agreements between the TPP parties will, however, remain in force (Chile for instance already has bilateral agreements with all TPP parties).

Research by the WTO Secretariat based on RTAs notified since 2000 shows that around 60 per cent of these RTAs contain commitments in both goods and services and that over half contain rules on investment. Other issues, such as provisions on government procurement, competition, sanitary and phytosanitary (SPS) measures, technical barriers to trade, trade defence measures and intellectual property rights, are also found in over half of the RTAs notified. Some RTAs also include other issues, such as environmental and labour standards and electronic commerce, which are not covered by the WTO rules.

## Nairobi Declaration

In the Nairobi Ministerial Declaration of December 2015, ministers reaffirmed the need to ensure that RTAs remain complementary to, not a substitute for, the multilateral trading system. They instructed the Committee on Regional Trade Agreements (CRTA) to discuss the systemic implications of RTAs for the multilateral trading system and their relationship with WTO rules.

## 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 the General Agreement on Trade in Services (GATS) Article V (for trade in services), are subject to the provisions and procedures of the transparency mechanism for regional trade agreements. The mechanism, in force provisionally since December 2006, provides specific guidelines on when a new RTA should be notified to the WTO Secretariat and the related information and data to be provided. It also requires the Secretariat to prepare a factual presentation on each RTA, and for each RTA to be reviewed by WTO members.

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) (see Table 2) while agreements notified under the Enabling Clause 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. WTO members are required to inform the WTO Secretariat of any subsequent 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 being negotiated or those that have been signed but are not yet in force ("early announcements").

Notified agreements already in force are considered by the CRTA or by the CTD, normally within a year of the date of notification. In 2015, the CRTA held four meetings and considered 19 notifications of RTAs, counting goods, services and accessions separately, compared with 42 in 2014 and 23 in 2013.

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 2015, 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, one "early announcement" was received from WTO members in 2015, for a newly signed RTA not yet in force. As of December 2015, the WTO had received 98 "early announcements", 35 involving RTAs that had been signed but were not yet in force and 63 involving RTAs under negotiation. Sixty-one of these early announcements have subsequently been notified following entry into force of the agreements.

## Table 2: Regional trade agreements considered in 2015

European Union – Colombia and Peru (goods and services)
United States – Bahrain (goods and services)
European Union – Georgia (goods and services)
Switzerland – China (goods and services)
United States – Colombia (goods and services)
Singapore – the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu (goods and services)
European Union – Republic of Moldova (goods and services)
ASEAN – China (services)
Hong Kong, China – Chile (goods and services)
Mexico – Central America (Costa Rica, El Salvador, Guatemala, Honduras and Nicaragua) (goods and services)

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

Not all agreements that are in force have been notified and efforts are underway to improve the notification record. A list of agreements that have been verified by the Secretariat as being in force and not notified, through consultation with at least one of the parties to the RTA, is circulated before each meeting of the CRTA. The last list, circulated on 10 November 2015, contained 75 non-notified 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 the realization of the liberalization commitments as originally notified. One such report was submitted in 2015 (Ukraine–Azerbaijan). The reports are important for understanding whether RTAs accomplish what they set out to do. The Chair of the Committee, Ambassador Amr Ramadan (Egypt), noted that implementation reports had been due for 123 RTAs as of 7 January 2015 and yet only one was received during the year.

For the transparency mechanism to be adopted on a permanent basis, WTO members need to review, and if necessary, modify it as part of the overall results of the Doha Round. WTO members are also required to review the legal relationship between the mechanism and relevant WTO provisions on RTAs. In December 2010, members decided to commence the review. In the Nairobi Ministerial Declaration in December 2015, ministers agreed to work towards the transformation of the transparency mechanism into a permanent mechanism (see page 45).

## RTA database

All the information on RTAs notified to the WTO is contained in a publicly accessible RTA database, which can be consulted at <http://rtais.wto.org>. The database 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.

For information on preferential trade arrangements (PTAs), see page 118.

# Trade Policy Reviews

The Trade Policy Review Body (TPRB) reviewed the trade policies and practices of 24 WTO members in 20 meetings in 2015. By the end of 2015, the TPRB had carried out 429 reviews involving 151 of the 162 WTO members.

## Trade Policy Reviews

Of the 24 WTO members reviewed in 2015, two of them, Cabo Verde and the Republic of Moldova, went through the process for the first time. The other members reviewed in 2015 were Barbados, Brunei Darussalam, Japan, Pakistan, Australia, India, Canada, Chile, New Zealand, European Union, Madagascar, Dominican Republic, Guyana, Jordan, Thailand and Haiti. In addition, Angola, Botswana, Lesotho, Namibia, South Africa and Swaziland were reviewed as a group under the Southern African Customs Union. The dates of the reviews and the members covered are shown on the map on pages 90-1.

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.

So far, the United States, Japan and the European Union have been reviewed the most – 12 times. This is followed by Canada, ten times; Hong Kong (China), Australia, and Thailand, seven times; the Republic of Korea, Malaysia, Norway, Singapore, Indonesia, Switzerland, Brazil, and India, six times; and China, Mexico, Turkey, Chile, New Zealand and South Africa, five times. Twenty-five members have been reviewed four times and 36 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 WTO members to examine collectively 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, and the next 16 largest every four years. The other members are reviewed 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, for dispute settlement procedures, or to impose new policy commitments.

## Implementation of the Fifth Appraisal of the TPRM

WTO members continued to implement the recommendations of the fifth appraisal of the Trade Policy Review Mechanism (TPRM), carried out in 2013. One of the recommendations was the need to make reviews more interactive and fruitful.

For their TPR meetings in 2015, nine members (up from four in 2014) chose to use the alternative timeline for the submission of written questions and replies, one of the outcomes of the appraisal. This requires the submission of questions by other members four weeks in advance of the meetings and of written responses one week in advance. Digital audio files (podcasting) were used in all TPR meetings in 2015, except the one on Thailand. The audio files are accessible to members but not to the public. The seven-minute rule for members' interventions continued to work satisfactorily.

## TPR follow-up workshops

In 2015, a regional follow-up workshop was organized for the Organization of Eastern Caribbean States (Antigua and Barbuda, Dominica, Grenada, Saint Kitts and Nevis, Saint Lucia, and Saint Vincent and the Grenadines). National follow-up workshops were organized for Myanmar, the Dominican Republic and Pakistan. One envisaged for Madagascar was postponed to 2016 at the country's request.

The follow-up workshops allowed discussion and further dissemination of the results of the reviews of the nine WTO members concerned. The workshops can also help to convince national stakeholders of the need to address the concerns expressed by other members during reviews. The workshops also provide the opportunity to identify priority areas for reforms requiring foreign assistance.

Myanmar's experience with the follow-up workshop illustrated the additional benefits of the TPRM process for least-developed countries (LDCs), in particular. Myanmar was able to synchronize its priority areas for reforms with the Enhanced Integrated Framework (see page 128) and donors' programmes. Several donors pledged to provide assistance in some of the areas specified by Myanmar. The demand for TPR follow-up workshops rose from two in 2014 to four in 2015.

## Trade Policy Review programme for 2016

For 2016, 24 TPR meetings are scheduled for 24 members: Georgia, Morocco, Fiji, Turkey, Maldives, Kingdom of Saudi Arabia, Ukraine, Malawi, Honduras, Albania, United Arab

Emirates, Democratic Republic of the Congo, Zambia, China, Tunisia, Singapore, El Salvador, Russia, Republic of Korea, Sierra Leone (review postponed from 2015), Sri Lanka, Guatemala, Solomon Islands and the United States. Ukraine and Russia are to be reviewed for the first time.



# 24

24 trade policy reviews of WTO members were undertaken in 2015, the highest number for a single year.



Implementation  
and monitoring

# Trade Policy Reviews in 2015

The WTO conducted 20 Trade Policy Reviews in 2015 to examine the trade policies and practices of 24 WTO members. The dates of the reviews and the WTO members covered are shown on the map. Further information, including the Chair's concluding remarks for each review, can be found on the WTO website at [www.wto.org/tpr](http://www.wto.org/tpr)





# Trade monitoring reports

Trade monitoring reports showed that WTO members continued to introduce trade-restrictive measures in 2015 at the same pace as the year before. Given the continuing uncertainties in the global economy, the reports stressed the need for members to show restraint in imposing new trade restrictions and to eliminate more of the existing measures in order to reduce the accumulated stockpile of restrictions. The reports also call for more transparency in the area of non-tariff measures.

The WTO Secretariat prepared four reports on global trade policy developments during 2015 amid continuing global economic uncertainty and sluggish trade growth. Two of the Secretariat reports, covering trade and investment measures taken by G20 economies, were prepared jointly with the secretariats of the Organisation for Economic Co-operation and Development (OECD) and the United Nations Conference on Trade and Development (UNCTAD). The other two reports covered trade measures taken by WTO members and observers and were discussed at meetings of the Trade Policy Review Body.

## Trade monitoring summary for 2015

Against the backdrop of global economic uncertainty with modest and unevenly distributed economic and trade growth across regions, the use of trade-restricting measures by WTO members were a cause for concern. Although the pace of introduction of new trade-restrictive measures from mid-October 2014 to mid-October 2015 remained stable compared with the previous monitoring period, between mid-November 2013 and mid-October 2014, the overall stockpile of trade restrictions introduced by members since 2008 continued to grow.

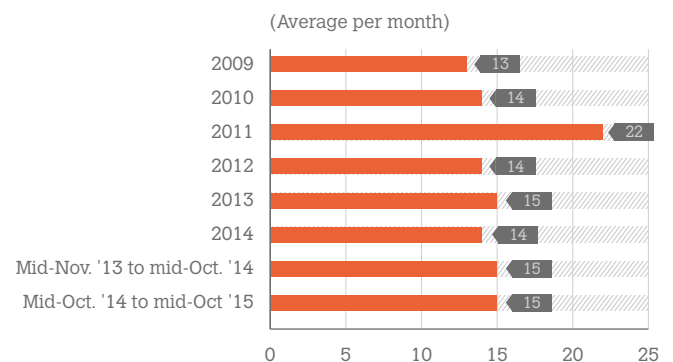
### Background on trade monitoring reports

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.

WTO members applied 178 new trade-restrictive measures during the 12-month period compared with 168 in the previous reporting period. The average number of restrictions taken per month remained stable at 15 and remained below the monthly average of trade-facilitating measures (see Figures 15 and 16). The 178 new measures accounted for 1.2 per cent, or US\$ 228.3 billion, of world merchandise imports during the review period.

Trade remedy measures (anti-dumping actions, countervailing duties and safeguard measures) made up almost 43 per cent of all trade-related measures in the review period, down from 49 per cent in the previous annual report. Out of the 297 trade remedy measures recorded, 241, or around 81 per cent, were anti-dumping actions. The number of trade remedy actions was down compared with the previous period. More initiations of investigations were recorded than terminations of measures.

**Figure 15: Trade-restrictive measures, excluding trade remedies (average per month)**



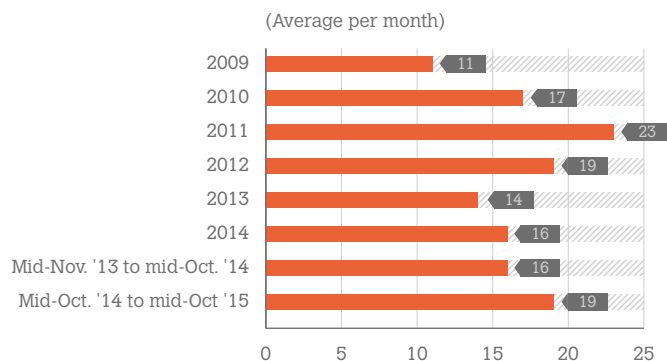
Note: values are rounded

The number of trade-facilitating measures significantly increased from 177 in the previous annual reporting period to 222 in the latest one. These trade-liberalizing measures accounted for 0.9 per cent, or US\$ 170.3 billion, of world merchandise imports. As an average per month, there were 19 in the latest period, up from 16 the year before. It was the



second-highest monthly average of such measures recorded since the beginning of the monitoring exercise in October 2008 (see Figure 16).

**Figure 16: Trade-facilitating measures, excluding trade remedies (average per month)**

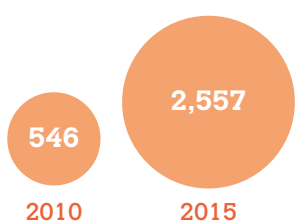


Note: values are rounded

The relatively positive development in the area of trade-liberalizing measures should not distract, however, from the concerns about the accumulation of trade restrictions. Although WTO members continue to show some restraint in taking new trade-restrictive measures, the rate of removal of previous restrictions remains insufficient to seriously dent the stockpile, which continues to grow.

Of the 2,557 trade-restrictive measures, including trade remedies, introduced since October 2008, only 642 (25.1 per cent of the total) have been removed. The total number of restrictive measures still in place stood at 1,915 at the end of 2015 (see Figure 17).

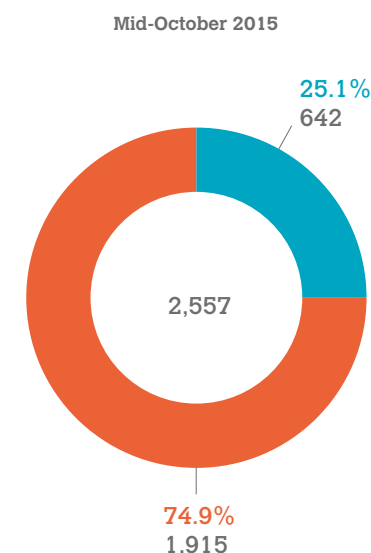
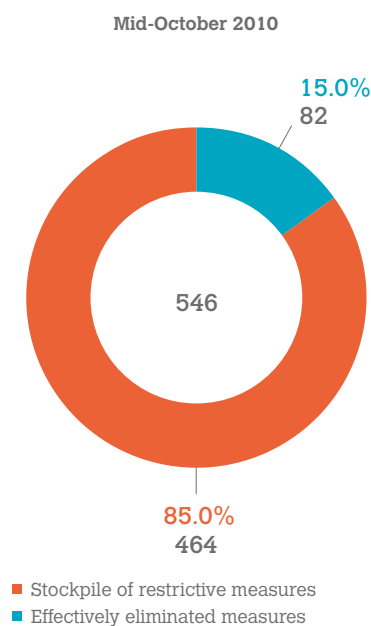
The reports urged WTO members to take decisive action to reduce the stock of trade restrictions by showing restraint in the imposition of new measures and by effectively eliminating existing ones.



**2,557**

The stockpile of trade-restrictive measures introduced by WTO members since October 2008 has risen to 2,557 according to the latest WTO monitoring report.

**Figure 17: Stockpile of trade-restrictive measures**



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 such as the Council for Trade in Goods and the General Council. With a view to increasing transparency, the 2015 monitoring reports contain 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 the need to increase the quality of the information available is therefore paramount. To deliver on

Implementation and monitoring

## ■ Implementation and monitoring

this and enhance understanding of the operation and effects of non-tariff measures on trade, the reports encouraged 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 was encouraging, a large number still do not take part.

The monitoring reports included several other important trade-related developments that took place during 2014-15, such as the adoption of the Trade Facilitation Agreement, the expansion of the Information Technology Agreement, the Global Review of Aid for Trade and new initiatives in the area of regional trade agreements. The reports highlighted the growth in the number of regional trade agreements and their changing scope. This underlined the need for continuing work by WTO members to understand the systemic implications of regionalism and to ensure that regional trade agreements are consistent with, and supportive of, the multilateral trading system.

### 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, in particular in times of economic crisis when protectionist pressures tend to surge.

Preparing the trade monitoring reports is an on-going 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 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 seek 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 WTO-wide trade monitoring reports are subsequently discussed at meetings of the WTO's Trade Policy Review Body.

### Database

In 2013, the WTO launched its Trade Monitoring Database where all information gathered since October 2008, when the monitoring exercise began, can be found. The database, which is also 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 etc. 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 "roll-back" of such measures. The database is updated once a new report has been discussed by WTO members.

# Trade, debt and finance

WTO Director-General Roberto Azevêdo raised the issue of developing countries' access to trade finance at a seminar of the Working Group on Trade, Debt and Finance in March and again at the Third UN Financing for Development Conference in Addis Ababa in July. Trading companies, in particular from developing countries, find increasing difficulties in accessing trade finance. DG Azevêdo pledged to consult multilateral partners and make concrete proposals in the first half of 2016. The Working Group continued efforts to improve understanding of the links between exchange rates and trade.

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.

In March 2015, WTO members held a seminar to examine the challenges faced by traders, in particular small and medium-sized enterprises (SMEs) in getting access to trade finance at an affordable cost. The WTO Secretariat issued an updated background note on improving the availability of trade finance in developing countries, incorporating information from the latest surveys undertaken by multilateral development banks.

The surveys include "Trade finance in Africa", undertaken by the African Development Bank, which looked into the trade activities of 276 African commercial banks operating in 45 African countries. The estimate for unmet demand for trade finance in Africa was between USD 110 billion and USD 120 billion, a third of the total market. The Asian Development Bank estimated the financing gap to stand at around USD 1 trillion globally.

## 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 surveys cited above also highlighted the fact that SMEs face the greatest hurdles in accessing financing on affordable terms because they typically have 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. Moreover, following the 2009 financial crisis, the appetite of international banks for investing in developing countries has been limited.

Some 53 per cent of trade finance requests by SMEs are rejected, against only 7 per cent for multinational companies, according to an Asian Development Bank survey. The lack of trade finance can be a powerful non-tariff barrier to trade and for the integration of countries into the global trading system.

At the Working Group seminar, speakers from both WTO members and international financial institutions provided multiple examples of the difficulties met by small firms in accessing finance for trade in all continents. WTO members acknowledged that trade finance gaps were due to a mix of structural and developmental factors, including a lack of know-how and the low capacity of local financial sectors in some developing countries. More needs to be done by



DG Azevêdo speaking at a seminar on "Trade Finance in Developing Countries" at the WTO on 26 March 2015.

multilateral partners to develop local and regional trade finance industries through knowledge dissemination, the building up of institutions and even direct support, they concluded. The WTO and DG Azevêdo were encouraged to monitor and address these gaps in the context of their joint work with other multilateral institutions.

DG Azevêdo agreed to increase the focus on this topic. He addressed trade finance in his keynote speech to the UN Third Financing for Development Conference in Addis Ababa in July, in which he promised to consult development partners and come up with concrete proposals with a view to reducing trade financing gaps in the future. The idea is not to "re-invent the wheel" but to rely on existing successful mechanisms and initiatives, he told the conference, called to secure financing for the United Nations' Sustainable Development Goals (SDGs) (see page 119). Such mechanisms include trade finance facilitation programmes operated by multilateral development banks and training and capacity building initiatives.

In recent years, a network of trade finance facilitation programmes has been established in almost all multilateral development banks, including the World Bank's International Finance Corporation (IFC), 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 USD 30 billion in (small) trade transactions in the poorest countries, against an estimated global financing gap of around USD 1 trillion.

DG Azevêdo plans to issue his proposals in the first half of 2016 on how the WTO and its partners can reduce the trade finance gap. He believes that there is a significant role for the WTO and the G20 group of leading developed and developing countries to give greater prominence to the issue and to help find potential solutions.

### Strengthening coherence

The Working Group continued its efforts to improve understanding of the links between exchange rates and trade, in particular with a view to strengthening the coherence between the International Monetary Fund and WTO.

At the suggestion of Brazil, WTO members had agreed in 2014 to commission a factual note from the WTO Secretariat on instances and cases in the history of the GATT/WTO system where multilateral trade rules had been invoked to address the impact of exchange rate movements on members' rights and obligations under the WTO Agreement.

Members discussed the note in September. A wide range of views was expressed on the use of this provision of the GATT, including its use in what is regarded as today's more complex global economic environment. Members also showed interest in pursuing the discussion in the Working Group on exchange rates and trade, including the impact of exchange rate misalignments on tariffs.

### Expert Group on Trade Finance

Established in the wake of 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 DG Azevêdo, the Expert Group continued to evaluate gaps in the trade finance markets, especially in the poorest countries. One approach to helping fill these gaps has been for multilateral development banks to expand trade finance facilitation programmes in the regions where they operate (see above). DG Azevêdo confirmed the central role of the Group's work on trade finance for the WTO and indicated that the Organization was ready to take whatever steps are necessary, provided it had the support of WTO members.

# Government Procurement Agreement

Montenegro and New Zealand joined the Government Procurement Agreement (GPA) in 2015 and negotiations were concluded on the accessions of Moldova and Ukraine. Work began on the accessions of Australia and Tajikistan while constructive discussions took place on China's accession. Phase II of the e-GPA system, an automated market access information tool, was launched. The WTO Secretariat undertook technical assistance activities regarding GPA accession and procurement reforms, and deepened its partnerships with other international organizations.

## Accessions to the GPA

Montenegro and New Zealand completed their accession process and became parties to the Agreement in July and August 2015 respectively, giving them access to a US\$ 1.7 trillion market. For Montenegro, the work was concluded essentially in one year, while for New Zealand, it was a two-year process.

Negotiations were concluded on the accessions of Moldova and Ukraine. They will become parties to the GPA 30 days after depositing their instruments of accession at the WTO, which is expected in the first half of 2016. The WTO Secretariat estimates that altogether these accessions may add as much as US\$ 17.5 billion annually to the value of the market access commitments under the GPA.

Accession candidates are invited to accede to the GPA after a review by existing parties of their legislative, regulatory and policy frameworks to ensure full compliance with the GPA. They must also reach agreement with each of the

existing parties on which parts of their procurement market will be covered and thus open to international competition. The parties hope that the recent accessions will encourage other prospective members to come forward.

Work on the GPA accessions of Australia and Tajikistan began in 2015. Both countries have circulated market access offers and information concerning relevant national legislation. During the year, constructive discussions took place on China's accession. The parties to the GPA see China's accession, on the appropriate terms, as a matter of great significance for the Agreement, for the WTO, and for the world economy. They also see it as a very important signal for other emerging economies.

Costa Rica, Pakistan, Seychelles and Thailand were granted observer status under the GPA. Thirty WTO members now hold observer status.

## Monitoring of implementation and legislation

In 2015, Armenia and the Republic of Korea submitted their instruments of acceptance regarding the revised Agreement on Government Procurement, bringing it into force for these two countries. The revised agreement took effect on 6 April 2014 after two-thirds of the parties to the GPA accepted it. It is now in force for all but one of the parties, Switzerland, which has provided regular updates to the Committee. It has indicated that it will provide its acceptance as soon as possible.

The revised agreement extends the GPA's 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 should bring market access gains of US \$80-100 billion or

## 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, which means that it applies only to those WTO members that have agreed to be bound by it. The Committee on Government Procurement administers the GPA.

## ■ Implementation and monitoring

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. It recognizes and facilitates the use of e-procurement, while strengthening the GPA's role in promoting good governance and battling corruption.

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 GPA provides two independent mechanisms for settling procurement-related disputes: "domestic review mechanisms" at the national level, and the WTO dispute settlement system

(see page 102). In 2015, the WTO's Dispute Settlement Body (DSB) was informed by the Committee on Government Procurement about relevant new provisions in the revised GPA. The Committee also considered modifications to parties' schedules of commitments, statistical reports, threshold levels expressed in national currencies and changes in parties' legislation implementing the GPA.

The entry into force of the revised agreement triggered work in the Committee on Government Procurement on new work programmes, which were a separate outcome of the negotiations. The programmes deal with such issues as facilitating participation by small and medium-sized enterprises (SMEs) in government procurement, promoting sustainable procurement practices, improving the statistical data available on parties' operations concerning the GPA and enhancing transparency about the exclusions and restrictions in the parties' coverage schedules.

**Figure 18:** Market coverage, members and observers of the Government Procurement Agreement

# 1.7 trillion

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

- Parties to the GPA: 17 parties (counting the European Union as one).
- Negotiations to join the GPA concluded in 2015: Republic of Moldova and Ukraine.
- WTO members in the process of GPA accession: Australia, Albania, China, Georgia, Jordan, Kyrgyz Republic, Oman, and Tajikistan.
- Other observer countries: Argentina, Kingdom of Bahrain, Cameroon, Chile, Colombia, Costa Rica, India, Indonesia, Malaysia, Mongolia, Pakistan, Panama, Russian Federation, Kingdom of Saudi Arabia, Seychelles, Sri Lanka, Thailand, The Former Yugoslav Republic of Macedonia, Turkey and Viet Nam.



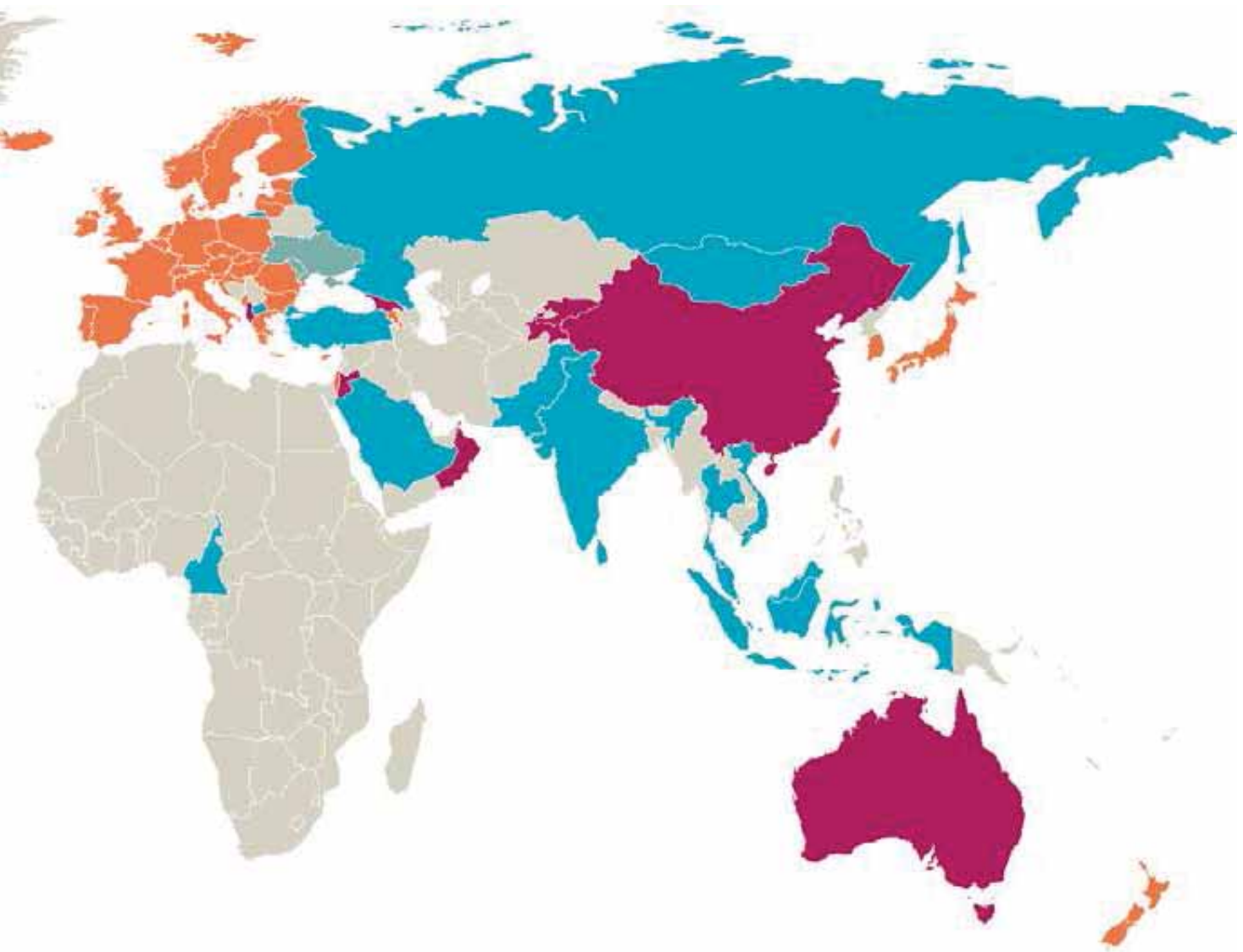
The WTO Secretariat has developed an automated GPA market access information tool (the “e-GPA system”) to provide a single point of entry to the market access information available under the revised GPA, together with related information that the parties are committed to provide. An initial version of the tool was released in November 2014 (“Phase I”) and in early 2015 “Phase II” was launched. This phase will further enhance the e-GPA system and incorporate additional functionalities. It is envisaged that the Phase II product will be made publicly accessible later in 2016.

### Technical assistance and cooperation with other intergovernmental organizations

The WTO Secretariat carries out an intensive programme of technical assistance relating to the GPA. This includes regional workshops, tailored national seminars and Geneva-based

activities. A large number of such events took place during the year, reflecting not only heightened interest in the revised GPA but also the close relationship between the GPA and many regional initiatives.

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.



Implementation and monitoring



## Dispute settlement

- > The WTO reached a significant milestone with the receipt of its 500th trade dispute for settlement. “This shows that the WTO’s dispute settlement system enjoys tremendous confidence among the membership,” said Director-General Roberto Azevêdo.
- > 2015 was the busiest year on record for the WTO’s dispute settlement system, with an average of 30 active panels per month. The Dispute Settlement Body adopted 11 panel reports, compared with nine in 2014.
- > To deal with the increased breadth and complexity of disputes over the last 20 years, the WTO has increased staffing levels in its dispute settlement divisions and is looking into ways of making further improvements to how the system functions.
- > The Dispute Settlement Body reappointed two Appellate Body members, Ujal Singh Bhatia of India and Thomas Graham of the United States, for second four-year terms.



Dispute settlement activity in 2015	102
Appellate Body	112

#### 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 2015

The WTO's dispute settlement system experienced its busiest year so far, with an average of 30 active panels per month. During 2015, the WTO received its 500<sup>th</sup> trade dispute for settlement. Over the year, the Dispute Settlement Body (DSB) received 13 requests for consultations, the first step in the disputes process, more than half of them from developing countries (see Figure 1). It also established 15 new panels to adjudicate 17 new matters. As of 31 December 2015, there were 26 active disputes before the Appellate Body, panels or in arbitration.

The 500<sup>th</sup> dispute was submitted to the WTO on 10 November, when Pakistan filed a request for consultations with South Africa regarding South Africa's provisional anti-dumping duties on cement from Pakistan. The total of 500 disputes over the 20-year history of the WTO contrasts with the total of 300 disputes brought under the dispute settlement system of the General Agreement on Tariffs and Trade (GATT) — the predecessor to the WTO — over a period of 47 years. "There is no doubt that the WTO dispute settlement system has served the membership extremely well," said Director-General Roberto Azevêdo. "It is a system recognized the world over for providing fair, high quality results that respond to both developing and developed members." Table 1 provides further information on the complainants and respondents involved in disputes since 1995.

In 2015, the DSB adopted 11 panel reports covering eight distinct matters, compared with nine reports on five distinct matters in 2014. Where more than one complaint is filed dealing with the same matter, the complaints may be

adjudicated by a single panel. The DSB also adopted eight Appellate Body reports covering six distinct matters against seven reports on four distinct matters the year before.

The DSB adopted panel and Appellate Body reports in disputes concerning: countervailing duties imposed by the United States on a range of Chinese goods; import measures imposed by Argentina on a variety of goods; anti-dumping measures on frozen warm water shrimp from Viet Nam; prohibitions imposed by India on the importation of US agricultural products purportedly because of concerns related to avian influenza; an "additional duty" imposed by Peru on imports of Guatemalan agricultural products; and Chinese anti-dumping duties imposed on high-performance stainless steel seamless tubes from the European Union and Japan.

In addition, the DSB adopted panel reports in disputes concerning Ukrainian safeguard measures on Japanese cars and measures imposed by the United States on imports of certain meat and meat products from Argentina.

## Background on dispute settlement activity

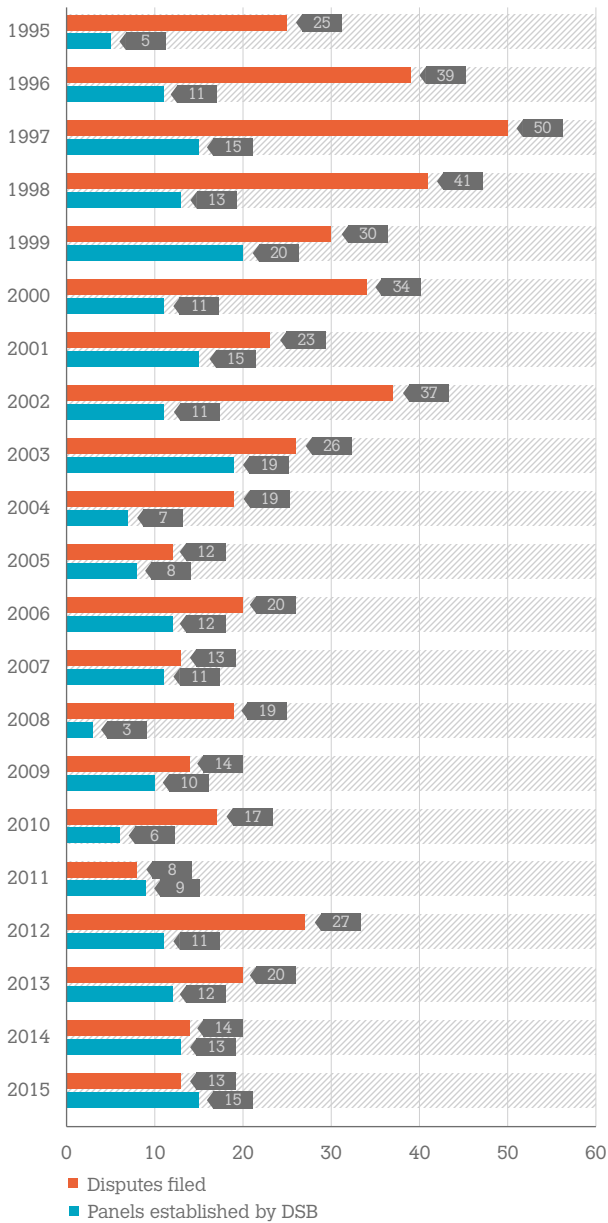
The General Council convenes as the Dispute Settlement Body (DSB) to deal with disputes between WTO members. Such disputes may arise with respect to any agreement contained in the Final Act of the Uruguay Round that is subject to the Understanding on Rules and Procedures Governing the Settlement of Disputes (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, and authorize suspension of concessions in the event of non-compliance with those recommendations and rulings.



# 500

Over 500 trade disputes have been submitted to the WTO for settlement since 1995.

**Figure 1: Disputes filed by WTO members, and panels established by the DSB, 1995 to 2015**



There has been a recent increase in WTO members requesting that an arbitrator determine how long a “losing” member can have to implement the panel and Appellate Body recommendations as adopted by the DSB. During 2015, WTO members made three such requests for arbitration to determine the reasonable period of time for implementation. In the preceding five years, there were only three requests for this form of arbitration. The three cases where arbitrators made their decisions regarding the reasonable period of time in 2015 were “US – Countervailing Measures (China)”, “US – Shrimp II (Viet Nam)”, and “Peru – Agricultural Products”.



11

The Dispute Settlement Body adopted 11 panel reports in 2015, up from nine in 2014.

The DSB adopted four compliance panel reports in three distinct matters and three Appellate Body compliance reports covering two distinct matters during 2015. Prior to this, the previous compliance proceedings took place in 2009. A compliance panel is established when there is disagreement between the original parties as to whether the losing party has brought its measure into line with WTO rules following an adjudication process. Members can also challenge the findings and conclusions of a compliance panel report before the Appellate Body.

Panels and the Appellate Body issued compliance reports in disputes brought by Canada and Mexico with regard to revised US labelling requirements for beef and pork imports. The DSB also adopted compliance panel and Appellate Body reports in a challenge brought by Mexico against the US revised regulations setting out the conditions under which tuna products sold in the United States may be labelled as “dolphin-safe”. A panel also issued a compliance report concerning measures taken by China to implement the DSB’s recommendations and rulings in the dispute “China – GOES”, which involved anti-dumping and countervailing duties on grain oriented flat-rolled electrical steel (GOES) from the United States.

Also during 2015, the DSB authorized Canada and Mexico to take retaliation measures against the United States as it had not brought itself into conformity with the DSB’s recommendations and rulings regarding its meat labelling requirements as set out in the panel and Appellate Body compliance reports. The arbitrator set the value of retaliation – the value of the concessions or other obligations that can be suspended – at CA\$ 1,054.729 million annually for Canada and US\$ 227.758 million annually for Mexico.

In May 2015, the European Union and Indonesia informed the DSB that, in light of the mutually agreed solution reached by Indonesia and the United States in the “US – Clove Cigarettes” dispute, the European Union had withdrawn its request for consultations pursuant to Article 22.2 (suspension of concessions). This dispute concerned a US ban on the production and sale of clove cigarettes, as well as most other flavoured cigarettes. Indonesia is the world’s largest producer of clove cigarettes.

Dispute settlement

**Table 1: WTO members involved in disputes, 1995 to 2015**

Member	Complainant	Respondent	Member	Complainant	Respondent
Antigua and Barbuda	1	0	Korea, Republic of	17	15
Argentina	20	22	Malaysia	1	1
Armenia	0	1	Mexico	23	14
Australia	7	15	Moldova, Republic of	1	1
Bangladesh	1	0	Netherlands	0	3
Belgium	0	3	New Zealand	9	0
Brazil	27	16	Nicaragua	1	2
Canada	34	18	Norway	4	0
Chile	10	13	Pakistan	5	3
China	13	34	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	6
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 (formerly EC)	96	82	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	3
Honduras	8	0	Trinidad and Tobago	0	2
Hong Kong, China	1	0	Turkey	2	9
Hungary	5	2	Ukraine	4	3
India	21	23	United Kingdom	0	3
Indonesia	10	13	United States	109	124
Ireland	0	3	Uruguay	1	1
Italy	0	1	Venezuela, Bolivarian Republic of	1	2
Japan	21	15	Viet Nam	3	0

## Which WTO members initiated disputes in 2015?

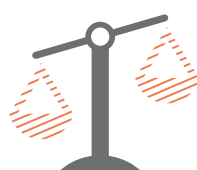
Developing country members initiated seven of the 13 new requests for consultations, the first stage in the disputes process, filed in 2015, compared with six requests initiated by developed countries. Developing country members were the respondents in nine disputes and developed countries in four disputes.

Among the developing country members initiating disputes, Chinese Taipei initiated two dispute settlement proceedings during 2015. In one of the disputes, it has requested consultations with Indonesia regarding a safeguard measure imposed on imports of certain flat-rolled iron or steel products. In a second dispute, it has requested consultations with India regarding anti-dumping duties imposed on imports of USB flash drives originating in Chinese Taipei.

Pakistan has requested consultations with South Africa regarding provisional anti-dumping duties on imports of Portland cement products from Pakistan. Indonesia has commenced consultations with the United States over concerns about the imposition of anti-dumping and countervailing measures on certain coated paper products from Indonesia. Also in 2015, Viet Nam requested consultations with Indonesia regarding a safeguard measure on imports of certain flat-rolled iron or steel products from Viet Nam.

Other active WTO members during 2015 included Japan, Russia and the United States, which have each initiated two disputes in areas ranging from measures imposed by Brazil that affect taxation and charges in the automotive sector and the electronics and technology industry (complaint by Japan) to measures adopted by Korea in the wake of the accident at the Fukushima Daiichi nuclear power plant.

Tables 2 and 3 provide further information on the complainants and respondents participating in consultations and on the active panels and appeals at the end of 2015.



# 30

The WTO's dispute settlement system experienced its busiest year so far in 2015, with an average of 30 active panels per month.

**Table 2: Requests for consultations in 2015**

Title	Dispute number	Complainant	Date of initial request	WTO agreements cited	Status as of 31 December 2015
China – Demonstration Bases	WT/DS489	United States	11 February 2015	Agreement on Subsidies and Countervailing Measures (SCM)	Panel established but not yet composed
Indonesia – Safeguard on Certain Iron or Steel Products (Chinese Taipei)	WT/DS490	Chinese Taipei	19 February 2015	General Agreement on Tariffs and Trade (GATT) 1994 Safeguards Agreement	Panel composed; panel work will commence once there is staff available to assist panel
US – Coated Paper (Indonesia)	WT/DS491	Indonesia	28 September 2015	SCM Anti-Dumping Agreement (ADP)	Panel established but not yet composed
EU – Poultry Meat (China)	WT/DS492	China	8 April 2015	GATT 1994	Panel work has commenced
Ukraine – Ammonium Nitrate	WT/DS493	Russian Federation	7 May 2015	GATT 1994 ADP	In consultations
EU – Cost Adjustment Methodologies (Russia) (II)	WT/DS494	Russian Federation	7 May 2015	GATT 1994 ADP SCM Agreement Establishing the World Trade Organization (WTO)	In consultations
Korea – Radionuclides (Japan)	WT/DS495	Japan	21 May 2015	GATT 1994 Agreement on the Application of Sanitary and Phytosanitary Measures (SPS)	Panel work has commenced

## Dispute settlement

Title	Dispute number	Complainant	Date of initial request	WTO agreements cited	Status as of 31 December 2015
Indonesia – Safeguard on Certain Iron or Steel Products (Viet Nam)	WT/DS496	Viet Nam	1 June 2015	GATT 1994 Safeguards Agreement	Panel composed; panel work will commence once there is staff available to assist panel
Brazil – Taxation (Japan)	WT/DS497	Japan	2 July 2015	GATT 1994 Trade-Related Investment Measures (TRIMs) SCM	Panel work has commenced
India – USB Flash Drives from Chinese Taipei	WT/DS498	Chinese Taipei	24 September 2015	GATT 1994 ADP	In consultations
Russia – Railway Equipment and Parts	WT/DS499	Ukraine	21 October 2015	GATT 1994 Agreement on Technical Barriers to Trade (TBT)	In consultations
South Africa – Portland Cement (Pakistan)	WT/DS500	Pakistan	9 November 2015	GATT 1994 ADP	In consultations
China – Domestic Aircraft (US)	WT/DS501	United States	8 December 2015	GATT 1994 Protocol of Accession	In consultations

**Table 3: Active appeals and panels as of 31 December 2015**

WT/DS No.	Title	Complainant	Third parties	Date of panel composition or appeal	Agreements cited
WT/DS353 Article 21.5	US – Large Civil Aircraft (2nd complaint)	European Communities	Australia, Brazil, Canada, China, Japan, Republic of Korea, Russian Federation	30 October 2012 (panel established 23 October 2012)	SCM
WT/DS316 Article 21.5	EC and certain Member States – Large Civil Aircraft	United States	Australia, Brazil, Canada, China, Japan, Republic of Korea	17 April 2012 (panel established 13 April 2012)	SCM
WT/DS453	Argentina – Financial Services	Panama	Australia, Brazil, China, Ecuador, European Union, Guatemala, Honduras, India, Oman, Kingdom of Saudi Arabia, Singapore, United States	Appeal filed 27 October 2015	GATT 1994 GATS
WT/DS497	Brazil – Taxation (Japan)	Japan	Argentina, Australia, Canada, China, Colombia, European Union, India, Republic of Korea, Russian Federation, Singapore, Turkey, Ukraine United States	26 March 2015 (panel established 28 September 2015)	GATT 1994 SCM TRIMs
WT/DS472	Brazil – Taxation	European Union	Argentina, Australia, Canada, China, Colombia, India, Japan, Republic of Korea, Russian Federation, South Africa, Chinese Taipei, Turkey, United States	(panel established 17 December 2014)	GATT 1994 SCM TRIMs
WT/DS496*	Indonesia – Iron or Steel Products (Viet Nam)	Viet Nam	Australia, Chile, China, European Union, India, Japan, Republic of Korea, Russian Federation, Chinese Taipei, Ukraine, United States	9 December 2015 (panel established 28 October 2015)	GATT 1994 Safeguards Agreement
WT/DS490*	Indonesia – Iron or Steel Products (Chinese Taipei)	Chinese Taipei	Australia, Chile, China, European Union, India, Japan, Republic of Korea, Russian Federation, Ukraine, United States, Viet Nam	9 December 2015 (panel established 28 September 2015)	GATT 1994 Safeguards Agreement
WT/DS492	EU – Poultry Meat (China)	China	Argentina, Brazil, Canada, India, Russian Federation, Thailand, United States	20 July 2015 (panel established 3 December 2015)	GATT 1994
WT/DS488*	US – OCTG (Korea)	Republic of Korea	Canada, China, European Union, India, Mexico, Russian Federation, Turkey	13 July 2015 (panel established 25 March 2015)	GATT 1994 ADP



WT/DS No.	Title	Complainant	Third parties	Date of panel composition or appeal	Agreements cited
WT/DS487	US – Tax Incentives	European Union	Australia, Brazil, Canada, China, India, Japan, Republic of Korea, Russian Federation	22 April 2015 (panel established 23 February 2015)	SCM
WT/DS486*	EU – PET (Pakistan)	Pakistan	China, United States	13 May 2015 (panel established 25 March 2015)	GATT 1994 SCM
WT/DS485	Russia – Tariff Treatment	European Union	Australia, Brazil, Canada, Chile, China, Colombia, India, Japan, Republic of Korea, Republic of Moldova, Norway, Singapore, Ukraine, United States	18 June 2015 (panel established 25 March 2015)	GATT 1994 Agreement on Implementation of Article VII (Customs Valuation)
WT/DS483	China – Cellulose Pulp	Canada	Brazil, Chile, European Union, Japan, Republic of Korea, Norway, Singapore, United States, Uruguay	10 March 2015 (panel established 27 April 2015)	GATT 1994 ADP
WT/DS482*	Canada – Welded Pipe	Chinese Taipei	Brazil, China, European Union, Republic of Korea, Norway, United Arab Emirates, United States	10 March 2015 (panel established 12 May 2015)	GATT 1994 ADP
WT/DS480*	EU – Biodiesel	Indonesia	Argentina, Australia, Brazil, Canada, China, India, Japan, Norway, Russian Federation, Singapore, Turkey, Ukraine, United States	31 August 2015 (panel established 4 November 2015)	GATT 1994 ADP WTO
WT/DS479	Russia – Commercial Vehicles	European Union	Brazil, China, India, Japan, Republic of Korea, Turkey, Ukraine, United States	20 October 2014 (panel established 18 December 2014)	GATT 1994 ADP
WT/DS478	Indonesia – Import Licensing Regimes (US)	United States	Argentina, Australia, Brazil, Canada, China, European Union, India, Japan, Republic of Korea, Norway, Paraguay, Singapore, Chinese Taipei, Thailand	8 October 2015 (panel established 20 May 2015)	GATT 1994 Agreement on Agriculture Import Licensing Agreement Agreement on Preshipment Inspection (PSI)
WT/DS477	Indonesia – Import Licensing Regimes (New Zealand)	New Zealand	Argentina, Australia, Brazil, Canada, China, European Union, India, Japan, Republic of Korea, Norway, Paraguay, Singapore, Chinese Taipei, Thailand	8 October 2015 (panel established 20 May 2015)	GATT 1994 Agreement on Agriculture Import Licensing Agreement PSI
WT/DS475	Russia – Pigs (EU)	European Union	Australia, Brazil, China, India, Japan, Republic of Korea, Norway, South Africa, Chinese Taipei, United States	4 December 2014 (panel established 22 July 2014)	GATT 1994 SPS
WT/DS473	EU – Biodiesel	Argentina	Australia, China, Colombia, Indonesia, Malaysia, Mexico, Norway, Russian Federation, Kingdom of Saudi Arabia, Turkey, United States	23 June 2014 (panel established 25 April 2014)	GATT 1994 ADP WTO
WT/DS471	US – Anti-Dumping Methodologies (China)	China	Brazil, Canada, European Union, India, Japan, Republic of Korea, Norway, Russian Federation, Kingdom of Saudi Arabia, Chinese Taipei, Turkey, Ukraine, Viet Nam	28 August 2014 (panel established 26 March 2014)	GATT 1994 ADP
WT/DS467	Australia – Tobacco Plain Packaging (Indonesia)	Indonesia	Argentina, Brazil, Canada, Chile, China, Cuba, Dominican Republic, European Union, Guatemala, Honduras, India, Japan, Republic of Korea, Malawi, Malaysia, Mexico, New Zealand, Nicaragua, Nigeria, Norway, Oman, Peru, Philippines, Russian Federation, Singapore, Chinese Taipei, Thailand, Turkey, Ukraine, United States, Uruguay, Zimbabwe	5 May 2014 (panel established 26 March 2014)	GATT 1994 TBT TRIPS

WT/DS No.	Title	Complainant	Third parties	Date of panel composition or appeal	Agreements cited
WT/DS458	Australia – Tobacco Plain Packaging (Cuba)	Cuba	Argentina, Brazil, Canada, Chile, China, Dominican Republic, European Union, Guatemala, Honduras, India, Indonesia, Japan, Republic of Korea, Malaysia, Mexico, New Zealand, Nicaragua, Nigeria, Norway, Peru, Philippines, Russian Federation, Kingdom of Saudi Arabia, Singapore, South Africa, Chinese Taipei, Thailand, Turkey, Ukraine, United States, Uruguay, Zimbabwe	5 May 2014 (panel established 25 April 2014)	GATT 1994 TBT TRIPS
WT/DS441	Australia – Tobacco Plain Packaging (Dominican Republic)	Dominican Republic	Argentina, Brazil, Canada, Chile, China, Cuba, European Union, Guatemala, Honduras, India, Indonesia, Japan, Republic of Korea, Malaysia, Mexico, New Zealand, Nicaragua, Nigeria, Norway, Peru, Philippines, Russian Federation, Kingdom of Saudi Arabia, Singapore, South Africa, Chinese Taipei, Thailand, Trinidad and Tobago, Turkey, Ukraine, United States, Uruguay, Zimbabwe	5 May 2014 (panel established 25 April 2014)	GATT 1994 TRIPS TBT
WT/DS435	Australia – Tobacco Plain Packaging (Honduras)	Honduras	Argentina, Brazil, Canada, Chile, China, Cuba, Dominican Republic, European Union, Guatemala, India, Indonesia, Japan, Republic of Korea, Malawi, Malaysia, Mexico, New Zealand, Nicaragua, Nigeria, Norway, Oman, Panama, Peru, Philippines, Singapore, South Africa, Chinese Taipei, Thailand, Turkey, Ukraine, United States, Uruguay, Zambia, Zimbabwe	5 May 2014 (panel established 25 September 2014)	GATT 1994 TRIPS TBT
WT/DS442	EU – Fatty Alcohols	Indonesia	India, Republic of Korea, Malaysia, Thailand, Turkey, United States	18 December 2014 (panel established 25 June 2013)	GATT 1994 ADP

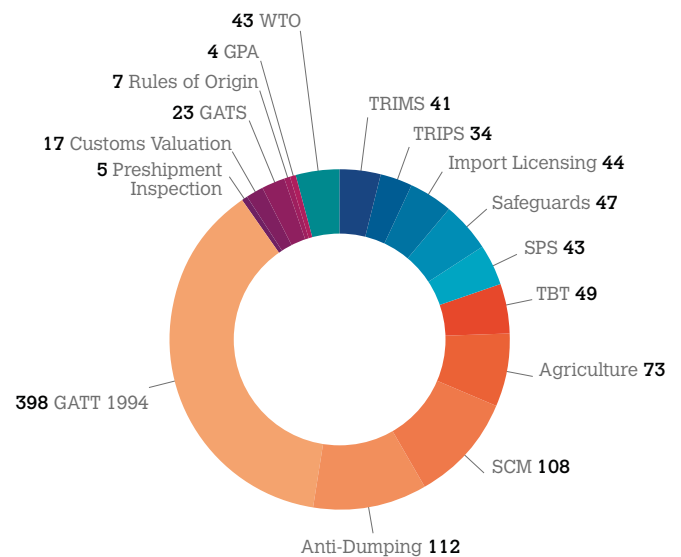
\* These panels are considered active because they have been composed. However, work on the disputes has not yet commenced as there are no available lawyers who can be assigned to the disputes to assist the panellists.

### Subject matter of the disputes

WTO members continue to litigate in many different trade areas (see Figure 2). Current disputes include Australia's plain packaging requirements for tobacco products, certain measures imposed by Argentina that affect trade in goods and services, a ban imposed by Russia on the importation of European pork products because of concerns related to African swine fever and European Union modifications to its tariff concessions on poultry meat.

Trade remedies disputes under way include EU anti-dumping duties on Indonesian biodiesel, EU anti-dumping measures on the importation of fatty alcohols from Indonesia, India and Malaysia, Russian anti-dumping duties imposed on certain EU commercial vehicles as well as countervailing duties imposed by the European Union on certain polyethylene terephthalate (PET) products from Pakistan. PET is a plastic resin used in containers. Compliance panel proceedings in the trade remedies disputes concerning Boeing and Airbus large civil aircraft are still ongoing.

Figure 2: WTO agreements\* referred to in requests for consultations, 1995-2015 (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.



## Reports circulated or adopted by the DSB

As of 31 December 2015, six panel reports had been circulated during the year of which two were appealed to the Appellate Body and then adopted by DSB. Two of the panel reports are pending either appeal to the Appellate Body or adoption by the DSB and the other two panel reports were adopted by the DSB without being appealed.

As for the compliance disputes, three compliance panel reports were circulated during 2015, one report was appealed

to the Appellate Body and the other two reports were adopted without appeal to the Appellate Body. (For information about Appellate Body reports, see page 115.)

Table 4 shows panel and Appellate Body reports adopted or circulated (pending adoption) during 2015. It also shows panel and Appellate Body reports that were circulated in 2014 and adopted in 2015. The table also indicates the agreements that were the subject of the disputes based on the request for consultations.

**Table 4: Reports circulated or adopted in 2015**

Dispute	Document symbol	Complainant	Respondent	Third parties	WTO agreements covered	Date of adoption by DSB
US – Countervailing Duties (China)	WT/DS437/R WT/DS437/AB	China	United States	Australia, Brazil, Canada, European Union, India, Japan, Republic of Korea, Norway, Russian Federation, Kingdom of Saudi Arabia, Turkey, Viet Nam	GATT 1994 SCM Agreement China's Protocol of Accession [DSU]	16 January 2015
Argentina – Import Measures	WT/DS438/R WT/DS438/AB	European Union	Argentina	Australia, Canada, China, Ecuador, Guatemala, India, Israel, Japan, Republic of Korea, Norway, Kingdom of Saudi Arabia, Switzerland, Chinese Taipei, Thailand, Turkey, United States	Agreement on Agriculture GATT 1994 Import Licensing Agreement Safeguards Agreement TRIMs Agreement	26 January 2015
Argentina – Import Measures	WT/DS444/R WT/DS444/AB	United States	Argentina	Australia, Canada, China, Ecuador, European Union, Guatemala, India, Israel, Japan, Republic of Korea, Norway, Kingdom of Saudi Arabia, Switzerland, Chinese Taipei, Thailand, Turkey	Agreement on Agriculture GATT 1994 Import Licensing Agreement Safeguards Agreement TRIMs Agreement	26 January 2015
Argentina – Import Measures	WT/DS445/R WT/DS445/AB	Japan	Argentina	Australia, Canada, China, Ecuador, European Union, Guatemala, India, Israel, Republic of Korea, Norway, Kingdom of Saudi Arabia, Switzerland, Chinese Taipei, Thailand, Turkey, United States	Agreement on Agriculture GATT 1994 Import Licensing Agreement Agreement on Safeguards TRIMs Agreement	26 January 2015
US – Shrimp II (Viet Nam)	WT/DS429/R WT/DS429/AB	Viet Nam	United States	China, Ecuador, European Union, Japan, Norway, Thailand	Anti-Dumping Agreement DSU GATT 1994 WTO Agreement	22 April 2015
US – COOL (Article 21.5 – Canada)	WT/DS384/RW WT/DS384/AB/ RW	Canada	United States	Australia, Brazil, China, Colombia, European Union, Guatemala, India, Japan, Republic of Korea, Mexico, New Zealand	GATT 1994 TBT Agreement	29 May 2015
US – COOL (Article 21.5 – Mexico)	WT/DS386/RW WT/DS386/AB/ RW	Mexico	United States	Australia, Brazil, Canada, China, Colombia, European Union, Guatemala, India, Japan, Republic of Korea, New Zealand	GATT 1994 TBT Agreement	29 May 2015
India – Agricultural Products	WT/DS430/R WT/DS430/AB	United States	India	Argentina, Australia, Brazil, China, Colombia, Ecuador, European Union, Guatemala, Japan, Viet Nam	GATT 1994 SPS Agreement	19 June 2015
Ukraine – Passenger Cars	WT/DS468/R	Japan	Ukraine	Australia, European Union, India, Republic of Korea, Russian Federation, Turkey, United States	GATT 1994 Safeguards	20 July 2015

## Dispute settlement

Dispute	Document symbol	Complainant	Respondent	Third parties	WTO agreements covered	Date of adoption by DSB
Peru – Agricultural Products	WT/DS457/R WT/DS457/AB	Guatemala	Peru	Argentina, Brazil, China, Colombia, Ecuador, El Salvador, European Union, Honduras, India, Republic of Korea, United States	Agreement on Agriculture Customs Valuation Agreement GATT 1994	31 July 2015
China – GOES Article 21.5	WT/DS414/R	United States	China	European Union, India, Japan, Russian Federation	ADP SCM GATT 1994	31 August 2015
US – Animals	WT/DS447/R	Argentina	United States	Australia, Brazil, China, European Union, India, Republic of Korea	GATT 1994 SPS WTO	31 August 2015
China – HP-SSST (Japan)	WT/DS454/R WT/DS454/AB	Japan	China	European Union, India, Republic of Korea, Russian Federation, Kingdom of Saudi Arabia, Turkey, United States	GATT 1994 ADP	28 October 2015
China – HP-SSST (EU)	WT/DS460/R WT/DS460/AB	European Union	China	India, Japan, Republic of Korea, Russian Federation, Kingdom of Saudi Arabia, Turkey, United States	GATT 1994 ADP	28 October 2015
US – Tuna II (Mexico)	WT/DS381/RW WT/DS381/RW	Mexico	United States	Australia, Canada, China, European Union, Guatemala, Japan, Republic of Korea, New Zealand, Norway, Thailand	GATT 1994 TBT	3 December 2015
Argentina – Financial Services	WT/DS453/R	Panama	Argentina	Australia, Brazil, China, Ecuador, European Union, Guatemala, Honduras, India, Oman, Kingdom of Saudi Arabia, Singapore, United States	GATT 1994 GATS	Panel report circulated 30 September 2015 [Appeal filed 27 October 2015]
Colombia – Textiles	WT/DS461/R	Panama	Colombia	China, Ecuador, El Salvador, European Union, Guatemala, Honduras, Philippines, United States	GATT 1994	Panel report circulated 27 November 2015

## Director-General's speech to the DSB

On 28 October 2015, Director-General Roberto Azevêdo addressed the DSB on the challenges faced by the dispute settlement system. He said that the increased breadth and complexity of disputes over the last 20 years have changed the face of WTO dispute settlement completely. He acknowledged that the dispute settlement system is highly efficient and faster than other international adjudicatory systems. Nevertheless, WTO members still faced delays as their disputes progressed through the system.

DG Azevêdo noted that he had nearly doubled the number of lawyer posts in the three legal divisions since he had taken office – from 30 to 57. But finding people with the knowledge and experience required to lead teams supporting Appellate Body members and dispute settlement panels had not always been easy. The DG noted that it seemed extremely unlikely that the high volume of casework was just a temporary surge, as 2015 had turned out to be the busiest year on record, with an average of 30 active panels per month.

DG Azevêdo pointed out that many disputes in recent times have been in the area of trade remedies. As a result of this demand in the area of trade remedies, some disputes ended up in a queue waiting for WTO Secretariat staff to become free from other cases to work on them. The Secretariat was focused on recruiting and developing expertise in the trade remedies area, DG Azevêdo said. The Secretariat was exploring other ways of reducing the queue, such as creating a single, flexible pool of junior lawyers available to assist all dispute settlement panels instead of having lawyers assigned to one division and only working on the disputes handled by that division.

In addition, DG Azevêdo said he had asked Deputy Director-General Karl Brauner “to engage with delegations to gather views ... on improving the functioning of the system further, bearing in mind the budgetary constraints and headcount limitation imposed by members”.

# Appellate Body

The Appellate Body had a busy year in 2015, issuing eleven Appellate Body reports in seven distinct matters. As of the end of 2015, the Appellate Body had circulated 138 reports. Three arbitration proceedings concerning the reasonable period of time for implementation of Dispute Settlement Body (DSB) recommendations and rulings were carried out in 2015. The DSB appointed two Appellate Body members, Ujal Singh Bhatia of India and Thomas Graham of the United States, for second four-year terms.

## Efficiencies in appeal proceedings

In the face of an increasing workload, the Appellate Body has undertaken various efforts to ensure the high quality of its reports and the completion of appellate proceedings in as short a time as possible. These efforts include revising internal processes and adopting, on a trial basis, a new practice regarding executive summaries of the arguments submitted by participants and third-party participants.

The “Guidelines in Respect of Executive Summaries of Written Submissions in Appellate Proceedings” seeks to allow WTO members to summarize their positions and supporting arguments in their own words while encouraging a degree of harmonization in the structure and length of such summaries. The Appellate Body now requests the participants and third-party participants wishing to file a written submission in an appeal to submit an executive summary of their submission at the same time. The length of each summary is limited to 250 words or 10 per cent of the total word count of the submission.

Rather than using the executive summaries to assist in drafting its own description of the participants’ arguments, the Appellate Body now includes these executive summaries as an addendum to its reports. This ensures that members’ positions are reflected in their own words in Appellate Body reports. It also enables the Appellate Body to make optimal

use of its limited resources. This new approach has been implemented, on a trial basis, starting with the appeals in “Peru – Agricultural Products” and “China – High Performance Stainless Steel Seamless Tubes (HP-SSST) from Japan” plus “China – HP-SSST (EU)”.

The Appellate Body is also considering whether adopting limits to the length of written submissions could allow for better management of appellate proceedings and reduce the workload for the Appellate Body and users of the dispute settlement system. In October 2015 the Appellate Body initiated discussions with WTO members on this issue, including whether and how such limits might affect: (i) the number of issues that participants may choose to appeal and the number of arguments they raise in their written submissions; (ii) the focus of submissions on the key issues on appeal; (iii) the quality and clarity of the participants’ written submissions; and (iv) the ability of the participants to present their cases and exercise their due process rights before the Appellate Body.

The Appellate Body has suggested that WTO members may wish to consider whether it would be appropriate to adopt one general limit on the length of all written submissions in all appeals and, if so, what this limit should be. Alternatively, if limits should be set on a case-by-case basis, the Appellate Body has invited WTO members to consider objective criteria on how such limits should be determined. These criteria could take into account: (i) the length of the corresponding panel report; (ii) the number of distinct claims addressed in the panel report; or (iii) the number of issues raised in an appeal or cross-appeal. To date, three WTO members have posted comments addressing these questions in a dedicated section of the WTO members’ website.

## Background on the Appellate Body

The Appellate Body consists of seven members appointed by the Dispute Settlement Body. 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.

## Appeals

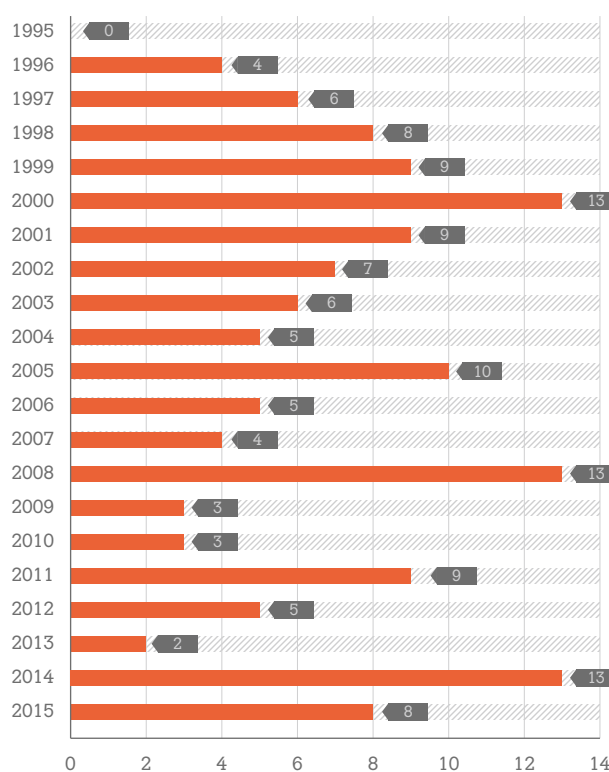
Eight panel reports concerning seven matters were appealed in 2015 (see Figure 3 and Table 5). Eight reports were circulated to members (see Figure 4 and Table 6). In addressing the appeals, the Appellate Body clarified several issues of systemic significance. These included issues arising under the Anti-Dumping Agreement, the Agreement on Agriculture, the general exceptions in Article XX of the General Agreement on Tariffs and Trade (GATT) 1994, the Technical Barriers to Trade Agreement, the Sanitary and Phytosanitary Measures Agreement and the disciplines governing subsidies and countervailing duties.



# 8

8 reports were circulated by the Appellate Body in 2015, the same number as in 2014.

**Figure 3:** Number of notices of appeal filed, 1995 to 2015



**Table 5:** Appeals filed in 2015

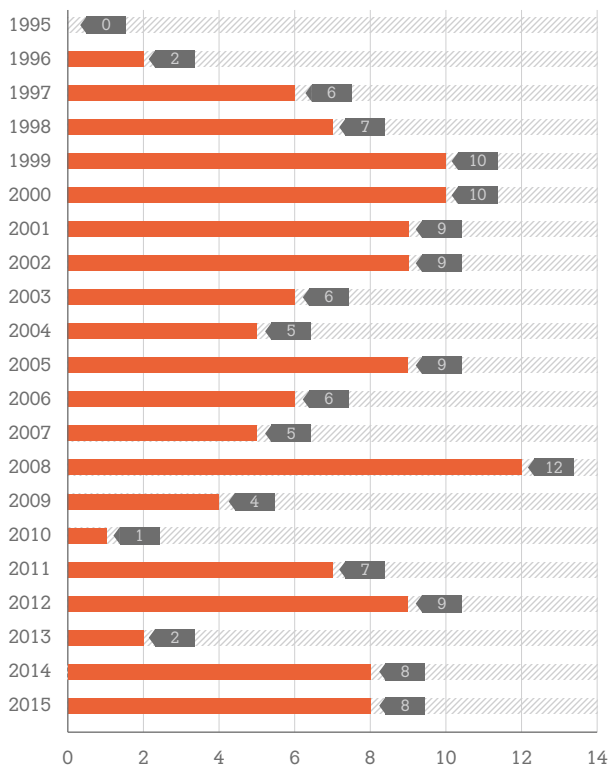
Panel reports appealed	Date of appeal	Appellant	Document number for notification of an appeal	Other appellant	Document number for notification of an other appeal
United States – Anti-Dumping Measures on Certain Shrimp from Viet Nam	6 January 2015	Viet Nam	WT/DS429/5	No other appeal	-
India – Measures Concerning the Importation of Certain Agricultural Products	26 January 2015	India	WT/DS430/8	No other appeal	-
Peru – Additional Duty on Imports of Certain Agricultural Products	25 March 2015	Peru	WT/DS457/7	Guatemala	WT/DS457/8
China – Measures Imposing Anti-Dumping Duties on High-Performance Stainless Steel Seamless Tubes (“HP-SSST”) from Japan*	20 May 2015	Japan	WT/DS454/7	China	WT/DS454/8
China – Measures Imposing Anti-Dumping Duties on High-Performance Stainless Steel Seamless Tubes (“HP-SSST”) from the European Union*	20 May 2015	China	WT/DS460/7	European Union	WT/DS460/8
United States – Measures Concerning the Importation, Marketing and Sale of Tuna and Tuna Products – Recourse to Article 21.5 of the DSU by Mexico	5 June 2015	United States	WT/DS381/24	Mexico	WT/DS381/25
European Communities – Definitive Anti-Dumping Measures on Certain Iron or Steel Fasteners from China – Recourse to Article 21.5 of the DSU by China	9 September 2015	European Union	WT/DS397/21	China	WT/DS397/22
Argentina – Measures Relating to Trade in Goods and Services	27 October 2015	Panama	WT/DS453/7	Argentina	WT/DS453/8

\* Appellate Body reports concerning disputes with the same title were circulated as a single document.



Members of the Appellate Body as of 31 December 2015, from left to right: Ujal Singh Bhatia, Peter Van den Bossche, Shree Baboo Chekitan Servansing, Thomas R. Graham, Yuejiao Zhang, Seung Wha Chang and Ricardo Ramírez-Hernández (Chair of the Appellate Body in 2015).

**Figure 4:** Number of Appellate Body reports circulated, 1995 to 2015\*



\* Appellate Body reports concerning disputes with the same title were circulated as a single document.

### Reappointment of two Appellate Body members

The first four-year terms of Ujal Singh Bhatia and Thomas Graham expired on 10 December 2015. Mr Bhatia and Mr Graham both expressed their interest to be reappointed for a second four-year term. The Chair of the DSB, Harald Neple (Norway), undertook informal consultations with interested delegations. In the light of these consultations, the DSB decided, at its meeting on 25 November 2015, to reappoint Mr Bhatia and Mr Graham for a second four-year term starting on 11 December 2015.

As of 31 December 2015, the seven Appellate Body members were:

- › Ujal Singh Bhatia (India) (2011-19)
- › Seung Wha Chang (Republic of Korea) (2012-16)
- › Thomas R. Graham (United States) (2011-19) – Chair of the Appellate Body in 2016
- › Ricardo Ramírez-Hernández (Mexico) (2009-17)
- › Shree Baboo Chekitan Servansing (Mauritius) (2014-18)
- › Peter Van den Bossche (Belgium) (2009-17)
- › Yuejiao Zhang (China) (2008-16)

**Table 6: Appellate Body reports circulated in 2015**

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
Argentina – Measures Affecting the Importation of Goods*	26 September 2014	Argentina	WT/DS438/15	European Union	WT/DS438/16	15 January 2015
Argentina – Measures Affecting the Importation of Goods*	26 September 2014	Argentina	WT/DS444/14	-	-	15 January 2015
Argentina – Measures Affecting the Importation of Goods*	26 September 2014	Argentina	WT/DS445/14	Japan	WT/DS445/15	15 January 2015
United States – Certain Country of Origin Labelling (COOL) Requirements – Recourse to Article 21.5 of the DSU by Canada *	22 August 2014	United States	WT/DS384/29	Canada	WT/DS384/30	18 May 2015
United States – Certain Country of Origin Labelling (COOL) Requirements – Recourse to Article 21.5 of the DSU by Mexico*	22 August 2014	United States	WT/DS386/28	Mexico	WT/DS386/29	18 May 2015
United States – Anti-Dumping Measures on Certain Shrimp from Viet Nam	6 January 2015	Viet Nam	WT/DS429/5	-	-	7 April 2015
India – Measures Concerning the Importation of Certain Agricultural Products	26 January 2015	India	WT/DS430/8	-	-	4 June 2015
Peru – Additional Duty on Imports of Certain Agricultural Products	25 March 2015	Peru	WT/DS457/7	Guatemala	WT/DS457/8	20 July 2015
China – Measures Imposing Anti-Dumping Duties on High-Performance Stainless Steel Seamless Tubes (“HP-SSST”) from Japan*	20 May 2015	Japan	WT/DS454/7	China	WT/DS454/8	14 October 2015
China – Measures Imposing Anti-Dumping Duties on High-Performance Stainless Steel Seamless Tubes (“HP-SSST”) from the European Union*	20 May 2015	China	WT/DS460/7	European Union	WT/DS460/8	14 October 2015
United States – Measures Concerning the Importation, Marketing and Sale of Tuna and Tuna Products: Recourse to Article 21.5 of the DSU by Mexico	5 June 2015	United States	WT/DS381/24	Mexico	WT/DS381/25	20 November 2015

\* Appellate Body reports concerning disputes with the same title were circulated as a single document.



## Supporting development and building trade capacity

- > At the Tenth Ministerial Conference, ministers extended a waiver granting preferential treatment to service suppliers from least-developed countries (LDCs). They also took a decision on “rules of origin” to make it easier for LDC exports to qualify for preferential market access.
- > The Sustainable Development Goals (SDGs), launched by the United Nations in September 2015, place significant emphasis on the role that trade can play in boosting growth, tackling poverty and promoting sustainable development. Through its decision to abolish agricultural export subsidies, taken at the Tenth Ministerial Conference in December, the WTO is already fulfilling a key target of the second SDG.
- > The Fifth Global Review of Aid for Trade, which took place at the WTO in July 2015, brought together over 1,500 delegates to discuss ways of reducing trade costs so that developing countries can participate more fully in the multilateral trading system. It also saw the launch of phase two of the Enhanced Integrated Framework, which provides essential practical support to LDCs.
- > The WTO organized 321 technical assistance activities in 2015 to help improve understanding of WTO agreements and multilateral trade. Some 14,900 participants benefited from these activities, up from 14,700 in 2014.



<b>Trade and development</b>	<b>118</b>
Least-developed countries	120
Small economies	122
<b>Aid for Trade</b>	<b>123</b>
<b>Spotlight: Fifth Global Review of Aid for Trade</b>	<b>126</b>
<b>Enhanced Integrated Framework</b>	<b>128</b>
<b>Standards and Trade Development Facility</b>	<b>130</b>
<b>Technical cooperation and training</b>	<b>132</b>

### **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

In the Committee on Trade and Development, key themes were duty-free and quota-free (DFQF) market access for least-developed countries (LDCs) and the participation of developing countries in the multilateral trading system. The Tenth Ministerial Conference in Nairobi reaffirmed ministers' commitment to addressing the "marginalization" of LDCs in international trade. Ministers also took decisions of specific benefit to LDCs, including enhanced preferential rules of origin and preferential treatment for LDC services providers. The Committee agreed that the WTO Secretariat should update its report on the implementation of special and differential treatment provisions in WTO agreements and decisions.

In 2015 the Committee on Trade and Development continued its consideration of duty-free and quota-free (DFQF) market access for least-developed countries (LDCs) and held its annual review of steps taken by members to provide such access. It was aided by a report prepared by the WTO Secretariat, which showed that nearly all developed countries provide either full or significant DFQF market access to LDC products. It recommended that members introducing or improving DFQF market access for LDCs provide detailed information to the WTO in order to enhance transparency. In addition, a special meeting of the Committee was convened to discuss DFQF-related issues.

A number of proposals were considered in the context of the mandate from the WTO's Eighth Ministerial Conference in 2011 for the Committee to undertake focused work on the link between trade and development. The Committee agreed to a proposal from Ecuador for the WTO Secretariat to periodically update its information 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.

## Background on trade and development

The Committee on Trade and Development is the focal point for the coordination of all work on trade and development issues in the WTO. The Committee deals with a variety of issues, including all developmental issues, technical cooperation and training, and notifications under the Enabling Clause, which allows developed countries to give more favourable treatment to developing countries.

The Committee held two dedicated sessions on the monitoring mechanism on special and differential treatment. The mechanism, agreed at the Ninth 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 a session dedicated to preferential trade arrangements (PTAs), members considered Chile's DFQF market access scheme for LDCs. The scheme, notified to the Committee in 2014, sets customs duties at zero per cent for imports of goods originating from LDCs, excluding imports of wheat, wheat flour and sugar.

The WTO Secretariat issued a report as part of the Committee's continuous review of the participation of developing countries in the multilateral trading system. It showed that developing economies' merchandise trade grew faster than world trade in both 2013 and 2014. South-South (developing country-developing country) trade expanded to represent an ever increasing share of developing economies' exports (53.9 per cent in 2014). Between 2012 and 2014, the share rose by six percentage points, recording stronger growth than trade with developed economies.

In addition, the Committee received a report on the 49<sup>th</sup> 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.

## Notifications on market access

In 2015 the Committee received notifications, under the Enabling Clause (see page 86), concerning the generalized system of preferences (GSP) schemes of the European Union and Japan. GSP schemes allow developed countries to grant preferential tariffs to imports from developing countries. In addition, Thailand notified to the Committee its DFQF



market access scheme for LDCs, while India provided updated information on its duty-free tariff preference scheme for LDCs. With regard to regional trade agreements, notifications under the Enabling Clause were made concerning the agreement between Singapore and the Gulf Cooperation Council and the agreement between Mauritius and Pakistan.

### Technical cooperation and training

The Committee took note of the 2014 annual report on technical assistance and training. The WTO Secretariat undertook 273 technical assistance activities in 2014, both in Geneva and in various WTO member and observer countries. Overall, close to 14,700 participants were trained during the year, an increase of 7 per cent compared with 2013. Participation in face-to-face activities was lower, but this reduction was more than compensated for by the growth in online courses, which for the first time accounted for more than 50 per cent of the participants (see page 134).

The Committee adopted the biennial technical assistance and training plan for 2016 and 2017, which defines the priorities for the WTO Secretariat. The plan anticipates that the WTO will maintain approximately the same level of activity as over the previous three years. At the same time, the Secretariat will strive to identify ways of improving cost efficiency and will focus on quality as opposed to quantity to achieve the desired results. Information on an external evaluation of the WTO's technical assistance activities, to be performed in 2016, was provided to the Committee.

### Ministerial declaration

At the Nairobi Ministerial Conference in December 2015, ministers declared that they strongly commit to addressing

the “marginalization” of LDCs in international trade and to improving their effective participation in the multilateral trading system. They said that they would ensure that all issues of specific interest to LDCs be pursued on a priority basis, “with a view to strengthening them, making them commercially meaningful and, when appropriate, legally binding”. Ministers also adopted specific decisions on enhanced preferential rules of origin for LDCs and preferential rules for LDC services providers (see below).

### Sustainable Development Goals

In September 2015 the United Nations approved a set of sustainable development goals (SDGs) – part of the 2030 UN Agenda for Sustainable Development – to mobilize action over the next 15 years towards ending poverty and hunger, protecting the world from environmental degradation and fostering prosperous, peaceful, just and inclusive societies. The SDGs follow on from the Millennium Development Goals (MDGs), a set of eight goals that UN members agreed to achieve by 2015.

The integration of developing countries into regional and global markets is a central theme in the SDGs. To help achieve this, the SDGs put significant emphasis on the role that trade can play in specific SDG goals on boosting growth, tackling poverty and promoting sustainable development. For example, SDG 17 – on strengthening the global partnership for sustainable development – contains a separate section on trade, including a commitment to promoting a “universal, rules-based, open, non-discriminatory and equitable multilateral trading system” under the WTO.

## Least-developed countries

**The review of market access for least-developed countries (LDCs) was a central feature of the work of the Sub-Committee on LDCs in 2015.**

**The Sub-Committee monitored WTO technical assistance and training for LDCs and the activities of the Enhanced Integrated Framework (EIF). It also reviewed progress in the accessions of LDCs. As part of the WTO's 20<sup>th</sup> anniversary commemoration, a special event was organized on least-developed countries. The Tenth Ministerial Conference in Nairobi took three important decisions for LDCs: on preferential rules of origin, on preferential treatment for LDC services providers, and on cotton.**

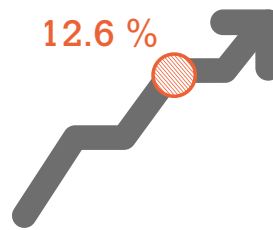
### Market access for LDCs

Market access for least-developed countries featured prominently in the three meetings of the Sub-Committee on LDCs in 2015. The WTO Secretariat's annual report on LDC trade and market access focused on developments since the establishment of the WTO.

Since 1995, LDC exports of goods and services have grown by an annual average of 12.6 per cent, higher than the 11.3 per cent growth for developing economies overall. However, the participation of LDCs in global trade remains low, at 1.23 per cent of world trade in 2013. Trade between developing countries has become more important, with the share of LDC exports to developing countries increasing from 30 per cent in 1995 to 57 per cent in 2014. The study also showed that export concentration continues to be a characteristic of LDC trade, with merchandise exports depending on a few primary commodities and services exports on tourism.

### 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.



# 12.6%

Since 1995, LDC exports of goods and services have grown by an annual average of 12.6 per cent.

The LDCs recognized the progress made but also expressed concern about their low percentage share of world exports and the dependence of LDCs' export revenues on the price of oil. The LDCs underlined the importance of efforts by WTO members to bring into operation the LDC services waiver, which allows members to accord preferential treatment to services suppliers from LDCs (see below and page 74).

WTO members considered the notification of the duty-free, quota-free (DFQF) scheme by Thailand, the sixth developing country to notify such a scheme in favour of LDCs. Thailand's DFQF scheme came into force in April 2015 and provides LDCs with DFQF market access on 73 per cent of Thailand's tariff lines.

### Technical assistance and capacity building

The Sub-Committee monitored the progress of WTO trade-related technical assistance provided to LDCs as well as other capacity-building initiatives in which the WTO is involved, such as the Enhanced Integrated Framework (EIF) (see page 128).

LDCs continue to receive priority in the delivery of WTO trade-related technical assistance and have benefited from 48 per cent of such activities in recent years. A number of technical assistance products are specifically geared to LDCs, such as three-week introduction courses for LDCs, advanced thematic courses, and various internship programmes at the WTO and LDC missions (see page 134).

At two meetings of the Sub-Committee, the EIF Secretariat provided updates on the EIF's work. Phase two of the EIF officially started on 1 January 2016 (see page 128) and will run until the end of 2022. The EIF is a unique global partnership dedicated to mobilizing trade for LDC development. The LDCs highlighted EIF success stories and encouraged development partners to support phase two. They also underlined that national trade priorities should drive the activities of the EIF.

### Accession of LDCs to the WTO

The WTO Secretariat briefed members on key WTO accession activities and on the state of play in the eight accession working parties involving LDCs (Afghanistan, Bhutan, Comoros, Equatorial Guinea, Ethiopia, Liberia, Sudan

and Sao Tomé and Príncipe). The LDCs called for a swift conclusion of ongoing LDC accessions and suggested a review of the results of accessions vis-à-vis the strengthened LDC accession guidelines adopted in 2012. At the Nairobi Ministerial Conference in December 2015, ministers approved the accessions of both Afghanistan and Liberia, bringing the number of LDC accessions since 1995 to nine (see pages 25-6).

## LDC group retreat

The LDCs reported on a retreat of the LDC group held in February 2015, with the participation of Director-General Roberto Azevêdo. At the retreat, LDCs discussed various issues, including how to build on decisions taken at the Ninth Ministerial Conference in Bali 2013. These decisions included a call to developed countries to improve their DFQF coverage as well as an invitation to those developing countries ready to do so to provide DFQF market access to LDC products.

Following a proposal by the LDCs, WTO members agreed that the Secretariat would prepare a factual compilation of the progress made in the implementation of ministerial declarations and decisions in favour of LDCs.

## WTO 20<sup>th</sup> anniversary event on LDCs

As part of the commemoration of the WTO's 20<sup>th</sup> anniversary, the WTO Secretariat organized on 12 October 2015 an event entitled "Twenty Years of Supporting the Integration of Least Developed Countries into the Multilateral Trading System". The event was opened by DG Azevêdo and the Secretary General of the United Nations Conference on Trade and Development (UNCTAD) Mukhisa Kituyi.

Participants reviewed the progress made in integrating LDCs into the multilateral trading system and discussed how the WTO could help LDCs overcome the remaining challenges. DG Azevêdo said there was a need to "go further, faster" to integrate LDCs more effectively into the trading system.

## Cotton, development assistance

Two rounds of the Director-General's Consultative Framework Mechanism on Cotton were held, in July and November. The mechanism reviews cotton-specific assistance and infrastructure-support programmes or other assistance related to the cotton sector. Enhanced coordination between cotton development assistance providers and recipients was noted. Progress was also noted in the implementation of commitments. The latest data shows that US\$ 226 million had been committed in cotton-specific development assistance, of which US\$ 102 million had been disbursed.

Discussions revealed progress in domestic reform initiatives undertaken by beneficiaries of cotton development assistance. Nevertheless, African cotton-producing countries remain vulnerable to price volatility and high production costs. At the Tenth Ministerial Conference in Nairobi, ministers reaffirmed the importance of the development assistance aspects of cotton, and promised continued engagement in the Consultative Mechanism.

Ministers underscored that the linkage between the Aid for Trade initiative (see page 123) and the development aspects of cotton should be reinforced to help formulate, on the basis of priorities identified by LDC cotton producers, integrated programmes to be submitted to development partners. Ministers stressed the vital importance of the cotton sector to LDCs. On market access, they called for cotton from LDCs to be given DFQF access to the markets of developed countries — and to those of developing countries able to do so — from 1 January 2016.

Regarding domestic subsidy programmes, ministers acknowledged WTO members had made reforms but stressed that more remained to be done. They also decided that all cotton export subsidies (see page 36) be immediately prohibited by developed countries and by developing countries at a later date.

## Ministerial decisions on services and rules of origin

At the Nairobi Ministerial Conference, ministers extended the waiver under which WTO members may grant preferential treatment to LDC services suppliers. The waiver, adopted in December 2011, runs 15 years. The Nairobi ministerial decision extends this an additional four years, or until 31 December 2030 (see page 74). To date, 22 WTO members have submitted notifications granting preferences to LDC services and service suppliers.

Ministers also expanded on a decision they took in Bali in 2013 on preferential rules of origin for LDCs. The Bali decision set out, for the first time, multilaterally agreed guidelines to help make it easier for LDC exports to qualify for preferential market access. In Nairobi, ministers provided more detailed directions on issues such as how to determine when a product qualifies as "made in an LDC" and when inputs from other sources can be "cumulated" — or combined together — into the consideration of origin. It calls on preference-granting members to consider allowing the use of non-originating materials up to 75 per cent of the final value of the product. The decision also calls on preference-granting members to consider simplifying documentary and procedural requirements related to origin.

## Small economies

**The Committee on Trade and Development held two dedicated sessions in 2015 on issues raised by small, vulnerable economies (SVEs). It carried out ministerial instructions to examine the impact of WTO rules on small economies and the trade-related constraints they face, and began work on the challenges and opportunities experienced by small economies in linking into global value chains. At the Tenth Ministerial Conference in Nairobi, ministers instructed the Committee to begin 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.

At the Nairobi Ministerial Conference, ministers instructed the Committee to consider in dedicated sessions the proposals submitted by SVEs and where possible to make recommendations to the General Council. They took note of a revised compilation paper in which the WTO Secretariat detailed progress made on proposals submitted 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.

Ministers agreed that the dedicated session continue its work on the challenges and opportunities experienced by small

economies when linking into global value chains in trade in goods and services. They requested 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.

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 also said they would take into account the needs of SVEs in all areas of negotiations, without creating a sub-category of WTO members.

### Dedicated sessions

Two dedicated sessions were held in 2015. At the session on 5 June, the WTO Secretariat presented a research paper, “Challenges and Opportunities experienced by Small Economies when linking into Global Value Chains in Trade in Goods and Services”. Members exchanged views on the paper and its findings.

The paper showed 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 further help small economies diversify their export structure away from primary commodities towards manufacturing and services. However, this is by no means an automatic process, it added.

At the session on 29 October, WTO members took an in-depth look at how small economies are integrating into the agrifood and seafood value chains. Presentations were made by representatives of the International Trade Centre and the Standards and Trade Development Facility (see page 130).

### 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 Doha Round negotiating groups. Small economies are mainly but not exclusively small island states.

# Aid for Trade

Aid for Trade financing maintained its upward trend, with the latest available figures – for 2013 – showing an increase in commitments of US\$ 1.8 billion compared with the previous year. The Fifth Global Review of Aid for Trade was held on 30 June-2 July with the theme “Reducing trade costs for inclusive, sustainable growth”. In December the Tenth Ministerial Conference recognized the continued need for the WTO-led Aid for Trade initiative, with priority to be given to least-developed countries (LDCs).

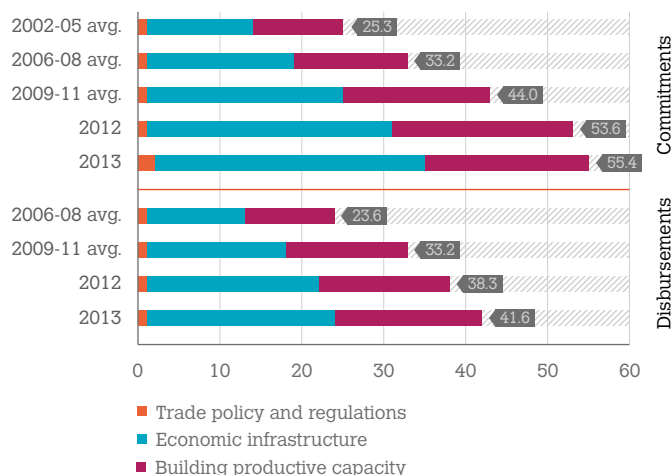
Aid for Trade financing has continued to grow, despite the fiscal challenges faced by many donor countries and regional partners. The most recent figures showed that in 2013 Aid for Trade flows for developing countries reached US\$ 55.4 billion, over US\$ 30 billion more than the 2002-05 baseline average. Aid for Trade commitments to LDCs amounted to nearly 33 per cent of the total in 2013, an increase of 8.3 percentage points over 2012. The medium-term outlook is for a continued increase in Aid for Trade flows. Figures 1 and 2 provide a breakdown of category-specific and regional Aid for Trade commitments.

The Aid for Trade initiative encourages developing countries and donors to recognize the role that trade can play in development. In particular, the initiative seeks to mobilize resources to address the trade-related constraints identified by developing and least-developed countries.

## Background on Aid for Trade

The Aid for Trade initiative was launched at the WTO's Sixth Ministerial Conference in Hong Kong in 2005. It aims to enhance growth and reduce poverty in developing countries, particularly least-developed countries, so that they can better integrate into the multilateral trading system. Aid for Trade assists these countries in developing the trade-related skills and infrastructure needed to implement WTO agreements and benefit from increased market access.

**Figure 1: Aid for Trade commitments and disbursements in US\$ billion (2013 constant) by category**



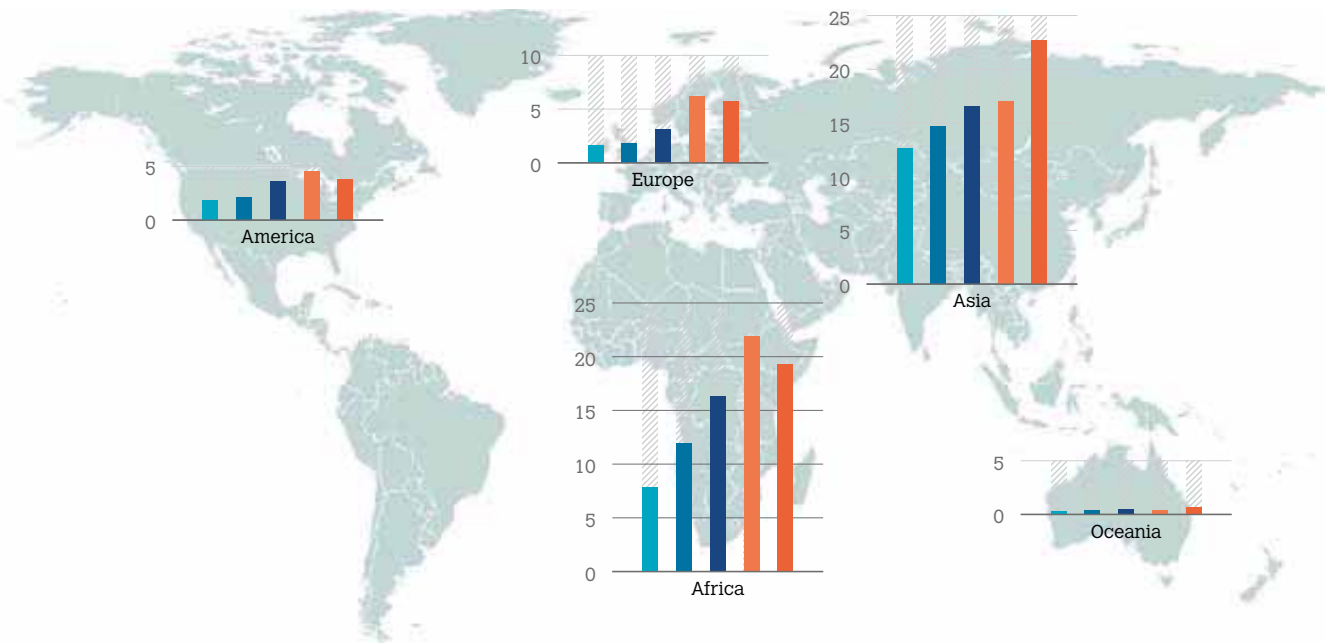
Source: OECD/WTO publication *Aid for Trade at a Glance 2015: Reducing Trade Costs for Inclusive, Sustainable Growth*

## Work programme

The Committee on Trade and Development held three formal Aid for Trade sessions in 2015 at which WTO members discussed progress in the implementation of the 2014-15 work programme, “Reducing trade costs for inclusive, sustainable growth”, and organizations provided updates on their Aid for Trade work. Issues addressed included global value chains, infrastructure development, engagement of South-South (developing country-developing country) partners, private sector engagement, sustainable development, regional trade integration, trade facilitation, and monitoring Aid for Trade flows and measuring results.

Three dedicated workshops were held. A workshop in February showed how developing countries’ trade performance and economic growth are hampered by poor infrastructure and discussed the initiatives being taken to overcome this constraint.

**Figure 2: Aid for Trade commitments and disbursements by region in US\$ billion (2013 constant)**



Source: OECD/WTO publication *Aid for Trade at a Glance 2015: Reducing Trade Costs for Inclusive, Sustainable Growth*

The WTO and the Organisation for Economic Co-operation and Development (OECD) held a joint workshop in May on the 2015 Aid for Trade monitoring and evaluation exercise. Four agencies – the Enhanced Integrated Framework (EIF), the International Trade Centre, the United Nations Conference on Trade and Development (UNCTAD) and the World Bank Group – contributed to the monitoring exercise, together with the World Economic Forum. The exercise was based on self-assessment questionnaires sent to developing countries and LDCs, donors, regional economic communities and the private and public sectors. An analysis of the results of the monitoring exercise was provided in the OECD-WTO publication “Aid for Trade at a Glance 2015: Reducing Trade Costs for Inclusive, Sustainable Growth”, which was launched at the Fifth Global Review of Aid for Trade.

### Fifth Global Review

The Fifth Global Review (see pages 126) examined how high trade costs can negatively affect the ability of developing countries, and in particular least-developed countries, to fully benefit from the market access opportunities of the multilateral trading system.

The three-day meeting attracted over 1,500 delegates to its 18 plenary sessions and 28 side events. Twenty ministers and deputy ministers from developing countries, over 20 heads and deputy heads of international agencies and regional organizations, representatives of 20 private sector companies, and numerous trade diplomats, experts and academics debated how Aid for Trade can help support developing countries in their efforts to overcome the challenges and constraints they face from high trade costs.

A clear message from the Review was that reducing trade costs is important for ensuring progress on the SDGs and that implementing the WTO’s Trade Facilitation Agreement (see pages 83) is one of the ways that WTO members can reduce trade costs.



**55.4 billion**

Aid for Trade flows for developing countries reached US\$ 55.4 billion in 2013.

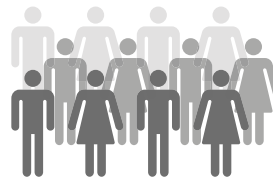




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 DG Azevêdo with Jim Kim, President of the World Bank Group (left), and Angel Gurría, OECD Secretary-General, at the Fifth Global Review of Aid for Trade.

### Ministerial support

At the Tenth Ministerial Conference in Nairobi in December 2015, ministers recognized the importance of, and continuing need for, Aid for Trade and agreed to accord priority to LDC needs. In consultation with WTO members and partner organizations, a new work programme on Aid for Trade is being developed that will provide a framework for activities in 2016-17. The new work programme will seek to help developing and least-developed countries play a bigger part in world trade by reducing trade costs and enhancing access to global value chains so that they are able to fully exploit their trade potential.



1,500

Over 1,500 delegates attended the WTO's Fifth Global Review of Aid for Trade.

# Fifth Global Review of Aid for Trade

The Fifth Global Review of Aid for Trade, held at the WTO in June/July, highlighted how high trade costs are hampering developing countries' ability to benefit from market access opportunities. The Review attracted over 1,500 participants and saw the launch of a new OECD-WTO co-publication outlining the impact of the Aid for Trade initiative.

The Fifth Global Review of Aid for Trade on “Reducing Trade Costs for Inclusive, Sustainable Growth” took place at the WTO from 30 June to 2 July 2015. It attracted over 1,500 participants to its 18 plenary sessions and 28 side events. Twenty ministers and deputy ministers from developing countries, over 20 heads and deputy heads of international agencies and regional organizations, representatives of 20 private sector companies and numerous trade diplomats, experts and academics debated how the Aid for Trade initiative can help developing countries overcome the constraints they face from high trade costs.

“Many people remain disconnected from the trading system, or do not feel its full benefits. We must find ways to further cut trade costs, lower trade barriers, reduce distortive subsidies and increase people’s capacity to trade, so that the poorest can access more of the benefits that trade can provide,” said Director-General Roberto Azevêdo in opening the Review.

The WTO-led Aid for Trade initiative provides assistance to developing countries for trade facilitation – streamlining customs procedures and cutting red tape – improving

infrastructure and strengthening production capacity. Global reviews of the initiative are held every two years.

The Review highlighted how high trade costs – due to transport, inadequate infrastructure or bureaucracy – act as a barrier and prevent developing countries from integrating into global value chains and from fully benefiting from market access opportunities of the multilateral trading system. It highlighted activities undertaken by developing countries, regional communities and their development partners to reduce trade costs and looked into how the remaining challenges could be addressed through the UN’s Sustainable Development Goals (SDGs), a set of global targets to be achieved by 2030 including eradicating hunger and reducing inequality (see page 119).

A clear message from the Review was that reducing trade costs would contribute to meeting the SDGs. Implementing the WTO’s Trade Facilitation Agreement (see page 83), with its provisions for streamlining the flow of goods across borders, is a concrete step that WTO members could take to achieve this.





## OECD-WTO co-publication

The debates benefited from the results of an extensive monitoring and evaluation exercise on the impact of Aid for Trade carried out by the Organisation for Economic Co-operation and Development (OECD) and the WTO. This exercise formed the basis for a new OECD-WTO co-publication, “Aid for Trade at a Glance 2015: Reducing Trade Costs for Inclusive, Sustainable Growth”, which was launched on the opening day of the Review.

The publication drew on 111 self-assessments from 62 developing countries (including 30 least-developed countries), 23 bilateral donors, 13 multilateral donors, three providers of South-South (developing country-developing country) cooperation and nine regional economic communities/ transport corridors. Moreover, it included 116 case stories from partner countries, donors, the private sector, academia and non-governmental organizations to illustrate the barriers caused by high trade costs and how these obstacles could be overcome.

For the first time, the publication was prepared in collaboration with four other partner agencies: the Enhanced Integrated Framework, the International Trade Centre, the United Nations Conference on Trade and Development (UNCTAD) and the World Bank Group, together with the World Economic Forum.

The publication demonstrates that stakeholders remain actively engaged in Aid for Trade. It notes: “High trade costs price some country regions, countries and companies out of export markets, thereby limiting their economic development opportunities. Trade costs may not explain why some countries are low income or least developed, but, in combination with other factors, they do explain why some countries struggle to grow and exploit their comparative advantages”. Customs reform, upgrading infrastructure and improving the regulatory environment are cited as some of the activities that achieve the best results in reducing trade costs for goods and services.

The publication reveals that Aid for Trade could play an important part in meeting the UN's SDGs and highlights that more could be achieved through a better understanding of how high trade costs hamper developing countries' economic growth and development. It illustrates how well-designed Aid for Trade activities could help to reduce trade costs in areas prioritized by partner countries and donors (such as infrastructure, trade facilitation and non-tariff measures).

Closing the Global Review, DG Azevêdo said: “Aid for Trade is delivering, but as with any such initiative, we need to remain flexible and open-minded about how it can do more, and what the future priorities should be.”

# Enhanced Integrated Framework

In 2015, work began on designing Phase Two of the Enhanced Integrated Framework (EIF) programme, which aims to help least-developed countries (LDCs) use trade as a tool for growth, development and poverty reduction. Phase Two, which runs from 2016 to 2022, was officially launched at the Fifth Global Review of Aid for Trade in July. An EIF pledging conference was held in December in Nairobi, when approximately US\$ 90 million was promised. The EIF programme was incorporated into the United Nations Sustainable Development Goals (SDGs).

The launch of Phase Two followed a consultative meeting of the EIF Global Platform in March 2015. This brought together over 200 representatives from the EIF partnership, including 50 least-developed countries (LDCs), 23 development partners and eight international agencies. At the meeting, ideas for Phase Two were discussed, based on lessons learned from Phase One and the findings of an independent evaluation of the programme undertaken in 2014.

Phase Two was endorsed by the EIF partnership in May 2015. The new programme, which began on 1 January 2016, retains the core structure of Phase One while strengthening key areas of EIF work to produce a more dynamic and results-driven EIF capable of demonstrating increased efficiency, effectiveness and value for money.

Among the key features of the new programme are more tailored support for more sustainable results, a stronger partnership between LDCs, EIF donors and EIF partner

## 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 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, the United Nations World Tourism Organization and United Nations Industrial Development Organization.



## 90 million

About US\$ 90 million was promised at an EIF pledging conference in December.

agencies, greater stakeholder communication at all levels, a new focus on leveraging additional contributions at the country level, and stronger governance and programme management. The aim is for a budget of an estimated US\$ 274-320 million for the seven-year duration of the programme.

Phase Two was officially launched at the Fifth Global Review of Aid for Trade on 1 July 2015 by the chairs of the EIF Board and the Steering Committee. Norway was the first donor to announce a pledge for Phase Two, with an offer of approximately US\$ 19 million.

A Phase Two pledging conference was held on 14 December 2015 in Nairobi, just before the start of the Tenth Ministerial Conference. Hosted by Director-General Roberto Azevêdo and co-chaired by Australia and Norway, 15 donors (Australia, Denmark, Estonia, the European Union, Finland, France, Germany, the Republic of Korea, Luxembourg, the Netherlands, Norway, Saudi Arabia, Sweden, Switzerland and the United Kingdom) pledged approximately US\$ 90 million, which will support key Phase Two activities. The Netherlands joined as a new donor. Many of these donors committed to make further contributions in the future.



EIF funding is helping to facilitate cross-border trade in Rwanda and to reduce poverty, especially for women, who represent more than two-thirds of all cross-border traders.

## Completion of Phase One

The first phase of the EIF came to a close in 2015. In all, Phase One (2009-15) delivered 141 projects totalling US\$ 140.690 million across 51 countries. Of these projects, 105 supported trade and development capacity while 36 projects aimed to help countries address supply-side constraints and to increase their ability to trade.

Over the first phase, 44 analytical studies were carried out to help countries identify and address their main constraints to trade. Trade strategies were formulated and implemented in 29 LDCs, and trade featured in national development strategies of 32 countries. Public-private dialogue mechanisms became active in 32 countries. Government-donor consultation mechanisms were developed in 30 countries and donor coordination mechanisms on trade established in 28 countries.

In 2015, further progress was achieved in supporting the long-term capacity of LDCs to become integrated into the global economy and to maximize resources to support trade.

Particular progress was made in terms of developing the institutional and financial capacity of LDCs, especially at the government level.

## Global development agenda

The role of the EIF in achieving sustainable development was recognized by a specific mention in the United Nations 2030 Agenda for Sustainable Development – the Sustainable Development Goals (SDGs) – adopted by the UN General Assembly on 25 September 2015. Under SDG8, one of the targets is to “increase aid for trade support for developing countries, in particular least developed countries, including through the Enhanced Integrated Framework”. Similarly, the Third International Conference on Financing for Development, held in Addis Ababa in July 2015, and known as the Addis Ababa Agenda, refers to the important role of Aid for Trade, in particular the EIF, in assisting LDCs.

# Standards and Trade Development Facility

The Standards and Trade Development Facility (STDF) continued to assist in the development and implementation of projects that promote compliance with international food safety, animal and plant health standards and that facilitate market access. In 2015, the five agencies, including the WTO, that run the STDF agreed to a new five-year strategy. In addition, the STDF finalized research into improving the implementation of sanitary and phytosanitary (SPS) controls.

At the Fifth Global Review of Aid for Trade in July 2015 (see page 126), the STDF launched a short film entitled “Safe Trade Solutions”. This awareness-raising tool on sanitary and phytosanitary (SPS) issues was launched at a session on “Effective Implementation of SPS Measures to Facilitate Safe Trade”, coordinated by the STDF. The session brought together José Graziano da Silva, Director-General of the UN Food and Agriculture Organization (FAO), Monique Eloit, Deputy Director-General of the World Organisation for Animal Health (OIE) and Anabel González, Senior Director in the World Bank Group. The session was moderated by Keith Rockwell, WTO spokesperson. Government and private sector representatives also participated in discussing how free flowing trade can take place alongside robust SPS controls.

The film takes a look at what Chile, Peru and Colombia have done to make goods flow faster across their borders, while also preventing the spread of pests or diseases among animals and plants, and ensuring that food is safe for consumers. The film complements research work by the STDF in selected

countries in South East Asia and Southern Africa on how SPS controls are implemented for agri-food products, based on the provisions of the SPS Agreement (notably Article 8 and Annex C on Control, Inspection and Approval Procedures). This work identified key needs, opportunities and good practice for improving the implementation of SPS measures in a way that facilitates trade and strengthens health protection. The findings for Southern Africa (Malawi, South Africa and Zambia) were published in November 2015. They are available on the STDF website ([www.standardsfacility.org](http://www.standardsfacility.org)).

The research emphasized that protecting countries against the entry of risks related to food safety, animal and plant health is a public good, which requires adequate resources (personnel, infrastructure, financial resources, scientific and technical expertise, etc.). SPS authorities in many developing countries are under-resourced and face huge challenges to effectively carry out their mandates. Adequate resources are essential to ensure that core activities are undertaken satisfactorily, without delay and without conflicts of interest.

## Background on the Standards and Trade Development Facility

The STDF is a global partnership that helps developing countries build their capacity to implement international sanitary and phytosanitary (SPS) standards as a means to improve human, animal and plant health and their ability to gain access to markets. This work contributes to sustainable economic growth, poverty reduction, food security and environmental protection in developing countries. 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.



One of the key recommendations of the research is the need for governments to periodically take stock of their SPS measures (as well as the procedures to implement them) to avoid unnecessarily trade-restrictive regulatory outcomes. The research also recommends: (i) identifying concrete ways to reduce fragmentation and duplication in SPS controls and streamline procedures; (ii) increasing transparency about existing SPS measures, and the relevant procedures to implement them; (iii) improving dialogue among SPS authorities, other border authorities and the private sector; and (iv) making concerted efforts to implement risk-based controls and apply relevant international standards and guidelines.

Together with the Enhanced Integrated Framework (see page 128), the STDF conducted a joint study that analyses the coverage of SPS issues in diagnostic trade integration studies (DTIS), which help countries identify and address constraints to trade, economic growth and sustainable development. Following a preliminary review of all DTIS reports, Cambodia, Tanzania and Senegal were selected for an in-depth field study. The study, which will be published in 2016, identifies good practice for future activities.

The STDF finalized a practical guide to assist developing countries in prioritizing SPS investment options. It promotes more transparent decision-making and encourages dialogue among public and private stakeholders with an interest in SPS issues. The guide will become available in early 2016.

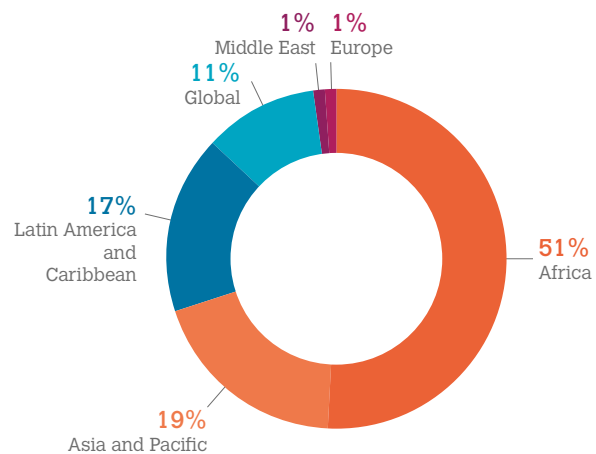
The STDF actively participated in several conferences, training workshops and other information sessions and meetings at international, regional and national levels to promote synergies in the design and delivery of SPS projects and initiatives. It continued to report to the WTO's SPS Committee on its activities and operations. Reports were also made to the WTO Committee on Trade and Development (CTD) and the CTD's Sub-Committee on Least-Developed Countries (LDCs).

### Project grants

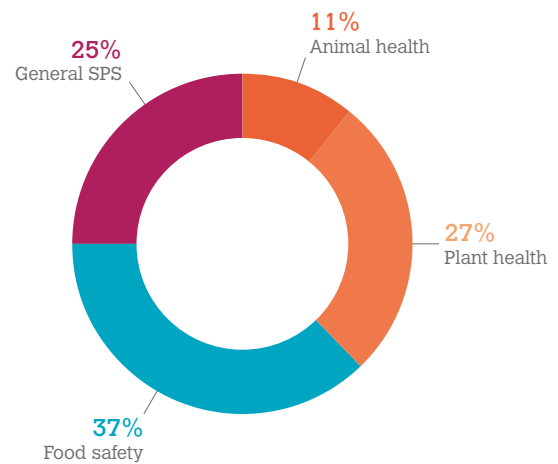
Five project preparation grants (PPGs) and five projects were approved in 2015, bringing the total number of PPGs and projects funded by the STDF to 70 and 75, respectively. The projects approved included one on the development of a global framework for electronic phytosanitary certification, which will enable countries to exchange harmonized electronic phytosanitary certificates securely and in a cost-effective manner.

Of the total number of grants, 51 per cent have been awarded to sub-Saharan Africa, 19 per cent to Asia and the Pacific, and 17 per cent to Latin America and the Caribbean (see Figure 3). On a thematic basis, 37 per cent of projects and PPGs were dedicated to food safety issues, 27 per cent to plant health and 11 per cent to animal health (see Figure 4). Overall, the STDF has devoted 54 per cent of project resources to LDCs and other low-income countries, exceeding its target of at least 40 per cent.

**Figure 3: Location of STDF projects and project preparation grants (number)**



**Figure 4: Coverage of STDF projects and project preparation grants (number)**



### New STDF strategy

In March, the FAO, the OIE, the World Bank, the World Health Organization, the WTO, donor members and developing country SPS experts agreed on a new five-year strategy that will allow the Facility to continue to provide assistance to developing countries. The strategy highlights STDF's key role as a knowledge-sharing platform that supports SPS capacity building. The annual funding target will be maintained at US\$ 5 million.

Supporting development and building trade capacity

# Technical cooperation and training

The WTO's Institute for Training and Technical Cooperation (ITTC) undertook 321 technical assistance activities in 2015 aimed at helping government officials gain a better understanding of WTO rules and the multilateral trading system. Approximately 14,900 participants benefited from these training activities, up from 14,700 in 2014. Least-developed countries (LDCs) were the recipients of 52 per cent of all technical assistance activities. Nearly half of the participants accessed training through e-learning resources on the WTO's online platform.

The WTO's training activities are mostly based on a technical assistance and training plan approved by the Committee on Trade and Development. The 2014-15 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.

Advanced courses are run on various subjects, including dispute settlement, trade-related intellectual property rights, regional trade agreements, sanitary and phytosanitary issues, trade in services and trade policy analysis. Three

Geneva-based advanced trade policy courses, each one lasting eight weeks, were held in 2015 for generalists.

The WTO also held a number of regional activities in 2015 aimed at both generalists and specialists. Eight-week regional trade policy courses were held for generalists in seven regions: English-speaking Africa, French-speaking Africa, Asia and the Pacific, the Caribbean, Latin America, Arab and Middle East countries, and Central and Eastern Europe and Central Asia. Specialist courses included a workshop on sanitary and phytosanitary measures and technical barriers to trade for Englishspeaking African countries held in Kenya, and a regional workshop on intellectual property and public health for French-speaking Africa, held in Côte d'Ivoire.

Other specialist courses in 2015 included a course for Latin America on managing trade contingency measures, held in the Dominican Republic, a seminar on the Government Procurement Agreement for Central and Eastern Europe, Central Asia and the Caucasus, held at the Joint Vienna Institute, a seminar on agriculture for Arab and Middle East countries, held in the United Arab Emirates, and the 3<sup>rd</sup> Singapore-WTO Policy Dialogue on the world trading system.

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).

## Background on technical cooperation and training

The Institute for Training and Technical Cooperation coordinates the WTO's technical assistance programmes. Its activities include e-learning, global and regional training courses, academic programmes and workshops at national and regional level. The technical assistance programmes help WTO members better understand their rights and obligations in the multilateral trading system. This strengthens countries' capacity to benefit from participation in the system.



# 52%

Least-developed countries (LDCs) were the recipients of 52 per cent of all technical assistance activities in 2015.





Advanced trade policy course at the WTO in 2015.

Twenty-one per cent of activities were aimed at African countries, 14 per cent at Asia and the Pacific, 11 per cent at Latin America, 8 per cent at Central and Eastern Europe and Central Asia, and 6 per cent at the Arab and Middle East regions (see Table 1). The remaining 36 per cent were “global” activities, mostly held in Geneva, aimed at participants from all regions. In line with a demand-driven approach, approximately 36 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 continued to decline slightly in 2015, mainly due to increased use of e-learning resources and better targeting of training to meet WTO members’ needs.

LDCs benefited from approximately 52 per cent of all technical assistance activities, including national activities held in LDCs and regional and global activities in which LDCs were invited to participate. Several products have been specifically created for LDCs, or have LDCs as a priority. An example is the intermediate level training course for LDCs held in 2015.

**Table 1: Technical assistance activities by region in 2015**

Region	National technical assistance		Regional		Global*		Other (conferences, etc.)		Total	
Africa	37	32%	19	30%	0	0%	12	27%	68	21%
Middle East	9	8%	9	14%	0	0%	1	2%	19	6%
Asia and the Pacific	21	18%	13	20%	0	0%	12	27%	46	14%
Central and Eastern Europe and Central Asia	16	14%	7	11%	0	0%	3	7%	26	8%
Caribbean	6	5%	4	6%	0	0%	1	2%	11	3%
Latin America	26	23%	9	14%	0	0%	1	2%	36	11%
Sub-total	115	100%	61	95%	0	0%	30	68%	206	64%
Global*	0	0%	3	5%	98	100%	14	32%	115	36%
<b>Total</b>	<b>115</b>	<b>100%</b>	<b>64</b>	<b>100%</b>	<b>98</b>	<b>100%</b>	<b>44</b>	<b>100%</b>	<b>321</b>	<b>100%</b>

\* 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.

## Numbers of participants

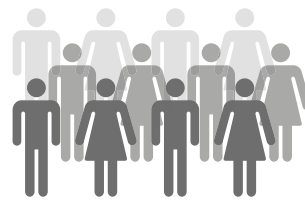
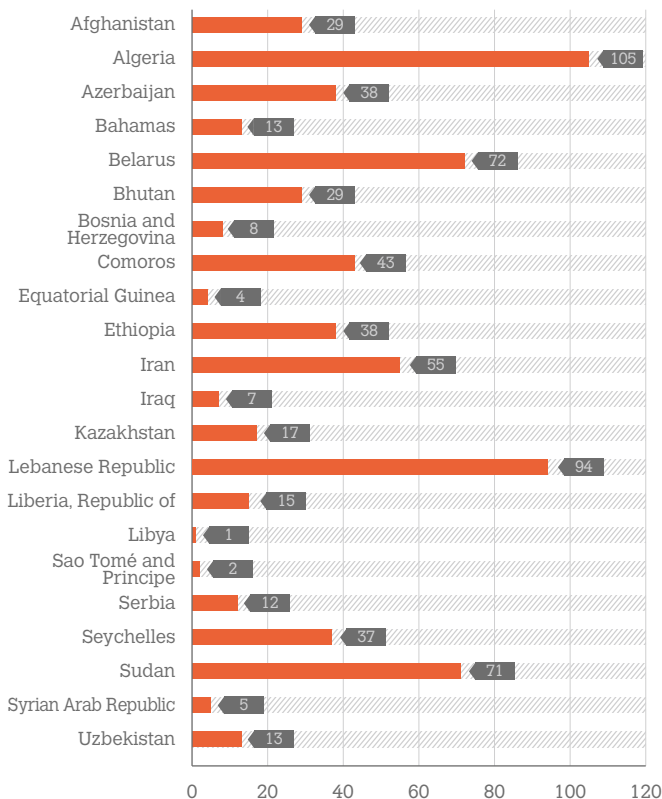
Participants in training activities in 2015 totalled approximately 14,900 (compared with around 14,700 in 2014). Nearly half of the participants received training through e-learning resources on the WTO's online platform <http://ecampus.wto.org>.

The WTO's e-learning includes 24 certificated courses on various general or specialist subjects in the WTO's three working languages (English, French and Spanish). In 2015, a total of 7,523 participants from 145 countries enrolled for e-learning courses, with Africa providing 38 per cent of participants, followed by Latin America with 20 per cent, Asia and the Pacific with 19 per cent, Central and Eastern Europe and Central Asia with 10 per cent, the Arab and Middle East region with 9 per cent and the Caribbean and others with 5 per cent.

Women represented 45 per cent of the participants for all WTO training courses in 2015. The breakdown by language shows roughly 60 per cent of participants completing the training in English, 22 per cent in French and 18 per cent in Spanish.

Technical assistance was strengthened for countries seeking to join the WTO (see page 180 and Figure 5), with government officials invited to participate in over 140 technical assistance events.

**Figure 5: Participants in WTO technical assistance activities in 2015 from countries seeking to join the WTO**



# 14,900

About 14,900 government officials benefited from WTO training in 2015 compared with around 14,700 in 2014.

## Internship programmes

WTO internship programmes offer government officials hands-on experience on WTO issues, enabling them to contribute more fully to the economic and social development of their countries. The Netherlands Trainee Programme, the Mission Internship Programme, the Regional Coordinator Internship Programme and the Accession Internship Programme give priority to applicants from Africa and LDCs, small and vulnerable economies, and countries in the process of acceding to the WTO.

In 2015, the majority of officials completing the WTO internship programmes were from Africa and the Asia and Pacific regions. Seventeen completed the Mission Internship Programme, 14 the Netherlands Trainee Programme, and nine the Regional Coordinator Internship Programme and the Accession Internship Programme.

## WTO reference centres

The WTO Reference Centres Programme enables government officials, the private sector and academic communities to access trade-related information and resources available on the WTO website and trade-related publications to improve their understanding of WTO issues. Reference centres also organize trade-related events, training activities and technical meetings. There are currently 63 active reference centres around the world.

In 2015, the WTO established nine new reference centres: seven in Africa (Chad, Lesotho, Cameroon, Democratic Republic of the Congo, Equatorial Guinea, Guinea and Uganda), one in the Middle East (Lebanese Republic) and one in Central Asia (Kyrgyz Republic).

## 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). Due to a strong balance carried forward from 2014, the financial position of the fund remained solid in 2015. The relatively high level of funds carried forward was mainly due to large contributions being received in the last few months of 2014. A total of CHF 9.1 million was contributed by 13 WTO members in 2015 compared with CHF 7.8 million from 13 countries the previous year.

Funding from other sources amounts to approximately one-third of the total budget for technical assistance. This includes the WTO's regular budget for Geneva-based courses and national technical assistance missions – approximately CHF 4.5 million in 2015 – as well as contributions from trust funds (the French-Irish Mission Internship Programme, the Netherlands Trainee Programme, and the China Programme), which amounted to around CHF 2.3 million in 2015.

**Table 2: Doha Development Agenda Global Trust Fund (as of 31 December 2015)**

Contributions (CHF)	2010	2011	2012	2013	2014	2015	Grand total
Australia	1,952,400	1,803,600		2,689,900	61,370	2,162,382	<b>8,669,651</b>
Austria	285,640	258,600	240,200	243,600	241,400	104,900	<b>1,374,340</b>
Canada		944,276	1,362,298				<b>2,306,574</b>
China	200,300						<b>200,300</b>
Czech Republic		23,746					<b>23,746</b>
Denmark	180,019	331,230	321,903	491,063	482,422	400,028	<b>2,206,666</b>
Estonia	28,932	26,209	23,199	24,160	24,640	24,120	<b>151,260</b>
European Union	1,574,550	1,187,500	1,024,050	1,232,000	317,592	1,658,552	<b>6,994,244</b>
Finland	1,364,000	1,228,000					<b>2,592,000</b>
France	655,500	611,000	600,500	617,000	608,500	434,400	<b>3,526,900</b>
Germany	1,438,500	1,237,500	1,198,000	1,233,000	1,203,000	1,060,000	<b>7,370,000</b>
Ireland	409,200						<b>409,200</b>
Japan	395,604	395,604	395,604	368,744	312,019	267,413	<b>2,134,988</b>
Republic of Korea	344,400	322,350	334,950	313,600	336,350	346,500	<b>1,998,150</b>
Liechtenstein	40,000	40,000	40,000	40,000	40,000	40,000	<b>240,000</b>
Netherlands	1,472,990	1,472,990			875,000	495,000	<b>4,315,980</b>
New Zealand	158,000						<b>158,000</b>
Norway	1,784,440	1,593,626	2,438,905	2,287,108	2,163,722	1,161,373	<b>11,429,174</b>
Spain	467,950	400,050					<b>868,000</b>
Sweden	2,353,920	2,074,322	2,386,480	2,245,600			<b>9,060,322</b>
Switzerland			800,000	800,000			<b>1,600,000</b>
Chinese Taipei		184,200		181,400			<b>365,600</b>
United States	1,002,654	940,580	940,535	851,885	1,127,392	950,400	<b>5,813,446</b>
<b>Grand total</b>	<b>16,108,999</b>	<b>15,075,383</b>	<b>12,106,625</b>	<b>13,619,060</b>	<b>7,793,406</b>	<b>9,105,068</b>	<b>73,808,541</b>
<b>Number of donors</b>	<b>19</b>	<b>19</b>	<b>14</b>	<b>15</b>	<b>13</b>	<b>13</b>	



## Outreach

- > The 2015 Public Forum – the WTO’s major outreach activity – attracted 1,300 participants to the three-day event, providing a platform for discussions under the general theme “Trade works”.
- > On 14 June 2015, the WTO held its fifth Open Day, which was attended by over 3,000 people. Entitled “Merci Genève”, the event provided an opportunity for the WTO to thank Geneva and its people for hosting the organization over the past 20 years.
- > The WTO increased its cooperation with other intergovernmental organizations, launching a new co-publication with the World Bank on trade and reducing poverty, and strengthening its collaboration with the United Nations Conference on Trade and Development by signing a new joint declaration on promoting trade as a tool for development.
- > The Tenth Ministerial Conference in Nairobi was attended by over 300 representatives of non-governmental organizations, some 350 journalists and 23 business organizations.

<b>Relations with non-governmental organizations</b>	<b>138</b>
<b>Spotlight: Public Forum 2015</b>	<b>140</b>
<b>Contact with parliamentarians</b>	<b>142</b>
<b>Cooperation with other international organizations</b>	<b>144</b>
<b>Contact with the media</b>	<b>148</b>
<b>Contact with the business community</b>	<b>150</b>
<b>Contact with the public</b>	<b>151</b>
WTO website	151
Social media	152
WTO videos	152
Visiting groups	152
WTO publications	152
<b>Spotlight: WTO Open Day</b>	<b>156</b>
<b>Economic research activities</b>	<b>158</b>
<b>Statistics activities</b>	<b>160</b>
<b>WTO Essay Award for Young Economists</b>	<b>162</b>
<b>Cooperation with academic institutions</b>	<b>163</b>
WTO Chairs Programme	163
Academic Support Programme	164

#### **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.

# Relations with non-governmental organizations

In 2015, non-governmental organizations (NGOs) had many opportunities to voice their views on trade issues and received regular updates on WTO activities. NGOs participated in a number of WTO events, such as the Public Forum, the Fifth Global Review of Aid for Trade and WTO 20<sup>th</sup> anniversary activities, as well as at the Tenth Ministerial Conference in Nairobi. The WTO organized regional workshops for NGOs and provided regular briefings on trade negotiations and other issues.

The Public Forum is the WTO's main outreach event with NGOs. The 2015 Forum, whose theme was "Trade Works", was held from 30 September to 2 October (see page 140). NGOs organized 39 sessions on a wide range of themes. These included sessions on improving the lives of East African women, on whether competition policy should be subject to WTO rules and on the United Nations' 2030 agenda (see page 119). NGOs also participated in WTO 20<sup>th</sup> anniversary events, such as "The TBT (technical barriers to trade) at 20: Reducing Trade Friction from Standards and Regulations" (see page 64) and "20 Years of Building Pathways to Sustainable Development" (see page 82).

## Workshops

In September, the WTO organized workshops in Nairobi for civil society, including NGOs, business representatives and Kenyan Members of Parliament. The aim was to increase awareness of the role and functions of the WTO and to inform participants about preparations for the Tenth Ministerial

Conference to be held in the Kenyan capital in December. Each workshop drew more than 60 people.

In October, the WTO and the German foundation Friedrich-Ebert Stiftung (FES) organized a regional workshop for Southern African NGOs and business and media representatives in Cape Town, South Africa. The workshop looked at Southern African trade perspectives and the challenges facing this region in the multilateral trading system. Among the issues discussed were preparations for the Tenth Ministerial Conference, WTO decision-making, dispute settlement, trade facilitation, regionalism versus multilateralism, and food security. Participants from Botswana, Lesotho, Mauritius, Namibia, Madagascar, Mozambique, South Africa, Swaziland, Zambia and Zimbabwe took part in the workshop.

In November, the WTO and the "Organisation Internationale de la Francophonie" organized a regional workshop in Senegal. It was entitled "En Route to Nairobi: Regional Dialogue in French-speaking Africa in Preparation for the 10<sup>th</sup> Ministerial Conference of the WTO". Representatives of NGOs and the private sector took part. Participants discussed key issues regarding the Nairobi Ministerial Conference, in particular the expectations, challenges and priorities for African francophone countries.

## Background on relations with NGOs

The WTO maintains regular dialogue with civil society organizations on various aspects of the WTO and on-going 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.

## Nairobi Ministerial Conference

Some 232 NGOs from 49 countries were accredited for the Nairobi Ministerial Conference in December, and 300 NGO representatives attended the event. About 30 side events were organized by NGOs during the conference. NGOs were briefed on a daily basis regarding the negotiations, and a dedicated webpage was created gathering together relevant information for NGO representatives. NGOs also received regular updates via email alerts.





A session at the 2015 Public Forum co-organized by the World Farmers' Organization.



# 232

A total of 232 NGOs from 49 countries were accredited for the Nairobi Ministerial Conference in December.

NGOs submitted 17 position papers and studies to the WTO Secretariat, which circulated them to WTO members. The papers covered issues such as agriculture, youth, development, trade facilitation, the Information Technology Agreement and services.

### Open hearings

Since 2005, a number of panel meetings, Appellate Body hearings and arbitration proceedings have been open to the public, including NGOs. As a result, registered NGOs have been able to follow the open hearings through video links. In 2015, two panels were opened to the public in the country of origin labelling (COOL) dispute about food labelling (see page 115).

# Public Forum 2015

The 2015 Public Forum focused on how and why trade works, and for whom. Participants discussed the contribution of the WTO to the strength and stability of the world economy over the past 20 years. They looked at how the multilateral trading system boosts growth, lifts people out of poverty, increases access to goods and medicines and promotes beneficial relationships between nations. The Forum also examined areas where the WTO can do more to ensure that trade benefits all.

Held from 30 September to 2 October under the theme “Trade Works”, the 2015 Public Forum attracted a larger number of participants than the previous year (see below) for its 90 sessions, including two high-level plenary debates. The opening session featured a discussion on “Making Trade Work More Inclusively”. The panel looked at how international trade contributes to development and how trade policy should be shaped at the multilateral level. In the second plenary debate – “Making trade work for business” – speakers exchanged views on how trade policy should be used to address global challenges, how trade can work better and where the WTO can do more for the private sector.



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 included how trade can help reduce economic gaps between developed and developing countries, how trade fosters global integration, and how intellectual property rights function for global trade and access to medicines.

The Forum featured four book launches related to the WTO's 20<sup>th</sup> anniversary: *WTO Accessions and Trade Multilateralism: Case Studies and Lessons for the WTO at Twenty*; *20 Years of the WTO: A Retrospective*; *The Making of the TRIPS Agreement: Personal Insights from the Uruguay*



# 1,300

The Public Forum attracted 1,300 participants in 2015.

## Background on the Public Forum

The Public Forum grew from 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 event 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. Private sector 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.





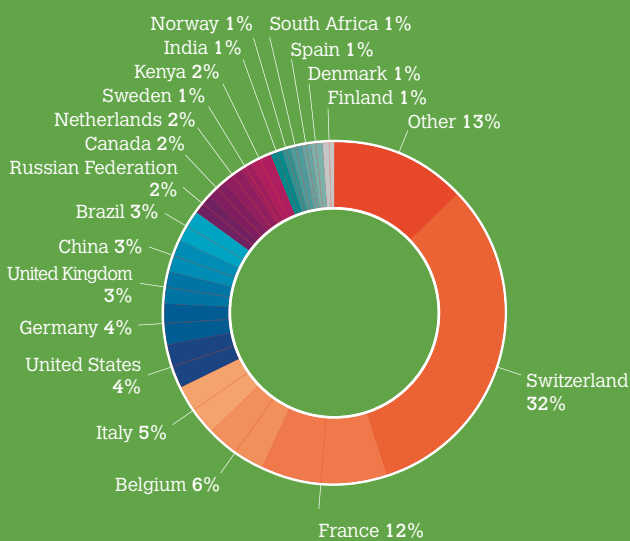
*Round Negotiations; and The WTO at Twenty: Challenges and Achievements.*

The Forum programme included “Meet the Author” sessions, presented by the WTO Bookshop and Library, and stands organized by a variety of partners showcasing how trade works. Themes for the stands included “Trading Safely”, “Trade for LDC Development”, “Linking Haiti Artisans to Value Chains” and “Pursuing Sustainability in the Global Economy”. Participants were able to send messages on how and why trade works at a photo corner. All messages were posted on social media.

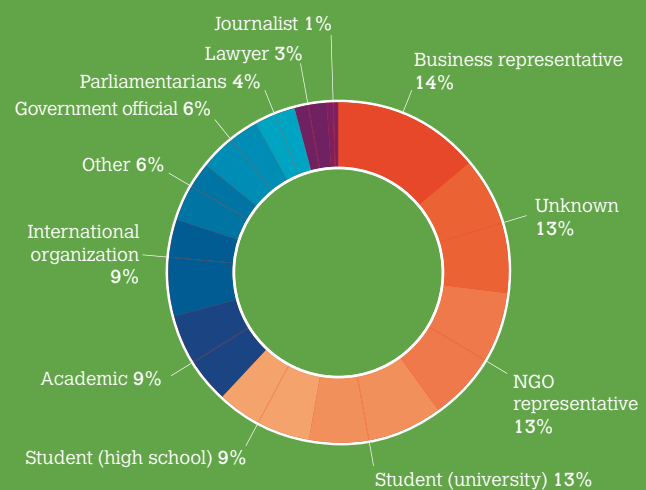
**Participation**

The Public Forum 2015 attracted 1,300 participants (excluding WTO delegates and staff), 21 per cent more than in 2014. Participants came from 85 countries, including non-members and observer governments. Businesses provided the largest number of representatives, followed closely by NGOs and students. Many sessions were the result of collaboration between different types of organization.

**Figure 1:** Public Forum participation in 2015, by country



**Figure 2:** Public Forum participation in 2015



Note: “Unknown” reflects on-the-spot registration where participants did not specify their type of organization.

# Contact with parliamentarians

The Parliamentary Conference on the WTO called for prompt ratification of the Trade Facilitation Agreement at its annual meeting in February. Director-General Roberto Azevêdo told parliamentarians that they are “crucial” to the work of the WTO. DG Azevêdo also participated in an African Parliamentarians Conference in Morocco in April. The WTO was involved in a number of regional workshops and meetings with parliamentarians aimed at promoting understanding of the multilateral trading system.

In April 2015, DG Azevêdo participated in a conference for African parliamentarians in Marrakesh, organized by the Government of Morocco to mark the WTO's 20<sup>th</sup> anniversary. The event was attended by 19 African delegations, including ten at the level of President of the country's Parliament. DG Azevêdo and the Prime Minister of Morocco, Abdelilah Benkirane, opened the conference, which focused on the ratification of the WTO's Trade Facilitation Agreement (see page 83). DG Azevêdo also took part in a parallel conference for African trade ministers, which was attended by 24 ministers.

The Parliamentary Conference on the WTO, meeting on 16-17 February 2015 at the WTO's headquarters, expressed strong support for the multilateral trading system.



DG Azevêdo participating in a conference in Marrakesh in April 2015, organized by the Government of Morocco to mark the WTO's 20<sup>th</sup> anniversary.

## 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.

Parliamentarians from around the world called for prompt ratification of the Trade Facilitation Agreement (see page 83), a redoubling of efforts to conclude the Doha Round and a permanent solution to the issue of public stockholding for food security purposes (see page 35).

Addressing the conference, DG Azevêdo told parliamentarians that their involvement “is crucial in all of our work – because it is through you that we hear the voices of the people that we are here to serve”. He urged parliamentarians to continue supporting the WTO, including by helping to secure speedy ratification by their countries of the Trade Facilitation Agreement and acceptance of an amendment to the TRIPS (trade-related intellectual property rights) Agreement



The annual Parliamentary Conference on the WTO was held at the WTO's headquarters on 16-17 February 2015.

concerning access to affordable medicines for developing countries (see page 78).

The Steering Committee of the Inter-Parliamentary Union (IPU) on WTO matters, comprising about 30 parliamentarians, met in October in Geneva on the sidelines of the WTO Public Forum. The IPU is the international organization of parliaments. Participation in these 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. WTO Deputy Director-General Yi Xiaozhun addressed the Committee, outlining preparations for the Tenth Ministerial Conference in Nairobi at the end of the year. The WTO Secretariat briefed the Committee about the Trade Facilitation Agreement.

A parliamentary session was held during the Public Forum in October on "reducing trade costs: why speedy legislative action on the Trade Facilitation Agreement is of paramount importance". Speakers included members of the European Parliament and members of national assemblies from Africa and Asia.

### Regional workshops and meetings

In 2015 the WTO organized two regional workshops for members of parliament (MPs) from Asia and from the Indian

Ocean Commission, an intergovernmental organization composed of Comoros, Réunion, Madagascar, Mauritius and Seychelles, and the East African Community. The WTO also teamed up with the Organization Internationale de la Francophonie for a multi-stakeholder consultation involving African MPs, in Dakar, Senegal, to discuss the Tenth Ministerial Conference.

The workshops were 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 a part of the WTO's regular technical assistance work.

The International Monetary Fund (IMF) invited the WTO Secretariat to contribute to two regional meetings organized for parliamentarians from the Arab and Central and Eastern European & Central Asian Countries (CEEAC) regions. The meetings attracted senior MPs from the regions and included a debate on the relevance of the work of the WTO and the IMF for the two regions.

The two meetings, which were each attended by around 30 participants, aimed to generate greater understanding of the multilateral trading system and to provide a forum for participants to exchange ideas. They included an open debate on the role of the WTO in fostering development.

# Cooperation with other international organizations

In 2015, the WTO cooperated with a variety of intergovernmental organizations. With the United Nations Conference on Trade and Development (UNCTAD), it signed a declaration to strengthen collaboration. It co-published a report with the World Bank on trade's role in ending poverty and continued to publish reports on G20 trade and investment measures, together with UNCTAD and the Organisation for Economic Cooperation and Development (OECD). Director-General Roberto Azevêdo was in New York for the UN General Assembly at which the new Sustainable Development Goals (SDGs) were adopted.

## United Nations

DG Azevêdo attended the spring and autumn meetings of the United Nations Chief Executives Board (CEB) – a high-level body composed of the executive heads of UN agencies, funds and programmes as well as the executive heads of the 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 attended the UN's Third International Conference on Financing for Development in Addis Ababa, Ethiopia, in July. He stressed the importance of addressing issues related to trade finance and credit insurance as a means of improving export opportunities for developing and least-developed countries. At the same event, Deputy Director-General Xiaozhun Yi moderated a round table session on global partnerships. He emphasized the role that public-private partnerships could play in resolving social, environmental and economic issues and in contributing to meeting some of the UN's Sustainable Development Goals (SDGs) (see page 119).

In September, DG Azevêdo attended a UN General Assembly, which adopted the SDGs. He delivered the keynote speech at the SDG Business Forum, a high-level event organized on the margins of the UN Summit by the International Chamber of Commerce, the International Finance Corporation, the UN Global Compact and the World Economic Forum.

DDG Yi attended the spring meeting of the UN Economic and Social Council (ECOSOC) held in New York under the theme of "Coherence, coordination and cooperation in the context of financing for sustainable development and the post-2015 development agenda".

The WTO is also represented on the UN High-Level Task Force (HLTF) on the Global Food Security Crisis, which was established by the CEB in April 2008, following the rise in global food prices and the crisis it triggered. Since January 2013, the HLTF has focused on the zero hunger challenge (ZHC) as its central theme. Launched at the 2012 UN Conference on Sustainable Development (Rio+20), the ZHC is working towards a hungerfree world. It lays down five objectives, including ensuring that all people have adequate access to nutritious food and that food systems are environmentally sustainable.

## United Nations Conference on Trade and Development (UNCTAD)

The WTO and UNCTAD work together on trade and development issues and cooperate closely in providing training and technical assistance to developing and least-developed countries. 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.

### 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 coherent approach to international trade policies.





DG Azevêdo attended the UN Chief Executives Board (CEB) meeting held at UN Headquarters in New York on 18 November 2015.

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. UNCTAD is a major WTO partner on programmes such as the Enhanced Integrated Framework (EIF) (see page 128) and the Joint Integrated Technical Assistance Programme. The latter partnership, which also involves the International Trade Centre (ITC), provides technical assistance to selected least-developed countries and other African countries.

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 153). UNCTAD and ITC contributed to the joint OECD-WTO publication *Aid for Trade at a Glance 2015: Reducing Trade Costs for Inclusive, Sustainable Development* that was presented at the Fifth Global Review of Aid for Trade (see page 126).



DG Azevêdo and Angel Gurría, OECD Secretary-General, at the Fifth Global Review of Aid for Trade in July 2015.

### International Trade Centre (ITC)

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 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 49<sup>th</sup> session of the JAG was held on 26 June 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)

In addition to their joint reports mentioned below, the OECD and the WTO cooperate in the Trade in Value-Added (TIVA) database, launched in January 2013. The 2015 edition covers 61 economies – four more than in 2014 – and 34 manufacturing and services sectors. 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 OECD-WTO joint database on trade in value added, the two organizations also teamed up to produce bilateral 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). The 2015 update of this interactive web tool covers 152 countries. The TFIs identify areas for action and help assess the potential impact of trade facilitation reforms so that governments can prioritize action and mobilize technical assistance.



◀  
 Dr Jim Yong Kim, President of the World Bank Group, at the launch of the joint WTO-World Bank publication, *The Role of Trade in Ending Poverty*.

### Other intergovernmental organizations

The WTO cooperates on trade issues and on the needs of developing countries with a number of intergovernmental organizations. In June 2015, the World Bank Group and the WTO jointly launched a new co-publication, *The Role of Trade in Ending Poverty*, which looks at the complex relationships between economic growth, poverty reduction and trade.

Together with the IMF and the World Bank, the WTO hosted a two-day workshop on international trade in Geneva in June 2015. Experts from the three institutions presented research and exchanged views on current international trade issues, including the links between trade and growth, global value chains, services trade, trade finance, and trade and other policy links.

In October, the WTO held a joint technical symposium with the World Health Organization and the World Intellectual Property Organization – “Public Health, Intellectual Property, and TRIPS at 20: Innovation and Access to Medicines” – which looked at access to, and innovation in, medical technologies. The symposium (see page 9) was one of a number of events marking the 20<sup>th</sup> anniversary of the WTO and its agreements, including the Agreement on Trade-Related Aspects of Intellectual Property (TRIPS).

Together with the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES), the WTO launched a new publication, *CITES and the WTO: Enhancing Cooperation for Sustainable Development* (see page 154).



◀  
 DG Azevêdo and CITES Secretary-General John E. Scanlon (left) at the launch of the co-publication *CITES and the WTO: Enhancing Cooperation for Sustainable Development*.



DG Azevêdo attended the G20 summit in Antalya, Turkey in November 2015.

The WTO Secretariat attends sessions of the International Labour Organization (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 to be published in 2016 on the role that skills-development policies can play in making trade an engine of inclusive growth.

## G20

DG Azevêdo attended the G20 summit in Antalya, Turkey, in November as well as the G20 trade ministers meeting in Istanbul in October. The G20 summit communiqué includes the commitment to a strong and efficient multilateral trading system and leaders reiterated their determination to work together to improve its functioning, including through ensuring a successful Nairobi ministerial conference. To support this work, they also agreed that trade ministers should continue to meet on a regular basis and that a supporting working group be established. Other elements of the G20's work on trade were also advanced, including on the monitoring of trade-restrictive measures and analytical work on the relationship between the multilateral trading system and regional trade agreements.

On trade monitoring, the WTO published two six-monthly reports with UNCTAD and the OECD on trade and investment

measures in the G20 group of leading developed and developing countries. In October, the report highlighted the uncertain global economic outlook which continued to have an adverse impact on international trade. It noted that G20 economies faced a number of important challenges to deliver on their collective pledge to refrain from implementing new trade-restrictive measures and to remove existing ones (see page 92).

On regional trade agreements (RTAs), work led by the WTO focused on identifying key provisions in RTAs, including those that go beyond existing WTO rules and provisions for which the WTO currently has no rules. This included the examination of all RTAs notified by the G20 to the WTO, which found that while most were based on multilateral rules there was also some divergences with multilateral rules and between different RTAs. The G20 recognised the importance for RTAs being supportive of the multilateral trading system.

The WTO's Agriculture and Commodities Division increased its participation in 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.

# Contact with the media

Some 350 journalists attended the Tenth Ministerial Conference, including 12 journalists from least-developed countries (LDCs) whose attendance was supported by the WTO. The WTO held several training activities for journalists, including seminars in Geneva, and WTO press officers participated in a number of national and regional outreach activities. The number of WTO press briefings and press conferences rose to 53, compared with 42 the previous year, reflecting media interest in the WTO's 20<sup>th</sup> anniversary and the run-up to the Ministerial Conference in Nairobi.

The WTO's press briefings and press conferences covered almost every area of WTO activity, from dispute settlement to trade negotiations. In addition, the Information and External Relations Division (IERD) maintained regular contact with journalists through e-mail briefings. Approximately 150 of these were sent to journalists in 2015 to update them on the latest WTO activities. The topics covered include the notification of new trade disputes and background notes on panel or Appellate Body rulings.

The media were invited to many of the WTO's 20<sup>th</sup> anniversary events, including a seminar organized jointly by the WTO, the World Health Organization and the World Intellectual Property Organization (see page 9) and workshops on issues such as sustainable development and technical barriers to trade. They were also invited to publication launches and to the announcement of trade forecasts by WTO economists.

On average, every two days a new journalist requested registration in the Media Newsroom of the WTO website, a specific area dedicated to journalists. This brings the total number of those registered to 2,523 at the end of 2015.

## Ministerial Conference

Around 350 journalists attended the Tenth Ministerial Conference in Nairobi in December. The IERD provided background briefings to journalists on areas of particular relevance, such as trade facilitation, the expansion of the Information Technology Agreement (ITA), trade and development, and preferential rules of origin (see page 39).

Twelve journalists from LDCs were invited to attend the Conference in cooperation with the Friedrich Ebert Stiftung (FES), a German foundation. They enjoyed special access to officials and exclusive briefings. The journalists were from Benin, Ethiopia, Lao People's Democratic Republic, Lesotho, Madagascar, Malawi, Mali, Myanmar, Senegal, Togo, Uganda and Zambia.



# 350

Some 350 journalists attended the Tenth Ministerial Conference.

## Training activities

In 2015, the WTO held several training activities for journalists, including seminars in Geneva for Russian journalists and francophone journalists from several countries.

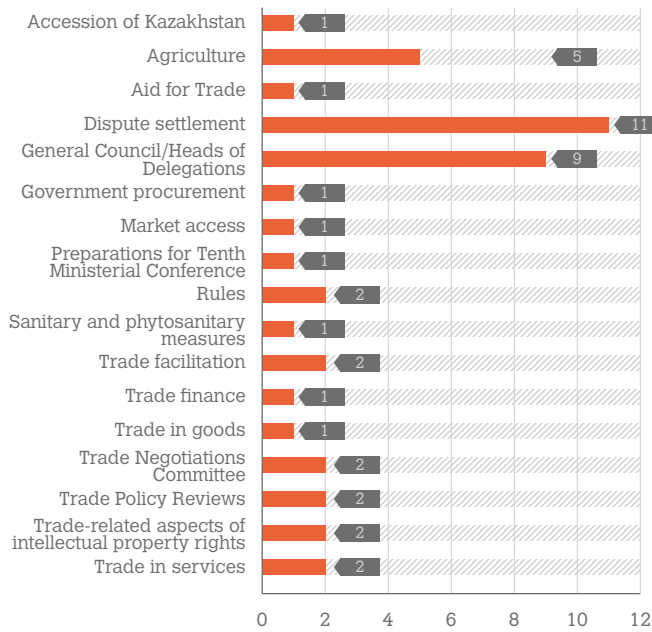
Ten journalists from Russia attended a regional workshop at WTO headquarters in March. It provided an introduction to the WTO and covered subjects of particular interest to Russia. Participants heard presentations on such topics as accessions, agriculture, development, dispute settlement, regional trade agreements and energy (see Figure 3). The FES covered the cost of this workshop.





DG Azevêdo and Kenya's Cabinet Secretary for Foreign Affairs and International Trade, Amina Mohamed, at a press conference during the Fifth Global Review of Aid for Trade.

**Figure 3: Meetings/subjects covered by WTO briefings/press conferences in 2015**



In May, eight journalists participated in a seminar for Francophone countries. The participants were from Benin, Cameroon, Congo Brazzaville, Côte d'Ivoire, Madagascar, Mauritius, Senegal and Tunisia. Presentations were made by a variety of WTO experts on a wide range of topics.

Press officers participated in several national and regional outreach activities for media, parliamentarians and civil society in Kenya, Panama, Paraguay and South Africa. They also took part in other outreach activities in France, Italy and Senegal. Some of these activities were organized by IERD.

# Contact with the business community

The WTO's annual Public Forum attracted a significant increase in business representatives in 2015, showing the strong interest of business groups and companies in contributing to the debate about WTO activities. The business community was also well-represented at the Tenth Ministerial Conference in Nairobi. Twenty-three of the non-governmental organizations accredited for the event were business organizations.

## Public Forum

Over 170 business representatives attended the WTO's 2015 Public Forum, "Trade Works", in October (see page 140). This was significantly higher than the previous year's total of 150. Businesses organized 25 sessions during the three-day event, compared with 15 in 2014, covering topics such as agriculture, information technology, intellectual property and global value chains.

Session organizers included the International Federation of Freight Forwarders Association, the Moroccan Association of Exporters, the International Chamber of Commerce, the National Foreign Trade Council, BusinessEurope, the Federation of German Industries, the All India Association of Industries, the International Federation of Pharmaceutical Manufacturers & Associations (IFPMA) and JETRO, Japan's External Trade Organization.

## Ministerial Conference

The WTO held several regional meetings in Nairobi, Kenya, and in Cape Town, South Africa, in the run-up to the Tenth Ministerial Conference (MC10) to update the business community on preparations for MC10 (see page 20). A total of 23 business organizations attended the Ministerial Conference in Nairobi at the end of the year.

### 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.



DHL representative speaking at a Trade Facilitation Agreement event at the Tenth Ministerial Conference on 17 December 2015.

## 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 latest state of play in the WTO's trade negotiations, the ratification of the Trade Facilitation Agreement and dispute settlement.

The WTO's web pages dedicated to the business community ([www.wto.org/business](http://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 public

The WTO website received just over 20 million visits in 2015. The site was merged with the WTO members' website to bring all WTO material into one self-contained area. The WTO expanded its use of social media, almost doubling its number of Twitter followers. An average of 356,000 video clips were watched on the WTO website every month, a significant increase on the previous year. The WTO welcomed 223 visiting groups, up from 216 in 2014. Ninety WTO publications were produced, including a variety of titles to mark the WTO's 20<sup>th</sup> anniversary.

## WTO website

The WTO website attracted over 1.8 million visits a month. In 2015, total page views rose to 47.8 million, compared with 43.6 million the previous year. A total of 16 per cent of the visitors are from the United States, followed by 6 per cent from Mexico, 5.75 per cent from India and 4.5 per cent from China. Over 2,000 web pages were created or updated during the course of the year.



# 1.8 million

The WTO website attracts over 1.8 million visits a month.

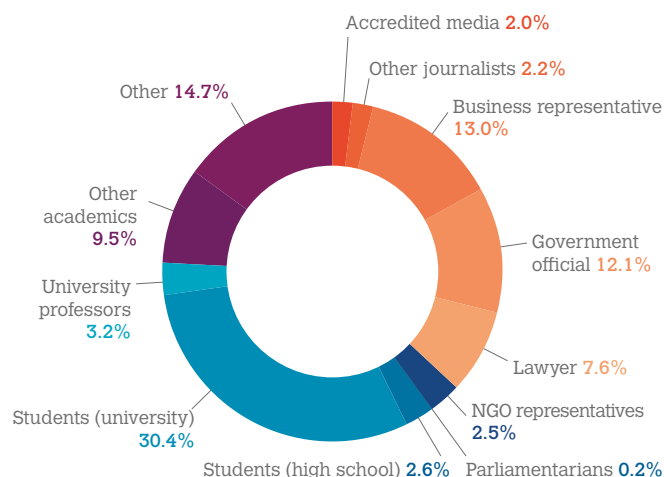
The most downloaded files in 2015 were two of the WTO's flagship publications, "International Trade Statistics" (130,055 downloads) and the "World Trade Report" (73,823), followed by "Global Value Chains in a Changing World" (48,959), published in 2013. An average of 356,000 videos clips were watched per month, almost double the previous year's 222,000. The most popular in 2015, with 446,584 views, was a 2012 interview on the WTO's dispute settlement system with Professor John Jackson of Georgetown University, United States, who sadly died in November.

In 2015, the WTO merged its members' website with the public website, creating a one-stop shop for members seeking access to both public and restricted documents. A new "lightbox" facility allows all documents related to official meetings at the WTO to be instantly downloaded

by "logged-in users". Since the merger in August 2015, logged in members have viewed more than 1.5 million pages on the WTO website.

The number of people registered to receive email alerts when news items are published on the website stands at just over 100,000. The largest categories for these alerts are university students (30 per cent), the business community (13 per cent), government officials (12 per cent), the academic community (12 per cent) and lawyers (8 per cent) (see Figure 4). The countries with the largest number of registrations are India (10 per cent), the United States (8 per cent), Mexico (5 per cent), China (4 per cent) and France (4 per cent).

**Figure 4:** People registered to receive email alerts, as of end 2015



## Social media

In 2015, the WTO expanded its use of social media to provide more regular updates about WTO activities and major WTO events. New features included regular statistical updates, more news content from the website and alerts about job vacancies at the WTO. Increased use of social media was made at events such as the Fifth Global Review of Aid for Trade, the Public Forum and the Tenth Ministerial Conference in Nairobi to provide more timely reporting of these events.

The WTO's Twitter followers almost doubled to 245,000 by the end of 2015. WTO tweets were viewed over 6 million times in 2015. The Twitter account of Director-General Roberto Azevêdo had 7,683 followers in January 2016, compared with 4,210 a year ago. The WTO's Facebook page was "liked" by over 170,000 users, a 40 per cent increase from a year earlier. The WTO is also present on Weibo, a Chinese social media platform, with over 620,000 followers. The audience for the WTO's social media activities includes WTO delegates, students and academics.



245,000

The WTO's Twitter followers almost doubled to 245,000 in 2015.

## WTO videos

The WTO broadened its video production in 2015 and introduced new formats. To mark the 20<sup>th</sup> anniversary of the WTO, a new video series, "Trade Starts Here", was launched to showcase people from around the world who have benefited from trade. Among the stories are those of Nang Arn, who has moved from working in the fields of Cambodia to managing a team in a factory exporting electrical wiring, and Olivier Madiba from Kenya, who benefits from copyright protection under the WTO's TRIPS Agreement to export his video games around the world.

An average of 356,000 video clips were watched on the WTO website every month in 2015, compared with 220,000 the previous year. On the WTO's YouTube channel, WTO videos were played 130,000 times in 2015. "The WTO at Twenty" was the most watched WTO video on YouTube, with 10,000 views.

## Visiting groups

The WTO welcomed 223 visiting groups in 2015, up from 216 in 2014. The total number of visitors was 6,325, compared with 5,725 the previous year. Most of the presentations covered the current work of the organization and the history of the WTO. Some visiting groups were given presentations on specific WTO topics, including dispute settlement, agriculture, development and intellectual property.

The majority of the presentations (80 per cent) were given in English. A total of 12 per cent were given in French, while 2 per cent each were in Spanish and German. The remaining 4 per cent of the presentations were given in Arabic, Chinese, Finnish, Korean, Portuguese, Russian and Thai.



223

The WTO welcomed 223 visiting groups in 2015.

## WTO publications

Ninety WTO publications were produced in 2015, up from 70 in 2014, including apps of the Annual Report and the World Trade Report. Eight book launches were held at the WTO to mark the WTO's 20<sup>th</sup> anniversary, including "The WTO at Twenty: Challenges and Achievements", "WTO Accessions and Trade Multilateralism – Case Studies and Lessons from the WTO at Twenty" and "A History of Law and Lawyers in the GATT/WTO: The Development of the Rule of Law in the Multilateral Trading System".

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.

The WTO's Publications Facebook page has over 45,000 fans, up from 36,000 in 2014, and its Twitter page has amassed over 52,000 followers, some 33 per cent more than 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 2015

ISBN 978-92-870-3982-8 | CHF 50

The 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.



### Annual Report 2015 app

Free

The Annual Report app can be downloaded from the App Store and Google Play for viewing on tablets. The report includes the full text of the Annual Report plus videos, photo galleries, charts, podcasts and interactive maps.



### World Trade Report 2015 – Speeding up trade: benefits and challenges of implementing the WTO Trade Facilitation Agreement

ISBN 978-92-870-3985-9 | CHF 60

The WTO's Trade Facilitation Agreement, agreed at the Bali Ministerial Conference in December 2013, is the first multilateral trade agreement concluded since the establishment of the WTO in 1995. The World Trade Report is the first detailed study of the potential impact of the Agreement.



### World Trade Report 2015 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.



### International Trade Statistics 2015

ISBN 978-92-870-3988-0 | CHF 50

*International Trade Statistics* offers a comprehensive overview of the latest developments in world trade, covering both merchandise and services trade as well as trade measured in value-added terms. Charts and maps highlight the latest developments in world trade while more detailed data are provided in a variety of tables.

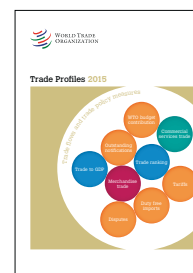


## Other annual publications

### Trade Profiles 2015

ISBN 978-92-870-3991-0 | CHF 40

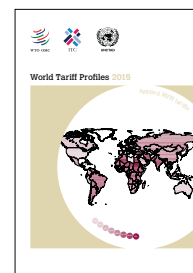
*Trade Profiles 2015* provides one-page snapshots of the most relevant indicators on growth, trade and trade policy measures for over 200 economies, including all WTO members.



### World Tariff Profiles 2015

ISBN 978-92-870-3994-1 | CHF 50

*World Tariff Profiles 2015* provides a unique collection of data on the tariffs imposed by WTO members and other countries. It is jointly published by the WTO, the United Nations Conference on Trade and Development and the International Trade Centre.



### Services Profiles 2015

ISBN 978-92-870-3997-2 | CHF 40

*Services Profiles 2015* provides key statistics on "infrastructure services", i.e. transportation, telecommunications, finance and insurance, for 186 economies. This includes, for the first time, data for all WTO members.



### Boxed set of WTO statistical titles 2015

ISBN 978-92-870-3981-1 | CHF 150

The set comprises the WTO's four annual statistical publications: *International Trade Statistics 2015*, *World Tariff Profiles 2015*, *Trade Profiles 2015* and *Services Profiles 2015*.



### Trade Policy Reviews

The Trade Policy Reviews analyse the trade policies and practices of WTO members. In 2015, 14 reviews were published for reviews undertaken in 2014 and 2015, covering Australia, Barbados, Brunei Darussalam, Canada, Djibouti (in French and English), Hong Kong (China), India, Japan, Mauritius, Mongolia, New Zealand, Pakistan and the United States.



**Dispute Settlement Reports 2014**

Dispute Settlement Reports 2014 provides the full texts of panel reports, Appellate Body reports and arbitration awards issued by the WTO in 2014. Eight volumes were published in 2015. Co-published with Cambridge University Press.



**New publications**

**WTO Dispute Settlement: One-Page Case Summaries, 1995-2014 (2015 edition)**

ISBN 978-92-870-4009-1 | CHF 40

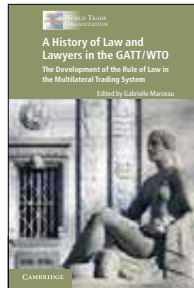
“One-Page Case Summaries” provides a succinct summary of the key findings of every dispute panel report up to the end of 2014 and, where applicable, the subsequent Appellate Body report.



**A History of Law and Lawyers in the GATT/WTO: The Development of the Rule of Law in the Multilateral Trading System**

ISBN 978-1-107-08523-7 | CHF 130 | Hardback

The book paints an interesting portrait of the role that law and lawyers have played in the history of the multilateral trading system. It includes contributions from current and former GATT and WTO staff members, including many current and former Appellate Body members. Co-published with Cambridge University Press.



**Agriculture – 2<sup>nd</sup> Edition – WTO Agreements Series**

ISBN 978-92-870-4022-0 | CHF 30

This latest title in the WTO Agreements series introduces 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 and the decisions taken on agriculture at the 2013 Bali Ministerial Conference.



**CITES and the WTO: Enhancing Cooperation for Sustainable Development**

ISBN 978-92-870-4060-2 | Free

This publication illustrates how the relationship between the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) and the WTO has evolved into a leading example of how global trade and environmental regimes can support each other and work coherently to achieve shared objectives. Co-published with CITES.



**Aid for Trade at a Glance 2015: Reducing Trade Costs for Inclusive, Sustainable Growth**

ISBN 978-92-870-4019-0 | CHF 90

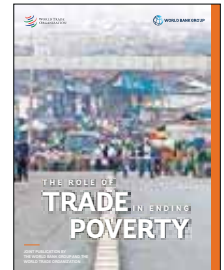
“Aid for Trade at a Glance 2015” reveals how reducing trade costs can help to achieve sustainable growth. It contains contributions from the Enhanced Integrated Framework, the International Trade Centre, the United Nations Conference on Trade and Development and the World Bank. Co-published with OECD.



**The Role of Trade in Ending Poverty**

ISBN 978-92-870-4013-8 | CHF 40

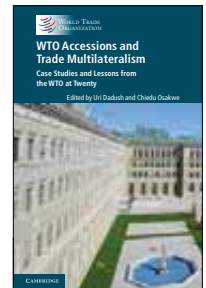
“The Role of Trade in Ending Poverty” looks at the complex relationships between economic growth, poverty reduction and trade, and examines the challenges that poor people face in benefiting from trade opportunities. Co-published with the World Bank.



**WTO Accessions and Trade Multilateralism: Case Studies and Lessons from the WTO at Twenty**

ISBN 978-1-107-47224-2 | CHF 70

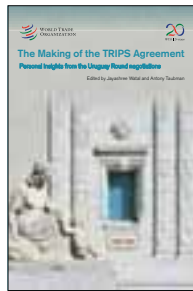
This publication looks at how WTO accession negotiations have expanded the reach of the multilateral trading system, not only geographically, but also conceptually, clarifying disciplines and pointing the way to their further strengthening in future negotiations. Co-published with Cambridge University Press.



**The Making of the TRIPS Agreement: Personal Insights from the Uruguay Round Negotiations**

ISBN 978-92-870-4025-1 | CHF 70

“The Making of the TRIPS Agreement” presents the diverse personal accounts of the negotiators of this unique trade agreement. In probing how negotiations led to an enduring agreement that has served as a framework for policy-making in many countries, the contributions offer lessons for current and future negotiators.



**Twenty Years of the WTO**

ISBN 978-92-870-4006-0 | CHF 60 | Hardback

This publication provides an overview of the first two decades of the WTO, describing the origins of the organisation, its evolution and its achievements, combining quotes from leading figures with historical photos of key events in the WTO's history over the past 20 years.



**The WTO at Twenty: Challenges and Achievements**

ISBN 978-92-870-4063-3 | CHF 40

This publication describes the WTO's achievements over the past 20 years, and looks ahead to the challenges facing the multilateral trading system in the future.



**Status of WTO Legal Instruments (2015 edition)**

ISBN 978-92-870-4057-2 | CHF 30

“Status of WTO Legal Instruments” covers the legal instruments drawn up by WTO members in relation to the Marrakesh Agreement establishing the World Trade Organization and the plurilateral trade agreements annexed to that Agreement. For each legal instrument, information is provided regarding signature, acceptance, ratification, accession and entry into force.



**20<sup>th</sup> anniversary brochures**

Free

The WTO produced a series of 11 brochures to mark its 20<sup>th</sup> anniversary, each looking into a specific area of WTO activity and highlighting achievements over the past 20 years. The topics covered are trade in services, training and technical assistance, technical barriers to trade, the TRIPS Agreement, accessions, the Government Procurement Agreement, sanitary and phytosanitary measures, WTO dispute settlement, the Trade Facilitation Agreement, trade and the environment, and trade and tariffs.



**The History and Future of the World Trade Organization (French and Spanish editions)**

ISBN 978-92-870-4055-8 – French | ISBN 978-92-870-4056-5 – Spanish | CHF 120 | Hardback

A comprehensive account of the economic, political and legal issues surrounding the creation and evolution of the WTO. Fully illustrated with photographs dating back to the early days of trade negotiations, the publication reviews the WTO's achievements as well as the challenges it has faced, and identifies the key questions that WTO members need to address in the future.



# WTO Open Day

Over 3,000 visitors attended the WTO's fifth Open Day on 14 June. Organized as part of the WTO's 20<sup>th</sup> anniversary activities, the Open Day, entitled "Merci Genève", provided the WTO with the opportunity to thank the people of Geneva for hosting the organization since it was established in 1995.

The aim of the 2015 Open Day was to give members of the public the chance to discover more about the WTO's activities, to explore the home of the WTO, and to talk with WTO staff and WTO members about the history of the organization and its current work.

The day kicked off with an opening ceremony attended by Director-General Roberto Azevêdo, Chair of the General Council Ambassador Fernando de Mateo, Representative of the Swiss Confederation Ambassador Didier Chambovey, Mayor of Geneva Esther Alder, and Serge Dal Busco, a member of the Geneva State Council.

In his address to participants, DG Azevêdo said: "Today is about you. We want to thank the Geneva community. Each one of us has a deep personal connection to the city, and that of course is because of you." Mr de Mateo said: "For those of us who work in delegations and missions in the city, there is no better place. The international spirit of Geneva creates the perfect environment to advance our work."

DG Azevêdo presented the Fondation des Immeubles pour les Organisations Internationales (FIPOI) with a "Thank You" award for its collaboration with the WTO since 1995.

In particular, he thanked FIPOI for its renovation work at the WTO and for the construction of the new building alongside the existing Centre William Rappard. DG Azevêdo said: "I thank you for being our partner, our team-mate – and I am proud to say – our friend for the last 20 years". The "Thank You" prize, a symbol of the WTO's gratitude to the city of Geneva, will be awarded annually to a local institution for its contribution to the work of the WTO.

Guided tours by WTO staff provided visitors with the opportunity to explore the WTO's historic building and artworks. These include a number of gifts provided by international governments since the inauguration of the building in 1926. The guided tours also included a visit to the Director-General's office and the "Green Room", where



# 3,000

Some 3,000 people attended the WTO's 2015 Open Day.







high-level meetings take place. The new building, designed by the German firm Wittfoht Architecture, was also part of the tour. Approval of its construction was granted in a cantonal referendum in 2009.

Geneva's Mayor, Mme Alder, said: "By approving the extension project of the Centre William Rappard in 2009, the citizens of Geneva clearly showed their commitment to the presence of your organization in Geneva and to the fact that this is an international and multicultural city."

A series of short films about the WTO were on display throughout the day. Special exhibitions included displays of documents relating to the role of law in the WTO and to the organization's dispute settlement activities. Interactive touch

screens offered visitors the opportunity to learn about the WTO's work and membership through photo galleries and videos. Sessions on interpretation were organized by the WTO's team of interpreters, who explained what the work involves and how the interpretation booths work.

Visitors were able to sample cuisine from around the world provided by a variety of WTO members offering national specialities in an eating area overlooking Lac Léman. Activities for children included story-telling, face painting and a bouncy castle, while live music was provided by WTO members of staff throughout the day.

# Economic research activities

The WTO's Economic Research and Statistics Division (ERSD) organized a wide range of outreach activities in 2015, including the launch of several key WTO publications, the holding of the Fourth Annual Trade Workshop, which brought together researchers from the WTO, the World Bank and the International Monetary Fund (IMF), and a number of seminars.

At the Fifth Global Review of Aid for Trade (see page 126) in July, Director-General Roberto Azevêdo and World Bank President Jim Kim launched a new co-publication by the two institutions, *The Role of Trade in Ending Poverty*. The publication looks at the complex relationships between economic growth, poverty reduction and trade and examines the challenges that poor people face in benefiting from trade opportunities. It discusses how trade could make a greater contribution to ending poverty if increasing efforts were made to lower trade costs, improve the environment for growth, implement trade policy in conjunction with other areas of policy, better manage risks faced by the poor and improve data used for policy-making.

As part of the activities to commemorate the 20<sup>th</sup> anniversary of the WTO, the WTO Secretariat launched a new publication, *The WTO at Twenty: Challenges and Achievements*, at the Public Forum (see page 140) in October. The book draws together contributions from various divisions of the WTO



DG Azevêdo with former WTO chief economist Patrick Low at the launch of *The WTO at Twenty: Challenges and Achievements* in October 2015.

## 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.

Secretariat to describe the WTO's achievements over its first 20 years, and looks at the challenges arising from an increasingly complex and diverse global trading system.

The WTO's flagship publication, the World Trade Report, was launched by DG Azevêdo in October. Focusing on the Trade Facilitation Agreement (TFA), it provides the first detailed study of the potential impact of the TFA. The report finds that the Agreement has the potential to increase world trade by up to US\$ 1 trillion per annum and possibly more under the ideal circumstances of full implementation of the TFA. The report also finds that developing countries will capture a large part of the available gains from implementing the Agreement. These findings are consistent with existing




 The World Trade Report was launched by DG Azevêdo in October 2015.

studies on the scale of potential benefits from trade facilitation but the report goes further by identifying and examining in detail a range of other benefits.

These benefits include diversification of exports from developing countries and least-developed countries to include new products and partners, increased involvement of these countries in global value chains, expanded participation of small and medium-sized enterprises in international trade, increased foreign direct investment, greater customs revenue collection and reduced incidence of corruption.

The Fourth Annual Trade Workshop organized in collaboration with the World Bank Group and the International Monetary Fund was held at the WTO in June. The workshop brought together trade experts from the three institutions to present

on-going research papers, discuss current policy issues and identify areas of future collaboration. The topics of the papers included: global value chains, growth and price movements; trade, productivity and growth; and uncertainty and trade.

In 2015, 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 the United Nations Conference on Trade and Development (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 presentation of cutting-edge research, the programme contributes to the exchange of ideas, supports high-quality research and facilitates outreach to policy-makers and the wider Geneva trade policy community.

# Statistics activities

The WTO made further improvements to its Integrated Trade Intelligence Portal (I-TIP), which now includes increased data coverage on tariff and non-tariff measures. With the Organisation for Economic Co-operation and Development, the WTO has updated the database on trade in value-added terms, which now covers 61 countries and 34 sectors. In July 2015, the WTO hosted Trade Data Day, which examined recent advances in trade and market access statistics and looked ahead to future challenges.

## Integrated Trade Intelligence Portal

The WTO's Integrated Trade Intelligence Portal (I-TIP) on the WTO website now covers most non-tariff measures (NTMs) notified to the WTO. I-TIP (<http://i-tip.wto.org>) provides a single entry point for notifications on trade policy measures. These notifications include trade contingency measures (such as anti-dumping), technical measures (such as sanitary and phytosanitary measures and technical barriers to trade), quantitative (import or export) restrictions, import licences and pre-shipment inspections, and NTMs relating to the Agreement on Agriculture.

Recent improvements to I-TIP include increased data coverage and enhanced search functions. Users can now search the entire range of NTMs, sorting data by imposing and affected country, product or type of measure. Graphs illustrate current trends while comprehensive tables are available by product and imposing country. Product searches can also be undertaken by Harmonized System codes (see page 55) or codes of the International Classification for Standards. The goods and services sections of I-TIP attract up to 20,000 visits per month.

### Background on statistics activities

The Statistics Group supports WTO members and the Secretariat with data on economic and trade policy issues. The Group is the principal supplier of WTO trade statistics and information on tariffs. It provides technical assistance in advanced trade policy courses, regional trade policy courses and national workshops and contributes to inter-organizational statistical activities.

## Collaboration with the World Bank and UNCTAD

The World Bank and the WTO are working to substantially increase information on services trade policies applied by WTO members. I-TIP services (<http://i-tip.wto.org/services>), jointly developed with the World Bank, offers a set of linked databases providing information on WTO members' commitments under the General Agreement on Trade in Services (GATS), services commitments in regional trade agreements (RTAs), applied measures in services, and services statistics. The integrated database, launched in 2013, permits searches by WTO member, sector, agreement or source of information. The information can be filtered across a number of additional criteria.

The WTO strengthened technical assistance collaboration with the United Nations Conference on Trade and Development (UNCTAD), building on the memorandum of understanding signed in 2013 to share and cross-validate information on non-tariff measures and encourage the use of common standards and classifications.

The 2015 edition of World Tariff Profiles, co-published with UNCTAD and the International Trade Centre (ITC), included a focus on anti-dumping measures based on WTO members' notifications available in I-TIP and information from the World Bank's Global Antidumping Database.

## Trade Data Day

In July 2015, the Statistics Group hosted Trade Data Day, a collaborative effort with the ITC, UNCTAD and the World Bank. The seminar examined the main advances in trade and market access statistics and looked ahead to future challenges. The seminar focused in particular on the monitoring and analysis of non-tariff measures, and trade and market access information systems on commercial services.

The event highlighted the need to improve the quality of trade statistics and to work more on new areas such as trade in value-added terms and services trade by enterprise



Trade Data Day was co-organized by the WTO and the International Trade Centre, the UN Conference on Trade and Development and the World Bank in July 2015.

characteristics (STEC). The rise of global value chains has resulted in a growing emphasis on measuring and analysing trade in value added. These statistics consider the value added by each country in the production of goods and services that are consumed worldwide.

### Collaboration with the OECD

The OECD-WTO database on Trade in Value Added (TiVA) was updated in 2015, with coverage extended to 61 countries (adding, for the first time, Colombia, Costa Rica, Croatia and Tunisia). It now covers 34 sectors, up from 18 in 2014, and includes data for 2010 and 2011.

Measuring trade in terms of value added gives a clearer picture of today's way of trading. Traditional statistics that rely on customs values fail to capture the fact that international supply chains are at the core of globalization in the 21<sup>st</sup> century.

In January 2016, the WTO released new statistical profiles on global value chains (GVCs) for the 61 economies covered by the database. These profiles, available on the WTO website, provide insights into the value-added content of exports, the interconnection between economies within GVCs and the role of the services industry in exports. Other indicators related to GVCs include trade in intermediate goods, trade facilitation and foreign direct investment.

The OECD and the WTO are working to improve the estimation of bilateral trade flows through the IMF's Extended Balance of Payments Services Classification. The WTO is also working with the OECD and other organizations, such as the United Nations, to tackle the issue of bilateral asymmetries. What one country reports as imports from another country often differs significantly from what the second country reports as exports. These asymmetries, especially for services,

are significant. Inter-agency co-operation on this should help to reduce these asymmetries.

The WTO is cooperating with the OECD and UN regional commissions in Africa and Latin America to promote the compilation of official statistics needed to extend the coverage of the value-added database in these regions.

In cooperation with the WTO's Institute for Training and Technical Cooperation (ITTC) (see page 132), training workshops were organized for government officials and researchers in developing countries (Mali, Indonesia and Jordan), with the aim of integrating trade in value added into their trade and development policies.

### Task Force on International Trade Statistics

The Task Force on International Trade Statistics, co-chaired by OECD and the WTO, met in 2015 in Paris. The task force is the result of a merger between two previously existing bodies, the Task Force on International Merchandise Trade Statistics and the Task Force on Statistics on International Trade in Services. These two bodies used to meet jointly on a regular basis, reflecting the interconnectedness and overlap between trade in goods and trade in services. To better coordinate activities, the two task forces were merged.

### Support for ITA negotiations

The Statistics Group assisted the WTO's Market Access Division in providing members of the Information Technology Agreement (ITA) with relevant data on trade and tariffs and in verifying draft schedules of commitments during the negotiations to expand the coverage of the ITA. In December, participants in the ITA expansion negotiations announced the conclusion of the talks, with the addition of 201 IT products to the list of items covered by the Agreement (see page 47).

# WTO Essay Award for Young Economists

The 7<sup>th</sup> WTO Essay Award for Young Economists went to Christoph Boehm, Aaron Flaaen and Nitya Pandalai-Nayar for their joint paper on the role that global supply chains play in the cross-country transmission of shocks. The winners shared the prize of CHF 5,000. The prize winners were announced on 10 September 2015 at the annual meeting of the European Trade Study Group in Paris.

In their paper entitled “Input Linkages and the Transmission of Shocks: Firm-Level Evidence from the 2011 Tohoku Earthquake”, Christoph Boehm, Aaron Flaaen and Nitya Pandalai-Nayar look at the consequences of the Japanese earthquake on US imports. The paper finds that US firms most reliant on inputs from Japan (Japanese affiliates) suffered large drops in their US output in the months following the shock, roughly one-for-one with the drop in imports.

The effects are large because these firms largely engaged in intra-firm input trade. The inputs involved firm-specific knowledge and capabilities that could not easily be substituted by other inputs or suppliers.

In the judgment of the selection panel, the paper “contributes importantly to our understanding of the way shocks are propagated through the modern global economy. Its findings are striking, but convincing, and have important implications not only for trade and foreign direct investment, but also for international macro (economics)”. Understanding cross-country propagation mechanisms is key to assessing the impact of trade policy changes and the context in which WTO rules and disciplines apply, they added.

Christoph Boehm ([www.christopheboehm.com](http://www.christopheboehm.com)) is from Germany. He studied Business Management and Engineering at Dresden University of Technology and holds an MA in Economics from the University of Michigan and from Tufts University. He is a PhD candidate in economics at the University of Michigan (expected 2016).

## 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.

Aaron Flaaen ([www.aaronflaaen.com](http://www.aaronflaaen.com)) is from the United States. He studied Economics and International Business at the University of South Carolina and holds an MA and PhD in Economics from the University of Michigan. He is currently an economist at the Federal Reserve Board of Governors in Washington D.C.

Nitya Pandalai-Nayar ([www.nityapandalainayar.com](http://www.nityapandalainayar.com)) is from India. She studied Mathematics and Economics at Wellesley College and holds a M.Sc. in Economics from the London School of Economics. She is a PhD candidate in economics at the University of Michigan (expected 2016).

## 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.



Roberta Piermartini (WTO Counsellor) presents the 2015 WTO Essay Award to co-winner Aaron Flaaen.



# Cooperation with academic institutions

Members of the WTO's Chairs Programme presented case studies on how reducing trade costs can boost growth at the Fifth Global Review of Aid for Trade in July and at the Public Forum in October. Chairs arranged a number of workshops and were active in several conferences during 2015. Their annual reports showed that the programme's objectives are being met. The WTO implemented 12 activities under the Academic Support Programme, which aims to support academic institutions from developing countries that are not part of the Chairs Programme.

## WTO Chairs Programme

The Annual Conference of the WTO Chairs Programme (WCP), held on 2-3 November 2015, took stock of its achievements and heard a call by WTO Deputy Director-General Xiaozhun Yi for a firmer connection between the research priorities of the WTO and those of the chairs. He noted some immediate short-term research priorities, including work on small and medium-sized enterprises (SMEs), which will be the subject of the 2016 World Trade Report (see page 153).

Following a call from the WTO Secretariat for papers on "Reducing Trade Costs for Inclusive, Sustainable Growth", the theme of the Fifth Global Review of Aid for Trade (see page 126), a number of chairs presented case studies at the event in July and at the WTO Public Forum in October. A book on "Trade costs and inclusive growth", drawing on the presentations, is due to be published by the WTO in 2016.

The Chairs Programme, initiated in 2010 and now with 21 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 is implemented through partnership agreements between the WTO and selected institutions. It is jointly managed by the Economic Research and Statistics Division (ERSD) and the Institute for Training and Technical Cooperation (ITTC).



# 21

The Chairs Programme, initiated in 2010, has 21 participating academic institutions.

At the Public Forum (see page 140), a workshop was held on the experiences of academic institutions in the Chairs Programme. It discussed lessons learned from their participation in the programme, the main challenges, how the chairs make policy recommendations, and what further support could be provided to the chairs. Chairs from the Getulio Vargas Foundation in Sao Paulo, Istanbul Bilgi University and the University of West Indies in Barbados made presentations on how academics can work with policy makers to develop better trade policies.

The WTO managers of the programme made two presentations on activities undertaken in the areas of research, curricula development and outreach, and on research projects

## Background on the WTO Chairs Programme

The WTO Chairs Programme aims to support and promote trade-related academic activities by universities and research institutions in developing and least-developed countries. Fourteen institutions were selected as WTO Chairs for a four-year term in 2009. An additional seven institutions were selected for phase II of the programme in 2014.

## ■ Outreach

that the WTO will be undertaking in 2016. The managers encouraged the chairs to send in case studies for the 2016 WTO World Trade Report on small business. The chairs were also invited to develop a collection of case studies on trade costs and poverty on topics such as the rural poor, workers in the informal economy, women and people living in fragile states.

## Workshops and conferences

Chairs arranged a number of workshops and were active in several conferences during 2015. In July, the Getulio Vargas Foundation held a workshop on “WTO Dispute Settlement after 20 Years”, bringing together almost 50 participants, including government representatives. Another workshop was conducted in Santiago by the University of Chile (a member of the programme) and REDLAS (the Latin American Network for Research on Services) to address the role of services in economic development, international trade and global value chains.

A conference on “WTO and Health: The Law and Policy of Traditional Chinese Medicine” was held in Shanghai, China, co-sponsored by the Shanghai University of International Business and Economics, a programme member. The WCP's fifth conference on “Trade Facilitation in the Arab Region” was organized by another chair, the University of Jordan, and its School of Business in Amman in October. It focused on the importance of reducing trade costs to increase productivity and the role of trade facilitation in reducing these costs.

## Second phase

All the chairs provide annual reports on activities undertaken and progress achieved during the year. In 2014, seven new chairs were added to the 14 already existing. The new chairs in phase II of the programme receive up to CHF 50,000 to support their activities in the programme. In addition, seven chairs from phase I received a fresh grant of up to CHF 10,000 after successfully submitting proposals on capacity-building projects on trade policy and WTO matters. The programme is funded by the Netherlands.

All chairs in phase I continue to benefit from scientific and trade-related technical assistance support. They were requested to complete an online report of their activities and outputs related to the programme. The reports highlighted the value of the programme in contributing to their activities.

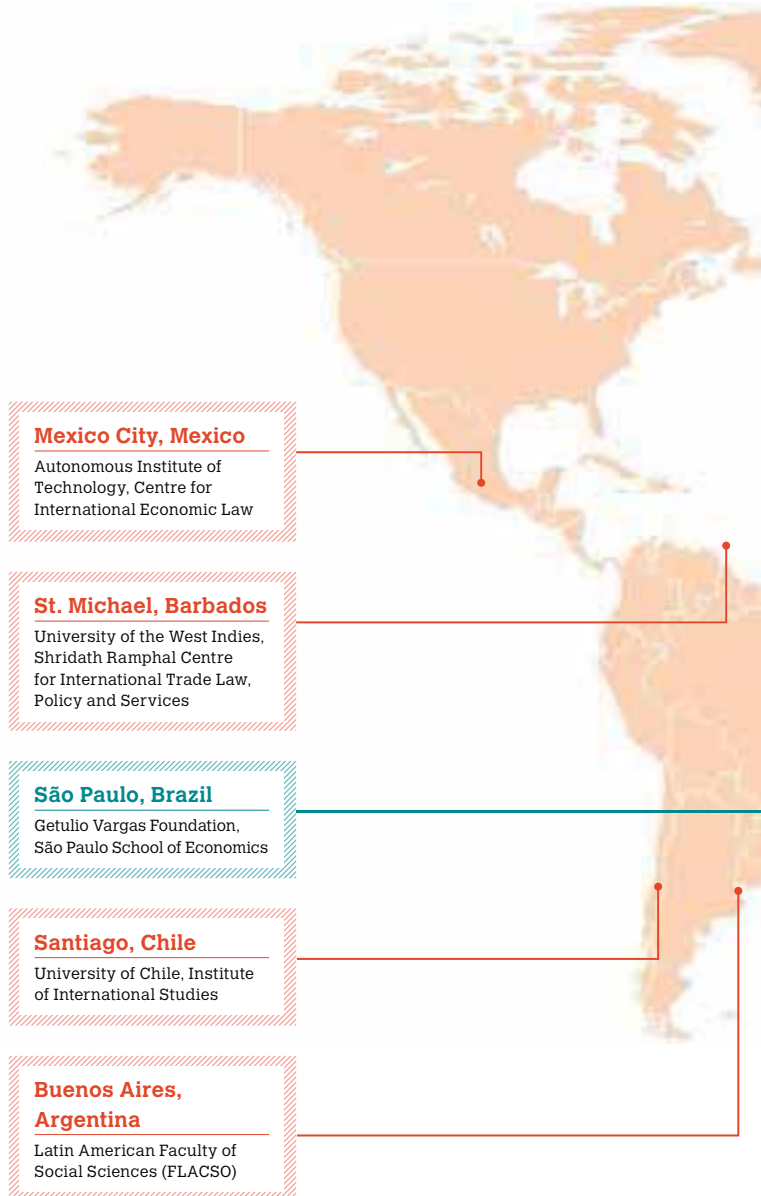
In terms of phase II chairs, the reports confirm that most chairs are meeting the objectives of the activity and budget plans they submitted and have strengthened their activities on trade and WTO issues at both the national and international level.

## Academic Support Programme

In 2015, the WTO implemented 12 activities under the Academic Support Programme in WTO member countries and in countries seeking to join the WTO. The aim of the

## Universities participating in the WTO Chairs Programme

- Phase I Chairs
- Phase II Chairs

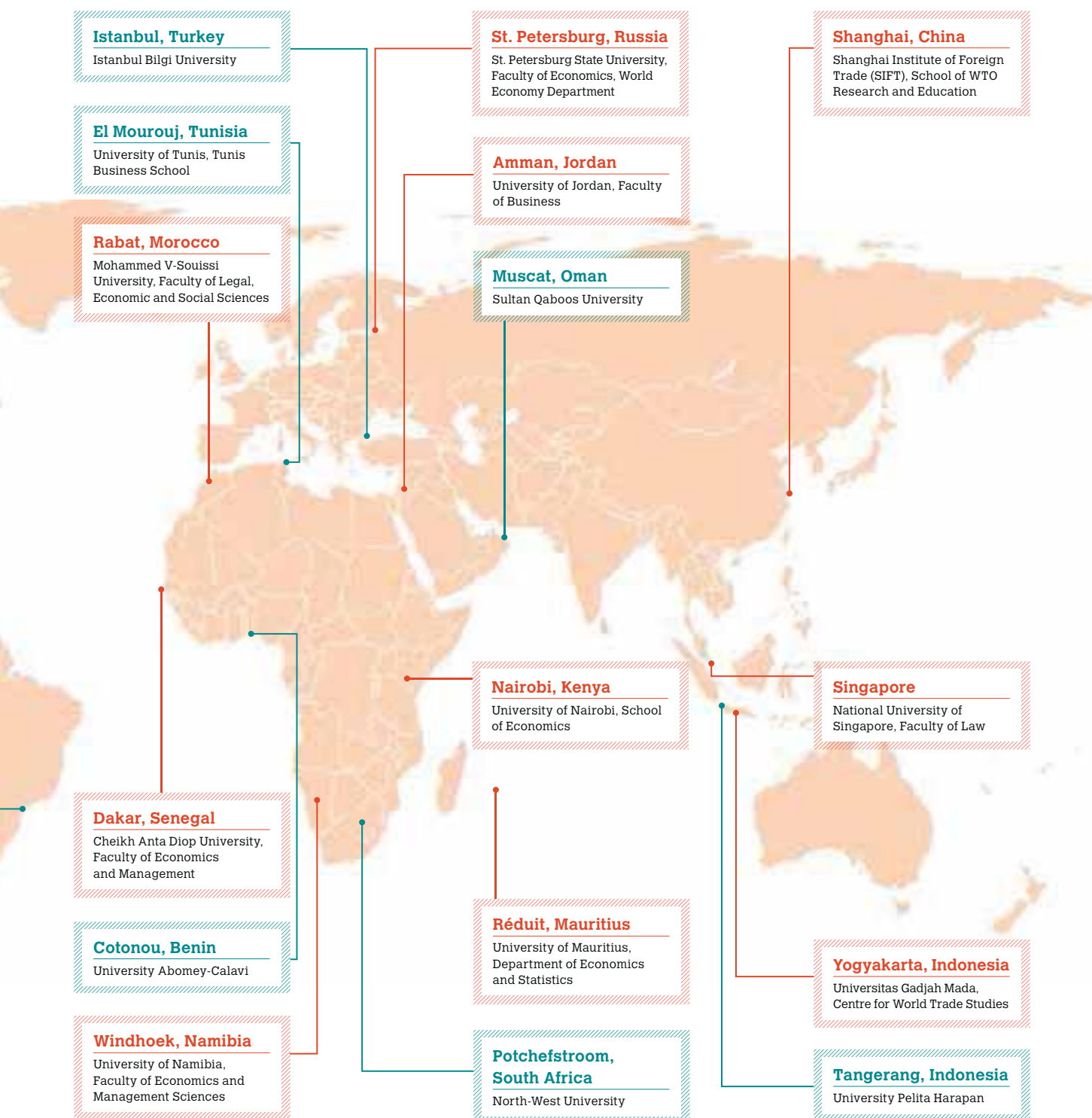


programme is to support academic institutions from developing and least-developed countries that are not part of the WTO Chairs Programme.

Activities included WTO staff lecturing on WTO issues in a number of universities. The WTO also supported university competitions on WTO law by providing staff to act as panellists in regional inter-university competitions.







The WTO funded the participation of two African teams to the final round on 2-7 June of a competition involving simulated WTO panel proceedings. The event was organized by the European Law Students' Association (ELSA), with the support of the WTO and its legal divisions, and was held at WTO headquarters. The winner of the competition was the West Bengal National University of Juridical Sciences, India, with the National Law University, Jodhpur, India, the runner-up.

The programme also provided WTO publications to universities and organized presentations to academic audiences together with the WTO Reference Centres Programme (see page 134). The WTO continued to encourage universities to register lecturers as participants in online courses offered by the WTO's e-learning tool, E-campus (see page 134).



## Secretariat and budget

- > The WTO has 647 staff on its regular budget.
- > The number of nationalities represented in the WTO Secretariat rose to 80 in 2015, up from 78.
- > The WTO's total budget for 2016 is CHF 197,203,900.
- > An Office of Internal Oversight was established in November to provide for an independent and objective assessment of management practices, expenses, budgetary control and any allegations of misconduct.

<b>WTO Secretariat</b>	<b>168</b>
New recruits	168
WTO Secretariat organizational chart	169
Allocation of staff by division	170
WTO staff on regular budget by grade and gender	171
WTO staff on regular budget by gender	171
WTO staff on regular budget by gender and nationality	172
<b>Budget, finance and administration</b>	<b>174</b>
Consolidated expenditure 2015	175
Consolidated budget 2016	175
Members' contributions to the consolidated budget of the WTO Secretariat and the Appellate Body Secretariat 2016	176

#### **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 number of nationalities represented in the WTO Secretariat rose to 80 in 2015, up from 78 the year before. The number of staff on the regular budget rose to 647, from 634 in 2014, with women continuing to outnumber men. The Secretariat is headed by Director-General Roberto Azevêdo, who took office for a four-year term on 1 September 2013. The four Deputy Directors-General began their terms of office 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).

WTO Secretariat staff members come from 80 WTO member countries (see Figure 5). The staff is 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.

Secretariat staff on the regular budget comprise professional and support service categories. The professional staff accounts for 60 per cent of the total and support service staff 40 per cent. Women outnumber men at the WTO by 347 to 300. Of the professional staff, 44 per cent are female and 56 per cent male (see Figures 2, 3 and 4). The working languages of the WTO are English, French and Spanish.

The Human Resources Division continues to respond to the evolving needs of the Secretariat, assisting in the reallocation of resources to new or high priority areas of work. In 2015, the workload of the legal divisions continued to rise due to the high number of disputes being filed by WTO members.

## Background on the WTO Secretariat

The WTO Secretariat has no decision-making powers; all decisions are taken by WTO members. The Secretariat supplies technical and professional support for WTO councils and committees and technical assistance for developing countries. It monitors and analyses developments in world trade, provides information to the public and the media, and organizes the ministerial conferences. The Secretariat also provides legal assistance in the dispute settlement process and advises governments seeking to become members of the WTO. The WTO's recruitment policy is based on the principle of equal opportunity for all, with the objective of ensuring the broadest possible diversification of the WTO Secretariat.

## New recruits

### Sroda Bédarida

**Interpreter | Languages, Documentation and Information Management Division**

Nationality: French/Ghanaian  
Joining date: 14 September 2015

After working for more than 20 years as a freelance interpreter in Europe and Africa, I saw the vacancy notice for a staff interpreter at the WTO and thought "Why not give it a try?" I had never worked for the WTO so I was interested in getting to know the organization. I was thrilled when I received an email offering me the position last summer and could hardly wait to start work in September.

As a freelance interpreter, what I enjoyed most about the work was the variety of topics. One day I would be talking about

education and health, and the next I would be dealing with macroeconomic frameworks or electricity production and distribution. In my new role at the WTO, as a staff interpreter, I enjoy being part of the highly skilled in-house team as well as working with very professional freelance colleagues on a wide range of topics.

We contribute to ensuring smooth communication and, hopefully, better understanding among WTO members in meetings. I started working at a time when intense negotiations were already under way in preparation for the Ministerial Conference. It was stimulating to be involved at such an important time, and I was thrilled we were able to obtain a positive outcome in Nairobi.

“ We contribute to ensuring smooth communication and, hopefully, better understanding among WTO members in meetings ,,”



In addition to the 15 posts added to the legal divisions in 2014, the Director-General has agreed to a further increase of 14 new posts (see page 111) for these divisions.

The recruitment process is currently under way to fill the new positions, which have been allocated at various grades. Currently, the number of staff working in the legal divisions stands at 20 in the Appellate Body, 27 in the Legal Affairs Division and 26 in the Rules Division, up from 17, 23 and 20 respectively in 2014. The measures take into account the limitations imposed by WTO members, including the overall cap on the budget, and are being met by reallocating vacated posts from elsewhere in the WTO Secretariat.

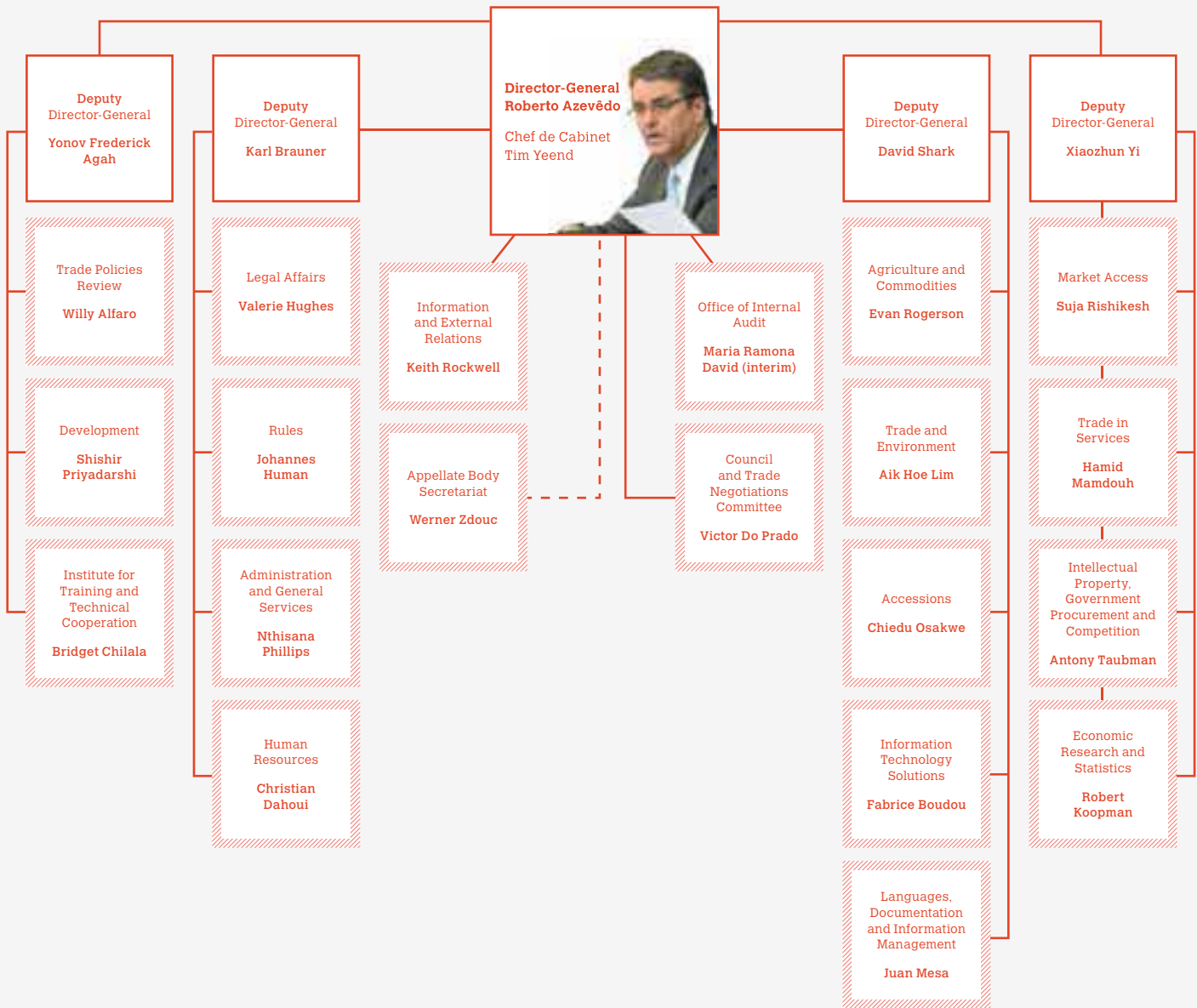
Another role of the Human Resources Division is to enhance the performance and effectiveness of WTO staff and to support a work environment that is both engaging and conducive to developing the professional skills of staff.

In 2015, it introduced an upward feedback exercise to allow WTO staff to provide feedback to their managers. The aim of the exercise was to help managers and management teams reflect on their management performance and develop their skills, with the appropriate guidance and training.

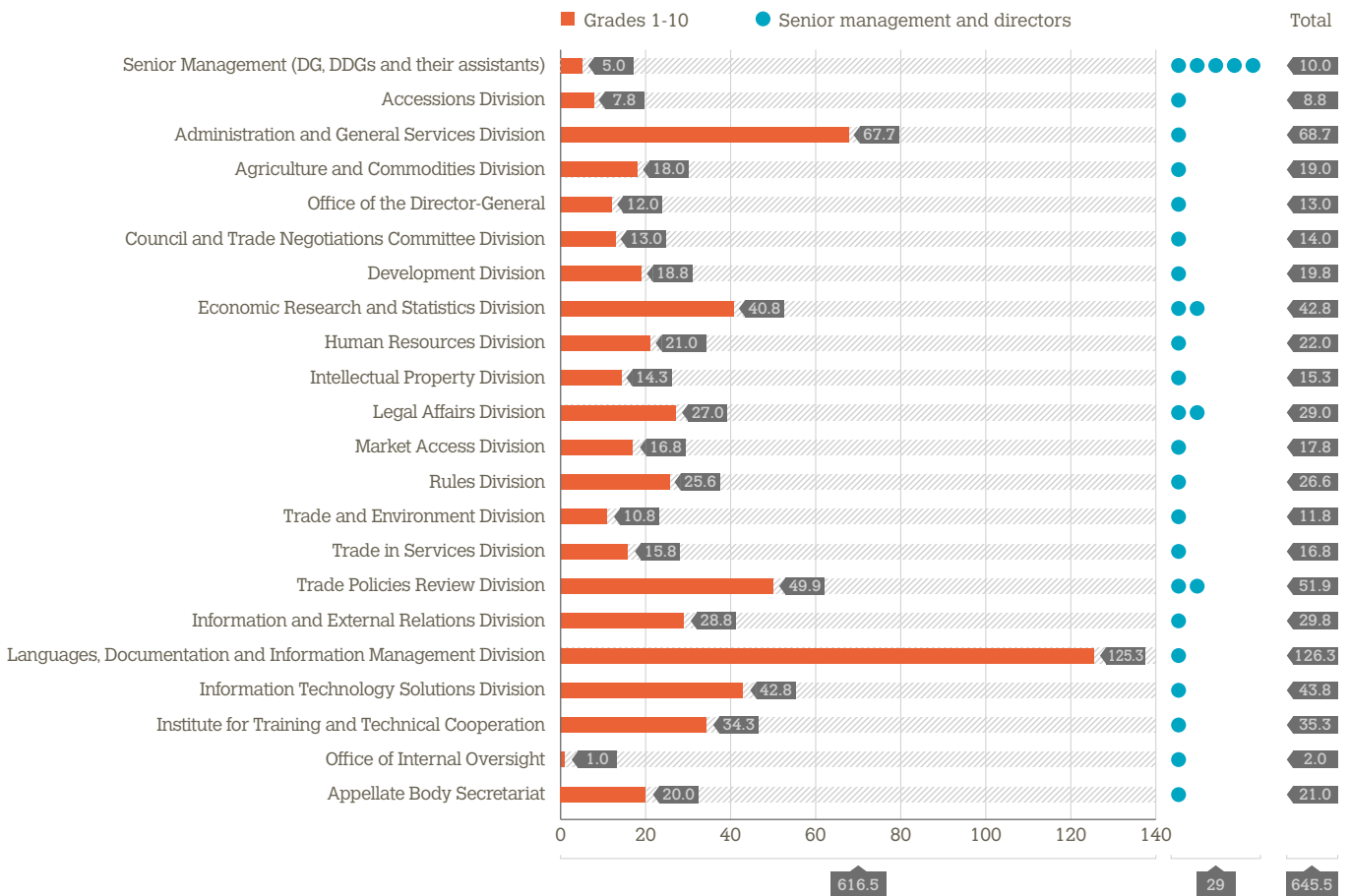
The WTO Staff Council, elected by staff members, promotes the interests of all staff within the Secretariat, provides staff with a forum for issues of concern, increases staff understanding of their rights and duties, represents the interests of staff and presents staff views to senior management.

In November an Office of Internal Oversight was established to provide for an independent and objective assessment of management practices, expenses, budgetary control and any allegations of misconduct. It takes over the functions formerly exercised by the Office of Internal Audit.

**Figure 1: WTO Secretariat organizational chart, as of 31 December 2015**



**Figure 2: Allocation of staff by division, as of 31 December 2015 (number of posts)\***



\*Includes posts not yet filled. Figures in decimals indicate staff members who work a percentage of the working week (e.g. 80 per cent).

## New recruits

### Seref Gokay Coskun

**Technical Trade Specialist | Rules Division**

Nationality: Turkish  
Joining date: 6 October 2015

Before joining the WTO, my interest in it was not only professional; as an academic in international relations, I had always admired it because of its exceptional structure and unique success in global economic relations. With this in mind, I left my ten-year career as a practitioner without hesitation to join the WTO and serve the international community.

Previously, I was Head of Section at the Dumping and Countervailing Duties Investigations Department of Turkey's Ministry of the Economy. As a practitioner,

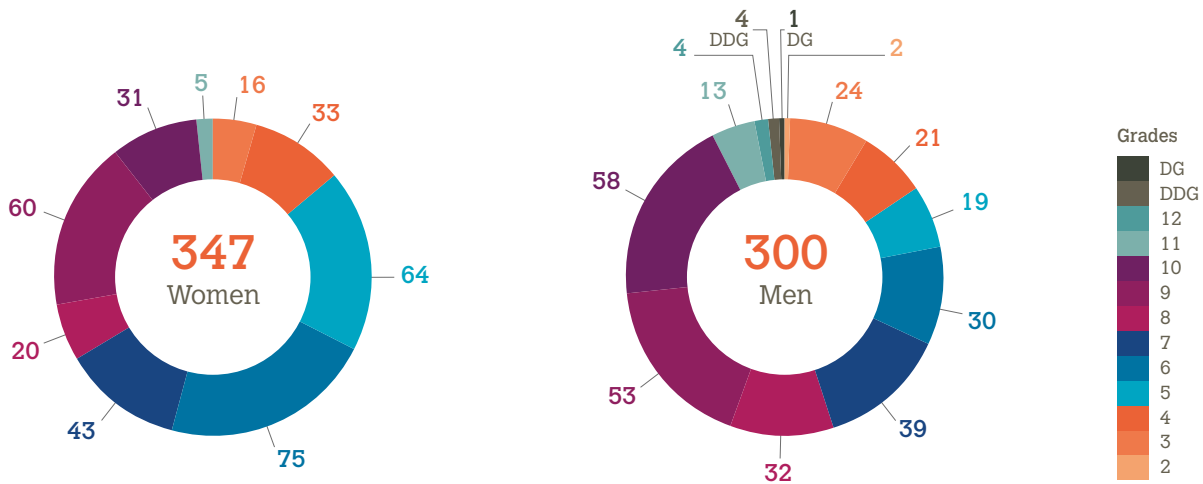
“ Before joining the WTO ... I had always admired it because of its exceptional structure and unique success in global economic relations ,,

I was actively involved in Turkey's trade policy implementation, and conducted several trade remedy investigations. I also contributed to Turkey's efforts to comply with WTO rules as I was responsible for monitoring Turkey's notification obligations under WTO agreements.

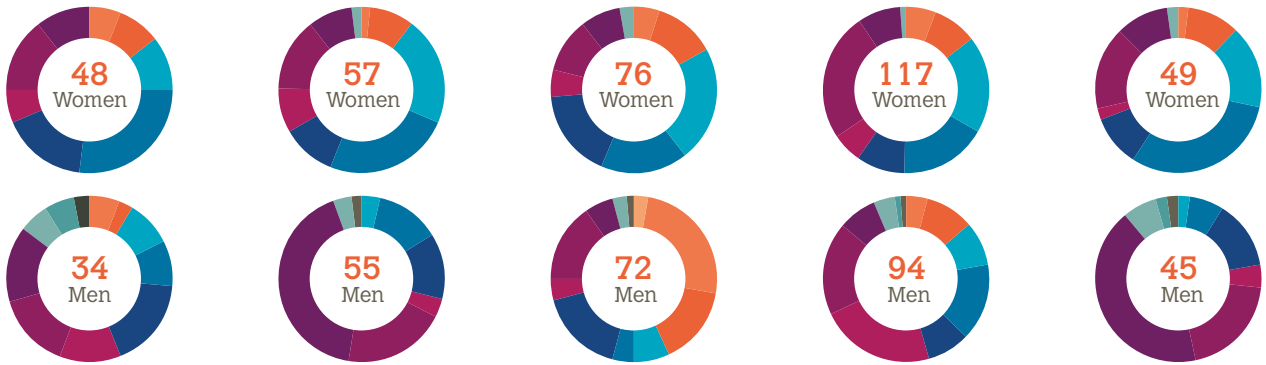
At the WTO, I mainly deal with technical or policy issues arising in the work of WTO bodies in the areas under the responsibility of the Rules Division. My particular responsibilities range from conducting research and supporting committee chairs to providing assistance for dispute settlement panels. I also provide training on issues within the Rules Division's responsibility.



**Figure 3: WTO staff on regular budget by grade and gender, as of 31 December 2015**



**Figure 4: WTO staff on regular budget by gender, as of 31 December 2015**



**Director-General**

- Director-General
- Office of the Director-General
- Appellate Body Secretariat
- Council and Trade Negotiations Committee Division
- Information and External Relations Division
- Office of Internal Audit

**Deputy Director-General 1**

- Office of Deputy Director-General 1
- Development Division
- Institute for Training and Technical Cooperation
- Trade Policies Review Division

**Deputy Director-General 2**

- Office of Deputy Director-General 2
- Administration and General Services Division
- Human Resources Division
- Legal Affairs Division
- Rules Division

**Deputy Director-General 3**

- Office of Deputy Director-General 3
- Accessions Division
- Agriculture and Commodities Division
- Information Technology Solutions Division
- Languages, Documentation and Information Management Division
- Trade and Environment Division

**Deputy Director-General 4**

- Office of Deputy Director-General 4
- Economic Research and Statistics Division
- Intellectual Property Division
- Market Access Division
- Trade in Services Division

**Figure 5: WTO staff on regular budget by gender and nationality, as of 31 December 2015**



## New recruits

### Jessica Hermosa

**Information Officer | Information and External Relations Division**

Nationality: Filipino

Joining date: 24 August 2015

I got to learn about the intricacies of the WTO through my first job as a reporter in the Philippines, covering trade issues. It was in this role that I grew to appreciate the WTO's work. In 2010, I attended one of the WTO's information seminars in Geneva for journalists and that was it – I knew trade and the WTO were for me.

After covering trade news for four years as a journalist at the Philippine newspaper "BusinessWorld", I completed a Master's degree in International Political Economy at the University of Birmingham in the United Kingdom. The subject of my dissertation was the WTO dispute settlement system. I then went back to the Philippines and worked

in economic policy research and outreach for the Department of Trade and Industry, and also for Ernst & Young.

The values and integrity of the WTO, as well as the renowned excellence of the Secretariat, were my chief motivations for joining the organization. Within the Information and External Relations Division, I liaise with the press and the general public and monitor developments in various trade issues. I also contribute to the WTO's social media output.

Shortly after joining, I became part of the team that reported on trade negotiations in the run-up to and during the Ministerial Conference in Nairobi. It was an amazing experience to witness at first hand such an important outcome as the Nairobi Package.

“ It was an amazing experience to witness at first hand such an important outcome as the Nairobi Package ”





## Europe

Member	Women	Men	Total	Member	Women	Men	Total
Albania	1	0	1	Netherlands	1	4	5
Austria	2	3	5	Norway	0	2	2
Belgium	3	2	5	Poland	2	1	3
Bulgaria	1	4	5	Portugal	1	3	4
Croatia	2	0	2	Romania	2	0	2
Denmark	1	1	2	Russian Federation	2	0	2
Estonia	1	0	1	Spain	30	11	41
Finland	3	3	6	Sweden	1	2	3
France	99	72	171	Switzerland	19	12	31
Germany	7	12	19	Turkey	2	2	4
Greece	3	2	5	Ukraine	1	0	1
Hungary	0	2	2	United Kingdom	41	13	54
Ireland	11	1	12	<b>Grand total</b>	<b>246</b>	<b>162</b>	<b>408</b>
Italy	10	10	20				

## Asia

Member	Women	Men	Total
Bangladesh	0	1	1
China	7	7	14
India	2	10	12
Japan	2	2	4
Jordan	1	0	1
Korea, Republic of	4	0	4
Malaysia	0	2	2
Nepal	0	1	1
Pakistan	0	3	3
Philippines	6	8	14
Sri Lanka	0	1	1
<b>Grand total</b>	<b>22</b>	<b>35</b>	<b>57</b>

## Africa

Member	Women	Men	Total	Member	Women	Men	Total
Benin	0	2	2	Nigeria	0	2	2
Botswana	1	0	1	Rwanda	0	1	1
Chad	0	1	1	Senegal	0	1	1
Democratic Republic of the Congo	1	1	2	South Africa	0	1	1
Egypt	3	2	5	Tanzania	1	0	1
Ghana	0	1	1	The Gambia	1	0	1
Guinea	0	1	1	Tunisia	2	3	5
Kenya	1	0	1	Uganda	2	0	2
Malawi	0	1	1	Zambia	1	0	1
Mauritius	0	2	2	Zimbabwe	2	0	2
Morocco	1	3	4	<b>Grand total</b>	<b>16</b>	<b>22</b>	<b>38</b>

## Oceania

Member	Women	Men	Total
Australia	3	9	12
New Zealand	0	1	1
<b>Grand total</b>	<b>3</b>	<b>10</b>	<b>13</b>

# Budget, finance and administration

The Committee on Budget, Finance and Administration reviewed reports on the financial and budgetary situation of the WTO and continued its discussion of the Strategic Review of the organization, which was launched in 2013. An Office of Internal Insight (OIO) was established in November.

Director-General Roberto Azevêdo presented the WTO Financial Performance Report to the Committee on Budget, Finance and Administration, which also received a report from the External Auditor. The Committee examined these reports and proposed to the General Council the approval of the 2014 audited accounts.

As part of the Strategic Review process, which was launched by DG Azevêdo in 2013, the DG implemented three amendments to WTO staff rules, which were presented to the Committee. These cover the legal protection of Staff Council members, staff assistance and representation, and statements of reason for an administrative decision. The Committee will continue its discussion on the Strategic Review in 2016.

The Working Group on After Service Health Insurance (ASHI), established by the Committee in 2014, completed its work on future liabilities resulting from providing subsidized health insurance to WTO retirees. It delivered a report with recommendations in the second half of the year. The recommendations included asking the Director-General to develop a strategy proposal, within 12 months, to ensure the long-term sustainability of the WTO medical insurance plan and related ASHI benefits. The recommendations were endorsed by the Committee, which set up a new working group to monitor the development of a strategy on this issue.

## Background on budget, finance and administration

The Committee on Budget, Finance and Administration monitors the WTO's budgetary and financial situation, including matters relating to the receipt of contributions, and undertakes any function assigned to it by WTO members. 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.

The Committee examined the WTO Secretariat's proposal to establish a building renovation fund. The purpose of the fund would be to finance the costs of necessary building and infrastructure maintenance, including the costs of future projects undertaken to improve the WTO site.

The Committee reviewed, on a quarterly basis, reports on the financial and budgetary situation of the WTO, including the arrears of contributions from WTO members and the WTO pension plan. It took note of the annual report on diversity in the WTO Secretariat, the staff learning programme and the human resources annual report on grading structure and promotions.

To align with the new requirements imposed by the implementation of the International Public Sector Accounting Standards (IPSAS) in 2012, the Committee approved the revision of the WTO Financial Regulations proposed by the Working Group on WTO Financial Regulations. The Management Board of the WTO Pension Plan submitted recommendations to address an actuarial imbalance resulting from the introduction of IPSAS and to provide some technical clarifications in the plan's regulations. This proposal was endorsed and forwarded to the General Council, with the recommendation that the changes take effect as of 1 January 2016.

An Office of Internal Oversight (OIO) was established in November to provide for an independent and objective assessment of management practices, expenses, budgetary control and allegations of misconduct in all its forms. The functions formerly exercised by the Office of Internal Audit are being assumed by the OIO.

The establishment of the OIO followed a recommendation of the External Auditor and the Strategic Review, which saw a need to reinforce the independent status of the existing Office of Internal Audit and to expand its responsibilities to include investigations within the WTO. It is expected that the establishment of the OIO will contribute to strengthening accountability, internal controls, compliance, value for money and governance in the WTO Secretariat. In addition, the Committee set up a working group to investigate whether the Organization should have an Audit Committee.

The Committee recommended the General Council approve pro-rata contributions for Seychelles, which became the WTO's 161<sup>st</sup> member in April 2015. Also, the Committee proposed the General Council approve the 2016-17 budget proposals for the WTO and the International Trade Centre (ITC) as well as the 2016-17 Technical Assistance and Training Plan. The ITC received a 1.65 per cent increase in its budget, which has been absorbed by the WTO budget. The WTO budget remained at zero nominal growth.

## WTO budget 2016

The WTO derives its income from annual contributions from its 162 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 2016 is:



WTO Secretariat:

**CHF 189,713,000**



Appellate Body and its secretariat:

**CHF 7,490,900**



The total WTO budget is

**CHF 197,203,900**

**Table 1: Consolidated expenditure, as at 31 December 2015**

Section	Budget (in thousand CHF)	Expenditure (in thousand CHF)	Balance (in thousand CHF)
Staff expenditure (including staff remuneration, pension and post-employment benefits, health and invalidity insurance, family and international benefits)	131,415,300	127,431,563	3,983,737
Temporary assistance (including short-term staff, consultants, panellists and Appellate Body member fees)	17,167,050	18,700,855	-1,533,805
General services (including telecommunications and post, contractual services and maintenance, energy and supplies, documentation and publication)	15,600,700	14,771,105	829,595
Travel and hospitality	7,480,800	6,803,042	677,758
Implementing partners (includes any activity or event partly/jointly/fully funded by the WTO but executed by a third-party organization)	273,000	231,309	41,691
Capital expenditure (including procurement of fixed assets and rental and leasing of equipment)	2,966,650	2,369,564	597,086
Financial expenditure (including bank and interest charges and building loan reimbursement)	1,230,000	1,268,557	-38,557
Contributions to International Trade Centre and special reserves (including Appellate Body operating fund and Ministerial Conference operating fund)	21,070,400	21,070,400	0
<b>Grand total</b>	<b>197,203,900</b>	<b>192,646,394</b>	<b>4,557,506</b>

\* These figures have not yet been audited.

**Table 2: Consolidated budget for 2016**

Section	Budget 2016 (in thousand CHF)
Staff expenditure	131,415
Temporary assistance	17,289
General services	15,331
Travel and hospitality	7,351
Implementing partners	213
Capital expenditure	2,350
Financial expenditure	1,280
Contributions to International Trade Centre and special reserves	21,975
<b>Grand total</b>	<b>197,204</b>

**Table 3: Members' contributions to the consolidated budget of the WTO Secretariat and the Appellate Body Secretariat 2016**

(in Swiss Francs and with a minimum contribution of 0.015%)

Member	2016 Contribution CHF	2016 Contribution %	Member	2016 Contribution CHF	2016 Contribution %
Albania	48,875	0.025%	Ecuador	234,600	0.120%
Angola	504,390	0.258%	Egypt	541,535	0.277%
Antigua and Barbuda	29,325	0.015%	El Salvador	76,245	0.039%
Argentina	805,460	0.412%	Estonia	175,950	0.090%
Armenia	33,235	0.017%	European Union <sup>1</sup>	0	0.000%
Australia	2,772,190	1.418%	Fiji	29,325	0.015%
Austria	2,046,885	1.047%	Finland	983,365	0.503%
Bahrain, Kingdom of	170,085	0.087%	France	7,606,905	3.891%
Bangladesh	287,385	0.147%	Gabon	64,515	0.033%
Barbados	29,325	0.015%	The Gambia	29,325	0.015%
Belgium	3,884,585	1.987%	Georgia	62,560	0.032%
Belize	29,325	0.015%	Germany	14,805,215	7.573%
Benin	29,325	0.015%	Ghana	148,580	0.076%
Bolivia, Plurinational State of	86,020	0.044%	Greece	692,070	0.354%
Botswana	64,515	0.033%	Grenada	29,325	0.015%
Brazil	2,568,870	1.314%	Guatemala	138,805	0.071%
Brunei Darussalam	72,335	0.037%	Guinea	29,325	0.015%
Bulgaria	318,665	0.163%	Guinea-Bissau	29,325	0.015%
Burkina Faso	29,325	0.015%	Guyana	29,325	0.015%
Burundi	29,325	0.015%	Haiti	29,325	0.015%
Cabo Verde	29,325	0.015%	Honduras	78,200	0.040%
Cambodia	82,110	0.042%	Hong Kong, China	5,126,010	2.622%
Cameroon	70,380	0.036%	Hungary	1,067,430	0.546%
Canada	5,069,315	2.593%	Iceland	60,605	0.031%
Central African Republic	29,325	0.015%	India	4,371,380	2.236%
Chad	48,875	0.025%	Indonesia	1,788,825	0.915%
Chile	791,775	0.405%	Ireland	1,955,000	1.000%
China	17,927,350	9.170%	Israel	832,830	0.426%
Colombia	561,085	0.287%	Italy	5,677,320	2.904%
Congo	89,930	0.046%	Jamaica	56,695	0.029%
Costa Rica	132,940	0.068%	Japan	8,476,880	4.336%
Côte d'Ivoire	101,660	0.052%	Jordan	164,220	0.084%
Croatia	240,465	0.123%	Kazakhstan	631,465	0.323%
Cuba	148,580	0.076%	Kenya	111,435	0.057%
Cyprus	107,525	0.055%	Korea, Republic of	5,890,415	3.013%
Czech Republic	1,407,600	0.720%	Kuwait, the State of	682,295	0.349%
Democratic Republic of the Congo	93,840	0.048%	Kyrgyz Republic	37,145	0.019%
Denmark	1,567,910	0.802%	Lao People's Democratic Republic	29,325	0.015%
Djibouti	29,325	0.015%	Latvia	152,490	0.078%
Dominica	29,325	0.015%	Lesotho	29,325	0.015%
Dominican Republic	156,400	0.080%	Liechtenstein	60,605	0.031%

<sup>1</sup> 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 34.756% of the total assessed contributions for 2016.

Member	2016 Contribution CHF	2016 Contribution %
Lithuania	301,070	0.154%
Luxembourg	789,820	0.404%
Macao, China	277,610	0.142%
Madagascar	31,280	0.016%
Malawi	29,325	0.015%
Malaysia	2,191,555	1.121%
Maldives	29,325	0.015%
Mali	31,280	0.016%
Malta	103,615	0.053%
Mauritania	29,325	0.015%
Mauritius	60,605	0.031%
Mexico	3,436,890	1.758%
Moldova, Republic of	37,145	0.019%
Mongolia	50,830	0.026%
Montenegro	29,325	0.015%
Morocco	355,810	0.182%
Mozambique	58,650	0.030%
Myanmar	82,110	0.042%
Namibia	56,695	0.029%
Nepal	39,100	0.020%
Netherlands	5,671,455	2.901%
New Zealand	443,785	0.227%
Nicaragua	48,875	0.025%
Niger	29,325	0.015%
Nigeria	752,675	0.385%
Norway	1,569,865	0.803%
Oman	377,315	0.193%
Pakistan	344,080	0.176%
Panama	236,555	0.121%
Papua New Guinea	54,740	0.028%
Paraguay	111,435	0.057%
Peru	412,505	0.211%
Philippines	652,970	0.334%
Poland	2,103,580	1.076%
Portugal	823,055	0.421%
Qatar	735,080	0.376%
Romania	660,790	0.338%
Russian Federation	4,379,200	2.240%
Rwanda	29,325	0.015%
Saint Kitts and Nevis	29,325	0.015%
Saint Lucia	29,325	0.015%
Saint Vincent and the Grenadines	29,325	0.015%

Member	2016 Contribution CHF	2016 Contribution %
Samoa	29,325	0.015%
Saudi Arabia, Kingdom of	2,449,615	1.253%
Senegal	44,965	0.023%
Seychelles	29,325	0.015%
Sierra Leone	29,325	0.015%
Singapore	4,703,730	2.406%
Slovak Republic	778,090	0.398%
Slovenia	318,665	0.163%
Solomon Islands	29,325	0.015%
South Africa	1,069,385	0.547%
Spain	4,078,130	2.086%
Sri Lanka	152,490	0.078%
Suriname	29,325	0.015%
Swaziland	29,325	0.015%
Sweden	2,183,735	1.117%
Switzerland	3,460,350	1.770%
Chinese Taipei	2,991,150	1.530%
Tajikistan	29,325	0.015%
Tanzania	89,930	0.046%
Thailand	2,359,685	1.207%
The Former Yugoslav Republic of Macedonia	52,785	0.027%
Togo	29,325	0.015%
Tonga	29,325	0.015%
Trinidad and Tobago	121,210	0.062%
Tunisia	226,780	0.116%
Turkey	1,968,685	1.007%
Uganda	54,740	0.028%
Ukraine	782,000	0.400%
United Arab Emirates	2,699,855	1.381%
United Kingdom	7,446,595	3.809%
United States	21,974,200	11.240%
Uruguay	117,300	0.060%
Vanuatu	29,325	0.015%
Venezuela, Bolivarian Republic of	711,620	0.364%
Viet Nam	1,024,420	0.524%
Yemen	101,660	0.052%
Zambia	78,200	0.040%
Zimbabwe	50,830	0.026%
<b>TOTAL</b>	<b>195,500,000</b>	<b>100.000%</b>

## How the WTO is structured

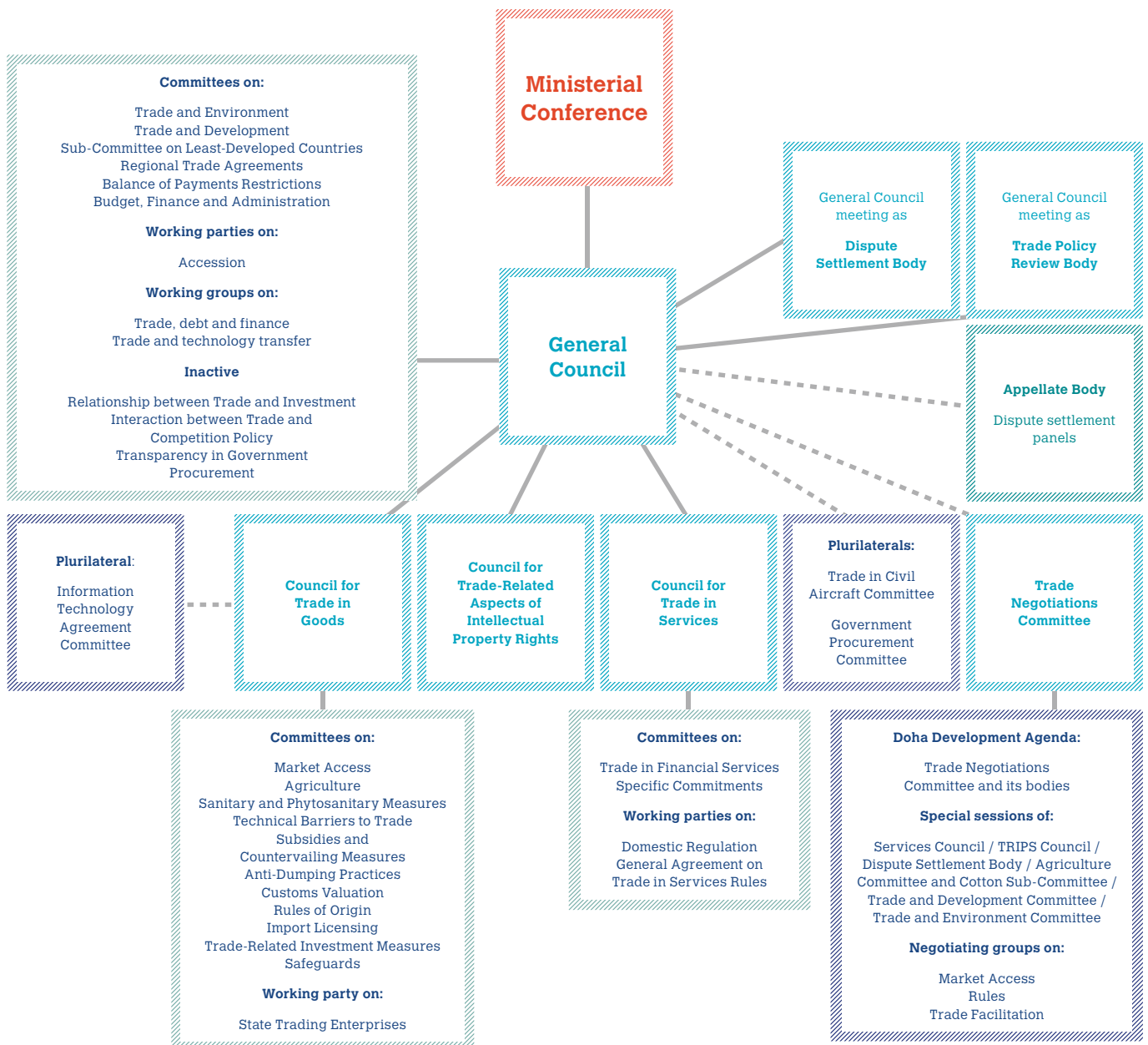
The WTO's top-level decision-making body is the Ministerial Conference, which usually meets every two years.

Below the Ministerial Conference 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 2015)

## Chairpersons of the General Council and bodies reporting to it

General Council	Ambassador Fernando de Mateo (Mexico)
Dispute Settlement Body	Ambassador Harald Neple (Norway)
Trade Policy Review Body	Ambassador Atanas Atanassov Paparizov (Bulgaria)
Council for Trade in Goods	Ambassador Héctor Casanueva (Chile)
Council for Trade in Services	Ambassador Martin Eyjólfsson (Iceland)
Council for TRIPS	Ambassador Abdolazeez Al-Otaibi (Kingdom of Saudi Arabia)
Committee on Trade and Environment	Ms. Irene B.K. Young (Hong Kong, China)
Committee on Trade and Development	Ambassador Juan Esteban Aguirre Martinez (Paraguay)
Committee on Balance-of-Payments Restrictions	Ambassador Bertrand de Crombrugge de Picquendaele (Belgium)
Committee on Regional Trade Agreements	Ambassador Amr Ramadan (Egypt)
Committee on Budget, Finance and Administration	Ambassador Daniel Blockert (Sweden)
Working Group on Trade and Transfer of Technology	Ambassador Luc-Joseph Okio (Congo)
Working Group on Trade, Debt and Finance	Ambassador Xavier Carim (South Africa)
Trade Negotiations Committee	Director-General Roberto Azevêdo (WTO)
Preparatory Committee on Trade Facilitation	Ambassador Esteban B. Conejos (Philippines)

## Chairpersons of bodies established under the Trade Negotiations Committee

Negotiating Group on Market Access	Ambassador Remigi Winzap (Switzerland)
Negotiating Group on Rules	Ambassador Wayne McCook (Jamaica)
Special Session of the Council for Trade in Services	Ambassador Gabriel Duque (Colombia)
Special Session of the Council for TRIPS	Ambassador Dacio Castillo (Honduras)
Special Session of the Dispute Settlement Body	Ambassador Ronald Saborio Soto (Costa Rica)
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 Tan Yee Woan (Singapore)

## Chairpersons of subsidiary bodies of the Council for Trade in Goods

Committee on Agriculture	Mr. Michael Wamai (Uganda)
Committee on Anti-Dumping Practices	Mr. Hamed Mahmoud El Etreby (Egypt)
Committee on Customs Valuation	Mr. Ping Liu (China)
Committee on Import Licensing	Ms. Carrie I-Jen Wu (Chinese Taipei)
Committee on Market Access	Ms. Krizia Denisse Matthews Barahona (Panama)
Committee on Rules of Origin	Mr. Christian Wegener (Denmark)
Committee on Safeguards	Mr. Victor Echevarria Ugarte (Spain)
Committee on Sanitary and Phytosanitary Measures	Mr. Felipe Hees (Brazil)
Committee on Subsidies and Countervailing Measures	Mr. Mitsuhiro Fukuyama (Japan)
Committee on Technical Barriers to Trade	Ms. Alana Maria Lanza Suazo (Honduras)
Committee on Trade-Related Investment Measures	Mr. Zaher Al-Qatarneh (Jordan)
Working Party on State Trading Enterprises	Mr. Andrew Jory (Australia)
Committee of Participants on the Expansion of Trade in Information Technology Products	Mr. Andrew Staines (United Kingdom)

## Chairpersons of subsidiary bodies of the Council for Trade in Services

Committee on Trade in Financial Services	Ms. Maha Gabbani (Kingdom of Saudi Arabia)
Working Party on Domestic Regulation	Mr. Eog-Weon Lee (Republic of Korea)
Committee on Specific Commitments	Ms. Brigitte Lüth (Austria)
Working Party on GATS Rules	Mr. Donald McDougall (Canada)

## 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: 162 members (as of 31 December 2015)<sup>1</sup>

Member <sup>2</sup>	Year of accession	Member <sup>2</sup>	Year of accession	Member <sup>2</sup>	Year of accession
Albania	2000	Hong Kong, China	1995	Samoa	2012
Angola	1996	Hungary	1995	Saudi Arabia, Kingdom of	2005
Antigua and Barbuda	1995	Iceland	1995	Senegal	1995
Argentina	1995	India	1995	Seychelles	2015
Armenia	2003	Indonesia	1995	Sierra Leone	1995
Australia	1995	Ireland	1995	Singapore	1995
Austria	1995	Israel	1995	Slovak Republic	1995
Bahrain, Kingdom of	1995	Italy	1995	Slovenia	1995
Bangladesh	1995	Jamaica	1995	Solomon Islands	1996
Barbados	1995	Japan	1995	South Africa	1995
Belgium	1995	Jordan	2000	Spain	1995
Belize	1995	Kazakhstan	2015	Sri Lanka	1995
Benin	1996	Kenya	1995	Suriname	1995
Bolivia, Plurinational State of	1995	Korea, Republic of	1995	Swaziland	1995
Botswana	1995	Kuwait, the State of	1995	Sweden	1995
Brazil	1995	Kyrgyz Republic	1998	Switzerland	1995
Brunei Darussalam	1995	Latvia	1999	Chinese Taipei	2002
Bulgaria	1996	Lao People's Democratic Republic	2013	Tajikistan	2013
Burkina Faso	1995	Lesotho	1995	Tanzania	1995
Burundi	1995	Liechtenstein	1995	Thailand	1995
Cambodia	2004	Lithuania	2001	Former Yugoslav Republic of Macedonia (FYROM)	2003
Cameroon	1995	Luxembourg	1995	Togo	1995
Canada	1995	Macao, China	1995	Tonga	2007
Cabo Verde	2008	Madagascar	1995	Trinidad and Tobago	1995
Central African Republic	1995	Malawi	1995	Tunisia	1995
Chad	1996	Malaysia	1995	Turkey	1995
Chile	1995	Maldives	1995	Uganda	1995
China	2001	Mali	1995	Ukraine	2008
Colombia	1995	Malta	1995	United Arab Emirates	1996
Congo	1997	Mauritania	1995	United Kingdom	1995
Costa Rica	1995	Mauritius	1995	United States of America	1995
Côte d'Ivoire	1995	Mexico	1995	Uruguay	1995
Croatia	2000	Moldova, Republic of	2001	Vanuatu	2012
Cuba	1995	Mongolia	1997	Venezuela, Bolivarian Republic of	1995
Cyprus	1995	Montenegro	2012	Viet Nam	2007
Czech Republic	1995	Morocco	1995	Yemen	2014
Democratic Republic of the Congo	1997	Mozambique	1995	Zambia	1995
Denmark	1995	Myanmar	1995	Zimbabwe	1995
Djibouti	1995	Namibia	1995		
Dominica	1995	Nepal	2004		
Dominican Republic	1995	Netherlands	1995		
Ecuador	1996	New Zealand	1995		
Egypt	1995	Nicaragua	1995		
El Salvador	1995	Niger	1996		
Estonia	1999	Nigeria	1995		
European Union	1995	Norway	1995		
Fiji	1996	Oman	2000		
Finland	1995	Pakistan	1995		
France	1995	Panama	1997		
Gabon	1995	Papua New Guinea	1996		
The Gambia	1996	Paraguay	1995		
Georgia	2000	Peru	1995		
Germany	1995	Philippines	1995		
Ghana	1995	Poland	1995		
Greece	1995	Portugal	1995		
Grenada	1996	Qatar	1996		
Guatemala	1995	Romania	1995		
Guinea	1995	Russian Federation	2012		
Guinea-Bissau	1995	Rwanda	1996		
Guyana	1995	Saint Kitts and Nevis	1996		
Haiti	1996	Saint Lucia	1995		
Honduras	1995	Saint Vincent and the Grenadines	1995		

States/separate customs territories seeking to join the WTO (as of 31 December 2015)	
Algeria	
Andorra	
Azerbaijan	
Bahamas	
Belarus	
Bhutan	
Bosnia and Herzegovina	
Comoros	
Equatorial Guinea	
Ethiopia	
Iran	
Iraq	
Lebanese Republic	
Libya	
São Tomé and Príncipe	
Serbia	
Sudan	
Syrian Arab Republic	
Uzbekistan	

## Countries that officially became WTO members in 2015

	Date of membership
Seychelles	26 April 2015
Kazakhstan	30 November 2015

## Countries that completed accession negotiations in 2015

	Date of approval of accession package <sup>1</sup>
Liberia, Republic of	16 December 2015
Afghanistan	17 December 2015

<sup>1</sup> Ministers formally approved Liberia's and Afghanistan's WTO membership terms at special ceremonies on 16 and 17 December 2015 at the WTO's Tenth Ministerial Conference in Nairobi, Kenya.

<sup>2</sup> Members are mostly states but can also be customs territories with full autonomy over their external commercial relations.



## Abbreviations

ADP	Anti-Dumping Practices	MIWI	“Made in the World”
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	PTAs	Preferential trade arrangements
FDI	Foreign direct investment	RTAs	Regional trade agreements
GATS	General Agreement on Trade in Services	SCM	Subsidies and Countervailing Measures
GATT	General Agreement on Tariffs and Trade	SG	Agreement on Safeguards
GDP	Gross domestic product	SMEs	Small and medium-sized enterprises
GIs	Geographical indications	SPS	Sanitary and phytosanitary measures
GPA	Government Procurement Agreement	STDF	Standards and Trade Development Facility
HS	Harmonized System	SVE	Small, vulnerable economy
ICC	International Chamber of Commerce	TBT	Technical barriers to trade
ILO	International Labour Organization	TNC	Trade Negotiations Committee
IPU	Inter-Parliamentary Union	TPR	Trade Policy Review
ISO	International Organization for Standardization	TPRM	Trade Policy Review Mechanism
ITA	Information Technology Agreement	TRIMs	Trade-related investment measures
ITC	International Trade Centre	TRIPS	Trade-related aspects of intellectual property rights
ITTC	Institute for Training and Technical Cooperation	UNCTAD	United Nations Conference on Trade and Development
ITU	International Telecommunication Union	WIPO	World Intellectual Property Organization
LDCs	Least-developed countries		
MEAs	Multilateral environmental agreements		
MFN	Most-favoured nation		

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 2015. 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](http://www.wto.org)**  
**General information about the WTO is available in the following publications, which may all be downloaded free of charge from the website:**

### WTO in Brief

*WTO in Brief* provides a starting point for essential information about the WTO. Concise and practical, this short brochure is an ideal introduction to the WTO.

### 10 things the WTO can do

This publication highlights some of the benefits of the trading system, but it does not claim that everything is perfect – otherwise there would be no need for further negotiations and for the system to evolve and reform continually. The publication replaces *10 Benefits of the WTO Trading System* and *10 Common Misunderstandings about the WTO*.

### Understanding the WTO

An introduction to the WTO, what it is, why it was created, how it works, and what it does, *Understanding the WTO* has been written specifically for non-specialists. More comprehensive than *WTO in Brief*, this publication details WTO agreements, the dispute settlement process, the Doha Round of negotiations and many other issues.

### Online bookshop

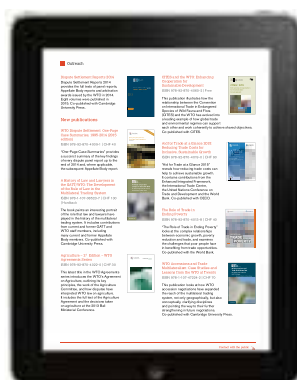
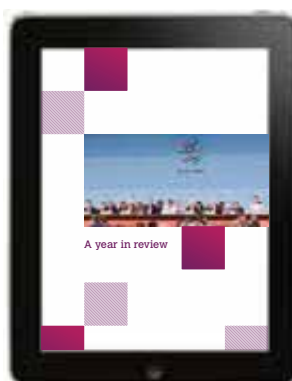
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ISBN 978-92-870-4073-2

Printed by the WTO Secretariat.

Report designed by Paprika.

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WORLD TRADE  
ORGANIZATION

World Trade Organization  
Centre William Rappard  
Rue de Lausanne 154  
CH-1211 Geneva 21  
Switzerland  
Tel. switchboard: +41 (0)22 739 51 11  
email: [enquiries@wto.org](mailto:enquiries@wto.org)  
Website: [www.wto.org](http://www.wto.org)

ISBN 978-92-870-4073-2



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