Who we are

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

Using this report

The 2012 Annual Report is split into two main sections. The first is a brief summary of the organization and a review of 2011. The second section provides more in-depth information.

Find out more

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About the WTO

<table>
<thead>
<tr>
<th>Understanding the WTO</th>
<th>2</th>
</tr>
</thead>
<tbody>
<tr>
<td>New members</td>
<td>8</td>
</tr>
<tr>
<td>How it all comes together</td>
<td>4</td>
</tr>
<tr>
<td>A brief history</td>
<td>10</td>
</tr>
<tr>
<td>A global membership</td>
<td>6</td>
</tr>
</tbody>
</table>

A year in review

<table>
<thead>
<tr>
<th>A message from WTO Director-General Pascal Lamy</th>
<th>12</th>
</tr>
</thead>
<tbody>
<tr>
<td>Our year</td>
<td>14</td>
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<tr>
<td>Ministerial Conference</td>
<td>18</td>
</tr>
</tbody>
</table>

Trade negotiations

Changes to the rules of trade require the agreement of all WTO members, who must reach consensus through rounds of negotiations. The most recent round began in 2001.

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.

Dispute settlement

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

Building trade capacity

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

Outreach

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

Secretariat and budget

The WTO Secretariat has over 600 regular staff and coordinates the activities of the WTO. Most of the WTO’s annual budget consists of contributions by its 153 members.
Understanding the WTO

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

Who we are

The WTO was born out of negotiations, and everything the WTO does is the result of negotiations. The bulk of the WTO’s current work comes from the 1986–94 negotiations called the Uruguay Round and earlier negotiations under the General Agreement on Tariffs and Trade (GATT). The WTO is currently the host to new negotiations, under the ‘Doha Development Agenda’ launched in 2001.

Where countries have faced trade barriers and wanted them lowered, the negotiations have helped to open markets for trade. But the WTO is not just about opening markets, and in some circumstances its rules support maintaining trade barriers—for example, to protect consumers or prevent the spread of disease.

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

The system's overriding purpose is to help trade flow as freely as possible — so long as there are no undesirable side effects—because this is important for economic development and well-being. That partly means removing obstacles. It also means ensuring that individuals, companies and governments know what the trade rules are around the world, and giving them the confidence that there will be no sudden changes of policy. In other words, the rules have to be ‘transparent' and predictable.

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

Virtually all decisions in the WTO are taken by consensus among all member countries. Equal treatment is one of the basic principles of the multilateral trading system.
What we stand for

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

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

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

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

What we do

The WTO is run by its member governments. All major decisions are made by the membership as a whole, either by ministers (who usually meet at least once every two years) or by their ambassadors or delegates (who meet regularly in Geneva).

While the WTO is driven by its member states, it could not function without its Secretariat to coordinate the activities. The Secretariat employs over 600 staff, and its experts – lawyers, economists, statisticians and communications experts – assist WTO members on a daily basis to ensure, among other things, that negotiations progress smoothly, and that the rules of international trade are correctly applied and enforced.

Trade negotiations
The WTO agreements cover goods, services and intellectual property. They spell out the principles of liberalization, and the permitted exceptions. They include individual countries’ commitments to lower customs tariffs and other trade barriers, and to open and keep open services markets. They set procedures for settling disputes. These agreements are not static; they are renegotiated from time to time and new agreements can be added to the package. Many are now being negotiated under the Doha Development Agenda, launched by WTO trade ministers in Doha, Qatar, in November 2001.

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

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

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

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

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

More beneficial for less developed countries
Giving them more time to adjust, greater flexibility and special privileges; over threequarters of WTO members are developing countries and countries in transition to market economies. The WTO agreements give them transition periods to adjust to the more unfamiliar and, perhaps, difficult WTO provisions.

Protect the environment
The WTO’s agreements permit members to take measures to protect not only the environment but also public health, animal health and plant health. However these measures must be applied in the same way to both national and foreign businesses. In other words, members must not use environmental protection measures as a means of disguising protectionist policies.
How it all comes together

The WTO’s top-level decision-making body is the Ministerial Conference, which usually meets every two years.

Below this is the General Council (normally ambassadors and heads of delegation in Geneva, but sometimes officials sent from members’ capitals), which meets several times a year in the Geneva headquarters. The General Council also meets as the Trade Policy Review Body and the Dispute Settlement Body.

At the next level, the Goods Council, Services Council and Intellectual Property (TRIPS) Council report to the General Council.

Numerous specialized committees, working groups and working parties deal with the individual agreements and other areas such as the environment, development, membership applications and regional trade agreements.

Numerous specialized committees, working groups and working parties deal with the individual WTO agreements.
All WTO members may participate in all councils and committees, with the exceptions of the Appellate Body, Dispute Settlement panels and plurilateral committees.
A global membership

The WTO currently has 153 members (as of end 2011) accounting for 95 per cent of global trade. This will rise to 97 per cent once the membership deals of Montenegro, the Russian Federation, Samoa and Vanuatu have been ratified by their respective parliaments.

Joining the WTO

The WTO is open to states or customs territories with full autonomy over their external commercial relations. To join the WTO, a government has to bring its economic and trade policies in line with WTO rules and principles, and negotiate with individual trading partners on specific concessions and commitments on goods and services. It can take many years to become a WTO member, which requires the full support and consensus of the existing membership. However, the accession process is designed to ensure that new members are able to participate fully in the multilateral trading system from the outset.

Four countries successfully completed their accession processes in 2011: Vanuatu, Samoa (both least-developed countries –

The WTO approved the membership of four new countries in 2011.

Membership of the WTO (as of 31 December 2011)

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1 Members are mostly governments but can also be customs territories.
LDCs), the Russian Federation and Montenegro. They will become fully-fledged members 30 days after accepting their respective Protocols of Accession, following their domestic ratification procedures.

The General Council adopted the accession package of Vanuatu on 26 October. At the 8th Ministerial Conference in December, ministers approved the accession packages of the Russian Federation, Samoa and Montenegro. They also directed the Sub-Committee on LDCs to make recommendations to further strengthen, streamline and make operational the LDC accession guidelines, adopted in 2002. Ministers also underlined the need for improved technical assistance and capacity building to help acceding LDCs to join the WTO. The sub-committee was instructed to complete the requested work and make recommendations to the General Council by no later than July 2012.

In his third Annual Report on WTO Accessions, issued in December 2011, the Director-General highlighted the concrete results registered in 2011 with the conclusion of the four accessions. The progress was essentially due to the solid engagement by members and acceding governments, the leadership of working party chairs and the technical support of the WTO Secretariat.

Technical assistance and outreach continued to be strengthened in 2011. Acceding governments were invited to participate in over 100 technical assistance events. In July 2011, the secretariat began to implement the Memorandum of Understanding, signed with the Government of China, on the ‘China LDCs and Accessions Programme’, aimed at strengthening LDCs’ participation in the WTO and at assisting acceding LDCs. The International Trade Centre’s ‘Programme in Support of the Private Sector in Accessing Developing Countries and LDCs’ had a high level of activity. Outreach was enhanced with briefings to all regional groups, at the level of heads of delegation. Working party chairs visited some acceding governments. Workshops for parliamentarians and civil society were also organized.

For 2012, the prospects for achieving substantial progress on several accessions are positive. Four accessions are at an advanced stage of technical maturity: Lao PDR, Yemen (both LDCs), Kazakhstan and Serbia. Technical assistance and outreach activities will continue to help build capacity and raise awareness of the benefits of accession.

### Governments seeking to join the WTO (as of 31 December 2011)

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### Date of approval of WTO accession package

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<tr>
<td>Vanuatu</td>
<td>2 May 2011</td>
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<td>Russian Federation</td>
<td>16 December 2011</td>
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<td>Montenegro</td>
<td>17 December 2011</td>
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<td>Samoa</td>
<td>17 December 2011</td>
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New members

Montenegro, the Russian Federation, Samoa and Vanuatu concluded their accession process in 2011. Their accession packages contain commitments to all areas of WTO rules.

Welcoming new members to the WTO

Accessions bring the WTO closer to the goal of universality in membership and allow the integration of new members into a global economy subject to enforceable trade rules. Four countries, including two least-developed countries (LDCs), concluded their accession process in 2011: Vanuatu, the Russian Federation, Samoa and Montenegro. These countries have undertaken to abide by WTO rules, liberalize their trade regimes and accelerate their integration into the world economy. Their accession packages contain commitments in all areas of WTO rules, including relevant transition periods accorded in areas that reflect the particular needs of each acceding government, as well as the schedules of commitments for goods and services.

The General Council approved the accession package of Vanuatu (an LDC) on 26 October. The average final bound rate, the tariff ceiling, will be 39.7 per cent (43.6 per cent for agricultural products and 39.1 per cent for industrial products). On services, Vanuatu made commitments on ten sectors and 72 sub-sectors. Vanuatu’s Deputy Prime Minister and Minister of Trade, Commerce, Industry and Tourism, Ham Lini Vanuaroroa, said that accession was of ‘historical significance’ for Vanuatu and would bring substantial gains to the country.

The accession package of the Russian Federation was adopted by the 8th Ministerial Conference on 16 December. Welcoming the decision, the Russian Minister of Economic Development, Elvira Nabiullina, said that the country’s accession would help to combat protectionism, which was looming as a threat amid the difficulties faced by the global economy. Russia’s average final bound tariff will be 7.8 per cent (10.8 per cent for agricultural goods and 7.3 per cent for industrial goods). Tariff rate quotas (where quantities inside a quota are charged lower import duties than those outside the quota) will be applied to beef, pork, poultry and some whey products. Export duties were fixed for over 700 tariff lines, and trade-distorting agricultural domestic support will be limited to US$ 4.4 billion by 2018. On services, the Russian Federation made commitments on 11 sectors and 116 sub-sectors and agreed to apply the Basic Telecommunications Agreement. It also committed to joining the Information Technology Agreement (ITA) and to begin negotiations to join the Agreement on Government Procurement (GPA) within four years of its accession.

The accession package of Samoa (an LDC) was adopted by the Conference on 17 December. The average final bound rate will be 21 per cent (25.8 per cent for agricultural goods and 20.4 per cent for industrial goods). Agricultural export subsidies will be bound at zero. On services, Samoa made commitments on ten sectors and 81 sub-sectors. For Samoa’s Deputy Prime Minister, Fonotoe Lauofo, accession was a milestone in the island’s development.

The Conference also adopted the accession package of Montenegro on 17 December. Its average final bound rate will be 5.1 per cent (10.8 per cent for agricultural products and 4.3 per cent for industrial products). Agricultural export subsidies will be bound at zero. On services, Montenegro made commitments on 11 sectors and 130 sub-sectors. Montenegro agreed to join the ITA and the Trade in Civil Aircraft Agreement from the date of accession and to begin negotiations to join the GPA, with the objective of concluding those negotiations by the end of 2013. WTO accession would help Montenegro build a competitive and dynamic economy, Prime Minister Igor Lukšić said. WTO membership was the road that would lead to integration into the world economy.

Vanuatu, Samoa, the Russian Federation and Montenegro will become fully fledged members 30 days after acceptance of their respective Protocol of Accession, following their domestic ratification procedures.
**Russian Federation**

**Accession Working Party report**
- Number of paragraphs: 1451
- Paragraphs with commitment language: 163

**Market access for goods**
- Average final bound tariff rate: 7.8%
- Agricultural: 10.8%
- Industrial: 7.3%

**Market access for services**
- Sectors: 11
- Sub-sectors: 116

**Vanuatu**

**Accession Working Party report**
- No. of paragraphs: 146
- Paragraphs with commitment language: 39

**Market access for goods**
- Average final bound tariff rate: 39.7%
- Agricultural: 43.6%
- Industrial: 39.1%

**Market access for services**
- Sectors: 10
- Sub-sectors: 72

**Samoa**

**Accession Working Party report**
- No. of paragraphs: 255
- Paragraphs with commitment language: 37

**Market access for goods**
- Average final bound tariff rate: 21%
- Agricultural: 25.8%
- Industrial: 20.4%

**Market access for services**
- Sectors: 10
- Sub-sectors: 81

**Montenegro**

**Accession Working Party report**
- No. of paragraphs: 282
- Paragraphs with commitment language: 39

**Market access for goods**
- Average final bound tariff rate: 5.1%
- Agricultural: 10.8%
- Industrial: 4.3%

**Market access for services**
- Sectors: 11
- Sub-sectors: 130

**Samoa**

**Accession Working Party report**
- No. of paragraphs: 255
- Paragraphs with commitment language: 37

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A brief history

The WTO began life on 1 January 1995 but its trading system is half a century older. Since 1948, the General Agreement on Tariffs and Trade (GATT) had provided the rules for the system. Whereas GATT had mainly dealt with trade in goods, the WTO and its agreements now cover trade in services, and in traded inventions, creations and designs (intellectual property).

- **1994**
  - **April**: In April the Marrakesh Agreement establishing the WTO is signed.

- **1995**
  - **January**: The WTO is born on 1 January.

- **1996**
  - **February**: WTO General Council creates the Regional Trade Agreements Committee.
  - **December**: First Ministerial Conference takes place in Singapore.

- **1997**
  - **December**: 70 WTO members reach a multilateral agreement to open their financial services sector.

- **1998**
  - **May**: Negotiations begin on services.

- **1999**
  - **September**: Mike Moore (New Zealand) becomes WTO Director-General.
  - **November**: Third Ministerial Conference takes place in Seattle, US.

- **2000**
  - **January**: Negotiations begin on services.
  - **March**: Negotiations begin on agriculture.

- **2001**
  - **November**: Fourth Ministerial Conference in Doha, Qatar. Doha Development Agenda is launched.

- **2002**
  - **February**: WTO General Council creates the Regional Trade Agreements Committee.
  - **December**: Second Ministerial Conference takes place in Geneva.

- **2003**
  - **May**: Renato Ruggiero (Italy) takes office as WTO Director-General.

- **2004**
  - **September**: Mike Moore (New Zealand) becomes WTO Director-General.

- **2005**
  - **November**: Third Ministerial Conference takes place in Seattle, US.

- **2006**
  - **January**: Negotiations begin on services.
  - **March**: Negotiations begin on agriculture.

- **2007**
  - **November**: Fourth Ministerial Conference in Doha, Qatar. Doha Development Agenda is launched.

- **2008**
  - **February**: WTO General Council creates the Regional Trade Agreements Committee.
  - **December**: Second Ministerial Conference takes place in Geneva.

- **2009**
  - **May**: Renato Ruggiero (Italy) takes office as WTO Director-General.

- **2010**
  - **September**: Mike Moore (New Zealand) becomes WTO Director-General.
  - **November**: Third Ministerial Conference takes place in Seattle, US.

- **2011**
  - **January**: Negotiations begin on services.
  - **March**: Negotiations begin on agriculture.

- **2012**
  - **November**: Fourth Ministerial Conference in Doha, Qatar. Doha Development Agenda is launched.
About the WTO

2010
January
New ‘Chairs Programme’ launched to support developing country universities.

September
Second WTO Open Day in Geneva.

2011
July
Third Global Review of Aid for Trade takes place in Geneva.

December
Eighth Ministerial Conference takes place in Geneva.

'07
January
Viet Nam becomes the WTO's 150th member.

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

'08
July
Accession of the WTO's newest member, Cape Verde. Ministerial discussions on the Doha Round take place in Geneva.

'09
April
DG Pascal Lamy reappointed for second term of four years.

July
Second Global Review of Aid for Trade takes place in Geneva.

September
First WTO Open Day in Geneva.

November
Seventh Ministerial Conference begins in Geneva.

'11
July
Third Global Review of Aid for Trade takes place in Geneva.

December
Eighth Ministerial Conference takes place in Geneva.

'06
June
Ministerial discussions on the Doha Round take place in Geneva.

September
First WTO Public Forum takes place in Geneva.

'05
September
Pascal Lamy (France) becomes WTO Director-General.

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

'04
July
Ministerial discussions on the Doha Round take place in Geneva.

'03
September
Supachai Panitchpakdi (Thailand) is elected WTO Director-General.

'02
September
Fifth Ministerial Conference takes place in Cancún, Mexico.

A brief history
www.wto.org/whatiswto
A year in review

A message from the WTO Director-General
Pascal Lamy

It’s often said that good things come to those who wait. This might not be true of all things in life but at the WTO, patience is most assuredly a virtue.

After 18 years of negotiations, Russia finally concluded its accession process in 2011 and will be welcomed into the WTO once its membership deal is ratified by the Russian parliament. These were the longest negotiations of their kind in the history of the WTO and they resulted in a Working Party report of more than 1,400 pages. This document constitutes Russia’s terms of entry into the WTO, the result of a tough and successful engagement between Russia and WTO members.

The accession of Russia is a win-win deal. It will cement Russia’s integration into the global economy and will bring greater certainty and stability to business operators and trading partners. It marks the biggest step forward in world trade opening since China joined the WTO a decade ago.

The accession of the world’s largest country still outside the world trading system to the WTO was certainly a high point of 2011. But we also welcomed three of the smallest countries to our family as well: Vanuatu, Samoa and Montenegro successfully concluded their accession process. Once these accords are successfully ratified by their respective national parliaments, our membership will rise to 157, representing 97 per cent of world trade.

Vanuatu and Samoa will be the fourth and fifth least-developed countries (LDCs) to join the multilateral trading system since 1995. I know that for small Pacific islands, the road to the WTO in Geneva is long and winding. But both countries have demonstrated that with patience, perseverance and determination, even the longest journey can be completed.

As for Montenegro, the approval of its accession terms comes seven years after it first applied for WTO membership. With its population of less than 1 million, Montenegro – a country which went through a period of turmoil in the past – will make a small but important contribution to the expansion of the multilateral trading system, and its imminent WTO membership will help it to integrate further into the international community.

Another landmark achievement in 2011, after many years of negotiation, was the extension of the Government Procurement Agreement, which regulates the procurement of goods and services by government agencies. This plurilateral deal is expected to expand the market access coverage for this key sector of the economy by between US$ 80 billion to US$ 100 billion a year. It will provide a much-needed stimulus to the world economy as it covers many crucial sectors, such as infrastructure, public transport, hospital equipment and many other government services.

Participants negotiated the revision of the original agreement ten years ago but the changes were not finally agreed until hours before the official opening of the 8th Ministerial Conference, when ministers from the 42 parties to the Agreement adopted the text of the revised Agreement and the additional commitments for expanded market coverage.

Talk of patience and perseverance brings us of course to the Doha Round, which we launched in the Qatari capital in 2001. At the start of 2011, we had hoped that we might make a breakthrough by the time of the Ministerial Conference in December. The publication of an ‘Easter package’, outlining the state of play in each negotiating group, allowed us to examine where a small package deal might be achieved, pending the delivery of the entire Doha deal. As the year progressed, however, it became apparent that agreement could not be reached by year-end.

EVENTS OF 2011

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<td>Director-General attends World Economic Forum in Davos, Switzerland.</td>
<td>Global Forum on Trade Statistics takes place at the WTO.</td>
<td>WTO holds first Reference Centre Symposium.</td>
<td>Director-General attends the 4th UN Conference on Least-Developed Countries in Istanbul.</td>
<td>Second Annual Conference for the WTO Chairs Programme takes place at the WTO.</td>
<td>Third Global Review of Aid for Trade takes place at the WTO.</td>
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Who, WIPO and the WTO hold joint symposium on patents and access to medicines. | Chairs of the negotiating groups issue the ‘Easter Package’, the latest state of play in the Doha Round. | | | | |
After a frank exchange of views at the Ministerial Conference, WTO members acknowledged through the concluding statement of the Chair that negotiations are currently at an impasse. To tackle this, there is a need to explore more fully different negotiating approaches, including delivering on the parts of the Doha Round that are more mature in the form of an ‘early harvest’.

Our Ministerial Conference concluded with a commitment from ministers to three key principles. First, they emphasized the importance of the multilateral trading system and its vital role in stimulating economic growth and employment. Secondly, they reaffirmed their commitment to working towards a successful conclusion of the Doha Round. Thirdly, they emphasized that support for developing countries is a core element of the WTO’s work.

Importantly as well, ministers agreed on seven proposals, three of which are of benefit to our poorest members, the LDCs. These provisions will make it possible for WTO members to extend special consideration to LDC services exporters, will give LDCs further breathing room in the implementation of WTO rules on the protection of intellectual property, and will result in a more streamlined and effective process of accession for those LDCs seeking membership in the WTO.

The importance of responding to the needs of developing countries was certainly a key consideration at the Third Global Review of Aid for Trade which we hosted in July. The event brought together high-level participation from a host of organizations, donors and partner countries involved in this important initiative that aims to build capacity to trade in developing countries so that they can take advantage of the opportunities provided by the multilateral trading system.

A report co-published with the Organisation for Economic Co-operation and Development in 2011 highlights the increase in Aid for Trade funding since its launch in 2005. As well as providing a comprehensive analysis of trends and developments in aid over the past six years, the report refers to over 260 case stories that illustrate the impact of Aid for Trade on the ground, from improving the livelihoods of coffee farmers in Tanzania to speeding up customs procedures at the Honduras–El Salvador border. We now have a clear compass for work over the next two years, focused on looking at results and impact on the ground.

Another area of WTO work that was tested this year is dispute settlement. In 2011, panel and Appellate Body reports regarding the largest case to come before the dispute settlement system – a case involving the European Union and the United States in the area of aircraft – were finally adopted by the Dispute Settlement Body. Despite the large number of disputes, many of which are of growing complexity, the WTO dispute settlement system continued to show its value in enforcing multilateral trade rules.

A look back on the past year would not be complete without referring to the WTO’s trade monitoring role. In 2011, we found that despite the adoption of trade-restrictive measures by some of our members, since the crisis started in 2008, by and large WTO members have continued to resist protectionist pressures despite a high level of uncertainty in the global economy and persistently high levels of unemployment. It is clear that the multilateral trading system has helped countries weather the economic crisis but in view of the on-going economic uncertainty, continuing the process of trade opening is more important than ever.

Finally, at the Ministerial Conference in December I announced my intention to set up a panel of WTO ‘stakeholders’ to analyse how we respond to the challenges facing the global trading system in the 21st century. My aim is to report to the entire WTO membership by next year on the outcome of these deliberations.

The year gone by was one of some triumph and some frustration. Given the turbulent environment in which all multilateral institutions are operating today, it appears very much as though we can expect more of the same in 2012.

Pascal Lamy
Director-General

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**September**
- WTO holds ceremony to lay the foundation stone for its new building.
- WTO and ILO launch co-publication on how to make globalization socially sustainable.
- WTO Public Forum takes place in Geneva.

**October**
- WTO approves membership of Vanuatu.
- WTO and World Bank welcome Basel Committee’s changes to the regulation of trade finance.

**November**
- Director-General participates in G20 summit in Cannes, France.
- Two new Appellate Body members are appointed.

**December**
- WTO participates in Climate Change Conference in Durban, South Africa.
- Parties to the Government Procurement Agreement sign new deal to expand market access.
- 8th Ministerial Conference takes place in Geneva.
- WTO approves membership of Russia, Samoa, and Montenegro.
Our year

In 2011, the WTO held its 8th Ministerial Conference, at which it approved the membership of Russia, Montenegro and Samoa. The membership of Vanuatu was approved earlier in the year. The concluding statement of the Conference acknowledged that negotiations are at an impasse but ministers remain committed to a successful conclusion of the Doha Round.

Trade negotiations

Trade negotiations in the first part of 2011 culminated in the publication in April of the so-called ‘Easter Package’. This document, issued by the chairs of the negotiating groups and the Chair of the Trade Negotiations Committee, represented the product of their work since the launch of the Doha Round negotiations in 2001. While the document showed significant progress in many areas, it also revealed issues that divided members and put the successful conclusion of the Round at risk. The area where the divide was most evident was in market access for industrial products.

Recognizing that the Doha Round could not be completed in its entirety by the end of 2011, WTO members embarked in May on a process aimed at delivering a smaller package by the Ministerial Conference in December. In July, the Chair reported that from his consultations, it had become clear that a package was not shaping up as members had wished. Consequently, the consultations turned to the question of what to do next during and after the Ministerial Conference. In October, the Chair reported that while no member was ready to give up on the Doha objectives, there was a collective sense that they needed to explore different approaches from the ones employed before.

At the Ministerial Conference in December, the concluding statement by the Chair of the Conference included ‘elements for political guidance’, members’ shared view of the current situation in the WTO. This stated that ‘negotiations are at an impasse’ but ‘ministers remain committed to work actively towards a successful multilateral conclusion of the Doha Development Agenda’.

See pages 20–35

The WTO had its 8th Ministerial Conference in 2011

The WTO approved the membership of four new countries in 2011

The Doha Round is the ninth round of trade negotiations
Implementation and monitoring

In the lead-up to the Ministerial Conference, the Chair of the General Council consulted regularly with the WTO membership to determine how the Conference would be organized and what it would cover. This process resulted in consensus on three broad themes: the importance of the multilateral trading system and the WTO; trade and development; and the Doha Development Agenda.

In October, the General Council approved the membership of Vanuatu. Later in the year, at the Ministerial Conference, the membership of Russia, Montenegro and Samoa was also approved. In addition, ministers adopted seven decisions in various areas of WTO work, covering intellectual property, e-commerce, small economies, least-developed countries and Trade Policy Reviews.

Other WTO councils and committees continued to monitor the implementation of WTO agreements in 2011. The WTO also maintained its trade monitoring role.

The four reports on global trade developments prepared by the WTO Secretariat during 2011 showed that despite the financial and economic crisis, WTO members had generally continued to resist protectionist pressures and kept markets open overall. However, they warned of potential dangers in the near future due to uncertainties in the global economy, persistently high levels of unemployment and tensions over foreign exchange rates. The reports showed an upward trend in the use of new trade restrictions. In particular, the number of export restrictions increased sharply. The WTO also conducted 14 trade policy reviews of individual WTO members during the year.

The number of regional trade agreements (RTAs) between WTO members continued to increase. By the end of 2011, WTO members had notified over 500 RTAs to the WTO. All WTO members except Mongolia are members of one or more, with some belonging to as many as 30. The WTO received 25 new notifications in 2011.

See pages 36-83
A year in review

**Dispute settlement**

WTO members filed eight new disputes in 2011, the lowest number in the history of the WTO. By the end of 2011, 427 disputes had been filed since the WTO’s creation in 1995. The most active users of the system are the United States (98), the European Union (85), Canada (33), Brazil (25), Mexico (21) and India (19). In eight of the last ten years, the filing of disputes by developing countries has come to equal or surpass the total by developed countries.

The Dispute Settlement Body (DSB) adopted eight panel reports and five Appellate Body reports in 2011, including those in the largest case to come before the dispute settlement system, the dispute involving the European Union and Airbus.

The DSB established nine new panels in 2011 to adjudicate 13 new cases.

Nine appeals of panel reports were filed with the Appellate Body in 2011, up from three in 2010. Seven Appellate Body reports were circulated during 2011, bringing to 108 the number of reports circulated by the Appellate Body since the creation of the WTO in 1995. Two new members of the Appellate Body were appointed in 2011. Mr Ujal Singh Bhatia (India) and Mr Thomas R. Graham (United States) will both serve for four years.

See pages 84-107

WTO members most involved in disputes, 1995 to 2011
Building trade capacity

The Third Global Review of Aid for Trade was held at the WTO in July 2011. The two-day meeting – attended by the WTO Director-General, the United Nations Secretary-General Ban Ki-moon, the heads of other international organizations, ministers, civil society and the private sector – demonstrated strong political commitment to the Aid for Trade initiative. The Review highlighted examples where trade opening, supported by Aid for Trade, has helped attract domestic and foreign investment and stimulated economic growth, so helping to alleviate poverty. A joint WTO/OECD publication launched at the Review showcased over 260 case stories and provided a comprehensive analysis of trends and developments in aid.

In May 2011, the WTO participated in the 4th UN Conference on Least-Developed Countries (LDCs), in Istanbul. One of the outcomes of the Conference was the adoption of the Istanbul Programme of Action (IPoA), which aims to halve the number of LDCs by 2020, increase official development assistance, enhance trade access and improve productive capacity in LDCs. LDCs called on WTO members to mainstream the trade-related elements of the IPoA into the work of the WTO.

The WTO undertook 267 technical assistance activities in 2011 to help officials from developing countries gain a better understanding of the multilateral trading system. Activities in Africa represented 26 per cent of the programme in 2011 while LDCs benefited from over 48 per cent of activities. In 2011, over 5,000 participants from all regions enrolled in the WTO’s e-learning courses, including more than 1,000 from LDCs.

Outreach

The WTO’s major outreach event of the year was the Public Forum, which attracted over 1,500 participants from a wide variety of backgrounds and organizations. The Forum, whose theme was ‘Seeking Answers to Global Trade Challenges’, focused on food security, trade in natural resources and its effect on the environment, international supply chains, and the outlook for the trading system. The event included the launch of the WTO Youth Ambassador Programme, which aims to engage young people in global economic governance issues.

Throughout the year, the WTO maintained regular dialogue with journalists, non-governmental organizations, parliamentarians, other international organizations and the general public. The WTO organized a number of training activities for journalists, and made increased use of social media to communicate news and promote events. The WTO website was redesigned to give a stronger sense of what the WTO does and to make information easier to find. The WTO further expanded its publications programme, in particular its co-publications with other international organizations.

For the first time, the annual Parliamentary Conference on the WTO, organized by the Inter-Parliamentary Union and the European Parliament, was held at the WTO. During the year, the WTO continued to collaborate with academic institutions from developing countries, and to support projects to strengthen curriculum development, teaching, research and outreach. Support was provided through the WTO Chairs Programme and the Academic Support Programme. Singapore’s National University became the latest institution to join the Chairs Programme.

See pages 108-123

See pages 124-139
On 16 December 2011, Russia cleared the final hurdle to becoming a WTO member, bringing 18 years of negotiations to a successful close. In what the Director-General called a ‘historic’ moment, the 8th Ministerial Conference adopted Russia’s terms of entry. Russia must ratify the deal within the next 220 days and will become a fully-fledged WTO member 30 days after it notifies the ratification to the WTO.

A day later, Montenegro and Samoa followed Russia in having their membership approved. The accessions, including the accession of Vanuatu which was approved by the General Council in October 2011, will bring the WTO membership to 157.

Trade ministers adopted a waiver to enable WTO members to provide preferential treatment to services and services suppliers of least-developed countries (LDCs). Of the 153 WTO members, 31 are LDCs, which stand to benefit from preferential treatment designed to promote their trade in those sectors and modes of supply that are of particular interest to them. The waiver releases WTO members from their legal obligation under WTO rules to provide non-discriminatory treatment to all trading partners.

The Chair’s concluding statement contained the Elements for Political Guidance which had been approved by the WTO General Council ahead of the Conference. This recognized the importance of the multilateral trading system, the Doha Development Agenda and trade and development.

With respect to the first theme, ministers emphasized the role of the WTO in keeping markets open and in the fight against protectionism. They underscored the importance of the work of WTO regular bodies and the need to strengthen and improve it. Ministers also recognized the importance of the dispute settlement system and committed themselves to strengthening it.

On trade and development, ministers reaffirmed the central importance of development in the WTO and called for focused work in the Committee on Trade and Development in this respect. They reaffirmed the need to give LDCs’ interests due
priority, and made a commitment to make progress on the issue of cotton and on special and differential treatment provisions for developing countries.

On the Doha Development Agenda, ministers acknowledged that despite the efforts made, negotiations were at an impasse. However, they reiterated their commitment to work actively in a transparent and inclusive manner towards a conclusion of the Doha Round. They recognized the need to explore different negotiating approaches and committed themselves to advance negotiations where progress could be achieved. The development component of the mandate was also underscored.

The Chair’s factual summary of key issues raised in the ministerial discussions comprised the following: keeping markets open and resisting protectionism; current global challenges, for example climate change, energy, food security, trade and exchange rates, competition and investment; dispute settlement; accessions; regional trade agreements; the role of the Committee on Trade and Development; Aid for Trade and the Enhanced Integrated Framework; and Doha Round negotiations.

In addition to the decision on the LDC services waiver, ministers adopted six other decisions in various areas of work, namely: non-violation and situation complaints under the Agreement on Trade-related Aspects of Intellectual Property Rights (TRIPS – see page 28), electronic commerce (see page 54), small economies, the transition period for LDCs under Article 66.1 of the TRIPS Agreement, LDC accessions (see page 7), and a decision concerning the Trade Policy Review Mechanism. Follow-up work will be undertaken in WTO relevant bodies as a result of these decisions.

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

A year in review
The accession of four new countries will bring the WTO’s membership to 157.

After 18 years of negotiations, Russia was approved as a WTO member.
Trade negotiations

• Trade negotiations in the first part of 2011 culminated in the publication in April of the so-called ‘Easter Package’, indicating the latest state of play in the Doha Round.

• The ‘Easter Package’ showed some progress but also revealed issues that divided WTO members and that put the successful conclusion of the Round at risk.

• In May, WTO members recognized that the Doha Round could not be completed in its entirety by the end of 2011.

• The Chair’s concluding statement at the Ministerial Conference in December said that ‘negotiations are at an impasse’ but ministers remain ‘committed to working towards a successful conclusion’.

Did you know?

100

Negotiations on the Government Procurement Agreement resulted in a historic deal that will expand market access coverage by approximately 80 to 100 billion dollars a year.
<table>
<thead>
<tr>
<th>Topic</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Doha Development Agenda</td>
<td>22</td>
</tr>
<tr>
<td>Doha Round negotiations in 2011</td>
<td>22</td>
</tr>
<tr>
<td>Agriculture</td>
<td>24</td>
</tr>
<tr>
<td>Market access for non-agricultural products</td>
<td>25</td>
</tr>
<tr>
<td>Services</td>
<td>26</td>
</tr>
<tr>
<td>Trade-related aspects of intellectual property rights (TRIPS)</td>
<td>27</td>
</tr>
<tr>
<td>Trade and development</td>
<td>29</td>
</tr>
<tr>
<td>Trade and transfer of technology</td>
<td>30</td>
</tr>
<tr>
<td>Trade and environment</td>
<td>31</td>
</tr>
<tr>
<td>Trade facilitation</td>
<td>32</td>
</tr>
<tr>
<td>WTO rules</td>
<td>32</td>
</tr>
<tr>
<td>Dispute Settlement Understanding</td>
<td>34</td>
</tr>
<tr>
<td>Government Procurement Agreement</td>
<td>35</td>
</tr>
</tbody>
</table>
Doha Development Agenda

At the 4th Ministerial Conference in Doha, Qatar, in November 2001, WTO member governments agreed to launch new trade negotiations. They also agreed to work on other issues, in particular the implementation of the current WTO agreements. The entire package is called the Doha Development Agenda (DDA) or the Doha Round. The negotiations take place in the Trade Negotiations Committee (TNC) and its subsidiaries, which are usually regular councils and committees meeting in ‘special session’ or specially created negotiating groups. The chairs of the nine negotiating bodies report to the TNC, chaired by the WTO Director-General, which coordinates their work.

Doha Round negotiations in 2011

The Doha Development Agenda (DDA) negotiations are at an impasse. Despite numerous pronouncements and commitments, members failed to finalize the negotiations as they had envisaged by the end of 2011. However, ‘Elements for Political Guidance’ on the Doha negotiations were agreed by members at the November General Council and forwarded to ministers at the 8th WTO Ministerial Conference. The Conference Chair included these ‘elements’ in his concluding statement, which also contained a factual summary of the discussions on the DDA by ministers at the Conference.

At the February 2011 meeting of the Trade Negotiations Committee (TNC), members welcomed a roadmap endorsed by some ministers meeting in Davos, Switzerland, aimed at further accelerating the negotiations to conclude the DDA in 2011. The roadmap envisaged draft texts in all areas by April, a comprehensive package by July and finalization by the end of 2011.

‘Easter Package’

On 21 April 2011, the TNC Chair and the chairs of the negotiating groups unveiled the so-called ‘Easter Package’. The document represented the product of work since the launch of the negotiations in 2001. For the first time, members had the opportunity to consider the entire Doha package in all market access and regulatory areas. It included texts in areas where there had been none. While the document showed significant progress in many areas, it also revealed issues that divided members and which put the successful conclusion of the Round at risk.

The area where the divide was most evident was in market access for industrial products (non-agricultural market access). Although there were other issues without which the Round could not be completed, the key differences that had blocked progress were in industrial products. From consultations with key members on the magnitude of the gaps and the prospects of bridging them, the TNC Chair reported to the membership that there were fundamentally different views on the level of ambition in three areas: the cuts to industrial tariffs provided by the Swiss formula (a mathematical formula for cutting and harmonizing duties); whether the contributions between different members were proportionate and balanced; and the contribution of ‘sectorals’ (areas in which deeper cuts might be made).

The Chair reported that members were confronted with a political gap, which from what he had heard in his consultations was not bridgeable at that time. Regarding the process ahead, the Chair identified three options that would not work: business as usual; stopping and starting from scratch; and drifting away by wishing the issues would disappear. Members agreed with this assessment.

‘LDC plus’ package

In May, members recognized that the Doha Round could not be completed in its entirety by the end of 2011. They therefore embarked on a process aimed at delivering a smaller package by the 8th Ministerial Conference in December. The understanding was that this was not going to be the final package but a step forward. In this context, a large number of members agreed that the guiding element should be development, with issues of the least-developed countries (LDCs) taking priority for delivery. However, others said that additional issues should also be explored.
In order to facilitate an outcome on the LDC-specific issues of duty free, quota free market access and associated rules of origin, a step forward on cotton, and an LDC services waiver, the TNC Chair presented a non-exhaustive list of topics – known as ‘LDC plus’ – that could form the elements of a small package of DDA deliverables. These included trade facilitation, export competition, a monitoring mechanism of special and differential treatment for developing countries, a step forward on fisheries subsidies, and a step forward on environmental goods and services. It was stressed that this list did not preclude other issues from being worked upon and eventually delivered by the end of the year.

In July, the Chair reported that from his consultations, it had become clear that the ‘LDC plus’ package was not shaping up as members had wished. From September, the consultations turned to the question of what to do next during and after the 8th Ministerial Conference.

**Elements for political guidance**

In October, the Chair reported on his consultations regarding the status of, and next steps in, the DDA negotiations. The consultations had shown that, despite the intensified efforts by members, the DDA negotiations were at an impasse. As a consequence, it was unlikely that the negotiations could be concluded on all elements in the near future as originally intended. While no member was ready to give up on the Doha objectives, there was a collective sense that members needed to explore different approaches from the ones employed before.

In particular, members wished to advance the negotiations in areas where progress could be achieved, by reaching agreements on specific issues – whether provisionally or on a definitive basis – ahead of delivering on the full Doha ‘single undertaking’ (nothing is agreed until everything is agreed). In addition, members believed that efforts needed to be intensified where substantial differences remained. There was also emerging consensus that work had to continue on the basis of progress achieved and that development should remain a central theme of any outcome.

In the period leading up to the Ministerial Conference, the TNC Chair and the Chair of the General Council conducted extensive consultations in preparation for the Conference. Elements under three broad themes were agreed by the General Council in November: the importance of the multilateral trading system and the WTO; trade and development; and, the Doha Development Agenda negotiations. These were subsequently forwarded to the Ministerial Conference for inclusion in the first part of the Conference Chair’s concluding statement, representing the points on which there was consensus among members.

In his concluding statement, the Conference Chair reiterated what the Chair of the General Council had stressed – nothing in the text re-interpreted or changed any WTO rules or agreements or prejudiced any member’s rights and obligations. In particular, the Doha mandate remained as formally agreed by members in its entirety and neither the consensus ‘Elements for Political Guidance’ nor the non-exhaustive summary changed or reinterpreted it.
Agriculture

In 2011, agriculture negotiators intensified efforts to bridge differences in order to achieve a shared understanding of the draft ‘modalities’ (blueprint) for further agricultural trade reform. In parallel, WTO members continued their technical work on data submission, verification and presentation, crucial for the development of future legally binding schedules (lists of commitments). Despite the activity over the past two years, members were unable to agree on concrete steps to move the negotiations forward in 2011.

The work of the committee in 2011 focused on narrowing differences in members’ positions on the draft ‘modalities’, the basic negotiating texts, issued by the Chair in December 2008. The draft modalities set out the broad outlines for final commitments on cutting tariffs and subsidies for farm goods and indicated a number of flexibilities for developing countries and specific situations. In a report dated 21 April 2011, Chairman David Walker of New Zealand detailed the results of the committee’s work, capturing the progress made on individual topics.

In the first half of the year, the Chair continued his consultations with smaller groups of WTO members to develop and strengthen a common understanding of ways forward on those issues where agreement had not yet been reached, including the draft modalities on cotton.

In meetings in various formats, trade negotiators continued the work begun in 2009 on data requirements, including values of production for calculating domestic support commitments. To address the remaining information gaps, members submitted national data, participated in data verification meetings and, using an expanded electronic forum, raised questions and sought clarification on the details of these submissions. Negotiators worked on the development of formats for organization and presentation of data, with a view to ensuring that the future calculation of Doha Round commitments would be transparent and verifiable.

Members also gave some consideration to areas where technical clarification might be needed in the text of the draft modalities. The Chair consulted with members, and members met among themselves to discuss remaining ambiguities in order to reach a common understanding of the draft modalities.

A new Chair of the agriculture negotiations, Ambassador John Adank from New Zealand, was elected in November 2011. He undertook informal consultations on the cotton issue pursued by the ‘Cotton-4’ group (Benin, Burkina Faso, Chad and Mali) in preparation for the 8th Ministerial Conference in December 2011. The final statement by the Chair of the Conference confirmed the commitment by WTO members to progress the mandate in paragraph 11 of the Hong Kong Ministerial Declaration to address cotton ‘ambitiously, expeditiously and specifically’.

Background on agriculture

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

During 2011, the Negotiating Group on Market Access for Non-Agricultural Products made significant progress on parts of the agenda to reduce or eliminate non-tariff barriers (NTBs) to trade. There was, however, little or no advance in the tariff negotiations. Chairman Luzius Wasescha considered that the main stumbling block remained differences on how ambitious the tariff-cutting agenda should be.

Since the end of 2010, the negotiating group has embarked on a small-group process, with a view to making progress on NTBs. This process consisted of five groups composed of 15 to 20 representatives, each discussing a separate NTB proposal. The proposals addressed in these groups were the following: the so-called ‘horizontal mechanism’; labelling of textiles, clothing, footwear and travel goods; transparency in the adoption of technical regulations; re-manufacturing; and international standards. The horizontal mechanism aims at achieving flexible and expeditious procedures, involving a facilitator, to assist WTO members to address concerns regarding non-tariff measures. It establishes step-by-step procedures and timetables and provides suggestions for the role of the facilitator and possible outcomes.

The small-group process intensified in the period leading up to April 2011, when the chairs of the Doha Development Agenda negotiating groups circulated documents representing the outcome of the work in their groups. Progress was such that Chairman Wasescha said that there was a significant potential NTB package within reach. His report contained working texts on three of the issues – the horizontal mechanism, textile labelling, and transparency.

On labelling of textiles, clothing, footwear and travel goods, the proposal seeks to provide clarity and definitions to labelling requirements under the present Agreement on Technical Barriers to Trade (TBT), particularly on what actions taken by members can constitute unnecessary obstacles to trade. On transparency in the adoption of technical regulations, the text proposes more clarity and transparency in the elaboration and implementation of technical regulations, so that members, traders and other stakeholders are properly informed of the measures and the consequences when failing to comply with them.

Regarding tariffs, the Chair said in his April review that there was nothing new to report and that divergences over the appropriate level of ambition continued to be the main impediment, as they had since mid-2008. The situation on tariffs remained unchanged for the remainder of the year and no work was done by the group on the subject.

After the publication of the report in April, members continued to meet in various configurations to make further progress on the NTB working texts and proposals. However, during the last two months of 2011, the attention of the membership focused on the 8th Ministerial Conference in December and the negotiating group held no formal session.

Background on market access for non-agricultural products

Non-agricultural products are products not covered by the Agreement on Agriculture. These range from manufactured goods to fuels and fisheries. Collectively, they represent more than 90 per cent of world merchandise trade. The negotiations aim to reduce or, as appropriate, eliminate tariffs, as well as non-tariff barriers (NTB) to trade, particularly on goods of export interest to developing countries. The negotiations are conducted in the Negotiating Group on Market Access for Non-Agricultural Products (NAMA).
Services

In 2011, WTO members intensified their efforts to advance the negotiations on services. As in previous years, however, progress was hampered by a lack of movement in other areas of the Doha Round. Nonetheless, at the 8th Ministerial Conference, members were able to agree a waiver benefiting least-developed countries.

In his report to the Trade Negotiations Committee in April, Chair Fernando de Mateo said that despite negotiators’ efforts to narrow differences, gaps remained. Limited progress had been made in the market access negotiations since July 2008. On domestic regulation, recent intensification of negotiations had produced some progress, even if disagreement persisted on important and basic issues. On GATS rules, while technical work continued, there did not seem to be convergence regarding the expected outcome in any of the three negotiating subjects (safeguards, government procurement and subsidies).

Market access
In the market access negotiations, the renewed energy was focused on three one-week negotiating clusters (held in February, March and April) that dealt with different services sectors and modes of supply. Despite these initiatives, little progress could be reported by the end of April. Later in the year, attempts to develop other negotiating strategies for the market access negotiations proved unsuccessful.

Treatment of least-developed countries
The 8th Ministerial Conference agreed a waiver for least-developed countries (LDCs), allowing members to grant them preferential treatment as services suppliers. The accord followed intensive work throughout the year to narrow differences in the text. The waiver responds to guidance given by Ministers in Annex C of the 2005 Hong Kong Ministerial Declaration to develop appropriate mechanisms for according special priority to LDCs.

Background on services
Services are the most important economic activity in many countries when measured as a share of overall production, and they are the single largest source of employment. The General Agreement on Trade in Services (GATS) mandates WTO members to progressively liberalize trade in services through successive rounds of negotiations. At the Doha Ministerial Conference in November 2001, the services negotiations became part of the ‘single undertaking’ under the Doha Development Agenda. They are overseen by the Council for Trade in Services, meeting in special session, and its subsidiary bodies, in particular the Working Parties on Domestic Regulation and on GATS Rules.

Domestic regulation
In early 2011, the Working Party on Domestic Regulation intensified its work on the development of a draft text of regulatory disciplines in line with GATS Article VI:4. The mandate is to develop disciplines to ensure that licensing and qualification requirements and procedures and technical standards do not constitute unnecessary barriers to trade in services.

In the intensive drafting sessions, members undertook a detailed reading of the Chair’s March 2009 draft text and related proposals, aiming to specify parts on which further work would be required. The number of language options was reduced, and efforts were made to isolate differences by putting them in brackets (showing no agreement). All language proposals, submitted either in writing or orally during the intensive phase of negotiations, were reflected in a Chair’s Consultative Note.

Members had constructive and engaged discussions but were not able to agree on a revised text. During the meeting of the special session on 15 April, the Chair provided a progress report under his own responsibility on the overall situation. Views expressed by members were reflected in a subsequent report by the Chair of the Special Session to the Trade Negotiations Committee.

In addition, the working party held a workshop on regulatory practices to inform negotiators about practical experiences with services regulation, particularly with regard to transparency, licensing and qualification requirements and procedures, and the use of technical standards. National regulators and international organizations presented case studies. In subsequent meetings of the working party, members focused on how future work on domestic regulatory disciplines would be conducted as well as future topics for discussion.
Trade negotiations

GATS rules
The Working Party on GATS Rules carries out the negotiating mandates contained in Articles X (emergency safeguard measures), XIII (government procurement) and XV (subsidies). Since members continued holding different views on what would constitute an acceptable outcome, text-based negotiations could not be envisaged for any of these topics for the time being.

Emergency safeguard measures, based on the principle of non-discrimination, would permit a member temporarily to suspend commitments in the event of an unforeseen surge in imports of services that caused, or threatened to cause, injury to a domestic services industry. In 2011, members further examined the statistics relevant for emergency safeguards, assisted by WTO Secretariat presentations. These concerned the availability of disaggregated statistics on international services flows that could be potentially relevant for safeguards, and the types of data used in safeguards investigations in the goods sector under the WTO Safeguards Agreement.

Regarding government procurement, the working party has pursued a series of dedicated discussions on the broader economic and developmental importance of government procurement in services, based on a proposal by the European Union. Members also explored the services aspects of the Plurilateral Agreement on Government Procurement and started sharing national experiences of reform and opening of domestic procurement systems as well as access to foreign procurement markets.

In the area of subsidies, the working party held one dedicated discussion on the information provided by members, in line with a mandate in Article XV of GATS, on the subsidies they extend to their services suppliers. Discussions also continued on a proposal to create disciplines for export subsidies and on concrete examples of any trade-distortive effects that might be associated with subsidies in services.

Trade-related aspects of intellectual property rights (TRIPS)
The Council for Trade-Related Aspects of Intellectual Property Rights (TRIPS), meeting in special session, continued efforts to find common ground in negotiations on notifying and registering geographical indications (GIs) for wines and spirits. In April, the Chair circulated a draft text – the first time a single text reflecting members’ proposals and positions has been produced in the negotiations. However, the text was far from signalling any agreement. The Director-General pursued consultations on extending the higher level of protection of GIs to products other than wines and spirits.

Negotiations on a GI register
The GI register for wines and spirits is intended to facilitate the protection of geographical indications. These are place names (or sometimes other terms or signs associated with a place) used to identify products as originating from a location that gives them particular qualities, reputation or other characteristics. Bordeaux and Tequila are well-known examples. The TRIPS Agreement mandates negotiations on establishing a register, and work has continued since 1996. In 2005 the Hong Kong Ministerial Declaration called for the talks to be ‘intensified’.

There are currently three proposals under consideration by the TRIPS special session:
- a 2003 proposal by Hong Kong, China
- the so-called ‘Joint Proposal’ of 2005, revised in 2011, from a group of countries that want the register to be essentially a source of information about national protection of registered GIs
- the ‘W/52’ proposal, put forward in 2008 by a group of over 100 countries as part of a package also covering other TRIPS issues. This proposal is considered to create a stronger expectation of protection for GIs entered on the register.

Background on TRIPS
The Doha Development Agenda mandates negotiations on a multilateral system for notifying and registering geographical indications (GIs) for wines and spirits. The negotiations are carried out by the Council for Trade-Related Aspects of Intellectual Property Rights (TRIPS), meeting in special session. The TRIPS Council, meeting in regular session, implements other relevant ministerial decisions, notably those relating to technology transfer and dispute settlement. Consultations on certain TRIPS-related implementation issues identified in the Doha Declaration were conducted by the Director-General.
The Chair of the TRIPS special session, Darlington Mwape of Zambia, held intensive negotiating sessions from January to April with a core drafting group of 19 members, subsequently enlarged to include 12 others. As with other parts of the Doha Round, TRIPS negotiators were encouraged to produce new texts in time for a review of the Round – the ‘Easter Package’ – in April. To ensure transparency, each series of sessions was followed by an informal meeting open to all. The drafting group worked on the basis of six elements for a register suggested by the Chair: notification, registration, legal effects/consequences of registration, fees and costs, special and differential treatment, and participation.

In April, the Chair issued a detailed report providing a comprehensive factual representation of the various phases of the negotiation, the concerns and interests at stake, the working methodologies used, and the issues that still divided members, together with the current draft of the composite negotiating text reflecting members’ proposals and positions. Nonetheless, it was clear that the key issues to resolve remained the legal effects or consequences of registration, and whether the register would apply to all WTO members or only those electing to take part. There was also the question of product coverage, namely whether, in line with the original negotiating mandate, it should be confined to wines and spirits, or whether the register should extend to other products.

Incentives for technology transfer
In October 2011, the TRIPS Council, in regular session, undertook its ninth annual review of the incentives given to companies by developed countries to transfer technology to least-developed countries (LDCs). Developed countries provided detailed information on the incentives they make available. The LDC Group presented two papers, one with further questions in relation to 2010 reports and another containing a proposed format for future reports.

The TRIPS Agreement requires incentives for technology transfer to LDCs, and ministers agreed at Doha in 2001 that the TRIPS Council would ‘put in place a mechanism for ensuring the monitoring and full implementation of the obligations’. This mechanism was set up by a council decision in 2003, detailing the information to be supplied by developed countries on how their domestic technology transfer incentives are functioning in practice.

The WTO Secretariat organized a fourth workshop to discuss transfer of technology under the TRIPS Agreement. The objective of the workshop was to achieve a broad understanding of the operation of the incentives and to establish an effective dialogue between developed countries and LDCs.

Disputes over intellectual property protection
In general, disputes can be brought under the WTO Dispute Settlement Mechanism not only if an agreement or commitment has been violated, but also if an expected benefit under an agreement has been nullified without violating the letter of the agreement. For disputes over intellectual property protection, the TRIPS Agreement prescribed a five-year moratorium on initiating such ‘non-violation and situation complaints’ and this moratorium has been extended by a series of Ministerial Conferences.

In 2011 the TRIPS Council continued to consider the scope and modalities for such complaints. Members disagree on whether these complaints should be allowed at all, or whether this could be the legitimate basis for a dispute. The 8th Ministerial Conference in December directed the council to continue examining the scope and modalities for these disputes and to make recommendations to the next Ministerial Conference in 2013. It also agreed that, in the meantime, members would not initiate such complaints under the TRIPS Agreement.

Consultations on outstanding implementation issues
The Director-General continued to consult on GI extension and the relationship between TRIPS and the Convention on Biological Diversity (CBD), as called for by the 2005 Hong Kong Ministerial Declaration, which deals with these questions as ‘outstanding implementation issues’ in line with the 2001 Doha Declaration.

The first issue concerns the possible extension to other products of the ‘higher’ or ‘enhanced’ level of protection that is currently only required for GIs for wines and spirits. Members differ on whether such an extension would help their trade in such products, or whether increasing the level of protection would create an unnecessary legal and commercial burden.

The other issue concerns the relationship between the TRIPS Agreement and the CBD: whether – and, if so, how – TRIPS should do more to promote the CBD objective of equitably sharing the benefits that arise when genetic resources are used in research and industry. The main focus has been on proposals to amend the TRIPS Agreement to require patent applicants to disclose the source or the country providing genetic resources and associated traditional knowledge. A range of alternative proposals has also been submitted.

From March 2009, the Director-General has undertaken these consultations personally, with interested delegations and through open-ended information sessions. The consultations were regularly reported to the Trade Negotiations Committee and the General Council. They concentrated on technical questions, with a view to assisting members to understand more fully each other’s interests and concerns and shedding light on the technical aspects of the two issues. The consultations have not addressed the question of whether these matters should be linked to the broader negotiating agenda.

The Director-General presented a written report covering the period from March 2009 to April 2011. No further consultations were held in the course of the year.
Trade and development

In 2011 the Special Session of the Committee on Trade and Development worked on remaining proposals for ‘special and differential treatment’ for developing countries contained in specific WTO agreements. While discussion was constructive, it was not possible to bridge the gaps between members. Some progress was made, however, in negotiations on refining a mechanism for monitoring the implementation and use of the special rights. The 8th WTO Ministerial Conference in December took two decisions concerning least developed countries (LDCs) (see page 111).

Agreement-specific proposals

The Committee on Trade and Development (CTD) Special Session, which is chaired by Shahid Bashir of Pakistan, reviewed six of the remaining 16 proposals on how to enhance special and differential treatment provisions for developing countries in certain specific WTO agreements. Special provisions can include such elements as longer time periods for implementing agreements and commitments or measures to increase trading opportunities for developing countries.

Of the six proposals, three relate to the Agreement on Sanitary and Phytosanitary Measures and three to the Agreement on Import Licensing. Work was carried out on the basis of the last draft text circulated in May 2010.

The special session held three formal meetings and a large number of informal small-group and plurilateral consultations, which saw intensive negotiations and engagement up to Easter. This enabled members to achieve convergence in many areas. Thereafter, the negotiations gradually went into impasse.

Some members say the text fails fully to reflect earlier discussions. For them, the areas of divergence extend beyond the bracketed text (marking parts not agreed) and more work is required to develop convergence even on text that is not in brackets. But others feel that the draft text accurately captures the progress that had been achieved during and before 2010.

As for the 28 proposals annexed to the Draft Cancún Ministerial Declaration, members initially had a shared understanding that the draft decisions were agreed, in principle, on an ad referendum basis, even though they were never formally adopted. At the 8th Ministerial Conference in December, ministers agreed to take stock of the 28 Agreement-specific proposals, with a view to formal adoption of those agreed.

On so-called ‘Category II’ proposals, which are Agreement-specific proposals referred to other relevant WTO bodies for negotiation, the relevant chairs have, as in the past, reported little progress. This is largely due to the fact that the issues form an integral part of the work in the respective negotiating bodies and progress is thus linked to the conclusion of the round.

Monitoring mechanism

In 2011 the special session aimed to further refine the monitoring mechanism on the implementation and use of provisions on special and differential treatment. After intensive consultations, the outgoing Chair – Thawatchai Sophastienphong – had circulated a revision of his ‘non-paper’ (unofficial document) on the mechanism at the end of 2010. He subsequently added an addendum in February 2011 containing fresh headings – scope, functions/terms of reference, operations and reappraisal – together with a preamble. All consultations thereafter were based on this addendum.

In April 2011 the Chair circulated another revision of his non-paper that captured progress made, highlighting the areas of convergence and divergence. This revised non-paper formed the basis of continued work on the monitoring mechanism over the course of the year. As a result of intensive work in the special session, there appears to be convergence on elements collected under the new headings. However, members continue to disagree on the wording of the preamble.

Background on trade and development

Many WTO agreements contain provisions that give developing countries special rights and allow developed countries to treat them more favourably than other WTO members. As part of the Doha Round of negotiations, the special session of the Committee on Trade and Development (CTD) has been reviewing these ‘special and differential treatment’ provisions with a view to making them more precise, effective and operational.
Trade negotiations

Trade and transfer of technology

In 2011 the Working Group on Trade and Transfer of Technology continued the analysis of the relationship between trade and the transfer of technology, and ways to increase flows of technology to developing countries. Work was largely based on presentations by the Organisation for Economic Co-operation and Development (OECD) and the World Intellectual Property Organization (WIPO) on innovation and technology transfers.

Relationship between trade and transfer of technology
The OECD presentation highlighted the vital relevance of innovation, research and development (R&D), technology generation and its transfer for socio-economic policy within the OECD countries, as well as in the broader global context. The presentation – ‘Innovation, Technology Transfer and STI [science, technology and industry] Cooperation to address Global Challenges’ – found that the global map of R&D expenditure has undergone significant transformation, with new players fast emerging. Research and innovation activities are being outsourced more and more, reflecting increased international cooperation, in particular between OECD countries, but also between countries with linked value chains (chains of production) or close proximity.

The WIPO presentation concentrated on three areas of its work on technology transfer – access to static technologies, developing platforms for participating in dynamic technologies and technical assistance and capacity building. Static technologies are essentially old-style means of transmitting information, such as books, while dynamic technologies include online services such as video conferencing and blogs. A large part of WIPO’s development agenda is devoted to training and improving the capacity of developing countries, and to ensuring that their R&D has commercial application. According to the presentation, WIPO is developing tools to carefully monitor various aspects of technology transfer and its effectiveness.

Increasing the flow of technology to developing countries
During the year, WTO members continued their consideration of the submission entitled ‘Facilitating Access to Information on Appropriate Technology Sourcing’ tabled by India, Pakistan and the Philippines. Members also reiterated their view that experience-sharing by countries that had undergone rapid technological development, and sharing of important lessons drawn in the development process, could constitute an important aspect of work in the working group, which held four formal sessions during the year. Such experience-sharing would allow developing countries to make more informed choices without ‘re-inventing the wheel’. Some members renewed their demand for a WTO webpage to provide information on technology transfer.

Background on trade and transfer of technology
The Working Group on Trade and Transfer of Technology was established by 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.
Trade and environment

In the first quarter of 2011, intensive negotiations took place in the Committee on Trade and Environment, in special session, to identify common ground. Some progress was made on the relationship between the WTO and multilateral environmental agreements as well as on the reduction and elimination of barriers to trade in environmental goods and services.

**Multilateral environmental agreements**

The Committee on Trade and Environment, in special session, continued to seek to reconcile ideas put forward by WTO members on the relationship between the WTO and multilateral environmental agreements (MEAs).

Drawn from members’ proposals, discussions were based on five main clusters of issues: preamble language or general principles governing the WTO-MEAs relationship; the relevance of national coordination to ensure mutual supportiveness of trade and the environment, and the importance of sharing experience in this regard; the qualification of specific trade obligations set out in MEAs; dispute settlement and legal principles; and technical assistance and capacity-building to developing country members.

**Environmental goods and services**

Additional progress was made with respect to the negotiations on the reduction or elimination of tariff and non-tariff barriers on environmental goods and services. Members continued to progress in the identification of environmental goods. The goods discussed so far fall within a broad range of environmental categories, such as air pollution control, renewable energy, waste management and water and waste-water treatment. Some of these products are also relevant to climate change mitigation. They include products generating renewable energy, such as wind and hydropower turbines or solar water heaters.

As of the end of 2011, six lists of environmental goods had been submitted by various members, covering 411 HS2002 tariff lines at the six-digit level. As part of the discussions on the modalities of the liberalization of environmental goods and in an effort to combine the various elements of the proposals already on the table, two new proposals were submitted. This generated further discussions on the structure of the outcome.

Unlike the discussion on the identification of environmental goods and definition of the structure of the outcome, the discussion on cross-cutting issues, such as non-tariff barriers, transfer of technology, technical assistance and environmental services, was limited to a new proposal on the issue of the transfer of technology between developed and developing countries. The negotiation on environmental services is being carried out under the Committee on Trade and Environment in special session.

**Background on trade and environment**

Negotiations on trade and the environment aim to ensure that trade and environmental policies are mutually supporting. The negotiations, part of the Doha Development Agenda (DDA), address two main themes: the relationship between the WTO and multilateral environmental agreements (MEAs); and the elimination of barriers to trade in environmental goods and services. The negotiations take place in special sessions of the Committee on Trade and Environment.
Trade facilitation

The Trade Facilitation negotiations made good headway in 2011, streamlining some of the language of the draft consolidated negotiating text and sharply reducing the number of brackets that mark areas of disagreement.

The formal negotiating group sessions, led by Chair Eduardo Sperisen-Yurt of Guatemala, met in a variety of formats, and these meetings were combined with a series of others facilitated by delegates. All meetings were carried out in a bottom-up, member-driven, inclusive and transparent manner.

Working through all articles of the draft consolidated negotiating text, first issued in December 2009 and which had been revised 11 times by the end of 2011, delegations were able to refine the language and to reduce the number of brackets by almost 60 per cent.

During one meeting of the group, the WTO Secretariat conducted a symposium in order to provide WTO members with information on the implementation of the trade facilitation measures being negotiated, including costs, best practices and lessons learned. The symposium also included a session concerning the provision of technical assistance.

To allow all countries to fully engage in, and benefit from, the negotiations, several donor governments provided funding for the participation of officials based in developing and least-developed country capitals. A total of 137 officials from African, Caribbean, Pacific and least-developed countries participated in three meetings of the negotiating group in 2011, and donor governments have indicated their willingness to continue this programme in 2012.

Background on trade facilitation
Negotiations on a new Trade Facilitation Agreement, formally launched in July 2004 as part of the Doha Development Agenda, are conducted in the Negotiating Group on Trade Facilitation. They aim to expedite the movement, release and clearance of goods, including goods in transit, as well as ensure effective cooperation between customs and other appropriate authorities. Particular attention is paid to developing and least-developed countries, which stand to benefit from far-reaching flexibilities and considerable technical assistance and capacity-building support.

WTO rules

In the spring of 2011, the Negotiating Group on Rules undertook intensive efforts to find convergence on the range of issues within its mandate – anti-dumping, subsidies and countervailing measures, fisheries subsidies and regional trade agreements. These efforts culminated in the release by Chairman Dennis Francis of a mix of ‘bottom-up’ texts (based on members’ stated positions) and reports in late April, but it was not possible for the group to find consensus.

On anti-dumping and subsidies and countervailing measures, the Negotiating Group on Rules pressed on with the decision of early 2010 to supplement its work through the use of contact groups and facilitators, who were tasked to examine specific issues and report back. While these mechanisms proved useful in clarifying views of delegations, and in some cases suggesting possible areas for further engagement, they did not reflect significant convergence on major ‘political issues’. Accordingly, while the Chair on 21 April 2011 issued a new text on anti-dumping, that text contained the same 12 bracketed issues as its predecessor. On subsidies, the Chair saw no advantage to a new text and thus circulated a report.

The previous new draft texts of the Agreement on Anti-Dumping (see page 49) and the Agreement on Subsidies and Countervailing Measures (see page 48), as well as a ‘road map’ for further discussion of fisheries subsidies, date from December 2008. These texts reflected a bottom-up approach, providing draft legal language only in areas where some degree of convergence appeared to exist. In other areas, the texts contained brackets, indicating issues where no convergence of views had emerged and summarizing in general terms the range of views regarding those issues. The group completed its line-by-line review of the 2008 Chair’s text in early 2010 and shifted its activities towards an intensive programme of plurilateral consultations.

Background on WTO rules
WTO members agreed at the Doha Ministerial Conference to launch negotiations to clarify and improve WTO rules on anti-dumping, subsidies and countervailing measures, and regional trade agreements. In the context of the subsidies negotiations, there was specific mention of disciplines on fisheries subsidies, and at the Hong Kong Ministerial Conference in 2005 there was broad agreement on strengthening these disciplines, including through a prohibition of certain forms of fisheries subsidy that contribute to overcapacity and over-fishing.
On fisheries subsidies, the group had also opened the process for the receipt of new proposals and new ideas from members, and numerous proposals were received and considered. While these proposals were useful and constructive, they revealed widely divergent views on the nature and extent of the disciplines to be developed in this area. As in respect of anti-dumping and subsidies, the Chair in the fisheries area used contact groups and facilitators in order to try to achieve convergence texts by April 2011. Ultimately, however, the Chair concluded that there was too little convergence to justify new texts, and as a result issued a detailed analytical report.

On regional trade agreements (RTAs), the negotiations have already resulted in the 2006 General Council decision on a transparency mechanism for RTAs (see page 61). The mechanism, which has been applied provisionally since 2007, must be reviewed and if necessary modified as part of the overall results of the current round of trade negotiations before it is made permanent. In December 2010, the group agreed to begin the review. An intensive programme of informal and formal meetings took place during January-April 2011 to address the procedural review of the transparency mechanism.

The Chair released the current outcome of these negotiations in April 2011. Members have not yet commenced the review of the legal relationship between the mechanism and relevant WTO provisions on RTAs, also required by paragraph 23 of the mechanism. Members’ views on systemic issues relating to RTAs remain divergent. In addition to previous submissions by members on systemic issues, a proposal was made in early 2011 for amending Article XXIV of the General Agreement on Tariffs and Trade for agreements in goods. Members also discussed a proposal for a forward-looking post-Doha work programme on all systemic issues.
Dispute Settlement Understanding

Work on the Dispute Settlement Understanding (DSU) negotiations continued in 2011 on the basis of the Chair’s text of July 2008, with the objective of developing areas of convergence towards an agreement. Eight meetings were held over the course of the year. The Chair reported progress in a number of areas. Work was conducted in group meetings in various formats depending on the subject to be discussed.

In April 2011, the Chair, Ambassador Ronald Saborío Soto of Costa Rica, reported to the Trade Negotiations Committee that members had made measurable progress in a number of areas, including ‘sequencing’ and ‘post-retaliation’, which relate to the procedure to be followed when the parties disagree whether compliance with dispute settlement rulings has been achieved, either before any authorization to retaliate has been granted (sequencing) or afterwards (post-retaliation). The Chair also reported constructive work on third-party rights (i.e. the conditions for members other than the disputing parties to take part in proceedings), time savings and various aspects of effective compliance (i.e. how to ensure that members comply with dispute settlement rulings in a timely manner).

In September, a formal meeting of the Dispute Settlement Body (DSB) in special session was held. The Chair noted that since the April report, further discussions had taken place on other issues addressed in the July 2008 text, including flexibility and member-control, panel composition, strictly confidential information, transparency and amicus curiae briefs (when someone not party to a case provides an unsolicited brief) and mutually agreed solutions. Further consultations were also initiated on remand, effective compliance and developing country interests, including special and differential treatment. The Chair also reported that substantial progress had been made in respect of mutually agreed solutions, suspension of panel proceedings and the notification of retaliation measures.

At the same meeting, the Chair observed that this constructive work reflected the continued commitment of members to this negotiation. He also emphasized that much work remained to be done to complete the consideration of all issues and reach agreement.

The Chair of the 8th Ministerial Conference in December noted in his concluding remarks that ministers ‘recognize the important asset that the WTO Dispute Settlement system represents and commit themselves to strengthen it, including through concluding the DSU review negotiations’.

Background on Dispute Settlement Understanding

In November 2001, at the Doha Ministerial Conference, WTO members agreed to negotiate to improve and clarify the Dispute Settlement Understanding (DSU) – the rules and procedures governing the settlement of WTO disputes. These negotiations, which take place in special sessions of the Dispute Settlement Body (DSB), are part of the Doha Development Agenda but are not formally part of the ‘single undertaking’. This means they are not legally tied to the success or failure of the other Doha negotiations.
Trade negotiations

Government Procurement Agreement

On 15 December 2011, ministers from parties to the plurilateral Government Procurement Agreement (GPA) reached a historic deal to improve disciplines for this key sector of the economy and to expand market access coverage by approximately 80 to 100 billion dollars a year. Participants began negotiating the revision of the 1994 agreement ten years ago and the conclusion came hours before the official opening of the 8th WTO Ministerial Conference.

The market access gains from this expanded agreement will come from the addition of new government entities, including local governments and sub-central entities, services and other areas of the public procurement activities to the current agreement. The new rules, in addition to expanded market access, mean better disciplines for awarding government contracts in sectors such as the supply of infrastructure, public transport, hospital equipment and many other government services.

The revised Government Procurement Agreement (GPA) is also intended to facilitate the accession of new members, to add to the current 42 participants. China, as well as eight other WTO members, is currently negotiating accession to the plurilateral agreement, which WTO members can join on a voluntary basis. The new transparency provisions also aim at fighting corruption. Parties have agreed to work on further improvements in the administration of the agreement by adopting future work programmes.

Among the improvements is coverage – for the first time – by some parties of build-operate-transfer contracts. These are contracts under which a firm builds an infrastructure project, for example, and runs it for an agreed time before transferring ownership to the government. There will also be coverage of additional services by most of the parties – for example, in the area of telecommunications. For the first time, all parties will include procurement in the full range of construction services. The revised agreement will see coverage by the parties of (at a minimum) more than 200 additional central, local and other government agencies.

An important additional element of the package is an agreement that a previously negotiated revised GPA text can now come into effect. Negotiators reached agreement in principle on most elements of the revised text five years ago. However, adoption of the text was subject to a mutually satisfactory outcome in parallel negotiations to extend the coverage of the agreement. Since this requirement has now been fulfilled, the Committee on Government Procurement is expected to formally adopt the revised text and other elements of the package no later than 31 March 2012, following a technical verification process. Furthermore, the GPA parties’ ministers have pledged to seek prompt acceptance and implementation of the revised agreement within their respective jurisdictions.

The revised GPA text is based on the same principles as the existing agreement. Nonetheless, the text has been completely rewritten and makes various important improvements. For example, it updates the agreement to take into account developments in current government procurement practice, notably the use of electronic tools. In a key additional change, the transitional measures that are available to developing countries that accede to the agreement have been clarified and improved. Another important element of the revised GPA text is a specific new requirement for participating governments and their relevant procuring entities to avoid conflicts of interest and prevent corrupt practices. This provision shows clearly the relevance of the agreement to the global struggle for good governance – an aspect that is receiving increasing attention.

A further significant element of the package agreed by GPA ministers concerns future work programmes of the committee. These will include work on best practices in supporting the participation of small and medium-sized enterprises in government procurement, improving the collection and reporting of statistical data and promoting sustainable procurement practices.

Nicholas Niggli chaired the successful conclusion of the negotiations on the Government Procurement Agreement in 2011.

Background on Government Procurement Agreement

The Government Procurement Agreement (GPA), adopted in 1994, ensures that signatories do not discriminate against the products, services or suppliers of other parties to the Agreement with respect to the procurement agencies, goods and services that they have agreed to open to foreign competition. It lays out minimum standards on the transparency of procurement. The GPA is a ‘plurilateral’ agreement, which means that it applies only to those WTO members that have agreed to be bound by it. The Committee on Government Procurement administers it.
Implementation and monitoring

- In October, the General Council approved the membership of Vanuatu. At the Ministerial Conference in December, the membership of Russia, Montenegro and Samoa was also approved.

- The WTO’s trade monitoring reports showed that despite the economic crisis, WTO members had generally continued to resist protectionist pressures and kept markets open.

- The reports warned of potential dangers in the near future due to uncertainties in the global economy, persistently high levels of unemployment and tensions over foreign exchange rates.

- The number of regional trade agreements (RTAs) between WTO members continued to increase, with the WTO receiving 25 new notifications in 2011.

Did you know?

509

By the end of 2011, WTO members had notified 509 regional trade agreements to the WTO.
General Council 38

Trade in goods 41
Market access 42
Agriculture 43
Sanitary and phytosanitary measures 45
Technical barriers to trade 47
Subsidies and countervailing measures 48
Anti-dumping practices 49
Customs valuation 49
Rules of origin 50
Import licensing 51
Safeguards 51
Trade-related investment measures 52
Information technology 52
State trading enterprises 53
Trade in civil aircraft 53

Trade in services 54

Trade-related aspects of intellectual property rights (TRIPS) 56

Trade and environment 58

Regional trade agreements 60

Trade policy reviews 62

Trade monitoring reports 79

Trade, debt and finance 81

Government Procurement Agreement 82
In 2011, the General Council oversaw the progress of the Doha Round negotiations on the basis of reports from the Director-General in his capacity as Chair of the Trade Negotiations Committee. The General Council also heard the Director-General’s annual report on accessions as well as his report on the development assistance aspects of cotton. Ahead of the December Ministerial Conference, the General Council agreed on three broad themes – the ‘Elements for Political Guidance’. These were the importance of the multilateral trading system, trade and development, and the Doha Development Agenda.

Preparations for the 8th Ministerial Conference
At the beginning of 2011, the Chair of the General Council initiated consultations in preparation for the 8th Ministerial Conference (see page 18). From May to November, the Chair undertook an intensive preparatory process to define both the substantive and organizational aspects of the conference. Delegations were consulted regularly. This process resulted in consensus on three broad themes: the importance of the multilateral trading system and the WTO; trade and development; and the Doha Development Agenda. These ‘Elements for Political Guidance’ formed the first part of the concluding statement of the Chair of the Ministerial Conference.

Accession of Vanuatu
In October, the General Council approved the text of the Draft Protocol on the Accession of Vanuatu and adopted the draft decision on this accession and the report of the respective working party. Vanuatu had until 31 December 2011 to ratify the deal.

China – Transitional Review Mechanism
At its November meeting, the General Council conducted the final review of China’s implementation of the WTO Agreement and the provisions of its Protocol of Accession under the Transitional Review Mechanism, including reports by the subsidiary bodies charged with carrying out this review.

TRIPS-related matters
In December, the General Council received a report from the Council on Trade-related Aspects of Intellectual Property Rights (TRIPS) on its review of the implementation of paragraph 6 of the Doha Declaration on the TRIPS Agreement and Public Health (see page 56). This relates to special provisions, currently contained in a waiver to the TRIPS Agreement, permitting generic versions of patented medicines to be exported to developing countries with no manufacturing capacity of their own, and which cannot otherwise use TRIPS flexibilities to issue compulsory licences on public health grounds.

Also in December, the General Council agreed to extend until 31 December 2013 the period for WTO members to accept the Protocol amending the TRIPS Agreement that is supposed to replace the waiver.

Aid for Trade
In July, the Director-General reported on the Third Global Review of Aid for Trade (see page 114), which included how members were building trade capacity, results from mobilizing resources and expertise in the development and business communities, and an assessment of current approaches and practices regarding both the allocation and implementation of Aid for Trade, as well as the need in future for a focus on deepening coherence.

Waivers under Article IX of the WTO Agreement
In 2011, the General Council considered and granted several requests for waivers from obligations under the WTO Agreement, as set out in Table 1. It also reviewed the following multi-year waivers:

- Least-developed countries (LDCs) – Article 70.9 of the TRIPS Agreement with respect to pharmaceutical products, granted on 8 July 2002 until 1 January 2016
- Preferential tariff treatment for LDCs, granted on 27 May 2009 until 30 June 2019
- European Union – Preferences for Albania, Bosnia and Herzegovina, Croatia, Serbia and Montenegro, and the Former Yugoslav Republic of Macedonia, granted on 28 July 2006 until 31 December 2011

Background on the General Council
The General Council is entrusted with carrying out the functions of the WTO and taking actions necessary to this effect between meetings of the Ministerial Conference in addition to carrying out the specific tasks assigned to it by the Agreement establishing the WTO. The 8th Ministerial Conference was held in Geneva in December 2011.
Implementation and monitoring

Other issues

The General Council conducted a review of the exemption under paragraph 3 of the GATT 1994, and adopted decisions on the amendment to the procedures on certification of Harmonized System 2007 changes and on a procedure for the introduction of Harmonized System 2012 changes using the Consolidated Tariff Schedules database (see page 42).

Also brought to the General Council for consideration were the following: food export barriers and humanitarian food aid by the World Food Programme, raised by the European Union; improving the record of notifications, raised by the European Union; the WTO response to the impact of the food crisis on LDCs and net food-importing developing countries (NFIDCs), raised by the NFIDCs, African and Arab Groups; a proposal for furthering work on regulatory measures in financial services, raised by Ecuador; and the European Union’s exports of out-of-quota sugar, raised by Brazil.

- European Union – Application of autonomous preferential treatment to Moldova, granted on 7 May 2008 until 31 December 2013
- Mongolia – Export duties on raw cashmere, granted on 27 July 2007 until 29 January 2012
- United States – Former Territory of the Pacific Islands, granted on 27 July 2007 until 31 December 2016
- United States – African Growth and Opportunity Act, granted on 27 May 2009 until 30 September 2015
- United States – Andean Trade Preference Act, granted on 27 May 2009 until 31 December 2014
- Kimberley Process Certification Scheme for rough diamonds, granted on 15 December 2006 until 31 December 2012
- Canada – CARIBCAN, granted on 15 December 2006, from 1 January 2007 until 31 December 2011
As part of its overall oversight function, the General Council also conducted a year-end review of WTO activities on the basis of annual reports from all its subsidiary bodies. These reports were forwarded to ministers at the Ministerial Conference. In addition, it reviewed matters relating to the WTO budget, the building renovation project for the Centre William Rappard and the WTO pension plan, and considered a report from the Joint Advisory Group of the International Trade Centre (ITC). The Joint Advisory Group is the policy-making body of the ITC, the trade promotion agency for developing countries jointly sponsored by the WTO and the United Nations Conference on Trade and Development (UNCTAD).

Table 1: Waivers under Article IX (Decision-Making) of the WTO Agreement

<table>
<thead>
<tr>
<th>Member(s)</th>
<th>Type</th>
<th>Decision of</th>
<th>Expiry</th>
<th>Decision</th>
</tr>
</thead>
<tbody>
<tr>
<td>Least-developed countries</td>
<td>Preferential treatment to services and services suppliers of least-developed countries</td>
<td>17 December 2011</td>
<td>17 December 2026</td>
<td>WT/L/847</td>
</tr>
<tr>
<td>Australia; Brazil; Canada; China; Costa Rica; Dominican Republic; El Salvador; European Union; Guatemala; Honduras; Hong Kong, China; India; Israel; Republic of Korea; Macao, China; Malaysia; Mexico; New Zealand; Norway; Pakistan; 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 November 2011</td>
<td>31 December 2012</td>
<td>WT/L/834</td>
</tr>
<tr>
<td>Argentina; Australia; Brazil; Canada; China; Costa Rica; Croatia; Dominican Republic; El Salvador; European Union; Guatemala; Honduras; Hong Kong, China; India; Israel; Republic of Korea; Macao, China; Malaysia; Mexico; New Zealand; Nicaragua; Norway; Pakistan; Philippines; Singapore; Switzerland; Thailand; United States; and Uruguay</td>
<td>Introduction of Harmonized System 2007 changes into WTO schedules of tariff concessions</td>
<td>30 November 2011</td>
<td>31 December 2012</td>
<td>WT/L/833</td>
</tr>
<tr>
<td>Argentina; Australia; Brazil; China; Croatia; European Union; Iceland; India; Malaysia; Mexico; Thailand; and Uruguay</td>
<td>Introduction of Harmonized System 2002 changes into WTO schedules of tariff concessions</td>
<td>30 November 2011</td>
<td>31 December 2012</td>
<td>WT/L/832</td>
</tr>
<tr>
<td>Canada</td>
<td>CARIBCAN</td>
<td>30 November 2011</td>
<td>31 December 2013</td>
<td>WT/L/835</td>
</tr>
<tr>
<td>European Union</td>
<td>Application of autonomous preferential treatment to the Western Balkans</td>
<td>30 November 2011</td>
<td>31 December 2016</td>
<td>WT/L/836</td>
</tr>
<tr>
<td>Cape Verde</td>
<td>Implementation of Article VII of GATT 1994 and of the Agreement on Customs Valuation</td>
<td>3 May 2011</td>
<td>1 January 2012</td>
<td>WT/L/812</td>
</tr>
</tbody>
</table>
Trade in goods

Over the course of four meetings in 2011, the Council for Trade in Goods considered waivers on tariff commitments – collective extensions regarding the on-going harmonization of tariff schedules, and some individual requests – and discussed a number of trade concerns raised by WTO members.

The Goods Council assessed two collective requests for extensions concerning changes to schedules of tariff concessions to be applied under the Harmonized System (HS), which is the global classification system for traded goods. Since 1999, members have been obliged to update their tariff schedules periodically to reflect changes in the HS.

The Council approved various requests for waivers. Cape Verde sought a waiver relating to the implementation of the WTO Agreement on Customs Valuation. Canada asked for an extension of a waiver for the Caribbean Initiative (CARICCAN), an agreement whereby Canada offers duty free treatment to imports of eligible products from beneficiary Commonwealth Caribbean countries, while the European Union requested the extension of a waiver for preferential treatment for the western Balkans. These requests were all forwarded to the General Council for adoption.

Members raised a number of specific trade concerns during the year. These included Ecuador’s system of mixed tariffs, Argentina’s import licensing measures and procedures and Ukraine’s implementation of customs valuation legislation and its export restrictions for cereals. The Council also discussed Brazil’s tax measures in the automotive sector and the ruling of the EU Court of Justice on the detection in honey of pollen containing DNA from genetically modified maize.

Note was taken of India and China’s notification of their unilateral non-reciprocal duty-free quota-free schemes for least-developed countries (LDCs), and of Mongolia’s information about the elimination in June 2009 of an export tax on raw cashmere.

The Council held its final session under the Transitional Review Mechanism (TRM) for China, and received reports on the same issue from subsidiary bodies.

Background on trade in goods

The Council for Trade in Goods is responsible for the workings of all WTO agreements on trade in goods. It consists of the full WTO membership and reports to the WTO General Council. The Goods Council has 11 committees dealing with the following subjects: agriculture, anti-dumping, customs valuation, import licensing, market access, rules of origin, sanitary and phytosanitary measures, subsidies and countervailing measures, safeguards, technical barriers to trade, and trade-related investment measures. All these committees comprise all WTO members. Also reporting to the Goods Council are working parties on state trading enterprises and on the Information Technology Agreement.
Market access

The Committee on Market Access made progress on a number of fronts during 2011. In two meetings, in May and October, it pushed ahead with updating the tariff schedules of WTO members to reflect changes resulting from amendments to the Harmonized System (HS). It also made advances concerning notifications of quantitative restrictions.

At its May meeting, the committee took note of a WTO Secretariat document entitled ‘Situation of Schedules of WTO Members’, which compiles the legal instruments amending members’ schedules of commitments. Most of the work of the committee concentrated on issues relating to four different transposition exercises: the 1996 Harmonized System (HS96), HS2002, HS2007 and HS2012.

By the end of the year, the transposition of schedules of commitments into HS96 had for the most part been concluded, with only three schedules remaining outstanding. There were also major developments on HS2002, with the number of certified files improving dramatically by 65 for a total of almost 100 transposed schedules.

At its meeting in October, the committee gave the secretariat the green light to begin work on HS2007 transposition work. However, because the work of the committee is based on correlation tables prepared by the Harmonized System Committee at the World Customs Organization (which are only indicative in nature and some of which do not have consensus), further discussion on how to address certain lines in the context of this transposition exercise is still required. The committee also discussed a draft decision to modify the HS2007 transposition procedures, which was adopted by the Council for Trade in Goods in November 2011.

The committee discussed the procedure for the introduction of HS2012 changes to schedules of commitments, and agreed to forward the document for adoption through the Council for Trade in Goods to the General Council. It also gave the go-ahead for collective waivers to HS2002, HS2007 and HS2012, and forwarded them to the Council for Trade in Goods for action. Waivers in the context of HS96 had expired and no extensions were sought.

Another area in which the committee made good headway was in discussing the timeliness and completeness of notifications. The committee was close to finalizing procedures for member notifications of quantitative restrictions but consultations to finalize them are still required.

As with all WTO committees, the Committee on Market Access held a final transitional review of China, bringing an end to an annual process that began with the country’s accession to the WTO in 2001.

Databases

The secretariat reported on the development of the Integrated Data Base (IDB) and the Consolidated Tariff Schedules (CTS) database, their use, the status of software development and technical assistance. The committee took note of the status of submissions to the IDB and of secretariat efforts to encourage them. The IDB compiles information on applied tariffs and imports, as notified by members, while the CTS compiles information on members’ schedules of commitments. The databases are used – among other things – for the calculation of ‘ad valorem’ equivalents (duties expressed as a percentage of the value of an item) of tariffs based on quantity or weight.

Background on market access

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

Food security, export restrictions and countries’ domestic support programmes (subsidies and other assistance for farmers) were some key concerns of the Committee on Agriculture as it pursued its core activity of reviewing members’ compliance with their reform commitments. The committee also worked on implementation issues for which it has responsibility under the Doha Development Agenda, such as developing disciplines on export credits. Grenada, Maldives and Swaziland were included in the WTO list of net food-importing developing countries (NFIDCs) within the framework of the Marrakesh Decision, which sets out objectives on the provision of food aid and other assistance to the beneficiary countries.

At its four meetings in 2011, the committee reviewed progress in the implementation of WTO members’ reform commitments on the basis of their notifications and matters specifically raised under Article 18.6 of the Agreement on Agriculture (which allows members to raise any matter relevant to implementation). It also continued its work on improving the timeliness and completeness of members’ notifications of how they are applying their commitments on market access, domestic support export subsidies and other topics. Notifications are the principal source of information for monitoring compliance.

As in previous years, the committee had a dedicated discussion on the implementation and monitoring of the Marrakesh Decision. The world’s food import bill is likely to make a record-breaking leap to unprecedented heights, while policies to stabilize prices might have backfired, the committee heard in November. Furthermore, in the lead-up to the 8th Ministerial Conference, a special meeting of the committee was organized to consider a proposal by a group of members to establish a work programme on food security.

Building on discussions held in 2010, the committee intensified its work towards an agreement on an updated list of ‘significant exporters’ within the framework of notification requirements on export subsidies. Sorting out the revision of significant exporters will improve its ability to monitor export subsidies and the potential for exports to be subsidized and commitments to be evaded. Significant exporters were defined in 1995 as countries whose share of total world exports in particular products exceeds 5 per cent and who, in addition to members with export subsidy reduction commitments, are subject to notification requirement on total exports.

Among the issues raised in the committee were:

- systemic concerns about delays in remedying breaches of domestic support commitments
- ‘underfill’ of certain tariff quotas (set import quantities allowed in at lower duty) – if part of a tariff quota is unused, this may be due to supply and demand conditions or to problems in the administration of the tariff quota
- methodological and definitional issues related to domestic support due to members’ notification practices (the Agreement on Agriculture contains detailed guidance on the calculation and categorization of domestic support measures)
- recourse to special safeguard provisions (permitting a temporary increase in tariffs to deal with import surges or price falls) on certain products
- concerns over frequent and non-transparent use of export restrictions
- protectionist use of technical and sanitary measures.

Background on agriculture

The Agreement on Agriculture aims to reform trade and make WTO members’ policies more market-oriented. The rules and commitments apply to the areas of market access, domestic support and export competition, as well as export restrictions and prohibitions. The Committee on Agriculture meeting in regular session oversees the implementation of the Agreement.
Throughout the year the committee worked on three implementation-related issues for which it has responsibility under the Doha Development Agenda. These are: developing disciplines on export credits and other export financing measures; improving the effectiveness of the decision taken at the 1994 Marrakesh Ministerial Conference regarding net food-importing developing countries (NFIDCs); and ensuring transparency in the administration of tariff quotas.

A Compendium of Documents on Implementation-Related Issues, consolidating relevant information pertaining to these three areas, was updated in advance of each regular meeting of the committee. The committee also conducted the final review of China’s implementation of agricultural commitments under the Transitional Review Mechanism.

**Timeliness and completeness of notifications**

In 2011, WTO members submitted 180 notifications, taking the total since 1995 to 2,990. However, many notifications remain outstanding and individual members continued to raise specific related concerns. Members nevertheless continued their efforts to ‘catch up’ with their outstanding notification obligations, in particular by forwarding submissions that often covered multiple implementation years.

The most notable improvement has been for the implementation period 1995-2004: at the end of 2011, 54 members (43 per cent of all members) were in full compliance with their notification obligations compared with 41 (33 per cent) and 51 (41 per cent) at the end of 2009 and 2010, respectively.

A greater awareness of the need for transparency helped to spur the increase for the 1995-2004 period, aided by a number of actions implemented by the committee and the secretariat during 2011. These included:

- issuing (as restricted documents) compilations of questions and answers arising from the implementation review process
- two Geneva-based workshops on agriculture notifications, in English and French, on the sidelines of the regular sessions of the committee and a regional workshop in Spanish in Costa Rica in collaboration with the Inter-American Institute for Agriculture
- continued informal consultations on ‘best practices’ in preparing and reviewing notifications
- hosting of members’ supporting tables (AGST) on the public WTO website. These tables provide background information on data and methodology used by members in deriving their commitments on domestic support and export subsidies in the Uruguay Round or in accessions.
- circulation of a comprehensive compilation of recourse to volume- and price-based safeguard actions since 1995
- informal consultations on updating the list of ‘significant exporters’ established in 1995 in the context of monitoring members’ export subsidy commitments. No decision was reached but discussions will continue in 2012.

The committee will give priority in 2012 to further strengthening its monitoring functions by, among other things, improving notification compliance by members. The secretariat will contribute through technical assistance, including by continuing the cycle of workshops on agriculture notifications, and the development of a comprehensive information database on the implementation review process since 1995.
Sanitary and phytosanitary measures

In 2011, the Committee on Sanitary and Phytosanitary (SPS) Measures took concrete steps on private sector standards for food safety and animal and plant health. It agreed on five ‘actions’, including developing a definition of private standards. It also decided to encourage joint work by international standard-setting organizations on cross-cutting issues, such as certification and inspection. A workshop in October 2011 focused on identifying good practices in SPS national and regional coordination. It resulted in recommendations for members, and proposed the development of guidelines or a manual of good practices. The WTO Secretariat launched a new online system for submitting SPS notifications.

The SPS Committee approved five actions identified by the working group on SPS-related private standards. Among concerns that some members have raised about private standards are that they are not always based on science, they are numerous and not harmonized, and they are costly for suppliers. The committee actions relate to defining the scope of the discussions on these private standards and promoting information exchange among various actors in this area, including the SPS Committee, the relevant international standard-setting organizations, WTO members, entities involved in SPS-related private standards and the secretariat. Discussion will continue on how to implement the actions, as well as on proposed actions on which there was no consensus.

At its October meeting, the committee agreed to encourage joint work with the Codex Alimentarius Commission of the UN Food and Agriculture Organization (FAO) and the World Health Organization (WHO), the World Organization for Animal Health (OIE) and the International Plant Protection Convention (IPPC) on cross-cutting issues, such as certification, inspection, approval procedures and risk analysis. The same meeting conducted the final review of China’s implementation of the SPS Agreement under the Transitional Review Mechanism.

At a workshop also held in October, the committee considered ways to improve coordination at the national and regional levels between officials responsible for participation in, and implementation of, the SPS Agreement and the three relevant standard-setting organizations. The workshop resulted in a number of recommendations to members. These address the need to allocate responsibility, establish effective mechanisms for information sharing, identify a national SPS policy and set an agenda, to share experiences, to reinforce the importance of SPS issues, to involve the private sector and academia, and to build institutions to guarantee continuity. The workshop also resulted in recommendations that the SPS Committee consider development of guidelines and/or a manual of good practices on SPS coordination.

Background on sanitary and phytosanitary measures

The Agreement on the Application of Sanitary and Phytosanitary (SPS) Measures establishes the rights and obligations of WTO members regarding measures taken to ensure food safety, protect human health from plant- or animal-spread diseases, protect plant and animal health from pests and diseases, or prevent other damage from pests. Governments must ensure that their SPS measures are based on scientific principles.
The SPS Committee considered a wide range of specific trade concerns at each of its three meetings in 2011, including trade measures relating to avian influenza and ‘mad cow’ disease (bovine spongiform encephalopathy, or BSE), restrictions on ractopamine in beef and pork, maximum levels of pesticide residues in various products, and restrictions related to plant health protection. In 2011, 16 new specific trade concerns were raised, 29 previously raised concerns were again discussed. No trade concerns were reported to have been resolved. A total of 328 specific trade concerns were raised between 1995 and the end of 2011 (see Figures 1 and 2).

In accordance with the transparency provisions of the SPS Agreement, 1,388 notifications (including corrections and revisions) were submitted during 2011, bringing the total number of SPS notifications submitted since the entry into force of the Agreement in 1995 to 13,644. In March 2011, the secretariat launched the new SPS Notification Submission System, which allows members to fill out and submit SPS notifications online. The new system – the first of its kind – allows for more accurate and complete notifications, and a substantial reduction in the time required for the WTO to circulate them.

The system was made available to members on 1 June 2011 upon request. To date, 30 members have requested and been given access to the system, and 13 of these have officially submitted notifications via this system. During November 2011, 35 per cent of all SPS notifications were submitted online.
Technical barriers to trade

In 2011, WTO members raised 44 new ‘specific trade concerns’ at the three meetings of the Committee on Technical Barriers to Trade (TBT) on issues ranging from cosmetics to environmental standards. The committee also heard members outline their steps to ensure the implementation and administration of the TBT Agreement. Discussion continued on ways of refining implementation. This is seen as increasingly important due to the growing number of notifications of draft TBT measures and the lengthening discussions of ‘specific trade concerns’ in the committee.

The TBT Committee discussed 44 new trade concerns and 32 older ones on measures regulating cosmetics, alcoholic beverages, food, tobacco, chemicals, electrical and electronic products, as well as vehicle standards and energy labelling. Among these, the two most extensively discussed measures were on the content and packaging of tobacco products. Between 1995 and the end of 2011, over 330 specific trade concerns were raised in the TBT Committee (see Figure 3).

In 2011, members deepened their discussion on ways and means to improve cooperation in the development of regulations that affect trade. Such cooperation – referred to as ‘regulatory cooperation’ – is essentially a process by which regulators from different governments exchange information on rules and principles for regulating markets. When effective, this cooperation can reduce potential trade conflicts among members. Over 130 officials, including 33 selected developing country experts sponsored by the WTO Doha Development Agenda Global Trust Fund, attended a workshop in November. Presentations on the experiences of regulatory cooperation were discussed. In addition, the efforts in other regional organizations, such as Asian Pacific Economic Cooperation (APEC), the South Asian Regional Standards Organization (SARSO), the Association of Southeast Asian Nations (ASEAN), the Organisation for Economic Co-operation and Development (OECD) and the United Nations Economic Commission for Europe (UNECE) were represented. The results of the workshop are likely to feed into the on-going 2012 TBT Agreement Triennial Review process.

Disputes
Since 1995, 41 WTO dispute cases have cited the TBT Agreement in the formal dispute settlement consultations. In 2011, three dispute panel reports that dealt mainly with the TBT Agreement were circulated. These disputes concerned challenges related to three US measures: country of origin labelling (COOL) requirements; the production and sale of clove cigarettes; and measures affecting the importing, marketing and sale of tuna and tuna products. A fourth dispute panel, regarding an EU measure prohibiting the importing and marketing of seal products, was also established.

Observers
Representatives of various observer organizations – Codex, the International Electrotechnical Commission, the International Organization for Standardization (ISO), the International Trade Centre (ITC), the OECD, the International Organization for Legal Metrology, the UNECE, the United Nations Industrial Development Organization (UNIDO), the International Telecommunication Union (ITU) and the World Health Organization (WHO) – updated the TBT Committee on activities relevant to its work, including on technical assistance.

Background on technical barriers to trade
The number of regulations adopted by countries continues to grow in response to consumers’ demand for safe, high-quality products, the protection of health and the need to curb pollution and environmental degradation. The Agreement on Technical Barriers to Trade (TBT) tries to ensure that regulations, standards, testing and certification procedures followed by WTO members do not create unnecessary obstacles to trade.
**Subsidies and countervailing measures**

The Committee on Subsidies and Countervailing Measures (SCM) focused in 2011 on encouraging more WTO members to notify their subsidy programmes, and on improving the timeliness and completeness of notifications. It decided to extend the transition period for the elimination of export subsidy programmes of 19 developing countries.

In 2011 the SCM Committee reviewed 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. However, the Chair, Andreas Krallmann (Germany), expressed serious concern about the state of notifications. He said that 73 members had not yet made their 2009 notifications, and only 36 had submitted those for 2011. He said he would be asking the delegations concerned to explain why they have so far failed to submit their subsidy notifications.

The committee also reviewed the annual updating notifications by developing members granted an extended transition period for the elimination of certain export subsidy programmes. On the basis of the review, the committee agreed to renew the transition period for a further year to the end of 2012. The 19 members are Antigua and Barbuda, Barbados, Belize, Costa Rica, Dominica, Dominican Republic, El Salvador, Fiji, Grenada, Guatemala, Jamaica, Jordan, Mauritius, Panama, Papua New Guinea, Saint Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines, and Uruguay. The programmes involved are mainly related to free trade zones or to tax incentives for exporters.

In addition, certain developing members are listed in the SCM Agreement as exempt from the general requirement to eliminate export subsidies as long as they remain low-income countries. To qualify for exemption, a listed member must have a per capita gross national product (GNP) of less than US$ 1,000, as reported by the World Bank. Listed members in 2010 were the Plurinational State of Bolivia, Cameroon, Congo, Côte d’Ivoire, Egypt, Ghana, Guyana, Honduras, India, Indonesia, Kenya, Nicaragua, Nigeria, Pakistan, Senegal, Sri Lanka and Zimbabwe. Least-developed country (LDC) members are also exempt from the prohibition on export subsidies.

The SCM Agreement requires members to notify their specific subsidies each year. Members are asked to give priority to submitting new and full notifications every two years, while the committee gives less emphasis to reviewing updated notifications. In 2011 the committee continued its consideration of 2007 and 2009 new and full subsidy notifications and started its review of those for 2011. The committee also reviewed notifications related to countervailing duty legislation. At both its May and October meetings, the committee discussed ways to improve the timeliness and completeness of notifications and other information flows on trade measures under the SCM Agreement.

In the 12 months to 30 June 2011, five members notified the committee of 12 new countervailing duty investigations, including five initiated by the United States and four by the European Union. At the end of June, there were 80 notified countervailing measures in force (definitive duties and price undertakings), of which 50 were maintained by the United States, 11 by the European Union and nine by Canada.
Anti-dumping practices

The Committee on Anti-Dumping Practices reviewed new legislative notifications, the semi-annual reports and ad hoc notifications of preliminary and final actions taken by WTO members at its two meetings in the spring and the autumn. In the period January-September, members initiated 120 anti-dumping investigations compared with 122 in the same period in 2010.

Members taking anti-dumping actions have been using the revised report format, adopted in 2008, to submit their semi-annual reports. Furthermore, many members taking anti-dumping actions have been using the minimum information format as revised in 2009 to provide their ad hoc notifications of such actions, and it has been observed that compliance with this notification obligation has improved. Following the creation of a more specific automated reply to electronic notifications, most members have been providing all their notifications electronically.

Australia, Indonesia, Mexico, Thailand, Ukraine and the United States increased their initiations of anti-dumping investigations in 2011. However, frequent users such as Brazil, India and Pakistan slowed their anti-dumping activity significantly.

The Working Group on Implementation discussed papers on ‘constructed’ export price, the accuracy and adequacy test, known causes of injury and sunset reviews at its spring and autumn meeting. The constructed export prices refers to cases where it appears to the authorities that an export price is unreliable and so one is created on the basis of the price at which imported products are first resold to independent buyers. The adequacy and accuracy test is used by anti-dumping authorities to assess whether there is sufficient evidence to launch an anti-dumping investigation. Finally, the sunset review is when at the end of an anti-dumping duty, the authorities have to decide, based on another investigation, whether to extend the duty or lift it.

Customs valuation

The Committee on Customs Valuation continued its work in reviewing the legislation of a number of countries and made particular progress with regard to Cambodia, China, Costa Rica, Thailand and Ukraine. Technical assistance was provided through national and regional workshops. The most recent update of notifications under the Agreement on Preshipment Inspection was circulated.

At its two meetings in 2011, the Committee on Customs Valuation made significant progress with regards to Cambodia, China, Costa Rica, Thailand and Ukraine. The examinations of two of them – Cambodia and Thailand – could be concluded in the near future. In addition, the committee also continued its review of the legislation of the Kingdom of Bahrain, Belize, Nigeria, Saint Vincent and the Grenadines, and Tunisia. With regards to Ukraine's legislation, several WTO members expressed satisfaction with moves to improve Ukraine’s customs legislation to include all provisions of the Customs Valuation Agreement.

By the end of 2011, 85 members (European Union members counting as one) had notified their national implementing legislation on customs valuation to the committee. However, notifications by 41 members remained outstanding. The Customs Valuation Agreement stipulates that members must ensure that their laws, regulations and administrative procedures comply with its provisions, and must notify the committee of any changes.

Technical assistance on customs valuation was delivered in the context of national and regional workshops in Barbados (for Caribbean countries), in Austria (for Central and Eastern Europe, Central Asia and the Caucasus), and in South Africa (for English-speaking African countries) on several market access-related issues, as well as in the context of the WTO’s regional and advanced trade policy courses.

Preshipment inspection (PSI), a standing item on the agenda of the committee, is the practice of employing private companies to check shipment details, such as price, quantity and quality of goods ordered overseas. The Agreement on PSI recognizes that principles of the General Agreement on Tariffs and Trade apply to such activities. The purpose is to safeguard national financial interests (prevention of capital flight and commercial fraud as well as customs duty evasion, for instance) and to compensate for inadequacies in administrative infrastructures.

Background on customs valuation

Customs valuation plays a fundamental role in the importing of goods. It is the methodology that countries use to value imported goods in order to collect duties. The Agreement on Customs Valuation aims to develop a fair, uniform and neutral system for the valuation of goods for customs purposes. The Committee on Customs Valuation manages the Agreement along with the Agreement on Preshipment Inspection.
Rules of origin

The Committee on Rules of Origin continued in 2011 its technically complex, long-running discussions on the harmonization of rules of origin, which determine in which country a good has been made. It also began to consider how to bring negotiations relating to products specified in the 1996 Harmonized System (HS) into line with the latest versions of the system, given that the original HS has been updated three times.

In two meetings in 2011, the committee pressed ahead with discussions on the harmonization of non-preferential rules of origin. The work programme was launched in 1995 and the fact that it is still going on reflects the technical complexity of the issues involved. The Harmonized System, developed by the World Customs Organization, allows countries to classify traded goods on a common basis.

Determining where a product comes from is no longer easy when raw materials and parts criss-cross the globe to be used as inputs in scattered manufacturing plants. Rules of origin are important in implementing such trade policy instruments as anti-dumping and countervailing duties, origin marking, and safeguard measures.

One significant decision taken by the committee in 2011 was to start work on transposing the current draft consolidated text of harmonized rules of origin onto the more recent versions of the HS nomenclature. The products for which harmonized rules of origin are currently being negotiated were described in the 1996 version of the HS nomenclature, which has since been revised three times. This diminishes the practical usefulness of the rules and significantly complicates the task of delegations consulting their industry representatives for purposes of conducting negotiations at the WTO.

The committee also reviewed notifications by WTO members. To date, 83 members have made notifications of non-preferential rules of origin – governing the rules they apply to goods from WTO members that are not covered by bilateral or regional preferential trade arrangements – and 126 members have made notifications of preferential rules of origin. Members that had not yet notified their non-preferential rules of origin were urged to do so as early as possible.

Technical assistance on rules of origin was delivered in regional workshops on several market access-related issues, as well as in the context of the WTO’s regional and advanced trade policy courses. A workshop was also organized for delegations.

The committee conducted the final transitional review of China.

Background on rules of origin

Rules of origin are the criteria used to determine the country in which a product was made. They are used for many trade purposes, including customs duties, origin labelling, anti-dumping and anti-subsidy measures, trade statistics and bilateral and regional trade agreements. The main objective of the Agreement on Rules of Origin is to harmonize the rules so that all WTO members are using the same criteria in all circumstances (the one important exception being origin rules in preferential trade agreements). This work is conducted by the Committee on Rules of Origin in the WTO and the Technical Committee under the auspices of the World Customs Organization in Brussels.
**Import licensing**

During 2011, WTO members submitted 81 notifications to the Committee on Import Licensing for review, up from 75 in 2010. Currently only 15 members have never submitted any notification under any provision in the Agreement. Members’ compliance with the transparency obligations of the Agreement continued to take up much of the committee’s time.

The committee has provided a regular forum for the discussion of specific notifications submitted by members. At the two meetings held in 2011, 12 members submitted 14 notifications under Articles 1.4(a) and/or 8.2(b) covering import licensing procedures, and seven members submitted 14 notifications under Article 5, which refers to the institution of licensing procedures or changes in these. Finally, 44 members made 53 notifications under Article 7.3, which relates to responses to the annual questionnaire on import licensing procedures.

Members’ compliance with the transparency obligations of the Agreement has been the main preoccupation of the committee for some time. Members have highlighted the importance of improving compliance with notification obligations.

As a result of two years of informal discussions, the committee agreed to let members use, on a voluntary basis, two types of notification form under Articles 1.4(a) and/or 8.2(b), and under Article 5. Several members have already used the forms.

The committee carried out the final Transitional Review Mechanism exercise on China’s accession.

**Safeguards**

Notifications of new investigations fell during 2011 to 11 from 20 the year before. In a new development, there were two requests regarding Article 13.1 of the Agreement on Safeguards. It was the first use of this article, which deals with whether the procedural requirements of the Agreement have been complied with in connection with a safeguard measure.

At its two meetings in 2011, the Safeguards Committee reviewed notifications by members of their safeguards rules and actions.

By the end of 2011, the committee had received and discussed notifications from six members regarding their new or revised domestic legislation and/or regulations pertaining to safeguards. There were 11 notifications of new investigations. The number of final measures was 11, up from three last year (see Figure 5). Indonesia and Ukraine made the largest number of notifications.

At the October meeting, the committee discussed two specific requests made by Colombia and India whether the procedural requirements of the Agreement had been complied with in connection with safeguard measures taken by Ecuador on glass windshields and by Turkey on cotton yarn, respectively. It was the first use of Article 13.1 of the Safeguards Agreement.

**Figure 5: Safeguard investigations (for all members)**

![Safeguard investigations chart](chart_url)

**Background on safeguards**

WTO members may take ‘safeguard’ actions (temporarily restrict imports of a product) to protect a specific domestic industry from an increase in imports of any product that is causing, or threatening to cause, serious injury to the industry. In these circumstances, they have the right to restrict imports of the product from all sources (but not from a specific member or group of members). The Agreement on Safeguards provides detailed rules concerning the investigation that must be conducted and the application of safeguard measures.
The Committee on Trade-Related Investment Measures (TRIMs) held one meeting in 2011 at which members raised questions about certain investment measures by India, Indonesia and Nigeria. The committee also reviewed the current status of compliance with members' notification obligations under the TRIMs Agreement.

The WTO Secretariat continued, at the request of the TRIMs Committee, to circulate reminders to members to submit required notifications without delay, and to provide updated information where warranted. Article 6.2 of the TRIMs Agreement requires 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.

Two new items were placed on the agenda at the meeting. The first, at the request of Japan and the United States, was on India’s mandatory local content requirements in project guidelines for phase 1 (batch 1 and batch 2) of the Jawaharlal Nehru national solar mission. The second related to regulations on the development of Nigerian content in the Nigeria oil and gas industry, which was placed on the agenda at the request of the European Union and the United States.

Following a request from the European Union and Japan, the committee continued to discuss measures by Indonesia relating to local content requirements in investment in telecommunications. It also, at the request of the European Union, Japan and the United States, resumed discussion on certain Indonesian laws and draft implementing regulations on mineral and local mining, oil and gas.

Russia, whose WTO membership was approved at the 8th Ministerial Conference in December, said that it planned to join the Information Technology Agreement (ITA) and would begin the notification process shortly. At its two meetings in 2011, the ITA Committee continued work on non-tariff measures (NTMs), classification divergences and implementation issues. It held further discussion of the EU proposal for a review of the ITA. It also announced plans to mark the 15th anniversary of the Agreement with a symposium.

At the ITA Committee meeting in October 2011, Russia said it intended to join the ITA when it becomes a WTO member. It indicated that in the coming weeks it would begin the notification process by sending a formal letter of request and subsequently submitting its ITA schedule of commitments for verification. At the end of 2011, the number of ITA participants stood at 73 (the European Union counting as 27 members).

The committee continued its deliberations under the non-tariff measures (NTMs) work programme. It noted that of the 46 participants in the pilot project on conformity assessment procedures for electromagnetic compatibility (EMC) and electromagnetic interference (EMI), only 24 have provided survey responses to questions on their procedures. It encouraged those that have not yet given the information to do so without delay. In considering ways to advance and expand its work on NTMs other than EMC/EMI, the committee heard reports and updates by participants on their contribution, including their activities in other WTO bodies, such as in the Negotiating Group on Market Access.

The committee also held further discussion of the European Union’s proposal for a review of the ITA, tabled in 2008. The proposed review would cover negotiations on non-tariff barriers, expansion of product coverage, enlargement of membership, and keeping the Agreement up to date with technological developments and convergence. At the October meeting, the EU answered questions raised by ITA members from the Association of Southeast Asian Nations (ASEAN).

The committee agreed to organize a symposium during the second quarter of 2012 to commemorate the 15th anniversary of the ITA.

The Information Technology Agreement (ITA) was launched in December 1996 in Singapore as a plurilateral agreement. It requires participants to provide duty-free treatment to products such as computers, telecommunication equipment, semiconductor manufacturing equipment, software and scientific instruments. The Committee of the Participants on the Expansion of Trade in Information Technology Products (or the ITA Committee) oversees issues concerning the ITA.

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

Background on information technology

The Information Technology Agreement (ITA) was launched in December 1996 in Singapore as a plurilateral agreement. It requires participants to provide duty-free treatment to products such as computers, telecommunication equipment, semiconductor manufacturing equipment, software and scientific instruments. The Committee of the Participants on the Expansion of Trade in Information Technology Products (or the ITA Committee) oversees issues concerning the ITA.

Background on trade-related investment measures

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

In 2011, the Trade in Civil Aircraft Committee held one meeting, at which signatories continued to discuss its work to bring the annex to the Agreement relating to product coverage into line with the 2007 update of the Harmonized System, used for classifying goods for customs purposes.

Currently, the Agreement has 31 signatories, 20 of which are member states of the European Union. Albania acceded to the Agreement in 2008, the most recent WTO member to do so.

State trading enterprises

The Working Party on State Trading Enterprises reviewed notifications at its regular meeting in the autumn of 2011. Chair Christian Fresard of Chile will consult members on whether to keep the current practice of notifying about state trading enterprises every two years.

The working party reviewed 7 updating notifications and 12 new and full notifications from eight members covering different review periods. This compared with 22 updating notifications and 49 new and full notifications from 21 members in 2010.

Background on state trading enterprises

State trading enterprises are defined as governmental or non-governmental enterprises, such as marketing boards, that are 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 on their state trading activities.

Background on trade in civil aircraft

The Trade in Civil Aircraft Agreement aims to achieve maximum freedom of world trade in civil aircraft, parts and related equipment by eliminating tariffs, promoting fair and equal competitive opportunities for civil aircraft manufacturers, and regulating government support for civil aircraft development, production and marketing. The Committee on Trade in Civil Aircraft provides signatories with an opportunity to consult on any matters relating to the operation of the Agreement.
Trade in services

Information and Communication Technologies (ICT) figured prominently on the agenda of the Council for Trade in Services in 2011. Discussions focused on e-commerce and international mobile roaming. The council concluded the third review of most-favoured-nation (MFN) exemptions and continued its discussions of specific services sectors and modes of supply, on the basis of background notes produced by the WTO Secretariat.

The Council for Trade in Services resumed its deliberations under the work programme on electronic commerce mandated at the 2009 Ministerial Conference. The council addressed, among other things, issues related to the electronic supply of services, drawing from secretariat background notes on sectors and modes of supply, as well as communications on trade-related ICT principles and on mobile applications and cloud computing services.

The 8th Ministerial Conference in December called for the continued monitoring and examination of development-related issues, such as technical assistance, capacity building and the facilitation of access to electronic commerce by micro, small and medium-sized enterprises, including small producers and suppliers, in developing countries and particularly least-developed countries. It also decided that members would maintain the current practice of not imposing customs duties on electronic transmissions until the next session, to be held in 2013. E-commerce is expected to continue to figure prominently on the council’s agenda in 2012.

Members also held dedicated discussions in the council on international mobile roaming and the applicability of the General Agreement on Trade in Services (GATS). Consultations on the technical aspects involved are scheduled to be held in 2012.

The council concluded its third review of the exemptions from the most-favoured-nation (MFN) obligation that many members took at the entry into force of the WTO Agreement or upon acquiring WTO membership (in the case of accessions). The review examined whether the conditions at the origin of the exemptions subsist. The council also agreed to hold a fourth review of MFN exemptions no later than 2016. These exemptions from the WTO’s fundamental principle of non-discrimination between trading partners are permitted under the GATS, subject to certain conditions, but are supposed not to exceed ten years in principle.

Following a request by the Philippines, which had completed the domestic ratification process, the council re-opened the Fifth Protocol to the GATS. The Philippines accepted the Protocol on 16 March 2011, thus giving legal effect to the commitments on financial services that it had undertaken as part of the extended negotiations on the sector concluded in December 1997.

To complement the 20 or so background notes already produced on services sectors and modes of supply, the secretariat issued two further notes, dealing with engineering services and statistics on trade flows in services. These notes are intended to stimulate deliberations in the council, without being their sole focus. They provide updated information and analysis in the respective areas of the main trade-related economic and regulatory developments over the past decade. Issues under this agenda item also concerned the participation of small and medium-sized enterprises (SMEs) in services trade, with several members providing information about the role of SMEs in their economies.

In accordance with the GATS’ transparency provisions, during 2011 the council received a total of 35 notifications. Of these, 22 related to new or revised measures that were deemed by the members concerned to affect significantly trade in services and 13 dealt with economic integration agreements.

In 2011, the council conducted its ninth and final review of China’s compliance with the commitments undertaken upon WTO accession.
Financial services

The Committee on Trade in Financial Services, a standing body under the council, discussed the implications of the financial crisis from a GATS perspective. Barbados presented a communication entitled ‘Unintended Consequences of Remedial Measures Taken to Correct the Global Financial Crisis: Possible Implications for WTO Compliance’, which suggested possible amendments to the GATS to take account of the situation. The committee also considered a communication from Ecuador calling on the 8th Ministerial Conference to instruct the WTO Secretariat to monitor and report on the trade effects of the crisis and the remedial measures taken and the council and the committee to continue to review the WTO rules governing trade liberalization in financial services.

The relationship between trade in financial services and development was another important issue for the committee. Members shared experiences and perspectives concerning, among other things, the impact of financial trade liberalization on growth and development, the relationship between international and domestic liberalization of the sector, and the role of sectoral policies and regulations in promoting development. At the committee’s request, the secretariat prepared a background note reviewing the literature on the link between financial services trade and economic growth and development. The committee will hold a workshop on the issue in 2012.

The committee renewed its discussion of classification issues in financial services, also based on a background note prepared by the secretariat, and carried out the final transitional review of the implementation by China of its commitments and other accession obligations on financial services.

Specific commitments

The Committee on Specific Commitments oversees the implementation of GATS commitments and most-favoured nation (MFN) exemptions, and procedures for the modification of schedules of commitments, with a view to improving their technical accuracy and coherence. To this end, it discusses classification and scheduling questions and their implications for the scope and content of specific commitments. During the Doha Round, at the request of members, it is also looking into negotiation-related issues, such as the conventions for the submission of offers, the relationship between old and new commitments, and the verification of schedules at the end of the negotiations.

In view of the stalemate in the Doha negotiations, the committee focused on its regular work. Classification issues were examined in informal mode in four services sectors: computer and related services, telecommunication services, audiovisual services, and environmental services. To facilitate the discussions, the secretariat prepared informal notes analysing the issues raised. The key substance is reflected in informal, non-attributable summaries circulated under the Chair’s responsibility.

On scheduling issues, the committee paid particular attention to the question of economic needs tests related to mode 4. The aspects raised included: the kind of measures that might qualify; the criteria that could be used; and ensuring consistency with the Scheduling Guidelines.
Trade-related aspects of intellectual property rights (TRIPS)

Access to medicines for the poorest countries, promotion of transparency and least-developed countries’ needs for assistance were some of the topics discussed by the TRIPS Council in 2011 as part of its regular review of intellectual property matters in the WTO’s member countries. The Council also discussed particular concerns raised by individual countries, such as Australia’s plain packaging bill for tobacco products.

The council reviewed intellectual property legislation in individual countries and discussed the relationship between the TRIPS Agreement and the Convention on Biological Diversity, TRIPS and public health, technical cooperation and capacity building and a number of other matters. In 2011, nine more countries accepted the amendment to the so-called ‘Paragraph 6’ system, which creates a compulsory licence for the export of needed medicines.

**TRIPS and public health**

In 2003, members agreed on the ‘Paragraph 6’ system, which gives poor countries additional flexibility under the TRIPS Agreement to gain access to affordable medicines. The system allows generic versions of patented medicines to be produced under compulsory licence (that is, without the consent of the patent holder) for export to countries that cannot manufacture the medicines themselves.

The TRIPS Agreement originally only permitted compulsory licensing predominantly to serve the domestic market. The new system changed this, first through a set of waivers and then through an amendment to the agreement agreed in 2005, creating a new kind of compulsory licence for the export of medicines. At its October meeting, the council held its annual review of the functioning of the system. The amendment will come formally into force when two-thirds of members have accepted it. As of 31 December, 41 countries had done so (counting the European Union as one). The General Council decided in December to extend the period of acceptance of the amendment to December 2013.

**Promoting transparency**

Transparency of national intellectual property systems is a key principle of TRIPS. It reduces trade tensions and builds productive trading relationships in knowledge products and technology.

In 2011 the council gave further consideration to ways of improving the timeliness and completeness of notifications under the TRIPS Agreement and other relevant information flows. It took note of the material still required to complete the pending reviews of three other members and agreed on the arrangements for the review of TRIPS implementing legislation of Maldives, which graduated from least-developed country (LDC) status on 1 January 2011. The council also undertook the final transitional review of the implementation by China of its WTO commitments in the area of TRIPS.
Plants, animals, biodiversity and traditional knowledge
In parallel with the Director-General’s consultations on outstanding implementation issues (see page 28), the council continued to address a cluster of subjects related to biotechnology, biodiversity, genetic resources and traditional knowledge, as instructed by the 2005 Hong Kong Ministerial Declaration. These discussions cover the review of the TRIPS provisions dealing with the patentability of plant and animal inventions and the protection of plant varieties, the relationship between the TRIPS Agreement and the Convention on Biological Diversity (CBD), and the protection of traditional knowledge and folklore.

The discussion was based on members’ papers, which concentrated on the relationship between the TRIPS Agreement and the CBD, as well as on the review of the TRIPS provisions dealing with the patentability of plant and animal inventions. The council was also briefed on the Nagoya Protocol on Access to Genetic Resources and the Fair and Equitable Sharing of Benefits Arising from their Utilization to the Convention on Biological Diversity, adopted at the 10th meeting of the Conference of the Parties to the CBD at Nagoya on 20 October 2010.

Technical cooperation and capacity building, and LDC general transition period
The council reviewed the available technical cooperation in the area of intellectual property on the basis of information it received from developed countries, other intergovernmental organizations and the WTO Secretariat. The 2005 decision that extended to 1 July 2013 the transition period for LDCs to apply their TRIPS obligations also requested them to identify their priority assistance needs so that these could be effectively addressed. In 2011, Senegal reported in detail on its needs, taking the number of countries to report so far to six. The 8th Ministerial Conference invited the council to give full consideration to a request from LDC members for a further extension of the transition period.

As part of an intensifying coordination process, the secretariat organized, at the request of the LDC Group, a coordination meeting that brought together officials from LDCs, donor countries and concerned intergovernmental organizations to promote practical dialogue and coordination on assessing and practically responding to priority needs.

Inter-agency cooperation
The TRIPS Council Secretariat continued to work closely with other relevant international agencies, such as the World Intellectual Property Organization (WIPO), the World Health Organization (WHO), the Joint United Nations Programme on HIV/AIDS (UNAIDS), the United Nations Development Programme (UNDP), the United Nations Conference on Trade and Development (UNCTAD) and the International Telecommunication Union (ITU). Under their well-established trilateral cooperation on matters pertaining to intellectual property and public health, the WTO, WHO and WIPO secretariats held a joint technical symposium in February 2011 on ‘Access to Medicines, Patent Information and Freedom to Operate’.

Other issues
The TRIPS Council also had on its agenda the reviews, mandated under the TRIPS Agreement, of the Agreement as a whole (the ‘71.1 review’) and of the application of the provisions on geographical indications (the ‘24.2 review’). However, no new proposals emerged.

The council also discussed particular matters raised by individual members. Some countries raised concerns about the compatibility of Australia’s proposed tobacco plain packaging legislation with the TRIPS Agreement, while some others asserted countries’ rights to use flexibilities in the TRIPS Agreement for public health purposes, including tobacco control. The council also discussed trends relating to the enforcement of intellectual property rights. Some members provided information about the objectives and contents of the recently concluded Anti-Counterfeiting Trade Agreement (ACTA), but some others voiced concerns about what they saw as being obligations that went beyond those required under TRIPS.

The council’s work on the incentives for technology transfer to LDCs and on ‘non-violation and situation complaints’ is described on page 28.
Trade and environment

In 2011, the Committee on Trade and Environment continued to pay particular attention to the effect of environmental measures on market access, especially in relation to access to developed country markets, and those situations in which the elimination or reduction of trade restrictions and distortions would benefit the environment, development and trade. Discussions also focused on mutual supportiveness between trade and climate change. The WTO Secretariat prepared a submission to the United Nations Conference on Sustainable Development (Rio+20), including a set of messages on sustainable development and trade that may be pronounced at the Conference, which will take place in Brazil in June 2012.

Carbon footprint labelling
The Committee on Trade and Environment (CTE) held extensive discussions on product carbon footprint and labelling schemes. Key concerns included the proliferation of different carbon footprint calculation methodologies, the lack of transparency and the scientific basis on which carbon emissions are computed, the lack of common criteria and the adverse trade effects of private carbon footprint standards. During these discussions, several WTO members took the opportunity to share information on their national experience with carbon footprint and labelling schemes.

Eco-labelling
Eco-labelling schemes were discussed in the committee in 2011. Some members presented recent national experiences. Concerns were raised over the proliferation of private sector environmental standards and labelling schemes, the costs of compliance for producers, the need for international harmonization and the participation of developing countries. Attention was also drawn to the importance of capacity building for developing countries to implement these schemes.

Multilateral environmental agreements
The CTE continued to be a platform for information exchange on the latest developments in multilateral environmental agreements (MEAs). In 2011, the United Nations Framework Convention on Climate Change (UNFCCC) presented the state of play of the climate change negotiations following the 16th Conference of the Parties in Cancún, Mexico, and following sessions of the ad hoc working groups as well as preparations for the Durban (South Africa) 17th Conference of the Parties. The Secretariat of the Convention on Biological Diversity (CBD) provided an update on activities related to the implementation of the decisions of the 10th meeting of the Conference of the Parties of the CBD in Nagoya, Japan.

The WTO Secretariat prepared a revised version of the ‘Matrix on Trade-related Measures pursuant to Selected Multilateral Environmental Agreements’. This presents updated information on aspects such as membership, decisions and other major developments in MEAs.

Green economy
The WTO Secretariat prepared a submission to the United Nations Conference on Sustainable Development (Rio+20) taking place in Brazil in June 2012. Entitled ‘Harnessing Trade for Sustainable Development and a Green Economy’, it includes a set of messages on sustainable development and trade that may be pronounced at the conference. The Secretary-General of the United Nations Conference on Sustainable Development (UNCSD) briefed the CTE on the Rio+20 process and made a presentation on the linkages between trade and the green economy.
Climate change mitigation measures
The committee began a discussion on a proposal from Singapore stressing the importance of promoting the mutual supportiveness between trade and climate change mitigation measures, such as carbon tax adjustments, in order to ensure consistency of climate change-related initiatives with WTO rules.

The WTO organized a side event at the UNFCCC Conference of the Parties in December in Durban, South Africa, on linkages between green economy measures, trade and climate change. The event explored the extent to which green economy measures in various sectors could make a positive contribution to climate change mitigation and their impact on trade. The sessions gathered key thinkers and decision-makers, and addressed the challenges facing the trade and climate change governance systems. Speakers explored synergies between trade policies and climate change action, and focused on identifying constructive and innovative solutions.

Technical assistance
Besides two national workshops on trade and environment in Mexico and Uganda, the WTO Secretariat delivered a regional workshop for Latin America in Mexico City. Particular attention was given to the negotiations on environmental goods and services, the relationship between the WTO and MEAs, and linkages between climate change and the green economy and trade. This regional workshop was also an opportunity for participants to exchange experiences and enhance mutual dialogue between trade and environment officials.
In 2011, the WTO received 25 new notifications, little change on the previous year, involving 15 regional trade agreements (RTAs). Slightly more than half the new RTAs were between developed and developing partners, extending a trend that has emerged in recent years. The Americas was the region with the highest number – eight.

Of the 509 RTAs notified to the WTO as of 31 December 2011, 317 were in force (see Figure 6). RTAs include free trade agreements and customs unions. Under WTO rules, the goods and services aspects of RTAs have to be notified separately, so they are counted separately. However, putting the two together, the 509 notifications involved 392 individual RTAs, of which 213 are currently in force.

A key feature of modern RTAs is that they are broadening and, in many cases, deepening their coverage. While some agreements are limited to reducing barriers to trade in goods, increasingly agreements are becoming more comprehensive, with provisions on market opening in services and in other areas, such as investment, competition policy, trade facilitation, government procurement, intellectual property, electronic commerce and, in some cases, labour and the environment.

Most agreements are bilateral, giving rise to an increasingly complex regime of different trade regulations. Critics argue that these overlapping regional trade regimes make international trade more complex and undermine WTO non-discrimination principles. However, proponents of RTAs say they can lay the groundwork for future multilateral trade rules. The consolidation of existing RTAs, for instance, through accession by non-parties to existing RTAs can also reduce the degree of discrimination they cause.

Of the 15 individual RTAs notified to the WTO in 2011 (counting goods and services components as one), ten included both components. As in previous years, the discernable trend towards agreements between developing and developed trading partners appears to have been maintained, with eight agreements between developed and developing partners. Countries from the Americas region were involved in eight RTAs, and the rest involved members in Europe and the Asia Pacific (seven each).
Monitoring RTAs

All RTAs, regardless of whether they are notified under Article XXIV of the General Agreement on Tariffs and Trade (GATT) 1994, the Enabling Clause between developing countries (for trade in goods), or the General Agreement on Trade in Services (GATS) Article V (for trade in services), are subject to the provisions and procedures of the Transparency Mechanism for Regional Trade Agreements. Established by a decision of the General Council in December 2006, and applied provisionally from 2007, 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.

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 are considered by a dedicated session of the Committee on Trade and Development (CTD). The General Council decision requires WTO members to inform the WTO Secretariat in the event of any subsequent changes to a notified agreement and to provide a report once an agreement is fully implemented. In the interests of transparency, WTO members are also encouraged to inform the secretariat of any agreements currently being negotiated or that have been signed but are not yet in force (‘early announcements’).

Notified agreements already in force are considered by the CRTA, normally within a year of the date of notification. The consideration is based on a ‘factual presentation’ prepared by the secretariat on the basis of information and data provided by the parties to the agreement. The factual presentation describes the main provisions of the agreement and the degree of trade liberalization to be achieved between the parties during its implementation period.

<table>
<thead>
<tr>
<th>Table 2: Regional trade agreements considered in 2011</th>
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<tbody>
<tr>
<td>Japan – Switzerland (goods and services)</td>
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<tr>
<td>Costa Rica – Panama (goods and services)</td>
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<tr>
<td>China – Pakistan (services)</td>
</tr>
<tr>
<td>Japan – Viet Nam (goods and services)</td>
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<tr>
<td>Japan – Thailand (goods and services)</td>
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<tr>
<td>EU – Croatia (services)</td>
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<tr>
<td>EU – Former Yugoslav Republic of Macedonia (services)</td>
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Note: The table refers to 14 individual agreements, of which six covered both goods and services, four covered only goods and the others covered only services.

In 2011, the CRTA held four meetings and considered 20 notifications of RTAs, counting goods and services separately (or 14 RTAs counting goods and services notifications together), compared with 28 in 2010 and 27 in 2009.

The Transparency Mechanism also requires the WTO Secretariat to prepare ‘factual abstracts’ on RTAs examined by the CRTA prior to the 2006 General Council decision. By the end of 2011, 72 factual abstracts of RTAs had been prepared in consultation with the relevant RTA parties and posted on the WTO database.

In addition, a total of nine ‘early announcements’ were received from members in 2011, five for RTAs under negotiation and four for newly signed RTAs not yet in force. As of December 2011, the WTO had received 70 ‘early announcements’, 26 involving RTAs that had been signed but were not yet in force and 44 involving RTAs under negotiation. Thirty of these ‘early announcements’ have subsequently been notified following entry into force of the agreements.

As called for by the General Council decision on transparency, all the information on RTAs notified to the WTO is contained in a publicly accessible RTA database, which can be consulted at http://rtas.wto.org. The database, which became available to the public in January 2009, contains textual information on all RTAs notified to the WTO, including links to the official texts and annexes of each agreement, as well as information on the examination or consideration process in the WTO. For those RTAs that have already been the subject of a factual presentation, the database also contains the relevant trade and tariff data.

In order for the Transparency Mechanism to be adopted on a permanent basis, WTO members need to review, and if necessary, modify it as part of the overall results of the Doha Round. Members are also required to review the legal relationship between the mechanism and relevant WTO provisions on RTAs. In December 2010, members decided to commence the review (see section on Negotiating Group on Rules on page 32).
Trade policy reviews

During 2011, the Trade Policy Review Body reviewed 14 WTO members: Australia, Cambodia, Canada, Ecuador, the European Union, Guinea, India, Jamaica, Japan, Mauritania, Nigeria, Paraguay, Thailand and Zimbabwe.

Under the Trade Policy Review Mechanism, the four largest trading entities (at present, the European Union, the United States, China and Japan) are reviewed every two years. The next 16 largest trading partners undergo reviews every four years and the remaining members every six years, with a longer interval envisaged for least-developed countries (LDCs). These intervals can be extended by up to six months. Reviews take place against the background of members' wider economic and developmental needs, policies and objectives, as well as the external trading environment. They are not intended to serve as a basis for the enforcement of obligations, for dispute settlement procedures, or to impose new policy commitments.

By the end of 2011, 338 reviews had been conducted, covering 141 of the 153 WTO members. The United States, Japan and the European Union had been reviewed ten times; Canada nine times; Australia, Thailand and Hong Kong, China six times; eight members (Brazil, India, Indonesia, Republic of Korea, Malaysia, Norway, Singapore and Switzerland) five times; six members (Chile, Mexico, Morocco, New Zealand, South Africa and Turkey) four times; 36 members three times; and 38 members twice.

The programme for 2012 includes 20 review meetings of 26 members, including eight LDCs and the United States for the 11th time. Over the past few years, greater focus has been placed on reviews of LDCs. By the end of 2011, reviews had covered 29 of the 32 LDCs that are WTO members.

Transparency

Documents distributed for reviews are made available in electronic format to all members. The summary observations of the WTO Secretariat report, the concluding remarks by the Chair, and the full reports by the member under review and the WTO Secretariat are available immediately on the WTO website. Trade policy reviews are published on behalf of the WTO by Bernan Press, a commercial arrangement that aims to ensure a wide and efficient distribution. Press briefings are occasionally held by the Chair, senior WTO Secretariat staff and/or the member under review.

Appraisal of the Trade Policy Review Mechanism

As required in Annex 3 of the Marrakesh Agreement establishing the Trade Policy Review Mechanism (TPRM), the Trade Policy Review Body (TPRB) undertook in 2011 its fourth appraisal of the mechanism's operation. Members stressed the high importance that they continue to attach to the TPRM and its existing mandate aimed at enhancing transparency. They agreed that the mechanism is functioning effectively and achieving its objectives. Nonetheless, in anticipation of the mandated rise in the number of Trade Policy Reviews and consequent increased burden on members, the Chair and the WTO Secretariat, the TPRB agreed to streamline the mechanism in order to make it even more effective.

Members focused on three main aspects: preparation for TPRB meetings; organization and structure of these meetings; and follow-up to TPRB meetings. At the same time, members agreed to enhance the role of the mechanism in making available technical assistance to developing country members, and in particular to LDC members. The results of the appraisal were presented to the 8th Ministerial Conference in December.
Concluding remarks by the Chair

The concluding remarks by the Chair in the reviews carried out in 2011 are provided below.

**Jamaica**

‘This third Trade Policy Review of Jamaica has allowed members to assess developments since 2005 and help develop a deeper understanding of Jamaica’s trade and investment regime. The participation of Dr. Baugh, Deputy Prime Minister and Minister of Foreign Affairs and Foreign Trade, Ambassador McCook and their delegation greatly contributed to the success of this meeting. I am also grateful to our discussant, Ambassador Piantini Munnigh of the Dominican Republic for his insightful observations.

Members noted that despite a series of external shocks and the burden of large public debt, Jamaica has persevered with the reform of its economy. Members pointed out that as a small island economy Jamaica had not been able to improve its economic, including its export, performance during the review period. Jamaica was encouraged to continue efforts to lower trade costs, expand its limited export base, improve infrastructure and energy supply as well as enhance the competitiveness of its goods and services trade.

Members commended Jamaica for its active participation in the WTO and acknowledged Jamaica’s contributions to the multilateral trading system through its strong commitment to a successful conclusion of the Doha Round negotiations and its initiatives to advance special and differential treatment for developing countries. Members noted Jamaica’s participation and leadership in the regional Caribbean Single Market and Economy integration process and in CARICOM [Caribbean Community] negotiations with other trading partners.

Members highlighted the overall openness of the Jamaican economy, witnessed by the large share of trade in GDP. While it was observed that tariffs and numerous other duties and charges remain Jamaica’s main trade policy instrument, concerns were raised about their costs and whether excessive import taxation might be constraining Jamaica’s competitiveness. Members expressed concerns about the use of non-tariff charges such as customs fees and additional stamp duties on certain agricultural products. Members also raised questions on other measures such as modernization of customs procedures, challenges in meeting international quality standards, divestment of state-owned enterprises, SPS [sanitary and phytosanitary] requirements for imports of certain agricultural products, and IPR [intellectual property rights] legislation and enforcement, in particular in the area of patents. Members appreciated that Jamaica expects to eliminate its remaining export subsidies by 2015 in line with WTO requirements.

Services continues to play an increasingly important role in the economy in terms of share of GDP and employment, and services exports help to offset Jamaica’s overall trade imbalance. Members expressed confidence that Jamaica could capitalize on its numerous strengths, such as its natural beauty, which remains a powerful engine for tourism expansion. Jamaica was commended for its liberalization of financial services and telecommunications but the issue was raised of Jamaica levying a surcharge on international calls. Members noted that Jamaica had still not ratified the Fifth Protocol to the GATS [General Agreement on Trade in Services] and encouraged it to do so.

Members appreciated the replies to written questions provided by the Jamaica delegation and looked forward to further responses.

In conclusion, the numerous questions and active discussion indicate the importance members attach to this Review. Members acknowledged the progress made by Jamaica in reforming its economy, while recognizing the challenges it faces on account of changes affecting the world economy. I encourage Jamaica to take to heart members’ concerns and at the same time I invite members to assist Jamaica by taking appropriate steps, including through aid for trade, to build trade capacity in policy formulation and improved infrastructure, and by further opening their markets to Jamaica’s exports.’
Japan

This tenth Trade Policy Review of Japan has greatly enhanced members’ understanding of Japan's trade and related policies as well as how it has responded to the global financial and economic crisis. Our discussions have benefited from the active participation of the Japanese delegation led by Mr. Takehiro Kagawa, the insightful and thought-provoking contributions by the discussant, Ambassador Smidt of Denmark, and the many interventions by members. Japan’s answers to the large number of questions, made available at the beginning of this meeting, were well appreciated.

Members looked forward to a quick recovery of Japan's economy, which will enable it to become once again an engine for economic growth and social progress worldwide. Members commended Japan for not introducing any protectionist trade-policy measures despite the severe negative impact of the global financial and economic crisis on its economy, notably the sharp drop in exports and contraction in domestic demand.

Members felt that the macroeconomic policies pursued have helped Japan to recover from the crisis, yet they do not adequately address Japan’s long-standing structural impediments to growth. Consequently, members urged Japan to undertake far-reaching structural reforms, with trade liberalization as an integral part. Such reforms would stimulate competition, and thereby improve productivity, especially in agriculture and services. In this context, members expressed interest in the direction of Japan’s regulatory reform as announced in the New Growth Strategy. Furthermore, they welcomed the recent announcement by the Government of Japan on “opening Japan and reinventing Kizuna”.

Members welcomed Japan’s active role in the multilateral trading system; they looked to Japan, as one of the world’s largest economies and traders, for leadership in reaching an early conclusion of the Doha Development Agenda.

Members commended Japan for its financial and technical assistance, including its Official Development Assistance and various regional initiatives on economic cooperation, as well as its contribution to aid for trade. Members also commended Japan’s support for the process of accession by future members. They expressed appreciation of preferential market access provided by Japan to developing and least-developed countries; they encouraged Japan to open its market further to these countries’ exports.

Members also noted Japan’s increasing involvement in bilateral/regional trading arrangements, including its interest in the Trans-Pacific Partnership agreement. While some members appreciated Japan’s stance expressed in its Basic Policy on Comprehensive Economic Partnerships in regard to trade liberalization and economic reform, they urged Japan to ensure that these bilateral/regional arrangements are compatible with the multilateral system.

Members encouraged Japan to increase domestic transparency, and urged it to further utilize cost-benefit analysis and thus be in a better position to evaluate its existing policies with a view to formulating more effective new ones.

While noting Japan’s relatively liberal trade regime, Members urged Japan to continue its liberalization of trade and investment. Members noted that although Japan’s tariff is low, it remains complex. Products of export interest to developing countries, notably agricultural products, textiles and clothing, leather products and footwear, continue to encounter significant tariff peaks (which tend to be concealed by non-ad valorem rates), tariff escalation, tariff quotas (and their intricacies), and/or state trading. Members also urged Japan to implement its update of the Pharmaceutical Agreement.

Members expressed concern about certain restrictions on foreign access to Japan’s government procurement market and encouraged it to allow greater foreign participation.

Members expressed concern over the complexity, and thus lack of transparency, of Japan’s sanitary and phytosanitary (SPS) measures as well as technical regulations and standards. Some members questioned the appropriateness of Japan’s risk assessment practices regarding SPS measures. Members encouraged Japan to further adhere to international norms in these areas.

Members expressed concern about border measures and the relatively high level of overall domestic support for agriculture, noting that this support amounted to almost as much as the sector’s small contribution to GDP. More specifically, they were concerned about Japan’s use of import quotas for fish and marine products and the ban on the import of certain beef. As regards reforms, members sought clarification regarding the new direct payment scheme.
Members encouraged Japan to continue reforms to enhance competition in services. In this context, members looked forward to the steps to remove remaining impediments to inward foreign direct investment, which remains relatively low in comparison with other OECD [Organisation for Economic Co-operation and Development] countries, and movement of natural persons. They encouraged Japan to ensure a level playing field in its major services markets, particularly insurance, telecommunications, maritime transport, and medical and health services. Members also raised concerns about the status of reform of Japan Post.

In closing, I would like to thank the Japanese delegation for its active participation in this Review, including its written responses provided before and during this meeting. We all look forward to receiving remaining answers within one month. The keen interest shown by members in this Review, as reflected in the large number of advance written questions, numerous interventions, and high attendance, indicates the importance they attach to Japan's leadership role in the multilateral trading system. This Review has clearly indicated that the Trade Policy Review Mechanism is an important element in ensuring a transparent multilateral trading system. I am encouraged by the statement by Japan that, despite current difficulties, not only had it maintained the openness of its economy and continued to adhere strictly to WTO rules, it also envisaged "opening Japan" further in the near future. In doing so, I trust that Japan will take to heart the concerns expressed by members.'

Australia

'This sixth Trade Policy Review of Australia has enabled us to improve our understanding of recent developments in its trade and trade-related policies, and the challenges it now faces. Our discussion has clearly benefited from the active participation of the Australian delegation, led by Mr. Hamish McCormick, First Assistant Secretary (Department of Foreign Affairs and Trade), as well as from the remarks of our discussant, Mr. Kwok Fook Seng, Ambassador of Singapore, and many interventions by members. Australia’s prompt response to almost all questions was very much appreciated.

Members acknowledged the exemplary institutionalization of transparency with regard to Australia’s trade and trade-related policies as well as its role as a catalyst for unilateral reforms, including trade liberalization, that have greatly increased market flexibility and improved economic performance; over the past 20 years, Australia has experienced uninterrupted real GDP growth. They congratulated Australia for continuing to be among the most open economies in the world and successfully weathering the global financial crisis without backsliding on trade liberalization. Members commended Australia for responding appropriately to the crisis with fiscal and monetary stimuli, which had contributed to the economy’s strong recovery in 2010 despite the possible adverse impact on growth of recent natural disasters (floods, cyclone). Several members noted the marked decline in multi-factor productivity growth and were interested in plans over the longer term to reverse it. In this regard, while recognizing Australia’s achievements in the area of regulatory reform they sought information on further structural reforms, whose implementation was lagging and thus handicapping Australia’s ability to increase its productivity and keep its international competitive edge.

Members acknowledged that Australia’s efforts to promote open markets through multilateral, regional, and bilateral initiatives had provided a catalyst for trade and economic liberalization efforts around the world and reinforced the WTO’s objectives; in addition, note was taken of doubts over the actual benefits of its preferential trade agreements. Members praised Australia’s commitment to a rules-based and transparent multilateral trading system, as well as its leading role in attempting to achieve a successful conclusion of the Doha Round. They also commended Australia for being a major provider of trade-related technical assistance, including in the area of aid for trade, thus enabling developing and least-developed countries to benefit from the multilateral trading system. Members also commended Australia’s low average MFN [most-favoured nation] applied tariff rate owing to unilateral reductions. Some members expressed appreciation for Australia’s action in further strengthening protection of intellectual property rights.

Having carefully considered the interventions, questions, and answers during this review, there seems to be ground for recommending that the Australian authorities give thought to improvements that could be made in the following areas:

- SPS [sanitary and phytosanitary measures]. Virtually all members expressed concern over Australia’s strict SPS requirements, including the lack of cost-benefit analysis; they urged Australia to re-evaluate these measures with a view to bringing them more into line with international norms and thus rendering them less restrictive as regards imports.
• **FDI (foreign direct investment).** Some members expressed concern over remaining foreign investment restrictions in sensitive sectors (on grounds of “national interest”) and hoped that Australia would consider liberalizing them.

• **Government procurement.** Some members expressed concern over Australia’s use of government procurement as an instrument of economic policy; they were critical of, inter alia, the “buy local” requirements by certain states and encouraged Australia to implement a single procurement policy and join the WTO Agreement on Government Procurement.

• **Trade remedies.** Certain members expressed concern over the deficiencies of the anti-dumping and countervailing system, and called for less reliance on the former.

• **Tariff structure.** Despite Australia’s low level of tariff protection, some members called for further action, including the reduction in remaining tariff peaks and simplification of the tariff structure by, inter alia, converting non-ad valorem into ad valorem rates.

• **Support.** Information was sought on the operation of an export support scheme and export controls. Some members noted the level of industry-specific support provided to the automotive, textiles, clothing, and footwear industries and expressed the hope that it would be reduced.

This successfully concludes our sixth Review of Australia. The large number of advance questions and the many interventions indicate the important role Australia plays at the WTO. I would once again like to thank the Australian delegation, the discussant and members for contributing to what has been a very enlightening two days of discussions.

**Paraguay**

This third Trade Policy Review of Paraguay has provided an opportunity for us to improve our understanding of recent developments in its trade and trade related policies, and the areas where there is room for improvement. We are thankful for the active participation of the Paraguayan delegation, headed by Ambassador Manuel María Cáceres, Vice Minister of Economic Relations and Integration at the Ministry of Foreign Affairs; our thanks also extend to Ambassador Federico González, Permanent Representative of Paraguay in Geneva, and to the rest of the Paraguayan delegation. Our discussions have also benefited from the insightful remarks of our discussant, Ambassador Fernando de Mateo, and many interventions by members. The answers provided by the Paraguayan authorities to the questions submitted in advance were very much appreciated.

Members congratulated Paraguay for the solid economic performance achieved during most of the period under review, which had allowed GDP per capita to double over that period. Members commended Paraguay for having successfully emerged from the global economic crisis, while refraining from adopting trade protectionist measures. They noted that Paraguay’s appropriate implementation of fiscal and monetary policies, as well as strong global demand for commodities, had enabled the Paraguayan economy to stage an impressive recovery in 2010, with GDP growth exceeding 15 per cent.

Members acknowledged the openness of Paraguay’s trade regime, as evidenced by a trade to GDP ratio of nearly 100 per cent. They also noted the central role of trade in Paraguay’s development strategy. However, concerns were expressed about reliance on a few export markets and products, and therefore members urged Paraguay to step up efforts to diversify its export basket and markets in order to minimize exposure to external shocks.

Members commended Paraguay for its relatively low average MFN tariff and its overall scant use of non tariff measures, although some concerns were raised with respect to the use of import fees and registration and licensing requirements. Members also recognized the efforts undertaken by Paraguay to streamline its business environment and facilitate trade, including the creation of single windows for imports and exports, as well as actions taken to enhance transparency and compliance with WTO notification obligations, such as in the area of technical regulations. While there was a positive assessment of the legal and institutional reforms undertaken by Paraguay to support trade and investment, several areas for further improvement were highlighted, particularly relating to intellectual property rights protection, government procurement, competition policy and market access in services.

Paraguay’s active participation in the WTO, including in the DDA negotiations, was recognized. At the same time, it was acknowledged that Paraguay’s trade policy was conducted in the general framework of MERCOSUR. In this regard, some concerns were raised at the prospect of Paraguay increasing applied tariffs in order to fully implement MERCOSUR rates.
From a careful analysis of the discussions held and the points raised by delegations during this Review, there seems to be ground for recommending that the Paraguayan authorities consider introducing further improvements in the following areas:

- **Tariffs.** While recognizing the relatively low level of the average MFN [most-favoured nation] tariff, members encouraged Paraguay to reduce the gap between bound and applied rates.

- **Non tariff measures.** Some members noted that Paraguay had recently introduced prior registration and licensing requirements for certain products, and exhorted Paraguay to relax them. They also urged Paraguay to consider eliminating consular fees and the requirement to use customs brokers.

- **Intellectual property.** Noting the actions undertaken to strengthen the enforcement of intellectual property rights, including through reform of the penal code, members urged Paraguay to continue stepping up efforts in this area, which remains of particular concern. Members urged Paraguay to pass legislation to implement the regulations of the patent law, in particular in light of the large number of patent applications pending, especially for pharmaceuticals. Paraguay was also invited to speed up the adoption of legislation concerning geographical indications.

- **Government procurement.** While recognizing the progress made in the regulatory and institutional aspects of government procurement, members noted that there was scope for further improvement in openness and transparency. Some members expressed concern over Paraguay’s use of preferences for national products and urged it to reassess the costs of these measures to its economy. Paraguay was also invited to consider joining the WTO Plurilateral Agreement on Government Procurement.

- **Incentive schemes.** Members noted that Paraguay implements a number of incentive schemes to attract investment and promote exports. Some queried whether a cost benefit analysis had been undertaken to assess the effects of such schemes, others urged Paraguay to re-examine them, and some recommended notifying them to the WTO.

- **Competition policy.** Paraguay was also encouraged to accelerate the process of adoption of competition policy legislation to fill the regulatory gap in this area so as to improve business predictability and attract FDI [foreign direct investment].

- **SPS.** A number of members noted that Paraguay was in the process of putting in place a notification mechanism for SPS [sanitary and phytosanitary] measures, and invited it to implement it as soon as possible, as had already been done in the TBT [technical barriers to trade] area.

- **Services.** Noting the relative importance of services to the Paraguayan economy and the limited GATS [General Agreement on Trade in Services] commitments undertaken by Paraguay, members suggested that Paraguay would benefit from further services liberalization, including in areas such as telecommunications and river transportation; with respect to the latter, market access could be enhanced, including through participation in international conventions. Paraguay was also urged to bind any such reforms in the WTO.

This successfully concludes our third Review of Paraguay. The detailed nature of the questions submitted and the insightful interventions witness the interest of members in Paraguay’s trade policies and practices. I would once again like to thank the delegation of Paraguay, the discussant and members for contributing to what has been a very enlightening Review.

**Canada**

‘This ninth Trade Policy Review of Canada has given us a better understanding of the country’s recent economic, including trade, policy developments and enabled us collectively to measure the challenges Canada currently faces in maintaining its economic prosperity. Our candid discussion has proved more engaging thanks to the full and open participation of the Canadian delegation, led by Mr. Robert Ready, Director-General of the Intellectual Property Office and the Office for Trade in Services, Department of Foreign Affairs and International Trade, and by the insightful remarks made by the discussant, H.E. John Adank of New Zealand, as well as active participation by numerous members.

Canada’s sound economic policies and its outward-looking trade regime have enabled it to successfully weather the global financial crisis and the ensuing economic recession. Members congratulated Canada on its economic performance, welcomed the sustained reduction in the use of trade remedies, and praised its unilateral trade liberalization initiative in the manufacturing sector, as well as its efforts to streamline national regulations. They recognized that such reforms would contribute to greater competitiveness of Canadian products. Nonetheless, given Canada’s sluggish productivity growth compared to other OECD [Organisation for Economic Co-operation and Development] economies, various members urged Canada to continue liberalizing its trade and investment regime, at both federal and provincial levels.

Members appreciated Canada’s active participation in the WTO and the constructive part it was playing in the DDA [Doha Development Agenda]; they also commended Canada for its significant contribution to trade-related technical assistance and its non-reciprocal preferences for the developing countries.
The numerous statements, questions and replies voiced in the course of this Review have highlighted the fact that there is room for further streamlining of Canada’s trade and trade related policies. There are in fact a number of areas where reforms could be both beneficial to Canada and would help strengthen its international trade, which Canada itself acknowledged as being integral to its continued prosperity. The Canadian authorities might give thought to improvements that could be made in the following spheres:

- **Domestic market fragmentation**: Members mentioned a series of matters subject to provincial jurisdiction which impact on investment and trade, and expressed concern regarding transparency and domestic market fragmentation, particularly in areas such as sub federal state enterprises, financial incentives, and financial and professional services.

- **Tariff structure**: Despite Canada’s relatively low overall level of tariff protection, members saw room for simplifying its tariff structure in the agricultural sector through the reduction of tariff peaks, the conversion of non-ad valorem rates to ad valorem duties, and the elimination of inconsistencies between the bound and the applied rates.

- **National treatment**: Members recommended that Canada eliminate discriminatory internal taxes in order to fully comply with the WTO principle of national treatment.

- **Agricultural products**: Members asked Canada to consider replacing its supply management system with less market distorting alternatives, and to reform the management of its MFN [most-favoured nation] and preferential tariff quota schemes in the interests of greater transparency.

- **Investment**: Members welcomed the streamlining of review thresholds in Canada’s foreign investment regime, but questioned some aspects such as the criteria for qualifying net benefit as proof, the limitations on property, the residence requirements for managers, the national security review provisions and the role of provincial governments. They expressed the hope that Canada would consider further liberalization of its investment regime, inter alia, by eliminating local content requirements used for the purpose of incentives. Canada demurred.

- **SPS [sanitary and phytosanitary measures] and TBT [technical barriers to trade]**: Members highlighted a number of weak points noted in connection with Canada’s technical regulations and sanitary and phytosanitary prescriptions, including risk assessment, accreditation criteria and insufficient coverage of sub-federal regulations in notifications to the WTO. They requested greater transparency in Canada’s SPS and TBT regimes.

- **Intellectual property rights**: Members encouraged Canada to modernize its intellectual property rights regime, particularly copyright.

- **Government procurement**: Members took note of the public procurement agreement concluded between the United States and Canada and enquired about plans to extend access to opportunities for sub-federal procurement on an MFN basis. They also encouraged Canada to develop uniform standards for MASH sector and Crown Corporations procurement.

In conclusion, this Review has confirmed the important role played by Canada in the multilateral trading system, as evidenced by the large number of advance questions and statements made. Once again, I thank the delegation of Canada, the discussant and members for contributing to an informative and interesting review. I also wish to express my appreciation to the delegation of Canada for its oral and written responses during the meeting. We look forward to receiving Canada’s outstanding responses within the coming month.

**Nigeria**

“This fourth Trade Policy Review of Nigeria has given us a better understanding of the country’s recent economic, including trade, policy developments and enabled us collectively to measure the challenges Nigeria currently faces in improving its economic prosperity. Our candid discussion has proved more engaging thanks to the full and open participation of the Nigerian delegation, led by H.E Frederick Agah, and by the insightful remarks made by the discussant, H.E. Faizel Ismail of South Africa, as well as active participation by numerous delegations.

Members appreciated Nigeria’s active participation in the WTO and the constructive part it was playing in the DDA and noted the important role being played by Ambassador Agah as Chairman of the General Council, in the preparations for the 8th Ministerial Conference later this year.
On the positive side, members commended Nigeria on its robust and broad-based economic growth during the review period, they welcomed the reduction in the average applied MFN [most-favoured nation] tariff and the number of products on the import prohibition list while praising the steps taken to simplify customs procedures. Members also recognized Nigeria’s efforts at diversification of the economy and regulatory reform. However, they also noted that reform would have to continue and the pace of reform would have to accelerate if Nigeria was to meet its own ambitious development objectives.

Some delegations however also stated that certain measures taken by Nigeria might not be compatible with its WTO commitments, such as import prohibition and restrictions and the Nigerian Content Development Act, which discriminates against foreign suppliers of goods and services in the oil and gas sector of the economy. Some delegations also noted that Nigeria continues to use trade restrictive measures to achieve objectives that could be better served with other policies.

The numerous statements, questions and replies voiced in the course of this Review have highlighted the fact that there remains room for significant further improvement of Nigeria’s trade and trade related policies. In fact, there are a number of areas where reforms could be both beneficial to Nigeria and would help strengthen its international trade and investment. The Nigerian authorities might give thought to improvements that could be made in the following spheres:

- **Legislative change**: Some members mentioned the large number of draft bills at various stages of development, some of which had already been prepared at the time of the last review in 2005. Although some legislation has been enacted, many important pieces of legislation are still at the draft stage or have been before the National Assembly for some time. Delegations urged Nigeria to implement its planned reforms, in areas such as competition policy, contingency measures, the petroleum industry, and public utilities. Such reforms would provide a more conducive economic and investment environment.

- **Transparency**: Members stated the lack of transparency in existing laws and regulations including those pertaining to customs rules and procedures increase the cost of doing business in Nigeria. Members invited Nigeria to provide full transparency of its laws and regulations including import procedures and customs regulations.

- **Tariff predictability**: While they welcomed the reduction in the average applied MFN tariff from 29 per cent in 2003 to 12 per cent in 2009, some delegations were concerned that the significant gap between the applied MFN tariffs and the bound rates and the low level of tariff bindings created uncertainty and urged Nigeria to make its tariffs more predictable.

- **National treatment**: Members noted that some other duties and charges levied on imports appeared to be applied in a discriminatory fashion. They recommended that such discrepancies be eliminated in order that Nigeria fully comply with the WTO principle of national treatment.

- **Intellectual property rights**: Members noted that the current law on intellectual property was out-dated and, therefore, encouraged Nigeria to implement the new National Bill quickly, as well as strengthening protection and enforcement aspects.

- **Government procurement**: Members took note of the new Public Procurement Act and urged Nigeria to consider the benefits of becoming an observer to the WTO Agreement on Public Procurement as a first step toward full membership.

- **Infrastructure**: Several delegations, including the Nigerian, noted the poor state of infrastructure generally, particularly electricity while noting progress made in telecommunications. However, they welcomed the Government’s new Power Sector Plan and progress made in privatization and divestment in power generation, distribution and transmission.

This review of Nigeria’s trade policy would not be complete without a mention of its booming film industry. Nollywood, as the movie production centre is called, is in close competition with its Hollywood (United States) and Bollywood (India) counterparts for first place in terms of volume of film production. This new industry, which has contributed to diversifying production in Nigeria, emerged in the early 1990s and currently provides direct or indirect employment for 2 million people, according to the sector concerned. A fine example that could serve as a case study for schools of economics and business administration. Moreover, there are a number of aspects that relate to our discussions, including audio-visual services and intellectual property, amongst others. This is an industry that bears witness to the wealth of creativity in Nigeria.

In conclusion, this Review has confirmed the important role played by Nigeria in the multilateral trading system, as evidenced by the large number of advance questions and statements made. Once again, I thank the delegation of Nigeria, the discussant and members for contributing to an informative and interesting review. I also wish to express my appreciation to the delegation of Nigeria for its oral and written responses during the meeting. We look forward to receiving Nigeria’s outstanding responses within the coming month.’

**European Union**

‘This is the tenth Trade Policy Review of the European Union and I would like to thank Peter Balás and his delegation for their constructive and interactive engagement in this meeting. I would also like to thank Ambassador de Mateo for his excellent intervention as discussant. The Review was based on reports by the WTO Secretariat and the EU, both of which delegates appreciated.'
At the time of its previous Trade Policy Review, in April 2009, the EU was in deep economic recession, which was accompanied by a sharp contraction of EU and global trade. Helped partly by a vigorous policy of national and EU stimuli, the EU economy is recovering, and EU trade has rebounded along with global trade. Delegations welcomed this, and commended the EU for having resisted pressures to respond to economic difficulties by tightening restrictions on imports and exports. In the face of economic uncertainty caused by the sovereign debt turmoil in some euro area countries, the EU’s continued commitment to openness and transparency remains essential for many members’ own trade and development prospects. Delegations were encouraged by the role assigned to trade and investment openness in the EU’s overall economic growth and competitiveness strategy.

This is the first Trade Policy Review of the EU after the Treaty of Lisbon entered into force on 1 December 2009. Under the Treaty, the European Parliament has rights equal with the Council in adopting EU trade legislation, and must give its consent before the Council can ratify international trade agreements. In addition, the Lisbon Treaty broadened the exclusive competence of the EU to encompass foreign direct investment as part of the common commercial policy. Delegations commented on the importance of these changes for increased EU trade and investment policy coherence, and for further trade and investment liberalization.

Delegations congratulated the EU for having confirmed that the WTO remains the focus of its trade policy. They recognized the significant contribution made by the EU to the Doha Round, and called on the EU to assert leadership commensurate with its status as the world’s largest trader in order to help bring the Round to a successful conclusion, including its development dimension. A number of delegations cautioned against the possibility that the pursuit of the EU’s agenda of “competitiveness-driven” free trade agreements might detract from the EU’s commitment to a strong multilateral trading system. Delegations welcomed the EU’s preference programmes to support export growth and diversification in developing and least developed countries, and remarked on the recent introduction of new, more flexible rules of origin for product imported under the Generalized System of Preferences (GSP). Many delegations drew attention to the European Commission’s proposal to amend the GSP regime, and some voiced concerns about the potential impact of this proposal on their exports to the EU. The EU delegation responded that the proposed changes were meant to create better opportunities for those developing countries that are most in need and complied with the letter and the spirit of the enabling clause. Many delegations welcomed the EU’s contributions of Aid for Trade and trade-related development assistance and capacity building, including through the WTO Global Trust Fund and the Enhanced Integrated Framework.

The numerous interventions, questions, and answers during this review have highlighted the scope for further rationalization of the EU’s trade and trade policies. Indeed, there remain a number of areas where reforms would both be beneficial for the EU and help to strengthen international trade, which the EU acknowledged is integral to its continued prosperity. The EU authorities may wish to give particular thought to possible improvements in the following areas:

- **Tariffs:** It was recognized that import tariffs have remained relatively low and that a significant proportion of imports enters the EU duty free under zero-level MFN [most-favoured nation] tariffs or preference programmes. At the same time, delegations encouraged the EU to eliminate remaining tariff peaks, including on motor vehicles, fish, and agriculture, and to simplify its overly complex tariff structure. Members were satisfied to know that the EU stands ready to move in this direction as the result of a successful conclusion to the Doha Round.

- **Regulatory barriers to trade:** Many delegations repeated concerns expressed in previous EU Reviews about the burdensome impact of certain regulatory measures on market access in areas such as technical barriers to trade and sanitary and phytosanitary measures. It was felt that more extensive reliance on international standards as well as enhanced transparency and closer cooperation with third countries during the development and implementation of technical regulations and conformity assessment procedures have important roles to play in ensuring that new and existing regulations do not result in unnecessary obstacles to trade.
Support to agriculture: While acknowledging recent progress in reforming the Common Agricultural Policy (CAP), delegations remain concerned about the high level of support to EU agriculture, in both absolute and relative terms, and the large share of market price support in total transfers to EU farmers. The EU was urged to continue reducing the role of the CAP in the market, and to complement this with significant reductions of MFN tariffs on agriculture.

Crisis-related government support: The EU was urged to persevere with ongoing initiatives to phase out crisis support in order to minimize any distortions to international trade and investment.

Single EU market: Delegations commended the EU for its recent initiatives to deepen the internal market for goods and services. Nonetheless, several delegations expressed concern about delays in the implementation of the EU Services Directive, which is seen as essential to strengthening competitiveness throughout the EU. Many delegations urged the EU to align with best liberalization practices services sectors such as professional services that remain subject to high barriers to the free establishment of and cross border provision by foreign competitors.

I also noted the EU’s suggestions for improving the Trade Policy Review process. We will go back to this point as part of our discussions within the framework of the fourth appraisal of the Mechanism with a view to the eighth Ministerial Conference.

The large number of questions tabled during this Trade Policy Review indicates clearly the importance of the EU as a trading partner for most WTO members. The EU delegation is to be commended for giving comprehensive replies to so many questions and for having reacted to many of them in the meeting room. Members look forward to receiving the final responses within one month. In closing, I would once again like to thank the EU delegation, the discussant, and members for contributing to what has been a very successful Review.’

India
‘This fifth Trade Policy Review of India has provided an opportunity for us to improve our understanding of recent developments in India’s trade and trade related policies, and to identify areas in which there is room for improvement. I would like to thank Commerce Secretary Rahul Khullar and his delegation for their constructive engagement in this meeting. My thanks also goes to Ambassador Åran for his excellent participation as discussant, and to the members for their numerous interventions. I would further like to commend the authorities of India for the effort that they have made to answer the almost one thousand questions that they received prior to this meeting, which have been extremely useful to us.

Members congratulated India for the solid economic performance achieved during the period under review, which had allowed GDP to grow at an impressive rate. India was continuing to reap the benefits of the trade liberalization process and of the structural reforms begun in the 1990s. It deserved praise for dealing satisfactorily with the economic crisis, without adopting any protectionist trade measures. Members urged India to continue to deepen the liberalization process that had been so beneficial to the country.

Members also praised India for having used trade policy to promote sustainable growth, and for having acted to ensure that the different levels of society would benefit from it. However, in spite of all that had been achieved, poverty reduction remained a challenge.

Members expressed their satisfaction with the adoption of trade facilitation measures such as the introduction of an electronic customs clearance system, and with the fact that the average MFN [most-favoured nation] tariff had decreased during the period under review.

Similarly, there was a positive assessment of the legal and institutional reforms introduced by India to support trade and investment; however, members highlighted a number of areas for further improvement, as mentioned further on.

Members acknowledged India’s active participation in the WTO, particularly in the DDA [Doha Development Agenda] negotiations, and the fact that India was a strong proponent of the multilateral system. They noted with satisfaction India’s participation as an observer in the Agreement on Government Procurement, and urged India to accede to that Agreement. They also urged India to improve its compliance with its WTO notification obligations.

A close examination of the observations made by delegations during this Review would suggest that there were reasons to recommend that the authorities of India consider introducing further improvements in certain areas. There are ten in all, some of which have been already mentioned by Mr. Khullar this morning.

Tariffs and other import duties: While they recognized that there had been a reduction in the average MFN tariff, members encouraged India to make its tariff regime simpler and more transparent, and to narrow the gap between the bound and applied rates. They also urged India to simplify its tax system, for example by eliminating certain additional levies and by introducing a tax on goods and services at the national level.

Non tariff measures: Some members noted that imports could be subject to prohibitions, restrictions and licensing. They considered India’s licensing system to be complex and lacking in transparency, and they urged India to simplify it. In general, members suggested that India adopt a less complex import regime.
Implementation and monitoring

- **Anti-dumping**: Members noted that India was one of the WTO’s most active users of anti-dumping measures, and that it had also imposed a number of safeguard measures. This morning Mr. Khullar mentioned that only one safeguard measure was in place. They called upon the authorities of India to use contingency measures more rationally in order to avoid harming trade.

- **SPS [sanitary and phytosanitary measures] and TBT [technical barriers to trade]**: A number of members questioned the scientific basis for certain sanitary and phytosanitary measures adopted by India, and pointed out that certain technical standards could constitute a barrier to trade. Members urged India to eliminate measures that impeded trade and to introduce a notification mechanism so that trading partners could be kept informed of the measures in force.

- **Government procurement**: While recognizing the progress made by India on certain aspects of its government procurement regime, members pointed out that it was still possible to enhance the openness and transparency of the system. With reference to the decentralization of government procurement, certain members expressed concern that the system would not be governed by a common law. India was urged to reconsider the costs to its economy of using preferences and set-asides, and to join the WTO Plurilateral Agreement on Government Procurement as soon as possible.

- **Incentives**: Members pointed out that India had a series of incentive schemes to attract investment, promote exports and protect agriculture and other less advantaged sectors, such as micro and small enterprises. Some members asked whether India had assessed the impact of these programmes and determined whether they were WTO consistent, while others urged India to notify the programmes to the WTO.

- **Intellectual property**: Noting the actions undertaken to strengthen the enforcement of intellectual property rights, including through administrative and legal reforms, members urged India to continue stepping up efforts in this area, which remained a source of particular concern.

- **Agriculture**: While recognizing the importance of agriculture for India, members also noted the support and protection received by that sector. Mention was made of the fact that tariff protection for agricultural products was substantially higher than for industrialized goods and that very high tariffs were maintained for certain products. Members encouraged India to liberalize the agricultural sector by reducing tariffs, and by eliminating superfluous sanitary and phytosanitary measures and export restrictions on raw materials, as it had done for cotton last year.

- **Services**: Members urged India to open up the services market and bind any liberalization under the GATS [General Agreement on Trade in Services], noting that the country stood to benefit from the further liberalization of financial and transport services.

- **Investment**: Members observed that most sectors were at least partly open to foreign direct investment. Members urged India to eliminate remaining investment barriers, such as permits and requirements, which reduced transparency and could end up being more restrictive than an investment cap. A number of members emphasized the importance of foreign direct investment for India’s future development in view of its infrastructure requirements.

This successfully concludes our fifth Review of India. The detailed nature of the questions submitted and the numerous interventions attest to members’ interest in India’s trade policies and practices. I would once again like to thank the delegation of India, the discussant and the members for contributing to an enlightening Review of India’s trade policies and practices.'
**Guinea and Mauritania**

This joint review of Guinea and Mauritania has allowed us to better understand their recent trade developments and the challenges they face. Our discussions have benefited from the participation of H.E. Mr. Mohammed Dorval Doumbouya (Minister of Trade), head of the delegation of Guinea; and H.E. Mr. Cheikh Ahmed Ould Zahaf, head of the delegation of Mauritania. I am also grateful to H.E. Mr. Omar Hilale for his valuable contribution as discussant, and to members for their constructive engagement in this review.

Guinea and Mauritania have recently experienced serious political turmoil which has severely affected their macroeconomic performance. As a result, the annual growth rate of the Guinean economy has remained below 5 per cent since 2005; Mauritania has not performed any better, except in 2006, when the annual growth rate jumped to 11 per cent following the start up of new oilfields.

Members praised Guinea and Mauritania for having organized democratic elections in 2009 and 2010, respectively, and for their legal and institutional reform efforts. Some members noted that investment in the largely untapped potential of Guinea and Mauritania would benefit from sustained reforms to improve their business environment. To this end, both countries are invited, inter alia, to fight corruption, facilitate trade, effectively enforce legislation, and strengthen their commitments under the GATS [General Agreement on Trade in Services]. This, together with further assistance, mainly in human and infrastructural capacity building, would help diversify their economies and further reduce poverty.

On the basis of the numerous statements made in the course of this joint review, it appears that there remains room for further improvement of the trade and trade related policies of Guinea and Mauritania. Areas where reforms could be beneficial to their domestic economies and would serve their commitments to the multilateral trading system include:

- **Trade facilitation**: Members expressed concerns about the large number of documents required for import and export clearance; the costs related to preshipment inspection; and the delayed implementation of the WTO Customs Valuation Agreement by Guinea and Mauritania.

- **Bound and applied duties**: Noting that, on a significant proportion of tariff lines, applied rates exceed the bound levels, members urged Guinea and Mauritania to take steps to comply fully with their binding commitments, and to simplify their tax systems.

- **Intellectual property rights**: Members encouraged both Guinea and Mauritania to improve protection of IPRs [intellectual property rights], inter alia, by strengthening their institutional frameworks.

- **Government procurement**: Members welcomed the efforts undertaken by both Guinea and Mauritania to adopt new procurement laws that are more transparent and respectful of international codes of good practice, and called for their prompt and full implementation.

- **Sectoral policies**: Members expressed the hope that the agricultural policies of Guinea and Mauritania achieve their food security objective, and that their sectoral policies (in mining and fisheries in particular) contribute to the sustainable exploitation of their resources, and to the development of their economies.

- **Notifications**: Members urged Guinea and Mauritania to comply with their notification obligations to the WTO.

Members appreciated the responses provided by the delegations of Guinea and Mauritania.

In conclusion, I believe that this review has given us a comprehensive update on the trade regimes of Guinea and Mauritania. Both members are encouraged to pursue their reforms, and to further adhere to WTO rules and improve their multilateral commitments with a view to enhancing the transparency and predictability of their trade regimes and contributing to attracting foreign investment. I advocate that members support Guinea and Mauritania in their continued efforts by providing further market access for their goods and services, and by being attentive to their requests for technical assistance.”
Zimbabwe

This second Trade Policy Review of Zimbabwe has provided an opportunity to improve our understanding of recent economic, including trade, policy developments, and to identify areas in which there is room for improvement. Our frank discussion has been stimulated by the full and open participation of the Zimbabwean delegation led by H.E. Pr. Welshman Ncube, Minister of Industry and Commerce, as well as by the perceptive remarks of the discussant, H.E. Dr. Anthony Mothae Maruping of Lesotho, and the active engagement of many members.

Members commended Zimbabwe on its economic reform efforts, including its unilateral tariff liberalization, the upgrading of its computerized customs clearance system, the improvements in its intellectual property regime, its de facto adoption of the US dollar as legal tender in 2009, and the introduction of more discipline into its fiscal system. The reforms have enabled it to break its economic recession, which had lasted for nearly a decade. Zimbabwe’s potential to achieve rapid and sustained growth was acknowledged, and the challenges posed by high unemployment, and an external debt approaching unmanageable proportions were stressed. Some members pleaded for more assistance to help Zimbabwe address its supply-side constraints, mainly under a well-designed Aid for Trade programme.

Several members voiced concerns about the legal protection of investments, in the light of Zimbabwe’s controversial land reform and its indigenization programme. They noted the significant loss of competitiveness experienced by the economy over the past decade, and encouraged Zimbabwe to ensure a transparent and predictable business environment, including through further liberalization of its trade and investment regimes.

Members are of the view that there remain a number of areas where reforms would be beneficial to Zimbabwe and help promote international trade. These include:

- **Structural reforms**: Members encouraged Zimbabwe to pursue its structural reforms, including in the financial and tourism services subsectors, with a view to achieving its sustainable economic and social development.

- **Tariff structure**: Members recommended Zimbabwe to simplify its tariff structure through conversion of non-ad valorem into ad valorem rates, and reduction of applied rates, with a view to complying with its binding commitments.

- **Quantitative restrictions**: Members flagged various prohibitions, restrictions and licensing requirements maintained by Zimbabwe on a range of imports and exports, and encouraged it to rationalize its licensing system with a view to making it more transparent, as well as to eliminate the export ban on unprocessed chrome ore.

- **SPS [sanitary and phytosanitary measures] and TBT [technical barriers to trade]**: Several members questioned the scientific basis for certain sanitary and phytosanitary measures imposed by Zimbabwe, suggested that the requirements be guided by a risk-based analysis, and called for further transparency in Zimbabwe’s SPS and TBT regimes, including through better compliance with notification obligations.

- **Services**: Further liberalization of the services sector and improvement of commitments under the GATS [General Agreement on Trade in Services] were recommended as a way to help attract investment into the sector.

- **RTA initiatives**: Some members encouraged Zimbabwe to rationalize its membership to bilateral and regional trade agreements, with a view to simplifying its trade regime.

Members appreciated the responses provided by the delegation of Zimbabwe and looked forward to further responses.

Overall, this Review concludes to the need for Zimbabwe to improve its business environment by addressing governance issues and further liberalizing its trade regime, with a view to attracting foreign investment. Enhancement of and full compliance with multilateral commitments would help by increasing the credibility of the regime and making it more predictable. Trading partners could help Zimbabwe in its reform efforts by keeping their markets open to goods and services of interest to it and by being attentive to its requests for assistance.
Cambodia

The first Trade Policy Review of Cambodia has given us a much better understanding of recent developments in its trade and trade-related policies and practices together with the challenges it faces. We are grateful for the active participation of the Cambodian delegation headed by H.E. Mr Cham Prasidh, Senior Minister and Minister at the Ministry of Commerce. I would also like to thank the discussant, Ambassador Mr Yi Xiaozhun of China, and members of the TPRB [Trade Policy Review Body] for contributing to our fruitful exchange of views. Cambodia’s detailed responses to the many questions posed by members is also appreciated.

Members commended Cambodia for the solid economic performance achieved during the period under review, which had allowed per capita income to more than double while the poverty rate has fallen from 35 per cent of the population to 26 per cent over the period. Members congratulated Cambodia for having successfully emerged from the global economic crisis, while refraining from adopting trade protectionist measures.

Members acknowledged the relative openness of Cambodia’s economy, as evidenced by a trade-to-GDP ratio of about 65 per cent. They also noted that exports account for a large proportion of employment growth and that trade policy is an integral part of Cambodia’s efforts to promote development and improve living standards. However, concerns were expressed about reliance on a few export products and markets and members therefore urged Cambodia to step up its efforts to diversify its export basket and seek new markets in order to limit its exposure to external shocks.

Members noted that Cambodia had made good use of its WTO membership to further its integration into the world economy, reflected in the country’s active participation in the Doha Development Agenda as well as its regional co-operation efforts with its Asian neighbours. Members called upon developed members to provide duty-free and quota-free (DFQF) market access to Cambodia and other LDCs [least-developed countries] on products of export interest to them.

Members expressed their satisfaction that Cambodia had simplified its tariff structure, bound 100 per cent of tariff lines and recently had made efforts to ensure that its applied rates remain below bound rates and that Cambodia was also reducing dependence on trade-related taxes by starting to strengthen their domestic revenue base. Members appreciated Cambodia’s continued commitment to fully implementing the agreements on Customs Valuation, TRIPs [trade-related aspects of intellectual property rights], TBT [technical barriers to trade] and SPS [sanitary and phytosanitary measures] and acknowledged the steps taken by Cambodia to promote good governance through judicial and legal reforms and create a more transparent and predictable business environment to help attract investment. At the same time, members noted that there is still significant work to do in improving the business environment and addressing infrastructure bottlenecks.

From a close examination of the observations made by delegations during this Review, it appears to me that the Cambodian authorities might consider introducing further action or improvements in certain areas. I note from the Minister’s concluding statement that action is already being taken in several of these areas:

- **Improving the business framework**: Members encouraged Cambodia to continue strengthening its trade and investment environment through further regulatory and legislative reform and addressing issues of weak institutional capacity.
- **Customs reform**: While encouraged by Cambodia’s efforts in the area of customs reform including enactment of the 2007 Customs Law, members encouraged Cambodia to make Camcontrol import requirements more transparent.
- **Government procurement**: While recognizing steps taken in this area such as the preparation of a preliminary draft procurement law, Cambodia was encouraged to focus attention on provisions related to transparency and access to information about tendering.
- **Standards**: There was appreciation for Cambodia’s efforts in complying with WTO requirements on standardization.
- **SPS requirements**: Cambodia was encouraged to better organize the inspection and certification of products, address problems regarding full compliance with the SPS Agreement including notification requirements and shed more light on the methodology Cambodia was using as the basis for its risk assessments.
TRIPs: Members welcomed developments in introducing a number of IPR-related laws and inter-agency coordination of Cambodia’s IPR policy, and were interested to learn about Cambodia’s actions for implementing TRIPs by July 2013, including progress made towards completing the process of granting patents.

Export diversification: Members appreciated that Cambodia was diversifying its range of exports and was currently focusing on increasing paddy rice production and expanding exports of milled rice for which improvements in infrastructure and productivity were needed.

In conclusion, I believe that this Review has given us a comprehensive update on the trade regime of Cambodia. Cambodia has been encouraged to pursue its regulatory and legal reforms and to further adhere to WTO rules with a view to enhancing the transparency of its trade regime and thus contribute to attracting foreign investment. I recommend that members support Cambodia in its continuing efforts by providing further market access to its goods and services and by responding to Cambodia’s needs for technical assistance and expertise.

Ecuador

The second Trade Policy Review of Ecuador has given us a much better understanding of recent developments in its trade and trade-related policies and practices together with the challenges it faces. We are grateful for the active participation and the prompt response of the Ecuadorian delegation headed by H.E. Mr Francisco Rivadeneira, Vice-Minister of Foreign Trade and Economic Integration at the Ministry of Foreign Affairs and Economic Integration. I would also like to thank the discussant, H.E. Ambassador Luis Manuel Piantini Munnigh of the Dominican Republic, and the members of the TPRB [Trade Policy Review Body] for contributing to our fruitful exchange of views. Ecuador’s detailed responses to the many questions posed by members are also appreciated.

Members commended Ecuador for weathering well the global economic downturn, while without adopting trade protectionist measures other than those taken in 2009 for balance-of-payments purposes on a temporary basis. They recognized Ecuador’s achievements in the areas of human development and income inequality as well as the benefits and policy constraints relating to its dollarized monetary regime. Members noted that Ecuador’s dependence on oil revenue and expatriates’ remittances left its economy more vulnerable to external shocks.

Members also noted the changes brought by constitutional and legislative developments since 2008 in several areas, including those in strategic sectors, which some felt had created elements of uncertainty for domestic and foreign investors. Some acknowledged the improvements brought recently to the FDI [foreign direct investment] regime, though they were concerned at the steps to terminate bilateral investment protection agreements, and questioned whether national legislation could provide the same assurances as an international treaty. Members acknowledged the efforts Ecuador has recently made to improve productivity and international competitiveness, although some concerns were expressed about using trade policies for selective import substitution and to support investment in value adding activities.

Members acknowledged Ecuador’s constructive participation in the WTO and Doha Round activities. They welcomed the transparency improvements that had been made and encouraged further progress in certain WTO notification areas. In that connection, we take note of Ecuador’s request for consolidation of the relevant WTO technical assistance.

Some members welcomed the reduction of average MFN [most-favoured nation] applied tariff rates since the last TPR [Trade Policy Review] while others noted the relatively wide gap between the average bound and applied MFN tariff rates as well as the increase of average MFN tariff levels for agricultural products. Several members commended Ecuador for its trade facilitation achievements and expressed their satisfaction with developments in government procurement and competition legislation. More information was sought from Ecuador about the latest requirements in six areas: (1) import licensing; (2) sanitary and phytosanitary standards and measures; (3) export measures; (4) energy-related subsidies; (5) prices policy; and (6) GATS [General Agreement on Trade in Services] commitments. Remarks were also made on the impact of IVA [value-added tax] and ICE [special consumption tax] tax rates on imports of certain items as well as the possible effect of the foreign exchange flight tax on production costs. Some members noted improvements in IPR [intellectual property rights] protection in Ecuador and raised questions relating to its scope and enforcement.
From a close examination of the Vice-Minister’s statements and observations made by delegations during this Review, it appears to me that this TPR of Ecuador should encourage the authorities to press ahead with their reforms and consider taking further action or introducing improvements in certain (five) areas:

- **Productivity:** Members urged Ecuador to improve its productivity and thereby its competitiveness, and to view more open trade policies as a potentially valuable tool in this regard.
- **Export diversification:** Members urged Ecuador to step up its efforts to diversify its exports and seek new markets.
- **Business environment:** Members encouraged Ecuador to proceed with its structural and regulatory reforms in order to further improve its business and investment environment.
- **Compound duties:** Several members reiterated their request for submission of ad valorem equivalents (AVEs) of compound duties and observance of binding levels.
- **Standards:** Ecuador was encouraged to increase the proportion of its national standards that are based on international standards.

In conclusion, I believe that this Review has given us a comprehensive update on Ecuador’s foreign trade regime. Ecuador has been encouraged to adhere more closely to WTO rules with a view to enhancing the stability, predictability and transparency of its trade regime. I recommend that members support Ecuador in its continuing efforts by providing further market access to its goods and services and by responding to Ecuador’s needs for technical assistance and expertise.

**Thailand**

The sixth review of Thailand’s trade policies has taken place against the backdrop of recent severe flooding in the country that has led to the deaths of hundreds of people and caused severe damage to the Kingdom’s infrastructure and production valued at over 2.3 per cent of GDP. Indeed, the damage caused by the flooding was felt beyond Thailand’s borders as it disrupted international supply chains for both industrial and agricultural goods. I would also like to take this opportunity to add my appreciation to the Thai delegation for providing replies to the questions despite the disruptions caused by the flooding.

Thailand has a relatively open economy and trade and investment have played important roles in its development. Economic growth over the past decades, including over the past few years, has been impressive and the economy recovered strongly from a recession in first half of 2009 caused by the global financial crisis to grow by nearly 8 per cent in 2010. In turn, strong economic growth has led to a decline in poverty and Thailand has been able to meet its Millennium Development Goals ahead of time. Members commended Thailand for its active participation in the DDA and its strong support for the multilateral trading system.

This review of Thailand has been able to note that it did not take any new measures to restrict trade since the 2008 global financial crisis. Indeed, it has made some important improvements to trading conditions in some areas, such as its adoption of paperless import procedures and its intention to move to a single window. Furthermore, an appeals system has been introduced by the Customs Department to cover many aspects of import procedures. As a member of ASEAN [Association of Southeast Asian Nations], Thailand has adopted the Association’s harmonized tariff nomenclature which has also helped facilitate trade by standardising the customs codes used to identify products.

Thailand, with its trade and current account surpluses, continues to pursue a policy of export-led growth. But with low growth in its traditional export markets, a number of delegations asked if it would put greater emphasis on domestic consumption. Thailand is also a member of ASEAN and actively participates in its negotiations with other countries. It has also negotiated its own free trade agreements. The result has been overlapping trade agreements which can make it confusing for exporters as they face a variety of import charges or different rules of origin. Members also noted that foreign direct investment has declined over the past few years and they pointed out several existing measures that obstruct investment, such as limits on foreign ownership.

Furthermore, most of the delegations drew attention to areas of Thailand’s import and domestic policies that they felt hampered trading opportunities and impeded its development. Among the issues raised by delegations and referred to in the Secretariat Report were:
- **Agriculture**: Thailand is an important producer and exporter of several agriculture products, particularly rice. Although the immediate concern for the country is recovery from recent flooding, a number of delegations also expressed concern about current agricultural policy, such as domestic support and tariff quota administration, and their impact on trade.

- **Complex tariffs**: With ad valorem tariffs, specific duties and compound tariffs charged at various rates on different products, Thailand has a complicated tariff structure. Furthermore, members noted that Thailand continues to have a large number of unbound tariffs all of which creates uncertainty and distorts trade.

- **Technical Barriers to Trade and SPS Measures**: Thailand was encouraged to make greater use of international standards for both TBT [technical barriers to trade] and SPS [sanitary and phytosanitary] measures and to improve transparency in developing standards and applying them. There were also concerns about health warnings on alcohol products.

- **Complex income tax, corporation tax and excise duties**: In addition to a complicated tariff system, Thailand also has complex systems of income and corporation tax which makes compliance expensive and acts as a deterrent to investment. Furthermore, some delegations stated that the different excise duties on similar products tended to favour domestically produced goods to the detriment of imports of, for example, alcoholic drinks.

- **Intellectual property**: Several members noted the steps taken by Thailand to improve the protection of intellectual property and the Thai delegation also emphasized the importance of a strong and efficient intellectual property system, particularly since the launch of the Creative Economy Policy in 2009. However, the current system was still considered to be deficient and several problems, including counterfeiting and piracy, were pointed out by members.

- **Regulation**: Several delegations mentioned the need for enhanced regulation of several sectors, particularly financial and other services and it was noted that Thailand has committed to liberalize the regulatory regime with legislation governing key sectors, such as transport, distribution, and telecommunications under review.

In conclusion, Thailand, as a major exporter of industrial and agricultural products as well as services, is an important player on the world market and its policy decisions have impacts well beyond its borders. This, the sixth review of Thailand’s trade policies, has taken place at a very important time. Following the global financial crisis that started in 2008 and the recent flooding in Thailand along with current uncertainty in the global economy, the policy direction that Thailand is going to take will be very important for its future development.
Trade monitoring reports

Four reports prepared by the WTO Secretariat on behalf of the Director-General showed that despite the financial and economic crisis, WTO members generally continued to resist protectionist pressures in 2011. However, these pressures are mounting along with the risks to the global economy. The outlook for world trade has worsened, with global exports likely to have grown less than initially forecast.

The reports on global trade developments prepared by the WTO Secretariat during 2011 showed that members and observers had by and large continued to resist domestic protectionist pressures and kept markets open overall. However, they warned of potential dangers in the near future because of uncertainties in the global economy and persistently high levels of unemployment and tensions over foreign exchange rates. The reports showed an upward trend in the imposition of new trade restrictions. In particular, the number of export restrictions increased sharply.

Two of these reports, covering trade and investment measures taken by the Group of 20 (G20) leading developed and developing economies, were prepared jointly with the secretariats of the Organisation for Economic Co-operation and Development (OECD) and the United Nations Conference on Trade and Development (UNCTAD). The other two covered relevant measures taken by all WTO members and observers, and were discussed at meetings of the Trade Policy Review Body (TPRB). The Director-General stressed at these meetings that the global crisis and the WTO’s trade monitoring exercise underlined the importance of increased transparency for the smooth functioning of the multilateral trading system. The 8th WTO Ministerial Conference in December called on the TPRB to continue discussing the strengthening of the monitoring exercise.

At the request of a group of members, a symposium was held in July 2011 for TPRB members to discuss and exchange views on the financial and economic crisis and the role of the WTO.

A consolidated report covering the period mid-October 2010 to mid-October 2011 was presented in the Director-General’s ‘Annual Report on the Overview of Developments in the International Trading Environment’, published in November and discussed at the TPRB meeting in December. The Director-General noted that current global difficulties, especially increasing concerns about debt in many large economies, were affecting economic activity and, hence, trade. He stressed that the multilateral trading system had helped members navigate the financial crisis and resist inevitable protectionist pressures so far, that the system had proved its resilience and usefulness for all, and that, at a time of greater economic uncertainty and rising global risks, it was all the more important that the process of global trade opening continued.

Transparency and surveillance
Transparency and surveillance of national trade policies are one of the pillars of the multilateral trading system, along with trade negotiations and dispute settlement. The strengthened surveillance provided by the regular monitoring of trade and trade-related measures during the crisis has not only enhanced transparency but helped governments faced with scrutiny by their peers to resist domestic protectionist pressures. It has thereby increased trust in the multilateral trading system.

According to the monitoring exercise, no WTO member retreated into widespread trade restriction, nor was there any significant instance of trade retaliation in 2011. Governments appeared to have learnt lessons from the past, with political leaders firmly rejecting a return to ‘beggar-thy-neighbour’ protectionism that had such disastrous consequences in the 1930s. Their response this time was a clear demonstration of the value and resilience of the rules-based multilateral trading system.

Members and observer governments recognized the role played by the WTO in helping to mitigate the impact of the crisis and in providing increased transparency on trade policy developments. At various summit meetings where the crisis was addressed, world leaders also welcomed the part played by the WTO. In November 2011, the Director-General and the respective heads of the OECD and UNCTAD submitted a joint report on trade and investment developments to the Cannes Summit of the Group of 20, which brings together leading industrialized and developing countries.

Monitoring summary
The outlook for the global economy worsened considerably towards the end of 2011. Risks and uncertainties are increasing after the encouraging signals of recovery seen at the end of
2010. Global activity slowed down, economic performance continued to be uneven across countries, debt levels and financial volatility rose, high unemployment levels persisted in many countries, and confidence fell sharply. These risks were aggravated by perceptions in markets that governments’ responses to these challenges had been inadequate.

In this context, world trade grew more slowly than expected. Developed economies were hit by a number of problems ranging from shrinking global demand to the impact of natural disasters, issues related to national budgets and credit conditions, and the sovereign debt crisis. Trade growth in developing countries was also adversely affected by global developments, including signs of overheating in some major emerging markets. In light of the deteriorating economic situation, the forecast for world export growth in 2011 was revised to 5.8 per cent, down from the earlier estimate of 6.5 per cent. Developed economies’ exports are expected to rise by 3.7 per cent and those from developing countries by 8.5 per cent.

The monitoring exercise and individual trade policy reviews undertaken in 2011 recorded 339 new trade restrictive measures, which is 53 per cent more than in the previous period, with new export restrictions rising particularly strongly. Moreover, there was a growing perception that trade protectionism was gaining ground in some parts of the world as a political reaction to local economic difficulties – difficulties that trade restrictions are very poorly equipped to resolve. Various signs of a revival in the use of industrial policy to promote national champions and of import substitution measures to back up that policy were observed. New restrictive measures introduced in the period between mid-October 2010 and mid-October 2011 covered around 0.9 per cent of world imports.

On the other hand, some countries also adopted measures to facilitate trade, especially by reducing or temporarily exempting import tariffs, terminating trade remedies actions and streamlining customs procedures. Trade facilitating measures implemented during this period accounted for 48 per cent of the total number of measures recorded in the Director-General’s Annual Report.

In the area of trade in services, members maintained the general thrust of their policies and levels of market openness. Save for a few instances in which the original restrictive effect of policies has been attenuated and work-permit requirements for certain categories of workers have been removed by a few countries, restrictive measures introduced in the last couple of years are still in place.

Notifications of trade policies

WTO notification activities underwrite the implementation, administration and operation of WTO agreements and increase the organization’s institutional effectiveness. The Director-General’s Annual Report showed that there is more to do in all areas. In some areas, the gaps that exist in the WTO’s knowledge about its members’ trade policies and practices are still so serious that they undermine the value of the individual WTO agreements. Most of those gaps are related to poor compliance with formal notification (of policy) requirements. In some cases, correcting this is a matter of intensifying existing work programmes in the specialized committees and councils to eliminate backlogs and stay on top of the flow of new trade policy data and information.

In other cases, however, additional efforts are needed from members to meet their notification obligations and to report regularly on their trade policies and practices, if they are to achieve the fullest possible degree of transparency. More can be done to make active use of the trade policy information available from monitoring and surveillance activities. More can be done also to respond to requests from developing countries, in particular the least developed countries, for assistance in managing information on their trade policies and reporting on them to the WTO. Assistance in this area has been included as a priority in the Biennial Technical Assistance and Training Plan 2012-2013.

Conclusions

The multilateral trading system has been instrumental in maintaining trade openness during the global financial and economic crisis. WTO members need to preserve and strengthen this system so that it keeps performing this vital function. The best way to further open trade in a global, predictable and transparent manner remains the multilateral route. The multilateral trading system has helped countries navigate the crisis so far and resist protectionism. In a context of greater economic uncertainty and rising global risks, it is all the more important that the process of global trade opening continues.
Trade, debt and finance

In 2011, the Working Group on Trade, Debt and Finance contributed towards addressing some of the structural gaps in the trade finance markets. In particular, the G20 summit in Seoul requested the WTO to ‘assess and monitor’ the effectiveness of programmes operated by multilateral development banks to facilitate the provision of trade finance to low-income countries. The work undertaken by the WTO in the area of trade finance has benefited from the positive interaction between WTO members and the Expert Group on Trade Finance convened by the Director-General.

Expert Group on Trade Finance
Some 80-90 per cent of world trade relies on trade finance (trade credit and insurance/guarantees) and during the worst of the financial and economic crisis many companies, especially smaller enterprises in both developed and developing countries, found it impossible or prohibitively expensive to obtain the credit they needed to trade.

Against this backdrop, the Expert Group on Trade Finance continued to meet in 2011, with a view to identifying the remaining gaps in the trade finance markets, especially in the poorest countries, and to propose policy measures to fill such gaps. The report of the expert group, presented in 2011 to the G20 sherpas (senior officials) and development working group, concluded that trade finance facilitation programmes were effective tools to boost the supply of trade finance, and that they should be enhanced where they existed, and created where they did not exist yet (in Africa, for example).

Established in the wake of the Asian financial crisis in the late 1990s, the group brings together representatives of the main players in trade finance, including the World Bank’s International Finance Corporation (IFC), regional development banks, export credit agencies and big commercial banks, as well as the International Chamber of Commerce (ICC), commercial banks and other international organizations.

Together with the IFC and the ICC, the WTO Secretariat also worked with the Basel Committee on Banking Supervision, which provides a forum for regular cooperation on banking supervisory matters, to explore ways of further promoting trade and trade finance availability, with a particular focus on the beneficial effects for low-income countries. Changes were made to this effect by the Basel Committee at the end of 2011. The Committee announced a number of flexibilities that were not in Basel II to avoid harming trade finance with poor countries. These changes were hailed by the Director-General of the WTO and the President of the World Bank.

Working Group on Trade, Debt and Finance
In tandem with the expert group meetings, the WTO Working Group on Trade, Debt and Finance also met twice in 2011. WTO members continued to lend their support to the work of the expert group and of the Director-General. They also continued to look at regulatory obstacles under Basel II, recommendations on banking rules and regulations, and considered the potential impact of proposals made under the new framework, Basel III. They looked at the state of trade finance markets, based on the analysis of expert group meetings.

In addition, the Working Group on Trade, Debt and Finance adopted a work programme to examine the economics of the relationship between exchange rates and trade, in particular the impact of the former on the latter. At its first meeting in the spring of 2011, it commissioned a review of the recent economic literature on the subject matter.

The review was presented by the WTO Secretariat and discussed by members at its second meeting in the autumn of 2011. During this meeting, members agreed to proceed with the organization of a seminar at WTO headquarters in the spring of 2012 on this subject, with a view to exchanging perspectives on the impact of exchange rate volatility and misalignment on international trade.
Government Procurement Agreement

In 2011, significant progress occurred on pending accessions to the Government Procurement Agreement. Armenia joined in September and China submitted an improved accession offer including coverage, for the first time, of its sub-central (provincial and municipal) entities. In addition, Ukraine applied for accession to the Agreement. The demand for technical training in government procurement continues to grow.

**Membership of the agreement**

Armenia's accession to the Government Procurement Agreement (GPA) took effect on 15 September 2011. The committee had agreed in March that Armenia had met the terms and conditions for its accession, specifically with respect to its national legislation. Armenia is the first member of the Commonwealth of Independent States to join. GPA members noted that its accession had clearly shown the relevance of the Agreement for transition economies.

Towards the end of 2011, China submitted a second revised coverage offer, which included a number of China's larger provinces and municipalities. The revised offer clearly represents an important step forward in China's accession negotiation. However, China's proposals regarding its coverage have not yet met the expectations of the parties to the agreement. Discussions also took place on aspects of China's procurement legislation. Intensive further negotiations aimed at completing China's accession are expected in 2012. Ukraine's application for accession was submitted on 9 February 2011. Subsequently, Ukraine circulated a description of its procurement laws and institutions, an important step in the GPA accession process... Apart from the countries mentioned above, and Jordan, whose accession has been under negotiation for many years, six other WTO members not currently parties to the Agreement have applied for accession and submitted relevant documentation: Albania, Georgia, the Kyrgyz Republic, Moldova, Oman and Panama. A further six WTO members have commitments regarding accession to the agreement in their respective...

Protocols of Accession to the WTO: Croatia, the Former Yugoslav Republic of Macedonia, Mongolia, Saudi Arabia and, most recently, Montenegro and the Russian Federation.

At the end of 2011, the GPA comprised 15 parties representing 42 WTO members: Armenia; Canada; the European Union (including its 27 member states); Hong Kong, China; Iceland; Israel; Japan; the Republic of Korea; Liechtenstein; the Netherlands with respect to Aruba; Norway; Singapore; Switzerland; Chinese Taipei; and the United States. Overall, public procurement accounts for 15-20 per cent of world GDP, though only a portion of this is covered by the GPA.

The value of the total market access commitments under the GPA was estimated at US$ 1.6 trillion in 2008, representing 2.64 per cent of the world’s GDP.
Other activities of the Committee

In 2011 the committee also considered modifications to the schedules of the Agreement, statistical reports, notifications of changes in domestic legislation and notifications of the thresholds in national currencies of procurement covered by the agreement. Work continued on the improvement of methodologies for the preparation of statistical reports.

Technical cooperation and training

The demand for technical assistance in the area of government procurement continues to grow, in part due to the work under way in the committee on pending accessions. In 2011 the WTO Secretariat delivered the following activities focused on the Agreement:

- a national seminar in Armenia
- a series of national seminars in five cities in India: Bangalore, Chennai, Delhi, Hyderabad and Mumbai
- a national seminar in Hanoi, at the request of the Government of Viet Nam
- national seminars in Beijing and Wuhan City, at the request of China
- a two-day national seminar in Kiev, Ukraine.

A Regional Workshop for Asia-Pacific economies was held in Bangkok, Thailand, in December, in cooperation with the United Nations Economic and Social Commission for the Asia Pacific (UN ESCAP). The secretariat also participated in a national seminar on the Agreement organized by Australia.

Cooperation with other international organizations

The WTO Secretariat maintains close links with the United Nations Commission on International Trade Law (UNCITRAL) concerning its work in the area of government procurement. This is to ensure compatibility between the GPA and the UNCITRAL Model Law on Procurement, an important point of reference for many developing countries in reforming their procurement systems. During the year, the secretariat also participated in a meeting of the G20 Anti-corruption Working Group, reflecting that body’s interest in learning about the GPA. Cooperation is also ongoing between the secretariat and other intergovernmental organizations, notably UN ESCAP and various regional development banks and bodies.

Figure 7: Members and observers of the Government Procurement Agreement

<table>
<thead>
<tr>
<th>Parties to the GPA</th>
<th>WTO members negotiating GPA accession</th>
<th>Other observers</th>
</tr>
</thead>
<tbody>
<tr>
<td>18 parties, comprising 42 WTO members</td>
<td>Nine members</td>
<td>13 members</td>
</tr>
</tbody>
</table>

Total market access commitments under the GPA: US$ 1.6 trillion (as of 2008)
Dispute settlement

• WTO members filed eight new disputes in 2011, the lowest number in the history of the WTO.

• Since the WTO was created in 1995, the most active users of the dispute settlement system have been the United States (98), the European Union (85), Canada (33) and Brazil (25).

• In 2011, the Dispute Settlement Body adopted the panel report examining its largest case so far, involving the European Union and Airbus.

• Two new members of the Appellate Body were appointed in 2011: Mr Ujal Singh Bhatia (India) and Mr Thomas R. Graham (United States).

Did you know?

427

By the end of 2011, 427 disputes had been filed by WTO members since the WTO’s creation in 1995.
## Dispute settlement activity in 2011

86

| European Communities – Measures Concerning Meat and Meat Products (Hormones) | 88 |
| United States – Continued Dumping and Subsidy Offset Act of 2000 | 88 |
| United States – Laws, Regulations and Methodology for Calculating Dumping Margins (Zeroing) | 88 |
| European Communities and Certain Member States – Measures Affecting Trade in Large Civil Aircraft | 88 |
| United States – Measures Relating to Zeroing and Sunset Reviews | 90 |
| United States – Final Anti-Dumping Measures on Stainless Steel from Mexico | 90 |
| United States – Measures Affecting Trade in Large Civil Aircraft – Second Complaint | 90 |
| China – Measures Affecting Trading Rights and Distribution Services for Certain Publications and Audiovisual Entertainment Products | 91 |
| Australia – Measures Affecting the Importation of Apples from New Zealand | 91 |
| European Communities – Certain Measures Prohibiting the Importation and Marketing of Seal Products | 91 |
| Thailand – Customs and Fiscal Measures on Cigarettes from the Philippines | 91 |
| European Communities and its Member States – Tariff Treatment of Certain Information Technology Products | 92 |
| United States – Definitive Anti-Dumping and Countervailing Duties on Certain Products from China | 92 |
| United States – Measures Concerning the Importation, Marketing and Sale of Tuna and Tuna Products | 93 |
| United States – Anti-Dumping Administrative Reviews and Other Measures Related to Imports of Certain Orange Juice from Brazil | 94 |
| United States – Certain Country of Origin Labelling (COOL) Requirements | 95 |
| Korea – Measures Affecting the Importation of Bovine Meat and Meat Products from Canada | 95 |
| China – Measures Related to the Exportation of Various Raw Materials | 95 |
| Philippines – Taxes on Distilled Spirits | 96 |
| European Communities – Definitive Anti-Dumping Measures on Certain Iron or Steel Fasteners from China | 97 |
| United States – Measures Affecting Imports of Certain Passenger Vehicle and Light Truck Tyres from China | 98 |
| European Communities – Measures Prohibiting the Importation and Marketing of Seal Products | 99 |
| United States – Use of Zeroing in Anti-Dumping Measures Involving Products from Korea | 99 |
| United States – Anti-Dumping Measures on Certain Shrimp from Viet Nam | 100 |
| European Union – Anti-Dumping Measures on Certain Footwear from China | 101 |
| United States – Measures Affecting the Production and Sale of Clove Cigarettes | 102 |
| Canada – Certain Measures Affecting the Renewable Energy Generation Sector | 103 |
| China – Certain Measures Affecting Electronic Payment Services | 103 |
| China – Countervailing and Anti-Dumping Duties on Grain Oriented Flat-Rolled Electrical Steel from the United States | 103 |
| Dominican Republic – Safeguard Measures on Imports of Polypropylene Bags and Tubular Fabric | 103 |

### Appellate Body

105
Dispute settlement activity in 2011

In 2011, the Dispute Settlement Body (DSB) received eight notifications from WTO members of formal requests for consultations under the Dispute Settlement Understanding (DSU), less than half the number (17 notifications) received in 2010. This is the lowest number in the history of the WTO, the next lowest being 12 in 2005. Although the volume of new activity is low, the dispute settlement mechanism is currently dealing with numerous cases. The DSB adopted eight panel and five Appellate Body reports, including those in the largest case to come before the dispute settlement system, the case involving the European Union and Airbus (see below).

In addition to the several panels already working, the DSB established nine new panels in 2011 to adjudicate 13 new cases (where more than one complaint is filed on the same matter, such complaints are normally adjudicated by a single panel).

Recent years have seen the increasing participation of developing countries in the WTO dispute settlement mechanism. In eight of the years in the period 2001-2011, the number of requests for consultations (the first formal step in dispute settlement proceedings) from developing country members equalled or surpassed those from developed country members. In fact, relative to their level of trade (imports/exports), the active participation of some developing countries in the dispute settlement mechanism exceeds by some margin that of some developed countries.

This increased participation by developing countries may be due in part to the presence of the Geneva-based Advisory Centre on WTO Law (ACWL), which celebrated its tenth anniversary in 2011. The Centre, which is completely independent from the WTO, has assisted developing and least-developed countries with some 40 WTO disputes since the Centre was established. Speaking at an event to commemorate the anniversary, Director-General Pascal Lamy stated that ‘by ensuring that the legal benefits of the WTO are shared among all members, the ACWL contributes to the effectiveness of the WTO legal system, in particular its dispute settlement procedures, and to the realisation of the WTO’s development objectives’.

### Table 1: WTO members involved in disputes, 1995 to 2011

<table>
<thead>
<tr>
<th>Member</th>
<th>Complainant</th>
<th>Respondent</th>
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<tbody>
<tr>
<td>Antigua and Barbuda</td>
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<tr>
<td>Argentina</td>
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<td>17</td>
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<td>Armenia</td>
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<tr>
<td>Australia</td>
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<td>10</td>
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<td>Bangladesh</td>
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<td>Brazil</td>
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<td>Egypt</td>
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<tr>
<td>El Salvador</td>
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<tr>
<td>European Union (formerly EC)</td>
<td>85</td>
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<td>France</td>
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<td>India</td>
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### Table 1: WTO members involved in disputes, 1995 to 2011 (continued)

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<th>Member</th>
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<td>Japan</td>
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<td>Korea, Republic of</td>
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<td>Malaysia</td>
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### Figure 1: Number of disputes filed per year

![Number of disputes filed per year](image-url)
Dispute settlement

The following provides an update on developments in 2011 in cases that are currently active within the dispute settlement system. The cases are listed in order of their dispute settlement (DS) number, which is created when the dispute is initiated. Cases initiated in 2011, and still at the consultation stage, are listed at the end of the section. Before 30 November 2009, the European Union was known in the WTO as the European Communities.

**WT/DS48: European Communities – Measures Concerning Meat and Meat Products (Hormones)**

Complainant: Canada
Respondent: European Communities

On 17 March 2011 the European Union (formerly the European Communities) and Canada notified the DSB of a memorandum of understanding regarding the importation of beef from animals not treated with certain growth-promoting hormones and increased duties applied by Canada to certain products of the European Union, agreed by Canada and the European Commission on 17 March 2011.

**WT/DS217, WT/DS234: United States – Continued Dumping and Subsidy Offset Act of 2000**

Complainants: Australia, Brazil, Chile, European Communities, India, Indonesia, Japan, Korea and Thailand (DS217), and Canada and Mexico (DS234)
Respondent: United States

On 8 April 2011 the European Union notified the DSB of the new list of products on which the additional import duty would apply, prior to the entry into force of a level of suspension of concessions. On 26 August 2011 Japan made a similar notification to the DSB.

**WT/DS294: United States – Laws, Regulations and Methodology for Calculating Dumping Margins (Zeroing)**

Complainant: European Communities
Respondent: United States

On 7 September 2011 the European Union and the United States jointly requested the Arbitrator to suspend its work for a further period of four months and two days (an earlier request was made in September 2010), in the context of informal discussions with respect to implementation of the DSB’s recommendations and rulings in this dispute. On the basis of this request, the Arbitrator decided to suspend its work for a further period.

As requested by the parties, the suspension is for four months and two days, and if there is no ‘contrary written communication’ from the European Union within that period, the suspension will be automatically terminated and the work of the Arbitrator will resume on 9 January 2012. The last date on which a ‘contrary written communication’ may be received by the Arbitrator is 6 January 2012. In the event that no such communication or written request for resumption is received from either party by the Arbitrator by 6 January 2012, it will resume its work on 9 January 2012 and circulate its decision on 16 January 2012.

**WT/DS316: European Communities and Certain Member States – Measures Affecting Trade in Large Civil Aircraft**

Complainant: United States
Respondent: European Communities

On 18 May 2011 the Appellate Body report was circulated to members.

The Appellate Body upheld the panel’s finding that certain subsidies provided by the European Union and certain member state governments to Airbus (the European aircraft consortium) are incompatible with Article 5(c) (‘Adverse Effects’) of the Subsidies and Countervailing Measures (SCM) Agreement because they have caused serious prejudice to the interests of the United States. The principal subsidies covered by the ruling include financing arrangements (known as ‘Launch Aid’ or ‘member state financing’) provided by France, Germany, Spain, and the UK for the development of the A300, A310, A320, A330/A340, A330-200, A340-500/600 and A380 LCA (large civil aircraft) projects.

The ruling also covers certain equity infusions provided by the French and German governments to companies that formed part of the Airbus consortium. Additionally, it covers certain infrastructure measures provided to Airbus, namely, the lease of land at the Mühlenberger Loch industrial site in Hamburg, the right to exclusive use of an extended runway at Bremen airport, regional grants by the German authorities in Nordenham, and
Spanish government grants and regional grants by Andalucia and Castilla-La Mancha in Seville, La Rinconada, Toledo, Puerto Santa Maria, and Puerto Real. The Appellate Body found that the effect of the subsidies was to displace exports of Boeing single-aisle and twin-aisle LCA from the European Union, Chinese, and Korean markets and Boeing single-aisle LCA from the Australian market. Moreover, the Appellate Body confirmed the panel’s determination that the subsidies caused Boeing to lose sales of LCA in the campaigns involving the A320 (Air Asia, Air Berlin, Czech Airlines and easyJet), A340 (Iberia, South African Airways and Thai Airways International) and A380 (Emirates, Qantas and Singapore Airlines) aircraft.

However, for different reasons, the Appellate Body excluded certain measures from the scope of the finding of serious prejudice. In particular, the finding under Article 5(c) of the SCM Agreement no longer includes the 1998 transfer of a 45.76% interest in Dassault Aviation to Aérospatiale; the special purpose facilities at the Mühlenberger Loch industrial site in Hamburg, Aéroconstellation industrial site and associated facilities (taxiways, parking, etc.) in Toulouse, or the various research and technology development (R&T&D) measures that had been challenged by the United States (Spanish PROFIT Programme, grants under second, third, fourth, fifth, and sixth EC Framework Programmes; 1986-1993 R&T&D grants by the French government; Luftfahrtforschungsprogramm I, II, and III German grants; grants by Bavarian, Bremen, and Hamburg authorities; civil aircraft research and development and aeronautics research programmes by the UK government). The Appellate Body also reversed the panel’s findings of displacement in Brazil, Mexico, Singapore and Chinese Taipei, and of threat of displacement in India.

Moreover, the Appellate Body disagreed with the panel’s views on when subsidies can be considered as being de facto contingent upon anticipated export performance. Consequently, the Appellate Body reversed the panel’s findings that the financing provided by Germany, Spain and the UK to develop the A380 was contingent upon anticipated exportation and thus a prohibited export subsidy under Article 3.1(a) (‘Prohibition’) and footnote 4 of the SCM Agreement. The Appellate Body also rejected the United States’ cross-appeal of the panel finding that it had not been established that certain other member State financing contracts constituted prohibited export subsidies.

As a consequence, the Appellate Body reversed the panel’s recommendation that the European Union withdraw prohibited subsidies within 90 days. The Appellate Body also found that the United States’ claims regarding an alleged unwritten launch aid/member state financing programme were outside its jurisdiction. The Appellate Body findings are thus limited to specific instances of funding under such financial contracts and other specific subsidy payments. In addition, the Appellate Body reversed the panel’s findings regarding the rate of return that a market lender would have demanded for launch aid/member state financing loans because they were not based on an objective assessment, but found that a benefit was conferred even on the basis of the European Union’s own calculations.

Finally, with respect to the actionable subsidies that have been found to cause adverse effects to the interests of the United States, the panel’s recommendation that the European Union ‘take appropriate steps to remove the adverse effects or … withdraw the subsidy’ stands.

The panel in this case was established in July 2005. The panel circulated its report to WTO members on 30 June 2010, and the European Union filed a notice of appeal on 21 July 2010. The Appellate Body report was circulated on 18 May 2011. At its meeting on 1 June 2011, the DSB adopted the Appellate Body report and the panel report, as modified by the Appellate Body report.

At the DSB meeting on 17 June 2011, the European Union informed the DSF that it intended to implement the DSF’s recommendations and rulings in a manner that respected its WTO obligations, and within the time limit set out in the SCM Agreement. On 1 December 2011, the European Union notified the DSF that it had taken appropriate steps to bring its measures into conformity with its WTO obligations, as required by Article 7.8 (‘Remedies’) of the SCM Agreement and Article 19.1 (‘Panel and Appellate Body Recommendations’) of the DSF.

On 9 December 2011, stating that it considered that the actions and events listed in the EU notification did not withdraw the subsidies or remove their adverse effects for purposes of Article 7.8 of the SCM Agreement, that the European Union had therefore failed to implement the DSF’s recommendations and rulings, and that subsidies are being accorded by the European Union and certain member states inconsistent with Articles 3.1(a), 3.1(b) (‘Prohibition’), 5(c) (‘Adverse Effects’), 6.3(a), 6.3(b), and 6.3(c) (‘Serious Prejudice’) of the SCM Agreement, the United States requested consultations with the European Union pursuant to Article 21.5 (‘Surveillance of Implementation of Recommendations and Rulings’) of the DSF. On the same date, stating that it considered that the European Union and certain member states had failed to comply with the DSF’s recommendations and rulings, the United States requested authorization by the DSF to take countermeasures pursuant to Article 22 (‘Compensation and the Suspension of Concessions’) of the DSF and Article 7.9 (‘Remedies’) of the SCM Agreement.
WT/DS322: United States – Measures Relating to Zeroing and Sunset Reviews

Complainant: Japan  
Respondent: United States

On 12 September 2011 the United States and Japan jointly requested the Arbitrator to continue the suspension of its work until 7 November 2011, on which date the suspension would be automatically terminated and the work of the Arbitrator would resume unless Japan submitted a written communication to the contrary to the Arbitrator by 7 November 2011 (an earlier request was made in September 2010). On 7 November 2011 the United States and Japan jointly requested the Arbitrator to continue the suspension of its work. On the basis of this request, the Arbitrator decided to continue the suspension of its work.

As requested by the parties, the suspension would be automatically terminated and the work of the Arbitrator would resume on 1 December 2011 unless Japan submitted a written communication to the contrary to the Arbitrator by 30 November 2011. On 30 November 2011, the United States and Japan jointly made a further request to the Arbitrator to continue the suspension of its work. On the basis of this request, the Arbitrator decided to continue the suspension of its work. The work of the Arbitrator will resume on 9 January 2012, unless Japan submits a written communication to the contrary to the Arbitrator by 8 January 2012.

WT/DS344: United States – Final Anti-Dumping Measures on Stainless Steel from Mexico

Complainant: Mexico  
Respondent: United States

The compliance panel in this dispute was composed on 13 May 2011. On 9 November 2011 the Chair of the compliance panel informed the DSB that the timetable adopted by the compliance panel after consultation with the parties envisaged that the final report would be issued to parties by March 2012 and that the compliance panel expected to conclude its work within that time frame.

WT/DS353: United States – Measures Affecting Trade in Large Civil Aircraft – Second Complaint

Complainant: European Communities  
Respondent: United States

On 31 March 2011 the panel report was circulated to members. The panel upheld the European Communities’ claims that some of the measures maintained by the states of Washington, Kansas, Illinois, the NASA aeronautics research and development measures, some of the Department of Defense aeronautics research and development measures, and measures relating to the Foreign Sales Corporations (FSC)/Extraterritorial Income Exclusion (ETI) Act constituted specific subsidies. Specific subsidies – that is subsidies that are given to an enterprise or industry or group of enterprises or industries – are subject to the disciplines of the SCM Agreement. The panel estimated the total amount of these subsidies between 1989 and 2006 to have been worth at least US$5.3 billion.

The panel also held that the measures relating to the FSC/ETI Act constituted prohibited export subsidies because they were contingent upon export performance. In other words the granting of these export subsidies was tied to actual or anticipated exportation or export earnings. The panel further found that a number of the specific subsidies (i.e. the NASA and Department of Defense aeronautics research and development subsidies, the FSC/ETI Act and the Washington State business and occupation tax subsidies) adversely affected the European Communities’ interests. The panel found that the effect of these subsidies was actual or potential displacement and impediment of exports of Airbus large civil aircraft from third country markets, significant price suppression and significant lost sales.

The panel rejected the European Communities’ claims that the other challenged measures constituted specific subsidies and/or that they caused serious prejudice and that the Washington State taxation measures enacted under House Bill 2294 (entitled ‘An Act Related to Retaining and Attracting the Aerospace Industry to Washington State’) were prohibited export subsidies.

The panel exercised judicial economy as regards the European Communities’ claims that the specific subsidies caused adverse effects in the form of a threat of significant price suppression and that the United States had acted inconsistently with the bilateral 1992 agreement between the United States and the European Communities on trade in large civil aircraft, thereby constituting serious prejudice to the European Communities’ interests.

On 1 April 2011 the European Union notified the DSB of its decision to appeal to the Appellate Body certain issues of law covered in the panel report and certain legal interpretations developed by the panel. On 28 April 2011, the United States notified the DSB of its decision to appeal to the Appellate Body certain issues of law covered in the panel report and certain legal interpretations developed by the panel. On 4 July 2011 the Chair of the Appellate Body informed the DSB that due to the considerable size of the record and complexity of the appeal, the
need to hold multiple sessions of the oral hearing, and taking into account the Appellate Body's current overall workload, it would not be able to circulate its report within 60 days.

**WT/DS363: China – Measures Affecting Trading Rights and Distribution Services for Certain Publications and Audiovisual Entertainment Products**

Complainant: United States  
Respondent: China

The reasonable period of time for implementation of the DSB's recommendation and rulings agreed by the United States and China expired on 19 March 2011. At the DSB meeting of 25 March 2011, China reported that it had made efforts to implement the DSB recommendations and had completed amendments to most measures. The United States expressed concern over the lack of any apparent progress by China in bringing its measures into compliance. On 13 April 2011 the United States and China informed the DSB of Agreed Procedures under Articles 21 (‘Surveillance of Implementation of Recommendations and Rulings’) and 22 (‘Compensation and the Suspension of Concessions’) of the DSU.

**WT/DS367: Australia – Measures Affecting the Importation of Apples from New Zealand**

Complainant: New Zealand  
Respondent: Australia

At the DSB meeting on 25 January 2011, Australia informed the DSB that it intended to implement the DSB's recommendations and rulings in a manner that meets its WTO obligations. Australia said it would conduct a review of the existing policy for New Zealand apples for the three pests at issue and that it needed a reasonable period of time to do so. On 31 January 2011 Australia and New Zealand informed the DSB that they had agreed that the reasonable period of time to implement the DSB's recommendations and rulings would expire on 17 August 2011.

This period of time would allow Australia to be in a position to issue import permits for New Zealand apples from that date, based on any conditions that may arise out of the current review. At the DSB meeting on 2 September 2011, Australia reported that it had adopted the measures necessary to comply with the DSB's recommendations and rulings and as of 19 August 2011 imports of New Zealand apples into Australia had commenced. However, New Zealand questioned whether Australia had fully complied with the DSB's recommendations and rulings. On 13 September 2011 New Zealand and Australia informed the DSB of Agreed Procedures under Articles 21 (‘Surveillance of Implementation of Recommendations and Rulings’) and 22 (‘Compensation and the Suspension of Concessions’) of the DSU.

**WT/DS369: European Communities – Certain Measures Prohibiting the Importation and Marketing of Seal Products**

Complainant: Canada  
Respondent: European Union

At its meeting on 25 March 2011, the DSB established a panel. Argentina, China, Colombia, Ecuador, Japan, Mexico, Norway and the United States reserved their third-party rights.

**WT/DS371: Thailand – Customs and Fiscal Measures on Cigarettes from the Philippines**

Complainant: Philippines  
Respondent: Thailand

At its meeting on 17 December 2010, the DSB agreed that, upon a request by Thailand or the Philippines, the DSB, no later than 24 February 2011, would adopt the panel report unless Thailand or the Philippines notified the DSB of its decision to appeal the report. On 22 February 2011 Thailand notified the DSB of its decision to appeal to the Appellate Body certain issues of law and legal interpretation covered in the panel report. On 21 April 2011 the Chair of the Appellate Body notified the DSB that it would not be able to issue its report within 60 days due to the time required for completion and translation. On 17 June 2011 the Appellate Body report was circulated to members.

Thailand’s appeal was limited to certain of the panel’s findings under Article III:2 (‘National Treatment on Internal Taxation and Regulation’), Article III:4 and Article X:3(b) (‘Publication and Administration of Trade Regulations’) of the General Agreement on Tariffs and Trade (GATT) 1994. The Appellate Body upheld the panel’s finding that Thailand acts inconsistently with Article III:2, first sentence, of the GATT 1994 by subjecting imported cigarettes to internal taxes in excess of those applied to like domestic cigarettes. The Appellate Body agreed with the panel that this measure affects the respective tax liability imposed on imported and like domestic products. The Appellate Body therefore rejected Thailand’s characterization of the measure as ‘administrative requirements’, as well as Thailand’s argument that the measure should have been examined under Article III:2 and not Article III:2 of the GATT 1994.

The Appellate Body also upheld the panel’s finding that Thailand acts inconsistently with Article III:4 of the GATT 1994 by according less favourable treatment to imported cigarettes than to like domestic cigarettes. The Appellate Body found that the panel properly analysed this measure and its implications in the marketplace, and therefore agreed with the panel that this measure accords less favourable treatment to imported cigarettes by imposing the additional administrative requirements only on resellers of imported cigarettes.
The Appellate Body further found that the panel did not fail to ensure due process or to comply with its duty under Article 11 (‘Function of Panels’) of the DSU by accepting and relying upon evidence, submitted by the Philippines late in the panel proceedings, relating to one of the administrative requirements. Due to an error in the panel’s identification of the basis for its finding, the Appellate Body reversed the panel’s finding that Thailand had not satisfied its burden of proving its defence under Article XX(d) (‘General Exceptions’) of the GATT 1994. In completing the legal analysis, however, the Appellate Body found, as had the panel, that Thailand failed to establish that the administrative requirements at issue are justified under Article XX(d) of the GATT 1994.

Finally, the Appellate Body upheld the panel’s finding that Thailand acts inconsistently with Article X:3(b) of the GATT 1994 by failing to maintain or institute independent tribunals or procedures for the prompt review of customs guarantee decisions. The Appellate Body saw no error in the panel’s conclusion that Thailand’s system for the review of guarantees does not comply with the obligation to ensure prompt review under Article X:3(b) because such review is not available until after a final determination of customs value has been made.

At its meeting on 15 July 2011, the DSB adopted the Appellate Body report and the panel report, as modified by the Appellate Body report.

On 11 August 2011 Thailand informed the DSB that it intended to implement the recommendations and rulings of the DSB in a manner that respected its WTO obligations and that it would need a reasonable period of time to do so. On 23 September 2011 Thailand and the Philippines informed the DSB that they had mutually agreed that the reasonable period of time for Thailand to comply with the DSB’s recommendation and rulings regarding paragraphs 8.3(b) and (c) of the panel report would be 15 months, expiring on 15 October 2012. With respect to the DSB’s recommendation and rulings regarding all other measures, the reasonable period of time to comply would be 10 months, expiring on 15 May 2012.

World Trade Organization
Annual Report 2012
Dispute settlement

WT/DS375, WT/DS376, WT/DS377: European Communities and its member States – Tariff Treatment of Certain Information Technology Products

Complainants: United States (DS375), Japan (DS376), Chinese Taipei (DS377)

Respondent: European Communities and its member States

On 6 July 2011 the European Union and the United States, the European Union and Japan and the European Union and Chinese Taipei notified the DSB of separate sequencing agreements made concerning Articles 21 (‘Surveillance of Implementation of Recommendations and Rulings’) and 22 (‘Compensation and the Suspension of Concessions’) of the DSU. In these agreements the parties notified the DSB which of the two procedures laid down in Articles 21 and 22 would take priority. At the DSB meeting on 20 July 2011, the European Union stated that it had adopted measures necessary to comply with the DSB’s recommendations and rulings in June 2011 and that these measures ensured the full and timely implementation of the DSB’s recommendations and rulings. At the same meeting, the United States, Japan and Chinese Taipei expressed some doubts concerning the measures adopted by the European Union.

WT/DS379: United States – Definitive Anti-Dumping and Countervailing Duties on Certain Products from China

Complainant: China

Respondent: United States

On 11 March 2011 the Appellate Body report was circulated to members. This dispute concerns countervailing and anti-dumping duties simultaneously imposed by the United States on four products originating in China following concurrent countervailing duty and anti-dumping investigations, where the United States Department of Commerce (USDOC) treated China as a non-market economy (NME). The United States began applying its countervailing duty legislation to imports from China in 2007 as a result of the USDOC determination that it was able to identify and countervail subsidies granted by the Chinese Government.

China appealed certain panel findings regarding the USDOC’s determinations on whether a financial contribution had been paid by a ‘public body’, ‘specificity’ of subsidies, ‘benefit benchmarks’ and the imposition of ‘double remedies’ in the form of anti-dumping and countervailing duties. The Appellate Body found that a ‘public body’ is an entity that possesses, exercises, or is vested with, governmental authority. In completing the analysis, the Appellate Body found that the United States had acted inconsistently with Articles 1.1(a)(1) (‘General Provisions’), 10 (‘Application of Article VI of GATT 1994’), and 32.1 (‘Other Final Provisions’) of the Subsidies and Countervailing Measures (SCM) Agreement in finding that certain Chinese state-owned enterprises that supplied a number of goods to investigated companies constituted ‘public bodies’. The Appellate Body also found that the United States had not acted inconsistently with
the same obligations in determining that certain state-owned commercial banks that provided loans to investigated companies constituted ‘public bodies’.

The Appellate Body upheld the panel’s finding that China did not establish that the United States acted inconsistently with Article 2.1(a) (‘Specificity’) of the SCM Agreement by determining, in the new pneumatic off-the-road tyres investigation, that state-owned commercial bank (SOCB) lending was a specific subsidy to the tyre industry. The Appellate Body also upheld the panel’s interpretation of the reference to the term ‘subsidy’ in Article 2.2 (‘Specificity’) of the SCM Agreement as referring to whether the availability of the subsidy as a whole is limited by reason of the geographical location, and rejected China’s appeal concerning a panel statement about a ‘distinct regime’ in the laminated woven sacks investigation.

The Appellate Body upheld the panel’s interpretation of Article 14(d) (‘Calculation of the Amount of a Subsidy in Terms of the Benefit to the Recipient’) of the SCM Agreement and found that the panel did not err in finding that the USDOC could determine that private prices in China were distorted and could not be used as benchmarks for calculating the amount of the benefit.

The Appellate Body upheld the panel’s interpretation of Article 14(b) (‘Calculation of the Amount of a Subsidy in Terms of the Benefit to the Recipient’) of the SCM Agreement and found that the panel did not err in finding that the USDOC’s decision not to rely on interest rates in China as benchmarks for SOCB loans denominated in renminbi (RMB) was not inconsistent with Article 14(b). The Appellate Body reversed the panel’s finding that the proxy benchmark actually used by the USDOC to calculate the benefit from RMB denominated SOCB loans was not inconsistent with Article 14(b), on the ground that the panel adopted a standard of review that failed to comply with its duty under Article 11 (‘Function of Panels’) of the DSU to make an objective assessment of the matter. The Appellate Body was unable to complete the analysis of China’s claim under Article 14(b) of the SCM Agreement regarding the proxy benchmark used by the USDOC.

Finally, the Appellate Body reversed the panel’s finding that ‘double remedies’, that is, the offsetting of the same subsidization twice through the concurrent imposition of anti-dumping duties based on an NME methodology and countervailing duties, are not prohibited under the SCM Agreement. The Appellate Body found that double remedies are inconsistent with the requirement in Article 19.3 (‘Imposition and Collection of Countervailing Duties’) of the SCM Agreement that countervailing duties be levied in the appropriate amounts in each case.

The Appellate Body completed the legal analysis and found that, by declining to address China’s claims concerning double remedies in the four countervailing duty investigations at issue, the United States had failed to determine the ‘appropriate’ amount of countervailing duties within the meaning of Article 19.3 of the SCM Agreement and that, therefore, the United States acted inconsistently with Article 19.3 and, consequently, with Articles 10 and 32.1 of the SCM Agreement.

At its meeting on 25 March 2011, the DSB adopted the Appellate Body report and the panel report, as modified by the Appellate Body report.

At a meeting on 21 April 2011, the United States informed the DSB that it intended to implement the DSB recommendations and rulings and that it would need a reasonable period of time in which to do so. On 5 July 2011 China and the United States informed the DSB that they had agreed that the reasonable period of time for the United States to implement the DSB recommendations and rulings would be 11 months. Accordingly, the reasonable period of time is due to expire on 25 February 2012.

WT/DS381: United States – Measures Concerning the Importation, Marketing and Sale of Tuna and Tuna Products

Complainant: Mexico

Respondent: United States

On 15 September 2011 the panel report was circulated to members. This dispute concerns certain US measures regulating the use of a ‘dolphin-safe’ label for tuna products on the US market. The measures set out the conditions under which the label may be used. These conditions relate to the manner in which the fish has been caught. In particular, tuna caught by setting on dolphins (i.e. encircling dolphins in a net to catch the tuna associating with them) is not eligible for the label.

The panel found that the US dolphin-safe labelling provisions are a technical regulation within the meaning of the TBT Agreement because, although the use of the dolphin-safe label is discretionary, it is not possible to make any dolphin-safe claim in offering products on the US market except by complying with the terms of the measures.

The panel also found that the dolphin-safe labelling provisions do not discriminate against Mexican tuna products and are therefore not inconsistent with Article 2.1 (‘Preparation, Adoption and Application of Technical Regulations by Central Government Bodies’) of the TBT (Technical Barriers to Trade) Agreement because the requirement of not setting on dolphins embodied in the US dolphin safe provisions as a condition for access to the label does not in itself place Mexican tuna products at a disadvantage as compared to US and other imported tuna products. However, the panel concluded that the dolphin-safe labelling provisions were more trade-restrictive than necessary to fulfil their legitimate objectives and were therefore inconsistent with Article 2.2 (‘Preparation, Adoption and Application of Technical Regulations by Central Government Bodies’) of the TBT Agreement.
In this context, the panel found in particular that fishing methods other than setting on dolphins may be harmful to dolphins, and that tuna caught outside the Eastern Tropical Pacific by such methods is eligible for dolphin-safe labelling, so the measures are not fully capable of fulfilling their objectives. Finally, the panel found that the dolphin-safe labelling provisions were not in violation of Article 2.4 (‘Preparation, Adoption and Application of Technical Regulations by Central Government Bodies’) of the TBT Agreement, which requires technical regulations to be based on relevant international standards where possible. In this regard, the panel found that the standard referred to by Mexico is a relevant international standard for the purposes of the US dolphin-safe provisions and that the United States had not used it as basis for its measures.

However, the panel also found that this standard would not be appropriate or effective to achieve the US objectives because it would not address the ‘unobserved’ effects of setting on dolphins (i.e. the indirect effects of the chase, such as separation of calves from their mothers, exhaustion and vulnerability to predators), which the United States had identified as something it sought to address though the measures. In light of its findings under the TBT Agreement, the panel considered it unnecessary to address also Mexico’s non-discrimination claims under the GATT 1994.

On 31 October 2011 Mexico and the United States requested the DSB to adopt a draft decision extending the 60-day time period for adoption of panel reports stipulated in Article 16.4 (‘Adoption of Panel Reports’) of the DSU, to 20 January 2012. At its meeting on 11 November 2011, the DSB agreed that, upon a request by Mexico or the United States, the DSB, no later than 20 January 2012, would adopt the panel report, unless Mexico or the United States notified the DSB of its decision to appeal the report.

WT/DS382: United States – Anti-Dumping Administrative Reviews and Other Measures Related to Imports of Certain Orange Juice from Brazil

Complainant: Brazil
Respondent: United States

On 25 March 2011 the panel report was circulated to members. In this dispute Brazil’s complaint was focused on the alleged use by the United States Department of Commerce (USDOC) of a particular methodology, known as ‘zeroing’ when calculating the margin of dumping of investigated exporters in the anti-dumping proceedings conducted against certain orange juice products from Brazil. The panel concluded that Brazil had established that the United States acted inconsistently with Article 2.4 (‘Determination of Dumping’) of the Anti-Dumping Agreement when it used zeroing to determine the weighted-average margins of dumping and the importer-specific assessment rates of two companies in the two administrative reviews at issue under the orange juice anti-dumping duty order, and that the United States’ ‘continued use’ of ‘zeroing’ in proceedings under the orange juice anti-dumping duty order was inconsistent with Article 2.4 of the Anti-Dumping Agreement.

On 8 April 2011 Brazil and the United States requested the DSB to adopt a draft decision extending the 60-day time period for adoption of panel reports stipulated in Article 16.4 (‘Adoption of Panel Reports’) of the DSU, to 17 June 2011. At its meeting on 21 April 2011, the DSB agreed that, upon a request by Brazil and the United States, the DSB, no later than 17 June 2011, would adopt the panel report unless Brazil or the United States notified the DSB of its decision to appeal.

At its meeting on 17 June 2011, the DSB adopted the panel report.

On 17 June 2011 Brazil and the United States notified the DSB that they had agreed that the reasonable period of time for the United States to implement the DSB recommendations and rulings would be nine months. Accordingly, the reasonable period of time is due to expire on 17 March 2012.

At the DSB meeting on 19 December 2011, the United States informed the DSB that the USDOC was continuing with its on-going work to change the calculation of weighted average dumping margins and assessment rates in certain anti-dumping proceedings.

Complainants: Canada (DS384), Mexico (DS386)  
Respondent: United States

On 18 November 2011 the panel reports were circulated to members. This dispute concerns US measures setting out the United States’ mandatory country of origin labelling regime for beef and pork (COOL measure), as well as a letter issued by the US Secretary of Agriculture, Tom Vilsack, on the implementation of the COOL measure (Vilsack letter).

The panel found that the COOL measure was a technical regulation under the TBT Agreement and that it was inconsistent with the United States’ WTO obligations. In particular, the panel found that the COOL measure violates Article 2.1 (‘Preparation, Adoption and Application of Technical Regulations by Central Government Bodies’) of the Technical Barriers to Trade (TBT) Agreement by according less favourable treatment to imported Canadian and Mexican cattle and to imported Canadian hogs than to like domestic products. The panel also found that the COOL measure did not fulfil its legitimate objective of providing consumers with information on origin, and therefore violates Article 2.2 (‘Preparation, Adoption and Application of Technical Regulations by Central Government Bodies’) of the TBT Agreement.

As regards the Vilsack letter, the panel found that the letter’s ‘suggestions for voluntary action’ went beyond certain obligations under the COOL measure, and that the letter therefore constituted unreasonable administration of the COOL measure in violation of Article X:3(a) (‘Publication and Administration of Trade Regulations’) of the General Agreement on Tariffs and Trade (GATT) 1994. The panel refrained from reviewing the Vilsack letter under the TBT Agreement, as it found that the letter was not a technical regulation under that Agreement.

On 21 December 2011 Canada, Mexico and the United States requested the DSB to adopt a draft decision extending the 60-day time period for adoption of panel reports stipulated in Article 16.4 (‘Adoption of Panel Reports’) of the DSU to 23 March 2012.

WT/DS391: Korea – Measures Affecting the Importation of Bovine Meat and Meat Products from Canada

Complainant: Canada  
Respondent: Korea

On 28 June 2011 Canada requested the panel to suspend its proceedings pursuant to Article 12.12 (‘Panel Procedures’) of the DSU until further notice. Upon invitation from the panel, Korea informed the panel on 1 July 2011 that it agreed to Canada’s request. The panel decided on 4 July 2011 to grant Canada’s request and suspended its work and subsequently notified the DSB of its decision. On 4 July 2011 Canada circulated to the DSB a copy of a communication Canada sent to Korea on 25 June 2011 in relation to the suspension of the panel proceedings.

WT/DS394, WT/DS395, WT/DS398: China – Measures Related to the Exportation of Various Raw Materials

Complainants: United States (DS394), European Union (DS395), Mexico (DS398)  
Respondent: China

On 5 July 2011 the panel reports were circulated to members. This dispute concerns export restraints that China imposes on the export of a number of raw materials. Upon its accession to the WTO, China undertook to eliminate all export duties (taxes) except for a number of products listed in an Annex to its Protocol of Accession. In this protocol, China also committed not to apply export quotas (restrictions on the amount that can be exported). In one of its key findings, the panel found that China’s export duties were inconsistent with the commitments that China had agreed to in its Protocol of Accession.

The panel found that the wording of China’s Protocol of Accession did not allow China to use the general exceptions in Article XX (‘General Exceptions’) of the General Agreement on Tariffs and Trade (GATT) 1994 to justify its WTO-inconsistent export duties. The panel considered that even if China were able to rely on certain exceptions available in the WTO rules to justify its export duties, it had not complied with the requirements of those exceptions. The panel also found that export quotas imposed by China on some of the raw materials were inconsistent with Article XI (‘General Elimination of Quantitative Restrictions’) of the GATT 1994. The panel also concluded that China’s export quotas were not justified pursuant to Article XX of the GATT 1994.
China had argued in its defence that some of its export duties and quotas were justified under Article XX of the GATT 1994 because they related to the conservation of exhaustible natural resources for some of the raw materials. However, China was not able to demonstrate that it imposed these restrictions in accordance with the requirements of Article XX, namely that they were imposed in conjunction with restrictions on domestic production or consumption of the raw materials so as to conserve the raw materials.

China had also claimed in connection with other measures that its export quotas and duties were justified under Article XX of the GATT 1994 as necessary for the protection of the health of its citizens. China, however, was unable to demonstrate that its export duties and quotas would lead to a reduction of pollution in the short- or long-term and therefore contribute towards improving the health of its people.

Regarding the administration and allocation of its export quotas, China successfully defended its practices as consistent with Article X:3 (‘Publication and Administration of Trade Regulations’) of the GATT 1994 in claims brought by the United States and Mexico, whereas the European Union succeeded in its separate claim that it brought against China under that provision.

China also committed in its Protocol of Accession to eliminate all restrictions on the ‘right to trade’ – rights given to enterprises by China in parallel to market access and non-discrimination provisions guaranteed under the WTO. The complainants were successful in most of their trading rights claims.

The panel also found that certain aspects of China’s export licensing regime, applicable to several of the products at issue, restrict the export of the raw materials and so are inconsistent with Article VIII (‘Fees and Formalities connected with Importation and Exportation’) of the GATT 1994.

On 31 August 2011 China notified the DSB of its decision to appeal certain issues of law and legal interpretations in the panel report. On 6 September 2011, the United States, the European Union and Mexico notified the DSB that they intended to appeal certain issues of law and legal interpretations in the panel reports. On 28 October 2011 the Chair of the Appellate Body notified the DSB that due to the significant size of this panel report, the Appellate Body report will be circulated to members no later than 31 January 2012.

On 23 September 2011 the Philippines notified the DSB of its decision to appeal to the Appellate Body certain issues of law and legal interpretations in the panel report. On 28 September 2011 the European Union notified its decision to appeal to the Appellate Body certain issues of law covered in the panel report and certain legal interpretations developed by the panel.

The Appellate Body report was circulated on 21 December 2011.

Before the panel, the European Union and the United States each brought a complaint with respect to the WTO consistency of the Philippines excise tax on distilled spirits. Under the measure at issue, distilled spirits made from certain designated raw materials – sap of the nipa, coconut, cassava, camote, or buri palm, or from juice, syrup, or sugar of the cane – are subject to a lower specific flat tax rate.

Conversely, distilled spirits made from non-designated raw materials are subject to tax rates that are 10 to 40 times higher than those applied to distilled spirits made from designated raw materials. De facto all Philippine domestic distilled spirits are made from one of the designated raw materials, namely cane sugar, whereas the vast majority of imported spirits are made from non-designated materials (e.g. cereals or grapes). Consequently, all domestic spirits are subject to the low flat tax, whereas the vast majority of imported spirits are subject to one of the higher tax rates.

The panel found that because imported spirits are taxed less favourably than domestic spirits, the Philippine measure, while facially neutral, is nevertheless discriminatory and thus violates the obligations under the first and second sentences of Article III:2 (‘National Treatment on Internal Taxation and Regulation’) of the General Agreement on Tariffs and Trade (GATT) 1994.

On 15 August 2011 the panel reports were circulated to members. The dispute concerns an excise tax on distilled spirits. By means of this tax a low flat tax is applied by the Philippines to spirits made from certain designated raw materials, while significantly higher tax rates are applied to spirits made from non-designated materials. In the Philippines, most of the domestic distilled spirits (mostly gins, brandies, rums, vodkas, whiskies and tequila type spirits) are made from one of the designated raw materials, namely cane sugar, whereas the vast majority of imported spirits are made from non-designated materials (e.g. cereals or grapes). Consequently, all domestic spirits are subject to the low flat tax, whereas the vast majority of imported spirits are subject to one of the higher tax rates.

The panel found that because imported spirits are taxed less favourably than domestic spirits, the Philippine measure, while facially neutral, is nevertheless discriminatory and thus violates the obligations under the first and second sentences of Article III:2 (‘National Treatment on Internal Taxation and Regulation’) of the General Agreement on Tariffs and Trade (GATT) 1994.
III:2, first sentence, of the GATT 1994. The panel also found that the Philippines has acted inconsistently with Article III:2, second sentence, of the GATT 1994 by applying dissimilar taxes on imported distilled spirits and on ‘directly competitive or substitutable’ domestic distilled spirits, so as to afford protection to Philippine production of distilled spirits.

The Philippines appealed certain of the panel’s findings under Article III:2, first and second sentences, of the GATT 1994. The European Union cross appealed certain other findings of the panel concerning its claim under Article III:2, second sentence, of the GATT 1994.

On appeal, the Appellate Body upheld the panel’s finding that each type of imported distilled spirit at issue – gin, brandy, rum, vodka, whisky, and tequila – made from non-designated raw materials, is ‘like’ the same type of distilled spirit made from designated raw materials. As a consequence, the Appellate Body upheld the panel’s finding that the Philippines has acted inconsistently with Article III:2, first sentence, of the GATT 1994 by imposing on each type of imported distilled spirit internal taxes in excess of those applied to the same type of like domestic distilled spirit.

The Appellate Body reversed the panel’s finding that all imported distilled spirits made from non-designated raw materials are, irrespective of their type, ‘like’ all domestic distilled spirits made from designated raw materials. However, the Appellate Body upheld the panel’s findings that all imported and domestic distilled spirits at issue are ‘directly competitive or substitutable’ within the meaning of Article III:2, second sentence, of the GATT 1994. The Appellate Body also upheld the panel’s finding that dissimilar taxation of imported distilled spirits, and of directly competitive or substitutable domestic distilled spirits, is applied ‘so as to afford protection’ to Philippine production of distilled spirits.

As a consequence, the Appellate Body upheld the panel’s finding that the Philippines has acted inconsistently with Article III:2, second sentence, of the GATT 1994 by applying dissimilar internal taxes to imported distilled spirits and to directly competitive or substitutable domestic distilled spirits, so as to afford protection to domestic production.

Finally, the Appellate Body reversed the panel’s finding that the European Union’s claim under Article III:2, second sentence, of the GATT 1994 was made in the alternative to its claim under the first sentence thereof, and concluded that the panel’s finding that all imported and domestic distilled spirits are ‘directly competitive or substitutable products’ applied also to the European Union’s claim. As a consequence, it concluded that the finding, that the Philippines acted inconsistently with Article III:2, second sentence, of the GATT 1994 by subjecting imported distilled spirits to dissimilar taxation, applied to both the European Union and the United States.

WT/DS397: European Communities – Definitive Anti-Dumping Measures on Certain Iron or Steel Fasteners from China

Complainant: China
Respondent: European Communities

On 10 January 2011 the European Union and China requested the DSB to adopt a draft decision extending the 60-day time period for adoption of panel reports stipulated in Article 16.4 (‘Adoption of Panel Reports’) of the DSU, to 25 March 2011. At its meeting on 25 January 2011, the DSB agreed that, upon a request by the European Union and China, the DSB, no later than 25 March 2011, would adopt the panel report unless the European Union or China notified the DSB of its decision to appeal.

On 25 March 2011 the European Union notified the DSB of its decision to appeal to the Appellate Body certain issues of law covered in the panel report and certain legal interpretations developed by the panel. On 30 March 2011 China notified the DSB of its decision to appeal to the Appellate Body certain issues of law covered in the panel report and certain legal interpretations developed by the panel.

On 15 July 2011 the Appellate Body report was circulated to members. In this dispute China brought claims against the European Union alleging that the imposition of anti-dumping duties on Chinese fasteners imported into the European Union, as well as the investigation leading to their imposition, was inconsistent with the European Union’s obligations under the Anti-Dumping Agreement, the GATT 1994, and the WTO Agreement. Both the European Union and China appealed certain of the panel’s findings.

The Appellate Body upheld the panel’s findings that Article 9(5) (‘Termination without measures; imposition of definitive duties’) of the European Union’s Basic Anti-Dumping Regulation (Basic AD Regulation) was inconsistent as such, and as applied in the fasteners investigation, with Articles 6.10 (‘Evidence’) and 9.2 (‘Imposition and Collection of Anti-Dumping Duties’) of the Anti-Dumping Agreement because it conditions the determination of individual dumping margins, and the imposition of individual anti dumping duties, on the fulfilment of an ‘Individual Treatment Test’.

Under EU law, an exporter or producer from a non-market economy country (NME) will receive a countrywide dumping margin and a countrywide anti-dumping duty unless it can demonstrate that its export activities are sufficiently independent from the state to warrant individual treatment. The European Union argued that countrywide margins and duties were justified because, in NME countries, the state itself can be considered the country’s single exporter.
The Appellate Body agreed with the panel that Article 6.10 requires an investigating authority to calculate individual dumping margins for each foreign exporter or producer, and that Article 9.2 requires the imposition of an anti-dumping duty on each foreign exporter or producer named in an investigation, unless an applicable exception otherwise provided for in the Agreement, such as sampling, applies. The Appellate Body found that no exception to these rules allowed for the presumption applied under the EU measure with regard to NME countries that every exporter or producer is part of a single state entity.

Regarding the anti-dumping investigation performed by the European Commission, the Appellate Body found that the European Union acted inconsistently with Article 4.1 (‘Definition of Domestic Industry’) of the Anti-Dumping Agreement because the ‘domestic industry’ defined by the European Commission did not constitute producers whose production represented a ‘major proportion’ of the total domestic production.

The Appellate Body further found that the European Union’s failure to disclose information in a timely manner regarding product categorizations that was necessary to ensure a fair comparison for purposes of the dumping determination was inconsistent with Articles 2.4 (‘Determination of Dumping’), 6.2 and 6.4 (‘Evidence’) of the Anti-Dumping Agreement. The Appellate Body also made several procedural findings, principally concerning the treatment of confidential information in an anti-dumping investigation under Article 6.5 and 6.5.1 of the Anti-Dumping Agreement.

In particular, the Appellate Body found that an investigating authority must ensure that where producers request confidential treatment of information provided during an investigation (including market-economy third country producers involved in anti-dumping investigations for purposes of calculating normal value), such request is supported by ‘good cause’, and is accompanied by a non-confidential summary of the confidential information provided. If such summaries are not provided, the authority must further ensure that statements of the reasons why summarization is not possible are provided.

On 28 July 2011 the DSB adopted the Appellate Body report and the panel report, as modified by the Appellate Body report. On 18 August 2011 the European Union informed the DSB that it intended to implement the recommendations and rulings of the DSB in a manner that respected its WTO obligation and that it would need a reasonable period of time to do so.

WT/DS399: United States – Measures Affecting Imports of Certain Passenger Vehicle and Light Truck Tyres from China

Complainant: China
Respondent: United States

On 27 January 2011 China and the United States requested the DSB to adopt a draft decision extending the 60-day time period for adoption of panel reports stipulated in Article 16.4 (‘Adoption of Panel Reports’) of the DSU to 24 May 2011. At its meeting on 7 February 2011, the DSB agreed that, upon a request by China and the United States, the DSB, no later than 24 May 2011, would adopt the panel report, unless China or the United States notified the DSB of its decision to appeal pursuant to Article 16.4 of the DSU.

On 24 May 2011 China notified the DSB of its decision to appeal to the Appellate Body certain issues of law and legal interpretation covered in the panel report. On 5 September 2011 the Appellate Body report was circulated to members.

China appealed aspects of the panel’s finding that, in imposing the safeguard measure in respect of imports of certain passenger vehicle and light truck tyres from China, the United States did not act inconsistently with its obligations under Section 16 of China’s Accession Protocol. Under Section 16 of the Protocol, other WTO Members have the right to impose safeguard measures on imports from China alone when such imports are ‘increasing rapidly’ so as to be a ‘significant cause’ of material injury to the domestic industry.

The Appellate Body upheld the panel’s finding that the USITC did not fail to properly evaluate whether imports from China met the specific threshold under Paragraph 16.4 of China’s Accession Protocol of ‘increasing rapidly’. The Appellate found that Paragraph 16.4 requires investigating authorities to assess import trends over a sufficiently recent period, and to determine whether imports are increasing significantly, either in absolute or relative terms, within a short period of time.

With respect to the particular causation standard set out under Paragraph 16.4 of China’s Accession Protocol, the Appellate Body found that the term ‘a significant cause’ in Paragraph 16.4 of the Protocol requires that rapidly increasing imports make an ‘important’ or ‘notable’ contribution in bringing about material injury to the domestic industry. The Appellate Body explained that an investigating authority can make a determination as to whether subject imports are a ‘significant’ cause of material injury only if it ensures that effects of other known causes are not improperly attributed to subject imports.
Turning to China’s specific claims of error in relation to the panel’s review of the USITC’s causation analysis, the Appellate Body upheld the panel’s finding that the USITC did not err in its assessment of the conditions of competition in the overall US tyres market. The Appellate Body further upheld the panel’s finding that the USITC’s reliance on overall coincidence between an upward movement in imports from China and a downward movement in injury factors supported the USITC’s finding that rapidly increasing imports from China were a significant cause of material injury to the domestic industry.

The Appellate Body also upheld the panel’s finding that China failed to establish that the USITC improperly attributed injury caused by other factors to imports from China. The Appellate Body found that the panel did not err in its review of the USITC’s analysis of the US industry’s business strategy and the reasons for certain US plant closures; did not err in concluding that the USITC properly found that imports from China had injurious effects independent of changes in demand; and did not improperly attribute to Chinese imports the effects of imports from third countries.

The Appellate Body said it considered the panel’s analysis to have been sufficient particularly given that, under Paragraph 16.4 of the Protocol, rapidly increasing imports from China may be one of several causes that contribute to producing or bringing about material injury to the domestic industry.

Finally, the Appellate Body found that the panel did not act inconsistently with Article 11 (‘Function of Panels’) of the DSU in its review of the USITC’s causation analysis.

Given that it had not found in its report that the United States acted inconsistently with any of its WTO obligations, the Appellate Body made no recommendation to the DSB pursuant to Article 19.1 (‘Panel and Appellate Body Recommendations’) of the DSU.

On 5 October 2011 the DSB adopted the Appellate Body report and the panel report, as upheld by the Appellate Body report.

WT/DS400, WT/DS401: European Communities – Measures Prohibiting the Importation and Marketing of Seal Products

Complainants: Canada (DS400), Norway (DS401)

Respondent: European Union

On 11 February 2011 Canada requested the establishment of a panel. At its meeting on 25 March 2011, the DSB established a panel. On 14 March 2011 Norway requested the establishment of a panel. At its meeting on 21 April 2011, the DSB established a panel.

As provided for in Article 9.1 (‘Procedures for Multiple Complainants’) of the DSU with regard to multiple complainants, the DSB agreed that the panel established at the DSB meeting on 25 March to examine the complaint by Canada would also examine Norway’s complaint. Argentina, Canada (in respect of Norway’s complaint), China, Colombia, Ecuador, Iceland, Japan, Mexico, Namibia (in respect of Norway’s complaint), Norway (in respect of Canada’s complaint) and the United States reserved their third-party rights.

WT/DS402: United States – Use of Zeroing in Anti-Dumping Measures involving Products from Korea

Complainant: Korea

Respondent: United States

On 18 January 2011 the panel report was circulated to members. This dispute concerned the United States’ use of zeroing in three anti-dumping cases involving certain products from Korea, namely, stainless steel plate in coils, stainless steel sheet and strip in coils, and diamond sawblades.

The panel upheld Korea’s claim. Specifically, the panel found that the ‘zeroing’ methodology used by the United States Department of Commerce (USDOC) in calculating the margins of dumping in the three anti-dumping investigations at issue was inconsistent with Article 2.4.2 (‘Determination of Dumping’) of the Anti-Dumping Agreement because the USDOC did not take into account all comparable export transactions when calculating the dumping margins at issue.

On 24 February 2011 the panel report was adopted by the DSB. At the DSB meeting of 25 March 2011, the United States stated that it intended to implement the DSB recommendations and rulings in a manner that respected its WTO obligations and added that it would need a reasonable time to do so. On 17 June 2011 Korea and the United States informed the DSB that they had mutually agreed on the reasonable period of time for the United States to comply with the DSB recommendations and rulings.
With respect to the calculation of certain margins of dumping in the stainless steel plate in coils from Korea and stainless steel sheet and strip in coils from Korea investigations, the reasonable period of time was nine months, and expired on 24 November 2011. With respect to the calculation of certain margins of dumping in the diamond sawblades from Korea investigation, the reasonable period of time was eight months and expired on 24 October 2011.

At a meeting on 19 December 2011, the United States reported that it had fully implemented the DSB’s recommendations and rulings within the reasonable period of time agreed by the parties.

**WT/DS404: United States – Anti-Dumping Measures on Certain Shrimp from Viet Nam**

**Complainant:** Viet Nam  
**Respondent:** United States

On 11 July 2011 the panel report was circulated to members. This dispute concerned a number of anti-dumping measures on certain frozen warmwater shrimp from Viet Nam and certain practices of the United States Department of Commerce (USDOC) in anti-dumping investigations.

The panel upheld Viet Nam’s claim that the USDOC’s use of zeroing to calculate the dumping margins of respondents selected for individual examination was inconsistent with Article 2.4 (‘Determination of Dumping’) of the Anti-Dumping Agreement. In addition, the panel found that Viet Nam had established the existence of the ‘zeroing methodology’ as a rule or norm of general and prospective application. Relying on prior Appellate Body rulings, the panel upheld Viet Nam’s claims that this methodology, as it relates to the use of simple zeroing in administrative reviews, is ‘as such’ inconsistent with Article 9.3 (‘Imposition and Collection of Anti-Dumping Duties’) of the Anti-Dumping Agreement and Article VI:2 (‘Anti-dumping and Countervailing Duties’) of the General Agreement on Tariffs and Trade (GATT) 1994.

The panel rejected Viet Nam’s claims with respect to the USDOC’s decisions to limit its examination in the second and third administrative reviews at issue. Viet Nam had argued that the USDOC had applied Article 6.10 (‘Evidence’) of the Anti-Dumping Agreement, which allows for such limited examinations, in a manner that deprived Vietnamese respondents of substantive rights under Article 6.10 itself, as well as under Articles 9.3, 11.1 (‘Duration and Review of Anti-Dumping Duties and Price Undertakings’) and 11.3.

Moreover, the panel rejected Viet Nam’s claims that the USDOC had violated the first sentence of Article 6.10.2 of the Anti-Dumping Agreement, which provides that an authority that has limited its examination shall nevertheless determine individual margins of dumping for non-selected respondents that submit a ‘voluntary response’. The panel also rejected Viet Nam’s claim under the second sentence of Article 6.10.2, which provides that ‘[v]oluntary responses shall not be discouraged’.

The panel upheld Viet Nam’s claim that the ‘all others’ rate applied by the USDOC in the administrative reviews at issue was inconsistent with Article 9.4 (‘Imposition and Collection of Anti-Dumping Duties’) of the Anti-Dumping Agreement because it was established on the basis of margins calculated with zeroing.

Finally, in the determinations at issue, the USDOC had applied a ‘Vietnam-wide entity’ rate to certain Vietnamese exporters or producers that could not establish independence from the Vietnamese Government in their commercial and sales operations. The panel upheld a claim by Viet Nam that the USDOC had acted inconsistently with Article 9.4 of the Anti-Dumping Agreement when it failed to apply to this Vietnam-wide entity the ‘all others’ rate applied to respondents not selected for individual examination.

The panel reasoned that Article 9.4 does not entitle the authorities of the importing member to render the application of the ‘all others’ rate conditional on the fulfilment of certain requirements, such as independence from the Government. The panel also found that the application of a ‘facts available’ rate to the Vietnam-wide entity in the second administrative review and of a rate that was in substance a facts available rate in the third administrative review was inconsistent with Article 6.8 (‘Evidence’) of the Anti-Dumping Agreement.

On 2 September 2011 the panel report was adopted.

At the DSB meeting on 27 September 2011, the United States stated that it intended to implement the DSB’s recommendations and ruling in a manner that respected its WTO obligations. The United States added that it would need a reasonable period of time to do so. On 31 October 2011 Viet Nam and the United States informed the DSB that they had agreed that the reasonable period of time for the United States to implement the DSB recommendations and rulings would be ten months. Accordingly, the reasonable period of time is due to expire on 2 July 2012.
WT/DS405: European Union – Anti-Dumping Measures on Certain Footwear from China

Complainant: China
Respondent: European Union

On 28 October 2011 the panel report was circulated to members. The panel found that Article 9(5) (‘Termination without measures; imposition of definitive duties’) of the EU Basic Anti-Dumping Regulation was as such inconsistent with the European Union’s WTO obligations under Articles 6.10 (‘Evidence’), 9.2 (‘Imposition and Collection of Anti-Dumping Duties’) and 18.4 (‘Final Provisions’) of the Anti-Dumping Agreement, Article l:1 (‘General Most-Favoured-Nation Treatment’) of the General Agreement on Tariffs and Trade (GATT) 1994 and Article XVI:4 (‘Miscellaneous Provisions’) of the WTO Agreement, and that the application of Article 9(5) of the EU Basic Anti-Dumping Regulation in the footwear original investigation was inconsistent with Articles 6.10 and 9.2 of the Anti-Dumping Agreement. The panel found that the European Union acted inconsistently with Article 2.2.2(iii) (‘Determination of Dumping’) of the Anti-Dumping Agreement with respect to the determination of the amounts for administrative, selling, and general costs and profit for one producer-exporter in the original investigation, and that the European Union acted inconsistently with its obligations under Articles 6.5 and 6.5.1 (‘Evidence’) of the Anti-Dumping Agreement with respect to the confidential treatment, or the non-confidential summarization, of certain information in the original investigation and the expiry review.

The panel found that China had not established that the European Union acted inconsistently with: (a) Article 6.10.2 of the Anti-Dumping Agreement in the examination of individual treatment requests of four Chinese producers in the original investigation; (b) Articles 2.4 (‘Determination of Dumping’) and 6.10.2 of the Anti-Dumping Agreement, Paragraph 15(a)(i) (‘Price Comparability in Determining Subsidies and Dumping’) of China’s Accession Protocol, and Paragraphs 151(e) and (f) of China’s Accession Working Party Report, in the examination of certain Chinese producers’ applications for market economy treatment in the original investigation; (c) Article 6.10 of the Anti-Dumping Agreement in selecting the sample for the dumping determination in the original investigation; (d) Article 11.3 (‘Duration and Review of Anti-Dumping Duties and Price Undertakings’) of the Anti-Dumping Agreement in the procedure for and selection of Brazil as analogue country in the expiry review; (e) Articles 2.1 and 2.4 (‘Determination of Dumping’) of the Anti-Dumping Agreement and Article VI:1 (‘Anti-dumping and Countervailing Duties’) of the GATT 1994 in the procedure for and selection of Brazil as analogue country in the original investigation; (f) Article 11.3 of the Anti-Dumping Agreement with respect to the PCN system used in the expiry review; (g) Article 2.4 of the Anti-Dumping Agreement and Article VI:1 of the GATT 1994 with respect to the PCN system used, and the adjustment for leather quality made, in the original investigation; (h) Article 2.6 (‘Determination of Dumping’) of the Anti-Dumping Agreement, read together with Articles 3.1 (‘Determination of Injury’) and 4.1 (‘Definition of Domestic Industry’) of the Anti-Dumping Agreement, with respect to the scope of the product under consideration, or the like product; (i) Articles 3.1 and 6.10 (‘Evidence’) of the Anti-Dumping Agreement and Article VI:1 of the GATT 1994 in the procedure for and selection of the sample for the injury analysis in the original investigation and the expiry review; and (j) Article 11.3 of the Anti-Dumping Agreement in the procedure for and selection of the sample for the injury determination in the expiry review.

Nor with regard to; (k) Article 3.3 (‘Determination of Injury’) of the Anti-Dumping Agreement in making a cumulative assessment in the original investigation; (l) Article 11.3 (‘Duration and Review of Anti-Dumping Duties and Price Undertakings’) of the Anti-Dumping Agreement in finding likelihood of continuation or recurrence of injury in the expiry review; (m) Articles 3.4, 3.1 and 3.2 (‘Determination of Injury’) of the Anti-Dumping Agreement in the evaluation of injury indicators in the original investigation; (n) Articles 3.5 and 3.1 of the Anti-Dumping Agreement in determining causation in the original investigation; (o) Article 6.11 (‘Evidence’) of the Anti-Dumping Agreement and Paragraph 15(a) (‘Price Comparability in Determining Subsidies and Dumping’) of China’s Accession Protocol in allowing less than 30 days to respond to the MET/IT claim forms in the original investigation; (p) Article 6.1.2 of the Anti-Dumping Agreement with respect to certain questionnaire responses in the expiry review; (q) Article 6.4 of the Anti-Dumping Agreement, and as a consequence or independently, Article 6.2 of the Anti-Dumping Agreement, with respect to certain information in the original investigation and expiry review; (r) Article 6.5 of the Anti-Dumping Agreement, and as a consequence or independently, Article 6.2 of the Anti-Dumping Agreement, in the confidential treatment of certain information in the original investigation; (s) Article 6.5.1 of the Anti-Dumping Agreement, and as a consequence or independently, Article 6.2 of the Anti-Dumping Agreement, in connection with the non-confidential summarization of certain information in the original investigation; and (t) Article 6.5.2 of the Anti-Dumping Agreement, and as a consequence, Article 6.2 of the Anti-Dumping Agreement, with respect to certain information in the non-confidential questionnaire responses of the sampled EU producers in the original investigation.
Nor with regard to: (u) Article 6.5 in the confidential treatment of certain information in the expiry review; (v) Article 6.5.1 of the Anti-Dumping Agreement in connection with the non-confidential summarization of certain information in the expiry review; (w) Article 6.5.2 of the Anti-Dumping Agreement with respect to certain information in the expiry review; (x) Article 6.2 of the Anti-Dumping Agreement with respect to certain information in the expiry review; (y) Articles 3.1 (‘Determination of Injury’) and 6.8 of the Anti-Dumping Agreement in not applying facts available in the expiry review; (z) Article 6.9 of the Anti-Dumping Agreement with respect to the time provided for submission of comments on the Additional Final Disclosure in the original investigation; (aa) Article 12.2.2 (‘Public Notice and Explanation of Determinations’) of the Anti-Dumping Agreement in connection with the information and explanations provided in respect of specific issues in the original investigation and expiry review; and (ab) Articles 3.1, 3.2, 9.1 (‘Imposition and Collection of Anti-Dumping Duties’) and 9.2 of the Anti-Dumping Agreement with respect to the imposition and collection of anti-dumping duties in the original investigation.

The panel considered, and for the most part rejected, the European Union’s preliminary objections to China’s claims. In addition, the panel concluded that Article 17.6(d) (‘Consultation and Dispute Settlement’) of the Anti-Dumping Agreement does not impose any obligations on the investigating authorities of WTO members in anti-dumping investigations that could be the subject of a finding of violation, and therefore dismissed all of China’s claims of violation of Article 17.6(d). The panel applied judicial economy with respect to some of China’s claims regarding all three measures.

As the review and definitive regulations had expired as of 31 March 2011, the panel concluded that there was no basis for a recommendation to the DSB that it request the European Union to bring the regulation into conformity with its WTO obligations. With respect to Article 9(5) (‘Termination without measures; imposition of definitive duties’) of the Basic Anti-Dumping Regulation, the panel recommended that the European Union bring this measure into conformity with its obligations under the WTO Agreements. The panel declined to make a suggestion on how the DSB recommendations and rulings could be implemented by the European Union.

On 6 December 2011 China and the European Union requested the DSB to adopt a draft decision extending the 60-day time period for adoption of panel reports stipulated in Article 16.4 (‘Adoption of Panel Reports’) of the DSU, to no later than 22 February 2012. At its meeting on 19 December 2011, the DSB agreed that, upon a request by China or the European Union, the DSB, no later than 22 February 2012, would adopt the panel report, unless China or the European Union notified the DSB of its decision to appeal the panel report.

WT/DS406: United States – Measures Affecting the Production and Sale of Clove Cigarettes

Complainant: Indonesia
Respondent: United States

On 2 September 2011 the panel report was circulated to members. This dispute concerns a measure that bans the production and sale of clove cigarettes, as well as most other flavoured cigarettes, in the United States. However, the measure excludes menthol-flavoured cigarettes from the ban. Indonesia is the world’s main producer of clove cigarettes, and the vast majority of clove cigarettes consumed in the United States prior to the ban were imported from Indonesia.

The panel found that by banning clove cigarettes but not menthol cigarettes, the United States’ ban on flavoured cigarettes is inconsistent with the national treatment obligation in Article 2.1 (‘Preparation, Adoption and Application of Technical Regulations by Central Government Bodies’) of the Technical Barriers to Trade (TBT) Agreement. The panel’s finding that clove and menthol cigarettes are ‘like products’ within the meaning of Article 2.1 of the TBT Agreement is largely based on its factual findings that both types of cigarettes are flavoured and appeal to youth.

The panel rejected Indonesia’s second main claim, which is that the ban violates Article 2.2 of the TBT Agreement. The panel found that Indonesia failed to demonstrate that the ban is more trade-restrictive than necessary to fulfill the legitimate objective of reducing youth smoking, taking account of the risks non-fulfilment would create.

On 15 September 2011 Indonesia and the United States requested the DSB to adopt a draft decision extending the 60-day time period for adoption of panel reports stipulated in Article 16.4 (‘Adoption of Panel Reports’) of the DSU, to 20 January 2012. At its meeting on 27 September 2011, the DSB agreed that, upon a request by Indonesia or the United States, the DSB, no later than 20 January 2012, would adopt the panel report, unless Indonesia or the United States notified the DSB of its decision to appeal the panel report.
WT/DS412: Canada – Certain Measures Affecting the Renewable Energy Generation Sector

Complainant: Japan (DS412), (see also DS426)
Respondent: Canada

On 1 June 2011 Japan requested the establishment of a panel. At its meeting on 20 July 2011, the DSB established a panel. Australia, China, the European Union, Honduras, Korea, Norway, Chinese Taipei and the United States reserved their third-party rights. Subsequently, Brazil, El Salvador, India, Mexico and Saudi Arabia reserved their third-party rights. On 26 September 2011 Japan requested the Director-General to determine the composition of the panel. On 6 October 2011 the Director-General composed the panel.

WT/DS413: China – Certain Measures Affecting Electronic Payment Services

Complainant: United States
Respondent: China

On 11 February 2011 the United States requested the establishment of a panel. At its meeting on 25 March 2011, the DSB established a panel. Australia, Ecuador, the European Union, Guatemala, India, Japan and Korea reserved their third-party rights. On 23 June 2011 the United States requested the Director-General to determine the composition of the panel. On 4 July 2011 the Director-General composed the panel. On 7 September 2011 in response to a request from China, the Panel issued a preliminary ruling to the parties and third parties indicating that the United States’ request for the establishment of a panel is consistent with the requirements of Article 6.2 (‘Establishment of Panels’) of the DSU.

WT/DS414: China – Countervailing and Anti-Dumping Duties on Grain Oriented Flat-Rolled Electrical Steel from the United States

Complainant: United States
Respondent: China

On 11 February 2011 the United States requested the establishment of a panel. At its meeting on 25 March 2011, the DSB established a panel. Argentina, the European Union, Honduras, India, Japan, Korea, Saudi Arabia and Viet Nam reserved their third-party rights. On 10 May 2011 the panel was composed. The panel has informed the DSB that it expects to conclude its work by May 2012.

WT/DS415, WT/DS416, WT/DS417, WT/DS418: Dominican Republic – Safeguard Measures on Imports of Polypropylene Bags and Tubular Fabric

Complainants: Costa Rica (DS415), Guatemala (DS416), Honduras (DS417), El Salvador (DS418)
Respondent: Dominican Republic

At its meeting on 7 February 2011, the DSB agreed to establish a single panel, pursuant to Article 9.1 (‘Procedures for Multiple Complainants’) of the DSU, to examine complaints DS415, DS416, DS417 and DS418. China, Colombia, the European Union, Nicaragua, Panama, Turkey and the United States reserved their third-party rights. Subsequently, Costa Rica, El Salvador and Honduras reserved their third-party rights in respect of each other’s disputes. On 1 March 2011 Costa Rica, El Salvador, Guatemala and Honduras jointly requested the Director-General to determine the composition of the panel. On 11 March 2011 the Director-General composed the panel.

The panel issued its final report to the parties on 28 November 2011. It is expected that the final report will be circulated to members following translation, to be completed by late January 2012.
### Table 2: Requests for consultations made during 2011
(also includes those disputes where a panel was either requested or established)

<table>
<thead>
<tr>
<th>WT/DS No.</th>
<th>TITLE</th>
<th>COMPLAINANT</th>
<th>DATE OF INITIAL REQUEST</th>
<th>AGREEMENTS CITED</th>
</tr>
</thead>
<tbody>
<tr>
<td>WT/DS426</td>
<td>Canada – Measures Relating to the Feed-In Tariff Program</td>
<td>European Union</td>
<td>11 August 2011</td>
<td>GATT Trade-Related Investment Measures Agreement (TRIMS), SCM</td>
</tr>
<tr>
<td>WT/DS424</td>
<td>US – Anti-Dumping Measures on Imports of Stainless Sheet and Strip in Coils from Italy</td>
<td>European Union</td>
<td>1 April 2011</td>
<td>GATT ADP</td>
</tr>
<tr>
<td>WT/DS423</td>
<td>Ukraine – Taxes on Distilled Spirits</td>
<td>Moldova</td>
<td>2 March 2011</td>
<td>GATT</td>
</tr>
<tr>
<td>WT/DS422</td>
<td>US – Anti-Dumping Measures on Certain Shrimp and Diamond Sawblades from China</td>
<td>China</td>
<td>28 February 2011</td>
<td>GATT ADP</td>
</tr>
<tr>
<td>WT/DS421</td>
<td>Moldova – Measures Affecting the Importation and Internal Sale of Goods (Environmental Charge)</td>
<td>Ukraine</td>
<td>17 February 2011</td>
<td>GATT</td>
</tr>
<tr>
<td>WT/DS420</td>
<td>US – Anti-Dumping Measures on Corrosion-Resistant Carbon Steel Flat Products from Korea</td>
<td>Korea</td>
<td>31 January 2011</td>
<td>GATT ADP</td>
</tr>
</tbody>
</table>
Appellate Body

Nine appeals of panel reports were filed with the Appellate Body in 2011, up from three in 2010, out of a total of 11 panel reports for which the 60-day deadline for adoption or appeal expired during the year. All nine appeals related to original panel proceedings. There were no appeals relating to compliance with earlier rulings and recommendations. In December, two new members were appointed to the Appellate Body.

Seven Appellate Body reports were circulated during 2011. Details of the Appellate Body’s findings are set out on 90, 91-2 and 95-9. These reports brought to 108 the number of reports circulated by the Appellate Body since the creation of the WTO in 1995. The appellate proceedings in US – Large Civil Aircraft (2nd complaint) and China – Raw Materials were still in progress at the end of 2011.

A full list of appeals filed and Appellate Body reports circulated in 2011 is provided in Table 3.

Table 3: Appeals filed and Appellate Body reports in 2011

<table>
<thead>
<tr>
<th>Panel reports appealed</th>
<th>Date of appeal</th>
<th>Appellant</th>
<th>Document number</th>
<th>Other appellant</th>
<th>Document number</th>
<th>Circulation date of AB report</th>
</tr>
</thead>
<tbody>
<tr>
<td>Thailand – Cigarettes (Philippines)</td>
<td>22 Feb 2011</td>
<td>Thailand</td>
<td>WT/DS371/8</td>
<td></td>
<td></td>
<td>17 June 2011</td>
</tr>
<tr>
<td>EC – Fasteners (China)</td>
<td>25 March 2011</td>
<td>European Communities</td>
<td>WT/DS397/7</td>
<td>China</td>
<td>WT/DS397/8</td>
<td>15 July 2011</td>
</tr>
<tr>
<td>United States – Large Civil Aircraft</td>
<td>1 April 2011</td>
<td>European Communities</td>
<td>WT/DS353/8</td>
<td>United States</td>
<td>WT/DS353/10</td>
<td>appeal in progress</td>
</tr>
<tr>
<td>(2nd complaint)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>United States – Tyres (China)</td>
<td>24 May 2011</td>
<td>China</td>
<td>WT/DS399/6</td>
<td></td>
<td></td>
<td>5 Sept 2011</td>
</tr>
<tr>
<td>China – Raw Materials</td>
<td>31 Aug 2011</td>
<td>China</td>
<td>WT/DS394/11</td>
<td>United States</td>
<td>WT/DS394/12</td>
<td>appeal in progress</td>
</tr>
<tr>
<td>China – Raw Materials</td>
<td>31 Aug 2011</td>
<td>China</td>
<td>WT/DS398/10</td>
<td>Mexico</td>
<td>WT/DS398/11</td>
<td>appeal in progress</td>
</tr>
</tbody>
</table>
Appellate Body members

Until 11 December 2011, when two new members were appointed, the seven Appellate Body members were:

- Lilia R. Bautista (Philippines)
- Jennifer A. Hillman (United States)
- Shotaro Oshima (Japan)
- Ricardo Ramírez-Hernández (Mexico)
- David Unterhalter (South Africa)
- Peter Van den Bossche (Belgium)
- Yuejiao Zhang (China)

Ms Lilia R. Bautista served as Chair of the Appellate Body from 17 December 2010 to 14 June 2011, and Ms Jennifer A. Hillman served as Chair of the Appellate Body from 15 June to 10 December 2011. Ms Yuejiao Zhang was elected by Appellate Body members to serve as Chair for the period 11 December 2011 to 31 May 2012.

The terms of office of Ms Jennifer A. Hillman and Ms Lilia R. Bautista expired on 10 December 2011. On 18 November 2011, the Dispute Settlement Body appointed Mr Ujal Singh Bhatia (India) and Mr Thomas R. Graham (United States) to serve for four years as Appellate Body members commencing on 11 December 2011. Mr Bhatia and Mr Graham were sworn in on 8 December 2011.

Background on the Appellate Body

The Appellate Body consists of seven members appointed by the Dispute Settlement Body. Each member is appointed for a term of four years, with the possibility of being reappointed for one further four-year term. Three members of the Appellate Body hear an appeal of a panel’s ruling. Any party to a dispute may appeal the panel report to the Appellate Body. The appeal is limited to issues of law covered in the panel report and legal interpretations developed by the panel.
Ujal Singh Bhatia (India)

Ujal Singh Bhatia was born in India on 15 April 1950 and was, most recently, an independent consultant and academic engaged in developing a policy framework for Indian agricultural investments overseas, while at the same time working with the Commonwealth Secretariat on multilateral trade issues.

Mr Bhatia was India’s Permanent Representative to the WTO from 2004 to 2010. During his tenure, he was an active participant in the dispute settlement process, representing India in a number of dispute settlement cases both as a complainant and respondent in disputes relating to anti-dumping as well as taxation and import duty issues. He also has adjudicatory experience, having served as a WTO dispute settlement panellist.

Mr Bhatia previously served as Joint Secretary in the Indian Ministry of Commerce, where he focused on the legal aspects of international trade. During this period, he was also a member of the Appellate Committee under the Foreign Trade (Development and Regulation) Act. The committee heard appeals of exporters and importers against the orders of the Director-General Foreign Trade. Mr Bhatia was also Joint Secretary of the Ministry of Information and Broadcasting and held various positions in the public and private sectors of the Indian state of Orissa.

Mr Bhatia’s legal and adjudicatory experience spans three decades. He has focused on addressing domestic and international legal/jurisprudence issues, negotiating trade agreements and policy issues at the bilateral, regional and multilateral levels, and formulating and implementing trade and development policies for a range of agriculture, industry and service sector activities.

Mr Bhatia is a frequent lecturer on international trade issues and has published numerous papers and articles in Indian and foreign journals on a wide range of trade and economic issues. Mr Bhatia holds an M.A. in Economics from the University of Manchester and from Delhi University as well as a B.A. (Hons.) in Economics, also from Delhi University.

Thomas R. Graham (United States)

Thomas R. Graham was born in the United States. Before becoming a member of the Appellate Body, he headed the international trade group of a major law firm in Washington, DC. In that capacity, Mr Graham represented respondents in non-US trade remedy cases, negotiated the settlement of disputes, assisted in WTO dispute settlement proceedings, and headed the practice’s committee on long-term planning and development.

Prior to that, Mr Graham served for several years as the deputy head of the international practice group of a large multinational law firm. In private law practice, Mr Graham has participated in trade remedy proceedings, often collaborating with local counsel and national authorities in various countries to develop legal interpretations of laws and regulations consistent with GATT/ WTO agreements and negotiating the resolution of international trade disputes.

Mr Graham served as Deputy General Counsel in the Office of the US Trade Representative, where he was instrumental in the negotiation of the Tokyo Round Agreement on Technical Barriers to Trade and where he represented the US Government in dispute settlement proceedings under the GATT.

Earlier in his career, Mr Graham spent three years in Geneva as a legal officer at the United Nations.

Mr Graham taught for many years at the Georgetown Law Center as an adjunct professor. He has written several articles and monographs on international trade law and policy as a guest scholar at the Brookings Institution and as a senior associate at the Carnegie Endowment for International Peace.

Mr Graham holds a B.A. in International Relations and Economics from Indiana University and a J.D. from Harvard Law School.

New members of the Appellate Body, Ujal Singh Bhatia (left) and Thomas R. Graham.
Building trade capacity

• The Third Global Review of Aid for Trade was held at the WTO in July 2011.

• In May 2011, the WTO participated in the 4th UN Conference on Least-Developed Countries (LDCs) in Istanbul.

• The WTO undertook 267 technical assistance activities in 2011 to help officials from developing countries gain a better understanding of the multilateral trading system.

• In 2011, over 5,000 participants enrolled in the WTO’s e-learning courses from all regions, including more than 1,000 from LDCs.

Did you know?

260

Over 260 case stories were included in a joint OECD-WTO report on Aid for Trade in 2011.
Trade and development 110
Small economies 111
Least-developed countries 111

Aid for Trade 113
Third Global Review of Aid for Trade 114

Enhanced Integrated Framework 116

Standards and Trade Development Facility 118

Technical cooperation and training 120
Trade and development

In 2011, the Committee on Trade and Development (CTD) agreed a number of ways to implement transparency requirements for preferential trade agreements (PTAs), under which three notifications of new PTAs were received. Other issues discussed by the CTD and its Sub-Committee on Least-Developed Countries (LDCs) included capacity-building initiatives, market access for LDCs, the Aid for Trade initiative and the WTO’s technical assistance activities.

Duty-free and quota-free market access for least developed countries (LDCs) remained a standing item on the agenda of the Committee on Trade and Development (CTD) at its three formal regular sessions in 2011. The committee considered a communication from Cuba, Ecuador, Nicaragua, the Plurinational State of Bolivia and the Bolivarian Republic of Venezuela entitled ‘Effective Participation of Developing Countries in Electronic Commerce as a Means to Combat Poverty’, and another from the African and Arab Groups entitled ‘Consolidating and Mainstreaming Development in the World Trade Organization’.

The WTO Secretariat presented the committee with a statistical report on the participation of developing economies in global trade. From 2000 to 2008, the value of developing economies’ trade in goods and commercial services tripled, rising considerably faster than world trade, according to the report. This performance was due to accelerated growth in global manufacturing and booming commodity prices. China, India and Brazil played pivotal roles, both as sources of supply and demand.

When the financial crisis hit, the impact on developing countries was, for the first time, less severe than on developed economies. Developing countries’ share in world trade continued rising between 2008 and 2010. Developing Asian economies were the engine of growth for developing economies’ trade throughout the period, with China again registering the most impressive performance.

The committee also heard the report of the 44th session of the Joint Advisory Group on the International Trade Centre (ITC), which is the policy-making body of ITC, the trade promotion agency for developing countries jointly sponsored by the WTO and the United Nations Conference on Trade and Development (UNCTAD). The ITC’s work focuses on small and medium-sized enterprises in developing countries and on the private sector.

Notifications under the Enabling Clause
In 2011 the committee received a notification, under the Enabling Clause, of a regional trade agreement between India and Malaysia. The committee also received a biennial report by the Latin American Integration Association, a trade integration body that aims to create a common market. Notifications under the Enabling Clause concerning Generalized System of Preferences schemes – which allow developed countries to grant preferential tariffs to imports from developing countries – were made by the European Union, Japan and Switzerland.

Preferential trade arrangements
The committee agreed to a number of modalities (broad outlines or blueprints) to implement the transparency mechanism for preferential trade arrangements (PTAs), which was established in December 2010 through a decision by the General Council. As part of these modalities, a standard format for the notification of PTAs to the CTD was adopted. The transparency mechanism covers non-reciprocal preferential schemes, which are schemes in which the beneficiaries of trade concessions do not have to provide concessions in return. China, India and Chinese Taipei notified the committee of their PTAs under the new transparency mechanism. These PTAs offer preferential treatment to the products of LDCs.

Technical cooperation and training
The WTO’s technical assistance and training activities (see page 120) were discussed. The committee took note of the 2010 annual report on technical assistance and training, providing an overview of activities in the previous year, and the technical cooperation audit report, which evaluated those activities. The committee additionally adopted the biennial technical assistance and training plan for 2012 and 2013. This document lays out the various technical assistance and training activities of the WTO for the coming two years.
Small economies

In 2011, the Committee on Trade and Development (CTD) held one formal dedicated session to look at the wide range of proposals by small, vulnerable economies (SVEs) in the WTO, with the aim of achieving their fuller integration into the multilateral trading system.

The committee agreed to a decision on the SVE Work Programme, which was subsequently adopted by ministers at the WTO’s 8th Ministerial Conference. This decision calls on the committee to continue examining the impact of WTO rules on small economies and the trade-related constraints they face, and to analyse the effects of trade liberalization and non-tariff measures (such as sanitary regulations) on small economies.

The WTO Secretariat completed a further revision of a compilation paper to assist the committee in monitoring the progress of proposals by SVEs in the relevant WTO bodies and Doha Round negotiating groups. These proposals cover agriculture, non-agricultural market access (NAMA), services, rules (including fisheries subsidies), trade facilitation and the Aid for Trade initiative. The committee will continue to hold dedicated sessions on SVEs to monitor the situation in the Doha Round negotiations and, where possible, to make recommendations to the General Council.

Least-developed countries

In 2011, the Sub-Committee on Least Developed Countries focused on market access and training and capacity-building issues as well the possible strengthening of guidelines on LDC accession to the WTO. It also discussed preparations for the 4th United Nations Conference on LDCs (LDC-IV) in Turkey and the meeting’s conclusions.

Of the 48 countries designated by the United Nations as LDCs, 31 are WTO members and ten are in various stages of their accession process. Samoa and Vanuatu completed their accession process in 2011 and will become members of the WTO following domestic ratification of their accession protocols.

Market access for LDCs

As in previous years, market access for LDCs received special attention in the work of the sub-committee. As background for its annual review of market access for products and services originating from LDCs for the year 2011, the WTO Secretariat prepared a comprehensive note covering trends in LDC trade in the decade 2001 to 2010 and market access conditions faced by LDC exports. The note also covered the status of duty-free quota-free market access provided by members to the LDCs, highlighting the variety of preferential schemes undertaken.

Emerging countries, in particular India and China, notified the WTO of their respective LDC preference schemes.

The European Union provided a briefing on its revised Generalized System of Preferences (GSP) rules of origin, which became operational on 1 January 2011. Members considered the revised rules a positive step in further facilitating exports from LDCs. Under GSP programmes, developed countries grant preferential tariffs to imports from developing countries.

Background on small economies

The Committee on Trade and Development – in dedicated session – oversees the work programme on small economies and monitors the progress of proposals from small, vulnerable economies (SVEs) in the various WTO bodies and Doha Round negotiating groups. SVEs – mostly but not exclusively small island states – do not constitute a defined group in the WTO but associate on specific issues.

Background on least-developed countries (LDCs)

The Sub-Committee on Least Developed Countries (LDCs) looks at systemic issues of importance to LDCs. These include market access, trade-related technical assistance and capacity building, accession of LDCs to the WTO and trade-related commitments undertaken by the international community to help LDCs, such as the Programme of Action for LDCs adopted in 2001 by the United Nations.
Technical assistance and capacity-building initiatives for LDCs

The sub-committee regularly monitors the progress of the WTO’s trade-related technical assistance and other capacity-building initiatives in which the WTO is involved, such as the Enhanced Integrated Framework (EIF – see page 116) and the Standards and Trade Development Facility (STDF – see page 118).

The WTO’s Institute for Training and Technical Cooperation (ITTC) told the sub-committee that 43 per cent of its technical assistance activities in 2010 involved LDCs. The Executive Director of the EIF Secretariat reported on the positive steps taken in the last two and half years of EIF operations. Thirty LDCs have so far received EIF assistance, which is helping them to mainstream trade, benefit from Aid for Trade and put renewed focus on dealing with supply-side constraints. The STDF continued to meet the target of devoting at least 40 per cent of project resources to LDCs and other low-income countries.

Accession of LDCs to the WTO

The 8th Ministerial Conference in December 2011 agreed to develop recommendations to strengthen the LDC accession guidelines adopted in 2002. Under the aegis of the sub-committee, work on this had already begun in 2011. In November 2011 the LDCs had tabled a proposal for improving the implementation of guidelines.

In early 2011, the LDCs called for the establishment of a work programme on post-accession for recently acceded LDCs, seeking assistance in implementing commitments under accession packages as well as in strengthening the capacity of recently acceded LDCs to participate in the work of the WTO.

As of December 2011, ten LDCs (Afghanistan, Bhutan, Comoros, Equatorial Guinea, Ethiopia, Lao People’s Democratic Republic, Liberia, São Tomé and Principe, Sudan and Yemen), representing more than a third of those negotiating to join the WTO, were at various stages of their accession process.

Fourth United Nations Conference on the LDCs

Discussion on preparations for the 4th United Nations Conference on the LDCs (LDC-IV), held in Turkey in May, featured prominently in the sub-committee in 2011. Two of the sub-committee meetings held prior to May 2011 discussed the preparations. At the July meeting, the Coordinator of the LDCs reported on the outcome of the conference, including on the Istanbul Programme of Action (IPoA) for the LDCs for 2011-2020, which was adopted. LDCs called on WTO members to mainstream the trade-related elements of the IPoA into the work of the WTO. The IPoA aims to halve the number of LDCs by 2020, increase official development assistance, enhance trade access and improve productive capacity in the LDCs.

WTO Work Programme for the LDCs

The sub-committee heard a statement from the Coordinator of the LDCs requesting a review of the WTO Work Programme for the LDCs, which dates back to 2002. Reference was made to a number of developments since then that needed appropriate reflection in the current programme. In 2012, members are due to discuss possible elements that could form part of an updated version of the work programme.
Aid for Trade

The Third Global Review of Aid for Trade, held on 18-19 July 2011, showed that trade-related assistance has helped to alleviate poverty by increasing export performance and employment. In 2009, Aid for Trade commitments reached approximately US$ 40 billion, a 60 per cent increase from the 2002-05 baseline period. However, the review also highlighted the need to measure the effectiveness of Aid for Trade and to ensure that it is always compatible with the goals of sustainable development.

The Committee on Trade and Development (CTD) held four formal sessions on Aid for Trade in 2011, at which WTO members discussed progress in the 2010-2011 work programme, and partners and organizations reported on their related work. Two workshops – on Small, Vulnerable Economies (SVEs) and Aid for Trade, and on Aid for Trade case stories – were also held under the auspices of the CTD.

The Director-General reported on the global review (see page 114) to the General Council meeting of 27 July 2011. He noted that aid effectiveness needed to be a central feature of Aid for Trade, and reiterated his suggestion that the 2012-2013 work programme be based around the theme ‘Deepening Coherence’ to underline the convergence needed between Aid for Trade and sustainable development in areas such as food security, gender empowerment, the green economy and energy.

The ‘Deepening Coherence’ programme, issued in November 2011 under the responsibility of the CTD Chair, stresses that future discussion should include enhancing the effectiveness of Aid for Trade. It emphasizes that maintaining momentum requires showing results.

In the run-up to the Fourth Global Review in 2013, the committee will undertake activities that concentrate on: continued mobilization of resources, mainstreaming trade into national and regional economic and development plans, strengthening regional trade integration, enhancing dialogue with the private sector, and refining evaluation and monitoring mechanisms to focus on the implementation and effectiveness of Aid for Trade.

The 8th WTO Ministerial Conference in December took note of the Third Global Review and the progress achieved on Aid for Trade.

Background on Aid for Trade

The Aid for Trade Initiative was launched at the 6th Ministerial Conference in Hong Kong in 2005. It is about helping developing countries, particularly least-developed countries, to enjoy the opportunities offered by the multilateral trading system. Aid for Trade assists them in developing the trade-related skills and infrastructure required to implement, and benefit from, WTO agreements and expand their trade.
Aid for Trade has led to significant trade opening and economic growth in developing countries. Financing under the programme continues to grow. By 2009, it had reached US$ 40 billion — an increase of 60 per cent since 2005. The WTO held its Third Global Review of the initiative in 2011.

Evidence of the positive impact of Aid for Trade was highlighted in a joint report co-published in 2011 by the Organisation for Economic Co-operation and Development (OECD) and the WTO. The report – Aid for Trade at a Glance 2011: Showing Results – provides a comprehensive analysis of trends and developments in aid. It includes over 260 case stories and 140 self-assessments by partner countries, bilateral and multilateral donors, providers of assistance between developing countries, and regional economic communities.

The report helped frame discussion at the Third Global Review, which was held at the WTO on 18-19 July 2011. The review surveyed the results since the launch of the Aid for Trade initiative in 2005. It highlighted positive results – at national, programme and project level – and examples where trade opening, supported by Aid for Trade, has helped attract investment and stimulate economic growth, so helping to alleviate poverty. It also pointed to research on links between Aid for Trade and improved export performance.

The two-day review – attended by the WTO Director-General, United Nations Secretary-General Ban Ki-moon, heads of other international organizations, ministers, civil society and the private sector – demonstrated strong political commitment to the Aid for Trade initiative. The sessions covered, among other things, the role of multilateral and regional development banks in consolidating recovery and stimulating growth, the contribution of private sector initiatives to the effort of building trade capacity, and the need to promote food security through enhanced trade capacity.

WTO Director-General Pascal Lamy said in his closing address to the review that the results underlined both the achievements of Aid for Trade and the future challenges. He said he was
‘convinced that our initiative emerges stronger from this review and more robust for embracing accountability’.

The case stories painted a picture of the wide variety of trade-related activities in developing countries receiving support from donors. Increasingly, Aid for Trade is being integrated into broader development strategies, with a focus on competitiveness, economic growth and poverty reduction. Donors are harmonizing their support around these strategies.

The WTO-OECD publication documented that Aid for Trade commitments and disbursements have continued to grow despite the challenging economic environment, and that trade is increasingly mainstreamed in national development strategies. The case stories came from more than 150 countries – ranging from the smallest states, such as the Solomon Islands and Comoros, to the largest, such as China – covering all major developing regions and income categories. They demonstrated the rising importance of cooperation between developing countries – not just middle-income countries helping low-income countries, but low-income countries helping each other.

Collectively, the stories provided wide-ranging accounts of the varied efforts by governments and the international community to promote trade. The sheer quantity of activities described in these stories suggests that the Aid for Trade initiative is playing a substantial role across a wide spectrum of countries and is becoming increasingly central to development strategies.

However, the global review also highlighted a need to further strengthen dialogue between partner countries and donor agencies, to enhance local monitoring of Aid for Trade flows and to ensure additional and predictable aid flows through greater transparency and accountability.

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**Case story: El Salvador-Honduras border crossing**

Clearance times at the El Amatillo border crossing between El Salvador and Honduras, one of the busiest in Central America, have been slashed from 62 minutes to an average of just eight minutes as a result of a project backed by the Inter-American Development Bank (IADB).

The US$ 2 million project installed an electronic system for managing the flow of goods in transit, harmonizing procedures and consolidating information and certificates into a single electronic document. An additional US$ 950,000 has helped the IADB extend the same technology to Costa Rica, Guatemala, Mexico, Nicaragua and Panama.

**Case story: Tanzanian coffee farmers**

The introduction of private voluntary standards has boosted yields and incomes in Tanzanian coffee areas. A case story submitted by the Swiss State Secretariat for Economic Affairs showed the impact that compliance with private voluntary standards has had on certified coffee producers in Tanzania.

Certified farms had 3 per cent higher yields, 15 per cent higher prices and received average revenues that were 17 per cent above conventional farms. Access to food, education and training also improved for producers involved in certification initiatives.

Further case stories can be found at www.aid4trade.org
The Enhanced Integrated Framework (EIF) continued to play a key part in 2011 in helping some of the poorest countries integrate into the global trading system. Since it became operational in 2009, 40 countries have benefited from EIF support to build stronger trade institutions. The EIF is supported by 23 donors, with pledges totalling US$ 235 million and contributions totalling approximately US$ 155 million as of 31 December 2011.

EIF financing has two separate ‘windows’, Tier 1 and Tier 2. Tier 1 projects, comprising institutional capacity building and diagnostic trade integration studies (DTIS), are intended to help countries identify and prioritize bottlenecks and other constraints to trade, economic growth and sustainable development. DTIS provide a common basis for action by governments, civil society, the private sector and development partner stakeholders. Tier 2 projects, designed to build supply-side capacity to trade, provide start-up finance for activities identified as priorities in the first phase.

During 2011, the number of approved Tier 1 projects rose to 40, from 29 at the end of 2010. This includes 29 projects providing multi-year support to plans to mainstream trade and ensure coordinated implementation of priority activities, identified by use of DTIS, seven pre-DTIS projects and four DTIS updates. One Tier 2 project has been approved and over 20 are in various stages of development for submission in 2012.

A monitoring and evaluation (M&E) expert was recruited to support efforts in managing results. At the beginning of December, an M&E capacity and systems development workshop for Anglophone EIF countries with a Tier 1 project under implementation was hosted in Uganda. The workshop served to prepare EIF countries for evaluation of their national country projects.

As part of the EIF capacity-building programme, the EIF held the last of a series of regional workshops for Eastern and Southern Africa in February, bringing together 15 countries to share views and experiences on delivery and good practices in the region. To build on this, the EIF rolled out the next phase of tailored capacity building programmes to offer ongoing support to countries. These include a project-development module jointly developed with STDF and piloted in training workshops in Nepal, Central African Republic and Rwanda. Other programmes include a gender module, jointly developed with the International Trade Centre and piloted in Rwanda, and a trade mainstreaming module jointly developed with the United Nations Development Programme and piloted in Vanuatu. The EIF is looking to fully roll out modules in more countries in 2012.
A user’s guide to the programme was finalized, providing rules and essential information to all EIF stakeholders at both national and international levels. The EIF worked to raise the programme’s profile. Initiatives in 2011 included a revamped EIF website being made available in English, French and Portuguese, the dissemination of brochures and flyers, and the creation of a series of six EIF country profiles on results achieved (covering Cambodia, Lao PDR, Lesotho, Liberia, Mali and Yemen). Other initiatives included a film entitled ‘Trade works: boosting livelihoods, building futures’, with a series of country examples, an EIF photo gallery and an LDC trade exhibition.

At the international level, the EIF organized a side event with the WTO and an EIF Ministerial Working Lunch at the 4th United Nations Conference on Least Developed Countries (LDC-IV) in Istanbul in May 2011. In addition, the EIF organized working sessions for EIF partners during the Third Global Review of Aid for Trade in Geneva in July 2011. In December 2011, at the 8th Ministerial Conference, the EIF participated in an LDCs Ministerial Breakfast hosted by the WTO Director-General.

The EIF Strategic Action Plan up to 2013, mapping out priority areas for the programme, was approved by the EIF Board at its meeting in November. The focus will be on three areas: consolidation and acceleration of delivery of Tier 1 and Tier 2 projects; operationalization of the EIF M&E Framework, including the EIF Mid-Term Review; and enhancing the effectiveness of National Implementation Arrangements.

In addition, the EIF ‘Trading Stories’ project will be rolled out in 2012 to profile results in a range of EIF countries. The project will involve a resource book, film, and online articles and features. It will focus on disseminating information on good practices and lessons learnt and showcasing country results. Other activities for 2012 include good practice guides for national partners and online tools and outreach support for national communications aimed at building broad-based buy-in from national stakeholders.

For more information, see www.enhancedif.org
Contributions to the Standards and Trade Development Facility (STDF) reached US$ 5.9 million in 2011, up from US$ 4.3 million in 2010. The STDF focused on increasing awareness, mobilizing resources, strengthening collaboration, identifying and disseminating good practice, as well as support and funding for the development and implementation of projects that promote compliance with international sanitary and phytosanitary (SPS) requirements. It adopted a new medium-term strategy (2012-2016) and began developing a new tool to help developing countries prioritize SPS capacity-building needs and improve decision taking.

The STDF is the specific Aid for Trade vehicle to help developing countries meet sanitary and phytosanitary (SPS) standards. It develops high-quality tools and information resources to support SPS capacity building for use by beneficiaries, donors and other organizations involved in the provision and delivery of SPS assistance. As part of this work, the STDF initiated the development of a framework based on multi-criteria decision analysis (MCDA) to help developing countries prioritize SPS capacity-building options (‘investments’) and improve the effectiveness of SPS decision-making processes. In particular, the framework aims to:

- enhance the economic efficiency of SPS capacity-building decisions so that scarce resources are allocated in a manner that best meets a country’s economic development, poverty alleviation, public health and/or other objectives
- promote more transparent and accountable choices between multiple SPS capacity-building options
- facilitate dialogue and more inclusive decision-making processes involving multiple stakeholders.

A successful regional workshop was held in Johannesburg in August to present the MCDA approach, to share practical experiences from Mozambique and Zambia, where the framework was applied in April and July respectively, and to equip SPS experts from other countries with knowledge to apply the approach. Following the workshop, several countries indicated their intention to apply the framework in the near future.

The STDF continued its work on the role and value of public-private partnerships in support of SPS capacity. Case studies and experiences that point to the benefits and impact of pooling resources, sharing information and technical capabilities in the SPS area were documented for an STDF publication expected in the first half of 2012.

Preliminary recommendations to enhance the development, performance and sustainability of national SPS coordination mechanisms were presented at a WTO workshop in October, following research on the existence and functioning of these mechanisms in Africa. While national SPS committees have a useful role to play in raising SPS awareness, there is a need in many countries to clarify organizational mandates, to build on existing mechanisms (e.g. in the food safety, animal and plant health area, or in the private sector), to establish clear and effective communication strategies, and to encourage long-term sustainability of SPS coordination mechanisms.
The STDF film, Trading Safely: Protecting Health, Promoting Development, was translated into Arabic, Chinese and Russian and widely distributed to SPS practitioners.

The STDF actively disseminated experiences and good practices in SPS capacity-building at international, regional and national levels during conferences, training workshops and other information sessions and meetings, including the WTO SPS Committee. It also participated in, and contributed to, several SPS-specific and broader trade-related capacity-building initiatives and programmes, implemented by STDF partners, donors, observers and other organizations. The STDF’s continuing efforts to ensure that SPS issues and priorities are properly addressed included close collaboration with, among others, the Aid for Trade initiative (see page 113), the Enhanced Integrated Framework (EIF – see page 116), the Trade Facilitation Facility (TFF) implemented by the World Bank, and several regional development banks. This included the organization of joint EIF/STDF training workshops in the Central African Republic and Nepal on SPS project development and results-based management tools.

The STDF website, www.standardsfacility.org, was further improved with enhanced content, features and functionality. The STDF also continued to issue its tri-annual newsletter. Work started on the development of a ‘virtual library’, i.e. a searchable, online repository of SPS research papers and studies, needs assessments, training material, project reports and articles from various publishers and sources. This system will assist the STDF in managing this information more effectively and enable other interested organizations and individuals to access information easily and quickly.

Five project preparation grants (PPGs) and eight project grants were approved in 2011, bringing the total number of PPGs and projects funded by the STDF by the end of 2011 to 50 and 55, respectively. Of the total number of grants, 52 per cent have been awarded to sub-Saharan Africa, 14 per cent to Latin America and the Caribbean and 17 per cent to Asia. In addition, 11 per cent of projects and PPGs can be classified as global (see Figure 2).

On a thematic basis, 41 per cent of projects and PPGs were dedicated to food safety issues, 23 per cent to plant health and 9 per cent to animal health, while 26 per cent could be classified as general SPS (see Figure 3).

Overall, the STDF has devoted 47 per cent of project resources to least-developed countries (LDCs) and other low-income countries.

A new medium-term strategy (2012-2016) has been adopted, setting out the principles and strategic priorities that will guide the work of the STDF and the use of its resources over the next five years. The new strategy is underpinned by the need to further promote increased collaboration and interaction among providers of SPS-related technical co-operation and to continue strengthening the STDF as a knowledge platform for information exchange, sharing experiences and the identification and dissemination of good practice.
Technical cooperation and training

In 2011, the Institute for Training and Technical Cooperation (ITTC) strengthened its measures designed to improve both content and delivery of WTO technical assistance and training programmes, reinforced its capacity to interact with beneficiaries in all regions and bolstered its coordinating role for trade capacity building. The WTO undertook 267 technical assistance activities, with particular emphasis on Africa and least-developed countries (LDCs). A results-based management initiative was formally introduced covering the design, management and delivery of capacity-building programmes.

The work of the ITTC in 2011 was guided by the WTO’s second biennial Technical Assistance Plan 2010-11, which built on lessons learned from the implementation of the first biennial plan (2008-09). The ITTC continued to institute measures to improve its own institutional and delivery capacity and to enhance the efficiency and impact of its trade-related technical assistance.

The ITTC consolidated the progressive learning strategy (PLS) for trade-related technical assistance. The PLS makes maximum use of e-learning (online training) to deliver technical assistance across all products, at the basic and intermediate levels. This approach ensures that when participants attend more advanced face-to-face training, they have acquired a minimum level of knowledge. A critical element of the PLS is the selection of candidates using pre-determined criteria, which has ensured a consistent learning path for all trainees. This has resulted in strengthened linkages between programmes and has promoted more coherence and cost-effectiveness in the delivery of technical assistance.

Enhanced cooperation with regional partner institutions continued to be a priority for the WTO Secretariat in 2011. The regional approach to addressing capacity constraints complements the work and initiatives undertaken by bilateral donors as well as other agencies active in trade-related technical assistance. In this regard, a coordination mechanism has been established within the secretariat as well as with partner agencies.

The secretariat continued to pursue its outreach programmes in 2011, including its work with parliamentarians, the private sector, academics and universities. With respect to academic coordination, the WTO Chairs Programme (see page 131) has greatly improved coordination and cooperation by concentrating WTO support on academic courses, research activities, academic networking and public outreach.

A results-based management initiative, which requires the use of appropriate indicators to measure the impact and results of the WTO’s technical assistance programme, was formally introduced in 2011. It covers the design, management and delivery of the WTO’s trade capacity-building programmes.

Overview of activities
In 2011, the WTO undertook 267 technical assistance activities, both in Geneva and in various WTO member countries. In addition, WTO officials were invited to participate in 74 conferences and meetings. The majority of these activities were organized in partnership with other international organizations and regional and sub-regional organizations. At the national level, the activities most in demand were multi-topic briefing sessions on issues such as accessions, non-agricultural market access, rules, trade in services, Trade-Related Aspects of Intellectual Property Rights (TRIPS) and sanitary and phytosanitary (SPS) measures.

The immediate goal of these activities was to give participants a better understanding of fundamental WTO principles on the topics covered. However, on some specific Doha Round negotiating issues, an objective was to give participants the skills and expertise necessary to negotiate a position that would lead to a positive outcome for their country at the conclusion of the Round. Finally, nine WTO reference centres were established at the national level, in line with the strategy to better tailor programme activities to the specific needs of beneficiaries.

Background on technical cooperation and training
The trade-related technical assistance programme is the WTO’s contribution to the Aid for Trade Initiative (see page 113). In the WTO Secretariat, this assistance is coordinated by the Institute for Training and Technical Cooperation. Its activities (‘products’) include e-learning, global and regional training courses, academic programmes, and seminars and workshops at regional and national levels. The technical assistance programme helps WTO members better understand their rights and obligations within the multilateral trading system, and strengthens countries’ capacity to deal with the challenges and reap the benefits of participation in the trading system.
Subject-specific regional seminars were conducted in all regions, with Africa being the biggest beneficiary. Market access for non-agricultural goods and other market access-related subjects accounted for the greatest number of activities, with at least one regional workshop a month. These continued, as in the previous year, within the framework of a strengthened role for ITTC regional desks. This approach reinforces the secretariat’s interaction with beneficiaries and regional partners, and enhances the WTO’s coordinating role in the field of trade capacity building.

With respect to e-learning, 2011 saw a major overhaul in course delivery, with 26 online courses open on a continuous basis on a dedicated e-platform that is accessible from the WTO website. This change resulted in the elimination of the constraints of time-limited sessions, improved the platform performance and generated substantial productivity gains. This will also enable further development of e-learning over the next biennium.

In 2011, over 5,000 participants enrolled in e-learning courses from all regions, including more than 1,000 from least-developed countries (LDCs). The e-learning programme is a key element of the progressive learning strategy (PLS) that functions as a training and selection tool, ensuring that only successful participants in the online prerequisite courses are eligible to apply for more advanced activities. In this regard, the first level of the PLS – the introduction course – underwent a comprehensive revision in 2011 to match the objectives and benchmarks set for level 1 of the PLS. In light of the particular needs and interests of LDCs, a three-week face-to-face introduction course for LDCs, corresponding to PLS level 1, continues to be conducted in Geneva.

At PLS level 2, four three-month regional trade policy courses were held: in Colombia for Latin American countries, in India for the Asia-Pacific region, in Benin for French-speaking Africa, and in Swaziland for English-speaking Africa. In addition, shorter regional trade policy courses were held in Turkey for Central and Eastern Europe, Central Asia and the Caucasus and in the United Arab Emirates for the Arab and Middle East region in collaboration with the Arab Monetary Fund.

At PLS level 3, two three-month advanced trade policy courses for government officials were held in Geneva in 2011, one in English, and the other in Spanish. In addition, a range of shorter, intensive advanced thematic courses were delivered, addressing such topics as dispute settlement, technical barriers to trade, sanitary and phytosanitary measures and intellectual property (the latter jointly with the World Intellectual Property Organization).

Twenty-seven technical assistance activities were held at the WTO, including advanced trade policy courses, preparatory workshops for regional trade policy courses, introduction and thematic courses, topic-specific workshops and the twice-yearly ‘Geneva Week’. The purpose of Geneva Week is to inform non-resident WTO members about recent developments in the WTO’s work programme and the on-going Doha negotiations. The last Geneva Week for 2011 was held back-to-back with the 8th Ministerial Conference in December 2011.
Activities by region

In 2011, the trade-related technical assistance programme continued to place particular emphasis on providing assistance to Africa and to LDCs, whose integration into the multilateral trading system remains a priority for the WTO. Activities held in Africa during 2011 represented 26 per cent of all activities, with 18 per cent in Asia and the Pacific, 15 per cent in Latin America, 9 per cent in Central and Eastern Europe, Central Asia and the Caucasus, 6 per cent in Arab and Middle Eastern countries and 4 per cent in the Caribbean. Global events represented 15 per cent of trade-related technical assistance in 2011. For a full breakdown of activities by region, see Table 1.

LDCs benefited from over 48 per cent of all technical assistance activities, including not only national activities held in LDCs but also regional and global activities in which LDCs were invited to participate. Several products have been specifically created for LDCs, or have LDCs as a priority, such as the three-week introduction courses for LDCs. Other programmes give LDCs priority in determining beneficiaries. For example, the reference centres programme specifically focuses on the installation/upgrade of reference centres for LDC members.

The Netherlands Trainee Programme and the Mission Internship Programme both focus on applicants from African and LDC countries. In 2011, all ten candidates admitted to the Mission Internship Programme were from LDCs, and eight of these were from Africa. In the Netherlands Trainee Programme, eight of the ten participants were from LDCs, of which seven were from Africa. In addition, the Enhanced Integrated Framework (see page 116) is entirely focused on LDCs.

The high proportion of activities at national level (close to 40 per cent) reflects continued demand and allows the secretariat to tailor its technical assistance to the particularities of each country. Most activities held at national level are meant to address those aspects of the WTO agreements that pose challenges for the country in question.

Financing the trade-related technical assistance programme

One of the challenges for the trade-related technical assistance programme during 2011 was how to ensure timely and adequate levels of funding. The programme is financed mainly from the Doha Development Agenda Global Trust Fund, which is a voluntary funding window provided by WTO members. Fortunately, donor countries continued their support for the trust fund, as a result of which funding levels for 2011 were sufficient to meet needs.
## Table 1: Trade-related technical assistance by region in 2011¹

<table>
<thead>
<tr>
<th>BY REGION</th>
<th>National technical assistance</th>
<th>Regional</th>
<th>Global²</th>
<th>Other (Conferences, etc.)</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>National technical assistance</td>
<td>Regional</td>
<td>Global</td>
<td>Other (Conferences, etc.)</td>
<td>Total</td>
</tr>
<tr>
<td>Africa</td>
<td>48</td>
<td>23</td>
<td>0</td>
<td>19</td>
<td>90</td>
</tr>
<tr>
<td>Arab and Middle East</td>
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<td>9</td>
<td>0</td>
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<td>21</td>
</tr>
<tr>
<td>Asia and the Pacific</td>
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<td>15</td>
<td>0</td>
<td>15</td>
<td>61</td>
</tr>
<tr>
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<td>0</td>
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<td>30</td>
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<tr>
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<tr>
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<td>143</td>
<td>71</td>
<td>0</td>
<td>53</td>
<td>267</td>
</tr>
<tr>
<td>Global</td>
<td>0</td>
<td>0</td>
<td>53</td>
<td>21</td>
<td>74</td>
</tr>
<tr>
<td>Total</td>
<td>143</td>
<td>71</td>
<td>53</td>
<td>74</td>
<td>341</td>
</tr>
</tbody>
</table>

¹ Percentage columns do not always add up to 100 due to rounding.

² Activities under the ‘global’ category are not targeted at a specific region, but include, for example, the Geneva-based courses and topic-specific workshops and symposia, distance learning, internship programmes and the advisory role on legal issues – Dispute Settlement Understanding (DSU).
Outreach

• The WTO Public Forum, whose theme was ‘Seeking Answers to Global Trade Challenges’, attracted over 1,500 participants.

• The WTO launched the Youth Ambassador Programme, which aims to engage young people in global economic governance issues.

• In 2011, the WTO launched the ‘Made in the World’ initiative to support the exchange of projects and experiences in measuring and analysing international supply chains.

• Singapore’s National University became the latest institution to join the WTO Chairs Programme.

Did you know?

15

A total of 15 universities in developing countries are part of the WTO Chairs Programme, which aims to deepen understanding of trade issues and encourage research.
Relations with non-governmental organizations 126

Reaching out to parliamentarians 128

Building international cooperation 129

Cooperation with academic institutions 131

Public information activities 132
Contact with the media 132
Contact with the public 133
Social media 133
WTO website 133
WTO publications 134

WTO Essay Award for Young Economists 136

Economic research activities 137

‘Made in the World’ 138
Relations with non-governmental organizations

In 2011, relations with non-governmental organizations (NGOs) were further developed through a variety of initiatives. These included the annual WTO Public Forum, which was considerably expanded, the launch of the WTO Youth Ambassador Programme and regular NGO briefings organized by the WTO Secretariat.

WTO Public Forum
The 2011 Public Forum, held in Geneva from 19 to 21 September, attracted over 1,500 participants from a wide variety of backgrounds and organizations (see Figure 1). Each year, the Forum provides participants with the opportunity to express their views and voice their concerns on all aspects of the multilateral trading system. Since its launch in 2001, the Forum has become one of the most important meeting grounds for dialogue between all relevant stakeholders of the multilateral trading system.

The theme of the Forum, ‘Seeking Answers to Global Trade Challenges’, focused on food security, trade in natural resources and how it affects the environment, the phenomenon of international supply chains, and the outlook for the trading system. NGO representatives, government officials, academics, business executives, students and other stakeholders identified the principal challenges for the multilateral trading system and discussed how to ensure that the WTO responds to a fast-changing world. More than 200 panellists took part in 46 sessions organized by a wide range of stakeholders.

In 2011, the Public Forum featured the largest number of innovations to date. The content of the programme was considerably expanded to include more sessions, including twice as many high-level sessions than in the previous year. The participation of well-known moderators, including Zeinab Badawi, presenter of BBC World News Today, enhanced the visibility of the event, and the one-on-one interview with the Director-General was a welcome addition to the programme, which also included a closing session and three book launches.

Live coverage, including commentary and updates of sessions, was featured on the Forum’s website. The Forum was also active in social media, including YouTube, Facebook and Twitter, where regular updates and highlights of the event were made available. The Twitter fountain featured over 1,000 tweets and over 200 re-tweets during the event.

Figure 1: Public Forum participation 2011

Source: WTO on-line registration figures for the 2011 Public Forum.
The WTO Youth Ambassador Programme

A new initiative entitled The WTO Youth Ambassador Programme was launched at the 2011 WTO Public Forum to engage young people in global economic governance issues and to inject new ideas into the debates. The idea was suggested in a video submitted by two young Australians to the forum’s video contest.

The video contest, also a new development, was open to participants over 18 years of age, who were asked to address one of the main topics being discussed. First prize was a sponsored trip to attend the Forum. The finalists had their videos posted on the WTO’s YouTube channel and an additional prize was awarded for the most popular video, as determined by YouTube viewers.

In their video, the two young Australians argued that young people had very little say at international organizations such as the WTO. These young people are tomorrow’s world leaders. Young people of today need to be involved in addressing the global challenges of tomorrow.

Under the Youth Ambassador Programme, university undergraduate students over 18 years old are invited to address a specific question that will have been selected in advance. Interested students can participate individually or as part of a team. They can respond to the question by submitting an essay or a video to tackle the question and to propose policy recommendations. For the first edition of the WTO Youth Ambassador Programme, the following question is being proposed: How can trade promote development? More details can be found at www.wto.org/youth.

NGO briefings

In 2011 the WTO Secretariat undertook 21 NGO briefings. Overall, a total of 186 NGO briefings have been organized since 2000, 118 of them in the past five years.

NGO papers

NGOs can submit their position papers and studies to the WTO Secretariat and have them posted on the WTO website. A monthly list of available NGO papers is sent to WTO members. In 2011, three contributions were submitted by NGOs.

Public hearings

Since 2005, a number of panel meetings, Appellate Body hearings and arbitration proceedings have been open to the public, including NGOs. As a result, registered NGOs have been able to follow the open hearings through video links. In 2011, one Appellate Body hearing was opened to the public, with 20 open public hearings since 2005.

NGO Centre at the 8th Ministerial Conference

An NGO centre was set up at WTO headquarters during the 8th Ministerial Conference. Accredited NGOs were provided with meeting spaces and received transmission of the plenary sessions at the Centre International de Conférences (CICG) in real time. In total, eight public and 17 private meetings took place at the NGO centre in addition to five NGO briefings organized by WTO staff. Also within the framework of the Conference, the International Centre for Trade and Sustainable Development (ICTSD) organized a trade and development symposium at the NGO centre. A total of 239 NGOs were accredited to attend the Conference.
Reaching out to parliamentarians

In 2011, for the first time, the annual Parliamentary Conference on the WTO, organized by the Inter-Parliamentary Union and the European Parliament, was held at the WTO. The WTO Secretariat continued the distribution of its regular newsletter to a growing number of parliamentarians. It also organized two regional workshops for parliamentarians in cooperation with regional partners.

Parliamentary Conference on the WTO
The WTO Director-General accepted the request made by the Inter-Parliamentary Union (IPU) – the international organization of parliaments – and the European Parliament to hold their annual Parliamentary Conference on the WTO at WTO Headquarters. The conference attracted some 300 legislators from around the world, who debated international trade and WTO issues and had meetings with the Director-General as well as with country ambassadors to the WTO and representatives of civil society and the media.

The main themes of the debates at the conference were: multilateralism in the midst of the rising tide of bilateral and regional trade pacts; rebalancing the rules of the multilateral trading system in favour of the poor; trade and sustainable development: from collision to cohesion; and connecting to society: trade policy-making in the era of mass communication.

Formal meetings of parliamentary bodies
The steering committee of the IPU on WTO matters met twice in 2011, including on the sidelines of the WTO Public Forum. On this occasion, Deputy WTO Director-General Valentine Rugwabiza briefed committee members on the state of play in the Doha negotiations, particularly in the context of the 8th Ministerial Conference in December.

The committee is made up of around 30 parliamentarians. The WTO Director-General, senior staff, the Chair of the WTO General Council and Geneva-based ambassadors regularly participate in its meetings to brief legislators on important issues facing the multilateral trading system. During the WTO Public Forum, the IPU and the European Parliament organized a very well-attended session entitled ‘Trade in Natural Resources – Curse or Blessing? A Parliamentary Perspective’.

Regional workshops
In 2011, the WTO held two regional workshops for parliamentarians:

- in Singapore, for parliamentarians of the ASEAN-plus countries (the ten member countries of the Association of South-East Asian Nations plus Australia, China, Japan, the Republic of Korea and New Zealand), organized in collaboration with the Temasek Foundation, a non-profit philanthropic organization based in Singapore
- in Vanuatu for parliamentarians of the Pacific, attended by participants from parliament or government from Fiji, Samoa, Solomon Islands, Tonga and Vanuatu. Business leaders of Vanuatu also participated in the workshop.

The WTO regularly cooperates with regional parliamentary associations, such as the Commonwealth Parliamentary Association, the Assemblée Parlementaire de la Francophonie and the Inter-Parliamentary Forum of the Americas as well as the Temasek Foundation to organize outreach activities at the regional level.

Regional initiatives complement the national workshops for parliamentarians, which are carried out as part of the WTO’s regular technical assistance work. Through these initiatives, the WTO has been able to enhance working relations with national parliaments as well as with parliamentary organizations.

Background on reaching out to parliamentarians
Parliamentarians have constitutional responsibility to consider and ratify WTO agreements negotiated by their governments. The WTO seeks to maintain an open dialogue with parliamentarians and help them gain a deeper understanding of the organization and its work. The WTO participates in the meetings of ad hoc parliamentary bodies and organizes workshops for parliamentarians at national and regional levels.
Building international cooperation

In 2011, the WTO participated actively in the 4th United Nations Conference on Least Developed Countries, and increased its cooperation with a variety of intergovernmental organizations, including the United Nations, the Organisation for Economic Co-operation and Development (OECD), the International Labour Organization (ILO), the International Monetary Fund and the World Bank. Together with the United Nations Conference on Trade and Development (UNCTAD) and the OECD, the WTO published reports on trade and investment developments in the Group of 20 (G20) countries.

United Nations

In 2011, the WTO Director-General participated in the 4th United Nations Conference on Least Developed Countries (LDCs) in Istanbul, Turkey. He told the conference that lower trade barriers, revised trade rules and cuts in agricultural subsidies were key features of a Doha Round package that was essential for the world's poorest nations.

Together with the Executive Secretariat of the Enhanced Integrated Framework (EIF), the WTO organized a panel discussion at the conference that focused on market entry and capacity building for LDCs, Aid for Trade, the EIF (see page 116) and the Standards and Trade Development Facility (see page 118).

Building a strong and sustainable trading future for LDCs requires action on two complementary tracks: market openness and integration into the multilateral trading system; and market entry-related issues, involving trade-related capacity building, to help LDCs fully unlock the benefits of market openness. Enhanced market openness without the capacity to produce competitive and tradable goods and services will fail to produce higher economic growth.

The WTO also produced a special brochure for the conference: ‘Harnessing Trade for Development in Least-developed Countries’. The brochure looks back at the trade performance of LDCs over the past ten years and the challenges that lie ahead.

The Director-General also attended the two regular meetings of the United Nations Chief Executives Board (CEB) – a high-level body composed of heads of UN agencies, funds and programmes as well as the Bretton Woods institutions and the WTO. The UN Secretary-General chairs the CEB.

The role of the CEB is to enhance international cooperation on global issues. WTO Secretariat officials participate in meetings of the board’s subsidiary bodies dealing with programme and management issues. This year’s deliberations continued to be focused on the international response to the global economic crisis. The CEB and its subsidiary bodies also reflected on more sustainable globalization in light of next year’s United Nations Conference on Sustainable Development (Rio+20).

The WTO Secretariat is also represented at the high-level United Nations Coordination Committee, which monitors progress in achieving the United Nations Millennium Development Goals, as well as at meetings of the UN Economic and Social Council, which deals with development issues.

United Nations Conference on Trade and Development (UNCTAD)

In 2011, the WTO published two joint reports with UNCTAD and the OECD on trade and investment developments in the countries of the G20, the leading developed and developing states.

The WTO continued its close cooperation with UNCTAD on training and technical assistance to developing and least-developed countries. UNCTAD is a major partner of the WTO in programmes such as the EIF and the Joint Integrated Technical Assistance Programme. The two organizations jointly sponsor the International Trade Centre, the trade promotion body for developing countries.

The WTO and UNCTAD organize various inter-regional information sessions and training activities to help representatives from developing countries learn more about the WTO and trade negotiations. These activities usually involve staff from both the WTO and UNCTAD. The WTO also cooperates with UNCTAD within the framework of the UN interagency ‘cluster’ on trade and productive capacity, which aims to coordinate trade and development operations throughout the UN system.

Background on building international cooperation

The WTO works closely with other intergovernmental organizations and regional bodies, especially those involved in trade-related issues. This cooperation helps to ensure coordinated action and a coherent approach to international trade policies.
Outreach

International Trade Centre
The WTO works closely with the International Trade Centre (ITC) to build supply-side capacity and trade-related infrastructure that developing countries need to implement and benefit from WTO agreements. Some of the joint initiatives include the Joint Integrated Technical Assistance Programme, the Enhanced Integrated Framework (EIF) and the Business for Development initiative.

Together with UNCTAD, the WTO and ITC have made important commitments to strengthening their interagency cooperation. One area of successful collaboration is within the interagency cluster on trade and productive capacity (see page 129). In 2011, ITC’s Joint Advisory Group, the highest intergovernmental body of the organization, held its annual meeting at the WTO for the first time.

Organisation for Economic Co-operation and Development
The WTO and the OECD have a longstanding and close working relationship at all levels, with WTO Secretariat officials participating in many OECD meetings. In 2011, the WTO continued to publish with the OECD and UNCTAD joint reports on trade and investment developments, as mentioned above. The WTO also jointly published with the OECD ‘Aid for Trade at a Glance: Showing Results’, which was discussed at the Third Global Review of Aid for Trade attended by the heads of many international organizations (see page 114).

The Director-General also participated in the annual OECD Forum and Ministerial Meeting. This year’s meeting marked the 50th anniversary of the OECD Ministerial Meeting.

Other intergovernmental organizations
The WTO cooperated on trade issues and the needs of developing countries with a number of intergovernmental organizations, such as the United Nations Development Programme, the International Monetary Fund and the World Bank. The WTO also has longstanding working relationships with organizations such as the UN Food and Agriculture Organization (FAO), the World Customs Organization, the World Intellectual Property Organization and the United Nations Educational, Scientific and Cultural Organization (UNESCO).

In 2011, the WTO co-published with the International Labour Organization a book entitled Making Globalization Socially Sustainable (see page 134), which was launched at the WTO with the participation of Director-General Pascal Lamy and ILO Director-General Juan Somavia.

G20
The WTO participated actively, and at the highest level, in the work of the G20 during 2011. The Director-General attended the G20 Summit in Cannes, France.
Cooperation with academic institutions

During 2011, the WTO continued to collaborate with academic institutions from developing and least-developed countries (LDCs) and to support projects aimed at strengthening curriculum development, teaching, research and outreach. Through this cooperation, the WTO aims to help these institutions contribute to their country’s participation in the multilateral trading system. Support was provided through the WTO Chairs Programme and the Academic Support Programme. Singapore’s National University became the latest institution to join the Chairs Programme.

The WTO Chairs Programme
The WTO Chairs Programme (WCP) seeks to help academic institutions provide students with a deeper understanding of trade policy issues and enhance the contribution of these institutions to the analysis, formulation and implementation of national trade policies. The programme was launched in 2010 and currently encompasses 15 universities from developing countries and LDCs across the world.

The WCP provides financial and substantive support for a period of up to four years. An external advisory board consisting of 22 eminent scholars was established under this programme to assist on decisions regarding its operations. The National University of Singapore joined the programme on 4 October.

The current (2010-2013) recipients of WCP assistance are:

- **Argentina**: Latin American Faculty of Social Sciences (FLACSO)
- **Barbados**: University of the West Indies, Shridath Ramphal Centre for International Trade Law, Policy and Services
- **Chile**: University of Chile, Institute of International Studies
- **China**: Shanghai Institute of Foreign Trade (SIFT), School of WTO Research and Education
- **Indonesia**: Universitas Gadjah Mada, Centre for World Trade Studies
- **Jordan**: University of Jordan, Faculty of Business
- **Kenya**: University of Nairobi, School of Economics
- **Mauritius**: University of Mauritius, Department of Economics and Statistics
- **Mexico**: Autonomous Institute of Technology, Centre for International Economic Law
- **Morocco**: Mohammed V-Souissi University, Faculty of Legal, Economic and Social Sciences
- **Namibia**: University of Namibia, Faculty of Economics and Management Sciences
- **Russia**: St. Petersburg State University, Faculty of Economics, World Economy Department
- **Senegal**: Cheikh Anta Diop University, Faculty of Economics and Management
- **Singapore**: National University of Singapore, Faculty of Law
- **Viet Nam**: National University, Faculty of Development Economics.

The annual conference of the advisory board was held in June 2011 to review the work undertaken by the chairs and to discuss the functioning of the programme. The conference was inaugurated by Director-General Pascal Lamy and was attended by the 14 chairs, several members of the advisory board, and by the WTO Secretariat.

At the request of the University of the West Indies, it was decided to transfer the Chair established at the Mona (Jamaica) campus to the Cave Hill (Barbados) campus of the same university. Furthermore, it was decided to allocate a 15th chair to the National University of Singapore. The conference provided an opportunity to present and discuss the work of the chairs and facilitated an exchange of ideas on the functioning of the WCP.

The Academic Support Programme
The Academic Support Programme is a smaller programme that aims to support academic institutions from developing countries and LDCs that are outside the scope of the WCP. Seeking to respond to requests submitted to the WTO Secretariat, it also supports existing or new academic projects through lecturing arrangements, donation of publications, research collaboration and a fellowship programme for doctoral students. More than 30 missions were implemented in 2011 as part of this programme and four sub-regional seminars organized by partners were co-sponsored.
In 2011, the WTO continued to have regular contact with journalists, in Geneva and around the world, and hosted 39 information briefings in Geneva. The WTO organized a number of training activities for journalists, and made increased use of social media to communicate news and promote events. During 2011, the WTO website was revamped to give a stronger sense of what the WTO does and to make it easier for visitors to the site to find information. The WTO further expanded its publications programme, in particular its co-publications with other international organizations.

**Public information activities**

In 2011, the WTO continued to have regular contact with journalists, in Geneva and around the world, and hosted 39 information briefings in Geneva. The WTO organized a number of training activities for journalists, and made increased use of social media to communicate news and promote events. During 2011, the WTO website was revamped to give a stronger sense of what the WTO does and to make it easier for visitors to the site to find information. The WTO further expanded its publications programme, in particular its co-publications with other international organizations.

**Contact with the media**

The Information and External Relations Division held 39 press conferences and press briefings in 2011 covering various aspects of the WTO's work, including dispute settlement, the Doha Round negotiations and the work of the General Council (see Figure 2). In addition, during the 8th Ministerial Conference in December (see page 18), 15 press conferences and nine WTO Secretariat briefings were held.

The WTO also maintained regular contact with 2,330 journalists in many other countries, who have registered to use the ‘media newsroom’ on the WTO website. This allows them to receive regular email bulletins on developments at the WTO and to access information under embargo. Journalists were also regularly invited to WTO events, including book launches and seminars.

In 2011, the WTO held three training activities for journalists: a workshop in Thailand, an ‘introduction to the WTO’ in Geneva and a seminar at the WTO for Spanish-speaking journalists.

The workshop in Bangkok (16-18 May) was the WTO’s first regional workshop for journalists in Southeast Asia. Ten journalists attended from Cambodia, Indonesia, Laos, Malaysia, Myanmar, the Philippines, Singapore, Thailand and Viet Nam. The focus of the workshop was on regional and national trade issues as well as the WTO and the Doha Round. Journalists were also asked to give presentations on their countries’ perspectives. A Thai partner, the International Institute for Trade and Development (ITD), helped to cover the costs of the workshop.

An ‘introduction to the WTO’ was organized for new correspondents covering trade issues. Journalists attending represented the following outlets: Africalink, Agence France Presse, ARD German Television, Asahi Shimbun, BBC France, Bloomberg, EFE (Spanish news agency), The Global Journal, Independent Newspapers of South Africa, Jiji Press, Kyodo News and Reuters. Press officers briefed journalists on agriculture, market access, services, accessions, trade monitoring and disputes, as well as the upcoming 8th Ministerial Conference. Journalists also had the opportunity to learn more about the website and the WTO’s publishing programme.
Contact with the public

The WTO welcomed 178 visiting groups in 2011, totalling approximately 5,300 people. Most of the presentations covered the history, functions and current work of the organization. Some visiting groups were given presentations on specific WTO topics, primarily dispute settlement, agriculture, development and trade-related aspects of intellectual property rights (TRIPS).

The majority of the presentations (77 per cent) were given in English. A total of 11 per cent were given in French while 3 per cent were in Spanish. The remaining 9 per cent were given in Chinese, Dutch, German, Italian, Korean and Portuguese.

Approximately 40,000 public email enquiries and comments were received by the WTO in 2011.

Social media

In 2011, the WTO made increasing use of social media, such as Twitter and Facebook, to promote events, post news and respond to questions and comments. Events promoted included the Aid for Trade Global Review, the Public Forum and the 8th Ministerial Conference. More than 1,000 tweets were posted during the Public Forum and 20 per cent of those were re-tweeted.

The WTO’s main Facebook page and Twitter account are automatically fed news items from the WTO website. They also carry other information, such as press articles, interviews with the Director-General, and information about what other organizations are saying about the WTO.

The number of people following the WTO on Facebook and Twitter has more than doubled since end-July 2011. The WTO’s main Facebook page currently has 6,872 followers while the WTO’s publications page on Facebook has 2,075 followers. On Twitter, the WTO has 5,446 followers. The WTO’s channel on YouTube has 926 subscribers (twice as many as end-July 2011).

WTO website

The WTO undertook a major revamp of its website in 2011. This included a re-design of the home page, improvements to the navigation and a re-branding of the site as a whole. A key aim of the revamp was to give a stronger sense of what the WTO does and to make it easier for visitors to find the information they are seeking. This has been achieved by highlighting more clearly the WTO’s main areas of activity, making greater use of photography and video to illustrate these activities and by improving the entry points to the site.

The website continues to attract over 1 million visits a month. The number of people who have registered to receive email updates now stands at over 149,000. The largest categories for email alerts are university students (29 per cent) and business representatives (14 per cent). The country with the largest total number of registrations is now India, which overtook the United States during 2011. Over 2,000 pages were created or updated during the course of the year.

Figure 2: WTO press conferences/briefings in 2011

Figure 3: Individuals registered with the WTO’s contacts database, as of end 2011*

*The total may not add up to 100% due to rounding.
WTO publications

In 2011, the WTO produced over 40 titles in the WTO's three working languages (English, French and Spanish), making an annual total of over 100 publications. Many of these publications can be downloaded free of charge from the WTO website. Printed copies can be purchased from the WTO online bookshop at http://onlinebookshop.wto.org

Annual publications

World Trade Report 2011
ISBN 978-92-870-3764-0 | CHF 60
The World Trade Report 2011 describes the historical development and current landscape of preferential trade agreements (PTAs). It examines why PTAs are established, their economic effects, and their contents, and it considers the interaction between PTAs and the multilateral trading system.

Annual Report 2011
The 2011 WTO Annual Report provides a brief summary of the organization and a detailed review of its activities in 2010. It also includes a personal message from the Director-General, who reflects on the events of 2010, the situation of trade in the world and the Doha Round.

International Trade Statistics 2011
ISBN 978-92-870-3789-3 | CHF 50
International Trade Statistics is the Number One source for data on world trade. Detailed tables provide comprehensive statistics on the world’s leading exporters and importers, with information dating back to 1948, broken down by region and by country, by product and by commercial service.

Trade Profiles 2011
Presented in a handy format, with one page devoted to each country, Trade Profiles provides a country-by-country breakdown of trade flows and trade policy measures for WTO members and those seeking to join the WTO.

World Tariff Profiles 2011
World Tariff Profiles provides a listing of the tariffs imposed by each WTO member on its imports and an analysis of the market access conditions it faces in its major export markets. Co-published by the WTO, the United Nations Conference on Trade and Development (UNCTAD) and the International Trade Centre (ITC).

Boxed set of WTO statistical titles 2011
ISBN 978-92-870-3798-5 | CHF 100
This boxed set brings together comprehensive trade data from the WTO in one complete package. The set comprises the WTO’s three annual statistical publications: International Trade Statistics 2011, World Tariff Profiles 2011 and Trade Profiles 2011.

WTO Public Forum 2010
The 2010 WTO Public Forum publication provides an overview of the discussions held at the 2010 event, entitled ‘The forces shaping world trade’, which focused on influences on the multilateral trading system, the system's role in contributing to global economic recovery, coherence within global governance, and the role of the WTO in the wake of the financial crisis.

New publications

Centre William Rappard: Home of the World Trade Organization, Geneva
ISBN 978-92-870-3758-9 | CHF 100
Currently the home of the WTO, Centre William Rappard has hosted many historical events since it first opened in 1926, and houses many unique works of art donated by governments from around the world. Illustrated with stunning full-colour and archival photos, this publication pays tribute to the building’s artistic and historical heritage.
Making Globalization Socially Sustainable
Globalization is considered to have the potential to promote growth and development, but concerns have also been raised about its effects on jobs and wages. This volume, edited by Marc Bacchetta and Marion Jansen, summarizes state-of-the-art knowledge on themes related to the social dimension of globalization. Co-published with the International Labour Organization.

Trade Patterns and Global Supply Chains in East Asia: From Trade in Goods to Trade in Tasks
This publication reviews the role of global value chains in shaping Asia’s trade patterns. Illustrated with numerous graphical statistics, it includes an introduction to measuring value-added trade, to re-evaluate the importance of some economies as ‘countries of origin’. Co-published with IDE-JETRO.

The WTO Regime on Government Procurement: Challenge and Reform
The WTO Agreement on Government Procurement (GPA) is becoming a pillar of the WTO system as a result of developments since the Uruguay Round. This collection, edited by Sue Arrowsmith and Robert D. Anderson, examines the issues and challenges that this raises for the GPA. Co-published with Cambridge University Press.

Aid for Trade at a Glance 2011: Showing Results
ISBN 978-92-870-3780-0 | CHF 65
This publication provides an analysis of trends and developments in aid to help developing countries integrate into the global economy and benefit from trade opportunities. It includes aid data, findings, case stories and self-assessments. Co-published with the Organisation for Economic Co-operation and Development.

This 4th edition covers all panel and Appellate Body reports adopted by the WTO Dispute Settlement Body as of 31 December 2009, each summarized in a single page. The index enables readers to search the disputes by articles and by WTO agreement.

Initially developed as an internal research tool for the Appellate Body Secretariat, the Repertory has become a practical tool for officials from WTO members, and a useful aid to academics, students, private practitioners and other followers of international trade law and dispute settlement. Co-published with Cambridge University Press.

Trade Policy Reviews 2011
The Trade Policy Reviews provide detailed coverage of WTO members’ trade policies and practices. Co-published with Bernan Press, the Reviews in 2011 were on Jamaica, Japan, Australia, Paraguay, Canada, Nigeria, European Union, India, Mauritania, Republic of Guinea, Zimbabwe, Cambodia, Ecuador and Thailand.

Harnessing Trade for Development in Least-Developed Countries | Unpriced
Recognizing that trade plays a central role in the efforts of least-developed countries (LDCs) to lift themselves out of poverty, what needs to be done to build a sustainable trading future for LDCs? This brochure looks back at the trade performance of LDCs over the past ten years and the challenges ahead.

Harnessing Trade for Sustainable Development and a Green Economy
This brochure offers a set of messages on sustainable development and trade that may be pronounced at the United Nations Conference on Sustainable Development (Rio+20) in June 2012. It looks at the workings of the WTO and how the multilateral trading system supports countries’ efforts to realize sustainable development and a green economy.
The article by Rafael Dix-Carneiro, entitled ‘Trade liberalization and labour market dynamics’, provides a theoretical and empirical investigation of the transitional dynamic effects of international trade on labour markets. In the view of the panel, this is an extremely well-crafted analysis that offers insights relevant to the policy debate on the distributional impact of trade opening. Specifically, Mr Dix-Carneiro’s results show that institutions and policies, such as retraining programmes for workers, that facilitate labour market adjustment, can significantly increase the aggregate welfare gains from trade.

The article by Kyle Handley, entitled ‘Exporting under trade policy uncertainty’, studies the impact of trade policy commitments on trade flows. According to the panel, this paper provides an elegant formalization of the cost of trade policy uncertainty and offers important insights into the value of WTO commitments. In particular, Mr Handley’s results indicate that policy rules such as tariff bindings, which improve policy certainty by reducing the downside risk arising from future policy reversals, can have a significant impact on the entry of exporters into foreign markets.

Rafael Dix-Carneiro studied electrical engineering at the Pontificia Universidade Catolica do Rio de Janeiro and mathematics at the Instituto de Matematica Pura e Aplicada in Brazil before obtaining a Ph.D. in Economics from Princeton University (US). He is an Assistant Professor in the Economics Department of the University of Maryland (US).

Kyle Handley studied economics and mathematics at the University of Wisconsin (US) and later received a Master’s Degree from the London School of Economics (UK) and a Ph.D. in economics from the University of Maryland (US). He is currently a Postdoctoral Fellow at the Stanford Institute for Economic Policy Research (US) and will join the Ross School of Business at the University of Michigan (US) as an Assistant Professor in 2012.

The Academic Selection Panel for 2011 comprised Dr Avinash Dixit (Emeritus Professor of Economics, Princeton University), Dr Hakim Ben Hammouda (Director, Institute for Training and Technical Cooperation, WTO), Dr Patrick Low (Director, Economic Research and Statistics Division, WTO), Dr Robert Staiger (Professor of Economics, Stanford University) and Dr Alberto Trejos (Professor of Economics, INCAE Business School). Dr Michele Ruta (Economist, Economic Research and Statistics Division, WTO) coordinated the work of the panel.

The WTO Essay Award for Young Economists was shared in 2011 by a Brazilian and an American. Economists Rafael Dix-Carneiro, a Brazilian who is based in the United States, and Kyle Handley were chosen by the Academic Selection Panel for articles on trade and labour markets and on trade policy uncertainty. They share the prize money.
Economic research activities

In 2011, the WTO’s Economic Research and Statistics Division (ERSD) organized 61 events, many in collaboration with other institutions. They included the launch of the World Trade Report 2011, the launch of a co-publication with the International Labour Organization (ILO), and a series of seminars in the Geneva Trade and Development Workshop programme.

In July 2011, the World Trade Report, entitled *The WTO and Preferential Trade Agreements: From Co-existence to Coherence*, was launched with opening remarks from the Director-General. The report observes that governments increasingly rely on preferential trade agreements (PTAs), not only for partnerships within regions, but across the globe. The report finds that these agreements are evolving towards deeper integration that goes beyond tariffs and other measures at national borders. In particular, they increasingly include domestic policies, such as regulations on services and investment, intellectual property protection and competition policy, which the report calls ‘deep PTAs’. The report concludes that these PTAs are not particularly successful in achieving these ambitious integration goals.

The launch included the presentation of the report by Dr Patrick Low, Director ERSD, comments on the report by the discussant, Dr Emanuel Ornelas of the London School of Economics, and two round-table discussions.

The ILO-WTO co-publication, *Making Globalization Socially Sustainable*, launched in September 2011, consisted of contributions by leading academic experts, who analysed the various channels through which globalization affects jobs and wage inequality, along with pressing issues in the political environment. The authors examined how trade and labour market policies could be adapted to make globalization socially sustainable. The launch was attended by Director-General Pascal Lamy and ILO Director-General Juan Somavia. The publication benefited from funding by the International Chamber of Commerce Research Foundation.

The Geneva Trade and Development Workshop programme, run jointly by the WTO and the Graduate Institute’s Centre for Trade and Economic Integration, hosted 20 events during the year. The aim is to allow academics and researchers in the Geneva region working in the area of trade and development to share work and ideas as well as improve their contact with researchers outside the region. By providing a forum for discussion, the workshops support high-quality research and facilitate outreach to policymakers.

ERSD has launched an online discussion forum to stimulate debate on the topic of the 2012 World Trade Report: ‘Looking beyond international cooperation on tariffs’. Its aim is to promote an open debate and to allow people from a variety of backgrounds to interact and express their views.

*Background on economic research activities*

The WTO’s Economic Research and Statistics Division (ERSD) organizes regular seminars and conferences, as well as online forums, involving academics and researchers in Geneva and around the world. These activities include the Geneva Trade and Development Workshop programme, which is a joint project with the Graduate Institute’s Centre for Trade and Economic Integration, the United Nations Conference on Trade and Development (UNCTAD) and the University of Geneva.
In 2011, the WTO was instrumental in a number of initiatives and activities to help policy-makers base their decisions on economically meaningful trade data. It co-organized a forum on measuring global trade, took part in other seminars and launched a book on changes in trade patterns in cooperation with the Japanese research institution IDE-JETRO. It is also working with the Organisation for Economic Co-operation and Development (OECD) on developing best practice for measuring trade flows in value added.

To maintain international competitiveness, companies need to adapt to changing business models and policy makers need to have access to proper evidence or facts. Attributing the full commercial value of imports to the last country of origin can pervert the political debate on trade imbalances and lead to wrong and counter-productive decisions. The challenge is to find the right statistical balance to ensure that international interactions resulting from globalization are properly reflected.

Monitoring global trade: do we have the right numbers? Trade statisticians from around the world met in Geneva at the Global Forum on Trade Statistics in February. The theme of the forum was ‘Measuring Global Trade – Do we have the right numbers?’. The United Nations Statistics Division (UNSD) and the Statistical Office of the European Communities (Eurostat) organized the meeting in collaboration with the World Trade Organization (WTO) and United Nations Conference on Trade and Development (UNCTAD).

At the forum, some 200 statisticians from developed and developing countries agreed that trade figures should be improved to better reflect the direct relation between global value chains, trade in goods and services, employment and the growing interdependence of economies. They also highlighted the need to improve the relevance of international trade statistics by integrating existing trade information more closely with its economic, social, environmental and financial dimensions.

Among the recommendations of the global forum were the following: closer coordination between national stakeholders, such as national statistical offices, central banks, customs authorities, and ministries; connecting existing data sources, such as customs-based merchandise trade statistics, trade and business registers, economic census data, existing enterprise surveys and other administrative records; and reviewing existing manufacturing and services classifications to better reflect the changes in global production and the emergence of new products and business functions.

Following the February meeting, four agencies – Eurostat, the OECD, the UN and the WTO – agreed upon a vision for trade information systems in 2020.

Background on ‘Made in the World’
Globalization is changing business models and increasing international fragmentation of production. Companies divide their operations across the world, from the design of the product and manufacturing of components to assembly and marketing, so creating international production chains. More and more products are ‘made in the world’ rather than in any particular country. In 2011, the WTO launched the ‘Made in the World’ initiative (MIWI) to support the sharing of projects, experiences and practical approaches in measuring and analysing international supply chains.
WTO Public Forum and other events

‘Made in the World’ and its implications for policy making was taken up as a core theme by the WTO Public Forum in September (see page 126). The discussions highlighted that global value chains are the most visible characteristic of the present phase of globalization. The issue not only has an impact on trade, it also affects investment, labour, environment and other regulatory frameworks.

In addition to the Public Forum, the WTO organized and participated in related international seminars, such as the International Workshop on Revisiting Trade in a Globalized World, in Chengdu, China, during the Western China International Fair (18-19 October 2011) and the APEC Conference ‘Building APEC Economies’ Capacities of Employing Input-Output Tables for Advanced Economic Modeling’ held in Singapore (24-25 November 2011).

Website

The ‘Made in the World’ website (www.wto.org/miwi) provides a discussion forum and access to relevant sources of information to address the issues raised by this initiative and to foster the development of statistical research in the field of international supply chains.

The WTO has also produced a video, which it has posted on its website, explaining why it is crucial to measure trade flows in value-added terms in the 21st century.

Cooperation with other international organizations

To advance the discussion of the impact of global value chains on trade, the WTO has cooperated with major stakeholders, such as the World Bank, the United States International Trade Commission (US ITC) and UNSD. This cooperation led to closer ‘joint ventures’ with two agencies, OECD and IDE-JETRO.

With OECD, it has been agreed to work jointly on developing a ‘best practice’ for calculating value added in trade flows and to develop a corresponding IT platform with official data. The objectives are to produce and maintain a database on bilateral trade flows, measured according to the domestic content of exports, to install the topic of trade in value added in the agenda of international statistics, and to unite inter-agency initiatives around the concept.

To analyse fundamental changes of trade patterns in the last 15 years, the WTO cooperated with the Institute of Developing Economies, Japan External Trade Organization (IDE-JETRO) in a joint publication entitled Trade patterns and global value chains in East Asia, which was launched in Geneva on 6 June. The Japanese version was launched in Tokyo on 19 October. The book explains the factors that have helped shape global value chains, depicts the rise of new trade patterns and highlights the need for new statistical measures to provide the ‘right’ evidence to policy-makers for their design of trade policies.
Secretariat and budget

- The WTO Secretariat has 646 staff on the regular budget.
- Women outnumber men at the WTO by 353 to 293.
- WTO Secretariat staff on the regular budget includes people from 76 of the WTO’s members.
- The WTO’s budget for 2012 is CHF 196 million.

Did you know?

76

The WTO increased the number of nationalities represented among its staff from 73 in 2010 to 76 in 2011.
WTO Secretariat 142
New recruits 142
WTO Secretariat organizational chart 143
Allocation of staff by division 144
WTO staff on regular budget by grade and gender 145
WTO staff on regular budget by gender and nationality 146

Budget, finance and administration 148
Consolidated expenditure 2011 149
Consolidated budget 2012 149
Members’ contributions to the WTO budget and the budget of the Appellate Body 2012 150

Internal audit 152
The WTO Secretariat, with offices in Geneva, has 646 staff on the regular budget and is headed by Director-General Pascal Lamy. The secretariat has no decision-making powers as all decisions in the WTO are taken by members.

Its main duties are to supply technical and professional support for the various councils and committees, to provide technical assistance for developing countries, to monitor and analyse developments in world trade, to provide information to the public and the media, and to organize the ministerial conferences. The secretariat also provides some forms of legal assistance in the dispute settlement process and advises governments wishing to become members of the WTO.

Secretariat staff on the regular budget includes people from 76 of the WTO's members (see Table 2). This number has increased from 73 nationalities at the end of 2010, with recruitment coming from a wider range of member countries, including Albania, Kenya and Zambia.

The professional staff is composed mostly of economists, lawyers and others with a specialization in international trade policy. There is also a substantial number of personnel working in support services, including informatics, finance, human resources and language services.

Women outnumber men at the WTO by 353 to 293. The working languages of the WTO are English, French and Spanish.

The Appellate Body, which has its own secretariat, was established by the Understanding on Rules and Procedures Governing the Settlement of Disputes to consider appeals against decisions by dispute settlement panels (see page 105). The seven Appellate Body members are individuals with recognized standing in the fields of law and international trade. They are appointed to a four-year term and may be reappointed once.

Our objective is to attract the best talent and ensure the broadest diversity of staff.

Background on the WTO Secretariat
The WTO’s recruitment policy is based on the principle of equal opportunity for all, with the objective of ensuring the broadest possible diversification of the WTO Secretariat. The fullest regard is given to merit, qualifications and experience.

New recruits Q&A

Q. What were you doing before you joined the WTO?
A. I worked for Nepal’s Ministry of Commerce. My job involved managing trade information systems and administering the Ministry’s information technology infrastructures.

Q. What prompted you to apply for a job at the WTO?
A. My work in the WTO Division of the Ministry of Commerce introduced me to the WTO and its activities. I saw the WTO as the ideal organization in which to develop my career in international trade.

Q. How well-known is the WTO in your country?
A. When Nepal joined the WTO in 2003, the government started awareness-raising programmes in conjunction with the private sector to educate people about the WTO. Outside of the trade community, however,
I saw the WTO as the ideal organization in which to develop my career in international trade. There is still a lot to do in terms of making the work of the WTO widely known.

Q. What does your new job involve?
A. I work for the Consolidated Tariff Schedules Unit of the Statistics Division, where I am involved in updating WTO members’ schedules of commitments following changes to the Harmonized System – the system used by WTO members to classify goods in the same way for tariff purposes.

Q. What are your goals?
A. I would like to advance my understanding of market access issues, develop technical skills in interpreting schedules of commitments, and advance my skills in using statistical tools to interpret international trade statistics. I am considering acquiring a higher academic qualification in this field in the future.
Secretariat and budget

The following tables, giving a breakdown of staff membership in terms of gender and nationality, gender and divisions, and gender and grades, are provided for reasons of transparency.

Table 1: Allocation of staff by division, as of 31 December 2011

<table>
<thead>
<tr>
<th>Division</th>
<th>Regular staff</th>
<th>Senior management and directors(^2)</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Director-General</td>
<td></td>
<td></td>
<td>1</td>
</tr>
<tr>
<td>Office of the Director-General</td>
<td>12</td>
<td></td>
<td>13</td>
</tr>
<tr>
<td>Offices of the Deputy Directors-General</td>
<td>5</td>
<td></td>
<td>9</td>
</tr>
<tr>
<td>Accessions Division</td>
<td>9</td>
<td></td>
<td>10</td>
</tr>
<tr>
<td>Administration and General Services Division</td>
<td>72</td>
<td></td>
<td>73</td>
</tr>
<tr>
<td>Agriculture and Commodities Division</td>
<td>15</td>
<td></td>
<td>17</td>
</tr>
<tr>
<td>Council and Trade Negotiations Committee Division</td>
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<td></td>
<td>20</td>
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<tr>
<td>Development Division</td>
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</tr>
<tr>
<td>Economic Research and Statistics Division</td>
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<td>47</td>
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<tr>
<td>Human Resources Division</td>
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<tr>
<td>Informatics Division</td>
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<td></td>
<td>42</td>
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<tr>
<td>Information and External Relations Division</td>
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<td></td>
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<td>Institute for Training and Technical Cooperation</td>
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<tr>
<td>Intellectual Property Division</td>
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<tr>
<td>Languages, Documentation and Information Management Division</td>
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<td>Market Access Division</td>
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</tr>
<tr>
<td>Office of Internal Audit</td>
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<td>Technical Cooperation Audit</td>
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<td>28</td>
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<tr>
<td>Trade and Environment Division</td>
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<td>Trade in Services Division</td>
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<tr>
<td>Appellate Body</td>
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<td>15</td>
</tr>
</tbody>
</table>

\(^1\) Regular budget posts, include posts not yet filled.

\(^2\) Posts at grades 11 and 12.

New recruits Q&A

**Afrora Striniqi**

**Buyer, Administration and General Services Division**

**Nationality:** Albanian  **Date of Joining the WTO:** 1 October 2011

**Q.** What were you doing before you joined the WTO?

**A.** I studied at George Washington University in Washington, DC, where I achieved an M.B.A. and an M.A. in international trade and investment policy. I also worked at a law office conducting research into bilateral, multilateral and regional agreements on trademarks and intellectual property.

**Q.** How well-known is the WTO in your country?

**A.** Despite Albania’s introduction of a vast array of legislative and economic reforms to enhance its open trade regime when it joined the WTO in 2000, the WTO is still not as well-known as some other international organizations.

**Q.** How well-known is the WTO in your country?

**A.** Despite Albania’s introduction of a vast array of legislative and economic reforms to enhance its open trade regime when it joined the WTO in 2000, the WTO is still not as well-known as some other international organizations.

**Q.** How do you think the WTO’s role will be better understood in the future?

**A.** However, as the Albanian economy develops, I think the WTO’s role in trade liberalization will be better understood.

**Q.** What prompted you to apply for a job at the WTO?

**A.** There were two main reasons that prompted me to apply to the WTO: the combination of my advanced studies in international trade policy with work...
‘On a daily basis I interact with divisions across the Organization to help them achieve best value for money’

experience in international business, and the limited awareness of the WTO in my country, which I aim to improve through my work in the future.

Q. What does your new job involve?
A. As Procurement Officer, I deal with suppliers and I contribute in administering competitive tendering exercises in adherence to principles of transparency and fair competition. On a daily basis I interact with divisions across the Organization to help them achieve best value for money in their purchase of goods and services.

Q. What are your goals?
A. When I worked in Turkey from 2003 to 2007, I experienced at first hand how international trade can boost a country’s economy. I am a firm believer that trade brings development. At present, I may be contributing on a limited scale; in the future I aim to contribute much more.
Table 2: WTO staff on regular budget by gender and nationality, as of 31 December 2011*

<table>
<thead>
<tr>
<th>Member</th>
<th>Women</th>
<th>Men</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Canada</td>
<td>8</td>
<td>16</td>
<td>24</td>
</tr>
<tr>
<td>Mexico</td>
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</tr>
<tr>
<td>United States of America</td>
<td>19</td>
<td>9</td>
<td>28</td>
</tr>
<tr>
<td><strong>Grand total</strong></td>
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<td><strong>28</strong></td>
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</table>

<table>
<thead>
<tr>
<th>Member</th>
<th>Women</th>
<th>Men</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Argentina</td>
<td>3</td>
<td>6</td>
<td>9</td>
</tr>
<tr>
<td>Barbados</td>
<td>-</td>
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<td>1</td>
</tr>
<tr>
<td>Bolivia Plurinational State of</td>
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<td>3</td>
</tr>
<tr>
<td>Brazil</td>
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</tr>
<tr>
<td>Chile</td>
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<td>1</td>
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<tr>
<td>Colombia</td>
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<tr>
<td>Costa Rica</td>
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<td>1</td>
<td>2</td>
</tr>
<tr>
<td>Cuba</td>
<td>1</td>
<td>-</td>
<td>1</td>
</tr>
<tr>
<td>Ecuador</td>
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<td>1</td>
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</tr>
<tr>
<td>Guatemala</td>
<td>1</td>
<td>-</td>
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</tr>
<tr>
<td>Honduras</td>
<td>1</td>
<td>-</td>
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</tr>
<tr>
<td>Paraguay</td>
<td>1</td>
<td>-</td>
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</tr>
<tr>
<td>Peru</td>
<td>3</td>
<td>4</td>
<td>7</td>
</tr>
<tr>
<td>Trinidad and Tobago</td>
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<td>-</td>
<td>1</td>
</tr>
<tr>
<td>Uruguay</td>
<td>1</td>
<td>6</td>
<td>7</td>
</tr>
<tr>
<td>Venezuela, Bolivarian Republic</td>
<td>1</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td><strong>Grand total</strong></td>
<td><strong>25</strong></td>
<td><strong>38</strong></td>
<td><strong>63</strong></td>
</tr>
</tbody>
</table>

Maureen Chibole Wakoli
Officer, Legal Affairs Division
Nationality: Kenyan       Date of joining the WTO: 1 June 2011

Q. What prompted you to apply for a job at the WTO?
A. I was keen to have an opportunity to work on, and gain experience in, international trade disputes. Where better to do this than in the WTO – the organization housing the most efficient international dispute settlement mechanism? So I applied for a job here.

Q. What does your new job involve?
A. As an officer in the Legal Affairs Division, my work includes legal writing, analysis and teaching. For example, when there are disputes, I am assigned to a team that assists the dispute panel in conducting its proceedings. Occasionally, I teach courses on dispute settlement as part of the WTO’s technical assistance activities.

Q. How well-known is the WTO in your country?
A. Kenya is one of the ‘original’ members of the WTO, having joined on 1 January 1995, when the WTO came
### Secretariat and budget

**Member** | **Women** | **Men** | **Total**  
--- | --- | --- | ---  
Albania | 1 | 0 | 1  
Austria | 2 | 3 | 5  
Belgium | 4 | 2 | 6  
Bulgaria | - | 3 | 3  
Croatia | 1 | - | 1  
Denmark | 1 | 1 | 2  
Estonia | 1 | - | 1  
Finland | 2 | 3 | 5  
France | 101 | 76 | 177  
Germany | 7 | 12 | 19  
Greece | 3 | 2 | 5  
Hungary | - | 1 | 1  
Ireland | 10 | 2 | 12  

**Member** | **Women** | **Men** | **Total**  
--- | --- | --- | ---  
Italy | 8 | 7 | 15  
Netherlands | 2 | 5 | 7  
Norway | - | 2 | 2  
Poland | 2 | 2 | 4  
Portugal | - | 2 | 2  
Romania | 2 | - | 2  
Spain | 29 | 14 | 43  
Sweden | 2 | 2 | 4  
Switzerland | 22 | 14 | 36  
Turkey | 2 | 1 | 3  
United Kingdom | 50 | 16 | 66  

**Grand total** | **Women** | **Men** | **Total**  
--- | --- | --- | ---  
353 Women, 293 Men | | | Total 646  

**Europe**

<table>
<thead>
<tr>
<th>Member</th>
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<th>Men</th>
<th>Total</th>
</tr>
</thead>
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<td>0</td>
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</tr>
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<td>Austria</td>
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<td>3</td>
<td>5</td>
</tr>
<tr>
<td>Belgium</td>
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</tr>
<tr>
<td>Bulgaria</td>
<td>-</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>Croatia</td>
<td>1</td>
<td>-</td>
<td>1</td>
</tr>
<tr>
<td>Denmark</td>
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</tr>
<tr>
<td>Estonia</td>
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</tr>
<tr>
<td>Finland</td>
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</tr>
<tr>
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<table>
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<tr>
<th>Member</th>
<th>Women</th>
<th>Men</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Italy</td>
<td>8</td>
<td>7</td>
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</tr>
<tr>
<td>Netherlands</td>
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<td>2</td>
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<tr>
<td>Portugal</td>
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<table>
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<th><strong>Grand total</strong></th>
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<th>Men</th>
<th>Total</th>
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<tbody>
<tr>
<td>353 Women, 293 Men</td>
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### Africa

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<table>
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<td>17 Women, 21 Men</td>
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### Asia

<table>
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<table>
<thead>
<tr>
<th><strong>Grand total</strong></th>
<th>Women</th>
<th>Men</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>30 Women, 35 Men</td>
<td></td>
<td></td>
<td>Total 65</td>
</tr>
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*These figures do not cover staff on temporary contracts.*

---

*I hope to increase awareness of WTO dispute settlement among my peers from other developing countries.*

into being. Thus, there is a long history of Kenya’s participation in the WTO.

**Q.** What were you doing before you joined the WTO?  
**A.** I was in a private firm in Nairobi, working on disputes in the fields of commercial, environmental and property law. Just before joining the WTO, I worked for the Australian High Commission in Nairobi as a political and economic research officer.

**Q.** What are your goals?  
**A.** I hope to make a meaningful contribution to the WTO dispute settlement mechanism, particularly to the panel process. I also hope to increase awareness of WTO dispute settlement among my peers from other developing countries, through participation in the technical assistance activities.
In 2011, the Committee on Budget, Finance and Administration reviewed the budget proposal for the biennium 2012-2013 for the WTO and International Trade Centre (ITC) and discussed issues relating to members in lengthy arrears on contributions, the WTO building project and human resources matters.

The committee examined the Director-General’s budget proposal for the biennium 2012-2013, which resulted in a zero nominal growth for 2012 and a slight increase for 2013 (0.61 per cent). The budget adopted amounted to CHF 196 million for 2012 and CHF 197.2 million for 2013.

Members with arrears in contributions may be subject to ‘administrative measures’, meaning that their membership is subject to certain restrictions. The total number of WTO members in this category was reduced to nine at the end of 2011, compared with 11 in 2010. Members with arrears in contributions of more than three years – referred to as ‘inactive members’ – decreased from nine to four during 2011. Three of these members – Burundi, the Democratic Republic of the Congo and Mauritania – who had arrears in contributions for up to 33 years accepted a payment plan in 2011.

The Working Group on Administrative Measures worked on a proposal to review their implementation and held several consultations with regional coordinators. It also urged the Secretariat to enforce the current measures, which were fully implemented as of 1 September 2011.

Construction of the South Courtyard Conference Centre and the Atrium proceeded on schedule. The new meeting room in the South Courtyard opened for business during the WTO Public Forum in September 2011. Work on the new administrative building for 300 offices, including an underground car park of 200 spaces, started on schedule and should be completed by December 2012.

A total of 403 offices were renovated in the Centre William Rappard during 2011. Around 270 staff are scheduled to move from the temporary annex building to the main building in 2012.

With respect to salaries, the methodology used by the WTO indicated that there should be a 1 per cent negative adjustment to the WTO salary scale. The main factor behind this was the drop in the value of the euro against the Swiss franc in the benchmark comparator. In response, the Director-General froze salaries for WTO staff.

**WTO biennium budget 2012-2013**

The WTO derives its income from annual contributions from its 153 members (see Table 5) and miscellaneous income. These contributions are based on a formula that takes into account each member’s share of international trade. Miscellaneous income mainly consists of contributions from observer countries and income from the sale of publications.

The WTO’s budget for 2012 is as follows:

- WTO Secretariat: CHF 189,962,500
- Appellate Body and its Secretariat: CHF 6,041,400

The total WTO budget is CHF 196,003,900.

The WTO’s budget for 2013 amounts to:

- WTO Secretariat: CHF 191,099,300
- Appellate Body and its Secretariat: CHF 6,104,600

The total WTO budget is CHF 197,203,900.
### Table 3: Consolidated expenditure 2011

<table>
<thead>
<tr>
<th>Section</th>
<th>Budget 2011 CHF</th>
<th>Expenditure 2011 CHF</th>
<th>Balance 2011 CHF</th>
</tr>
</thead>
<tbody>
<tr>
<td>Work years (including salary and pension)</td>
<td>126,310,600</td>
<td>-126,111,084</td>
<td>199,516</td>
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<tr>
<td>Temporary assistance</td>
<td>15,992,700</td>
<td>-20,913,839</td>
<td>-4,921,139</td>
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<tr>
<td>Communications (including telecommunications and postal charges)</td>
<td>1,786,500</td>
<td>-1,476,380</td>
<td>310,120</td>
</tr>
<tr>
<td>Building Facilities (including rental, utilities, maintenance and insurance)</td>
<td>3,866,000</td>
<td>-4,225,653</td>
<td>-359,653</td>
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<tr>
<td>Permanent equipment</td>
<td>1,089,000</td>
<td>-1,284,327</td>
<td>-195,327</td>
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<tr>
<td>Expendable supplies</td>
<td>1,281,000</td>
<td>-942,323</td>
<td>338,677</td>
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<tr>
<td>Contractual services (including reproduction, office automation and security)</td>
<td>9,236,600</td>
<td>-8,733,242</td>
<td>503,358</td>
</tr>
<tr>
<td>Staff overheads (including training and insurance)</td>
<td>4,827,000</td>
<td>-4,007,412</td>
<td>819,588</td>
</tr>
<tr>
<td>Missions</td>
<td>2,939,000</td>
<td>-2,785,819</td>
<td>153,181</td>
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<tr>
<td>Trade policy courses</td>
<td>3,315,000</td>
<td>-1,908,279</td>
<td>1,406,721</td>
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<tr>
<td>Various (including dispute settlement panels, publications, library and public information activities)</td>
<td>6,449,500</td>
<td>-6,315,951</td>
<td>133,549</td>
</tr>
<tr>
<td>International Trade Centre</td>
<td>18,911,000</td>
<td>-16,948,304</td>
<td>1,962,696</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>196,003,900</td>
<td>-195,652,612</td>
<td>351,288</td>
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### Table 4: Consolidated budget 2012

<table>
<thead>
<tr>
<th>Section</th>
<th>Budget 2012 CHF</th>
</tr>
</thead>
<tbody>
<tr>
<td>Work years (including salary and pension)</td>
<td>127,001,500</td>
</tr>
<tr>
<td>Temporary assistance</td>
<td>15,170,500</td>
</tr>
<tr>
<td>Communications (including telecommunications and postal charges)</td>
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<tr>
<td>Building facilities (including rental, utilities, maintenance and insurance)</td>
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<tr>
<td>Permanent equipment</td>
<td>1,354,000</td>
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<tr>
<td>Expendable supplies</td>
<td>1,201,000</td>
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<tr>
<td>Contractual services (including reproduction, office automation and security)</td>
<td>9,036,600</td>
</tr>
<tr>
<td>Staff overheads (including training and insurance)</td>
<td>4,962,000</td>
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<tr>
<td>Missions</td>
<td>3,057,000</td>
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<tr>
<td>Trade policy courses</td>
<td>2,960,100</td>
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<tr>
<td>Various (including dispute settlement panels, publications, library and public information activities)</td>
<td>6,256,500</td>
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<tr>
<td>International Trade Centre</td>
<td>18,911,000</td>
</tr>
<tr>
<td><strong>Grand Total</strong></td>
<td>196,003,900</td>
</tr>
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</table>

1 Consolidated statements refer to the WTO and the Appellate Body Secretariats.
### Table 5: Members’ contributions to the WTO budget and the budget of the Appellate Body 2012

<table>
<thead>
<tr>
<th>MEMBER</th>
<th>2012 Contribution CHF</th>
<th>2012 Contribution %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Albania</td>
<td>54,404</td>
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</tr>
<tr>
<td>Angola</td>
<td>441,061</td>
<td>0.227%</td>
</tr>
<tr>
<td>Antigua and Barbuda</td>
<td>28,145</td>
<td>0.015%</td>
</tr>
<tr>
<td>Argentina</td>
<td>716,967</td>
<td>0.369%</td>
</tr>
<tr>
<td>Armenia</td>
<td>31,088</td>
<td>0.016%</td>
</tr>
<tr>
<td>Australia</td>
<td>2,380,175</td>
<td>1.225%</td>
</tr>
<tr>
<td>Austria</td>
<td>2,432,636</td>
<td>1.252%</td>
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<tr>
<td>Bahrain, Kingdom of</td>
<td>184,585</td>
<td>0.095%</td>
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<tr>
<td>Bangladesh</td>
<td>211,787</td>
<td>0.109%</td>
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<tr>
<td>Barbados</td>
<td>29,145</td>
<td>0.015%</td>
</tr>
<tr>
<td>Belgium</td>
<td>4,414,496</td>
<td>2.272%</td>
</tr>
<tr>
<td>Belize</td>
<td>29,145</td>
<td>0.015%</td>
</tr>
<tr>
<td>Benin</td>
<td>29,145</td>
<td>0.015%</td>
</tr>
<tr>
<td>Bolivia, Plurinational State of</td>
<td>58,290</td>
<td>0.030%</td>
</tr>
<tr>
<td>Botswana</td>
<td>62,176</td>
<td>0.032%</td>
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<tr>
<td>Brazil</td>
<td>2,088,725</td>
<td>1.075%</td>
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<tr>
<td>Brunei Darussalam</td>
<td>75,777</td>
<td>0.039%</td>
</tr>
<tr>
<td>Bulgaria</td>
<td>340,025</td>
<td>0.175%</td>
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<tr>
<td>Burkina Faso</td>
<td>29,145</td>
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<tr>
<td>Burundi</td>
<td>29,145</td>
<td>0.015%</td>
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<tr>
<td>Cambodia</td>
<td>73,834</td>
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<tr>
<td>Cameroon</td>
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<tr>
<td>Canada</td>
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<tr>
<td>Cape Verde</td>
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<tr>
<td>Central African Republic</td>
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</tr>
<tr>
<td>Chad</td>
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<tr>
<td>Chile</td>
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<td>China</td>
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<td>Colombia</td>
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<tr>
<td>Congo</td>
<td>52,461</td>
<td>0.027%</td>
</tr>
<tr>
<td>Costa Rica</td>
<td>161,269</td>
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<tr>
<td>Côte d’Ivoire</td>
<td>116,580</td>
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<td>Cyprus</td>
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<td>Czech Republic</td>
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<tr>
<td>Denmark</td>
<td>1,884,710</td>
<td>0.970%</td>
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<td>Djibouti</td>
<td>29,145</td>
<td>0.015%</td>
</tr>
<tr>
<td>Dominica</td>
<td>29,145</td>
<td>0.015%</td>
</tr>
<tr>
<td>Dominican Republic</td>
<td>163,212</td>
<td>0.084%</td>
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<tr>
<td>Dominican Republic</td>
<td>2,380,175</td>
<td>1.225%</td>
</tr>
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<td>Egypt</td>
<td>579,014</td>
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<td>0.000%</td>
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</tr>
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<tr>
<td>Former Yugoslav Republic of Macedonia</td>
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<td>Gabon</td>
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<td>Gambia</td>
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<td>Ghana</td>
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<tr>
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<td>0.015%</td>
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<td>Guyana</td>
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<td>0.015%</td>
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<tr>
<td>Haiti</td>
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<td>Honduras</td>
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<td>Hong Kong, China</td>
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<td>3,240,924</td>
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<td>Ireland</td>
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<tr>
<td>Japan</td>
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<tr>
<td>Jordan</td>
<td>155,440</td>
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<tr>
<td>Kenya</td>
<td>101,036</td>
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<tr>
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<td>2,261,652</td>
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<td>Korea, Republic of</td>
<td>5,298,561</td>
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<td>Kuwait</td>
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<td>Latvia</td>
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<td>Lesotho</td>
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<tr>
<td>Liechtenstein</td>
<td>46,632</td>
<td>0.024%</td>
</tr>
</tbody>
</table>

1 Contributions from the member states of the European Union are made individually by its 27 member states.
Table 5: Members’ contributions to the WTO budget and the budget of the Appellate Body 2012 (continued)

<table>
<thead>
<tr>
<th>MEMBER</th>
<th>2012 Contribution CHF</th>
<th>2012 Contribution %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lithuania</td>
<td>281,735</td>
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</tr>
<tr>
<td>Luxembourg</td>
<td>825,775</td>
<td>0.425%</td>
</tr>
<tr>
<td>Macao, China</td>
<td>163,212</td>
<td>0.084%</td>
</tr>
<tr>
<td>Madagascar</td>
<td>29,145</td>
<td>0.015%</td>
</tr>
<tr>
<td>Malawi</td>
<td>29,145</td>
<td>0.015%</td>
</tr>
<tr>
<td>Malaysia</td>
<td>2,209,191</td>
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<tr>
<td>Mali</td>
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<tr>
<td>Malta</td>
<td>79,663</td>
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<tr>
<td>Mauritania</td>
<td>29,145</td>
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</tr>
<tr>
<td>Mauritius</td>
<td>60,233</td>
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</tr>
<tr>
<td>Mexico</td>
<td>3,516,830</td>
<td>1.810%</td>
</tr>
<tr>
<td>Moldova</td>
<td>36,917</td>
<td>0.019%</td>
</tr>
<tr>
<td>Mongolia</td>
<td>31,088</td>
<td>0.016%</td>
</tr>
<tr>
<td>Morocco</td>
<td>367,227</td>
<td>0.189%</td>
</tr>
<tr>
<td>Mozambique</td>
<td>40,803</td>
<td>0.021%</td>
</tr>
<tr>
<td>Myanmar, Union of</td>
<td>38,860</td>
<td>0.020%</td>
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<tr>
<td>Namibia</td>
<td>44,689</td>
<td>0.023%</td>
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<td>Nepal</td>
<td>31,088</td>
<td>0.016%</td>
</tr>
<tr>
<td>Netherlands</td>
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<tr>
<td>New Zealand</td>
<td>444,947</td>
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<td>Nicaragua</td>
<td>44,689</td>
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<tr>
<td>Niger</td>
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<td>0.015%</td>
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<tr>
<td>Nigeria</td>
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<tr>
<td>Norway</td>
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</tr>
<tr>
<td>Oman</td>
<td>293,393</td>
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</tr>
<tr>
<td>Pakistan</td>
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</tr>
<tr>
<td>Panama</td>
<td>178,756</td>
<td>0.092%</td>
</tr>
<tr>
<td>Papua New Guinea</td>
<td>48,575</td>
<td>0.025%</td>
</tr>
<tr>
<td>Paraguay</td>
<td>81,606</td>
<td>0.042%</td>
</tr>
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<td>Peru</td>
<td>330,310</td>
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<td>Philippines</td>
<td>722,796</td>
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</tr>
<tr>
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<td>2,115,927</td>
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</tr>
<tr>
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<td>996,759</td>
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</tr>
<tr>
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</tr>
<tr>
<td>Romania</td>
<td>709,195</td>
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</tr>
<tr>
<td>Rwanda</td>
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<td>0.015%</td>
</tr>
<tr>
<td>TOTAL</td>
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<td>100.000%</td>
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</table>

<table>
<thead>
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<th>MEMBER</th>
<th>2012 Contribution CHF</th>
<th>2012 Contribution %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Saint Kitts and Nevis</td>
<td>29,145</td>
<td>0.015%</td>
</tr>
<tr>
<td>Saint Lucia</td>
<td>29,145</td>
<td>0.015%</td>
</tr>
<tr>
<td>Saint Vincent and the</td>
<td>29,145</td>
<td>0.015%</td>
</tr>
<tr>
<td>Grenadines</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Senegal</td>
<td>46,632</td>
<td>0.024%</td>
</tr>
<tr>
<td>Sierra Leone</td>
<td>29,145</td>
<td>0.015%</td>
</tr>
<tr>
<td>Singapore</td>
<td>4,379,522</td>
<td>2.254%</td>
</tr>
<tr>
<td>Slovak Republic</td>
<td>744,169</td>
<td>0.383%</td>
</tr>
<tr>
<td>Slovenia</td>
<td>376,942</td>
<td>0.194%</td>
</tr>
<tr>
<td>Solomon Islands</td>
<td>29,145</td>
<td>0.015%</td>
</tr>
<tr>
<td>South Africa</td>
<td>1,084,194</td>
<td>0.558%</td>
</tr>
<tr>
<td>Spain</td>
<td>4,995,453</td>
<td>2.571%</td>
</tr>
<tr>
<td>Sri Lanka</td>
<td>136,010</td>
<td>0.070%</td>
</tr>
<tr>
<td>Suriname</td>
<td>29,145</td>
<td>0.015%</td>
</tr>
<tr>
<td>Swaziland</td>
<td>29,145</td>
<td>0.015%</td>
</tr>
<tr>
<td>Sweden</td>
<td>2,485,097</td>
<td>1.279%</td>
</tr>
<tr>
<td>Switzerland</td>
<td>2,642,480</td>
<td>1.360%</td>
</tr>
<tr>
<td>Chinese Taipei</td>
<td>3,122,401</td>
<td>1.607%</td>
</tr>
<tr>
<td>Tanzania</td>
<td>68,005</td>
<td>0.035%</td>
</tr>
<tr>
<td>Thailand</td>
<td>2,110,998</td>
<td>1.086%</td>
</tr>
<tr>
<td>Togo</td>
<td>29,145</td>
<td>0.015%</td>
</tr>
<tr>
<td>Tonga</td>
<td>29,145</td>
<td>0.015%</td>
</tr>
<tr>
<td>Trinidad and Tobago</td>
<td>132,124</td>
<td>0.068%</td>
</tr>
<tr>
<td>Tunisia</td>
<td>248,704</td>
<td>0.128%</td>
</tr>
<tr>
<td>Turkey</td>
<td>1,863,337</td>
<td>0.959%</td>
</tr>
<tr>
<td>Uganda</td>
<td>40,803</td>
<td>0.021%</td>
</tr>
<tr>
<td>Ukraine</td>
<td>788,858</td>
<td>0.406%</td>
</tr>
<tr>
<td>United Arab Emirates</td>
<td>2,150,901</td>
<td>1.107%</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>9,019,406</td>
<td>4.642%</td>
</tr>
<tr>
<td>United States</td>
<td>23,687,113</td>
<td>12.191%</td>
</tr>
<tr>
<td>Uruguay</td>
<td>89,378</td>
<td>0.046%</td>
</tr>
<tr>
<td>Venezuela, Bolivarian Republic of</td>
<td>742,226</td>
<td>0.382%</td>
</tr>
<tr>
<td>Viet Nam</td>
<td>736,397</td>
<td>0.379%</td>
</tr>
<tr>
<td>Zambia</td>
<td>52,461</td>
<td>0.027%</td>
</tr>
<tr>
<td>Zimbabwe</td>
<td>29,145</td>
<td>0.015%</td>
</tr>
</tbody>
</table>
Internal audit

During 2011 the Office of Internal Audit (OIA) issued two reports, one on cleaning and maintenance services and the second on security and safety activities. Their aim was to assess the internal controls in place and the adequacy of the contract terms, compliance with the contract terms, the efficiency and effectiveness of operations and resources, the reliability and integrity of documentation, and to appraise the value for money received from the services provided.

Follow-up audits
The OIA undertook eight follow-up audits during 2011, two on procurement, two on mission travel, two on the payroll and two on Institute for Training and Technical Cooperation (ITTC) administrative and logistical support functions to verify the status of various recommendations made in audits issued since 2008.

The results of the follow-up audits and their ultimate status as at 31 December 2011 are shown in the table below:

Table 6: Follow-up audits

<table>
<thead>
<tr>
<th>Audit follow-up date</th>
<th>Implementation status</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Closed(^1)</td>
</tr>
<tr>
<td>Procurement audit of 17.11.2008 (41 recommendations)</td>
<td>86%</td>
</tr>
<tr>
<td>Mission travel audit of 13.10.2009 (23 recommendations)</td>
<td>57%</td>
</tr>
<tr>
<td>Payroll audit of 28.06.2010 (33 recommendations)</td>
<td>39%</td>
</tr>
<tr>
<td>ITTC audit of 02.12.2010 (12 recommendations)</td>
<td>50%</td>
</tr>
<tr>
<td>Cleaning services audit of 30.06.2011</td>
<td></td>
</tr>
<tr>
<td>Security and safety audit of 11.11.2011</td>
<td></td>
</tr>
</tbody>
</table>

\(^1\) Recommendations that have been implemented
\(^2\) Progress being made in taking remedial action (work in progress)
\(^3\) Recommendations with no remedial action taken as yet but with proposed remedial action plans to address the recommendations

Cleaning and maintenance services audit
In June the OIA issued an audit report on cleaning and maintenance services with 31 recommendations. Although the contract with the provider was renewable every two years, the provider had been contracted for approximately 32 years in succession, first by the GATT and subsequently the WTO, exposing the WTO to potential risks in terms of missed opportunities in accessing new cleaning innovations available on the market.

The audit identified opportunities for improving the terms and conditions of contract to meet the changing needs of the WTO and to enhance compliance with the terms and conditions of contract by the provider. Furthermore recommendations were made to: improve the adequacy and clarity of the contract to include relevant key performance indicators and eliminate any vagueness; open up the competition to other cleaning providers; improve efficiency in operations and obtain better value for money from the provider.

Background on internal audit
The Office of Internal Audit (OIA) was created in March 2008 to undertake the independent examination and evaluation of the WTO’s financial and budgetary control systems and processes. The OIA makes recommendations for strengthening accountability, financial risk management, internal controls and governance processes, with the aim of ensuring that the financial resources made available to the WTO by its members are used efficiently and effectively to obtain the best value for money.
Following the competitive exercise of October-November 2011, the WTO entered into a contract with a new provider for a three-year period effective from January 2012. Audit recommendations specifically concerned with the performance of the previous provider have been closed and 19 recommendations with a potential influence on the new provider’s activities and contract management have been retained for further follow-up in 2012.

**Security and safety activities audit**

A report on security and safety activities was issued in November with 24 recommendations. Following a tendering process in 2009, the provider of security and safety services was contracted for a period of four years up to 31 August 2013.

The contract has well-spelled-out yardsticks or KPIs (key performance indicators) to measure the performance of the provider in different areas of operation.

Overall, some good internal controls were observed to be in place. But there were indications that the management and supervision of the operations could be enhanced to improve controls, mitigate any possible risks, improve efficiency and effectiveness and obtain better value for money from the provider.

Areas for improvement were: compliance with the terms and conditions of contract by both the WTO and the provider; the imposition of penalties for non-compliance; management, planning, supervision of operations and resources; consistency and reliability of documentation from the provider; and usage, storage and accountability of security and safety inventory and equipment.

Follow-up audits on the implementation of recommendations are scheduled to take place in 2012.

**Delegation of authority**

The OIA continued to work on a document outlining the delegation of authority within the WTO for the information and guidance of the WTO staff in fulfilling their obligations. The document was modified during the year to detail responsibilities falling under each delegated authority and hence a ‘delegation of authority, responsibility and accountability matrix’. Those with delegated authority are expected to exercise adequate control in carrying out the delegated functions and are answerable and accountable for their actions.

The document will be finalized in 2012 and will be updated continuously to incorporate information on new areas and future changes in authority, responsibility and approval levels.

**Fraud policy**

OIA, Legal Affairs and Human Resources have jointly produced a draft policy statement on ethics, fraud and other values and principles prescribed under the WTO code of conduct. The statement, with illustration through examples, will be circulated to staff after approval by management during the first half of 2012. More awareness training is foreseen for the second half of 2012.

**Looking ahead**

The OIA is planning to audit consultants in 2012 to verify controls in place during their selection and recruitment, evaluation of work done, payments and value for money and general compliance with administrative guidelines for the establishment of special service agreements.

The OIA will also handle any ad hoc audits. As is the usual practice, the OIA will also carry out follow-up audits to ascertain the implementation status of recommendations made in previous audits.
### Abbreviations

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>ADP</td>
<td>Anti-dumping Agreement</td>
</tr>
<tr>
<td>ASEAN</td>
<td>Association of Southeast Asian Nations</td>
</tr>
<tr>
<td>CARIBCAN</td>
<td>Caribbean-Canada trade agreement</td>
</tr>
<tr>
<td>CEB</td>
<td>United Nations Chief Executives Board</td>
</tr>
<tr>
<td>CTD</td>
<td>Committee on Trade and Development</td>
</tr>
<tr>
<td>DDA</td>
<td>Doha Development Agenda</td>
</tr>
<tr>
<td>DSB</td>
<td>Dispute Settlement Body</td>
</tr>
<tr>
<td>DSU</td>
<td>Dispute Settlement Understanding</td>
</tr>
<tr>
<td>EC</td>
<td>European Communities</td>
</tr>
<tr>
<td>EIF</td>
<td>Enhanced Integrated Framework</td>
</tr>
<tr>
<td>EU</td>
<td>European Union</td>
</tr>
<tr>
<td>FAO</td>
<td>Food and Agriculture Organization</td>
</tr>
<tr>
<td>FDI</td>
<td>Foreign direct investment</td>
</tr>
<tr>
<td>GATS</td>
<td>General Agreement on Trade in Services</td>
</tr>
<tr>
<td>GATT</td>
<td>General Agreement on Tariffs and Trade</td>
</tr>
<tr>
<td>GDP</td>
<td>Gross domestic product</td>
</tr>
<tr>
<td>GIs</td>
<td>Geographical indications</td>
</tr>
<tr>
<td>GPA</td>
<td>Government Procurement Agreement</td>
</tr>
<tr>
<td>HS</td>
<td>Harmonized System</td>
</tr>
<tr>
<td>ICC</td>
<td>International Chamber of Commerce</td>
</tr>
<tr>
<td>ILO</td>
<td>International Labour Organization</td>
</tr>
<tr>
<td>IPR</td>
<td>Intellectual property rights</td>
</tr>
<tr>
<td>IPU</td>
<td>Inter-Parliamentary Union</td>
</tr>
<tr>
<td>ISO</td>
<td>International Organization for Standardization</td>
</tr>
<tr>
<td>ITA</td>
<td>Information Technology Agreement</td>
</tr>
<tr>
<td>ITC</td>
<td>International Trade Centre</td>
</tr>
<tr>
<td>ITTC</td>
<td>Institute for Training and Technical Cooperation</td>
</tr>
<tr>
<td>ITU</td>
<td>International Telecommunication Union</td>
</tr>
<tr>
<td>LDCs</td>
<td>Least-developed countries</td>
</tr>
<tr>
<td>MEAs</td>
<td>Multilateral environmental agreements</td>
</tr>
<tr>
<td>MERCOSUR</td>
<td>Southern Common Market</td>
</tr>
<tr>
<td>MFN</td>
<td>Most-favoured nation</td>
</tr>
<tr>
<td>MIWI</td>
<td>'Made in the World'</td>
</tr>
<tr>
<td>NAMA</td>
<td>Non-agricultural market access</td>
</tr>
<tr>
<td>NFIDCs</td>
<td>Net food-importing developing countries</td>
</tr>
<tr>
<td>NGO</td>
<td>Non-governmental organization</td>
</tr>
<tr>
<td>NTBs</td>
<td>Non-tariff barriers</td>
</tr>
<tr>
<td>OECD</td>
<td>Organisation for Economic Co-operation and Development</td>
</tr>
<tr>
<td>PLS</td>
<td>progressive learning strategy</td>
</tr>
<tr>
<td>PTAs</td>
<td>Preferential trade arrangements</td>
</tr>
<tr>
<td>RTAs</td>
<td>Regional trade agreements</td>
</tr>
<tr>
<td>SCM</td>
<td>Subsidies and Countervailing Measures</td>
</tr>
<tr>
<td>SMEs</td>
<td>Small and medium-sized enterprises</td>
</tr>
<tr>
<td>SPS</td>
<td>Sanitary and phytosanitary measures</td>
</tr>
<tr>
<td>STDF</td>
<td>Standards and Trade Development Facility</td>
</tr>
<tr>
<td>SVE</td>
<td>Small, vulnerable economy</td>
</tr>
<tr>
<td>TBT</td>
<td>Technical barriers to trade</td>
</tr>
<tr>
<td>TNC</td>
<td>Trade Negotiations Committee</td>
</tr>
<tr>
<td>TPR</td>
<td>Trade Policy Review</td>
</tr>
<tr>
<td>TPRM</td>
<td>Trade Policy Review Mechanism</td>
</tr>
<tr>
<td>TRIMs</td>
<td>Trade-related investment measures</td>
</tr>
<tr>
<td>TRIPS</td>
<td>Trade-related aspects of intellectual property rights</td>
</tr>
<tr>
<td>UNCTAD</td>
<td>United Nations Conference on Trade and Development</td>
</tr>
<tr>
<td>WIPO</td>
<td>World Intellectual Property Organization</td>
</tr>
</tbody>
</table>

0 is zero or became zero due to rounding.
Billion means one thousand million.
Minor discrepancies between constituent figures and totals are due to rounding.
Unless otherwise indicated, (i) all value figures are expressed in US dollars; (ii) trade figures include the intra-trade of free trade areas, customs unions, regional and other country groupings.

**Note**
This report covers the WTO’s activities in 2011. The word ‘country’ is frequently used to describe WTO members whereas a few members are officially ‘customs territories’, and not necessarily countries in the usual sense of the word.
Further information

Further information about the organization and its activities can be found on the WTO website: www.wto.org

General information about the WTO is available in the following publications, which may all be downloaded free of charge from the website:

WTO in Brief
WTO in Brief provides a starting point for essential information about the WTO. Concise and practical, this short brochure is an ideal introduction to the WTO.

Understanding the WTO
An introduction to the WTO, what it is, why it was created, how it works, and what it does, Understanding the WTO has been written specifically for non-specialists. More comprehensive than WTO in Brief, this publication details WTO agreements, the dispute settlement process, the Doha Round of negotiations and many other issues.

10 Benefits of the WTO Trading System
From the money in our pockets and the goods and services that we use, to a more peaceful world – the WTO and the trading system offer a range of benefits, some well known, others not so obvious. Ten Benefits of the WTO Trading System tries to reflect the complex and dynamic nature of trade.

10 Common Misunderstandings about the WTO
Is it a dictatorial tool of the rich and powerful? Does it destroy jobs? Does it ignore the concerns of health, the environment and development? Emphatically no. Criticisms of the WTO are often based on fundamental misunderstandings of the way the WTO works. This booklet attempts to clear up ten common misunderstandings.

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