## Implementation and monitoring

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**Background on implementation and monitoring**

Various WTO councils and committees seek to ensure that WTO agreements are being properly implemented. All WTO members undergo periodic scrutiny of their trade policies and practices.
Message from Director-General Roberto Azevêdo
• The General Council reappointed Director-General Roberto Azevêdo to second four-year term.

• The General Council Chair conducted extensive consultations throughout the year in preparation for the 11th Ministerial Conference (MC11) in Buenos Aires.

• The Chair regularly reported to the Council on implementation of the Bali and Nairobi decisions, including on export competition.

• The General Council submitted its report and the reports of its subsidiary bodies to MC11; the Chair reported that a number of WTO members’ individual proposals would be put before ministers.

Appointment of the WTO Director-General

On 28 February 2017, WTO members agreed by consensus to appoint Roberto Azevêdo for a second four-year term as Director-General. The second term began on 1 September. He was the only candidate nominated for the post when the process closed on 31 December 2016.

Prior to the decision on his re-appointment, on 27 February, DG Azevêdo had made a presentation to the General Council outlining the achievements during his first term and challenges for the organization. He took questions on the management of the WTO and the challenges facing the multilateral trading system, among other issues.

In thanking members for his re-election and support, DG Azevêdo said he believed the WTO “is on the right path. We have achieved a great deal over the last few years. The WTO is stronger today than it was in 2013.” He went on to say: “But we can do much more – particularly for the smaller players and those who feel cut off from the economic benefits of trade. We must build a more inclusive trading system. I look forward to working with you all to that end.”

Ministerial Conference

General Council Chair Xavier Carim (South Africa) conducted a preparatory process on both the substantive and the organizational aspects of MC11. Delegations were consulted regularly on issues such as the appointment of officers for the conference, the participation of observers and of non-governmental organizations (NGOs).

On the substantive aspects, work took place in negotiating and regular bodies to finalize possible deliverables. The Chair undertook extensive consultations on a possible outcome document for MC11. In addition, a representative drafting group was established to begin work on a draft Ministerial Declaration, with regular reports by the GC Chair to the whole membership. While consensus could not be achieved on a text, this work constituted the basis for further discussions at MC11. But in the end, no final Ministerial Declaration could be agreed in Buenos Aires (see page 32).

Implementation of Bali and Nairobi outcomes

The General Council regularly reviewed progress in the implementation of decisions that ministers had taken in Bali, at MC9, and in Nairobi, at MC10. In particular, the Chair regularly reported on the implementation of the Nairobi Decision on Export Competition, including the steps taken by members with scheduled export subsidy reduction commitments to eliminate their entitlements (see page 72).
WTO members agreed by consensus to appoint Roberto Azevêdo for a second four-year term as Director-General.

The Prime Minister of Mali, Abdoulaye Idrissa Maiga, addressed the November General Council meeting on the importance of strengthening the multilateral trading system to ensure sustainable development. He said that achieving concrete, fair and balanced outcomes on cotton (see page 48) would be an important signal in that respect.

E-commerce

The chairs of the Council for Trade in Services, the Council for Trade in Goods, the Council for Trade-related Aspects of Intellectual Property Rights (TRIPS) and the Committee on Trade and Development – which implement the 1998 e-commerce work programme – reported what was being done in their respective areas.

The Chair of the General Council announced he would, after the summer break, begin consultations in preparation for MC11. The consultations, in various configurations, were based on four questions posed by the Chair: the future of the work programme; the moratorium on electronic transmissions; the setting up of a working group or other institutional structure, as suggested by some members; and a possible mandate for negotiations on e-commerce (see page 97).

At the last General Council meeting of 2017, the Chair reported there were eight submitted proposals containing draft ministerial decision language. It was clear that members’ positions had not changed in any substantial manner and the General Council had no option but to forward all eight to ministers. The proposals covered a range of positions, from maintaining the work programme to establishing a working party with a mandate for future negotiations.

At MC11, discussions on e-commerce were facilitated by Senegal Trade Minister Alioune Sarr, working in close cooperation with the General Council Chair. The consultations resulted in the adoption of a Ministerial Decision on the Work Programme on Electronic Commerce. Ministers agreed to seek to “reinvigorate” work under the Work Programme.

The General Council forwarded eight proposals on e-commerce to ministers at MC11.

Regular reports and discussions also took place on efforts to implement decisions aimed at benefiting least-developed countries (LDCs), such as the decision on preferential rules of origin (see page 86), implementation of the services waiver (see page 97) and duty-free quota-free market access.

Furthermore, at its meeting in February 2017, the Council formally took note of the entry into force, on 22 February, of the Agreement on Trade Facilitation (see page 95).

Amendment of Trade Policy Review Mechanism

In July, the General Council adopted an amendment to the Trade Policy Review Mechanism (see page 114) to extend the period between reviews from two, four or six years to three, five or seven years respectively, effective as of 1 January 2019.

Other reports

The General Council considered regular reports on the work programme on small economies (see page 150) as well as on the development assistance aspects of cotton (see page 48) and WTO accessions (see page 36).

On small economies, the General Council submitted a recommendation for a decision to the Ministerial Conference. The decision, which was subsequently adopted by ministers in Buenos Aires, called, among other things, on the Committee on Trade and Development to continue work on challenges faced by small economies (see page 150).
They instructed the General Council to hold periodic reviews based on the reports submitted by the relevant WTO bodies and to report to the next Ministerial Conference. They also agreed to maintain the current practice of not imposing customs duties on electronic transmissions until the next Conference.

In Buenos Aires, 71 members agreed to initiate exploratory work together towards future negotiations on trade-related aspects of e-commerce, with participation open to all WTO members.

**TRIPS-related matters**

The protocol amending the TRIPS Agreement, which grants developing countries the right to import affordable medicines through compulsory licences, entered into force on 23 January 2017 upon its acceptance by two-thirds of the WTO membership. In November, the General Council agreed to extend the period of acceptance of the protocol for those members who had not yet done so, to 31 December 2019 (see page 100).

**Reports by members on informal dialogues and initiatives**

A number of members reported to the General Council on workshops, informal dialogues and other member-led initiatives undertaken in a variety of subjects, including micro, small and medium-sized enterprises (MSMEs) (see page 176), investment facilitation (see page 90) and e-commerce.

**Waivers under Article IX of the WTO Agreement**

In 2017, the General Council considered and granted four waivers from obligations under the WTO Agreement, as set out in Table 1.

It also reviewed the following multi-year waivers:

- United States – African Growth and Opportunity Act
- LDC members – Obligations under Article 70.8 and Article 70.9 of the TRIPS Agreement with respect to pharmaceutical products, granted on 30 November 2015 until 1 January 2033
- Preferential treatment for LDCs, granted on 27 May 2009 until 30 June 2019
- Canada – CARIBCAN, granted on 28 July 2015 until 31 December 2023
- United States – Caribbean Basin Economic Recovery Act, granted on 5 May 2015 until 31 December 2019
- Preferential treatment in favour of services and service suppliers of LDCs, granted on 17 December 2011 until 31 December 2030
- Kimberly Process Certification Scheme for Rough Diamonds, granted on 12 December 2012 until 31 December 2018
Table 1: Waivers under Article IX (decision-making) of the WTO Agreement

In 2017, the General Council granted the following waivers from obligations under the WTO agreements.

<table>
<thead>
<tr>
<th>Member</th>
<th>Obligation</th>
<th>Date of adoption</th>
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<td>Argentina; Brazil; China; Dominican Republic; European Union; Malaysia; Philippines; Switzerland; and Thailand.</td>
<td>Introduction of Harmonized System 2007 Changes into WTO Schedules of Tariff Concessions</td>
<td>30 Nov 2017</td>
<td>31 Dec 2018</td>
<td>WT/L/1027</td>
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<td>Argentina; Australia; Brazil; Canada; China; Colombia; Costa Rica; Dominican Republic; El Salvador; European Union; Guatemala; Honduras; Hong Kong, China; India; Israel; Kazakhstan; Republic of Korea; Macao, China; Malaysia; Mexico; New Zealand; Norway; Pakistan; Philippines; Russian Federation; Singapore; Switzerland; Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu; Thailand; and United States.</td>
<td>Introduction of Harmonized System 2012 Changes into WTO Schedules of Tariff Concessions</td>
<td>30 Nov 2017</td>
<td>31 Dec 2018</td>
<td>WT/L/1028</td>
</tr>
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<td>Members which have requested to be covered under this waiver are: Argentina; Brazil; Canada; China; Colombia; Costa Rica; Dominican Republic; El Salvador; European Union; Guatemala; Honduras; Hong Kong, China; India; Israel; Kazakhstan; Republic of Korea; Macao, China; Montenegro; New Zealand; Norway; Pakistan; Paraguay; Russian Federation; Switzerland; Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu; Thailand; United States; and Uruguay.</td>
<td>Introduction of Harmonized System 2017 Changes into WTO Schedules of Tariff Concessions</td>
<td>30 Nov 2017</td>
<td>31 Dec 2018</td>
<td>WT/L/1029</td>
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• Cuba – Article XV:6 – Extension of waiver, granted on 7 December 2016 until 31 December 2021
• European Union – Application of autonomous preferential treatment to the Western Balkans, granted on 7 December 2016 until 31 December 2021
• United States – Former Trust Territory of the Pacific Islands, granted on 7 December 2016 until 31 December 2026
• United States – Trade preferences granted to Nepal, granted on 7 December 2016 until 31 December 2025.

Other issues

A number of trade and implementation concerns were brought to the General Council. As part of its oversight function, it conducted a year-end review of the work of its subsidiary bodies. All annual reports from the General Council and its subsidiary bodies were forwarded to the Ministerial Conference.

The General Council also conducted its review of the exemption provided under Paragraph 3 of the GATT 1994 granted to the US legislation – the Jones Act – which prohibits the use, sale or lease of foreign-built or foreign-reconstructed ships in US national waters. This review takes place in the Council every two years.

In addition, the General Council approved the WTO biennial budget.
Trade in goods

- The Council for Trade in Goods addressed many trade concerns, including 12 new ones.
- WTO members highlighted the importance of transparency and the need to submit timely and complete notifications.
- The Council considered proposals submitted by various members on e-commerce.
- The Council approved four collective waiver requests.

WTO members raised a number of new trade concerns, including certain measures adopted by Brazil, China, Egypt, India, Kazakhstan, Pakistan, Russia and Ukraine.

Five members, including the United States, the European Union and Japan, complained about Egypt’s decision to allow imports in 25 product categories (apparel, toys, chocolate, cosmetics, milk and dairy products, motorcycles and washing machines) only if these items were produced by manufacturing facilities, or imported from companies, registered in the Ministry of Trade’s General Organization for Export and Import Control.

Other issues raised by members included China’s lack of timely and complete notifications on subsidies and state-trading enterprises, Brazil’s sanitary and phytosanitary measures on imports of shrimps and bananas from Ecuador, India’s import duties on certain telecommunications products covered by the Information Technology Agreement and China’s application of tariffs on multi-component semiconductors.

Members also raised Ukraine’s practices in determining the normal values and levels of final anti-dumping duties on imports of nitrogen fertilizers, Russia’s mandatory certification for cement and “good manufacturing practice” certificates for pharmaceuticals, as well as its repeated extension of a temporary ban on exports of skins and hides, Kazakhstan’s restrictions on transit of goods with the Kyrgyz Republic, and Pakistan’s closure of the entry points at the Durand line with Afghanistan for all trade and transit from 17 February to 21 March, resulting in a US$ 6 million loss for Afghan exporters and carriers.

The Council for Trade in Goods also heard concerns regarding the decision by Saudi Arabia, the United Arab Emirates and Bahrain to ban the import and export of all goods to and from Qatar. Bahrain, speaking on behalf of the group, invoked General Agreement on Tariffs and Trade (GATT) Article XXI to justify these measures, which were intended to protect essential security interests. According to Qatar, the measures constitute violations of the GATT and the WTO’s Trade Facilitation Agreement.

Members also discussed two investigations initiated by the United States under Section 232 of the 1962 Trade Expansion Act into the effects of imports of steel and aluminium products on US national security. Russia, the European Union, China, Brazil and Australia expressed concerns about possible remedy measures that the United States could adopt and their consistency with GATT 1994, the Anti-Dumping Agreement and the Safeguards Agreement. They stressed that national security should not be used to achieve trade policy objectives and that over-capacity was a global challenge where international trade rules should be upheld.

The United States said the investigations would consider a number of factors, including domestic production needs, domestic industries’ capacity, the close relationship between economic welfare and national security, the impact...
of foreign competition on domestic suppliers, unemployment, government revenue and loss of skills or investment.

China also raised more generic concerns about the current trajectory of US trade policies and their potential impact on the global economy and international trade. The US President’s Trade Policy Agenda submitted to the US Congress had sent “troubling” signals regarding US international commitments and obligations for safeguarding the authority of the WTO’s dispute settlement mechanism and US adherence to progress on multilateralism, it said.

Three specific issues were addressed by China: the US Seafood Import Monitoring Programme; US abuse of trade remedy measures; and US failure to implement the obligation under Article 15 of China’s Accession Protocol to stop using the “surrogate country” – third-party prices or costs – in calculating anti-dumping margins in investigations. These concerns had already been raised by China in the Council and other WTO bodies but had not been addressed by the United States.

The United States said WTO agreements permit members to treat China as a non-market economy for as long as facts on the ground show this to be so. Japan was also of the view that WTO members are allowed to continue disregarding Chinese prices as a basis for anti-dumping calculations.

**Waiver requests**


The Council also considered a draft decision to derestrict additional GATT negotiating material from tariff negotiations which took place between 1947 and 1956. The derestricted material includes records kept by the WTO Secretariat on bilateral requests, offers and agreements negotiated. The decision contributes to the WTO’s efforts to enhance transparency.

**E-commerce**

A significant number of delegations pointed to the benefits and opportunities that e-commerce could provide to developing countries, least-developed countries (LDCs) and SMEs by making it easier for them to take part in global trade. However, they also noted that while the digital economy has developed remarkably in recent years, there has been only limited progress at the WTO on the e-commerce work programme, launched in 1998. E-commerce is also discussed in the Council on Trade in Services, the Trade-Related Intellectual Property Rights Council and the Committee on Trade and Development.

Other members reiterated that trade facilitation and transparency in e-commerce regulations could be a good start for negotiations and identified e-signatures, e-certification, e-authentications and paperless trade as areas where progress could be made and where an outcome could be achieved. In Buenos Aires, the 11th Ministerial Conference called on members to “reinvigorate” discussions on e-commerce and agreed to further extend a moratorium on customs duties on e-transmissions (see page 97).

Some members emphasized the importance of maintaining discussions on other aspects of e-commerce, such as online trade in services, as well as commitments for consumer protection, data privacy and intellectual property rights. Other members reiterated the need to work on a “mapping” paper identifying elements of substance and position.

Many delegations pointed to the benefits that e-commerce could provide to developing countries and SMEs.
Delegations from the African Group and LDCs, as well as India, Cuba, Ecuador and Bolivia, focused on the digital divide or the stark differences in capacities and supporting infrastructure among members, which they said could lead to uneven participation in e-commerce or nullify any benefit to their micro, small and medium-sized enterprises (MSMEs). Some delegations said it is premature to discuss multilateral rule-making in e-commerce while many poorer members are not able to participate in digital trade.

The Goods Council Chair, Ambassador Choi Kyonglim (Korea), said there is strong interest in e-commerce among members and lauded the “very strong” exchange of experiences, practices and views. But he noted that differences remain.

Transparency
At the request of New Zealand, the Council discussed transparency issues and considered at its session on 10 November a proposal from the United States on procedures to enhance transparency and strengthen notification requirements.

Delegations stressed that transparency is not only crucial for the work of the WTO but is also a fundamental principle of the multilateral trading system.

Some members suggested that the Council hold discussions to identify more accurately the reasons behind the variable notification performance. It was pointed out that notifications of subsidies, import licensing and quantitative restrictions are very low. Members reaffirmed their readiness to discuss how to enhance transparency and help members, especially developing countries and LDCs, comply with their notification obligations.

Other issues
Australia invited members to an information session on an initiative to establish binding international rules ensuring the duty-free temporary admission of containers, pallets and packing materials. Australia said this initiative would reduce trade costs and assist MSMEs.
Market access

- WTO members raised eight trade concerns at the two formal meetings of the Committee.
- The Committee made progress in updating members’ schedules of commitments to reflect the latest international tariff classification standards.
- Members agreed to derestrict a large number of negotiating materials from the General Agreement on Tariffs and Trade (GATT) era.
- The Committee received 11 notifications of quantitative restrictions, down from 15 in 2016; it agreed to hold a capacity-building workshop in spring 2018.

Background on market access

The Committee on Market Access supervises the implementation of tariff and non-tariff commitments not covered by any other WTO body. In addition, it seeks to ensure that members’ schedules of concessions are up to date, including changes required to reflect amendments to the harmonized system (HS). Without this, it would be difficult to compare members’ commitments with the measures they apply in practice. The HS, which is administered by the World Customs Organization, allows countries to classify traded goods on a common basis. It has been updated five times since 1996.

Trade concerns

WTO members raised eight trade concerns. The European Union considered that Angola’s consumption tax discriminated against imports. Similarly, Mexico and the European Union saw Argentina’s law to promote its auto-parts industry as discriminatory. The European Union, Japan, Chinese Taipei and the United States considered that China’s tariffs on certain integrated circuits exceed its bound duties. Japan expressed concern over China’s import tax on personal effects at the border.

Canada, the European Union, Japan, Korea, Chinese Taipei and the United States considered that India’s duties on telecommunication products exceed its bound duties and commitments undertaken under the Information Technology Agreement. Switzerland expressed concern over the excise tax levied by the Kingdom of Saudi Arabia on energy drinks and carbonated soft drink products and over duties applied by Oman on cigarettes. The European Union considered that Russia’s tax on wine is discriminatory because it treats wines with a geographical indication (GI) differently, and only some GIs are recognized.

Harmonized System

The Committee continued its work to ensure that WTO members’ schedules of concessions reflect amendments made by the World Customs Organization to the Harmonized System nomenclature, which take place every four to five years.

The amendments are typically referred to by the year in which they enter into force. They include HS96, HS2002, HS2007, HS2012 and HS2017. These “transposition” exercises help guarantee that members’ schedules are up to date and that tariff obligations are transparent, allowing applied tariffs to be compared with members’ WTO obligations.

The HS96, HS2002 and HS2007 exercises have been nearly concluded for all members and the Committee made good progress on HS2012 by circulating for certification 52 files. Work to update schedules to HS2017 has not yet begun. The Committee agreed to extend four collective waivers for the introduction of different versions of the Harmonized System.
Implementation and monitoring

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

Databases

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

IDB data coverage has significantly improved in recent years, but important gaps remain. At present, insufficient notifications mean that IDB data has to be complemented with data coming from other sources. The Secretariat encouraged WTO members to notify the relevant data and to reduce the gaps.

Quantitative restrictions

The Committee received 11 notifications of quantitative restrictions (QRs), down from 15 in 2016, from Australia, Canada, the European Union, Japan, Kazakhstan, Mauritius, Nicaragua, Singapore, Switzerland, the United States and Uruguay.

Quantitative restrictions, a term that refers to prohibitions and other restrictions that do not take the form of a tariff or a tax, are allowed in some defined circumstances. Under the QR notification decision, WTO members must provide detailed information on the prohibitions and restrictions they maintain, including their justification under WTO rules. The Secretariat issued a report summarizing factual information on notifications received.

WTO members discussed how best to improve the low number and quality of these notifications and instructed the Secretariat to update the practical guide on quantitative restrictions, to review the WTO webpage and the QR database, and to organize a capacity-building workshop on QR notifications in spring 2018.
Agriculture

- The Committee continued to express concern over WTO members’ slow pace of notifications of trade measures.
- Members raised 199 questions about notifications, the highest number in ten years.
- Australia became the first WTO member with export subsidy entitlements to eliminate them following the Nairobi decision.
- The WTO Secretariat organized two Geneva workshops – one to strengthen the participation of least-developed countries in Committee work and the other on notification requirements.

Background on agriculture

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

The Committee on Agriculture reviewed 45 notifications of WTO members’ agricultural trade measures, and members raised 199 questions, the highest number for ten years. As in previous years, the majority of these questions were on members’ notified domestic support (subsidy) measures. Figure 1 gives a snapshot of the proportion of questions on notifications raised by subject area.

Members raised questions about the latest domestic support measures notified by the United States and the European Union for 2013 and 2014. India responded to questions from Australia on its minimum support price for wheat. Once again, Canada’s milk ingredients policy received much attention from members.

For the first time, the question of Brexit – Britain’s planned exit from the European Union – was discussed in the Committee. Indonesia asked the European Union to clarify how the United Kingdom intends to allocate its tariff rate quotas for agriculture products, and what would be the procedure to grant the generalized scheme of preferences to developing countries. The United States, Argentina, China and Russia signalled their interest in this matter.

Other issues raised by members included the Philippines’ plan to convert import restrictions into tariffs while the European Union sought information from Argentina on its tax refund programme, which aims to promote the export of agricultural goods. The United States asked Indonesia about a new regulation that requires local milk processors to procure local milk.

The review of WTO members’ progress in implementing their subsidy and market access commitments under the Agriculture Agreement is largely based on notified information. Article 18.6 of the Agreement also allows members to raise other matters relevant to the implementation of commitments at any time. In 2017, members posed 123 such questions in the Committee, the second-highest number in one year to date.

Figure 2 shows the annual proportion of questions addressed to developed and developing countries. Out of the 365 questions raised in 2017 (including questions on individual notifications, overdue notifications, Article 18.6 and questions raised under the “other” category), 192 were directed to developing countries. Developing countries continued to be less active than developed countries in posing questions, asking just 25 in 2017.

Members again voiced specific concerns about compliance with regular (annual) notification obligations, particularly in domestic support and export subsidies. For the period 1995-2015, 35 per cent of domestic support notifications (765 notifications) and 33 per cent of export subsidies notifications (816 notifications) remained outstanding as of October 2017.
Committee Chair Alf Vederhus (Norway) echoed calls for increased efforts to get up to date with notification obligations. He also commended efforts made by a few members, notably in submitting agriculture notifications covering multiple years. Figure 3 shows the number of regular agriculture notifications submitted to the Committee compared to the total number of years covered by those notifications. Since 2009, the average number of years reported per notification has fluctuated between two and three.

**Export competition**

Australia became the first WTO member with export subsidies entitlements to eliminate them from its WTO schedule of commitments. In October, the European Union became the second WTO member to formally initiate the process of implementing the landmark 2015 Nairobi Ministerial Decision to eliminate export subsidies for developed countries. Elimination takes effect three months after the document outlining the changes is circulated to members.

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

The discussions were based on a WTO Secretariat background document compiling information provided by WTO members on their export competition policies. As an input to the discussions, the Cairns Group of farm goods exporters and Russia circulated a paper considering the alignment of members’ reported policies with the disciplines agreed in the Nairobi decision. During the meeting, members exchanged questions and answers on specific measures in relation to the implementation of the decision.
Information exchange


Workshops on agriculture

The WTO Secretariat organized two Geneva-based workshops in 2017. One was aimed at deepening least-developed country (LDC) participants’ understanding of the rules of the Agreement on Agriculture and enhancing LDC members’ participation in the Committee on Agriculture. A total of 28 government officials from 23 LDC members attended.

The annual agriculture notification workshop was held in March, providing training to 25 capital-based officials from developing countries. The training covered the notification requirements and formats of the Agreement on Agriculture and the work of the Committee. Participants were also introduced to the new system for the online submission of notifications, which will improve both the efficiency of processing the information and the accuracy and consistency of data reported. In addition, the system will capture the data contained in the notifications in a searchable format.

Transparency tools

The Committee’s work on monitoring and transparency benefits from a comprehensive database system – the Agriculture Information Management System. This system provides public access to: (a) agriculture-related information notified by members; and (b) questions raised and responses provided in the context of the Committee’s review process.
The Committee concluded its consultations with Ecuador following the country’s lifting of import surcharges imposed for balance of payment reasons.

On 16 June, Ecuador notified the WTO that, as of 1 June 2017, it had removed all the import surcharge measures imposed in March 2015. In July, WTO members welcomed the announcement and agreed to conclude consultations with Ecuador.

Ecuador imposed the surcharges in March 2015, for 15 months, in response to a sharp drop in oil prices starting in late 2014, which led to a deterioration in the country’s balance of payments. The tariff surcharges were initially fixed at between 5 per cent and 45 per cent and were applied to nearly 3,000 tariff lines, or 38 per cent of the country’s total. Following an earthquake in April 2016, Ecuador extended the surcharge for one year, until June 2017.

WTO members facing balance-of-payment difficulties may apply import restrictions under provisions in the General Agreement on Tariffs and Trade 1994 and under the General Agreement on Trade in Services. A member applying new restrictions or substantially intensifying existing ones is obliged to consult with the Committee on Balance-of-Payments Restrictions. Members were divided on whether Ecuador’s application of the import surcharge complied with WTO rules.
Sanitary and phytosanitary measures

- The Committee considered a proposal to enhance international standards on maximum pesticide residue levels in food trade.
- Pesticides restrictions, which agri-exporters say can be too stringent, featured prominently among trade concerns raised.
- The Committee adopted the Fourth Review of the working of the Sanitary and Phytosanitary (SPS) Measures Agreement after a long delay.
- WTO members’ notifications of SPS measures reached nearly 1,500 in 2017, with developing countries accounting for 71 per cent.

Background on sanitary and phytosanitary measures

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

Pesticide residues

The Sanitary and Phytosanitary (SPS) Committee considered a proposal submitted by Kenya, Uganda and the United States to enhance international standards on maximum pesticide residue levels (MRLs) in food trade, with greater transparency and cooperation on the development and application of MRLs. Complying with different norms on MRLs in different markets, or sometimes the absence of such norms, for what is permitted in or on food products to ensure no risk to human health can be a costly obstacle to trade, especially for small enterprises and exporters in developing countries.

The proponents urged members to share information and experiences on the development of MRLs on a voluntary basis. The proposal was submitted as a follow-up to a Committee-organized workshop in October 2016 on MRLs. It called, among other things, for regular reports to the SPS Committee about relevant international and regional activities and discussion on the role of the Committee in coordination and harmonization of standards.

Seventeen trade ministers issued a statement at the 11th Ministerial Conference in Buenos Aires highlighting the importance of this work and discussions are expected to continue in the Committee.

Specific trade concerns

WTO members raised a range of specific trade concerns on pesticides in food products, which many agri-exporters say are too stringent and impede trade, especially to the detriment of farmers from developing countries, at a Committee meeting on 2-3 November which drew a very high number of WTO members and observers.

Among issues raised, Peru voiced concerns, shared by others, over the European Union’s MRLs for three pesticides, one of which is commonly used to control fungal infection in mangoes. Argentina and the United States took issue with delays in renewed EU authorization for glyphosate, an herbicide widely used for weed control.
Implementation and monitoring

Other new concerns raised over the year included Viet Nam’s import suspension of groundnut imports, a proposed US rule to revoke pesticide residue tolerances for chlorpyrifos, a common insecticide used on many agricultural crops, and India’s fumigation requirements for cashew nuts, teak wood and other products. Concerns were also raised about a Gulf Cooperation Council guide for control of imported food and Brazilian measures on bananas.

Previously raised concerns included EU proposed criteria to define chemicals that can interfere with hormone systems – endocrine disruptors, the US seafood monitoring programme and the transparency of China’s food safety measures.

In all, 17 new concerns were raised, and many other previously raised concerns were discussed again. Members informed the Committee about the full or partial resolution of 29 specific trade concerns, compared with just two in 2016.

Of the 434 trade concerns raised since 1995, WTO members have reported solutions for 166. A partial solution has been reported for another 41, meaning that not all members raising the concern accepted the solution or that a solution was found for only some of the products at issue.

Altogether, about 50 per cent of the specific trade concerns raised in the SPS Committee since 1995 have been either completely or partially resolved. For the remaining half, WTO members have not reported any solution.

Regionalization

Outbreaks of animal diseases lead to many trade restrictions, and often these restrictions are difficult to remove even when the disease has been successfully eradicated. Regionalization, or the establishment of pest- or disease-free areas, is a way to reduce the trade impact of animal diseases.

The Committee held a thematic session on regionalization in the animal health area in July 2017, covering relevant provisions of the SPS Agreement, Committee guidelines and jurisprudence. The Deputy Director-General of the World Organisation for Animal Health (OIE), Dr Matthew Stone, presented OIE standards on regionalization and WTO members shared experiences.

The Committee decided to hold a further session, on pest-free areas for plants, in early 2018.

Figure 4: Number of SPS notifications per year, 2000-17

<table>
<thead>
<tr>
<th>Year</th>
<th>Regular notifications</th>
<th>Addenda/corrigenda</th>
<th>Emergency notifications</th>
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</thead>
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<tr>
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<td>924</td>
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</tr>
</tbody>
</table>

50% About 50% of the trade concerns raised in the SPS Committee have been completely or partially resolved without recourse to dispute settlement.
Review of the SPS Agreement

The SPS Committee adopted the report of the Fourth Review of the Operation and Implementation of the SPS Agreement in July. Adoption has taken over three years due to disagreement over a recommendation that the Committee continue to consider problems relating to private standards on food safety, animal and plant health. Members finally reached a compromise, with wording suggesting they are unable to agree on that recommendation.

The SPS Agreement requires the Committee to carry out a review at least once every four years. The report of the third review had been adopted in March 2010. Members requested that the WTO Secretariat begin preparations for the Fifth Review.

Transparency

Advance notice of changing SPS requirements is crucial to avoid unnecessary trade disruptions. The Committee continued discussing a joint proposal by Chile and the European Union, which contains suggestions on the notification of trade-facilitating SPS measures, sharing of unofficial translations of notified measures and creating a central platform with online access to WTO members’ final SPS regulations.

The SPS Committee also held a workshop on transparency in October. The workshop included training on the use of the improved SPS Information Management System and the online Notification Submission System as well as the ePing SPS/TBT notification alert system. The workshop also provided a forum for discussion and experience-sharing on national consultation mechanisms for SPS regulations and on other developments, challenges and practices in the area of SPS transparency.

Notifications by developing countries

As Figure 4 shows, the total number of SPS notifications has grown steadily, contributing to improved transparency. In 2017, members submitted 1,480 notifications. Of these, 924 were regular notifications (down from 937 in 2016) and 185 were emergency notifications (up from 99 in 2016).

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

In 2017, developing countries accounted for 71 per cent of all SPS notifications (up from 62 per cent in 2016, see Figure 5). 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.

Two developing countries submitted notifications for the first time – Rwanda and Seychelles.
Technical barriers to trade

- The Committee held “thematic” sessions on conformity assessment, good regulatory practice and risk assessment.

- Specific trade concerns hit a record 177 but only 27 were new, substantially fewer than in recent years.

- In a sign of greater transparency, notifications reached a record level. Uganda presented the most, the first time an African and least-developed country has been the most prolific in notifications.

- The Committee began preparations for the 8th Triennial Review.

Thematic sessions
The Technical Barriers to Trade (TBT) Committee held three “thematic” sessions to exchange information and expertise on topics covered by the TBT Agreement. The sessions focused on conformity assessment procedures, good regulatory practice and risk assessment.

The TBT Agreement allows WTO members to assess whether products conform with their consumer safety, health and environmental requirements but these requirements must not restrict trade unnecessarily and or discriminate against other members. The International Trade Centre (ITC) presented a survey on non-tariff measures and conformity assessment procedures, showing that certification and testing are some of the main barriers facing exporters worldwide.

On risk assessment, WTO members highlighted the importance of aligning certification practices with the nature and level of risk posed by products.

Specific trade concerns
WTO members raised a record 177 specific trade concerns (see Figure 6). Only 27 were new concerns, however, substantially fewer than in recent years. Concerns covered a wide range of product regulations, including those dealing with the consumption of alcohol, food labelling (nutrition information, origin information, etc.), toy safety, medical devices, pharmaceutical products, trade in solid waste, safety of chemicals, the energy efficiency of vehicles and, increasingly, information technology (IT) products as well as cybersecurity-related concerns.
WTO members raised a record 177 specific trade concerns in 2017.

**Notifications**

In 2017, WTO members submitted a record 2,587 notifications of new (or changed) draft measures. Most of these were submitted through the WTO’s online portal, a system which enables the WTO Secretariat to publish notifications within two days of receipt.

The portal 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. For the first time, an African and LDC member (Uganda) was the most prolific notifying member (see Figure 7).

**ePing**

The notification alert system ePing (www.epingalert.com) has seen a steady rise in subscribers. By the end of 2017, it had more than 3,000 registered users.

Sanitary and phytosanitary (SPS) (see page 75) and TBT notifications reached more than 4,000 in 2017, creating a challenge for stakeholders to keep track of evolving product requirements. By registering on ePing, users can receive daily or weekly email alerts containing SPS/TBT notifications covering products/markets of particular interest to them. The overall aim of ePing is to help public and private sector stakeholders avoid unnecessary trade disruptions.
The WTO, ITC and the UN Department of Social Affairs have continued their collaboration in enhancing the system. In addition, ePing’s web-based platform helps national Enquiry Points reach out to domestic users to discuss notifications and/or provide complementary information.

**Capacity building**

Demand for TBT-related technical assistance has increased in recent years. In 2017, the WTO Secretariat organized 31 training activities, including two regional workshops and ten national workshops. The activities were designed to help participants expand their understanding of the TBT Agreement, discuss challenges in implementing the Agreement and to learn more about the work of the TBT Committee.

**Observers**

The TBT Committee received updates from representatives of various observer organizations on their latest activities, including on technical assistance.

These included the African Organisation for Standardisation, the Bureau International des Poids et Mesures, the FAO/WHO Codex Alimentarius Commission, the International Electrotechnical Commission, the International Organization of Legal Metrology, the International Organization for Standardization, the UN Economic Commission for Europe, the UN Industrial Development Organization and the World Health Organization.

**Preparations for the 8th Triennial Review**

Members agreed on a roadmap and timeline for the 8th Triennial Review. Every three years, members use the triennial review process to evaluate how they are applying the TBT Agreement. The aim of the 8th Review is to improve implementation of the TBT Agreement based on members’ experiences and to set a plan for future work of the Committee in 2019-21. The review process is scheduled to be completed in November 2018.
Subsidies and countervailing measures

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

In 2017, the Subsidies and Countervailing Measures (SCM) Committee reviewed WTO members’ notifications of specific subsidies, notifications of countervailing duty legislation, semi-annual reports of countervailing actions and _ad hoc_ notifications of preliminary and final countervailing measures taken.

At the spring meeting, Chair Jin-dong Kim of Korea spoke of the “discouraging” low compliance with the fundamental transparency obligation to notify subsidies, saying it constitutes a serious problem for the proper functioning of the SCM Agreement. His successor, Ieva Baršauskaitė of Lithuania, returned to the theme in the autumn, referring to the “chronic low compliance”.

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

Both chairs urged developing countries that had not yet made final notifications of the elimination of their export subsidy programmes to do so. Nineteen developing countries had been given a final two-year extension, to the end of 2015, for the elimination of such programmes, with final notifications of removal due by end-June 2016. The Committee reviewed four notifications in 2017, which left eight notifications outstanding.

Least-developed countries (LDCs) and developing countries with a per capita gross national income below US$ 1,000 a year, calculated in constant 1990 dollars, are exempt from the export subsidy prohibition. Based on World Bank calculations, 12 WTO members, down from 14 the previous year, were still in the latter category in 2017.

The Committee reviewed notifications of countervailing actions taken (see Figure 8). As of 30 June 2017, there were 154 notified measures (definitive duties and undertakings) in force, up from 126 the year before.
The Committee returned to US requests to China about its support programmes for fisheries as well as its “Internationally Well-Known Brand” programme for exporters, which the United States says is a subsidy. It also considered requests from China to the United States and from the European Union and the United States to China regarding steel subsidies. In addition, the Committee returned to the issue raised by the United States of the elimination by India of export subsidies for textile and clothing products.

The Committee continued to discuss a US proposal to enhance notifications on fisheries subsidies. Several members expressed support but no consensus was reached.

The Committee returned to the issue of whether subsidies contribute to overcapacity in sectors such as steel and aluminium. Members continued to discuss the potential role the Committee could play. China said the Committee was not the proper forum to discuss the issue of overcapacity.

*Figure 8 covers initiations up to the end of June 2017. Data for the second half of 2017 are not yet available.*
Anti-dumping practices

WTO members initiated 139 new anti-dumping investigations from January to June 2017, slightly down from 145 in the same period in 2016.

India and the United States were the leading initiators, accounting for nearly half of the total.

Investigations involving steel products continued to dominate discussions in the Committee on Anti-Dumping Practices.

India and the United States each initiated 34 anti-dumping investigations in the first six months of 2017. India’s total was down from 48 in the previous year, while US investigations increased from 24. Australia, Brazil, Canada, China, Turkey and Ukraine also initiated more investigations than in 2016.

Other frequent users of anti-dumping investigations, including Argentina, the European Union, Chinese Taipei and Pakistan, initiated fewer investigations. After India and the United States, the top initiators in 2017 were Australia (12), China (9) and Canada (8) (see Figure 9).

Investigations involving steel products continued to dominate discussions in the Committee on Anti-Dumping Practices. Steel products accounted for more than 35 per cent of all new investigations. Several members asserted a link between overcapacity and high anti-dumping activity.

At its spring and autumn meetings, the Committee reviewed semi-annual reports for the second half of 2016 submitted by 44 WTO members and semi-annual reports for the first half of 2017 submitted by 45 members. At the October meeting, Committee Chair, Faisal Saud Sulaiman Al-Nabhani of Oman, noted that a “significant number” of WTO members failed to submit semi-annual reports for the first half of 2017.

**Figure 9: Anti-dumping investigations by reporting member, 1 January 2017 to end-June 2017**

- Argentina 4
- Australia 12
- Brazil 5
- Canada 8
- Chile 1
- China 9
- Colombia 2
- European Union 3
- India 34
- Israel 3
- Japan 2
- Republic of Korea 3
- Malaysia 4
- Mexico 1
- Morocco 1
- Pakistan 2
- Peru 1
- Russian Federation 1
- Kingdom of Saudi Arabia 1
- Turkey 6
- Ukraine 2
- United States 34

*Figure 9 covers initiations up to the end of June 2017. Data for the second half of 2017 are not yet available.*
Implementation and monitoring

The Committee also reviewed \textit{ad hoc} notifications of preliminary and final actions taken by 31 and 30 WTO members at the spring and autumn meetings, respectively. As of 30 June 2017, 46 members had notified the WTO of 1,675 anti-dumping measures (definitive duties and undertakings) in force, up from 1,598 the previous year.

The Committee reviewed new notifications of legislation submitted by Armenia, Brazil, El Salvador, the European Union, India, Japan, Kyrgyz Republic and New Zealand.

The Working Group on Implementation, which serves as a forum for the exchange of information on member practices, held two meetings in 2017. Among the issues discussed were: standards for initiation of anti-dumping investigations; ensuring effective participation in investigations; analysis of price effects of imports; and the methodology for analysing imports made by firms in the domestic industry. Some WTO members made presentations or provided papers describing their practices while other members contributed to the discussions with questions or comments.

Steel products dominated discussions in the Anti-Dumping Committee.

* Figure 10 covers initiations up to the end of June 2017. Data for the second half of 2017 are not yet available.
Customs valuation

- Four WTO members notified the Committee of national legislation but the overall record of notifications remained poor.

- Despite broad support, the Committee did not agree on Uruguay’s proposal on customs valuation of software and data carriers.

Background on customs valuation

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

In 2017, the Committee on Customs Valuation continued reviewing the implementation and administration of the Customs Valuation Agreement. But the low level of notifications of WTO members’ national legislation continues to hamper this work.

Notifications on customs valuation were received from four members during 2017. As of the end of 2017, 98 WTO members had notified their national legislation, giving a compliance rate of 72 per cent, and 66 members had provided responses to the checklist of issues related to their legislation, a compliance rate of 49 per cent.

The Committee removed from its agenda a long-standing item underlining the importance of customs cooperation in dealing with customs fraud. Members agreed that the Trade Facilitation Agreement, with its provisions on customs cooperation, covered the issue.

Despite broad support, the Committee did not reach consensus on Uruguay’s long-standing proposal to amend the Committee’s 30-year-old “Decision on the Valuation of Carrier Media Bearing Software for Data Processing Equipment” to ensure that software on newer types of media carriers, such as USB keys, is not treated differently in customs valuations from software imported using older types, such as CDs or DVDs.

At the meeting of November 2017, Canada raised a new concern regarding Colombia’s use of reference pricing for apparel.

The Committee concluded the review of the national legislation of five members – Cabo Verde, Colombia, Ecuador, Montenegro and Nicaragua. It continued its review of 13 others.

Pre-shipment inspection

In 2017, the Committee carried out the fourth triennial review of the Pre-shipment Inspection (PSI) Agreement. The key issues continued to be the status of notifications of PSI measures and the concern of some members that not all measures are being notified. There were no notifications received on pre-shipment inspections.
Implementation and monitoring

Rules of origin

- The Committee examined how non-preferential rules of origin affect trade.
- The Committee adopted new template for notifying origin requirements in non-reciprocal trade preferences for least-developed countries (LDCs).
- Several members submitted new notifications about trade with LDCs, allowing the WTO Secretariat to study preference utilization.
- The WTO launched a revised rules of origin website.

Non-preferential rules of origin

In 2017, the Committee on Rules of Origin continued to examine the impact that non-preferential rules of origin have on international trade and businesses. During an information session in March, WTO members heard presentations by the British Chamber of Commerce and the United Nations Conference on Trade and Development (UNCTAD) on the importance of simplifying and, if possible, harmonizing non-preferential origin requirements.

Negotiations on rules of origin have been stalled since 2007 and the Committee has been holding so-called information sessions as part of a transparency and educational exercise that members agreed to initiate in 2014. Building on the various presentations made during these information sessions, Switzerland proposed the initiation of discussions on possible “principles and guidelines” on non-preferential rules of origin. Consultations on this were conducted throughout 2017.

Non-preferential rules of origin are those which apply in the absence of any trade preference – that is, when trade is conducted on a most-favoured-nation (MFN) basis. Some trade policy measures, such as quotas, anti-dumping or “made in” labels, may require a determination of the country of origin and, therefore, the application of non-preferential rules. Almost 50 WTO members currently apply national rules of origin for non-preferential purposes.

A mandate for the negotiations was included in the WTO’s Agreement on Rules of Origin but talks were halted by divergences on a number of “core policy” issues.

The Chair of the Committee, Gerald Pajuelo (Peru), acknowledged the difficulties related to the harmonization work programme but asked members to identify other areas where technical work would be useful. He invited members to draw conclusions from presentations made in the information sessions so that concrete proposals could be considered.

Preferential rules of origin

The Committee moved forward with implementing the 2013 Bali and 2015 Nairobi ministerial decisions on preferential rules of origin for least-developed countries (LDCs). Ministers set out guidelines to make it easier for LDC exports to qualify for preferential market access.

In 2017, the Committee adopted a new template for the notification of rules of origin applying in non-reciprocal trade preferences for LDCs. Several members notified their requirements using the template, which allowed for greater comparability and a more focused discussion by members. These notifications will be gradually made available through the WTO Preferential Trade Agreements (PTA) database, making such requirements easier to access and understand. In addition, Australia, Canada, China and Norway informed the Committee about specific efforts being made to simplify their origin-related requirements.

Background on rules of origin

Rules of origin are the criteria used to determine the country in which a product is made. They are used in the implementation of many trade measures, including trade statistics, the determination of customs duties, labelling of country of origin and the application of anti-dumping measures. The main objective of the Agreement on Rules of Origin is to harmonize the rules that all WTO members use to determine origin in their non-preferential trade. This work is conducted by the Committee on Rules of Origin and is referred to as the harmonization work programme.

Several members informed the Committee about efforts to simplify origin-related requirements for products from least-developed countries.
Several members made new notifications regarding their trade with LDCs, strengthening the WTO tariff and trade databases and allowing the WTO Secretariat to prepare preliminary studies on the utilization of trade preferences. The objective of this work is to identify preferential schemes or sectors where utilization rates are low in order to assess whether origin requirements could be acting as a trade barrier. The Committee agreed to continue working in this area and instructed the Secretariat to update its report and prepare other disaggregated reports.

Revised webpage

In June, the WTO launched a revised version of its rules of origin webpages. WTO members and the general public can now directly access members’ legislation and practices related to rules of origin. The revised webpage also contains updated information on the current work of the WTO’s Committee on Rules of Origin.

Notifications received by the WTO Secretariat regarding members’ preferential and non-preferential rules of origin are now directly accessible via the revised webpage (www.wto.org/origin). The revised webpages also contain new features, such as documents for meetings, links to relevant disputes and information on technical assistance.
Import licensing

- The Committee reviewed 66 notifications from WTO members under the Agreement on Import Licensing Procedures, down from 87 in 2016.

- Six members submitted their first notifications; Committee continued its work on improving transparency and notification compliance.

- The Committee heard a number of specific trade concerns about import licensing rules and procedures.

- The WTO Secretariat held first workshop in Geneva on import licensing.

The Committee on Import Licensing reviewed 13 notifications from 11 WTO members regarding publications and/or legislation on import licensing procedures and 22 notifications from 11 members relating to new import licensing procedures or changes in these procedures. It also reviewed 31 notifications from 26 members regarding responses to a questionnaire on import licensing procedures.

As of October 2017, 16 WTO members had not submitted any notification under the Agreement. In addition, 24 members had never submitted responses to the annual questionnaire on licensing procedures. WTO trade monitoring reports have identified import licensing as one of the main trade-restricting measures introduced by governments.

In 2017, six members submitted notifications for the first time under various provisions of the Agreement – Brunei Darussalam, Kazakhstan, South Africa, the Philippines, Togo and Gabon. The Chair, Fawaz Almuballi (Kingdom of Saudi Arabia), welcomed revised notifications presented by Mauritius and the Republic of Moldova, containing comprehensive lists of domestic regulations.

The low level of compliance with transparency obligations has been the main preoccupation of the Committee. One informal meeting was held in 2017 on improving transparency and streamlining notification procedures and templates. Most members expressed support for continuing the work on this.

The Committee provides a forum for exchanging views on specific trade issues. The United States reiterated concerns about Indonesia’s import licensing regime for cell phones, handheld computers and tablets, about India’s import licensing requirements for boric acid and about Mexico’s steel import licensing programme. Thailand repeated its concerns about Indonesia’s import licensing regime for tyres. The European Union expressed continued concerns about Brazil’s regulatory requirements for nitrocellulose imports and Russia expressed disappointment about the European Union’s import licensing system on steel.

Some members also expressed concerns regarding China’s new import restrictions for certain recoverable materials and Indonesia’s import requirements related to milk supply and circulation.

A first Geneva-based workshop on import licensing was organized by the WTO Secretariat in May 2017. Representatives from 30 members participated in the workshop.

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

• New safeguard investigations fell to eight from 11 in 2016.
• WTO members imposed ten new measures, twice the 2016 number. More than half of the measures involved steel or aluminium.
• Members urged caution in use of safeguards.

The number of new investigations initiated during 2017 fell for the third year running to eight from 11 in 2016 (see Figure 11). Investigations were initiated by India, the Cooperation Council for the Arab States of the Gulf (GCC) member countries, Turkey (two), Ukraine, the United States (two) and Viet Nam. The last time the United States initiated an investigation was in 2001.

WTO members imposed ten new safeguard measures, twice as many as in 2016. The countries that imposed final measures were China, GCC member countries, Jordan, Malaysia (two), Morocco, South Africa, Thailand, Turkey and Viet Nam.

Seven of the ten measures imposed in 2017 involved metals, specifically steel and aluminium, but none of the new investigations did.

Many members called for caution in the use of safeguard measures. They reminded the Committee that safeguards, unlike anti-dumping and countervailing duties, target exports that are not violating any WTO rules.

Background on safeguards

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

Figure 11: Safeguard investigations by year (for all WTO members)

<table>
<thead>
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<th>Year</th>
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<td>2017</td>
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</table>
Trade-related investment measures

- The TRIMs Committee heard three new concerns covering local content requirements in Nigeria, Indonesia and Turkey.
- The Committee continued to discuss a number of concerns raised in previous years.

Background on trade-related investment measures

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

The TRIMs Committee heard concerns about three new investment measures at its two meetings in 2017, all concerning alleged local content requirements, which stipulate that at least part of a good or service should be locally produced.

The first measure, discussed at the request of Canada and the United States, concerns guidelines on domestic content in information communications technologies adopted by Nigeria. The second, discussed at the request of the United States, refers to requirements adopted by Indonesia for dairy importation and distribution. The third, discussed at the request of the European Union and the United States, relates to Turkey’s policy in the pharmaceutical sector.

The TRIMs Committee continued to discuss measures that were raised in previous years. These included measures adopted by Argentina in its auto parts industry and by China covering the use of technology by companies in the insurance industry. A number of Indonesian measures have been questioned, including the Industry Law and Trade Law, as well as requirements in the telecommunications sector, the energy sector and the retail sector.

Members again raised concerns about the implementation of Russia’s import substitution policy.

The Committee took note of one new notification submitted by Malawi under Article 6.2 of the TRIMs Agreement, which requires WTO members to notify the Committee of all publications in which TRIMs may be found, including those applied by regional and local governments and authorities within their territory.
The WTO marked 20th anniversary of the Information Technology Agreement (ITA) with symposium and publication highlighting its achievements.

DG Azevêdo said ITA shows how WTO members can work together in different formats to overcome obstacles to trade.

Georgia joined the ITA expansion agreement, taking participants to 26.

To mark the 20th anniversary of the ITA, the WTO organized a symposium and launched a publication. The symposium took place in June with the participation of the private sector, industry representatives and academic experts.

The publication 20 Years of the Information Technology Agreement: Boosting trade, innovation and digital connectivity describes the evolution of the ITA and the significant impact it has had on trade in IT products.

“In addition to the significant economic impact, the success of the ITA is notable because of what it says about the WTO. It shows that members can work together – in different formats – to tackle the obstacles that they face and bring solutions to the table. I think there are important lessons to learn from this deal,” said Director-General Roberto Azevêdo.

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

The symposium provided an overview of trade opening under the ITA and the evolution of global trade in information and communication technology (ICT) products over the past 20 years. It examined how ICT, as a development tool, can help developing countries and small and medium-sized enterprises in improving connectivity and can enable diversification, technology upgrading and innovation.

The ITA shows members can work together – in different formats – to bring solutions to the table.

DG Azevêdo
The publication charts how ITA exports have more than tripled in value over the past 20 years and now represent 15 per cent of total merchandise products, exceeding the shares of automotive products, textiles and clothing and pharmaceuticals. The publication underlines how the lower cost and greater availability of computers and mobile phones has resulted in increased access to the internet and the growth of the digital economy, creating new opportunities for trade.

**Product classification divergences**

The Committee continued its work on divergences in classification of "Attachment B" products, in an effort to further reduce the number of ITA products without an agreed HS2007 customs classification code (see page 69). Attachment B products refers to a list of items attached to the 1996 Ministerial Declaration and for which there was no agreed tariff classification.

**Non-tariff measures**

An informal group of members, led by Switzerland, has been looking at issues such as conformity assessment, transparency and electronic labelling. On conformity assessment, the group discussed a mapping exercise covering the areas of electromagnetic compatibility, electrical safety, radio equipment and environmental standards. On transparency, exploratory discussions have begun on ways to improve notifications. On electronic labelling, members exchanged information regarding their current practices and regulations.

**Expansion of the ITA**

Reporting on behalf of the ITA expansion group, Canada said that participants continued to implement tariff reduction commitments with respect to the 201 IT products covered by the landmark expansion deal, reached in 2015. The expansion of the ITA, to include more products, such as integrated circuits and touch screens, was the first major tariff-cutting agreement at the WTO since 1996.

All ITA expansion participants, except Albania, have submitted modified tariff schedules of commitments. The cuts will be applied on a most-favoured-nation basis, which means that all WTO members benefit from duty-free access in these markets. Georgia joined the group, bringing the number of participants to 26, representing 55 WTO members, including developed and developing countries, and accounting for approximately 90 per cent of world trade in these products.
**State trading enterprises**

- The Working Party reviewed new and full notifications by 16 WTO members.
- Compliance with notification obligations remained poor.

**Background on state trading enterprises**

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

At its May and November meetings, the Working Party on State Trading Enterprises (STEs) reviewed the 2016 new and full notifications by 16 members regarding the activities of their STEs and asked questions about specific aspects of notifications made at previous meetings.

Compliance with notification obligations remained poor. For the 2016 notification period (covering 2014 and 2015), only 45 new and full notifications were received out of a total of 136 WTO members subject to this obligation. Members were encouraged by the working party to continue to work with their respective capitals and the WTO Secretariat to improve their notification record.

**Trade in civil aircraft**

- The European Union accepted the 2015 protocol amending the Civil Aircraft Agreement.

**Background on trade in civil aircraft**

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

In April 2017, the European Union submitted its letter of acceptance of the protocol amending the product annex of the Civil Aircraft Agreement. The protocol, which the Committee adopted in November 2015, brings the tariff classifications of covered products into line with the 2007 update of the Harmonized System, the system used for classifying goods for customs purposes. It enters into force for each signatory on the 30th day following the date of its acceptance.

The Committee continued the discussion of a proposal, tabled in November 2016, for another round of discussions to further update the products list to align it with the 2012 version of the Harmonized System.
Trade facilitation

• The landmark Trade Facilitation Agreement (TFA) entered into force in February 2017.
• Implementation of the Agreement is making good headway and TFA acceptances reached almost 80 per cent of the WTO membership.
• The Trade Facilitation Committee started work under its first Chair.
• Effective trade facilitation is seen as requiring good cooperation between government agencies and the private sector.

Background on trade facilitation

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

The landmark Trade Facilitation Agreement (TFA) entered into force on 22 February 2017 after acceptances of the required two-thirds of WTO members were received. Acceptances had risen to 128 by the end of January 2018, meaning that more than three-quarters (77 per cent) of all WTO members had completed their domestic ratification processes.

By expediting the movement, release and clearance of goods across borders, the TFA will have a significant economic impact, potentially reducing trade costs globally by an average of 14.3 per cent. These economic gains would be bigger than the elimination of all existing tariffs around the world, with the poorest countries benefiting most. Furthermore, and for the first time at the WTO, the requirement to implement an agreement is directly linked to a member’s capacity to do so.

Good progress has been made on notifications, with a total of 62 related submissions received in 2017. The majority consisted of category notifications, a key element of the flexibilities granted to developing and least-developed countries. Many submissions specified when members will be able to implement the Agreement and shared information on required capacity-building support.

Members will implement the TFA provisions in accordance with the categories (A, B or C) in which they have designated their commitments. Category A covers TFA commitments members promised to implement on entry into force; Category B covers those that a developing or least-developed country will implement after a transitional period; and Category C covers commitments requiring technical assistance and capacity building to implement.
Trade Facilitation Agreement: Entry into force

Implementation of the Trade Facilitation Agreement (TFA) is expected to reduce trade costs significantly. The TFA entered into force on 22 February 2017.

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

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

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

2.7% 2.7 percentage points per year to world trade growth.

0.5% more than half a percentage point per year to world GDP growth.

Developed countries had to implement all provisions immediately.

Donor members provided information on their assistance for capacity-building activities, beneficiaries and implementing agencies. Information was also provided on contact points in responsible agencies as well as on the process for requesting support. Members also provided a series of transparency notifications mandated by the TFA. These submissions cover publication aspects, single-window operations, use of customs brokers and customs cooperation. All notifications can be accessed via the TFA database (www.tfadatabase.org).

Inaugural session

The Trade Facilitation Committee, which oversees the TFA, held its inaugural session in May 2017 and elected Ambassador Daniel Blockert of Sweden as its first Chair. The Committee conducted additional sessions in July and November, discussing matters such as rules of procedure, notifications, ratifications and technical assistance. Members also shared experiences with respect to the implementation of the TFA Agreement.

“Having the committee now in session marks an important milestone in our longstanding efforts to foster the facilitation of trade around the globe,” Ambassador Blockert told the first meeting. “We have finally reached the stage where our collective engagement over the past years is bearing fruit.”

In doing so, we are testimony of what can be achieved – even under challenging circumstances – when working in coalitions of a common cause.”

Related events

A special event was held at the WTO in June to celebrate the Agreement’s entry into force and to look at the road ahead. In a video message, Director-General Roberto Azevêdo described the TFA as a “ground-breaking” deal which represented “the greatest trade reform for a generation”. DG Azevêdo declared: “As the first multilateral deal since the WTO was created in 1995, the TFA demonstrated beyond doubt that the WTO can deliver.”

The one-day event – “The WTO Agreement on Trade Facilitation: from vision to reality – and to the future” – brought together negotiators involved in reaching the historic deal and trade experts to reflect on how the accord was forged and what it means for the future.

Also in June, the WTO issued a publication – National Committees on Trade Facilitation: Current Practices and Challenges – providing information on national experiences, best practices and recommendations with respect to the establishment and functioning of national committees. It reported that many WTO members have set up these national bodies for coordinating the implementation of the Agreement and would like assistance to ensure their effective functioning.
Trade facilitation can be a key contributor to sustainable development as speedier border crossings for goods and services help address poverty alleviation and even humanitarian crises, speakers at various sessions told the Aid for Trade Global Review in July. Coordination among customs authorities and other government agencies in a country is important, as are partnerships with the private sector, speakers said. “The difficult part is not necessarily technology. It’s the coordination between many government agencies so we can realize coordinated border management,” World Customs Organization Secretary-General Kunio Mikuriya said.

On the margins of the 11th Ministerial Conference in Buenos Aires, public and private sector leaders exchanged insights on implementing the TFA to fully reap the benefits of swifter and less costly trade at the border. Speakers at the event, entitled “Trade Facilitation on Track”, highlighted the importance of local ownership of reform plans, multi-stakeholder cooperation and capacity building.

**Trade Facilitation Agreement Facility**

Through national and regional workshops, the Trade Facilitation Agreement Facility (TFAF) continued in 2017 to help WTO members prepare for ratification of the TFA and submit notifications to allow them to benefit from flexibilities in implementing the Agreement.

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. It is funded by WTO members on a voluntary basis.

Launched in 2014, the TFAF provides an information-sharing platform to provide resources, identify possible donors and undertake donor and recipient match-making activities. It will also provide project preparation and project implementation grants in cases where efforts to attract funding from other sources have failed.

The TFAF organized two courses aimed at helping the chairs of national trade facilitation committees to better understand the role of the committees and to increase their understanding of the Agreement. The Facility held meetings with partner organizations/donors to enhance coordination of support for implementation of the Agreement.
Trade in services

- Notifications under services waiver for least-developed countries (LDCs) rose to 24.
- LDCs called for capacity building to maximize impact of the waiver.
- E-commerce discussions generated high level of engagement.
- China urged continued discussion of “new services” – those not specifically covered by the classification system of the General Agreement on Trade in Services.

Background on trade in services

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

LDC services waiver

In 2017, Panama became the 51st WTO member to submit a notification under the services waiver for LDCs. The waiver, agreed in 2011, enables WTO members to grant more favourable treatment to LDC services and service suppliers.

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

LDCs provided detailed assessments of the preferences granted to them. Declaring the waiver a success, LDCs called for targeted capacity-building measures to enable their suppliers to utilize the preferences. They urged members to raise awareness of the waiver among their respective constituencies. They also called on the Services Council to explore ways to enhance the functioning of the waiver.

Exemptions to the MFN obligation

The Council concluded its fourth review of the exemptions that many WTO members took from the most-favoured nation (MFN) obligation on joining the WTO. The review examines whether the conditions that gave rise to the exemptions still existed. The Council agreed to set the date of the next review at its first meeting of 2022.

E-commerce

WTO members submitted various communications on e-commerce, generating a high level of engagement. Numerous delegations emphasized the transformative role of e-commerce, its positive impact on growth and development and its potential to reduce transaction costs, especially for the smallest enterprises. A number of members also shared information about their e-commerce domestic legal frameworks, the commercial and regulatory evolution of relevant sectors, such as e-payment and courier services, and their experience with negotiating related provisions in regional trade agreements.

Numerous members signalled their readiness to work towards an outcome on e-commerce at the 11th Ministerial Conference (MC11) in Buenos Aires. Various delegations called for a gradual approach focused initially on areas that enhance consumer and business confidence with electronic transactions. Several members, however, argued against any WTO rule-making on e-commerce. They stated that some of the communications tabled went beyond the purely exploratory mandate for the work and that a number of the issues raised did not belong in the WTO. These delegations also underscored the need to put developing and least-developed countries (LDCs) at the centre of the debate.

MC11 extended a moratorium on customs duties on electronic transmissions for a further two years until the next ministerial session. Ministers also issued a call to “reinvigorate” work on e-commerce (see page 32).
Other Services

Council issues

WTO members could not agree on the organizing of a seminar on the movement of natural persons (mode 4), which covers the temporary movement of people (rather than companies) across borders to supply services, initially proposed by India in 2016. Nevertheless, India underscored its intention to have the Council continue discussing the seminar proposal.

In October, Japan and the United States expressed concerns about cybersecurity measures China recently adopted or is developing, and about measures that Viet Nam is developing. The European Union, New Zealand, Australia and Chinese Taipei echoed many of the concerns, and India and Brazil also intervened. Both China and Viet Nam provided a number of clarifications and stressed their right to regulate in pursuit of relevant public policy objectives.

Russia again raised the reform of the Unified Gas Transportation System of Ukraine.

In accordance with the transparency provisions of the General Agreement on Trade in Services (GATS), the Council received 18 notifications of new or revised measures that could significantly affect trade in sectors where the notifying WTO members have commitments. Another seven notifications dealt with new economic integration agreements covering services trade.

Financial services

The Committee on Trade in Financial Services addressed electronic payments in discussions on the contribution of trade in financial services to financial inclusion. China provided an overview of recent developments in its electronic payments sector. The Friends of E-commerce for Development (Argentina, Chile, Colombia, Costa Rica, Kenya, Mexico, Nigeria, Pakistan, Sri Lanka and Uruguay) organized a seminar on digital payments and financial inclusion, held at the WTO in March 2017.

Under the Committee’s ongoing review of global financial regulatory reform, the Committee on Payments and Market Infrastructures, the Financial Stability Board and the International Association of Insurance Supervisors made presentations on recent developments and discussed with members the potential implications for trade in financial services.

Jamaica, on behalf of the members of the Caribbean Community, submitted a draft proposal for a seminar on “de-risking and correspondent banking”. Consultations on this proposal are continuing.

Specific commitments

China raised two issues at the sole meeting of the Committee on Specific Commitments. It challenged the view that discussion on “new services” – those that appear not to be specifically mentioned in the GATS classification system – has been exhausted.

Numerous delegations emphasized the positive impact of e-commerce on growth and development.
According to China, the complexity of the subject and its direct relevance to the implementation of specific commitments by members warrant further in-depth examination on related issues in the Committee.

China also drew attention to a distinction between the terms "e-commerce" and "digital trade". In China’s view, the interchangeable use of those two terms might cause misunderstanding and confusion in future work on e-commerce in the WTO.

Members differed on whether to continue the discussion on "new services" and on the need to draw a distinction between "e-commerce" and "digital trade".

With regard to discussion of economic needs tests (ENTs), Turkey said that the problems that it had sought to address with its proposals, i.e. lack of clarity, transparency and predictability, are covered in the Trade Facilitation in Services Agreement proposed by India (see page 52). Turkey suggested that future work on ENTs, which condition market access to fulfilment of certain economic criteria pursuant to GATS Article XVI, focus on the acceptability and formulation of Article 5 of the proposed agreement.

Turkey’s suggestion was supported by India and Brazil. The Committee did not decide whether and how it should continue with its work on ENTs. A major problem with ENTs is that most relevant entries in members’ schedules of commitments provide no or minimal indication as to the criteria applied.
Implementation and monitoring

Trade-related aspects of intellectual property rights (TRIPS)

• TRIPS amendment on affordable medicines came into force in January 2017.
• WTO members called for action to ensure the amendment can be used effectively.
• Twelve members notified the TRIPS Council of new or revised IP legislation.
• The Secretariat focused technical assistance on effective use of the amendment and its implementation in domestic legislation.

Public health

On 23 January 2017, an amendment to the TRIPS Agreement came into force ensuring developing countries legal access to affordable medicines under WTO rules. It is the first time a multilateral WTO accord has been amended. The amendment became part of the WTO rule book after it was formally accepted by the necessary two-thirds of WTO members. It makes a special compulsory licensing system for affordable medicines a permanent part of the TRIPS Agreement.

“The amendment provides a secure legal pathway to access affordable medicines and puts this new procurement tool on a par with other TRIPS flexibilities directly relevant to public health,” said the Chair of the TRIPS Council, Ambassador Modest Jonathan Mero of Tanzania.

WTO members called for action to ensure that the system can be used effectively to deliver affordable medicines to countries in need. Possible actions proposed include awareness-raising among procurement and intellectual property (IP) officials on how to use the system as a practical procurement tool, providing legislative and other assistance to countries to implement it in domestic law, and sharing of national experiences.

In response, the WTO Secretariat made a presentation on notification requirements and increased its existing focus on practical use of the system in its long-running series of capacity-building activities focusing on TRIPS and public health. For the first time, it organized a training activity tailored for a particular region – Latin America – on trade and public health with a particular focus on the use of the system across that region.

The General Council extended the period for acceptance of the amendment from the end of 2017 to December 2019 as 43 members had not yet provided acceptances. Those members will continue to benefit from a 2003 waiver granting access to affordable medicines from third-country sources.

TRIPS and public health continued to be addressed in various technical cooperation activities organized by the WTO Secretariat in collaboration with the World Health Organization.

Background on TRIPS

The intellectual property system has become central to debate about economic development and broader public policy questions, such as innovation policy and public health. The TRIPS Agreement is the most comprehensive international treaty governing the protection, administration and enforcement of intellectual property rights. The Council for TRIPS, a body open to all WTO members and to certain observers, administers the TRIPS Agreement, provides a forum for debate on policy issues and reviews the intellectual property legislation of individual WTO members.
The amendment eases poorer WTO members’ access to medicines by allowing generic versions of patented medicines to be produced under compulsory licences (i.e. without the consent of the patent owner) exclusively for export to countries that cannot manufacture the needed medicines themselves. The amendment entered into force on 23 January 2017.

Four things you need to know about the TRIPS amendment:

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

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

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

4. Acceptance threshold
   The amendment came into force once Burkina Faso, Liechtenstein, Nigeria, the United Arab Emirates and Viet Nam submitted their instruments of acceptance in January 2017, bringing the total number of acceptances over the required threshold of two-thirds of the WTO membership; this follows a recent sharp increase in the rate of acceptances filed.

At the Council’s meetings, several delegations provided additional explanations about the significance of the notified legislation. The Council was also briefed on the wide range of IP policy matters members had raised in other members’ trade policy reviews.

In the Council’s meeting of October 2017, India posed questions to the European Union concerning its legislation on customs enforcement for goods in transit. The European Union indicated its willingness to engage in talks with members concerned.

Based on the notifications received, the Council completed reviews of TRIPS implementing legislation of Saint Kitts and Nevis, Seychelles and Kazakhstan.

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

Promoting transparency
TRIPS notifications provide a unique body of information and are an important transparency mechanism on how members have adapted and applied general TRIPS standards in distinct ways that correspond to the domestic needs and circumstances.

In 2017, 12 members notified the Council of new or revised IP legislation. To date, 134 WTO members have notified their TRIPS implementing legislation, 110 have provided responses to a checklist notifying the essential elements of their systems for enforcement of IP rights and 141 members have notified contact points for cooperating with each other on eliminating trade in IP-infringing goods.

The amendment provides a secure legal pathway to access affordable medicines.
Plants, animals, biodiversity and traditional knowledge

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

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

Views diverge on whether to amend the TRIPS Agreement to oblige WTO members to require patent applicants to disclose the source or the country providing genetic resources and associated traditional knowledge where the invention is based on such resources or knowledge.

Incentives for technology transfer

In October 2017, the Council undertook the 15th annual review of reports provided by developed countries on the incentives they give to promote and encourage the transfer of technology to least-developed countries (LDCs). The TRIPS Agreement, in Article 66.2, requires developed countries to provide such incentives.

The WTO Secretariat organized the 10th annual workshop aimed at strengthening dialogue on and understanding of the incentives and on the process of reporting them. The LDC Group indicated that LDCs still trail developed and developing countries in technology and that transfer of technology, as required by Article 66.2, would increase LDCs’ prospects of developing local research institutions and the appropriate technology to bridge the gap and to meet UN Sustainable Development Goals (SDGs).

TRIPS non-violation and situation complaints

In 2017, the TRIPS Council continued its discussion on the application of so-called non-violation and situation complaints under the TRIPS Agreement, in particular on whether such disputes should be permitted, whether there is a need to establish the scope and ground rules (modalities) for such complaints and whose task it would be to propose possible elements for the scope and modalities.

In general, WTO disputes can be brought not only if an agreement or commitment has been violated but also if an expected benefit under an agreement has been nullified, even without any violation of the letter of the agreement. However, the TRIPS Agreement contained a five-year moratorium on initiating such “non-violation and situation complaints”.

This moratorium has been repeatedly extended by ministerial conferences. At the 11th Ministerial Conference in Buenos Aires, in the absence of a final agreement on this question, ministers directed the Council to continue its examination of the scope and modalities for these complaints and make recommendations to the next Ministerial Conference in 2019.
Technical cooperation and capacity building

The Council was updated on technical cooperation by developed countries, other intergovernmental organizations and the WTO Secretariat. The Secretariat focused its technical assistance on effective use of the TRIPS amendment on affordable medicines and its implementation in domestic legislation.

The WTO and WIPO again jointly delivered two advanced technical assistance courses for government officials and university teachers, in March and June in Geneva. The aim is to strengthen the capacity of developing-country participants to monitor and participate in international IP developments and to make informed assessments of IP policy issues.

In December, the Secretariat organized the first WTO specialized programme on the TRIPS Agreement and national judiciaries, which aimed to enhance the capacity of the judiciary on the policy and practice of disputes and other litigation on IP matters, particularly those elements covered by the TRIPS Agreement. It was attended by some 30 judges from developing countries and economies in transition who are currently dealing with IP matters.

IP and innovation

The Council continued its discussion and information exchange on IP and innovation, focusing on how IP protection can play a critical role in boosting collaboration-based innovation and competitiveness in small business; how IP frameworks and innovation policy assist micro, small and medium-sized enterprises (MSMEs) to successfully grow and help them integrate into global value chains.

Some delegations argued that the evidence does not support the assumption that strong intellectual property rights (IPRs) foster innovation. IPRs are only one among many factors contributing to innovation and innovation needs to be driven by what is in the public interest.

IP and the public interest

WTO members discussed the relationship between IP and the public interest, with a focus on compulsory licensing. Sponsors indicated a need to broaden understanding of how IP systems can be responsive to public interest considerations. While recognizing the need for balanced IP systems, some other members indicated that IPRs do not contradict the public interest. In their view, IP systems contribute to innovation, which is in the public interest.

E-commerce

Discussion on e-commerce was based on five submissions: Canada’s submission on its national experience of an enforcement initiative against the sale of counterfeit products over the Internet; a joint paper by Argentina and Brazil on e-commerce and copyright; a paper by Argentina, Brazil and Paraguay on digital solutions for ensuring authenticity, integrity and privacy of online transactions within MERCOSUR (the Southern Common Market); the European Union’s submission on regulatory frameworks, policies to ensure open markets, government initiatives facilitating the development of e-commerce and information sharing on e-commerce policies and their impact on e-commerce; and Singapore’s paper on the potential of e-commerce to help small enterprises expand and the challenge of digital connectivity in many developing countries.
Trade and environment

• International organizations briefed the Committee on efforts to restrict illegal, unreported and unregulated fishing.

• The Committee discussed international action on climate change and the role of the WTO.

• The Committee was briefed on various international treaties on hazardous chemicals and waste; it heard that trade has an important part to play in the management of these threats.

Sustainable fisheries
In 2017, the Committee on Trade and Environment was briefed on global and national efforts to address illegal, unreported and unregulated (IUU) fishing, to which some US$ 10-23 billion is estimated to be lost annually. The UN’s Food and Agriculture Organization (FAO) outlined its legal instruments and tools to combat IUU fishing, including the global record of fishing and other vessels, voluntary guidelines for catch documentation schemes, and the Port State Measures Agreement, which entered into force in 2016.

The United Nations Conference on Trade and Development (UNCTAD) briefed WTO members on its 2016 Trade and Environment Review publication on fish trade, which describes the main trends and the likely impact of climate change on fish. The Organisation for Economic Co-operation and Development provided an overview of its Fisheries Support Estimate database, currently covering 31 countries.

Fiji presented the outcome of the UN Ocean Conference held in June 2017 to support the implementation of UN Sustainable Development Goal (SDG) 14, which aims to conserve and sustainably use the oceans, seas and marine resources. The call for action adopted at the conference includes supporting sustainable ocean-based economies and accelerating WTO negotiations to tackle fisheries subsidies.

The WTO Secretariat reported on the fisheries subsidies negotiations in the WTO Negotiating Group on Rules. The 11th Ministerial Conference (MC11) in Buenos Aires in December called for agreement by the next conference in 2019 on comprehensive and effective disciplines on fisheries subsidies (see page 57).

Canada updated members on the plurilateral negotiations on fisheries subsidies launched in September 2016. These negotiations are open to all WTO members and are complementary to the ongoing multilateral negotiations.

Climate change and trade
The United Nations Framework Convention on Climate Change (UNFCC) briefed the Committee on climate change discussions, notably meetings of parties of the Paris Agreement, which entered into force in November 2016, setting out a global action plan to limit global warming. Korea, New Zealand and Peru updated WTO members on their respective pledges under the agreement.

China outlined its renewable energy policy and projects. It said it had obtained almost 13 per cent of its...
energy from renewables in 2015, up from 6 per cent in 2005. New Zealand shared information on the Global Research Alliance on Agricultural GHGs, a partnership launched among 49 countries to increase food production without generating more greenhouse gases (GHGs).

A workshop, co-sponsored by Korea, Canada, Costa Rica, Mexico, Norway, Switzerland and Chinese Taipei, was held at the WTO in June 2017 to improve understanding of the relationship between trade and climate change. Director-General Roberto Azevêdo noted that “for the WTO to play its full part, members must continue to deepen their dialogue, identify where the challenges lie, what current practices are, and of course – what the WTO can bring to the table”. Several delegations expressed support for discussions in the WTO but others suggested that climate change is better left to other fora.

Reform of fossil fuel subsidies
On behalf of the Friends of Fossil Fuel Subsidy Reform (FFSR) – an informal group of non-G20 countries – New Zealand told the Committee that the FFSR Communiqué of 2015 continues to attract signatories. It calls for increased efforts to eliminate inefficient fossil fuel subsidies.

New Zealand considered the WTO to be uniquely placed to address the relationship between the reform of fossil fuel subsidies and trade. Jointly with Finland, it organized a high-level event at MC11 on “Fossil Fuel Subsidies Reform and Trade: Understanding the Linkages”. However, not all members see the WTO as the appropriate forum to discuss the issue.

Chemicals and waste management
The Secretariat of the Basel, Rotterdam and Stockholm (BRS) conventions, which aim to protect human health and the environment from the harmful effects of chemicals and hazardous waste, briefed delegations on their “Conference of Parties” (CoP) meetings held in 2017. On the margins of the CoP meetings, the WTO and BRS secretariats organized an event which noted that trade has an important role to play in supporting global efforts to strengthen the management of hazardous chemicals and waste. The Committee was also briefed on the Minamata Convention on Mercury, which aims to protect against the harmful effects of mercury.

The United Nations Industrial Development Organization briefed the Committee on assisting countries in complying with obligations regarding polychlorinated biphenyls (PCBs) under the Stockholm Convention and in implementing the Minamata Convention. PCB, a man-made chemical the manufacture of which is banned, was widely used in the mining industry and its residual presence can be an environmental danger. Peru presented its experience with environmentally sound management of PCBs in the mining sector.

MEAs and other international organizations
In 2017, the WTO Secretariat introduced updates to the multilateral environmental agreements (MEA) matrix to include sections on the Port State Measures Agreement, the Paris Agreement and the Kigali amendment to the Montreal Protocol for the phase-down of the production and consumption of hydrofluorocarbons.
Implementation and monitoring

The Ozone Secretariat of UN Environment briefed delegations on the Kigali amendment, adopted in October 2016, and urged WTO members to ratify it. The Committee was also updated by the International Organization for Standardization on its work to develop a standard on the carbon footprint of products. Some concerns were raised on the impact and WTO-consistency of such requirements, which could create trade barriers for developing countries.

WTO and UN Environment dialogue

Following on from UN Environment Executive Director Erik Solheim’s visit to the 2017 WTO Public Forum, the WTO and UN Environment will join forces to provide a platform for interested stakeholders from all sectors of society to exchange ideas, showcase successful experiences and improve understanding of how trade can more effectively help bring about inclusive and sustainable development, in line with the SDGs.

A high-level event is planned for Geneva in 2018 to bring together leaders from the public and private sectors to kick-start the work. The collaboration was announced at the World Economic Forum in Davos in January 2018.

“While trade has brought prosperity to many, we must ensure that it also works for our natural resources, for our climate and for all people,” UN Environment Executive Director Solheim said.

Director-General Azevêdo said that the initiative was rooted in the very same notion that “inspired the creation of the WTO more than 20 years ago: that trade can serve as a powerful tool to improve human well-being in all its dimensions – economic, social and environmental”.

WTO environmental database

The WTO Secretariat presented the 2014 and 2015 updates to the environmental database. The database covers all environment-related notifications submitted by WTO members (see Figure 12) as well as environmental measures and policies mentioned in trade policy reviews. Members called for improvements to the database interface and search functions.

Technical assistance and outreach

In 2017, the WTO held workshops on trade and the environment in Madagascar, Montenegro and Argentina. A joint WTO-United Nations Economic and Social Commission for Asia (UNESCAP) workshop for the Asia-Pacific was organized in Sri Lanka. Trade and environment training was also delivered as part of the WTO’s Geneva-based and regional trade policy courses and through the e-learning platform.

Outreach activities included a session on trade and the SDGs during the WTO Public Forum (see page 166) and an event to mark World Environment Day 2017, which explored the role of trade in helping reduce, reuse and recycle waste. At the Global Review of Aid for Trade, the WTO and the European Bank for Reconstruction and Development organized a side event on small and medium-sized enterprises (SMEs) and green value chains.

The WTO participated at the UN Ocean Conference and in activities organized by FAO and UNCTAD, among others, on sustainable fisheries and the implementation of SDG 14. The WTO also participated at the UN Environment Assembly and collaborated in side events held at the conference of parties meeting of the UNFCCC.
Trade and transfer of technology

- The Working Group continued to analyse the relationship between technology transfer and trade.
- Discussions underscored that economies need to pursue policies that attract foreign direct investment.
- WTO members underlined the importance of experience-sharing by economies that have made rapid technological advances.

Background on trade and transfer of technology

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

WTO members continued their discussion on the relationship between trade and transfer of technology, but with a low level of engagement. Members recognized that technology and technical know-how play an important role in improving productivity, promoting export growth and supporting economic growth in developing and least-developed countries.

The discussions underscored the importance of effective transfer of skills and intangible know-how, successful learning and the effective application of such knowledge in the technology transfer process and in enhancing production capability, securing economies of scale and achieving improvements in product quality. Economies, in their efforts to harness development, need to pursue policies that attract foreign direct investment and technology.

Members felt that rapid technological advances and an increasingly information-driven global economy are impacting on the competitiveness and market opportunities of specific groups and regions – a problem which a number of countries are struggling to address.

Pakistan told the July meeting of the Working Party that the fundamental goal of technology transfer is to help build technological capacities in countries which are at the lower rung of innovation and technical know-how. Transfer of technology is a long-term dynamic process and not a one-off transaction. It requires constant adaptation by all actors in the process, Pakistan said.

There was broad recognition that the path to innovation and technology could lead to development and industrialization creating wealth, jobs and improving standards of living. In this regard, the need for focused and meaningful work in the Working Group that could help address these challenges was repeatedly underscored. Members also laid emphasis on the importance of sharing experiences and concrete examples of how members which had made rapid advances on the technology frontier had overcome similar difficulties.
Spotlight: Increasing women’s role in trade

At the 11th Ministerial Conference in December 2017, WTO members joined for the first time a collective initiative to increase the participation of women in trade. By supporting the Buenos Aires Declaration on Trade and Women’s Economic Empowerment, 120 WTO members and observers have demonstrated their commitment to helping women reach their full potential in the world economy and to removing barriers to women’s advancement.

Supporters of the declaration have committed themselves, among other things, to sharing experiences and best practices on inclusive policies and data collection. They have also committed to working together in the WTO to ensure that Aid for Trade (see page 151) supports the development and implementation of more gender-responsive trade policies.

Director-General Roberto Azevêdo stated that the declaration “provides guidance from the members to the WTO for the way forward and the WTO will play its full part. It will be a vital element in the WTO’s work to make trade more inclusive.”

Three-quarters of men are in the labour force compared with only 50 per cent of women. Close to 40 per cent of small and medium-sized enterprises (SMEs) worldwide are women-owned businesses but only 15 per cent of exporting firms are led by women. Globally, it is estimated that the elimination of all forms of discrimination against women would raise per capita productivity by 40 per cent.

Gender issues are being raised with increasing frequency at the WTO. For example, a group of members, led by Canada, proposed including gender equality in negotiations on domestic regulations in services. Other members, notably the European Union and Iceland, have used their trade policy reviews (see page 114) to highlight policy developments that contribute to gender equality. The gender perspective was also discussed at the WTO’s Public Forum (see page 166).

At the WTO’s Aid for Trade Global Review in July 2017 (see page 154), speakers at a high-level session on gender and trade said that removing barriers to women fully participating in trade is critical not only for the empowerment of women but also for economic growth and development in general. A number of other sessions at the Review were dedicated to gender issues, with donors and other partners discussing how to increase their focus on women’s empowerment and how Aid
for Trade impacts on women. Gender was also a cross-cutting issue in the Aid for Trade Work Programme for 2016-17.

The WTO marked International Women’s Day on 8 March 2017 with a programme of events and discussions looking at women’s economic empowerment and how more can be done to promote gender equality within the organization. The Director-General launched a report, “Women and the WTO”, showing that the participation of women in the WTO Secretariat has increased steadily over the years while also highlighting areas where more progress can be made, including in chairing WTO bodies. In June 2017, for the first time, the WTO nominated a gender focal point to coordinate work among divisions.

The WTO’s technical assistance plan for 2018-19, adopted in November 2017, gives the WTO Secretariat a mandate to develop a training module to “raise awareness and enhance the aptitude of policy makers to incorporate gender considerations in their analysis and trade policy development or negotiations”.

In addition, the WTO has launched a partnership with the World Bank to generate new data and promote better understanding of the impact of trade on women. It has also launched a research project with the Organisation for Economic Co-operation and Development looking at how Aid for Trade can help women’s empowerment.

In October, the WTO launched an Action Plan on Trade and Gender, with four objectives: raising awareness on the link between trade and gender; facilitating WTO members’ actions on trade and gender; generating new data on the impact of trade on women; and providing training to government officials and to women entrepreneurs.

The WTO also released a brochure, “Gender-Aware Trade Policy: A Springboard for Women’s Economic Empowerment”, on how trade can be a driving force for women’s economic empowerment. It highlights that women play a vital role in the economy and if given equal opportunities, they could contribute to economic growth and social inclusion at all levels. The brochure underlines that trade can play a key role in delivering opportunities for women and can be a driving force for their economic empowerment.
Regional trade agreements

• In 2017, the WTO received 25 notifications of regional trade agreements (RTAs) currently in force, up from 22 in 2016.

• The notifications involved 15 new RTAs. The Americas notified the highest number – seven.

• The Committee continued to examine the impact of RTAs on the multilateral trading system.

• The RTA database was further improved, adding information and facilitating searches and comparisons.

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.

Notifications

WTO members submitted 25 notifications concerning regional trade agreements (RTAs) in 2017. These notifications (submitted separately for trade in goods, services and accessions to existing RTAs) correspond to 15 new RTAs.

Of the 15 RTAs, six included goods and services provisions while nine included goods provisions only. In addition, one of these concerns an RTA that is not yet in force. As in 2016, only three of the RTAs were between developed and developing partners, while eight were between developing partners only and four RTAs were between developed partners only.

Members from the Americas were involved in the highest number of RTAs – seven – followed by the Asia Pacific region and Europe – five each. Other RTAs involved members from the Commonwealth of Independent States (four) and Africa (three). Nine of the agreements covered members from two different regions and six covered members from one region.

The notifications took the number of RTAs notified to the WTO by 31 December 2017 to 669, of which 455 were in force (see Figure 13). RTAs include free trade agreements and customs unions. Under WTO rules, the goods and services aspects of RTAs, as well as accessions to existing RTAs, must be notified separately and thus are counted separately. However, if all three elements are counted together, the 669 notifications involved 479 individual RTAs, of which 284 were in force.

Some 69 RTAs had not been notified to the WTO as of 27 October 2017. Since 2011, the WTO Secretariat has been issuing a list of RTAs in force but not notified. In 2017, nine RTAs included in the list of non-notified RTAs were notified to the WTO.

Monitoring RTAs

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

The mechanism provides specific guidelines on when a new RTA should be notified to the WTO Secretariat and the related information and data to be provided. It also requires the Secretariat to prepare a factual presentation on each RTA, and that each RTA be reviewed by WTO members. By the end of 2017, 159 RTAs involving 107 WTO members had been reviewed, up from 143 agreements involving 106 members at the end of 2016.

A total of 284 of the RTAs notified to the WTO were in force at the end of 2017.
Agreements notified under Article XXIV of the GATT 1994 and Article V of the GATS are considered by the Committee on Regional Trade Agreements (CRTA) while agreements notified under the Enabling Clause (see page 110) are considered by a dedicated session of the Committee on Trade and Development (CTD), using the Secretariat’s factual presentation as the basis for consideration (see Table 2).

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

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. The cumulative lines show the number of notifications/physical RTAs that were in force for a given year.

Source: WTO Secretariat.
In 2017, the CRTA considered 16 notifications of RTAs, counting goods, services and accessions separately, compared with 29 in 2016 and 19 in 2015. The CTD held one dedicated session on RTAs and considered one RTA notified under the Enabling Clause.

The transparency mechanism also requires the Secretariat to prepare “factual abstracts” on RTAs examined by the CRTA prior to their entry into force. By the end of 2017, 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, three “early announcements” of RTAs were received from WTO members in 2017, one for a newly signed RTA not yet in force and two for RTAs under negotiation. As of December 2017, the WTO had received 106 early announcements. Sixty-seven of these had subsequently been notified to the WTO following entry into force of the agreements.

The CRTA also discusses end-of-implementation reports for RTAs. Most RTAs are implemented over a transition period and the transparency mechanism requires RTA parties to submit a short written report on how the liberalization commitments are put into effect. Two such reports were submitted in 2017. The reports are important for understanding whether RTAs accomplish what they set out to do. The Chair of the CRTA, Walid Doudech (Tunisia), noted that implementation reports had been due for 136 RTAs as of 13 February 2017 but only two were received during the year.

The General Council established the transparency mechanism on a provisional basis in 2006. Members are required to review the legal relationship between the mechanism and relevant WTO provisions on RTAs. The Negotiating Group on Rules started the review in 2011. In Nairobi in December 2015, ministers called on WTO members to work towards making the mechanism permanent.
Impact of RTAs on the multilateral trading system

With RTAs becoming increasingly comprehensive, the Nairobi Ministerial Declaration of December 2015 reaffirmed the need to ensure they remain complementary to, and not a substitute for, the multilateral trading system. It instructed the CRTA to discuss the systemic implications of RTAs for the multilateral trading system and their relationship with WTO rules.

In April, the Committee discussed the relationship between trade facilitation provisions in RTAs and the WTO’s Trade Facilitation Agreement (see page 94). The discussion looked at how certain RTAs converge with or diverge from the provisions of the TFA. Members also heard how trade facilitation provisions in RTAs have evolved and shaped TFA negotiations and how, in turn, the TFA could set the basis for customs and trade facilitation chapters in future RTAs.

RTA database

The WTO’s RTA database (http://rtais.wto.org), where details of RTAs notified to the WTO are stored, was further strengthened in 2017 with the addition of new features and more information. The new additions became available to the public on 14 December 2017. The principal changes involve:

- an expanded list of topics and provisions which can be searched across all notified RTAs currently in force (previously only a subset of RTAs was covered)
- interactive graphs on the evolution of RTA notifications to the GATT and the WTO
- an analysis of preferential tariffs (on a tariff line basis) as they are expected to be implemented by the RTA.

An expanded list of topics covered in RTAs

The number of topics covered has been expanded to 41 and the topics further sub-divided into 72 provisions. This permits users to search the database for RTAs that contain one or several of these topics or provisions.

Interactive graphs

A series of interactive graphs allows the user to produce graphs showing the evolution of RTAs by country or region, or by date of entry into force, signature or notification. The underlying data used to produce the graphs can be exported to an Excel spreadsheet.

Preferential tariff search

The third new feature allows the user to search the preferential tariff offered by individual members of the WTO under their RTAs, compared to their latest most-favoured-nation tariff. The search function is provided at the tariff line level. Thus, an exporter in a given country could analyse preferential tariffs in distinct export markets for certain products and compare them to the MFN tariff.

The information generated by the database now permits users not only to identify RTAs with the provisions they are interested in, it also provides a clearer picture of any common features of RTAs and the evolution of emerging trends in RTAs.
Trade Policy Reviews

- In 2017, the Trade Policy Review Body reviewed 23 WTO members.
- The eight West African Economic and Monetary Union members were reviewed together for the first time.
- Bolivia and Sierra Leone were reviewed after a 12-year gap.
- Six follow-up workshops and a regional roundtable trade policy workshop were held during the year.

In 2017, the Trade Policy Review Body (TPRB) reviewed the trade policies and practices of 23 WTO members, the same number as in 2016. By the end of 2017, the TPRB had conducted 467 reviews since 1989, covering 153 of the 164 WTO members.

The eight West African Economic and Monetary Union member countries – Benin, Burkina Faso, Côte d’Ivoire, Guinea Bissau, Mali, Niger, Senegal and Togo – were reviewed together for the first time. The Plurinational State of Bolivia and Sierra Leone were reviewed for the first time since 2005. The other members reviewed were Japan, Mexico, Belize, Mozambique, Switzerland, Liechtenstein, Nigeria, the European Union, Brazil, Jamaica, Paraguay, Iceland and Cambodia. The dates of the trade policy reviews and the members covered are shown in the map on pages 116-117.

The European Union, Japan and the United States are the most reviewed members, having been reviewed 13 times each. They are followed by: Canada – 10 times; Australia, Brazil, Hong Kong (China), the Republic of Korea, Singapore, Switzerland and Thailand – seven times; China, India, Indonesia, Malaysia, Mexico, Norway and Turkey – six times; and Chile, Iceland, Liechtenstein, Morocco, New Zealand, Nigeria and South Africa – five times. Thirty-one members have been reviewed four times and 30 members three times.

Five members opted for the alternative timeline for the submission of written questions and replies for their TPR meetings in 2017. The alternative timeline was introduced at the fourth appraisal of the Trade Policy Review Mechanism (TPRM) in 2011. It requires members to submit questions four weeks before a meeting and requires the reviewed member to submit written responses one week in advance.

Digital audio files (podcasting) were discontinued as of 2017 in line with the sixth TPRM appraisal in 2016. The seven-minute rule for members’ interventions continued to work satisfactorily.

Printed versions of each trade policy review are available as WTO publications. These include the report by the WTO Secretariat, the report by the member under review, the concluding remarks by the Chair of the TPRB and a key trade policy facts section.
TPR follow-up workshops
After a trade policy review, the reviewed member can ask the Secretariat to organize a follow-up workshop with domestic stakeholders to further disseminate the outcome of the review and to discuss technical assistance and capacity-building needs.

In 2017, six follow-up workshops – for Chad, Congo, Guatemala, Honduras, the Solomon Islands and the United Arab Emirates – were conducted. In addition, a regional trade policy roundtable workshop for five Asian least-developed countries (LDCs) was organized in Myanmar to facilitate dialogue among the participants about TPR best practices and how the TPR process can help these countries undertake trade-related reforms and mainstream trade into their wider economic and development policies.

Trade Policy Review programme for 2018
Eighteen TPR meetings are scheduled to be held in 2018 for 23 members. They are: The Gambia; Malaysia; Egypt; the Philippines; Montenegro; Guinea; Mauritania; Colombia; Norway; Uruguay; China; Israel; Chinese Taipei; Armenia; Vanuatu; Hong Kong, China; East African Community (Burundi, Kenya, Rwanda, Tanzania and Uganda); Nepal; and the United States.

Sierra Leone was one of 23 WTO members to undergo a Trade Policy Review in 2017.
Trade Policy Reviews in 2017

- **Plurinational State of Bolivia**: 14 and 16 November 2017
- **Mexico**: 5 and 7 April 2017
- **Belize**: 24 and 26 April 2017
- **Jamaica**: 13 and 15 September 2017
- **Paraguay**: 20 and 22 September 2017
- **Iceland**: 4 and 6 October 2017
- **Sierra Leone**: 14 and 16 February 2017
- **Brazil**: 17 and 19 July 2017
- **Switzerland and Liechtenstein**: 16 and 18 May 2017
- **West African Economic and Monetary Union** (Benin, Burkina Faso, Côte d’Ivoire, Guinea-Bissau, Mali, Niger, Senegal and Togo): 25 and 27 October 2017
The WTO conducted 15 trade policy review meetings in 2017, covering the trade policies and practices of 23 WTO members. The dates of the reviews and the WTO members covered are shown on the map. Further information, including the Chair’s concluding remarks for each review, can be found on the WTO website.
Trade monitoring reports

- WTO members introduced fewer trade-restrictive measures in year to October 2017.
- Members implemented more trade-facilitating than trade-restrictive measures.
- World merchandise trade volume grew by 4.7 per cent in 2017 after just 1.8 per cent in 2016.
- Despite the improved trade outlook, substantial risks remain, said DG Azevêdo.

The trade monitoring reports showed that WTO members introduced fewer trade-restrictive measures from mid-October 2016 to mid-October 2017 compared with the previous year. It was the second successive year-on-year decline. WTO members continued to implement more trade-facilitating than trade-restrictive measures.

The WTO Secretariat prepared four reports on global trade policy developments during 2017. The reports pointed out the need for WTO members to show leadership in reiterating their commitment to open and mutually beneficial trade as a key driver of economic growth and a major engine for prosperity.

The trade monitoring reports are intended to be purely factual and have no legal effect on the rights and obligations of WTO members. The reports neither seek to pronounce themselves on whether a trade measure is protectionist nor do they question the explicit right of members to take certain trade measures.

Almost all restrictive trade measures appear to have been taken within the flexibilities provided for in the multilateral trading system. The overwhelming majority of tariff increases are taken within bound ceilings and do not appear to break WTO rules.

Regarding trade remedy actions, these measures are often taken to address what is perceived by some as a market distortion resulting from the practices of another trading partner. The WTO’s Anti-dumping Agreement and Subsidies and Countervailing Measures Agreement permit WTO members to impose anti-dumping or countervailing duties to offset what is perceived to be injurious dumping or subsidization of products exported from one member to another. The reports are not in a position to establish if, where or when such perceived distortive practices have taken place.

More notifications of sanitary and phytosanitary (SPS) measures and technical barriers to trade (TBT) measures do not automatically imply greater use of protectionist or unnecessarily trade-restrictive measures but rather enhanced transparency regarding these measures. The reports emphasize that the SPS Agreement and the TBT Agreement specifically allow members to take measures in the pursuit of a number of legitimate policy objectives.

The WTO Secretariat strives to ensure that the trade monitoring reports are factual and objective accounts of recent trends in trade policy making. The reports seek to provide a nuanced perspective on trade developments.

I urge members to redouble efforts to refrain from implementing new trade restrictive measures and to reverse existing measures.

DG Azevêdo
Figure 14: Trade-restrictive measures, excluding trade remedies
(Average per month)

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of measures</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
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</tr>
<tr>
<td>2013</td>
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<td>2014</td>
<td>14</td>
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<tr>
<td>2015</td>
<td>19</td>
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<tr>
<td>2016</td>
<td>11</td>
</tr>
<tr>
<td>2015-16</td>
<td>15</td>
</tr>
<tr>
<td>2016-17</td>
<td>9</td>
</tr>
</tbody>
</table>

* mid-October 2015 to mid-October 2016
† mid-October 2016 to mid-October 2017

Figure 15: Trade-facilitating measures, excluding trade remedies
(Average per month)

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of measures</th>
</tr>
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<tbody>
<tr>
<td>2012</td>
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</tr>
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</tr>
<tr>
<td>2015-16</td>
<td>18</td>
</tr>
<tr>
<td>2016-17</td>
<td>11</td>
</tr>
</tbody>
</table>

* mid-October 2015 to mid-October 2016
† mid-October 2016 to mid-October 2017

Figure 16: Trade coverage of import measures, mid-October 2016 to mid-October 2017 (US$ billion)

<table>
<thead>
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<th>Category</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>336</td>
</tr>
<tr>
<td>- Trade-restrictive measures</td>
<td>79</td>
</tr>
<tr>
<td>- Measures facilitating trade</td>
<td>169</td>
</tr>
<tr>
<td>- Trade remedy terminations</td>
<td>12</td>
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<tr>
<td>- Trade remedy initiations</td>
<td>76</td>
</tr>
</tbody>
</table>

Key developments in 2017

WTO members applied 108 new trade-restrictive measures during the 12-month period under review. This equated to an average of nine measures per month compared with 15 in the previous period (see Figure 14).

WTO members also implemented 128 measures aimed at facilitating trade. At almost 11 measures per month, this was significantly lower than the monthly average of 18 recorded in the previous annual overview (see Figure 15).

The estimated trade coverage of import-facilitating measures (US$ 169 billion) was more than twice the trade coverage of import-restrictive measures (US$ 79 billion – see Figure 16).

Moreover, the trade coverage of liberalization associated with measures implemented in the context of the expanded WTO Information Technology Agreement (see page 91) amounted to around US$ 385 billion, according to WTO Secretariat estimates.

International trade flows rebounded strongly after a sharp slowdown in 2016. World merchandise trade grew by 4.7 per cent in volume in 2017, well above the 1.8 per cent increase for 2016.

“This improved outlook is very welcome, but substantial risks that threaten the world economy remain in place and could easily undermine any trade recovery,” Director-General Roberto Azevêdo said. “Further progress will require continued commitment. I urge members to redouble efforts to refrain from implementing new trade-restrictive measures, and to reverse existing measures,” he added.

On trade remedy measures (anti-dumping, countervailing and safeguard measures), the review period saw a slight deceleration both in initiations of investigations and in terminations of measures, compared with the previous annual overview. Anti-dumping measures continue to make up the bulk of all trade remedy initiatives, accounting for 83 per cent of initiations.

Note: Values are rounded.

Continuous consultation

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

In preparation for each report, the Director-General writes to all WTO members and observers inviting them to provide the WTO Secretariat with information on recent trade-related measures as well as general economic support measures.

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

The reports covered several other important trade-related developments during 2016-17. These included new initiatives in regional trade agreements, developments in the areas of the Trade Facilitation Agreement and the Trade-Related Aspects of Intellectual Property Rights Agreement and developments in government procurement, electronic commerce and the Aid for Trade programme.

Database

The Trade Monitoring Database, which is publicly available, provides information on trade measures implemented by WTO members and observers and includes various search criteria options, e.g. country or country group, HS code, type of measure, date of measure.

Members are regularly invited to update information compiled by the WTO Secretariat since 2008 so as to facilitate an evaluation of the extent of “rollback” of such measures.
Trade, debt and finance

- DG Azevêdo – with the support of the Working Group on Trade, Debt and Finance – continued efforts to facilitate access of developing countries to trade finance.

- The Asian Development Bank reported a US$ 1.5 trillion “gap” between supply and demand for trade finance.

- Possible solutions involve more co-financing and co-risk sharing between multilateral development banks and a return of the private sector to credit markets.

- WTO, World Bank, IMF report says strong global trading system, with WTO at its “core”, remains critical.

Director-General Azevêdo continued to address the challenges facing developing countries, and particularly their small and medium-sized enterprises (SMEs), in accessing trade finance. He has advocated a number of measures to address the financing gap, including enhancing trade finance facilitation programmes, helping local banking sectors to grow by better training, improved monitoring of problems and maintaining a close dialogue with regulators.

At its July and November 2017 meetings, the WTO Working Group on Trade, Debt and Finance reiterated its support for the Director-General’s reaching out to heads of other relevant institutions.

Some 80-90 per cent of world trade relies on trade finance. But since the global financial crisis, the financial system has been highly selective in lending and in extending guarantees to developing countries, particularly to SMEs. An Asian Development Bank survey estimated the trade finance gap between supply and demand at US$ 1.5 trillion for 2016. According to banks, 74 per cent of rejected requests came from micro and small and medium-sized enterprises (MSMEs) and mid-cap firms (capitalized at less than US$ 10 billion). Only 40 per cent of firms were able to complete trade transactions without bank-intermediated trade finance.

The Director-General held an informal roundtable on trade finance with senior officials from multilateral development banks (MDBs) at the Aid for Trade Global Review (see page 154). The message from the banks, which are supporting an average of US$ 20 billion to US$ 25 billion of trade per annum, was that scope for action is limited. Possible solutions included co-financing and co-risk sharing between MDBs, bringing the private sector back into the most challenging markets and encouraging co-financing between MDBs and commercial banks. All MDBs agreed to boost capacity building for trade finance. They also asked for a regulatory dialogue with the Financial Stability Board, an international body monitoring the financial system.

The Director-General has been working closely with the CEO of the International Finance Corporation (IFC), Philippe Le Houérou, to enhance dialogue with financial regulators on trade finance.

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.

80-90% Some 80-90 per cent of world trade relies on trade finance.
Expert Group on Trade Finance

Under the chairmanship of the Director-General, the Expert Group on Trade Finance continued to evaluate gaps in trade finance markets. One approach is for MDBs to expand their trade finance facilitation programmes. The Expert Group includes the IFC, regional development banks, export credit agencies, big commercial banks and other international organizations.

Strengthening cooperation

Under the so-called coherence mandate, the WTO, the World Bank and the International Monetary Fund (IMF) address issues of trade finance and development. One topic addressed in 2017 was the relationship between trade, technology, jobs and globalization. A joint publication – “Making trade an engine of growth for all” – notes that while trade opening has generated higher living standards, some parts of the world have suffered from import competition.

On jobs, the report says that while trade leads to productivity gains and significant benefits for consumers, especially the poor, it can also be responsible for job displacement that must be addressed through sound domestic policies to help the unemployed get back on their feet. The report also argues that a strong global trading system, with the WTO at its core, remains critical. The WTO has a unique role to play in fostering stable, predictable and equitable trading relations across the world, the report says.

DG Azevêdo, IMF Managing Director Christine Lagarde and World Bank Group President Jim Yong Kim met regularly at IMF and World Bank gatherings and at the G20 in 2017.

DG Azevêdo continued to place a focus on addressing the challenges facing small businesses in accessing trade finance.
Government Procurement Agreement

- Australia’s accession to the Government Procurement Agreement (GPA) moved towards a possible conclusion.
- Kyrgyz Republic and Tajikistan negotiations advanced; Russia presented market access offer.
- The Committee received application for accession from the former Yugoslav Republic of Macedonia.
- Significant work completed on GPA work programmes.

Background on the Government Procurement Agreement

The GPA aims to open up, based on principles of reciprocity, and to the extent agreed between WTO members, government procurement markets to foreign competition and to make government procurement more transparent. It provides legal guarantees of non-discrimination for the products, services or suppliers of GPA parties in procurement covered by the Agreement. The GPA is a plurilateral agreement—open to all interested WTO members and binding only the parties to the agreement. Currently, 47 WTO members (including the EU and its 28 member states) are bound by the Agreement. The Committee on Government Procurement administers the GPA.

Accessions to the GPA

Work to complete Australia’s accession to the WTO’s Government Procurement Agreement (GPA) intensified in 2017 with the circulation of its second revised market access offer. The accessions of the Kyrgyz Republic and Tajikistan to the 47-member Agreement also continued to advance.

Russia made its initial market access offer, kicking off its accession negotiations. The Committee on Government Procurement also received a formal application for accession from the former Yugoslav Republic of Macedonia.

Constructive discussions continued on China’s accession, possibly paving the way for the country to submit a revised market access offer in 2018. The GPA parties see Russia’s and China’s accessions, on the appropriate terms, as very significant for the Agreement, for the WTO and for the world economy.

The GPA is a plurilateral agreement within the WTO framework, meaning only the parties to the Agreement are bound by its terms. Any WTO members can apply. Accession negotiations include a review of the candidate’s legislative and policy frameworks, to ensure full compliance with the GPA, and negotiations on market access commitments. Government procurement accounts for about 15 per cent of developed and developing-country economies. Only a part of this is currently covered by the GPA.

The Chair of the Committee, Ambassador John Newham (Ireland), updated the Committee on his outreach efforts to Latin American countries regarding their potential interest in the Agreement. Brazil and Afghanistan were granted observer status under the GPA, bringing the number of observers to 31.

The Committee also reviewed the status of other pending GPA accessions and accession commitments. In June 2017, Georgia updated the Committee on its ongoing government procurement reforms and indicated it was conducting a feasibility and impact study on GPA accession.

The past decade has witnessed steady growth in GPA membership (see Figure 17).

Monitoring of implementation and legislation

The revised Agreement is in force for all but one of the parties, Switzerland. The latter has assured the Committee that it will provide its acceptance as soon as possible, taking account of relevant internal requirements and legislative procedures.
The revised GPA entered into force on 6 April 2014. It extended GPA coverage to approximately 500 additional procurement entities, including local government and sub-central entities, together with new services and other areas of public procurement activities. The GPA’s role was strengthened in promoting good governance, battling corruption and protecting the environment.

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

At the Committee’s formal meeting in October, a discussion was held on “buy-national” initiatives in the United States. A number of delegations expressed concerns regarding an executive order issued in April 2017, entitled “Buy American and Hire American”, and related developments and initiatives. The United States responded by providing detailed information concerning the executive order and the review process that it mandated.

Work programmes

Significant work was undertaken by the Committee on its work programmes. Attention focused on sustainable procurement, the collection and reporting of statistical data and small and medium-sized enterprises. As an input to the work programme on sustainable procurement, the WTO Secretariat organized a symposium that featured contributions from non-governmental and other experts.

The work programmes are intended to promote transparency about parties’ implementation of the Agreement, to improve its administration and to assist preparations for possible future negotiations. The revised GPA calls for further negotiations to improve the Agreement and to progressively reduce and eliminate discriminatory measures.
Technical assistance and international cooperation

In response to growing interest in the revised GPA and its relationship with regional initiatives, the WTO Secretariat carried out an intensive programme of technical assistance during the year. This included two regional workshops, two national seminars and a number of Geneva-based and other activities. The two regional workshops were held in Argentina for Latin American countries and in Georgia for Central and Eastern Europe, Central Asia and the Caucasus. National seminars were organized for Sri Lanka and China.

In Central and Eastern Europe, the Secretariat continued its cooperation with the European Bank for Reconstruction and Development in providing technical assistance. This cooperation has greatly facilitated the accession of countries to the GPA and reform of their national procurement systems. Collaboration has also been strengthened with the Commercial Law Development Programme of the US Department of Commerce and other international organizations, including the Organisation for Economic Co-operation and Development, the World Bank and other regional development banks.
1.7 trillion
47 WTO members are parties to the Agreement on Government Procurement. Participation gives them access to US$ 1.7 trillion market.

Parties to the GPA: 19 parties, which together cover 47 WTO members. The European Union and its member states are counted as one.

WTO members in the process of GPA accession: Albania, Australia, China, Georgia, Jordan, Kyrgyz Republic, Oman, Russian Federation, Tajikistan and the former Yugoslav Republic of Macedonia.

Other observer countries: Afghanistan, Argentina, Kingdom of Bahrain, Brazil, Cameroon, Chile, Colombia, Costa Rica, India, Indonesia, Kazakhstan, Malaysia, Mongolia, Pakistan, Panama, Kingdom of Saudi Arabia, Seychelles, Sri Lanka, Thailand, Turkey and Viet Nam.