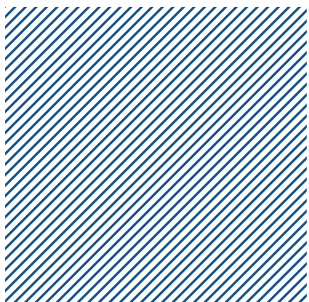


# Annual Report

2015



## > 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 2015 Annual Report begins with a message from the WTO Director-General and a brief description of the WTO. The following sections provide an overview of 2014, the latest news on WTO membership, and a more in-depth account of WTO activities over the past year.

## > Find out more

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

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

Tel: +41 (0)22 739 51 11

## > Also available as an App to download to your tablet.



for iPad



for Android



for Kindle

<b>1. Introduction</b>	<b>2</b>
Message from Director-General Roberto Azevêdo	2
Understanding the WTO	4
How it all comes together	6
20 years of the WTO	8
<b>2. A year in review</b>	<b>10</b>
Events of 2014	12
Our year	14
<b>3. Membership</b>	<b>20</b>
Joining the WTO	22
Welcoming new members	24
A global membership	26
<b>4. Trade negotiations</b>	<b>28</b>
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.	
<b>5. Implementation and monitoring</b>	<b>44</b>
Various WTO councils and committees seek to ensure that WTO agreements are being properly implemented. All WTO members undergo periodic scrutiny of their trade policies and practices.	
<b>6. Dispute settlement</b>	<b>90</b>
WTO members bring disputes to the WTO if they think their rights under trade agreements are being infringed. Settling disputes is the responsibility of the Dispute Settlement Body.	
<b>7. Building trade capacity</b>	<b>108</b>
The WTO aims to help developing countries build their trade capacity and allows them a longer time to implement trade agreements. Hundreds of training courses are organized each year for officials from developing countries.	
<b>8. Outreach</b>	<b>124</b>
The WTO maintains regular dialogue with non-governmental organizations, parliamentarians, other international organizations, the media and the general public to enhance cooperation and raise awareness of trade issues.	
<b>9. Secretariat and budget</b>	<b>150</b>
The WTO Secretariat has over 600 regular staff and coordinates the activities of the WTO. Most of the WTO's annual budget consists of contributions by its members.	
WTO Chairpersons (as of 31 December 2014)	162
Abbreviations	163
Further information	163
Download the app	164

# Message from Director-General Roberto Azevêdo

**2014 was a momentous year for the WTO. We achieved a great deal, but we also faced a stern test as an organization. After the jubilant scenes at our Ninth Ministerial Conference in Bali at the end of 2013, WTO members went into the new year determined to implement the decisions that were taken there, with all the gains that this would bring for growth and development around the world, and to advance negotiations on the remaining elements of the Doha Development Agenda. However, the route ahead was not free of obstacles. Concerns were raised about the relative pace at which some elements of the Bali Package were moving forward and, as a consequence, a major milestone for implementation was missed in July.**

This impasse had a freezing effect on much of our work. I described it at the time as one of the biggest crises our organization has ever faced. At question was whether we could follow through on what we had agreed in Bali just a few months previously. But members rose to the challenge and worked hard to put our work back on track. In doing so, they showed a huge amount of commitment to the multilateral trading system, and by the end of the year a solution had been found. We were faced with a test – and we passed.

The breakthrough came in the form of three major decisions taken by members at a special meeting of the General Council in November. First, members clarified the process towards finding a permanent solution on the issue of public stockholding for food security purposes. Second, they formally added the Trade Facilitation Agreement to the WTO rulebook, thereby allowing domestic ratification processes to begin. Third, they committed to resuming all of the post-Bali work. Under this final decision, members agreed to engage constructively on the implementation of all Bali decisions, including those relating to least-developed countries and to cotton, and they set a new deadline of July 2015 for concluding a work programme to tackle the remaining issues of the Doha Development Agenda.

These decisions have set a clear agenda for the WTO's 20<sup>th</sup> anniversary year. Moreover, they allowed us to regain the all-important trust and momentum that success in Bali had injected into our negotiating work. This has been carried forward into 2015 and so far we have seen a very high level of engagement in the Doha issues, including in the big, tough areas of agriculture, industrial

goods and services which we have not seen for some years. There was progress in other negotiating areas during 2014, as work continued on expanding the Information Technology Agreement and negotiations were launched on an Environmental Goods Agreement. While these initiatives are being taken forward by groups of members, their benefits will apply to all. There was also positive news on the WTO's Government Procurement Agreement during 2014, as the revised agreement entered into force.

Of course, in addition to agreeing new trade rules, we also monitor members' adherence to existing rules and settle disputes between members over their application. This work continued apace throughout the year. The WTO reviewed the trade policies and practices of 21 members in 2014 and we published a number of reports on recent trade developments across the entire WTO membership. The number of newly introduced trade-restrictive measures remained high and so we renewed our calls for members to show restraint.

Our dispute settlement arm saw one of its most active years to date in 2014. In just two decades almost 500 disputes have been raised at the WTO. This is a phenomenal number and underlines the WTO's position at the forefront of international law and dispute settlement. The fact that members use the system in this way is a huge vote of confidence in its effectiveness, but it has brought a real resource challenge. I have therefore sought to reallocate resources to strengthen this vital area and will continue to monitor the situation closely.





**“Members agreed to engage constructively on the implementation of all Bali decisions, including those relating to least-developed countries and to cotton, and they set a new deadline of July 2015 for concluding a work programme to tackle the remaining issues of the Doha Development Agenda.”**

Our membership continued to evolve in 2014. We welcomed Yemen to the WTO as our newest least-developed member, and the General Council approved the accession of Seychelles as a new developing member. Seychelles formally joined the organization in April 2015, bringing our membership to 161.

2014 marked a significant year for the WTO's developing and least-developed members in a number of ways. We stepped up our technical assistance and training programmes during the year to help those countries improve their trading capacity. As a result, we delivered 324 technical assistance activities in 2014, compared with 279 the previous year, reaching more than 15,000 participants and covering virtually all WTO-related subjects.

We also continued our work on the Aid for Trade initiative to help developing and least-developed countries to participate effectively in the global trading system. The Fifth Global Review of Aid for Trade will be a highlight of our work in 2015. It is an opportunity to discuss with the private sector, international organizations, governments, civil society and academia how we can work together to continue to reduce trade costs for developing countries. This work includes the Enhanced Integrated Framework (EIF), which delivers practical, trade-related assistance for our least-developed members. The WTO is a partner of this important programme and is proud to provide its institutional home. In 2014 we were pleased to support the extension of the EIF until 2022, and will work closely with our partners to ensure that the programme delivers even more for LDCs in this second phase.

The Trade Facilitation Agreement was a first for the WTO in its approach to our developing and least-developed members because the Agreement states that assistance and support must be provided to help developing countries achieve the capacity to implement it. To ensure that this commitment is honoured, I worked with members to create a new initiative, called the Trade Facilitation Agreement Facility, which was launched in July 2014. This Facility will ensure that developing and least-developed countries get the help they

need to deliver projects and access the necessary funds to improve their border procedures, with all the benefits that this can bring. The Facility became formally operational in November.

Members' last act of 2014 was to agree that the venue of our Tenth Ministerial Conference, to be held in December 2015, would be Nairobi, Kenya. This will be the first time the WTO has held a Ministerial Conference in Africa and, as the WTO was originally created in Africa by the Marrakesh Agreement, it provides a pleasing symmetry in our 20<sup>th</sup> anniversary year. Members are now focused on implementing the important outcomes of the Bali Package and advancing negotiations on the Doha Development Agenda. Our aim in drawing up a work programme by July is to provide a roadmap to our Nairobi Ministerial Conference in December. Success in Nairobi, and in these other endeavours, would be the best way to mark our 20<sup>th</sup> anniversary – and to reaffirm the contribution that the WTO has made to improving people's lives and prospects over the last two decades.

**Roberto Azevêdo**

Director-General

# Understanding the WTO

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

## > Who we are

The WTO was born out of negotiations aimed at progressively reducing obstacles to trade. 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 a new round of 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 stimulating economic growth and employment and supporting the integration of developing countries into the international trading system. That partly means removing obstacles. It also means ensuring that individuals, companies and governments know what the trade rules are around the world, and giving them the confidence that there will be no sudden changes of policy. In other words, the rules have to be "transparent" and predictable.

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

## > What we stand for

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

### **Non-discrimination**

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

### **More open**

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

### **Predictable and transparent**

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

### **More competitive**

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

### **More beneficial for less developed countries**

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



### Protect the environment

The WTO's agreements permit members to take measures to protect not only the environment but also public health, animal health and plant health. However these measures must be applied in the same way to both national and foreign businesses.

In other words, members must not use environmental protection measures as a means of disguising protectionist policies.

## > What we do

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

### Trade negotiations

The WTO agreements cover goods, services and intellectual property. They spell out the principles of liberalization, and the permitted exceptions. They include individual countries' commitments to lower customs tariffs and other trade barriers, and to open 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 disputes under the Dispute Settlement Understanding is vital for enforcing the rules and therefore for ensuring that trade flows smoothly. Countries bring disputes to the WTO if they think their rights under the agreements are being infringed. Judgements by specially appointed independent experts are based on interpretations of the agreements and individual countries' commitments.

### 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 on-going Doha negotiations, with the aim of enhancing cooperation and increasing awareness of WTO activities.



# 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.

All WTO members may participate in all councils and committees, with the exceptions of the Appellate Body, Dispute Settlement panels and plurilateral committees.

General Council  
meeting as  
**Dispute  
Settlement Body**

**Appellate Body**  
Dispute settlement  
panels

**Plurilateral:**  
Information  
Technology  
Agreement  
Committee

**Council for  
Trade in  
Goods**

**Committees on:**

- Trade and Environment
- Trade and Development
- Sub-Committee on Least-Developed Countries
- Regional Trade Agreements
- Balance of Payments Restrictions
- Budget, Finance and Administration

**Working parties on:**

- Accession

**Working groups on:**

- Trade, debt and finance
- Trade and technology transfer

**Inactive**

- Relationship between Trade and Investment
- Interaction between Trade and Competition Policy
- Transparency in Government Procurement

**Committees on:**

- Market Access
- Agriculture
- Sanitary and Phytosanitary Measures
- Technical Barriers to Trade
- Subsidies and Countervailing Measures
- Anti-Dumping Practices
- Customs Valuation
- Rules of Origin
- Import Licensing
- Trade-Related Investment Measures
- Safeguards

**Working party on:**

- State Trading Enterprises





# 20 years of the WTO

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

## 1994

April

Marrakesh Agreement establishing the WTO is signed.



## 1995

January

The WTO is born on 1 January.

May

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



## 1996

December

First Ministerial Conference takes place in Singapore.



## 1997

December

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



## 1998

May

Second Ministerial Conference takes place in Geneva.



## 1999

September

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



November

Third Ministerial Conference takes place in Seattle, US.

## 2000

January

Negotiations begin on services.

March

Negotiations begin on agriculture.



## 2001

November

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



## 2002

September

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





## 2003

September

Fifth Ministerial Conference takes place in Cancún, Mexico.



## 2005

September

Pascal Lamy (France) becomes WTO Director-General.



December

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

## 2006

September

First WTO Public Forum takes place in Geneva.



## 2007

January

Viet Nam becomes the WTO's 150<sup>th</sup> member.

November

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



## 2009

April

DG Pascal Lamy reappointed for second term of four years.

September

First WTO Open Day in Geneva.

November

Seventh Ministerial Conference takes place in Geneva.



## 2010

January

"Chairs Programme" launched to support developing country universities.



WTO  
CHAIRS  
PROGRAMME

## 2011

December

Eighth Ministerial Conference takes place in Geneva.



## 2012

August

Russia becomes the WTO's 156<sup>th</sup> member.



## 2013

September

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



December

Ninth Ministerial Conference takes place in Bali, Indonesia. "Bali Package" adopted.



## 2014

April

Revised WTO Agreement on Government Procurement comes into force.

June

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



November

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



## A year in review



Events of 2014	12
----------------	----

Our year	14
----------	----

Trade negotiations	15
--------------------	----

Implementation and monitoring	16
-------------------------------	----

Dispute settlement	17
--------------------	----

Building trade capacity	18
-------------------------	----

Outreach	19
----------	----

# Events of 2014

## • January

- Director-General Azevêdo attends World Economic Forum in Davos, Switzerland.



## • February

- Latest trade monitoring report shows that global trade growth is recovering but restrictions are on the rise.



## • April

- Revised WTO Agreement on Government Procurement comes into force.



## • May

- WTO Chairs Programme expanded to include seven new academic institutions.



## • June

- Yemen becomes the 160<sup>th</sup> WTO member.



## • July

- Launch of new WTO Trade Facilitation Agreement Facility for developing countries.



## • September

- WTO appoints Shree B. C. Servansing as a new member of the Appellate Body.



## October

- 2014 Public Forum, entitled "Why trade matters to everyone", takes place at WTO.



- WTO launches 2014 World Trade Report, entitled *Trade and development: recent trends and the role of the WTO*.



- Montenegro and New Zealand conclude negotiations to join the WTO's Agreement on Government Procurement.



## November

- General Council adopts a number of important decisions to bring post-Bali negotiations back on track.



- Trade Facilitation Agreement is approved, the first multilateral trade agreement to be concluded since the WTO was established.
- Trade Facilitation Agreement Facility for developing countries becomes operational.



- DG Azevêdo attends the G20 meeting of world leaders in Brisbane, Australia.



## December

- General Council approves the Seychelles' WTO membership.



- Nairobi, Kenya, is announced as host of the Tenth WTO Ministerial Conference in December 2015.



- Hong Kong, China is the first WTO member to formally ratify the WTO's new Trade Facilitation Agreement.
- Extension of the Enhanced Integrated Framework for poorest countries is approved.





# Our year

WTO work focused on implementing the decisions taken at the 2013 Bali Ministerial Conference and on advancing the remaining Doha Round issues. After a mid-year setback, WTO members succeeded in getting trade negotiations back on track by approving at the end of the year a number of important decisions relating to public stockholding for food security purposes, trade facilitation and the post-Bali work programme.

Good progress was made in implementing the Bali decisions related to the least-developed countries, while a new facility was launched to help developing and least-developed countries implement the newly approved Trade Facilitation Agreement.

Earlier in the year, Yemen became the WTO's 160<sup>th</sup> member, while Seychelles' accession package was approved in December, paving the way for it to become the WTO's newest member in April 2015. The General Council decided that Nairobi, Kenya, will host the WTO's Tenth Ministerial Conference in December 2015.







3

**WTO members adopted three important decisions at a special meeting of the General Council on 27 November.**

A year in review

## > Trade negotiations

The success achieved at the WTO's Ninth Ministerial Conference, held in Bali in December 2013, provided new impetus for work on the Doha Development Agenda (DDA) in 2014. The Trade Negotiations Committee (TNC) met in February to kick-start work on the two tasks that resulted from Bali: the implementation of the decisions and agreements reached (the "Bali Package") and preparation of a work programme on the remaining DDA issues.

The most immediate deadlines set by ministers in Bali were for WTO members to adopt by 31 July 2014 the protocol to insert the Trade Facilitation Agreement (TFA) into the WTO's legal framework and to prepare a clearly defined work programme on the remaining DDA issues by the end of 2014.

As the July deadline approached, some WTO members raised concerns with the pace of work in trade facilitation relative to the other areas of the Bali Package, including discussions on a permanent solution for public stockholding for food security purposes. Despite extensive efforts, members failed to bridge their differences and, as a consequence, did not adopt the protocol by the deadline of end-July.

An intensive process of consultations started immediately after the summer break to try and find a solution to the impasse. Consultations involved WTO members, chairs of regular and negotiating bodies, the Director-General as TNC Chair, and the General Council Chair.

### **Breakthrough**

After intense discussions, WTO members finally adopted three decisions at a special meeting of the General Council on 27 November: on public stockholding for food security purposes, on the protocol of amendment to insert the TFA into the WTO Agreement, and on the post-Bali work programme.

On public stockholding, members committed to set a timeline of December 2015 to find a permanent solution to this issue. A peace clause remains in force until a permanent solution is found. On trade

facilitation, the insertion of the TFA into the WTO Agreement allowed the process of ratification to begin. At the same time, the Trade Facilitation Agreement Facility entered into force to help developing countries implement the newly approved Agreement. On post-Bali work, members agreed to resume work immediately and engage constructively on the implementation of all Bali decisions and to extend the deadline for the post-Bali work programme to July 2015.

The adoption of the General Council decisions put WTO work back on track. At the December General Council meeting, the TNC Chair reported on the resumed activities of the negotiating groups and announced that work will continue in 2015 and intensify as necessary. He welcomed members' re-engagement and highlighted a number of "ingredients" that, in his view, would be critical to a successful outcome. These included maintaining a sense of urgency, being pragmatic and focusing on what is doable, maintaining a high degree of engagement from all delegations, including in capitals, maintaining broad engagement beyond the core issues of agriculture, industrial goods and services, and ensuring that the needs of developing countries remain central to the negotiations.

### **Government Procurement Agreement**

Earlier in the year, the revised WTO Agreement on Government Procurement entered into force after two-thirds of its parties accepted the amendment protocol. The revised agreement is expected to add US\$ 80-100 billion to parties' market access commitments.



See pages 28-43.

## ➤ Implementation and monitoring

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

Following intensive work, the General Council held a special meeting in November to adopt decisions on trade facilitation, public stockholding for food security purposes, and post-Bali work. A new facility entered into force at the same time to help developing countries implement the newly approved Trade Facilitation Agreement (see page 15).

In December, the General Council approved the accession package of Seychelles, paving the way for WTO membership in 2015, and decided that the Tenth Ministerial Conference will be held in Nairobi, Kenya, from 15 to 18 December 2015.

### Work in WTO committees

The Committee on Agriculture examined how countries are complying with their commitments on subsidies and market access. It was also tasked with implementing several of the outcomes from the 2013 Bali Ministerial Conference, including on export competition, such as export subsidies, and on tariff rate quotas.

The Sanitary and Phytosanitary Measures (SPS) Committee, which deals with issues surrounding food safety and animal and plant health, adopted a new mediation procedure to help WTO members settle their differences on specific SPS measures. Members submitted a record 1,633 notifications of new or changed food safety, animal or plant health regulations that will have an effect on international trade. The number was up 25 per cent on the previous year.

The number of new "specific trade concerns" raised in the Technical Barriers to Trade (TBT) Committee on issues such as labelling requirements and safety-related regulations was the highest since 1995, with developing countries increasingly active in airing concerns.

### Least-developed countries

The Committee on Rules of Origin agreed on steps to implement the Bali ministerial decision on preferential rules of origin for least-developed countries (LDCs). As a result of the Bali decision, governments will have for the first time a set of multilaterally agreed guidelines, which, if implemented, should help make it easier for LDC exports to qualify for preferential market access.

Much of the Services Council's work in 2014 was devoted to implementing a key Bali decision in support of LDCs, the services waiver, which enables WTO members to grant more favourable treatment to services and service suppliers of LDCs and to enhance their participation in world services trade (see page 18).

### Trade monitoring

The WTO conducted 13 Trade Policy Reviews in 2014 to examine the trade policies and practices of 21 WTO members.

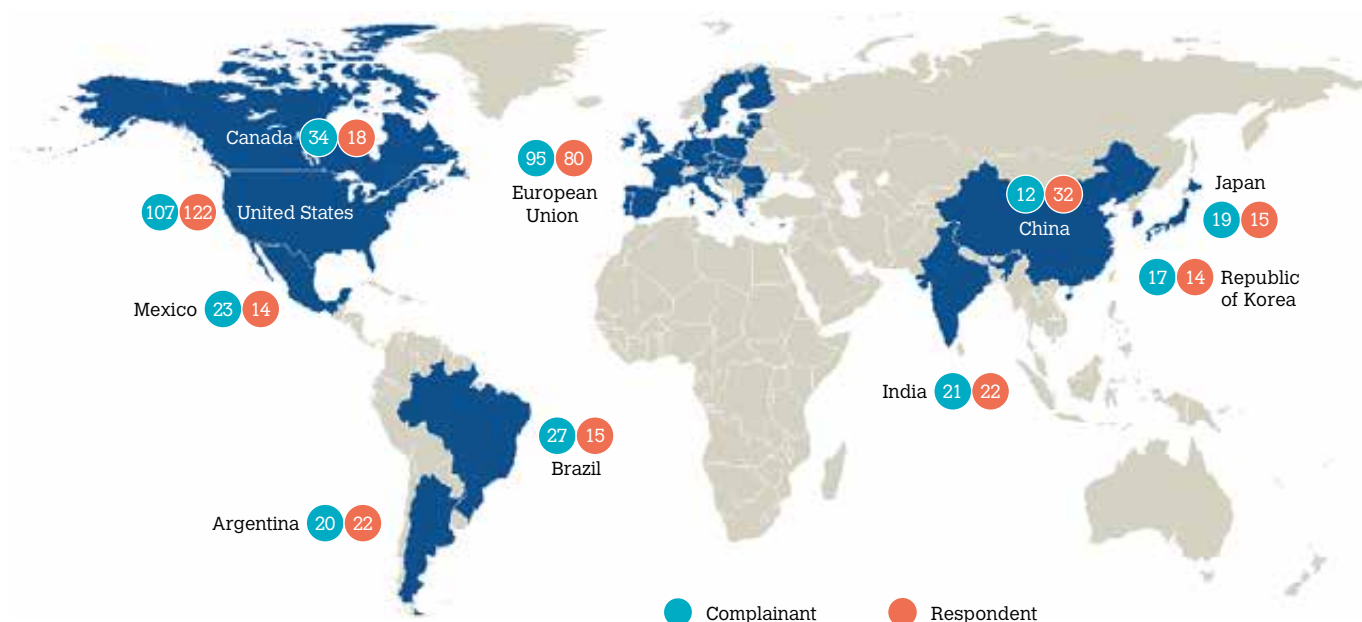
The WTO Secretariat's trade monitoring reports showed that there was a continued increase in the stock of new trade-restrictive measures in 2014, and stressed the need for countries to show restraint in imposing new measures. WTO economists reported world trade growth of 2.8 per cent in 2014 and forecast 3.3 per cent growth for 2015.

🔍 See pages 44-89.

### Trade Policy Reviews in 2014



## WTO members most involved in disputes, 1995 to 2014



## > Dispute settlement

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

### One of the most active years since 1995

Dispute settlement had one of its most active years in 2014 since the inception of the WTO in 1995, with 34 active panel, compliance and arbitration proceedings and six appeals. The DSB received 14 requests for consultations – the first stage in the dispute settlement process – and established 13 panels. Although the number of requests was less than in the previous two years (27 and 20, respectively), 40 active disputes were already proceeding through adjudication, whether before the Appellate Body, panels or in arbitration. During the year, the Appellate Body heard seven appeals and issued reports on five of them.

Developing countries initiated five of the 14 new requests for consultations filed in 2014, compared with nine requests initiated by developed countries. The European Union made five requests for consultations – including three with Russia – making it the most active WTO member in 2014.

As of 31 December 2014, nine panel reports had been circulated during the year, of which five had been appealed. Three panel reports are pending either appeal to the Appellate Body or adoption by the

DSB, and one panel report was adopted by the DSB without being appealed. Of the nine reports circulated, five were in the area of trade remedies (safeguards, anti-dumping etc.), highlighting the increasing number of disputes in this area.

A highly anticipated dispute against Australia's tobacco plain packaging requirements got under way. Five WTO members are challenging Australia's plain packaging requirements for tobacco products and 41 members have registered their interest in participating in the dispute as third parties, making it the largest dispute ever brought before the dispute settlement system in terms of member participation.

Requests for compliance panels, whereby WTO members challenge measures taken to comply with previous rulings, increased in 2014. The DSB referred three requests for compliance panels back to the panels that had originally adjudicated the disputes. This was in addition to the two large civil aircraft compliance panels (involving Airbus and Boeing), where proceedings were already under way prior to 2014.

The upsurge in dispute settlement activity continued to present challenges for the three dispute settlement divisions (Legal Affairs Division, Rules Division and the Appellate Body Secretariat) as well as for translation services. In response, the Director-General reallocated resources within the WTO Secretariat to provide 15 additional posts to support these divisions.

### New Appellate Body member

In September, a new member – Shree Baboo Chekitan Servansing of Mauritius – was appointed to the seven-member Appellate Body for a four-year term.

 See pages 90-107.

✓  
**488** 

**488 disputes had been brought to the WTO by the end of 2014.**



324

The WTO undertook 324 technical assistance activities in 2014, up from 279 in 2013.

## ➤ Building trade capacity

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

### Implementation of Bali decisions

In 2014, the Committee on Trade and Development implemented a number of decisions taken at the Ninth Ministerial Conference in Bali, including holding a first session on the monitoring mechanism on special and differential (S&D) treatment for developing countries, as agreed in Bali at the end of 2013. The mechanism acts as a focal point for reviewing the implementation of S&D provisions in WTO agreements and decisions. Such provisions range from increasing trade opportunities to granting longer transition periods for the implementation of WTO agreements and providing technical assistance. As agreed by ministers in Bali, the Committee continued an annual review of steps taken by WTO members to provide duty-free and quota-free market access to least-developed countries (LDCs).

In July, LDCs submitted a collective request identifying the services sectors and modes of export of interest to them. In the wake of this, the Services Council held a meeting in February 2015, at which over 25 WTO members indicated services sectors and modes of supply from LDCs to which they would give preferential treatment.

A Trade Facilitation Agreement Facility entered into force in November to help developing and least-developed countries implement the newly approved Trade Facilitation Agreement. For the first time in WTO history, the commitments of developing and least-developed countries are linked to their capacity to implement the Agreement.

### Global trade growth in LDCs

The WTO Secretariat's annual report on global trends in LDC trade and market access showed that LDC exports of goods and commercial

services rebounded 6.0 per cent, more than twice the world average, in 2013. However, the participation of LDCs in global trade remained marginal, at 1.23 per cent, and the overall participation of LDCs in world exports of commercial services remained low, at 0.7 per cent.

### Aid for Trade

Aid for Trade flows to developing countries rebounded in 2012, the latest year for which figures are available, with commitments rising 21 per cent after sliding 14 per cent in the previous year. Africa was the region that benefited most. WTO members discussed preparations for the Fifth Global Review of Aid for Trade, to be held from 30 June to 2 July 2015.

The trade programme for the poorest countries – the Enhanced Integrated Framework (EIF) – continued to grow in 2014, with a rise in the number of active projects in EIF countries. The EIF Steering Committee agreed to extend the framework's programme into a second phase, from 2016 to 2022, when the first phase ends in 2015.

### Training programme

The WTO increased its training programme for government officials, undertaking 324 technical assistance activities in 2014, compared with 279 in 2013. These training activities covered virtually all WTO-related subjects, from general courses on the WTO to more specialized courses on topics such as agriculture and intellectual property. LDCs benefited from nearly half of all technical assistance activities. The number of participants continued to rise, reaching more than 15,000 in 2014, due partly to the growing use of the WTO's e-learning resources.



See pages 108-123.





✓  
DG Azevêdo and UN Secretary General Ban Ki-moon at the opening session of the 2014 Public Forum.

## > Outreach

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

### Public Forum

The major outreach event of the year was the Public Forum, which attracted 1,064 participants, a 16 per cent increase on 2013. Participants came from more than 120 countries. The United Nations Secretary General Ban Ki-moon gave the keynote speech at the opening session. The theme of the Forum was "Why trade matters to everyone". Attendees included NGOs as well as representatives from the business community and international organizations.

The WTO held two regional workshops for NGOs in 2014: in Bangkok, Thailand; and in Nairobi, Kenya. Journalists and business representatives also attended these workshops.

### Reaching out to a variety of audiences

The European Parliament's Committee on International Trade met DG Azevêdo in 2014 to discuss the post-Bali agenda. A parliamentary session on the theme was also held at the Public Forum. The WTO Secretariat organized two regional workshops for parliamentarians: in Kuwait, for MPs from African Arab countries; and in Panama, for MPs from Latin America.

The WTO continued to cooperate with a variety of intergovernmental organizations in 2014. DG Azevêdo attended the spring meeting of the UN Chief Executives Board, which brings together the heads of UN agencies, the International Monetary Fund and the World Bank. In meetings with UN Secretary-General Ban Ki Moon and other UN officials, DG Azevêdo emphasized the positive role played by trade in sustainable growth and stressed the need for this to be reflected in international sustainable development targets under discussion.

Together with the United Nations Conference on Trade and Development and the Organisation for Economic Co-operation and Development, the WTO published two reports on trade and investment developments in the G20 economies. The November report urged the G20 to take decisive action to reduce its stock of trade restrictions and to show restraint in the imposition of new restrictions. DG Azevêdo attended the G20 Summit in Brisbane, Australia, in November.

More press briefings were held in Geneva in 2014 than the year before. A total of 38 briefings and four press conferences were held. The WTO held a seminar for Spanish-speaking journalists and a regional workshop for journalists from Russia, Kazakhstan and Ukraine at WTO headquarters.

The WTO continued to build its relations with business. Close to 150 business representatives attended the Public Forum, and businesses organized a total of 15 sessions. There was also increased private sector participation in the WTO's regional seminars.

In May, the WTO launched the second phase of the Chairs Programme, which supports and promotes trade-related academic activities by universities and research institutions in developing countries, with the selection of seven new chairs.

### Website and social media

The WTO website received an increasing number of visitors, with page views rising 5 per cent in 2014. The site attracts over 1.9 million monthly visits. The number of followers of WTO social media pages, Facebook and Twitter, soared and subscription to the WTO channel on YouTube also increased significantly.



See pages 124-149.



## Membership

- > Yemen joined the WTO in June 2014, raising the WTO membership to 160.
- > In December, the General Council adopted the accession terms of Seychelles, clearing the way for the country to join the WTO in April 2015.
- > WTO membership accounts for 98 per cent of world trade compared with 91 per cent in 1995.

Joining the WTO	22
Welcoming new members	24
A global membership	26

# Joining the WTO

**Yemen joined the WTO in June 2014, raising the WTO membership to 160. In December, the General Council adopted the accession terms of Seychelles, clearing the way for the country to join the WTO in April 2015. A number of other aspiring members made progress with their accessions. The WTO strengthened its technical assistance programme for acceding governments.**

On 26 June 2014, Yemen became the 160<sup>th</sup> WTO member, closing a 13-year long chapter of negotiating its accessions terms with WTO member countries. On 10 December 2014, the General Council approved the accession of Seychelles, paving the way for it to become the WTO's newest member in April 2015, following ratification of the deal (see page 24). This accession brings the WTO another step nearer its goal of universal membership.

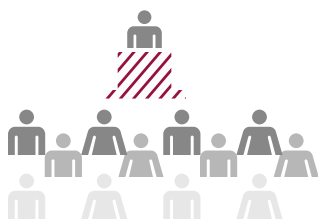
Director-General Roberto Azevêdo issued the Sixth Annual Report on WTO Accessions in November 2014. The report provides detailed information on the work on WTO accessions, the benefits of WTO membership, policy issues and challenges, and on the post-accession performance of countries that have joined since the establishment of the WTO in 1995. Through accessions, the WTO has expanded its world trade coverage from 91 per cent in 1995 to 98 per cent in 2014, according to the report.

## Background on 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 interested, individual trading partners on guaranteed minimum levels of access to their domestic markets for goods and services. It can take many years to become a WTO member because it 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.

## > Stepping up technical assistance

Technical assistance was strengthened in 2014, with acceding governments invited to participate in over 120 technical assistance events (see page 122), up from over 100 events in 2013.



# 161

**The WTO has 161 members following the accession of Yemen in June 2014 and Seychelles in April 2015.**

The WTO Secretariat continued with the implementation of China's Least-Developed Countries and Accessions Programme (also known as the China Programme). The programme aims to assist acceding least-developed countries (LDCs) and strengthen LDC members' participation in the WTO. As part of the China Programme, five interns (from China, Kazakhstan, Liberia, Nigeria and Uganda) were selected in 2014 to participate in the internship scheme at the WTO Secretariat.

The International Trade Centre (ITC) and the WTO Secretariat continued their work under the joint ITC-WTO programme in support of the private sector in acceding developing countries and LDCs. Working Party chairs visited several acceding governments to meet key domestic stakeholders to promote outreach, answer questions and improve understanding of WTO membership. The Accessions Division also undertook briefings for newly designated Working Party chairs and new delegates as well as workshops for parliamentarians and civil society.

Regular meetings of the Informal Group on Accessions, the WTO accessions newsletter, the Director-General's Annual Report on WTO Accessions and the annual accessions' outreach dialogue with WTO groupings all served to further enhance transparency. In 2014, this dialogue included the Informal Group of Developing Countries, the Latin American and Caribbean Group, the African Group and the Asian Group of Developing Members.



## Membership of the WTO

### 160 members (as of 31 December 2014)<sup>1</sup>

Member <sup>2</sup>	Year of accession	Member <sup>2</sup>	Year of accession	Member <sup>2</sup>	Year of accession
Albania	2000	Hong Kong, China	1995	Saudi Arabia, Kingdom of	2005
Angola	1996	Hungary	1995	Senegal	1995
Antigua and Barbuda	1995	Iceland	1995	Sierra Leone	1995
Argentina	1995	India	1995	Singapore	1995
Armenia	2003	Indonesia	1995	Slovak Republic	1995
Australia	1995	Ireland	1995	Slovenia	1995
Austria	1995	Israel	1995	Solomon Islands	1996
Bahrain, Kingdom of	1995	Italy	1995	South Africa	1995
Bangladesh	1995	Jamaica	1995	Spain	1995
Barbados	1995	Japan	1995	Sri Lanka	1995
Belgium	1995	Jordan	2000	Suriname	1995
Belize	1995	Kenya	1995	Swaziland	1995
Benin	1996	Korea, Republic of	1995	Sweden	1995
Bolivia, Plurinational State of	1995	Kuwait, the State of	1995	Switzerland	1995
Botswana	1995	Kyrgyz Republic	1998	Chinese Taipei	2002
Brazil	1995	Latvia	1999	Tajikistan	2013
Brunei Darussalam	1995	Lao People's Democratic Republic	2013	Tanzania	1995
Bulgaria	1996	Lesotho	1995	Thailand	1995
Burkina Faso	1995	Liechtenstein	1995	Former Yugoslav Republic of Macedonia (FYROM)	2003
Burundi	1995	Lithuania	2001	Togo	1995
Cambodia	2004	Luxembourg	1995	Tonga	2007
Cameroon	1995	Macao, China	1995	Trinidad and Tobago	1995
Canada	1995	Madagascar	1995	Tunisia	1995
Cabo Verde	2008	Malawi	1995	Turkey	1995
Central African Republic	1995	Malaysia	1995	Uganda	1995
Chad	1996	Maldives	1995	Ukraine	2008
Chile	1995	Mali	1995	United Arab Emirates	1996
China	2001	Malta	1995	United Kingdom	1995
Colombia	1995	Mauritania	1995	United States of America	1995
Congo	1997	Mauritius	1995	Uruguay	1995
Costa Rica	1995	Mexico	1995	Vanuatu	2012
Côte d'Ivoire	1995	Moldova, Republic of	2001	Venezuela, Bolivarian Republic of	1995
Croatia	2000	Mongolia	1997	Viet Nam	2007
Cuba	1995	Montenegro	2012	Yemen	2014
Cyprus	1995	Morocco	1995	Zambia	1995
Czech Republic	1995	Mozambique	1995	Zimbabwe	1995
Democratic Republic of the Congo	1997	Myanmar	1995		
Denmark	1995	Namibia	1995		
Djibouti	1995	Nepal	2004		
Dominica	1995	Netherlands	1995		
Dominican Republic	1995	New Zealand	1995		
Ecuador	1996	Nicaragua	1995		
Egypt	1995	Niger	1996		
El Salvador	1995	Nigeria	1995		
Estonia	1999	Norway	1995		
European Union	1995	Oman	2000		
Fiji	1996	Pakistan	1995		
Finland	1995	Panama	1997		
France	1995	Papua New Guinea	1996		
Gabon	1995	Paraguay	1995		
The Gambia	1996	Peru	1995		
Georgia	2000	Philippines	1995		
Germany	1995	Poland	1995		
Ghana	1995	Portugal	1995		
Greece	1995	Qatar	1996		
Grenada	1996	Romania	1995		
Guatemala	1995	Russian Federation	2012		
Guinea	1995	Rwanda	1996		
Guinea-Bissau	1995	Saint Kitts and Nevis	1996		
Guyana	1995	Saint Lucia	1995		
Haiti	1996	Saint Vincent and the Grenadines	1995		
Honduras	1995	Samoa	2012		

#### Countries that officially became WTO members in 2014

	Date of formal WTO membership
Yemen	26 June 2014

#### Countries that completed their WTO accession negotiations in 2014

	Date of approval of accession package <sup>1</sup>
Seychelles	10 December 2014

<sup>1</sup> Seychelles became the WTO's 161<sup>st</sup> member in April 2015 following the ratification of its accession package.

<sup>2</sup> Members are mostly states but can also be customs territories with full autonomy over their external commercial relations.

# Welcoming new members

**On 10 December, the General Council approved the accession package of Seychelles after 18 years of negotiations. Following ratification of the accession protocol, Seychelles became the WTO's newest member in 2015. The terms and conditions contain commitments covering all WTO rules.**

The WTO accession process promotes the integration of new members into the global economy subject to binding and enforceable trade rules. Seychelles undertook to liberalize its trade regime and accelerate its integration into the world economy. Seychelles' accession package contains specific commitments binding it to WTO rules and includes, where necessary, specific transition periods which have been negotiated to respond to particular needs in a given area. It contains negotiated concessions and commitments on market access for goods and services.

Seychelles became a WTO member on 26 April 2015, 30 days after it notified the WTO of its acceptance of the accession terms and conditions. It joined the Information Technology Agreement (ITA) (see page 64) upon accession and will initiate negotiations to accede to the Government Procurement Agreement (see page 43) within 12 months of its WTO membership.

At the 10 December General Council meeting, Seychelles' Minister of Finance, Trade and Investment, Pierre Laporte declared: "WTO membership will bring immense benefits to our economy, from businesses to consumers. The Seychelles Government and its people have been looking forward for so long to be part of this international family." He added: "The reforms that we had to undertake during the accession process have already brought about important benefits. Our laws and policies are now at par with best international standards and our private sector has already begun to reap the benefits of a more predictable and transparent trading system."

Our country now has a platform which provides us as a small island nation with an equal opportunity as our large counterparts, to make our voice heard on trade issues. Seychelles will increase its visibility on the international stage."

Director-General Roberto Azevêdo paid special tribute to the Government of Seychelles for sending "a clear signal to all its trading partners that it is ready to engage fully in the multilateral trading system and in the global economy. Seychelles' accession is another sign of the continued importance of the multilateral trading system."

During the accession process, WTO members worked with Seychelles to adapt its trade laws to WTO rules and train its government officials. WTO members are committed to continue to provide Seychelles with required technical assistance in its post-accession process.

✓  
**18 years**

**In December 2014, the General Council approved the accession package of Seychelles after 18 years of negotiations.**



### Seychelles



#### Accession Working Party report

Number of paragraphs 423

Paragraphs with commitment language 40

#### Market access for goods

Average final bound tariff rates:

All goods 9.5%

Agricultural goods 16.9%

Non-agricultural goods 8.3%

#### Market access for services

Sectors 11

Sub-sectors 97

•



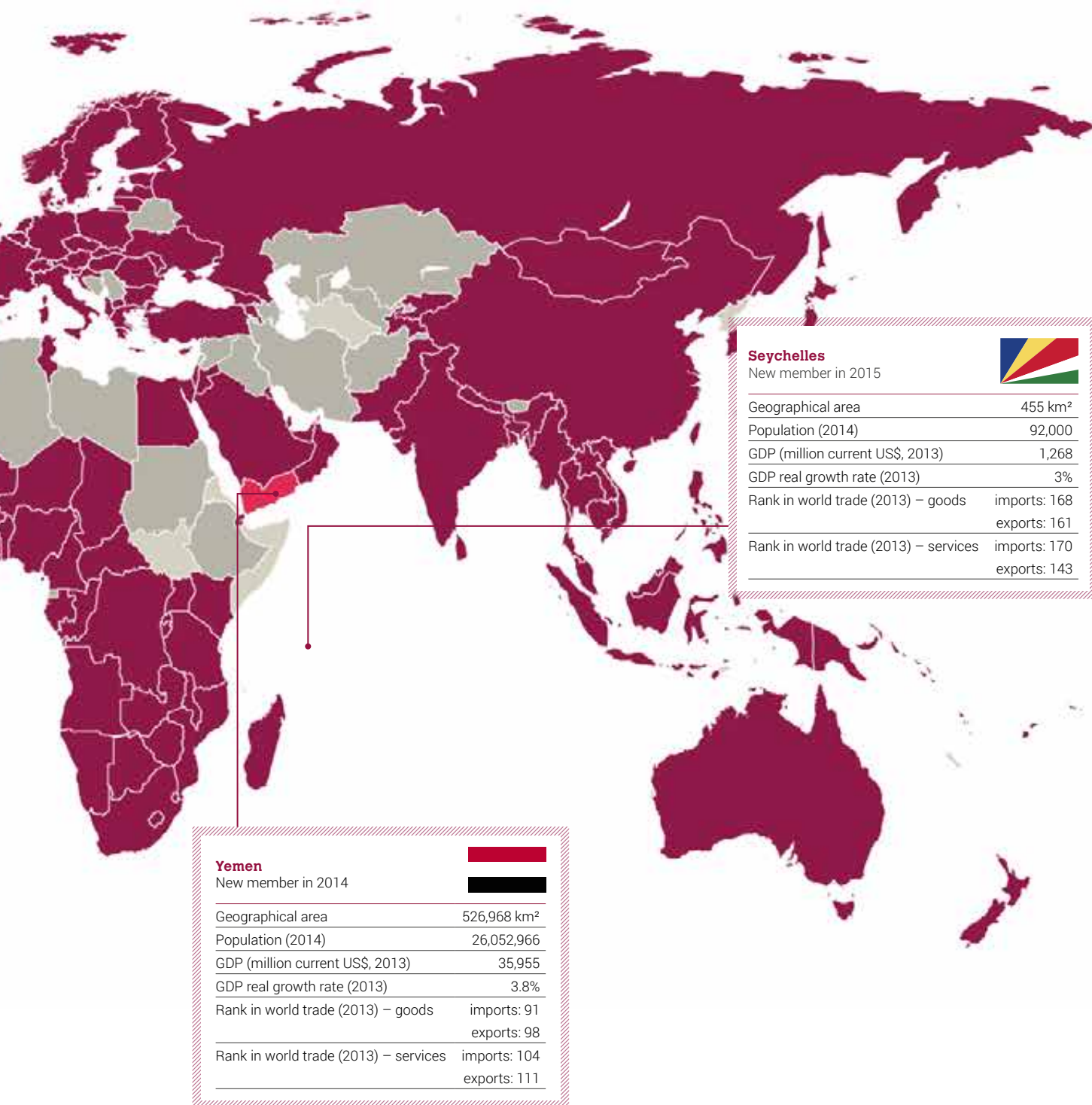
# A global membership



Yemen, a least-developed country (LDC), joined the WTO in June 2014, becoming the organization's 160<sup>th</sup> member. Seychelles' accession package was approved in December 2014, paving the way for it to become the WTO's newest member in April 2015 (see pages 24-25). The WTO now accounts for 98 per cent of global trade, compared with 91 per cent in 1995 when the WTO was established.

- WTO members
- New members in 2014
- Observers
- Non-members





Source: WTO



## Trade negotiations

- > The success achieved at the WTO's Ninth Ministerial Conference in December 2013 provided new impetus for work on the Doha Development Agenda in 2014.
- > Following a mid-year setback, WTO members adopted important decisions in November on public stockholding for food security purposes, trade facilitation, and the post-Bali work programme, bringing trade negotiations back on track.
- > The revised WTO Agreement on Government Procurement entered into force in April after two-thirds of its parties accepted the amendment protocol. The revised agreement is expected to add US\$ 80-100 billion to parties' market access commitments.

<b>Doha Development Agenda</b>	<b>30</b>
Doha Round negotiations in 2014	30
Agriculture	32
Market access for non-agricultural products	33
Services	34
Trade-related aspects of intellectual property rights (TRIPS)	36
Trade and development	37
Trade and transfer of technology	38
Trade and environment	39
Trade facilitation	39
WTO rules	41
Dispute Settlement Understanding	42
<b>Revised Government Procurement Agreement</b>	<b>43</b>

#### Background on trade negotiations

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

# Doha Development Agenda

At the WTO's Fourth Ministerial Conference in Doha, Qatar, in November 2001, WTO members agreed to launch a new round of trade negotiations. They also agreed to work on other issues, in particular the implementation of the current WTO agreements. The entire package is called the Doha Development Agenda. The negotiations take place in the Trade Negotiations Committee (TNC) and its subsidiaries, which are regular councils and committees meeting in special session or specially created negotiating bodies. The negotiating bodies report to the TNC, which supervises the overall conduct of their work.

## ➤ Doha Round negotiations in 2014

The success achieved at the WTO's Ninth Ministerial Conference, held in Bali in December 2013, provided new impetus for work on the Doha Development Agenda (DDA) in 2014. The so-called Bali Package – a range of decisions covering trade facilitation, some agriculture issues, cotton and a number of other decisions to help least-developed countries (LDCs) trade – was welcomed as an historic landmark for the WTO and an important stepping stone for the conclusion of the Doha Round. The agreements reached in Bali were hailed as evidence that the WTO can deliver negotiated outcomes that benefit the global economy and, especially, developing and least-developed countries.

To build on the political momentum generated by the Bali success, ministers instructed the Trade Negotiations Committee (TNC) to prepare a clearly defined work programme on the remaining DDA issues by the end of 2014, building on the decisions they had taken in Bali and on other issues under the Doha mandate that are central to the conclusion of the Round. The most immediate deadline set by ministers for WTO members was to adopt by 31 July 2014 the protocol to insert the Trade Facilitation Agreement (TFA) into the WTO's legal framework and open it for acceptance.

## ➤ Post-Bali work begins

In line with the ministerial mandate, the TNC met in February 2014 to kick-start work on the two tasks that resulted from Bali: the implementation of the decisions and agreements reached and preparation of a work programme on the remaining DDA issues. The Bali decisions were considered an important credibility test for the system. A lot of the work falls outside the TNC. But to ensure coherence and progress across all areas, Director-General Roberto Azevêdo, as Chair of the TNC, and the General Council Chair acted in concert to monitor and report on developments (see pages 46-8).

Regarding the preparation of a post-Bali work programme by the end of 2014, the TNC Chair and the negotiating group chairs started a dialogue with members on issues that might be taken forward and that would help find a path towards the conclusion of the Round. This consultative process continued in different formats and configurations with the aim of trying to identify the elements that could form part of the work programme.

It became increasingly clear that agriculture, non-agricultural market access (NAMA) and services were core. Some parameters also emerged to help frame the discussion. These included the centrality of development, focusing on doable outcomes, recognizing that the main issues in the DDA are interconnected, being creative and open-minded, inclusiveness and transparency, and maintaining a sense of urgency. The Director-General, as TNC Chair, asked members to be realistic. He told them that "this is not the round to end all rounds. [...] It is a step in the continuous process of trade liberalization. [...] We should be in a position to make some progress in most – or all – areas of the DDA negotiations. Let's put everything on the table and see how far we can go in each area of the negotiations."

## ➤ An unexpected, but temporary, setback

The intention was for members to have made substantial progress by the summer break. However, as the deadline approached, some members raised concerns with the pace of work in trade facilitation relative to the other areas of the Bali package, including discussions on a permanent solution for public stockholding for food security purposes. The adoption of the TFA Protocol was politically linked to progress in this area, for which ministers had set a deadline of 2017. Despite intensive efforts, members failed to bridge their differences and, as a consequence, did not adopt the protocol by the July deadline.

These events had a freezing effect on the post-Bali work, including the preparation of a work programme for the conclusion of the DDA.





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

At an informal TNC meeting on 31 July, the Chair invited members to consider the next steps under these changed circumstances.

An intense process of consultations started immediately after the summer break to try and find a solution to the impasse. Consultations involved members, chairs of regular and negotiating bodies, the TNC Chair and the General Council Chair. The issue facing members was how to implement the Bali decisions and develop a post-Bali work programme, if no solution emerged with regard to the interplay between the trade facilitation protocol and the public stockholding issue.

## > A breakthrough

In November, an understanding reached on public stockholding and trade facilitation provided the opportunity to break the impasse. The TNC Chair and the Chair of the General Council conducted further consultations with delegations to try and translate this bilateral understanding into an agreement acceptable to all members. After intense consultations and discussions, members adopted three decisions at a special meeting of the General Council on 27 November: on public stockholding for food security purposes, on the protocol of amendment to insert the Trade Facilitation Agreement into Annex 1A of the WTO Agreement, and on post-Bali work to resume work immediately and extend the deadline for the post-Bali work programme to July 2015.

On public stockholding, members committed to an accelerated timeframe and set a timeline of December 2015 to find a permanent solution to this issue. A peace clause remains in force until a permanent solution is found. Under the peace clause, members undertake not to challenge support provided for traditional staple food crops in pursuance of public stockholding programmes for food security purposes existing as of the date of the Bali decision, as long

as certain conditions are met. On trade facilitation, the insertion of the TFA into the WTO Agreement allowed the process of ratification to begin. On post-Bali work, members agreed to resume work immediately and engage constructively on the implementation of all Bali decisions and to extend the deadline for the post-Bali work programme to July 2015 (see pages 46-7).

## > Negotiations on a post-Bali work programme restart

The adoption of these decisions put work back on track, both on implementation and on the preparation of a post-Bali work programme. Given the urgency of the task ahead, the Chair asked negotiating group chairs to restart work immediately, so as to prepare the ground for intensified work from January 2015.

At the December General Council meeting, the TNC Chair reported on the resumed activities of the negotiating groups. He welcomed members' re-engagement and highlighted a number of "ingredients" that, in his view, would be critical to a successful outcome. These were: maintain a sense of urgency, be reasonable and pragmatic and focus on what is doable, and there must be a high degree of engagement from all delegations, including in capitals, so as to be ready to make important political calls. Finally, engagement needs to be broad and the needs of developing countries must remain central to the negotiations. While agriculture, NAMA and services continue to be the core issues, members need to be fully engaged outside these core areas as well.

The Chair announced that work will continue in 2015 and intensify as necessary. He said that 2015 is going to be a big year for the WTO and encouraged delegations to ensure that it will be a year to remember.

## Agriculture

**In the first half of 2014, the agriculture negotiations focused on developing a work programme for completing the agriculture part of the Doha Round, as instructed by the Bali Ministerial Declaration. Members gave priority to issues where legally binding outcomes could not be achieved in Bali, for example in export competition and cotton. Work was effectively suspended for much of the second half of the year by an impasse in the negotiations. Work resumed in December after this impasse was resolved by the General Council in November.**

During the first half of the year, the Chair held informal consultations in a variety of configurations to clarify the perspectives that members had on the way forward for the work programme in agriculture. It was clear that all elements within the Doha Development Agenda (DDA) agriculture framework are inter-related and they will need to be dealt with as an overall package.



✓  
**Ambassador John Adank chaired the agriculture negotiations in 2014.**

Export competition (export subsidies and export measures with equivalent effect) was considered to be an area where members have a well-developed idea of the potential landing zone for agreement. Domestic support and market access pillars were areas requiring more in-depth discussion. To take these discussions forward, the Chair circulated on 15 July a set of questions about members' views on these two pillars; some initial reactions to these questions were provided during an informal meeting on 23 July.

The meeting focused on whether the present draft negotiating text, which dates from 2008, should continue to be the centrepiece of the negotiations. Some negotiating groups, notably the G33 group of developing-country food importers, said that it should. Others said that although the document remained the most suitable basis for continuing talks, they were open to alternative approaches. A few members said that the draft, known as "Rev.4", was too complex.

The Secretariat held two technical workshops (on domestic support and on market access) following a request by some members, to help deepen understanding at the technical level of issues that had come up in the course of the negotiations.

However, after the stalemate reached in July 2014 due to some members' concerns with the pace of work in trade facilitation relative to other areas of the Bali Package, including the public stockholding for food security issue (see page 46), all efforts focused on finding a solution to this problem. A solution was found (see below) and adopted by the General Council in November 2014, at which point the General Council also called for an immediate resumption of work on the implementation of all Bali ministerial decisions, including on a clearly defined work programme for the remaining DDA issues. The General Council set July 2015 as the new deadline for agreeing the work programme. The Committee on Agriculture special session met in December to resume agriculture negotiations.

### ➤ Public stockholding for food security purposes

In December 2013 in Bali, ministers agreed to protect developing countries' public stockholding programmes for food security purposes on a temporary basis against any legal challenge under domestic support provisions of the Agreement on Agriculture. This was a compromise aimed at addressing both the food security concerns of the proponent countries and the concerns of those who feared that without any disciplines, the food that is stockpiled and later released could depress prices and affect farmers' incomes and food security in other countries. A permanent solution was to be found by 2017.

Early in 2014, some members objected that the timeline for a permanent solution was too long. The disagreement over the timing eventually led in July to the freezing of virtually all negotiations under the DDA. Finally the General Council reached an agreement in late November that stated that members will strive for a permanent solution on food stockpiling by December 2015. Members also clarified that the permanent solution should be sought in "dedicated sessions" of the Committee on Agriculture (special session), which would be accelerated and separate from the rest of the Doha Round agriculture negotiations. Food stockpiling will continue to be protected from legal action until the permanent solution is approved, as long as certain conditions are met.

### Background on agriculture

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

## > Cotton

In Bali, ministers agreed that twice a year, WTO members will discuss developments for cotton related to trade – particularly in market access, domestic support and export competition. These dedicated discussions are to take place in the context of the agriculture negotiations, with the aim of increasing transparency and strengthening monitoring. The decision was based on a proposal presented by the co-sponsors of the Sectoral Initiative in Favour of Cotton – Burkina Faso, Benin, Mali and Chad (the Cotton Four or C-4).

Two dedicated discussions of the relevant trade-related developments for cotton were held in 2014. The first discussion took place in June and saw factual exchanges on members' cotton trade-related policies and relevant developments. The discussion was informed by a Secretariat background paper compiling factual information and data from members' notifications and other submissions on export subsidies, domestic support and market access. The second discussion was held in November and was informed by an updated and revised Secretariat background paper and a presentation by the International Cotton Advisory Committee (ICAC) on the global cotton market.

The Cotton Four noted that the recent price falls were hurting their producers and called for a swift conclusion to the negotiations to address trade-distorting policies. While various members shared information on recent developments related to cotton, several regretted the lack of up-to-date information on policy developments and delays by members in submitting notifications. It was agreed that additional information on relevant policy developments would be sought through a questionnaire, Trade Policy Review reports and further ICAC inputs. The Chair also noted that cotton will be an important element in the context of the post-Bali work programme.

## Market access for non-agricultural products

**Negotiations on non-agricultural market access (NAMA) were slowed by an impasse in the implementation of the Bali ministerial decision on trade facilitation, which virtually paralyzed work in almost all aspects of the Doha Round. However, after the impasse was broken in late November, the Chair of the Negotiating Group, Ambassador Remigi Winzap, said he would resume consultations in different formats in 2015.**

At meetings of the Negotiating Group in March and July, the Chair noted little convergence between WTO members on how to take the negotiations forward. Members remained divided on whether the 2008 NAMA draft modalities ("Rev.3") offered the basis for continued negotiations. The Chair further noted that, in his view, those who believed that Rev. 3 should be the basis for further negotiations were prepared to admit that it was not "written in stone". Those who were opposed to using Rev.3 were prepared to accept that a lot of effort had gone into it and that it could be "a" basis.



**Ambassador Remigi Winzap chaired the NAMA negotiations in 2014.**

The Chair urged members to reflect on "how and under what circumstances can members contribute to a meaningful NAMA result, taking into consideration the past experience, the present realities and the possible instruments at hand?" He observed that when compared with the situation in 2011, one positive aspect was that discussions on NAMA had restarted and that members were collectively looking for solutions. It was clear, he said, that members had to look at the NAMA and the agricultural pillars of the Doha Round in a "holistic" manner. Ambition in agriculture went with ambition in NAMA. Ambition in NAMA had to be paid for in agriculture, the Chair said.

The Negotiating Group received three documents which had been requested from the WTO Secretariat to assist them in their work. These were members' shares in world non-agricultural trade, recent NAMA and import tariff data, and the state of play in the updating of members' tariff schedules to keep them in line with the most recent version of the Harmonized System.

There were no further consultations on NAMA in the second half of the year because of the impasse over trade facilitation. The deadlock related to the political link with another of the decisions taken at the Bali Ministerial Conference regarding stockpiling by governments for food security. The deadlock was broken in late November when the General Council reached agreement on the implementation of the ministerial decision on food security, so clearing the way for inclusion

### 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 forestry 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 (NTBs) 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).

of the Trade Facilitation Agreement in the WTO rulebook. At the group's final meeting in December, the Chair said consultations in the NAMA negotiations would resume in 2015.

## Services

**In 2014, the Council for Trade in Services discussed a post-Bali work programme, with several guiding principles being proposed. However, as in most areas of the Doha Round negotiations, discussions were hampered over the second half of the year by the trade facilitation deadlock. The Working Party on Domestic Regulation continued to explore disciplines on licensing and qualification requirements and technical standards. It also conducted a dedicated discussion on domestic regulation in regional trade agreements. The Working Party on GATS Rules initiated a discussion on emergency safeguard provisions in regional and bilateral trade agreements, and continued technical discussions on government procurement and subsidies.**

The Council for Trade in Services met twice in special session during the year, mainly to discuss the process and substance of a post-Bali work programme in services. WTO members proposed several guiding principles for this work, such as balance (within the services sector and in relation to other sectors), ambition (the degree of market opening or other concessions) commensurate with agriculture and non-agricultural market access (NAMA) and the importance of the development dimension.

WTO members stressed the need to concentrate on what was "doable" and to advance on the basis of transparency and inclusiveness. In terms of what needs to be done before members submit their revised services offers – a key future step in the services talks – many members underscored the need for openness to new approaches.

### Background on services

Services are the most important economic activity in most 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.



**Ambassador Gabriel Duque chaired the services negotiations in 2014.**

One suggestion was to take inspiration from regional trade agreements on services, where many members had gone well beyond the provisions contained in the General Agreement on Trade in Services (GATS) by binding existing levels of market access. Other suggestions involved focusing on groups of sectors, such as those linked to the digital economy, electronic commerce, supply chains, trade facilitation, or interests of developing countries.

However, the failure to adopt the protocol on trade facilitation by the end-July 2014 deadline (see pages 30-1) led to a significant slowing of work on services in the second half of the year. After agreement on trade facilitation was reached in the General Council in November, the Council for Trade in Services held an informal meeting in December to discuss how to define a work programme by July 2015 for the services component of the Doha Round. Progress in the services sector of the post-Bali programme will be determined by progress in agriculture and non-agricultural market access negotiations, members stressed.

Meanwhile, good progress was made in implementing the Bali ministerial decision on services exports from least-developed countries (see page 67).

Elsewhere, the 23 members participating in the negotiations on a plurilateral Trade in Services Agreement (TISA) kept the Council regularly informed on progress in their negotiations (see page 67).

### > Domestic regulation

In 2014, the Working Party on Domestic Regulation continued to explore technical issues related to the development of disciplines on licensing and qualification requirements and procedures and technical standards. WTO members completed their review of 93 questions contained in the "List of Potential Technical Issues Submitted for Discussion". Upon the conclusion of the discussions, the Chair circulated a document with the information and views exchanged by members over the course of the review.

In the discussions, WTO members had sought to clarify the use of certain domestic regulation concepts and terms as they relate to



regulatory frameworks and practices. Some members also reflected on the implications of the responses provided for the development of horizontal domestic regulation disciplines.

To facilitate the discussion, the WTO Secretariat prepared three background notes: on measures of general application, regulatory issues in sectors and modes of supply, and technical standards in services.

The discussions shed further light on how disciplines under consideration in the negotiations might relate to, or impact on, regulatory practices at the national level.

WTO members also completed their discussions on regulatory issues, based on the Secretariat note "Regulatory Issues in Sectors and Modes of Supply". As part of the discussions, members specifically addressed challenges faced by developing countries in regulating services sectors. Further background on this issue was provided by the Secretariat note "Services-related regulatory challenges faced by developing countries".

While the regulatory discussion was not intended to reach any particular conclusions, it was generally noted by members to have been a useful exercise which had helped improve their understanding of the relationship between regulation and market access. The Working Party also benefited from examples of national regulatory frameworks provided by a number of members as well as from the exchange of views on the challenges faced by developing countries in implementing regulatory reform.

A new area of work was launched in 2014 with a dedicated discussion on domestic regulation in regional trade agreements (RTAs). The purpose of the discussion is to give members the opportunity to share details of the different types of domestic regulation provisions in RTAs as well as to draw attention to commonalities or differences with the disciplines negotiated under the GATS Article VI:4 mandate. The information presented on a wide range of RTAs indicated that domestic regulation provisions have generally been based on existing

GATS obligations as well as the negotiating mandate in Article VI:4. In a number of cases, certain modifications and additional obligations have also been included at either the horizontal or sectoral level. The discussion is expected to continue in 2015.

## > 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) of the GATS. As in previous years, members engaged in technical discussions on all three topics.

On emergency safeguard measures (ESM), following a proposal submitted by the "Friends of ESM" (comprising Brunei Darussalam, Cambodia, Indonesia, Malaysia, Myanmar, Philippines, Thailand and Viet Nam – with Lao PDR joining them in September 2014), the Working Party discussed emergency safeguard provisions in regional and bilateral trade agreements (RTAs).

The proponents presented emergency safeguard provisions for services contained in several RTAs involving them, either individually or collectively as the Association of Southeast Asian Nations (ASEAN), and explained the reasons for adopting them. So far, however, none has been invoked. Subsequently, at the request of WTO members, the Secretariat prepared an updated factual note detailing safeguard-type and safeguard-related provisions for trade in services in some 122 RTAs notified to the WTO. A first preliminary exchange of views on the note took place in September 2014.

On government procurement, the Working Party discussed a preliminary version of a WTO staff working paper, "The relationship between services trade and government procurement commitments: insights from relevant WTO agreements and recent RTAs". Staff members from the Secretariat's Intellectual Property Division who work on the Government Procurement Agreement and the Trade in Services Division prepared the paper in their personal capacity. Following two rounds of discussions, in the course of which delegations provided useful suggestions for improvement, a final version of the working paper is expected to be presented for a more in-depth examination in 2015.

Concerning subsidies, upon request from WTO members, the Secretariat issued a revised version of its background note "Subsidies for Services Sectors – Information contained in WTO Trade Policy Reviews", presenting updated empirical evidence of support measures in individual service sectors.



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

Work resumed in the TRIPS Council special session but positions on a system for notifying and registering geographical indications (GIs) for wines and spirits continue to diverge. Finding a common approach remains challenging. The TRIPS Council, in regular session, undertook its 12<sup>th</sup> annual review of the incentives given to companies by developed countries to transfer technology to least-developed countries. After the Bali Ministerial Conference of December 2013 extended the moratorium on TRIPS “non-violation and situation complaints”, the TRIPS Council continued its consideration of this issue on the basis of a new submission.

### > Negotiations on a GI register

With the impetus given to the Doha Round by the Ministerial Conference in Bali, efforts at negotiations resumed in the TRIPS special session, at least briefly, after only one meeting on a procedural matter had been held in 2013. However, substantive positions on the issue of geographical indications (GIs) remained unchanged. WTO members have long disagreed over the legal effects that a GI register should have and whether the effects would apply to all WTO members or only to those who choose to participate in the register. Positions also remained divided on product coverage and whether, as the negotiating mandate says, the register should be confined to GIs for wines and spirits or whether it could also apply to other products, such as food and agricultural goods.

The register is intended to facilitate the protection of GIs for wines and spirits. These are indications (including place names or other terms or signs associated with a place) used to identify products whose place of origin gives them particular qualities, reputation or other characteristics. Scotch, Champagne and Tequila are well-known

#### Background on TRIPS

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



examples. The TRIPS Agreement mandates negotiations on establishing a register and work has continued since 1996.

In April 2014, after a series of consultations during the spring, the Chair issued the first report of the TRIPS special session since the circulation of the 2011 “draft composite text”, which had reflected members’ positions in draft treaty language. The report showed that finding a common approach to advancing the GI work remained challenging, particularly on the wider question of whether linkages should be made with the two TRIPS-related implementation issues, namely the extension of GI protection and the relationship between the TRIPS Agreement and the Convention on Biological Diversity (see below).

Despite these substantive and procedural complications, consultations continued on how to reflect the work on the GI register in the post-Bali work programme. At a second informal special session in December, delegations reaffirmed their commitment to meeting the July 2015 deadline (see page 31) for a work programme that should set out how to complete the Doha Round and cover all negotiating groups. In the case of TRIPS, it means how to set up a GI register for wines and spirits. However, delegations offered no new ideas and said the talks should not return to the substance until a clearer picture emerges on negotiations in agriculture, non-agricultural market access and services. As a first step, the Chair proposed an informal information meeting — rather than a negotiating session — in February 2015 to provide a summary of where the talks have reached. At this meeting, WTO intellectual property negotiators were given a rundown of almost 20 years of talks on setting up a GI register for wines and spirits.

### > Outstanding implementation issues

During 2014, WTO members did not engage on the question of whether the “higher” or “enhanced” level of GI protection currently available only for wine and spirit GIs should be extended to GIs for

other products. Differences continue on whether extending such higher GI protection would help trade in such products or whether increasing the level of protection for these products would create an unnecessary legal and commercial burden. This question of possible “GI extension” is the first of the two so-called “outstanding implementation issues” in the TRIPS area, on which the 2005 Hong Kong Ministerial Declaration had called for consultations by the Director-General.

The second of these issues concerns the relationship between the TRIPS Agreement and the Convention on Biological Diversity (CBD): whether – and, if so, how – TRIPS should do more to promote the CBD objective of equitably sharing the benefits that arise when genetic resources are used in research and industry. The main focus has been on proposals to amend the TRIPS Agreement to require patent applicants to disclose the source or the country providing genetic resources and associated traditional knowledge that form the basis for an invention. No further consultations on the outstanding implementation issues have been held since the last written report by the Director-General in April 2011. This issue was mentioned by several members in the TRIPS Council's discussions on related items during 2014 but no significant advances were made,

## ➤ Incentives for technology transfer

In October 2014, the TRIPS Council, in regular session, undertook its 12<sup>th</sup> annual review of the reports provided by developed countries on the incentives they give to companies to transfer technology to least-developed countries (LDCs). The TRIPS Agreement requires developed countries to provide such incentives, and in 2003 the Council gave effect to a directive by the Doha Ministerial Conference to establish a review mechanism to monitor this obligation.

The WTO Secretariat organized a seventh annual workshop for LDC and developed-country delegations (see page 69) to discuss in more depth the operation of these incentives. The discussions also covered harmonization of reporting formats, based on an LDC proposal, and the Secretariat's efforts to improve the accessibility of the vast amounts of useful information available.

## ➤ TRIPS non-violation disputes

After the decision at the 2013 Bali Ministerial Conference to again extend the moratorium on so-called “non-violation” complaints in WTO disputes over intellectual property rights, the TRIPS Council continued its discussion on the merits of such complaints under TRIPS, with new input from members. Differences remained over whether such disputes should be permitted under the TRIPS Agreement, and over what would constitute a legitimate basis for such a dispute in this area.

In general, WTO disputes can be brought not only if an agreement or commitment has been violated but also if an expected benefit under an agreement has been nullified without violating the letter of the agreement. However, for disputes over intellectual property protection, the TRIPS Agreement prescribed a five-year moratorium on initiating such “non-violation and situation complaints” and this moratorium has been extended by a series of ministerial conferences.

In the run-up to the Bali Ministerial Conference, WTO members had agreed to engage in intensified work on examining the scope and modalities for non-violation complaints, with the aim of finding a way out of the current cycle of extending the non-violation moratorium from one ministerial conference to another. A non-violation case arises in the WTO when one country challenges the legality of another's actions because it feels it is deprived of an expected benefit, even if no actual agreement or commitment has been violated. Non-violation disputes are allowed for goods and services but the moratorium prevents them in intellectual property.

At its June meeting, the Council had before it a new submission on this issue, which elaborated on the background and conditions for applying such complaints to TRIPS. The United States circulated a paper citing WTO case law and other factors to rebut a number of reservations countries have raised. It asserts that “non-violation” complaints are fully appropriate under the TRIPS Agreement. The TRIPS Council is directed to continue examining the scope and modalities for these disputes, and to make recommendations to the Nairobi Ministerial Conference in December 2015.

# Trade and development

**The Committee on Trade and Development (CTD), meeting in special session, focused on proposals for future work after ministers agreed in Bali in December 2013 to create a monitoring mechanism on special and differential treatment for developing countries.**

The year began with extensive rounds of consultations to seek the views of members on how to proceed with the work of the special session, following the launch of the monitoring mechanism (see page 110). The mechanism, initially proposed by the African Group in 2002, gives the opportunity to analyse and review all aspects of the implementation of special and differential treatment (S&D) provisions contained in multilateral WTO agreements, ministerial and General Council decisions. S&D refers to the special treatment granted to developing countries in WTO agreements, such as longer implementation periods or easier obligations.

## Background on trade and development

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





Some members indicated that they wished to undertake a comprehensive review of all S&D proposals as part of the special session's work. In February 2015, these members tabled 25 S&D provisions that they want the special session of the CTD to work on as part of the post-Bali work programme. They promised to submit substantive proposals explaining the rationale and the problems identified with each provision at a second stage. Given the limited time before the end-July 2015 deadline for all negotiating groups to contribute to the post-Bali work programme, the chair urged members to submit their detailed textual proposals as soon as possible so that substantive discussions could start in the special session of the CTD.

Additional views were solicited on how to take such work forward so as to finalize the work programme and restart substantive work on the Agreement-specific proposals.

The work of the Committee on Trade and Development on implementing the decisions taken at the Bali Ministerial Conference in December 2013 is described on page 110.

## Trade and transfer of technology

**The Working Group on Trade and Transfer of Technology held a one-day workshop to discuss the relationship between trade and technology transfer. The same theme dominated its work in its three formal sessions, where it also explored possible recommendations to increase the flow of technology to developing countries.**

The group continued to discuss the challenges and opportunities related to the dissemination of environmental technology and its relationship with sustainable development in line with instructions

from the Ninth Ministerial Conference. In Bali, ministers declared that although progress has been made, more work remains to be done to increase flows of technology to developing countries. They directed the Working Group to continue its work in order to fully achieve the mandate of the Doha Ministerial Declaration.

At a workshop in June, a cross-section of experts from the public and private sectors and from intergovernmental organizations and academia discussed the relationship between trade and transfer of technology. Participants looked at how technology transfer is a key determinant of increased labour productivity, economic growth and development. Trade was seen as an important factor in technology transfer, both as a direct vehicle for transfer of technology in the shape of imports of machinery, equipment and services, and less directly through foreign direct investment, for example.

While trade agreements were seen as potentially encouraging technology transfer, not least by reducing policy uncertainty, panellists at the workshop stressed that trade agreements were only one of several factors affecting technology transfer. Repeated emphasis was laid on the importance of education and the availability of skilled human resources and appropriate institutional and policy environments in the host country, for both the transfer and absorption/adaptation of technology. Participants highlighted the role of research and development (R&D) institutions and knowledge centres in fostering technology and innovation.



Speakers noted that the poorest countries seem to have not benefited from technology transfer and said that technology transfer to LDCs could be improved by providing better funding opportunities for investment in technology adaptation and by fostering linkages between developed and developing country research institutions.

### Background on trade and transfer of technology

The Working Group on Trade and Transfer was established at the Doha Ministerial Conference in 2001 and has the mandate "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

**The Committee on Trade and Environment in Special Session (CTESS) held a number of consultations in 2014 to discuss the way forward on the environment chapter of the Doha mandate and the priorities for the post-Bali work programme. The WTO Secretariat will organize an information session covering all aspects of the Doha mandate on trade and environment in early 2015.**

Consultations continued in the early part of the year on ways to advance the work of the CTESS. At an informal session in December, members debated the next moves, bearing in mind that 2015 will be a significant year for the environment (see below).

Several WTO members stressed the importance of sending an appropriate signal on trade and environment to coincide with other international developments, notably the work on integrating the proposed Sustainable Development Goals into the post-2015 development agenda (see page 74) and the next United Nations Climate Change Conference which will be held in Paris in December.

Other members, while recognizing the importance of the Doha trade and environment mandate in the post-Bali work programme, stressed the need to first address other key issues on the Doha agenda – agriculture, non-agricultural market access and trade in services – as doing so could contribute to sustainable development.

It was agreed that as a next step, the WTO Secretariat would organize an information session in early 2015 to review the state of play in all three aspects of the environment chapter of the Doha negotiations. The negotiations cover the relationship between existing WTO rules and specific trade obligations set out in multilateral environmental agreements (MEAs), procedures for regular information exchange between MEA secretariats and the relevant WTO committees, and the reduction or, as appropriate, elimination of tariff and non-tariff barriers to environmental goods and services.

### Background on trade and environment

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



Trade negotiations

## Trade facilitation

**Following the conclusion of trade facilitation negotiations at the Bali Ministerial Conference in December 2013, the newly created Preparatory Committee on Trade Facilitation undertook a legal review of the Trade Facilitation Agreement (TFA) and drew up an amendment protocol to insert the TFA into the WTO legal framework. It also started to receive WTO members' notifications of their commitments under the TFA. The amendment protocol was adopted by WTO members at a General Council meeting in November, paving the way for the entry into force of the agreement. A Trade Facilitation Agreement Facility was set up to help developing and least-developed members implement the TFA.**

Over the course of ten sessions, the Preparatory Committee on Trade Facilitation carried out the tasks assigned to it by the Bali Ministerial Conference decision of December 2013. These tasks included conducting a legal review of the Trade Facilitation Agreement, adopting the amendment protocol and receiving WTO members' notifications of their commitments under the TFA. The first two tasks were completed in 2014 and considerable advances were made on the task of receiving members' notifications.

At the Bali Conference, ministers had also set out a road map for implementing the new agreement, setting a deadline of 31 July 2014 for adoption of the amendment protocol by the General Council.

In July, members were able to adopt the legally reviewed text of the Trade Facilitation Agreement but they failed to adopt the protocol amendment by the July deadline, as adoption was linked to progress in other areas of the Bali Package and members were unable to bridge their differences (see page 30).

Significant progress was made, however, on the notification of "Category A" commitments indicating the provisions that developing countries would be able to implement upon the Agreement's entry into force, or, in the case of a least-developed country, within one year after entry into force. By the end of July, the Preparatory Committee had received 45 notifications. To support countries in the preparation of these notifications, 45 WTO trade facilitation needs assessments were conducted in 2014.

After an intense period of consultations and discussions, WTO members finally adopted the amendment protocol at a special meeting of the General Council on 27 November. The TFA therefore entered into the WTO's legal framework. As a result, members were able to commence their domestic ratification process. Hong Kong, China became the first member to formally ratify the TFA and to deposit its instrument of acceptance with the WTO Secretariat on 8 December. This marked an important first step towards reaching ratification by two-thirds of the WTO membership, which is required for the TFA to enter into force.

The Trade Facilitation Agreement breaks new ground for developing and least-developed countries in the way it will be implemented. For the first time in WTO history, the requirement to implement the Agreement is directly linked to the capacity of the country to do so. In addition, the Agreement states that assistance and support should be provided to help them achieve that capacity. To this end, WTO members have established a Trade Facilitation Agreement Facility to assist developing and least-developed countries in securing assistance and support (see below).

### Background on trade facilitation

Negotiations on a new Trade Facilitation Agreement were launched in July 2004 as part of the Doha Development Agenda. They aimed to expedite the movement, release and clearance of goods, including goods in transit, as well as to ensure effective cooperation between customs and other appropriate authorities. Particular attention was paid to developing and least-developed countries, which stand to benefit from far-reaching flexibilities and considerable technical assistance and capacity-building support. After nearly ten years, the negotiations were successfully concluded in December 2013 at the WTO's Ninth Ministerial Conference in Bali.



### > Trade Facilitation Agreement in a nutshell

The Trade Facilitation Agreement is divided into three main sections.

Section I contains provisions for expediting the movement, release and clearance of goods, including goods in transit. It clarifies and improves the relevant articles (V, VIII and X) of the General Agreement on Tariffs and Trade (GATT) 1994. It also sets out provisions for customs cooperation.

Section II contains special and differential treatment (SDT) provisions that allow developing and least-developed countries (LDCs) to determine when they will implement individual provisions of the Agreement and to identify provisions that they will only be able to implement upon the receipt of technical assistance and support for capacity building.

To benefit from SDT, a member must categorize each provision of the Agreement, as defined below, and notify other WTO members of these categorizations in accordance with specific timelines outlined in the Agreement.

- Category A: provisions that the member will implement by the time the Agreement enters into force (or in the case of a least-developed country member within one year after entry into force)
- Category B: provisions that the member will implement after a transitional period following the entry into force of the Agreement
- Category C: provisions that the member will implement on a date after a transitional period following the entry into force of the Agreement and requiring the acquisition of assistance and support for capacity building.

For provisions designated as categories B and C, the member must provide dates for implementation of the provisions.

Section III contains provisions that establish a permanent committee on trade facilitation at the WTO and require members to have a national committee to facilitate domestic coordination and implementation of the provisions of the Agreement. It also sets out a few final provisions.

By the end of the year, another seven WTO members had notified their Category A commitments, bringing the total to 52.

Once it enters into force, the Trade Facilitation Agreement is expected to reduce total trade costs by up to 15 per cent in developing countries.

## > Trade Facilitation Agreement Facility

The Trade Facilitation Agreement Facility (TFAF) was created to help developing countries and least-developed countries (LDCs) implement the Trade Facilitation Agreement. It became operational when the TFA amendment protocol was adopted by the General Council in November 2014. The Facility acts as a focal point for implementation of the Trade Facilitation Agreement and aims to support developing countries and LDCs by:

- helping them to assess their capacity to implement the TFA and their needs for assistance to implement particular provisions of the Agreement
- maintaining an information-sharing platform to assist with the identification of possible donors
- providing guidance on the implementation of the TFA through the development or collection of case studies and training materials
- undertaking donor and recipient match-making activities
- providing project preparation grants in cases where a member has identified a potential donor but has been unable to develop a project for their consideration, and is unable to find funding from other sources to support the preparation of a project proposal
- providing project implementation grants related to the implementation of TFA provisions in cases where efforts to attract funding from other sources have failed. These grants are limited to “soft infrastructure” projects, such as modernization of customs laws through consulting services, in-country workshops, or training of officials.

The TFAF complements efforts by regional and multilateral agencies, bilateral donors and other stakeholders to provide trade facilitation-related technical assistance and capacity-building support.

Several major international organizations – the International Trade Centre, the Organisation for Economic Co-operation and Development, the United Nations Conference on Trade and Development, the United Nations Economic Commission for Europe, the World Bank Group, and the World Customs Organization – have pledged to assist WTO members in implementing their commitments under the TFA. The TFAF aims to ensure that no WTO member is left behind.



## WTO rules

**The Negotiating Group on Rules continued its technical activities, most notably in the context of the Technical Group, which exchanges information about the anti-dumping practices of WTO members. As the year drew to a close, the Negotiating Group began consideration of the role of WTO rules in the work programme called for by the Bali Declaration. In November, the General Council set July 2015 as the deadline for the post-Bali work programme covering all aspects of the Doha Round.**

After informal consultations in October 2012, the Chair of the Negotiating Group had concluded that delegations were not yet prepared to resume active negotiations until the broader direction of the Doha Round was clarified. That remained the situation in 2014. As the year drew to a close, however, the Group began to reflect on what role, if any, WTO rules on anti-dumping, subsidies, countervailing measures and regional trade agreements should play in the post-Bali work programme, in line with the instruction issued by ministers in Bali in December 2013.



**Ambassador Wayne McCook chaired the Negotiating Group on Rules in 2014.**

### Background on WTO rules

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

Work continued in the Technical Group, a forum in which delegations exchange information about their anti-dumping practices. The Technical Group met in April and October 2014 and exchanged information about WTO members' practices in such areas as sunset reviews, in which the possible continuation of anti-dumping duties beyond the original period of application is considered, price undertakings (agreements by exporters to increase prices in lieu of the application of anti-dumping duties) and issues surrounding the scope of the product under investigation.

## Dispute Settlement Understanding

**In 2014, negotiations sought to move towards an exploration of realistic and achievable outcomes in all 12 areas under discussion. Work continued on the basis of the "horizontal process" adopted since June 2013 in which interested participants explored possible solutions in all areas under discussion.**

The various conceptual elements of possible solutions identified do not, at this stage, reflect full convergence of WTO members' positions. Nor do all participants perceive these elements, taken together, as necessarily reflecting an adequate or acceptable overall balance of interests. The amount of work remaining to achieve convergence between positions still varies significantly from issue to issue. In certain areas, convergence of principle has been achieved and this is reflected in draft legal text, such as on notification of mutually agreed solutions and the protection of strictly confidential information. In other areas, the elements that could form the basis of final outcomes will need to be confirmed, building on the work to date, and translated and expressed in legal text in order to reach final outcomes.

The 12 issues under discussion range from developing country concerns, including special and differential treatment, to effective compliance (ways of ensuring that members found to be breaching WTO rules promptly bring their measures into compliance) and

remand (referral of cases by the Appellate Body to panels for further action). This wide range of issues was discussed in 2014 based on participant-driven efforts with the goal of building convergence around approaches that would have the broadest possible base of support.



**Ambassador Ronald Saborío Soto chaired the Dispute Settlement Understanding negotiations in 2014.**

WTO members share a common interest in systemic improvements to the Dispute Settlement Understanding (DSU) to increase the effectiveness of dispute settlement procedures as a key instrument of predictability and security in the multilateral trading system. This is true for all members alike, whether or not they have, to date, been frequent users of procedures under the DSU.

A number of members have emphasized that they face particular constraints in accessing dispute settlement procedures and defending their interests effectively through recourse to such procedures. While the means to address these concerns remain under discussion, it is widely acknowledged that a successful outcome needs to take due account of this dimension. In this respect, the work conducted in the context of the "horizontal process" has been especially constructive.

Participants appear to be ready to continue to build on this work to confirm possible flexibilities and solutions across the board.

### 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 rest of Doha negotiations.



# Revised Government Procurement Agreement

**The revised WTO Agreement on Government Procurement (GPA) entered into force on 6 April 2014 after two-thirds of its parties accepted the amendment protocol (see page 87). Subsequently, two additional parties also provided their instruments of acceptance. The revised agreement is expected to add US\$ 80-100 billion to parties' market access commitments.**

Additional market access commitments under the revised GPA include the extension of coverage to approximately 500 other procurement entities, among them local government and sub-central entities, together with new services and other areas of public procurement activities. The revised agreement should bring annual market access gains of US\$ 80-100 billion or more.

The Agreement's text has been streamlined and modernized to include, for example, standards related to the use of electronic procurement tools. It recognizes and facilitates the use of e-procurement while strengthening the GPA's role in promoting good governance and battling corruption.

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

Two-thirds of the 15 parties to the GPA (counting the European Union and its 28 member states as one) were required to accept the protocol of amendment before the revised GPA could enter into force. This condition was met when Israel approved the protocol

## 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 GPA with respect to the government procurement opportunities that are opened to foreign competition. It sets minimum standards for the transparency of procurement, which are based on internationally recognized best practices. 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 WTO Committee on Government Procurement administers the GPA.



✓  
**Ambassador Krzysztof Trepczynski chaired the Committee on Government Procurement in 2014.**

on 7 March. As of February 2015, 12 parties had provided their instruments of acceptance. These parties are: Canada; the European Union, including its 28 member states; Hong Kong, China; Iceland; Israel; Japan; Liechtenstein; the Netherlands with respect to Aruba; Norway; Singapore; Chinese Taipei; and the United States. The revision was adopted in March 2012.

With the entry into force of the revision in 2014, WTO members succeeded in delivering on a ministerial call made at the Bali Ministerial Conference in December 2013 to achieve this goal by the two-year anniversary of the adoption of the GPA revision.

The entry into force of the revised GPA has triggered work in the WTO Committee on Government Procurement on various agreed new work programmes. These programmes were a separate outcome of the negotiations resulting in the revised GPA. The programmes include issues such as facilitating participation by small and medium-sized enterprises in government procurement, promoting sustainable procurement practices and improving the statistical data available on operations pursuant to the GPA. Work related to the programmes is expected to gather momentum in 2015.



## Implementation and monitoring

- > The General Council decided that the Tenth WTO Ministerial Conference will be held in Nairobi, Kenya, in December 2015.
- > The Sanitary and Phytosanitary Measures (SPS) Committee, which deals with issues surrounding food safety and animal and plant health, adopted a new mediation procedure to help WTO members settle their differences on specific SPS measures.
- > The Committee on Rules of Origin agreed on steps to implement the Bali ministerial decision on preferential rules of origin for least-developed countries (LDCs), which should make it easier for LDC exports to qualify for preferential market access in the future.
- > WTO economists reported world trade growth of 2.8 per cent in 2014, and forecast growth of 3.3 per cent for 2015.

<b>General Council</b>	<b>46</b>
<b>Trade in goods</b>	<b>49</b>
Market access	50
Agriculture	51
Sanitary and phytosanitary measures	53
Technical barriers to trade	56
Subsidies and countervailing measures	58
Anti-dumping practices	59
Customs valuation	60
Rules of origin	61
Import licensing	62
Safeguards	63
Trade-related investment measures	63
Information technology	64
State trading enterprises	65
Trade in civil aircraft	66
<b>Trade in services</b>	<b>67</b>
<b>Trade-related aspects of intellectual property rights (TRIPS)</b>	<b>69</b>
<b>Trade and environment</b>	<b>72</b>
<b>Regional trade agreements</b>	<b>75</b>
<b>Trade Policy Reviews</b>	<b>78</b>
<b>Trade Policy Reviews in 2014</b>	<b>80</b>
<b>Trade monitoring reports</b>	<b>82</b>
<b>Trade, debt and finance</b>	<b>85</b>
<b>Government Procurement Agreement</b>	<b>87</b>

#### Background on implementation and monitoring

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

# General Council

**In 2014, the General Council oversaw the implementation of decisions taken at the Bali Ministerial Conference in December 2013. Work reached an impasse in July over disagreements about the timing of implementation of two of the decisions. However, the deadlock was broken in November when the General Council adopted the decisions on trade facilitation, public stockholding for food security purposes, and post-Bali work. In December, the General Council approved the accession package of Seychelles and decided that the Tenth Ministerial Conference will be held in Nairobi, Kenya, from 15 to 18 December 2015.**

## ➤ Bali decisions

Throughout the year, the General Council Chair provided regular reports on the implementation of Bali Ministerial Conference decisions in various WTO councils and committees. These decisions covered both the “regular work” of the WTO – on TRIPS (Trade-Related Aspects of Intellectual Property Rights Agreement) non-violation and situation complaints (see page 37), the work programme on e-commerce (see below), the work programme on small economies (see page 113), Aid for Trade (see below), and trade and transfer of technology (see page 38) – and Doha Round issues, including trade facilitation, some agricultural issues and a number of other decisions to help least-developed countries (LDCs) trade.

The Chair updated the General Council on the work taking place in the Committee on Agriculture regarding the Bali decisions. These include the decision on improving the use of tariff rate quotas, which allow import volumes within a quota to carry a lower tariff, the declaration on export competition, where WTO members undertook to keep existing export subsidies below permitted levels, and decisions on development issues, including for LDCs. Those decisions include the monitoring mechanism for special and differential treatment for developing countries (see page 110), duty-free quota-free market access (see page 111), preferential rules of origin (see page 61) and operationalizing a services waiver for LDCs (see page 67).

Under a standing item in the General Council’s agenda, Director-General Roberto Azêvedo, in his capacity as Chair of the Trade

Negotiations Committee (TNC), regularly reported to the Council on the progress of the Doha Round of trade negotiations in relation to the Bali decisions. During the five regular General Council meetings in 2014, the Director-General provided an overview of the progress in agriculture, non-agricultural market access (NAMA), services, rules, TRIPS, trade and environment, development and dispute settlement.

## ➤ Public stockholding, trade facilitation and post-Bali work

According to the Bali decision on trade facilitation, the General Council had to meet no later than 31 July 2014 to adopt the protocol inserting the Trade Facilitation Agreement (TFA) into the WTO Agreement, to add members’ “category A” commitments (i.e. provisions that the member will implement by the time the TFA enters into force or in the case of LDCs within one year of its entry into force) and to open the protocol for acceptance. Members were unable to meet this deadline due to concerns raised by some members over the pace of work in trade facilitation relative to other areas of the Bali Package, including the issue of public stockholding for food security purposes. An intensive period of consultations, conducted by the Director-General and the Chair of the General Council, took place from September, both in Geneva and in capitals, aimed at breaking the deadlock (see page 31). There was also a series of meetings at the level of heads of delegations in September, October and November.

As a result of this intensive work, on 27 November the General Council held a special meeting to adopt three decisions. The first was on public stockholding for food security purposes, where it was agreed that members will make all concerted efforts to reach agreement by 31 December 2015 on a permanent solution.

The second decision was to adopt the protocol of amendment to insert the TFA into the WTO Agreement, opening the door for the ratification process to commence. The TFA will come into force once it is ratified by two-thirds of the WTO membership. Adoption of the protocol also triggered the coming into effect of the WTO Trade Facilitation Agreement Facility. Launched by the Director-General on

### Background on the General Council

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





**Ambassador Jonathan Fried was elected as Chair of the General Council in March 2014.**

22 July – together with the coordinators of the LDC, ACP (African, Caribbean and Pacific) and African groups – the Facility aims at ensuring that LDCs and developing countries have access to the necessary technical support to benefit from the TFA (see page 41). It will complement and enhance existing assistance programmes.

The decision on post-Bali work establishes the immediate resumption of work on the implementation of all Bali decisions, and on the preparation of a clearly defined work programme on the Doha Development Agenda by July 2015.

### ➤ Tenth Ministerial Conference

In 2014, the General Council Chair held consultations on the date and venue of the 10<sup>th</sup> Ministerial Conference. Consultations were held on the offers to host the Conference received from the governments of Turkey and Kenya. In December, Turkey withdrew its offer in favour of Kenya. Further to the consultations by the General Council Chair, the General Council agreed that the Ministerial Conference will be held in Nairobi, Kenya, on 15-18 December 2015.

### ➤ Accession of Seychelles

In December, the General Council approved the draft protocol on the accession of Seychelles and adopted the draft decision on this accession and the report of the Working Party. Seychelles ratified the deal in March 2015 and became the WTO's 161<sup>st</sup> member on 26 April 2015. The General Council also considered, at its meeting in December, the 2014 Annual Report on Accessions by the Director-General. This focused in particular on post-accession issues, responding to the request by some new members, including LDCs, for support in implementing accession-specific obligations.

### ➤ Work programme on e-commerce

In July and December, in line with the Bali decision on e-commerce, the General Council conducted a periodic review to assess progress in the implementation of the work programme on electronic commerce.

The programme examines all issues related to trade arising from global e-commerce, including enhancing internet connectivity, the growth of mobile telephony, electronically delivered software, cloud computing, and the protection of confidential data, privacy and consumer protection. The programme also explores how e-commerce can enhance economic opportunities for developing countries, particularly least-developed countries, and examines opportunities for access to e-commerce by micro, small and medium-sized enterprises.

The chairs of the Council for Trade in Services and the Council for Trade in Goods also submitted written reports on developments on this matter.

### ➤ Aid for Trade

In 2014, the General Council considered the 2014-15 Aid for Trade work programme, "Reducing Trade Costs for Inclusive, Sustainable Growth" (see page 114). The Director-General provided an overview of the preparations for the Fifth Global Review of Aid for Trade, scheduled for 30 June to 2 July 2015, on the same theme.

### ➤ Waivers under Article IX of the WTO Agreement

In 2014, the General Council considered and granted a number of requests for waivers from obligations under the WTO Agreement, as set out in Table 1. It also reviewed the following multi-year waivers:

- 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 treatment for least-developed countries, granted on 27 May 2009 until 30 June 2019
- United States – Former Trust Territory of the Pacific Islands, granted on 27 July 2007 until 31 December 2016
- United States – Caribbean Basin Economic Recovery Act, granted on 27 May 2009 until 31 December 2014

- 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
- Preferential treatment to services and service suppliers of least-developed countries, granted on 17 December 2011 until 17 December 2026
- Kimberley process certification scheme for rough diamonds, granted on 12 December 2012 until 31 December 2018
- European Union – Application of autonomous preferential treatment to the West Balkans, granted on 30 November 2011 until 31 December 2016
- European Union – Application of autonomous preferential treatment to Moldova, granted on 26 November 2013 until 31 December 2015
- Cuba – Article XV: 6 of General Agreement on Tariffs and Trade (GATT) 1994, extension of waiver, granted on 14 February 2012 until 31 December 2016.

### > Other issues

The General Council heard a number of trade and implementation concerns raised by various WTO members. Other matters considered by the General Council in 2014 included consultations on the observer status of international intergovernmental organizations, regular reports on the work programme on small economies, the development assistance aspects of cotton, trade and the post-2015 development agenda, and preparations for the WTO's 20<sup>th</sup> anniversary in 2015.

The General Council also regularly considered reports by the WTO Budget Committee and dealt with matters related to the WTO Pension Plan. As part of its overall oversight function, the General Council conducted a year-end review of WTO activities on the basis of annual reports from all its subsidiary bodies.

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

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

In 2014, the General Council granted the following waivers from obligations under the WTO agreements:

Member(s)	Type	Decision of	Expiry	Decision
Argentina, China, European Union, Iceland, and Malaysia	Introduction of Harmonized System 2002 changes into WTO Schedules of Tariff Concessions	11 December 2014	31 December 2015	WT/L/945
Argentina; Australia; Brazil; China; Costa Rica; Dominican Republic; El Salvador; European Union; India; Israel; Republic of Korea; Macao, China; Malaysia; Mexico; New Zealand; Norway; Pakistan; Philippines; Switzerland; Thailand; United States; and Uruguay.	Introduction of Harmonized System 2007 changes into WTO Schedules of Tariff Concessions	11 December 2014	31 December 2015	WT/L/946
Argentina; Australia; Brazil; Canada; China; Costa Rica; Dominican Republic; El Salvador; European Union; Guatemala; Honduras; Hong Kong, China; India; Israel; Republic of Korea; Macao, China; Malaysia; Mexico; New Zealand; Norway; Pakistan; Philippines; Russian Federation; Singapore; Switzerland; Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu; Thailand; and United States	Introduction of Harmonized System 2012 changes into WTO Schedules of Tariff Concessions	11 December 2014	31 December 2015	WT/L/947
Philippines	Special Treatment for Rice of the Philippines	24 July 2014	30 June 2017	WT/L/932

# Trade in goods

**At the meetings of the Council for Trade in Goods, WTO members addressed a large number of trade concerns, including measures, policies and practices considered potentially discriminatory or trade restricting. Some of these concerns had already been raised in the past. The Council also considered a number of waiver requests and took note of an updated and comprehensive list of notifications submitted by members under Annex 1A of the WTO Agreement. Gabon announced the conclusion of renegotiations of its tariff commitments.**

The Goods Council's agendas at its four meetings in 2014 included a large number of trade concerns raised by WTO members. Russia asked that measures adopted by the United States and Canada concerning assets owned or controlled, directly or indirectly, by Russian individuals be included in the agenda for discussion, together with a decision of the European Union to adopt unilateral preferences in favour of Ukraine. Russia also raised questions about Ukraine's reviews of its anti-dumping measure on ammonium nitrate originating in Russia, Brazil's application of differentiated import duties on diammonium phosphate and Norway's ban on sales or exports of wild living maritime resources not carried out by the authorized Norwegian sales organization or without its authorization.

Nine members, including Australia, Canada, the European Union, Japan, the Republic of Korea, Chinese Taipei, New Zealand, Ukraine and the United States, reiterated their systemic and commercial concerns about the lack of implementation by Russia of its accession commitments in terms of bound rates for import duties and timely

## Background on trade in goods

The Council for Trade in Goods is responsible for the workings of all WTO agreements on trade in goods. It consists of the full WTO membership and reports to the WTO General Council. The Goods Council has 11 subsidiary committees dealing with specific subjects, such as agriculture, market access, subsidies, technical barriers to trade, sanitary and phytosanitary measures, import licensing and customs valuation. All these committees also comprise all WTO members. Also reporting to the Goods Council are a working party on state trading enterprises and the Information Technology Agreement.



Implementation and monitoring

notifications as well as various trade-restricting measures, including those preventing agricultural products from transiting through Russia to countries in Central Asia, and discrimination against imported products in favour of "like" domestic products. Reference was also made to the four dispute settlement cases against Russia on motor car recycling fees, pork ban, antidumping fees on light commercial vehicles, and excessive import duties.

Other concerns taken up by the Council referred to EU restrictions on the importation of biodiesel from Argentina and the imposition of anti-dumping duties on imports of biodiesel from Indonesia, the United States Congress Renewable Fuel Standard Program which established a minimum volume of biofuel to be used in the national transportation fuel supply, the measures adopted by Venezuela aimed at controlling costs and establishing fair prices, Bahrain's duties on imported cigarettes, and Canada's preferential tariffs.

Concerns carried over from 2013 related to Brazil's indirect taxation applied to automobiles and being extended to various sectors, Indonesia's import and export restricting policies and investment measures affecting a broad range of sectors, Japan's Wood Use Points Programme, Nigeria's investment measures in the oil and gas sector and restrictions being imposed on imports of sea products, and Canada's preferential measures under its tariff regime.

The Council approved three collective waiver requests, extending the deadlines for the updating of tariff schedules under the Harmonized System changes (2002, 2007 and 2012) (see page 51). It also approved a waiver permitting an extension for the special treatment of rice submitted by the Philippines. Two waiver requests for the extension of the transitional period for Jordan's elimination of its export subsidy programme and for the Caribbean Basin Economic Recovery Act of the United States will continue to be considered in 2015.

The Council was informed that the renegotiation of concessions under Article XXVIII.3, concerning the EU enlargement of 2007, had been completed. As regards the EU enlargement of 2013 (Croatia), the Council agreed to extend the time period for the withdrawal of concessions for the European Union until 1 July 2015.

Gabon informed the Council that it had concluded the renegotiations with interested WTO members on compensation for the changes introduced to its tariff commitments resulting from its membership in the Central African Economic and Monetary Community (CEMAC).

In a statement to the Council, the United States called on WTO members to complete and update their data on trade trends and changes in their nomenclature, and to comply with their notification obligations as these three elements were essential for an agreement on a post-Bali work programme. Various members supported this request.

In line with the decision at the Bali Ministerial Conference, the Chair invited WTO members to express their views and to make suggestions as to how to work on the preparation of the periodic reviews, to be held in the General Council at its sessions in July and December 2014 and in July 2015, in order to continue the reinvigoration of the post-Bali work programme, especially under the initiatives taken in relation to commercial issues, development and evolving technology. The Chair also asked members to explore appropriate mechanisms to address the relationship between electronic commerce and development in a focused and comprehensive way.

In 2014, the Council was informed about nine free trade agreements (FTAs) concluded and notified by WTO members. Chile notified the Council that it had started the elimination of its customs duties for least-developed countries (LDCs) and that its duty-free quota-free (DFQF) scheme became operative with 0 per cent duty for imports of goods originating in LDCs.



## Market access

**Members of the WTO's Committee on Market Access welcomed the release to the public of the WTO database on quantitative restrictions. The Committee made significant progress in one of the important tariff transposition exercises under way under the Harmonized System (HS). At its two formal meetings, it took note of a number of specific trade concerns raised by members.**

At the Committee on Market Access meeting in May, delegates welcomed the opening to the public of the WTO database on quantitative restrictions through the WTO website (<http://qr.wto.org/>). The database informs businesspeople and traders of what products are subject to restrictive measures and procedures in various countries.

At the meeting, the WTO Secretariat made a presentation on the database and showed a film on the importance of WTO members notifying their quantitative restrictions in line with the 2012 decision on notification procedures. The video provides information to WTO members and to the public on the decision, which requires members to notify restrictions in force every two years.

The Committee reviewed notifications from the European Union, Georgia, Hong Kong (China), Japan, the Republic of Korea, Mali, Peru, Singapore, Switzerland, Thailand and Ukraine. At its October meeting, disappointment was expressed that the number of notifications is still low.

### 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 concessions 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 concessions 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.



## ➤ Trade concerns

Russia expressed concerns about measures taken by Brazil, the European Union and Norway. It said Brazil's application of two sets of import duties on diammonium phosphate (or DAP, used as fertilizer) discriminated against Russian exports. Brazil said it has held bilateral discussions on this matter with Russia, which will continue.

Russia said the European Union has eliminated most of its duties on imports from Ukraine without there being a free trade agreement (FTA), which it said breaches the most-favoured-nation principle and discriminates against other WTO members. Argentina and Venezuela shared these concerns. Nicaragua, Ecuador and Cuba said they will be following the matter closely. The European Union said that it has negotiated an FTA with Ukraine and informed the WTO Secretariat.

With regard to Norway, Russia said that Russian fishing vessels landing fresh catch in Norway but destined for a third country have to pay charges to a Norwegian fishermen's sales organization. It said this is discriminatory because EU fishing vessels are exempted from these charges. The Norwegian representative said he will transmit the concern to Oslo. Switzerland expressed concern that Bahrain is applying duties on imported cigarettes that are higher than its bound rate.

## ➤ Harmonized System (HS) transposition exercises

The Committee noted the status of work on the various Harmonized System transposition exercises, which correspond to the years in which the World Customs Organization (WCO) made changes to the HS nomenclature. The exercises help guarantee that members' schedules of commitments are up to date and relevant, and that tariff obligations are transparent.

Significant progress has been made on the HS2007 exercise, with around 85 files either certified or under the certification process, compared with 27 in 2013. For HS96 and HS2002, the situation has changed little and there are a few files still open in both cases. As the focus has been on HS2007, the HS2012 exercise has not yet started.

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

## ➤ Databases

The Secretariat reported on the Integrated Data Base (IDB) and the Consolidated Tariff Schedules (CTS) database, including information on the use of information in the databases, the status of software development and technical assistance. The IDB compiles information on applied tariffs and imports, as notified by WTO members, while the CTS collates information on members' schedules of concessions.

IDB coverage has significantly improved in recent years but some important gaps remain. A comprehensive dataset on tariffs and import statistics is very important for any analysis that WTO members might want to undertake. However, at present IDB data needs to be complemented with data coming from other sources. For this reason, the WTO Secretariat encouraged members to notify

their data and help fill in the gaps. The Secretariat is available to provide technical support on IDB notifications.

## ➤ Other issues

The Committee lifted restrictions on publication on the WTO website of bilateral tariff negotiating material from the Kennedy Round and agreed on procedures for doing the same for the Tokyo Round. The negotiating records from the first five trade rounds have already been posted on the WTO website.



## Agriculture

**The Committee on Agriculture examined how countries are complying with their commitments on subsidies and market access and discussed issues arising from this. In 2014, the Committee was also tasked with implementing several of the outcomes from the 2013 Bali Ministerial Conference, including on export competition and tariff rate quotas. In addition, the Committee held informal information sessions and consultations to discuss recent developments in agricultural policy and trade.**

The review of WTO members' progress in implementing their commitments on subsidies and market access under the Agriculture Agreement is largely based on their notifications. Members can and do also ask about agricultural measures that have not been notified. At its four meetings in 2014, the Committee reviewed in detail approximately 80 notifications. Members raised a total of 239 questions on individual notifications. Figure 1 gives a snapshot of the proportion of concerns raised by subject area.

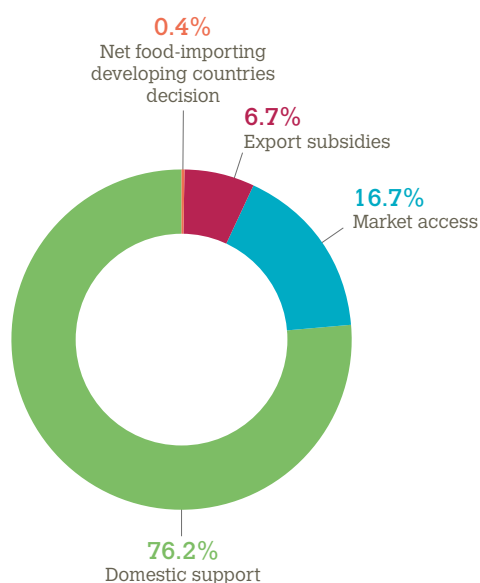
### Background on agriculture

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

Members also raised 35 issues that were not related to specific notifications, 16 of them for the first time. The remaining issues had been discussed at least once in previous years. As notifications are the principal source of information for monitoring compliance with the Agriculture Agreement, the Committee also looked at how well members are fulfilling their reporting obligations. Some delegations raised specific concerns about overdue notifications, particularly on domestic support (subsidies) and export subsidies.

Among issues raised at the Committee was an Indian support programme announced in February involving incentive payments to sugar exporters. Some delegations urged India to remove immediately what they described as export subsidies that will potentially impact world trade. Other topics raised included Costa Rica's breach of its domestic support limit for rice, which it says it will correct in 2015, Thailand's rice support programme known as "paddy pledging", under which farmers can borrow from the government using unmilled rice (paddy) as collateral, and Canada's reclassification of pizza toppings to prevent traders avoiding import duties with the import of cheese pizza toppings.

**Figure 1: Questions on notifications raised in the Committee on Agriculture in 2014, by subject area**



### > Follow-up to Bali Ministerial

The Committee contributed to the implementation of Bali ministerial decisions on export competition (export subsidies and policies that are equivalent to export subsidies) and the administration of tariff rate quotas, where imports within an agreed quota (limit) are charged lower duties than those outside, which can be high.

In June, the Committee held its first annual dedicated discussion on export competition, as called for in the Bali declaration on export competition. The discussion was based on a background document from the WTO Secretariat covering replies to a questionnaire to members on their export subsidies, export credits, export credit guarantees or insurance programmes, international food aid and agricultural exporting state trading enterprises. A revised version of the document was circulated in September. For the second dedicated discussion in November, the Chair sent WTO members the revised questionnaire on export competition and a summary of suggestions received on how to increase the number and improve the overall quality of replies to the questionnaire.

In relation to tariff rate quotas, the Committee focused on basic transparency provisions contained in the Bali decision, in particular on notifications of the extent to which import quotas are filled (fill rates). The Bali ministerial decision sets out a monitoring process within the Committee on Agriculture that combines consultations with the quick provision of information about under-filled quotas. When import quotas go unfilled, it means that exporters have missed out on possible sales. The Committee considered in detail specific requirements for the notification of fill rates and members' notification practices. The Chair suggested adopting as best practice a notification format that includes an additional column for reporting tariff quota fill rates. Several members said they have already included this information in their notifications in 2014.

### > Discussions on agricultural policies and trade

The Committee discussed in informal setting issues relating to trends in domestic support, trade trends and aspects related to the implementation of market access commitments. In these informal meetings, members also shared experiences with domestic policy reform and explored opportunities to enhance transparency, including through notification practices in the area of domestic support.

### > Significant exporters

In 2014, WTO members agreed on a voluntary solution to the long-running question of how to update the 1995 list of significant exporters — used to define who should provide information on their exports in order to help members monitor whether exports might have hidden subsidies. They failed to agree on formally proposed solutions, including on updating the list, how to add new products and how to separate information notified in broad categories of products, such as "coarse grains", into component parts such as rye, barley, oats, maize (corn), sorghum and some other products.

However, no delegation objected to the Chair's suggestion that countries could voluntarily announce that they consider themselves no longer to be on the list for the product or products concerned — meaning that they will not notify their exports of those products — since they no longer meet the 5 per cent threshold trade share to qualify as significant exporters. Similarly, countries that do meet the threshold can voluntarily notify their exports as significant exporters.



## Sanitary and phytosanitary measures

**In July 2014, WTO members adopted a new procedure to resolve trade issues in the areas of food safety, animal health or plant health, referred to as sanitary and phytosanitary (SPS) measures. The procedure lays out how members can seek the services of the Chair of the SPS Committee or another facilitator to help find a solution to their concerns. The Committee undertook the fourth review of how well the SPS Agreement is working. It received a record number of notifications during the year. A workshop examined how risk analysis can be used as a basis for SPS measures.**

The SPS Committee, which deals with issues surrounding food safety and animal and plant health, adopted a new mediation procedure to help members settle their differences on specific SPS measures. The SPS Agreement already allows members to seek the Chair's services as a mediator. However, the new decision spells out steps that the members concerned and the Chair should follow when those members agree to use this procedure. It adds a new tool for resolving differences on specific trade concerns, which can help avoid lengthier and costly legal challenges under the WTO's dispute settlement procedure.

During 2014, the SPS Committee undertook the fourth review of the operation and implementation of the SPS Agreement. Members submitted proposals and discussed possible areas for future work. Following one such proposal, the Committee held a workshop on risk analysis. This workshop provided a platform for discussion and sharing of experiences and best practice concerning analyses of risks related to food safety, animal or plant health. The SPS Agreement requires that trade measures be based on risk assessments or on international standards. Apart from assessment of risks, the workshop also focused on decision making, or risk management, and on communication during the risk analysis process.

### 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.

### > Net food-importing developing countries

As in previous years, the Committee had a dedicated discussion on the implementation and monitoring of the 1994 Marrakesh decision on least-developed and net food-importing developing countries (NFIDCs). WTO members considered food aid levels to least-developed countries and NFIDCs as well as the technical and financial assistance made available by donor members and multilateral institutions to improve their agricultural productivity and infrastructure.

The 2014 discussions were based on the notifications received, the WTO Secretariat note on implementing the Marrakesh Decision and on inputs from the Organisation for Economic Co-operation and Development, International Grains Council, Food and Agriculture Organization and the Inter-American Institute for Cooperation on Agriculture.

Other proposals submitted in the context of the fourth review of the Agreement include developing a catalogue of instruments available for WTO members to manage SPS issues, and a proposal on transparency intended to improve the quality and completeness of notifications.

In March, delegates and other experts discussed the relationship between the SPS Agreement and trade facilitation at a session organized by the Standards and Trade Development Facility (see page 118). The session presented a number of case studies from developing countries and identified needs for assistance in building up the capacity to handle SPS measures. Although in general customs officials handle trade facilitation, many SPS controls by veterinary and plant protection services also occur at borders. While many of these controls are necessary to make sure that the products traded are safe, some may entail unnecessary delays, costs and procedures.

### > A record number of notifications

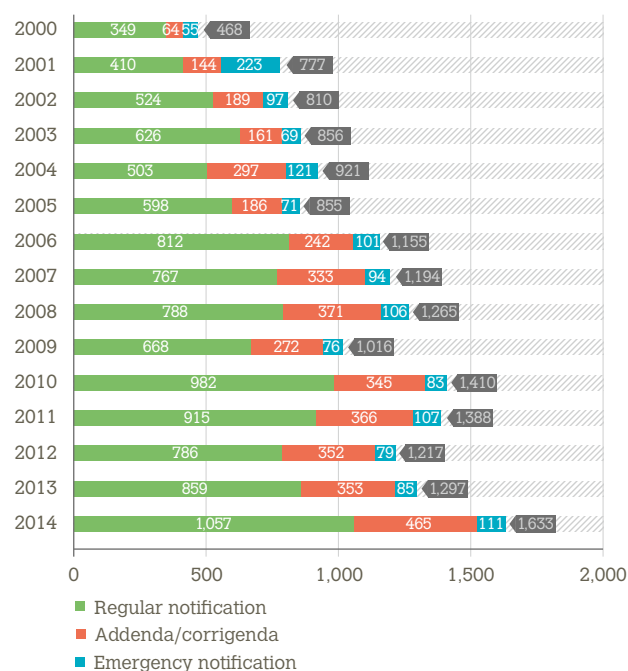
Members submitted a record 1,633 notifications of new or changed food safety, animal or plant health regulations that will have an effect on international trade. The number was up 25 per cent on the previous year.

The notifications inform trading partners that there will be changes in the importing member's requirements and – unless there is an urgent health protection issue – provide a period during which they can submit comments on these regulations before they enter into force. When members adopt a regulation in response to an urgent health problem, they submit an emergency notification immediately upon the regulation's entry into force, and they do not have to provide a comment period. And when there are changes to a regulation after it has been notified, or when a member wants to inform trading partners of a regulation's dates of adoption or entry into force, they can submit an addendum.

As Figure 2 shows, the total number of all SPS notifications has grown steadily over the years, reaching its highest level ever in 2014. Altogether, there were 1,633 SPS notifications in 2014, compared with 1,297 the year before. Of these, 1,057 were regular notifications (up from 859 in 2013), and 111 were emergency notifications (compared with 85 in 2013).

Developing countries are submitting an increasing number of SPS notifications; these also reached a new record in 2014, with a total of 1,023, up from 782 in 2013. Notifications submitted by developing countries accounted for 63 per cent of all SPS notifications, up from 60 per cent the year before – see Figure 3. While over the years there has been an upward trend in the share of all SPS notifications submitted by developing countries, 2014 did not represent the highest percentage. This was reached in 2009, when they submitted 68 per cent.

**Figure 2: Number of SPS notifications per year, 2000 to 2014**



**Figure 3: Share of SPS notifications submitted by developing countries, 2000 to 2014**

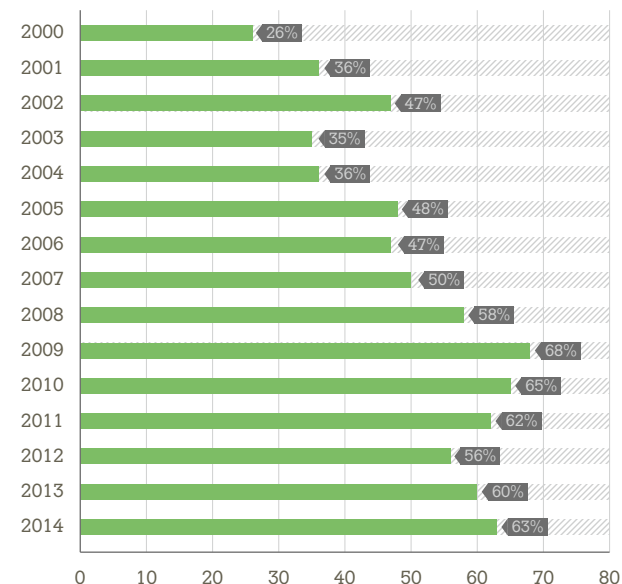
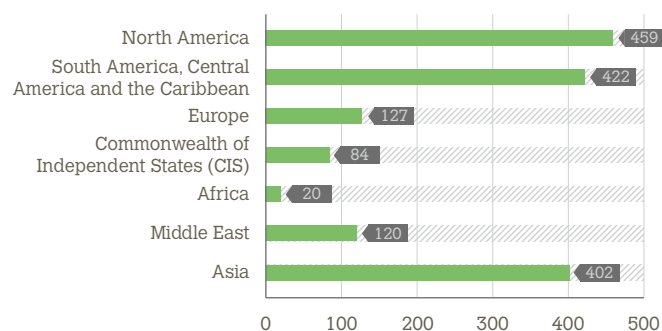




Figure 4 shows a regional breakdown of SPS notifications, illustrating the very high numbers of notifications submitted by members in the Americas and in Asia.

**Figure 4: Number of SPS notifications by region**



## > Specific trade concerns

As usual, the Committee also considered a wide range of “specific trade concerns” at each of its three meetings in 2014. Fourteen new specific trade concerns were raised and other previously raised

concerns were discussed again. The measures discussed related to issues ranging from diseases such as BSE (“mad cow disease”) and African swine fever to plant pests and matters concerning certification.

New trade concerns included Brazil’s certificates for fish and fishery products, Russia’s restrictions on plant products and on live pigs and pork, US and EU measures on mangoes and India’s requirements for blueberries and avocados.

Overall, of the 382 trade concerns that have been raised since the Committee started considering them in 1995, members have reported that a solution has been found for 143. A partial solution has been reported for another 31, meaning, for example, that not all those raising a concern accept the solution.

Thus, altogether about 46 per cent of the specific trade concerns that have been raised in the SPS Committee since 1995 have been either completely or partially resolved. For the remaining 54 per cent, members have not reported that a solution has been found.

## > Private standards

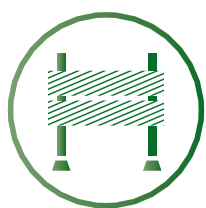
The SPS Committee continued its efforts to develop a working definition of SPS-related private standards, such as those of supermarket chains and other entities outside government. A working group consisting of interested members, under the leadership of China and New Zealand acting as co-stewards, attempted to find consensus language. They were unable to resolve all remaining differences.

## > Training and technical assistance

Training and technical assistance for government officials from developing countries and former centrally planned economies is an important part of WTO work. This is delivered through an e-learning course, through regional and national SPS workshops and through an annual advanced course on the SPS Agreement. In 2014, this advanced course was offered for the 10<sup>th</sup> time. The course is particularly intensive, targeting future national leaders in the implementation of the SPS Agreement.

Apart from participating in coursework consisting of lectures, exercises and discussions, participants also develop an action plan to resolve one implementation difficulty at home. After the course, participants report on the progress they have made with their action plans, and return to Geneva nine months later to present the results.





## Technical barriers to trade

**In 2014, WTO members notified a large number of draft measures and raised an increasing number of “specific trade concerns” in the three formal meetings of the Technical Barriers to Trade (TBT) Committee. The number of new concerns was the highest since 1995, with developing countries increasingly active in airing concerns. The Committee also held thematic sessions on cross-cutting themes and select topics of interest. These focused on good regulatory practice, transparency, standards, conformity assessment procedures, special and differential treatment and technical assistance.**

### > Good regulatory practice and transparency

The Committee continued to devote considerable time to developing voluntary guidance on good regulatory practice. The purpose of this work, launched in 2012, is to streamline the way regulations are prepared, adopted and applied through the “regulatory lifecycle”, thereby avoiding unnecessary regulatory barriers to trade. While the Committee concluded most of its substantive work on the guidance in 2014, based on drafts reflecting broad-based engagement, including contributions from developed, developing and least-developed country members, a concern about the legal interpretative value of the document (the “non-exhaustive list of voluntary mechanisms and related principles of good regulatory practice”) still needs to be resolved.

Another area of focus is transparency, where the Committee has long been refining and improving its procedures. In 2014, the Committee adopted a new recommendation on the “coherent use of notification formats”, which sets out situations for use of new notifications, addenda, corrigenda, supplements or revisions, and should improve transparency and traceability of the notified measures across the regulatory lifecycle.

### Background on technical barriers to trade

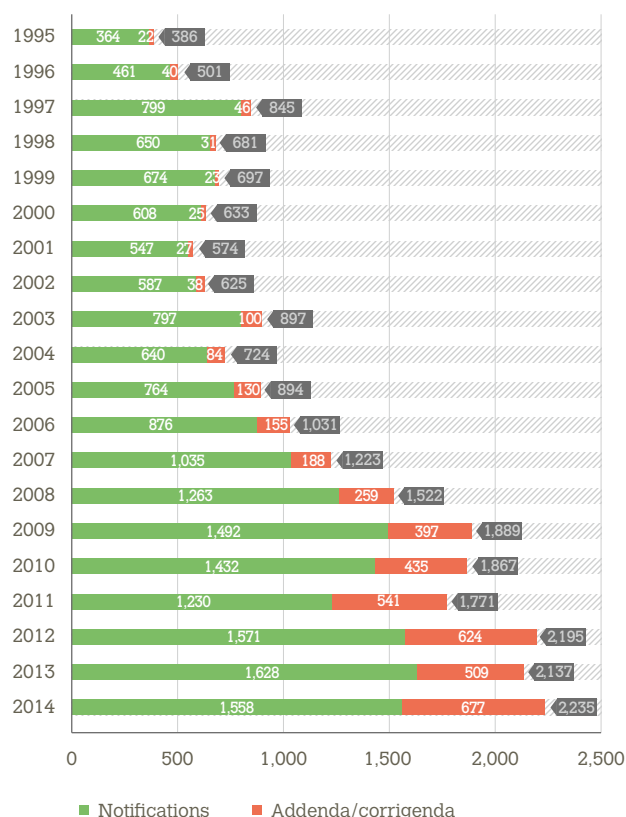
The Technical Barriers to Trade (TBT) Agreement aims to ensure that regulations, standards, testing and certification procedures followed by WTO members do not create unnecessary obstacles to trade. The number of regulations adopted by members has continued to grow in response to consumers’ demands for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

Online tools are being increasingly used. A growing number of members are submitting notifications online through the TBT Notification Submission System (TBT NSS). In 2014, a total of 798 notifications were submitted by 23 members through the TBT NSS, representing 36 per cent of the annual notification volume. The increasing use of the TBT NSS has enabled the Secretariat to process notifications more rapidly. With respect to dissemination of notifications, a proposal to develop a WTO email-based notification alert system was discussed by the Committee and may be developed further in conjunction with the Seventh Triennial Review in 2015. The review by the Committee, which covers all key areas, looks at how well the Agreement on Technical Barriers to Trade is working.

### > Review of measures

Notification of new (or changed) draft measures to the TBT Committee continues to rise on a year-on-year basis (see Figure 5). Members are also making increasing use of the TBT Committee to raise trade concerns. In 2014, 47 new specific trade concerns were raised in the Committee, up from 42 the previous year and more than in any other year since 1995. In addition, 38 concerns that had been already raised in previous years were discussed (see Figure 6). Developing countries are increasingly active in airing their concerns and raised 63 (about 75 per cent) of the 85 trade concerns discussed during the year.

Figure 5: TBT notifications, 1995 to 2014

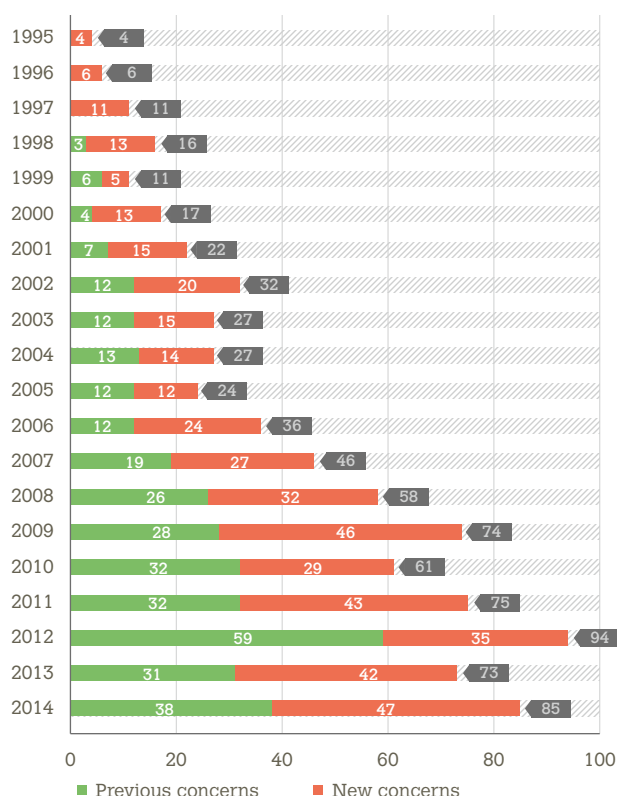


Matters relating to human health or safety, such as nutritional labelling for food and drink, continue to be a dominant theme in the trade concerns addressed by the Committee. For example, measures introduced to combat ailments such as diabetes or cardiovascular diseases, arising from an unhealthy diet or obesity, are being discussed. While there is broad appreciation on the need to protect health and to allow consumers to make informed choices, there is debate on the best means of achieving these objectives and whether there are potentially less trade-restrictive alternatives available.

Other health or safety-related regulations discussed by the Committee during the year included measures on medical equipment, cosmetics, toys, health warnings and labelling requirements for alcoholic beverages, and plain packaging for tobacco.

Some measures raised during the year relate to environmental concerns. For example, proposed measures to simplify waste sorting and recycling were discussed by the Committee as well as regulations affecting trade in biofuels.

**Figure 6: Specific trade concerns raised in the TBT Committee, 1995 to 2014**



## > Capacity building

During 2014, the WTO Secretariat organized a significant number of TBT-related technical assistance activities in response to growing demand. A total of 14 workshops were organized specifically on the TBT Agreement and hosted by various developing country members or observers. These included four regional events and 10 national events. The programmes were designed to assist participating economies to consolidate knowledge of the principles and disciplines of the TBT Agreement, discuss implementation-related challenges and better engage in the work of the TBT Committee. Particular emphasis was put on transparency and national coordination.

In total, participants from 80 developing country members or observers benefited from TBT-specific technical assistance activities in 2014.

## > Disputes

Since 1995, 50 disputes have cited the TBT Agreement in their requests for consultations, the first formal step to initiate a WTO case. In 2014, one such request was lodged concerning certain Indonesian measures affecting exports of chicken meat and products. Other developments during the year included the circulation of the Appellate Body report in two disputes involving EU measures regulating seal products and the circulation of the ruling of a compliance panel on the US country of origin labelling regulations for meats (still under appeal).

There was also the establishment of a compliance panel for a previous ruling on US measures on canned tuna labelling and the settlement ending compliance panel proceedings with respect to US tobacco control measure banning flavoured cigarettes. In addition, a single panel was established to decide on five disputes launched in 2013 against Australia's tobacco control measures ("plain packaging").

## > Observers

During 2014, representatives of various observer organizations – the Bureau International des Poids et Mesures, the FAO/ WHO Codex Alimentarius Commission, the International Electrotechnical Commission, the International Organization for Standardization, the International Trade Centre, the United Nations Economic Commission for Europe and the World Health Organization – updated the TBT Committee on activities relevant to their work, including on technical assistance.

The Committee welcomed and granted ad hoc observer status to the Gulf Cooperation Council Standardization Organization.



## Subsidies and countervailing measures

**The Committee on Subsidies and Countervailing Measures focused on encouraging more WTO members to notify their subsidy programmes and on improving the timeliness and completeness of notifications. A significant number of members have yet to make new and full notifications for the latest notification periods, 2011 and 2013. The procedures for the extensions of the period for the elimination of export subsidy programmes of 19 developing-country members entered their final two-year phase-out period in 2014.**

In 2014, the Subsidies and Countervailing Measures (SCM) Committee reviewed WTO members' notifications of specific subsidies, notifications of countervailing duty legislation, semi-annual reports of countervailing actions and ad hoc notifications of preliminary and final countervailing measures taken. At the autumn meeting, the Chair urged the 59 members that still had not made their 2011 new and full subsidy notifications, and the 69 members that had not yet made their 2013 new and full subsidy notifications, to contact the WTO Secretariat with any questions and to make their notifications as soon as possible.

The Committee continued its consideration of 2013 new and full notifications, which is the latest notification period, as well as of newly received new and full subsidy notifications for prior notification periods (2011, 2009, 2007, 2005 and 2001). At both its April and October meetings, the Committee continued its discussions of ways to improve the timeliness and completeness of notifications and other information flows on trade measures under the SCM Agreement.

For 19 developing-country members, the period for elimination of export subsidy programmes entered its final two-year phase-out. In line with a decision by the General Council, the SCM Committee had since 2007 granted annual extensions up to the end of 2013. The Committee took no further action on these extensions in 2014, as 2014 was the first year of the final phase-out period.

### Background on subsidies and countervailing measures

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

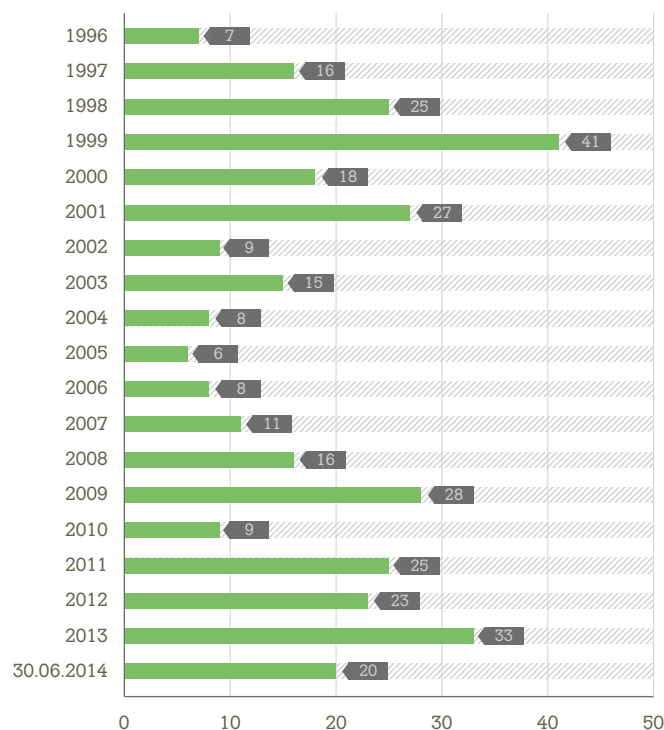
Certain other developing members are exempted from the general requirement to eliminate export subsidies so long as they remain least-developed countries (LDCs) or if they are listed individually in Annex VII to the SCM Agreement and remain below the US\$ 1,000 threshold for per capita GNP.

According to a ministerial decision taken in Doha in 2001, an individually listed WTO member remains below the US\$ 1,000 threshold until its per capita gross national income (GNI) is above US\$ 1,000 calculated in constant 1990 dollars for three consecutive years. The World Bank calculates the deflated per capita GNI figures for the members concerned once per year. According to the most recent of these calculations, performed in 2014, the listed members remaining below the US\$ 1,000 threshold are Bolivia, Cameroon, Congo, Côte d'Ivoire, Ghana, Guyana, Honduras, India, Kenya, Nicaragua, Nigeria, Pakistan, Senegal, and Zimbabwe.

In addition, all members designated as LDCs by the United Nations are included in Annex VII as such, and thus are exempt from the export subsidy prohibition.

The Committee reviewed notifications related to the countervailing duty legislations of Australia, Brazil, Cameroon, Chile, Congo, Côte d'Ivoire, the European Union, The Gambia, Mexico, Montenegro, New Zealand, Papua New Guinea, Qatar, Russia and the United States. The Committee also reviewed notifications of countervailing actions taken (see Figure 7).

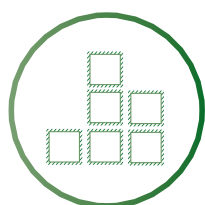
**Figure 7: Countervailing initiations by reporting WTO member, 1 January 1996 to end-June 2014\***



\* Figure 7 covers initiations up to the end of June 2014. Data for the second half of 2014 are not yet available.



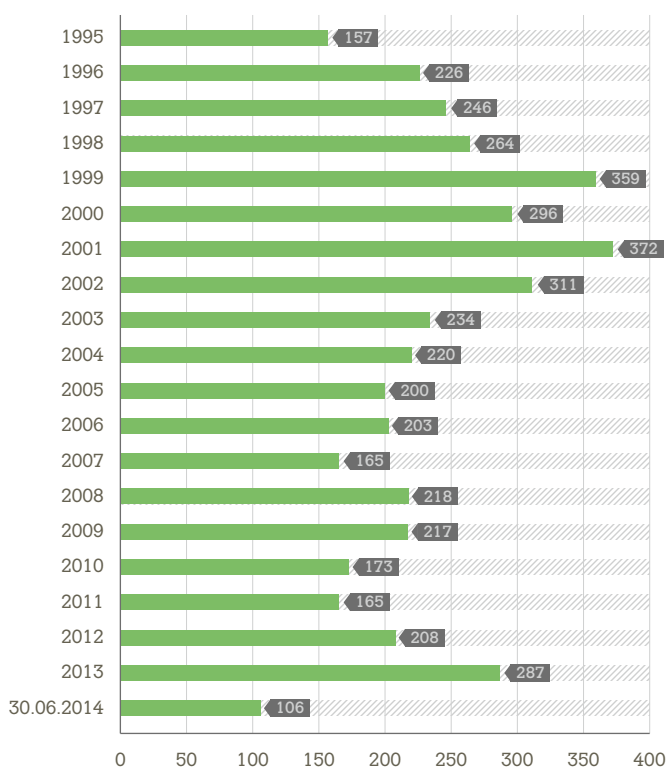
The notifying members were Australia, Brazil, Canada, China, Egypt, the European Union, India, Mexico, Pakistan, Peru, South Africa, Turkey and the United States. As of 30 June 2014, there were 100 notified countervailing measures (definitive duties and undertakings) in force, of which 52 were maintained by the United States, 17 by Canada and 14 by the European Union.



## Anti-dumping practices

From January to June 2014, WTO members initiated 106 anti-dumping investigations, down from 127 in the same period in 2013 (see Figure 8). At its two meetings in 2014, the Committee on Anti-Dumping Practices reviewed new legislative notifications, semi-annual reports on anti-dumping actions and ad hoc notifications of preliminary and final actions taken by WTO members.

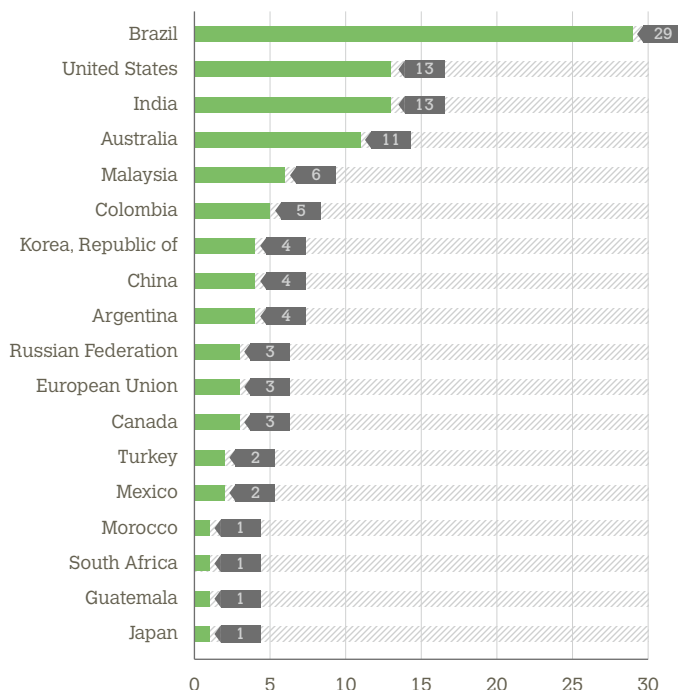
**Figure 8:** Anti-dumping initiations by reporting WTO member, 1 January 1995 to end-June 2014\*



\* Figure 8 covers initiations up to the end of June 2014. Data for the second half of 2014 are not yet available.

Australia, Brazil, the Republic of Korea and the United States initiated more anti-dumping investigations during the first half of 2014 compared with the same period in 2013. However, other recent frequent users of anti-dumping, including China, Colombia, India, Malaysia, South Africa and Turkey, initiated fewer. While Russia did not report any initiations during the first half of 2013, it reported a number during the first half of 2014 (see Figure 9).

**Figure 9:** Anti-dumping initiations by reporting WTO member, 1 January 2014 to end-June 2014



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

### Background on anti-dumping practices

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

At its spring and autumn meetings, the Committee reviewed semi-annual reports for the second half of 2013 submitted by 30 members and semi-annual reports for the first half of 2014 submitted by 32 members. It also reviewed ad hoc notifications of preliminary and final actions taken by 25 WTO members at both meetings. As of 30 June 2014, 31 members had notified the WTO of 1,449 anti-dumping measures (definitive duties and undertakings) in force.

The Committee reviewed new notifications relating to legislation from Australia, Brazil, Cameroon, Congo, the European Union, the Gambia, Mexico, Montenegro, New Zealand, Qatar and the United States in 2014. It also continued its review of the legislative notifications of Chile and Russia.

The Working Group on Implementation discussed two papers at its spring and autumn meetings. The first was on “other known causes of injury”, focusing on the “non-attribution” language, which provides that injuries to the domestic industry caused by known factors other than dumped imports should not be attributed to the dumped imports under investigation. The paper looked at the issue of separating and distinguishing the effects of known other factors causing injury from those of the dumped imports. The second paper dealt with sampling and the “all others” rate, addressing the selection of exporters or producers for individual examination and calculation of individual dumping margins, and the determination of the anti-dumping duty rate applied to importers not individually examined.



### Customs valuation

**The Committee on Customs Valuation reviewed national legislation and WTO members’ responses to a standard checklist of issues. It concluded the review of the legislation of Chile, China, Costa Rica, Japan, Lao PDR, Macao (China) and Tunisia. New or additional notifications of national legislation were received from nine members. The Committee held an informal workshop on the use of customs valuation databases and requested the Director-General to rectify a linguistic error in the Agreement on Customs Valuation. The Committee agreed to study a proposal to update the method for determining the customs value of software for data processing equipment.**

The Committee received new or further notifications of national legislation from Chile, Colombia, The Gambia, Guinea, Honduras, Moldova, Montenegro, Russia and South Africa. During the year, it concluded the review of Chile, China, Costa Rica, Japan, Lao PDR, Macao (China) and Tunisia. The notification record for WTO members

remains poor: 38 of the 160 members have never sent any notification and 66 members have not provided responses to the checklist of issues, a questionnaire that facilitates the review of national legislation.

Two national training activities were delivered in 2014, in Azerbaijan and Colombia. National training on customs valuation can also be provided for members and countries as part of the WTO accession process. In October, the Committee held an informal workshop on the use of customs valuation databases, attended by a number of experts from the private and public sector. The workshop drew speakers from Argentina, Ecuador, the European Union, Mauritius, Uruguay and the United States as well as representatives of the World Customs Organization and the International Chamber of Commerce and the chairperson of the Technical Committee on Customs Valuation.

One new notification on preshipment inspection was received from The Gambia. 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 the 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.

### > Uruguay’s proposals

Uruguay proposed updating a 30-year-old decision that has allowed members to value, for customs purposes, software and data on the basis of the cost of the carrier media (such as magnetic tapes, CDs and DVDs in which they are transported from one country to the other). It called for the 1984 decision to be extended to USB keys or flash drives because of their growing popularity as carrier media. According to Uruguay, under the existing decision, customs may value software in a CD-ROM at US\$ 5 while the same software imported using a USB key could be valued at US\$ 1,000. The WTO Secretariat prepared a statistical analysis for the October meeting of the Committee, which agreed to continue studying the issue.

#### Background on customs valuation

The value of a good plays a critical role in the calculation of import duties. Although the customs value is indispensable for the calculation of ad valorem duties, which are the most common type, it is often also required for the calculation of other duties as well as other border taxes. The WTO Agreement on Customs Valuation seeks to protect the value of tariff concessions by establishing a fair, uniform and neutral system for the valuation of goods for customs purposes, which precludes the use of arbitrary or fictitious values. The Committee on Customs Valuation manages the Agreement along with the Agreement on Preshipment Inspection.

In a separate proposal, and following a discussion in 2013 by the WCO's Technical Committee on Customs Valuation, Uruguay called for a technical rectification in the Spanish and English language versions of Article 8:(1)(b)(iv) of the Agreement on Customs Valuation, which, it said, has a different meaning to the French. The Committee agreed to request the Director-General to follow a "procès-verbal de rectification" procedure in order to rectify the Spanish and English versions of this provision. Following a 30-day period for objections, this procedure was finalized on 27 August 2014.



## Rules of origin

**The Committee on Rules of Origin agreed on steps to implement the Bali ministerial decision on preferential rules of origin for least-developed countries (LDCs). The Chair reported there continued to be two very differing views on whether work should resume on harmonizing non-preferential rules of origin. The Committee also reviewed notifications by WTO members.**

### Background on rules of origin

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

In contrast to other WTO committees and councils, where discussions on Bali-related decisions were halted for much of the year due to an impasse on trade facilitation and public stockholding (see pages 30-31), the Committee on Rules of Origin continued work on carrying out the ministers' instructions.

The decision on preferential rules of origin for LDCs – adopted at the Bali Ministerial Conference in 2013 – requires that non-reciprocal rules of origin for LDCs be simple and transparent and take into account the productive capacities of LDCs. Rules of origin are used to determine where a product is made. Products deemed under the rules to be made in LDCs qualify for preferential market access – that is, the privilege of being imported without paying customs duties into the countries that have preferential schemes for LDCs.

The ministerial decision requires the Committee to review new developments in relation to rules of origin for LDCs and to report on these developments to the General Council. The Committee approved initiating that work according to a series of recommendations by the Chair. These included that WTO members notify any new or modified preferential rules of origin for LDCs as soon as possible and that the Committee review any such notifications and use its discussions to compile a report to the General Council and the LDCs Sub-Committee. Uganda, speaking on behalf of the LDCs at the April meeting, welcomed the proposals by the Chair and suggested that the Committee work towards the goal of facilitating market access opportunities for the LDCs.

As a result of the Bali decision, governments will have for the first time a set of multilaterally agreed guidelines, which, if implemented, should help make it easier for LDC exports to qualify for preferential market access. The decision recognizes that each country granting trade preferences to LDCs has its own method of determining rules of origin, and it invites members to draw on the decision when they develop or build on rules applied to LDCs.

### › Harmonizing non-preferential rules

The Committee took note of the state of play in its negotiations for the harmonization of non-preferential rules of origin, the Harmonized Work Programme (HWP). It was informed about a letter sent by the Chair of the General Council instructing the Committee to discuss all issues necessary to take decisions with respect to the continuation or not of the HWP. These negotiations began in 1995, and despite substantive progress for thousands of tariff lines, came to a halt in 2007 due to divergences on whether or not the harmonized rules of origin should also apply in the implementation of other trade policy instruments, like anti-dumping measures.

The Chair said that there continued to be two distinct views in the Committee. Some members believe that fully harmonized non-preferential rules of origin would facilitate world trade but others believe that world trade has changed to the point that harmonized rules are no longer needed. The Committee agreed to engage in the examination of existing non-preferential rules of origin as notified by members and initiate a more detailed review of transposed rules of origin.

The Chair noted that 47 members have not yet submitted notifications on their non-preferential rules of origin. He urged these members to do so as soon as possible. The WTO Secretariat made a presentation on the transposition of the draft rules of origin into more recent versions of the Harmonized System (HS) nomenclature. It completed the technical transposition of draft harmonized rules of origin into more recent versions of the HS nomenclature (see page 51).

### > Other matters

Uganda presented a detailed paper on the challenges that LDCs face in meeting developed countries' preferential rules of origin. The report examines in detail the trade impact from reforms in preferential rules of origin adopted by Canada (in 2003) and the European Union (effective in 2011).

It concludes that such reforms made it easier for LDCs to comply with the rules and therefore generated an overall increase of trade flows. The report also argues that a change in rules of origin reflecting global value chains generates a market response in terms of investment and trade flows while illustrating the difficulties in meeting certain origin criteria that are based on percentage criteria.

Uganda invited the United States and Japan, where preferential rules of origin remain largely unchanged since the 1970s, to review the substance and form of their systems in this area. The Committee also heard a presentation from the WTO Secretariat about its Database on Preferential Trade Agreements (<http://ptadb.wto.org>) where members' notifications and legislation on preferential rules of origin can be accessed.



## Import licensing

**The Committee on Import Licensing reviewed over 100 notifications submitted by WTO members under various provisions of the Agreement on Import Licensing Procedures. The Committee also heard a number of specific trade concerns about import licensing rules and procedures applied by some members.**

The Committee reviewed 101 notifications submitted by WTO members under various provisions of the Agreement on Import Licensing Procedures. It reviewed 25 notifications from 18 members covering publications and/or legislation on import licensing procedures, and 18 notifications from nine members

relating to the institution of new import licensing procedures or changes in these procedures. It also reviewed 58 notifications from 46 members relating to responses to a questionnaire on import licensing procedures.

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

However, WTO members' compliance with notification obligations remains a challenge. As of October 2014, 16 WTO members had still not submitted any notification under the Agreement. In addition, 25 members had never fulfilled their obligation to submit responses to the annual questionnaire on licensing procedures.

WTO monitoring reports on recent trade developments identify import licensing as one of the main potentially trade-distorting or restricting measures being introduced by governments. On a positive note, Viet Nam, Lao PDR, Samoa, Russia and Tajikistan submitted their first notifications in 2014 under various provisions of the Agreement. The WTO Secretariat continues to provide technical assistance and capacity building to members in need.

The Committee also heard a number of specific trade concerns regarding import licensing. In particular, questions were raised on the import licensing procedures or legislation adopted by Argentina, Bangladesh, Brazil, Colombia, Ecuador, India, Indonesia, Malaysia, Mongolia, Russia, Saint Lucia, Thailand, Turkey, Ukraine and Viet Nam.

On dispute settlement, the United States and other members filed a request for consultations in the case "Indonesia – Importation of horticultural products, animal and animal products", citing a number of articles of the Agreement. A request for consultations is the first step in the WTO dispute settlement process.

### Background on import licensing

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



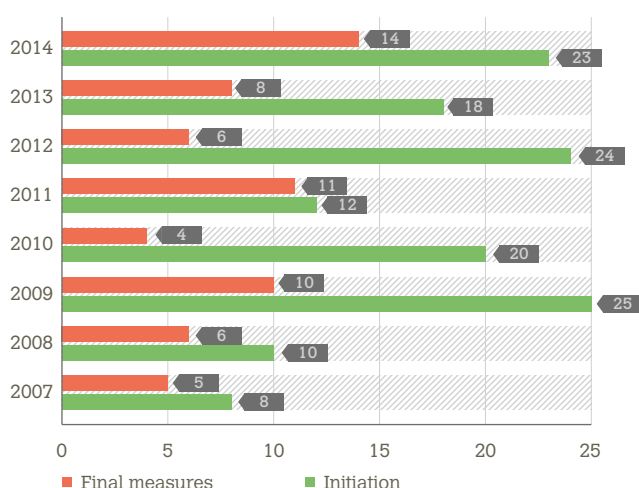


## Safeguards

The Safeguards Committee reviewed notifications by WTO members of their safeguard rules and actions at its two meetings in 2014.

The number of notifications of new investigations increased to 23 from 18 the year before. The number of final measures taken during 2014 also increased, to 14 from eight in 2013 (see Figure 10). India initiated the most investigations in 2014, with seven, followed by Indonesia and Turkey with three. India also imposed the greatest number of final measures – four.

**Figure 10:** Safeguard investigations by year (for all WTO members)



### 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.

In addition to the safeguard investigations initiated by India, Indonesia and Turkey, investigations were also initiated in 2014 by Ecuador, Egypt, Jordan, Malaysia, Morocco and Tunisia. Armenia informed the Safeguards Committee in December 2014 that it will apply two safeguard measures adopted by the Eurasian Economic Union (EEU) on its accession to the regional trading bloc in January 2015. These two measures are counted as impositions for the purpose of the statistics above. Armenia is the second WTO member, after Russia, to be a member of the EEU.



## Trade-related investment measures

Three new investment measures were discussed by the Committee on Trade-Related Investment Measures (TRIMs) in 2014. The Committee continued to debate ten measures previously raised. In addition, it reviewed compliance with WTO members’ notification obligations under the TRIMs Agreement.

The TRIMs Committee met twice in 2014, with three new measures on the agenda.

The first new measure, discussed at the request of the European Union, Japan and the United States, concerned certain Russian measures providing preferential treatment for companies engaged in automobile production and assembly if they fulfilled certain local-content requirements.

The second, discussed at the request of the European Union, Japan and the United States, concerned minimum local sourcing requirements imposed by Indonesia on franchises, including modern retail franchises (such as mini-markets and hypermarkets) and food establishments.

### 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.

The third new measure, discussed at the request of Canada, the European Union, Japan and the United States, concerned Indonesia's newly adopted Industry Law and Trade Law, which allow the government potentially to impose export bans on biological and non-biological raw materials (Industry Law) and restrictions on export and import of certain goods for national interest (Trade Law). They also allow for the mandatory use of domestic products and increased use of national standards, and the use of safeguard measures, either tariff or non-tariff, to protect the industry from international competition.

Discussions on measures previously raised before the Committee continued at both meetings. These included local content requirements in the Brazilian, Indian and Indonesian telecommunications sectors as well as the Indonesian, Nigerian, Uruguayan and US energy sectors (including mining, oil, gas, wind power and renewable energy) and certain local content requirements in the US water utilities sector, in the Russian agricultural equipment sector and in several Brazilian sectors regarding tax preferences.

The Committee took note of four new notifications under Article 6.2 of the TRIMs Agreement, which 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. Members who had not provided notifications to date were urged to do so promptly.



## Information technology

**Afghanistan and Seychelles joined the Information Technology Agreement (ITA) in 2014, bringing the total number of members to 52 (with the European Union counting as one). The Committee continued its work on non-tariff measures, with the objective of identifying impediments to trade in IT products. On the contentious issue of product classification, members agreed to work on the basis of a Swiss proposal. In negotiations to expand product coverage, participants significantly reduced differences, but not enough to yield agreement in 2014.**

Afghanistan and Seychelles joined the ITA in 2014, bringing the total number of participants to 52 and the total number of WTO members involved to 80. The agreement covers some 97 per cent of world trade in information technology products, with 90 per cent of this trade now duty free, showing the benefit of the ITA to all WTO members. During the year, the Committee of the Participants on the Expansion of Trade in Information Technology Products continued to review implementation of the ITA.

### > Non-tariff measures (NTMs) work programme

In one of the key areas of the NTMs work programme, 29 members have so far provided responses to a survey on conformity assessment procedures for electromagnetic compatibility (EMC) and electromagnetic interference (EMI). The survey aims to lead to the adoption of common guidelines. However, the number of respondents is still low overall. In considering ways to advance and expand its work on NTMs other than EMC/EMI, the Committee decided to hold an industry-driven workshop in May 2015 to further discuss the impact of NTMs in the IT sector.

### > Product classification divergences

Classification divergences have been the most controversial area of the ITA since its inception. The ITA contains 55 products that are not classified under the same Harmonized System (see page 51) headings by ITA participants. In 2013, the Committee agreed on the classification of 18 of these products, mainly semiconductor manufacturing equipment.

For the 37 remaining items, the Committee agreed in 2014 to proceed on the basis of a Swiss proposal. The latter requires the Secretariat to circulate a list of the 37 items – including computers, network equipment, flat panel display and semiconductor manufacturing equipment – indicating their possible classification in HS2007 (see page 51) so that WTO members can identify where their domestic classification diverges from the Secretariat's list.

### > Expanding product coverage

WTO members reported to the Committee on the state of play in bilateral and plurilateral consultations on increasing ITA product coverage. In the light of new technological developments, efforts have been under way since 2012 to extend the ITA to cover approximately 200 additional products, including many new-generation communication, data and medical devices. Members currently engaged in these negotiations account for approximately 90 per cent of world trade in the products being proposed for inclusion.

### Background on information technology

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

Participants succeeded late in 2014 in significantly reducing their differences in the negotiations to expand the coverage of the ITA but it was not possible to finalize the talks. Director-General Roberto Azevêdo urged members to remain actively and constructively engaged in trying to bridge the gaps.

It is estimated that the expanded ITA would significantly cut tariffs and would boost the world economy. Crucially, it would benefit all WTO members, not just the ITA participants, because the tariff cuts would be applied on a multilateral basis. Agreement on expanding the ITA would be the first successful tariff-cutting negotiation in the WTO for over a decade and a half.



## State trading enterprises

**In 2014, the Working Party on State Trading Enterprises reviewed 77 notifications from WTO members, compared with 50 the previous year. However, the number of notifications remains low and the Chair called for improvement in members' compliance with the notification obligation.**

At its regular meeting in October 2014, the Working Party reviewed 64 new and full notifications from 31 WTO members (compared with 38 from 13 members in 2013) and 13 updating notifications from three members, compared with 12 from four members

in 2013. Notifications cover products imported into or exported from members' territories by state trading enterprises (STEs). WTO members have extended indefinitely a June 2012 agreement to submit new and full notifications every two years.

Compliance with notification obligations remains poor. Of 133 notifying members, only 32 submitted notifications for the most recent period (2012-13). For the previous period (2010-11), only 44 notifications were received from a total of 130 notifying members. The Chair encouraged members to continue to work with their respective capitals and the WTO Secretariat to improve the notification record.

At the October 2014 meeting, the United States submitted a counter-notification regarding the STEs of China. Members may counter-notify when they have reason to believe that another member has not adequately notified its STEs. China did not comment on the US counter-notification and stated that it would submit its own notification shortly. Canada, the European Union, Australia and Colombia also expressed their concern and noted the need to improve transparency.

The European Union also noted its concern about the potential negative effects on world trade of the operations of numerous Indian agricultural STEs. The European Union was particularly concerned about the potential adverse spillover effects of operations aimed at building stocks of food grains by procuring the products from local farmers at minimum support prices and managing levels of imports. The European Union asked India to provide information on the extent to which the food grains were eventually exported and at what price. Canada and Australia expressed the same concern.

Chile and the European Union asked a question of New Zealand in relation to its STE managing the market for kiwi fruit. Also at this meeting, the European Union asked Russia why it had not yet notified state-controlled energy concern Gazprom as an STE despite its commitment to do so in its Protocol of Accession. The United States echoed this concern.

### Background on state trading enterprises

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



## Trade in civil aircraft

In 2014, the Trade in Civil Aircraft Committee held one meeting at which signatories continued to discuss their 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 (see page 51). The Agreement has 32 signatories, of which 20 are member states of the European Union.

### 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

**In 2014, the Council for Trade in Services focused to a great extent on the operationalization of the LDC services waiver. Services-related issues in electronic commerce also figured prominently on the agenda. Additionally, the Council debated recent developments in services trade and regulation raised by WTO members as well as transparency-related issues.**

The services waiver for least-developed countries (LDC) was the object of much of the Council's work in 2014. The waiver enables members to grant more favourable treatment to services and service suppliers of LDCs. As of the end of 2014, no waiver preferences had been granted but, in keeping with the Bali Ministerial Conference decision, the Council initiated a process to operationalize the waiver.

Following a proposal by LDCs, the WTO Secretariat prepared a note on measures in the professional services sector notified, under various provisions of the General Agreement on Trade in Services (GATS), by the top ten services traders. As per the ministerial decision, on 21 July LDCs submitted a collective request identifying the sectors and modes of export of interest to them. In the wake of the collective request, and in line with the ministerial mandate, the Council agreed to hold a high-level meeting on 5-6 February 2015. At the meeting, over 25 members indicated services sectors and modes of supply from LDCs to which they would give preferential treatment.

The Council continued its work on electronic commerce. This included consideration of electronic authentication and trust services, on the basis of contributions by the European Union, as well as issues related to cross-border information flows, localization requirements, privacy protection and cloud computing, which were addressed in a US submission. Given the Bali Ministerial Conference decision to

press on with the work, e-commerce will continue to occupy the Council in 2015.

The Council debated recent developments in services trade and regulation. The 23 members participating in the negotiations on a plurilateral Trade in Services Agreement (TISA) kept the Council regularly informed on progress in their negotiations. While non-TISA participants were generally appreciative of the transparency provided by these updates, some remained concerned about the initiative, and in particular its impact on multilateralism.

TISA participants pointed out that TISA was developed to be compatible with the GATS and could help to facilitate multilateral talks in the future. The Council heard a presentation about the new EU directive on conditions of entry and residence of third-country, intra-corporate transferees. The directive is designed to make it easier and quicker for multinational companies to temporarily assign highly skilled employees to subsidiaries situated in the European Union. The Council also considered, at the request of Russia, a number of services trade-restrictive measures adopted by certain WTO members.

In accordance with the GATS' transparency provisions, the Council received 31 notifications of new or revised measures deemed by

## Background on trade in services

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



the WTO members concerned to significantly affect trade in sectors they had subjected to commitments. Another 17 notifications dealt with new economic integration agreements covering services trade.

In considering how compliance with the GATS' notification requirements might be improved in order to enhance transparency, the Council examined the feasibility of setting up an online system for services notifications. A Secretariat note provided the basis for the discussion, which estimated the cost of setting up a scheme for the online submission of GATS notifications as being in the order of CHF 100,000. It also signalled that, as concerns the retrieval of information about notifications, an online mechanism already exists thanks to the WTO's documents online facility. In the light of members' diminishing interest, the Council decided to suspend its deliberations on this issue.

### ➤ Financial services

The Committee on Trade and Financial Services discussed "financial inclusion" in the context of the relationship between trade in financial services and development. The discussion was based initially on presentations by members (e.g. China, South Africa and Chinese Taipei). In November, following a proposal by China, the Committee held a seminar on mobile banking, which featured a distinguished line-up of speakers representing international organizations, the regulatory community, the industry and senior trade negotiators. The seminar highlighted the importance of mobile banking as a vehicle for expanding financial inclusion. In order to deepen understanding of this issue, which has become a policy priority around the world, the WTO Secretariat prepared a note on financial inclusion and the GATS. The note addresses the issue from a trade policy perspective to provide an appropriate framework for the continuation of discussions.

The Committee continued its consideration of regulatory issues in financial services, on the basis of a WTO Secretariat note. The discussion aimed to provide background information on members' regulatory practices with regard to qualifications, licensing and technical standards in financial services, with a view to assisting the Working Party on Domestic Regulation (WPDR) in its discussions on these issues. In this context, following an invitation by the Committee, representatives of the Basel Committee on Banking Supervision, the Financial Stability Board, the International Association of Insurance Supervisors and the International Organizations of Securities Commissions gave an overview of the most recent international regulatory reforms and initiatives in the financial sector, and discussed with WTO members the potential implications for trade in financial services.

As part of its work on the classification of financial services, the Committee discussed the issue of "new financial services" on the basis of a note by the Secretariat containing a comprehensive and exhaustive collection of references to this in reports of past discussions, members' submissions, previous notes by the Secretariat, the Understanding on Commitments in Financial Services, schedules of specific commitments and relevant jurisprudence.

### ➤ Specific commitments

The Committee on Specific Commitments is mandated to oversee the implementation of WTO members' services commitments and, in particular, to ensure their technical accuracy and coherence through regular examination of classification and scheduling issues. In recent years, the Committee's activities have been focused on technical discussions on services classification.

In 2014, the Committee examined classification issues relevant to education, health, tourism and recreational services. As in the previous two years, in order to facilitate exchange of views, discussions were carried out in informal mode, and an informal, non-attributable summary of the discussion was circulated to WTO members after each meeting. To stimulate discussions, for each sector under examination, the WTO Secretariat prepared an informal note providing an overview of relevant classification issues and suggesting specific questions for members' consideration. Thus the Committee concluded the sectoral examination of classification issues, an exercise that started in late 2011 and that was focused on the challenges facing the GATS classification system as a result of dramatic technological and commercial developments over the past two decades. At the request of the Committee, the Secretariat compiled the 40 relevant documents produced in the exercise.

Building upon the sectoral discussion, the Committee started to consider the issue of "new services" based on a note prepared by the Secretariat. Divergent views were expressed in the Committee on a number of issues such as whether "new services" existed, whether a definition of "new services" was needed, and the implications of "new services" for existing commitments. It was agreed that the Chair of the Committee would hold consultations on how to proceed with further discussions in this regard.

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

The TRIPS Council carried out its regular work on promoting transparency of WTO members' intellectual property systems and reviewing WTO members' implementation of the TRIPS Agreement. It continued discussions on access to medicines for the poorest countries, biotechnology and technical cooperation, among other topics. The Council also exchanged information on and debated a number of issues raised by individual countries. It considered various aspects of innovation policy, in particular the role of university technology partnerships and innovation incubators, and heard a number of case studies. The Council also continued its discussions on climate change and tobacco control policies.

## > TRIPS and public health

The TRIPS Council held its annual review of the functioning of the so-called "Paragraph 6" system. Four more countries accepted the 2005 amendment to the TRIPS Agreement, incorporating the paragraph, which will come into force when two-thirds of WTO members have accepted it. By the end of 2014, around half the WTO's members had done so, representing the full spectrum of the membership.

The "Paragraph 6" system of special compulsory licences for export 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 a special type

### Background on trade-related aspects of intellectual property rights

Intellectual property rights have become a key part of the debate over economic development and broader public policy questions, such as public health and the environment. The Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS) is the most comprehensive international treaty governing the protection, administration and enforcement of intellectual property rights. The Council for TRIPS, a body open to all WTO members, administers the TRIPS Agreement, provides a forum for debate on policy issues and reviews the intellectual property legislation of individual members.

of compulsory licence (that is, granted without the patent holder's consent) exclusively for export to countries that cannot manufacture needed medicines themselves. The TRIPS Agreement originally only permitted compulsory licensing predominantly to serve the domestic market (unless remedying anti-competitive practices). The new system changed this, first through a set of waivers and then through the 2005 amendment.

Issues relating to TRIPS and public health were addressed in many of the WTO Secretariat's technical cooperation activities. The Secretariat also continued to coordinate capacity-building activities in this area with the secretariats of the World Health Organization (WHO) and the World Intellectual Property Organization (WIPO). Thirty government officials from 28 developing and two developed country members and observers in the WTO took part in a November workshop on trade and public health, the latest in a series. It aimed to build national policy-makers' capacity to analyse policy choices in areas where trade, intellectual property and public health all play a part. The topics covered included access to medical technologies and innovation in the field, and wider trade and health policies.

The three organizations held, also in November, a fourth trilateral joint technical symposium to look at the opportunities and challenges in middle-income countries in regard to innovation and access to medical technologies. It was noted that, while these countries are catching up in the area of biomedical innovation and industrial development, they are also facing challenges in ensuring access to innovative health products for their populations. The emergence of major epidemics such as Ebola highlights the critical importance of inter-agency cooperation in addressing public health challenges, senior officials from the three organizations said.

### ➤ 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.

The TRIPS Council has developed a unique body of information about diverse approaches to protecting and regulating intellectual property, based on notifications of WTO members and the Council's review of national systems. It has also collected extensive reporting from members on such matters as technical cooperation and technology transfer incentives. In 2014, the Council continued its consideration of ways of making this information more easily accessible to members and the public at large, and ensuring it is more timely and complete, including through new applications of information technology to manage this material more effectively.

The Council completed its reviews of the TRIPS implementing legislation of Montenegro, initiated the review of the legislation of Tajikistan and followed up the review of the legislation of Russia.

### ➤ Plants, animals, biodiversity and traditional knowledge

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.

### ➤ Technical cooperation and capacity building

The Council reviewed 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. In its technical cooperation activities, the WTO Secretariat continued to focus on assisting members and observers to understand the rights and obligations which flow from the TRIPS Agreement and relevant decisions of WTO bodies in order to enable them to meet their developmental and other domestic policy objectives.

The WTO and WIPO delivered an advanced course on intellectual property for government officials in March in Geneva to strengthen the capacity of developing country participants to monitor and participate in international developments and to make informed assessments of intellectual property policy issues. The sixth in an annual series jointly convened by the two organizations, it was run over two weeks and attended by 20 officials from developing countries.

### ➤ Innovation

As in the previous two years, the Council discussed various aspects of innovation policy. At the request of the United States, at its meeting in February, the Council considered the contribution of university research to innovation and technology transfer as well as the need for technology partnerships to ensure that such innovation is brought to the market, and the role of intellectual property in this context. While some WTO members saw intellectual property rights as a key element in fostering such partnerships and thus bringing innovations to the market, others cautioned that an intellectual property-centric model risked directing research towards commercial interests and undermining access to the results of research.

Some members also noted that intellectual property rights were only one among many tools to promote innovation, and that the challenge for policy-makers was to design a balanced regime that was supportive of innovation and access at the same time. A number of members shared their experiences, based on concrete examples of universities developing and transferring technology, and described frameworks needed to make technology partnerships work.

At its June meeting, the Council focused on "innovation incubators" and their role in helping innovative small and medium-sized enterprises (SMEs) get off the ground. Where invention and intellectual property are concerned, these services can range from giving advice on management or for filing patents to providing office space or laboratories.

The co-sponsors (Chinese Taipei, Panama and the United States) and a number of other members shared their experiences and provided numerous examples of innovation incubators for start-ups, and underlined the importance of access to intellectual property protection. According to another view, there was no direct correlation between intellectual property protection and innovation, which was best fostered by freedom of expression, rigorous competition and open approaches to innovation. A further view was that while the grant of intellectual property protection was one way of encouraging innovation, a full disclosure of inventions was needed to ensure that it did not impede information flows and create problems such as patent "trolls". Patent trolls, a derogatory term, is used to describe the action of people or companies who seek to enforce a patent right





to collect licensing fees, but who do not manufacture or produce anything themselves.

At its October meeting, the Council heard various case studies. The co-sponsors of the item (the European Union, Switzerland and the United States) explained that they wished to help the Council appreciate the challenges and concerns faced by SME innovators. Several members emphasized the importance of innovation for growth and sustainable development. Intellectual property rights were seen as a key mechanism particularly for SMEs in managing risks involved. While agreeing about the importance of innovation, some members emphasized that competition and open approaches to innovation may also encourage innovation while ensuring access to knowledge and new products, especially in areas of market failure, such as neglected tropical diseases.

On the margins of the Council meeting, a number of members organized an innovation fair at which inventors from different regions were given an opportunity to showcase their innovations.

## ➤ Climate change

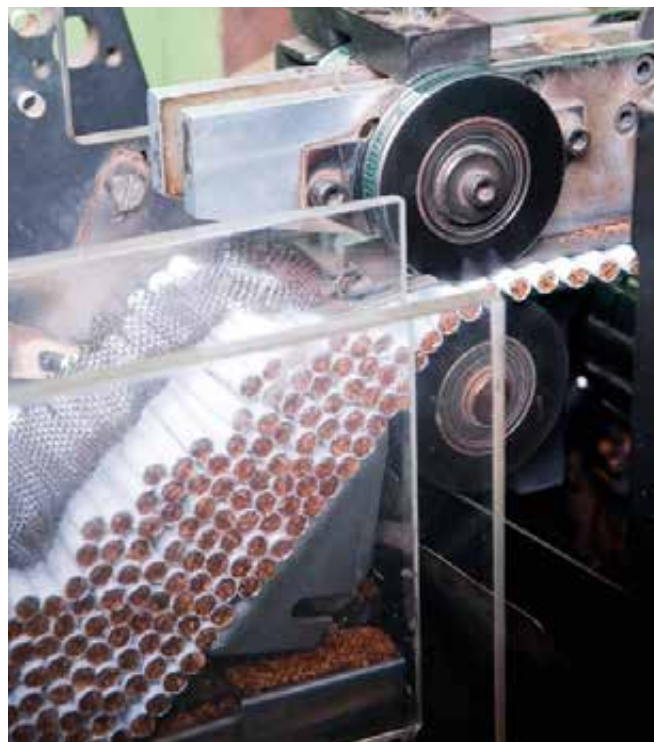
At the request of Ecuador, the Council continued at its February and June meetings its discussion on intellectual property and climate change and the contribution of intellectual property in facilitating the transfer of environmentally sound technology that Ecuador had initiated the previous year. Ecuador had proposed to evaluate the TRIPS Agreement from the standpoint of the mitigation of environmental problems, with the aim of reaffirming TRIPS flexibilities in connection with environmentally sound technologies.

While agreeing on the importance of technology transfer and innovation in addressing the challenges of climate change, WTO members expressed different views about the role of intellectual property protection for these purposes. While some emphasized the role of flexibilities in facilitating the transfer of environmentally sound technology, others underlined the importance of intellectual property so that these technologies could be developed in the first place. At the Council's October meeting, Ecuador said that it was continuing its review of the matter and was considering reverting to it at the Council next year. The WIPO Secretariat presented to the Council its WIPO Green Project, an online marketplace for green technology.

## ➤ Tobacco control measures

In the three previous years, the Council discussed, at the request of individual members, Australia's proposed tobacco plain-packaging legislation that has since entered in force. The issue is currently the subject of five pending disputes initiated by Cuba, the Dominican Republic, Honduras, Indonesia and Ukraine (see pages 96-7). The Council's discussions have also concerned the tobacco control policies of certain other members.

In 2014, the Council continued to discuss tobacco control policies under the heading "Concerns with respect to Measures Related to Plain Packaging of Tobacco Products and Their Compatibility with the TRIPS Agreement". This item was sponsored at the February meeting by Cuba and at the October meeting by Ukraine and the Dominican Republic.



The sponsors and some other delegations said that they are concerned that a number of members, in addition to Australia, are considering the introduction of tobacco plain packaging measures, and called on them not to adopt such measures until the WTO panels in the pending disputes have ruled on their compatibility with WTO obligations. Some other members defended such policies as legitimate public health measures that are consistent with WTO rules. In Australia's view, it is inappropriate to use the pending disputes to discourage other members from implementing public health measures.

## ➤ Other issues

No new proposals emerged from the reviews, mandated under the TRIPS Agreement, of the Agreement as a whole (the "71.1 review") and of the application of the provisions on geographical indications (the "24.2 review").

The Council's work on the incentives for technology transfer to least-developed countries (LDCs) and on "non-violation and situation complaints" is discussed on page 37.

# Trade and environment

**The Committee on Trade and Environment (CTE) continued its discussion of a broad range of environmental issues and policy developments, including environmental footprint and labelling initiatives, illegal logging, fisheries and environmental goods initiatives. The Committee was also briefed by international organizations on a number of international environmental initiatives and activities.**

## › Environmental footprint and labelling schemes

The CTE continued to discuss national and international environmental footprint and labelling initiatives. The European Union provided an update of its voluntary environmental footprint project being developed under the EU Single Market for Green Products Initiative. The three-year pilot phase of the project, covering a broad range of industrial and agriculture products, tests the development of environmental footprint methodologies for products and organizations and examines related verification and communication methods. One of the objectives is to reduce consumer confusion over the proliferation of national “green” labels and methods used to demonstrate the green credentials of a product or organization.

The International Organization for Standardization (ISO) shared information on its draft international water footprint standard related to the principles, requirements and guidelines for assessing and reporting the water “footprint” of products, processes and organizations. The ISO also updated the Committee on its technical specification about requirements and guidelines for the quantification and communication of greenhouse gas footprints.

The Organisation for Economic Co-operation and Development (OECD) briefed the CTE on its on-going project on environmental labelling, which highlights the importance of moving towards internationally recognized standards to tackle issues associated with the multiplicity of environmental labelling schemes.

WTO members remained engaged in these discussions on environmental footprint and labelling schemes. Some voiced concern over the proliferation and impact of these schemes on market access



for small and medium-sized enterprises and developing countries. The need to take account of key WTO principles, such as transparency and non-discriminatory treatment, was stressed.

## › Illegal logging

Thirteen delegations – Australia, Cameroon, Canada, Chile, China, the European Union, Ghana, Indonesia, Mexico, New Zealand, Switzerland, Chinese Taipei and the United States – shared experiences on their domestic efforts to promote legally harvested timber and combat illegal logging. In addition, the United Nations Forum on Forests (UNFF) and the Convention on International Trade in Endangered Species of Wild Flora and Fauna (CITES) reported on relevant activities.

### Background on trade and environment

**Sustainable development and protection and preservation of the environment are fundamental goals of the WTO.**

**The Committee on Trade and Environment is responsible for examining the relationship between trade and the environment.**

WTO members welcomed the experience-sharing on illegal logging. Several underscored the importance of bilateral, regional and international cooperation in this area. Some members stressed that initiatives to counter illegal logging should be consistent with WTO disciplines, scientifically based, and not constitute unnecessary barriers to trade. Concerns were raised on the implementation costs of such initiatives and the need for capacity building in developing countries to build awareness and improve enforcement of laws to combat illegal logging. The impact on market access and the policy space available for developing countries to manage natural resources was also raised in the discussions.

## ➤ Fisheries

In response to requests by some WTO members, the Food and Agriculture Organization of the United Nations (FAO) presented its 2014 report on the State of World Fisheries and Aquaculture (SOFIA). It showed that total world fisheries production continued to grow in recent years, with aquaculture increasing in importance and fisheries becoming one of the most traded food products. The 2014 SOFIA also underscored challenges stemming from illegal unreported and unregulated (IUU) fishing, which led to an increase in the number of species being overfished.

Some members stressed the importance of the fishery sector in the work of the CTE and the WTO. Several delegations expressed concerns about over-exploitation and the pace of fish stock depletion, and some raised the issue of fisheries subsidies. The importance of artisanal fishing and technical assistance to developing countries as well as the need to address IUU fishing were also discussed.



## ➤ Energy

In 2014, there was an exchange of information on two energy-related topics. New Zealand briefed the CTE on the jointly organized roundtable by the World Bank, the United States and the Friends of Fossil Fuel Subsidy Reform (a group of non-G20 countries that supports reform of inefficient fossil fuel subsidies) in April. The event

updated participants on the peer review processes under way through the G20 and Asia-Pacific Economic Cooperation (APEC) and gave first-hand country accounts on reform experiences. Some WTO members noted that the peer review was a voluntary process taking place outside, and without any link to the WTO, and expressed the view that the CTE was not the appropriate forum to discuss fossil fuel subsidy reforms. Other delegations, highlighting the broad CTE mandate, welcomed the discussions and considered such information sharing to be useful.

Qatar made a presentation on natural gas as a source of clean energy and on the associated environmental benefits of preventing and removing trade restrictions in this sector. According to Qatar, natural gas products still face significant trade barriers, such as high tariffs. Some members expressed their support for reducing barriers to natural gas trade.

## ➤ Environmental goods

Fourteen WTO members launched plurilateral negotiations for an Environmental Goods Agreement (EGA) on 8 July 2014. Together, they account for a large proportion of global environmental goods trade. Several participants in the initiative updated the CTE on the negotiations. EGA participants are committed to transparency and the initiative remained open to other WTO members similarly committed to liberalizing trade in environmental goods.

Any agreement concluded would be implemented on a most-favoured nation (MFN) basis, meaning all WTO members would benefit, once a critical mass of participation was reached. The need to accommodate the concerns of participants with different development levels was highlighted.

China shared information on the Asia-Pacific Economic Cooperation (APEC) environmental goods initiative and the meeting of APEC trade ministers held in May 2014. Ministers reaffirmed their commitment to implement the APEC environmental goods list, which lists goods on which APEC members will reduce tariffs by the end of 2015. The list serves as a starting point for the EGA negotiations and includes such items as components for industrial air pollution control plants, spectrometers and magnetic resonance instruments. APEC leaders also called for opportunities to be explored to build on the APEC environmental goods commitment within the WTO.

## ➤ Multilateral environmental agreements

The CTE continued to serve as a platform to inform members on the latest developments in multilateral environmental agreements (MEAs). In 2014, this included briefings by CITES, the Convention on Biological Diversity (CBD) and the United Nations Framework Convention on Climate Change (UNFCCC). The WTO Secretariat participated in and organized side events at meetings of the Montreal Protocol and Vienna Convention for the protection of the ozone layer held in Paris in November as well as the UNFCCC Conference of Parties meeting held in Lima in December 2014.

### > Briefings by other international organizations and the WTO

The United Nations Environment Programme (UNEP) updated the CTE on its latest trade-related activities, including country projects on the green economy and the launch of the Green Growth Knowledge Platform (GGKP). The GGKP, of which UNEP is one of the sponsors, is a global network of international organizations and experts that identifies and addresses major knowledge gaps in green growth theory and practice. UNEP also reported on a conference of the Partnership for Action on Green Economy Conference, which supports countries in building national green economy strategies, and the United Nations Environment Assembly held in 2014.

The United Nations Conference on Trade and Development (UNCTAD) gave a presentation on the United Nations Forum on Sustainability Standards, which aims to facilitate and strengthen the effective and active participation by developing countries in the international dialogue on voluntary sustainability standards. The WTO Secretariat briefed the CTE on recent developments concerning the Sustainable Development Goals (SDGs), which the United Nations plans to approve and incorporate into the post-2015 development agenda.

It also gave a presentation on environmental provisions in regional trade agreements (RTAs). Information provided by the OECD on its work on RTAs complemented this presentation. The Secretariat also made a presentation on environment-related case law under GATT Article XX, which covers general exceptions to the GATT rules.

### > Technical assistance

In 2014, the Trade and Environment Division of the WTO organized a two-week advanced course on trade and environment at WTO headquarters. The course aimed to promote greater understanding of the key trade and environment issues and to strengthen members' capacity to address such issues both domestically and in the WTO. In addition, a regional workshop for Latin American countries was organized in Costa Rica in collaboration with the Inter-American Development Bank and the Inter-American Institute for Cooperation on Agriculture. Trade and environment modules were also delivered at WTO Geneva-based and regional trade policy courses and through the e-learning platform. Such modules were also delivered at the WTO workshop on trade and public health and as part of the WTO Chairs Programme in Argentina and China.



# Regional trade agreements

**In 2014, the WTO received 22 new notifications regarding regional trade agreements (RTAs), compared with 35 in 2013. The notifications involved 11 RTAs. One of the RTAs was between developed partners, with another seven involving developed and developing partners. The remaining three were between developing country partners. Europe and the Asia Pacific region both made the highest number of notifications – six – while the Americas and the CIS region both made four notifications.**

Of the 603 RTA notifications received by the WTO as of 31 December 2014, 397 were in force (see Figure 11). RTAs include free trade agreements and customs unions. Under WTO rules, the goods and services aspects of RTAs, as well as accessions to existing RTAs, have to be notified separately so they are counted separately. However, putting the three together, the 603 notifications involved 445 individual RTAs, of which 258 were in force.

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

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

## Background on regional trade agreements

The Committee on Regional Trade Agreements (CRTA) is responsible for monitoring all regional trade agreements (RTAs) notified to the WTO, except those notified under special provisions for agreements between developing countries (the Enabling Clause), which are considered by the Committee on Trade and Development. The CRTA's two principal duties are to examine individual RTAs and to consider their systemic implications for the multilateral trading system and the relationship between them. The overall number of RTAs in force has been increasing steadily; all WTO members except Mongolia are members of one or more (some belonging to as many as 30).

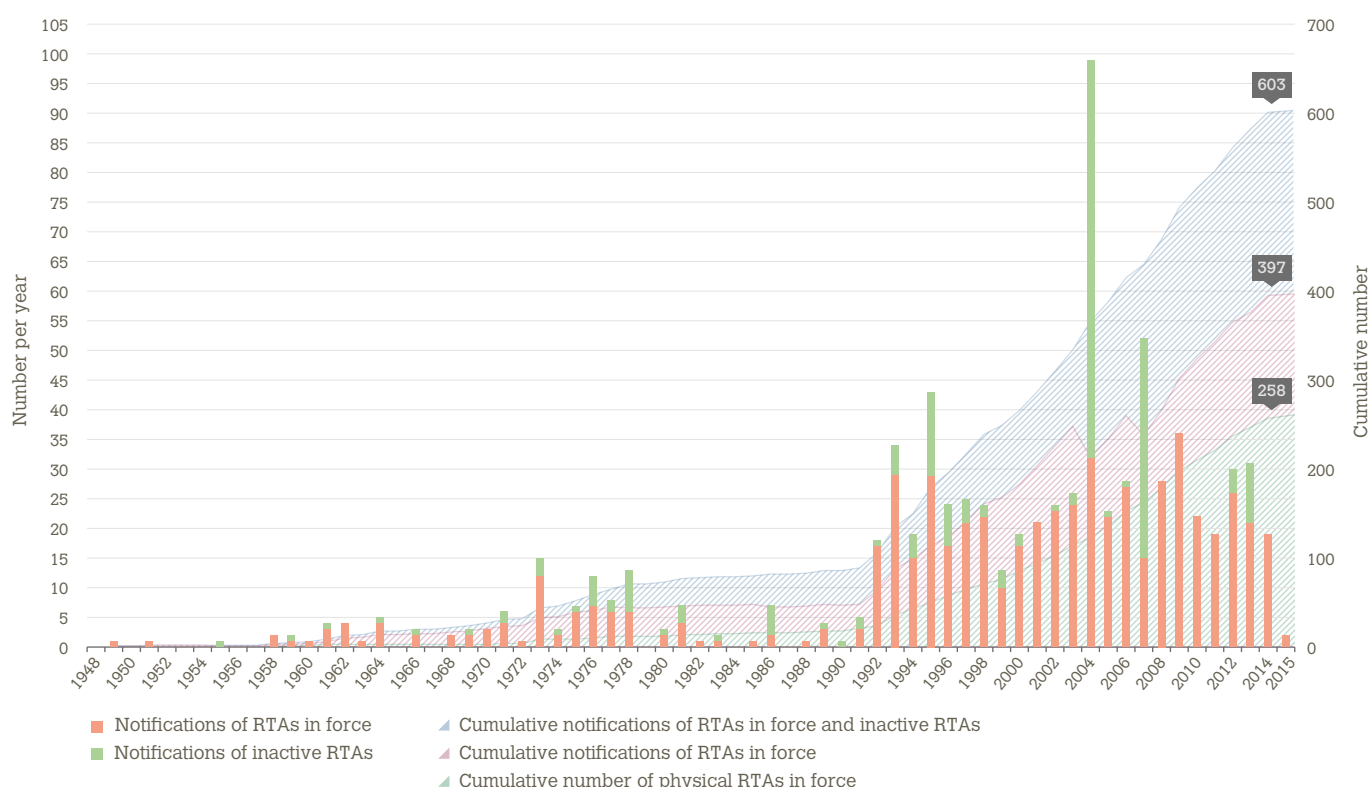
Although RTAs are by nature discriminatory, discrimination against non-parties can be reduced if the agreements are open and parties allow accession by third parties to existing agreements.

Such enlargement and consolidation of existing agreements is being proposed by new negotiations, such as the Trans-Pacific Partnership Agreement among 12 parties, most of which already have bilateral RTAs with each other, and the Regional Closer Economic Partnership Agreement between the Association of South East Asian Nations (ASEAN) and six other regional partners. Other negotiations include the Pacific Alliance, involving countries that already have bilateral RTAs with each other, and the Tripartite Agreement, which involves 27 partners at present. If the eventual agreements are able to harmonize some of the rules in existing RTAs between the individual parties or if they supersede existing bilateral agreements, they will to some extent simplify trade rules.

All 11 individual RTAs notified to the WTO in 2014 (counting goods and services components as one) included both goods and services provisions. The trend towards agreements between developing and developed trading partners appears to have been maintained. Members from the Europe and the Asia Pacific regions were involved in six RTAs each, and the rest involved members in the Commonwealth of Independent States (CIS) and the Americas regions (four agreements each). Nine of the agreements covered members from two different regions continuing the trend towards cross-regional RTAs.

In September, the WTO hosted a seminar on cross-cutting issues in RTAs at which the similarities and differences between the provisions in RTAs and WTO agreements were discussed. Most RTAs grant their partners a higher level of market access than that available through the WTO, for example, but in other areas such as anti-dumping, the majority of RTAs do not go beyond WTO rules. In an address to the seminar, Director-General Roberto Azevêdo said that while "RTAs are blocks which can help build the edifice of global trade rules and liberalization", for some issues RTAs were not a substitute for the multilateral system. He cited examples such as trade facilitation, financial or telecoms regulations or farming and fisheries subsidies that "can only be tackled in an efficient manner in the multilateral context through the WTO".

**Figure 11:** All RTAs notified to the GATT/WTO (1949 to 2015) by year of entry into force



Note: Notifications of RTAs: goods, services and accessions to an RTA are counted separately. Physical RTAs: goods, services and accessions to an RTA are counted together. One RTA notified in 2014 entered into force in 2015.  
Source: WTO Secretariat.

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

## > Monitoring RTAs

All RTAs, regardless of whether they are notified under Article XXIV of the General Agreement on Tariffs and Trade (GATT) 1994, the Enabling Clause between developing countries (for trade in goods), or the General Agreement on Trade in Services (GATS) Article V (for trade in services), are subject to the provisions and procedures of the transparency mechanism for regional trade agreements. The mechanism, in force provisionally since December 2006, provides specific guidelines on when a new RTA should be notified to the WTO Secretariat and the related information and data to be provided. It also requires the Secretariat to prepare a factual presentation on each RTA, and for each RTA to be reviewed by WTO members.

Agreements notified under Article XXIV of the GATT 1994 and Article V of the GATS are considered by the Committee on Regional Trade Agreements (CRTA) (see Table 2) while agreements notified under the Enabling Clause are considered by a dedicated session of the Committee on Trade and Development (CTD) using the factual presentation as the basis for consideration. WTO members are required to inform the WTO Secretariat of any subsequent changes to a notified agreement and to provide a report once an agreement is fully implemented. In the interests of transparency, they are also encouraged to inform the Secretariat of any agreements being negotiated or those that have been signed but are not yet in force ("early announcements").

Notified agreements already in force are considered by the CRTA or by the CTD, normally within a year of the date of notification. In 2014, the CRTA held four meetings and considered 42 notifications of RTAs, counting goods, services and accessions separately, compared with 23 in 2013 and 20 in 2012.

The transparency mechanism also requires the WTO Secretariat to prepare "factual abstracts" on RTAs examined by the CRTA prior to its entry into force. By the end of 2014, 72 factual abstracts of agreements currently in force had been prepared in consultation with the relevant RTA parties and posted in the RTA database.

**Table 2: Regional trade agreements considered by the Committee on Regional Trade Agreements in 2014**

Chile – Malaysia (goods)	Canada – Jordan (goods)
Canada – Panama (goods and services)	Republic of Korea – Turkey (goods)
Panama – Honduras (goods and services)	Panama – Nicaragua (goods and services)
Panama – Guatemala (goods and services)	European Union (28) enlargement (goods and services)
European Union – Bosnia and Herzegovina (goods)	Costa Rica – Singapore (goods and services)
Costa Rica – Peru (goods and services)	Peru – Mexico (goods and services)
Colombia – El Salvador, Guatemala, Honduras (goods and services)	Ukraine – Montenegro (goods and services)
United States – Oman (goods and services)	East African Community Common Market (services)
Turkey – Mauritius (goods)	Australia – Malaysia (goods and services)
ASEAN – Australia – New Zealand (goods and services)	Mexico – Uruguay (goods)
Chile – Nicaragua (goods and services)	European Union – Serbia (services)
China – Singapore (goods and services)	United States – Republic of Korea (goods and services)
New Zealand – Chinese Taipei (goods and services)	

Note: The table refers to 25 individual agreements, 17 of which covered both goods and services, six of which covered only goods, and two only services.

In addition, six “early announcements” were received from members in 2014, four for RTAs under negotiation and two for newly signed RTAs not yet in force. As of December 2014, the WTO had received 97 “early announcements”, 34 involving RTAs that had been signed but were not yet in force and 63 involving RTAs under negotiation. Fifty-six of these early announcements have subsequently been notified following entry into force of the agreements.

Not all agreements that are in force have, however, been notified and efforts are underway to improve the notification record. A list of agreements that have been verified by the Secretariat as being in force and not notified, through consultation with at least one of the parties to the RTA, is circulated before each meeting of the CRTA. The last list circulated contained 62 non-notified agreements.

The CRTA also discussed the provision of end-of-implementation reports. Most RTAs are implemented over a transition period and the transparency mechanism requires RTA parties to submit a short written report on the realization of the liberalization commitments as originally notified. The first such end-of-implementation report

– the EU-Chile Free Trade Agreement – was circulated on 6 November 2014. The reports are important for understanding whether RTAs accomplish what they set out to do.

All the information on RTAs notified to the WTO is contained in a publicly accessible RTA database, which can be consulted at <http://rtais.wto.org>. The database includes links to the official texts and annexes as well as information on the examination or consideration process in the WTO. For those RTAs that have already been the subject of a factual presentation, the database also contains the relevant trade and tariff data.

For 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 page 110).

For information on preferential trade arrangements (PTAs), see page 110.

# Trade Policy Reviews

**In 2014, the Trade Policy Review Body (TPRB) reviewed the trade policies and practices of 21 WTO members in 13 meetings. In all, the TPRB had carried out 405 reviews by the end of 2014, involving 149 WTO members.**

## ➤ Trade Policy Reviews

Myanmar and Tonga came up for review for the first time in 2014, when the policies and practices of 21 member countries were scrutinized by the TPRB. Ukraine was initially also scheduled to have its first review during the year, but its meeting was postponed, as were those of Sierra Leone and Tunisia, for a variety of reasons. The other members reviewed in 2014 were: Kingdom of Bahrain; Oman; Qatar; China; Djibouti; Mauritius; Ghana; Hong Kong, China; Malaysia; Mongolia; the Organization of Eastern Caribbean States (OECS: Antigua and Barbuda, Dominica, Grenada, Saint Kitts and Nevis, Saint Lucia, and Saint Vincent and the Grenadines); Panama; the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu; and the United States. The dates of the reviews and the countries covered are shown on the map on pages 80-81.

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

Under the Trade Policy Review Mechanism (TPRM), the four largest entities (currently the European Union, the United States, China and Japan) are reviewed every two years. The next 16 largest undergo reviews every four years and the remaining every six years, with a longer cycle for least-developed countries (LDCs).

### Background on Trade Policy Reviews

The Trade Policy Review Mechanism aims at encouraging all WTO members to adhere to WTO rules, disciplines and commitments, and thus to contribute to the smoother functioning of the multilateral trading system. Through its regular Trade Policy Reviews, the mechanism enables WTO members to examine collectively the trade policies and practices of individual members in all trade-related areas. Reviews are carried out by the Trade Policy Review Body. Reviews are not intended to serve as a basis for the enforcement of obligations, for dispute settlement procedures, or to impose new policy commitments.

The United States has been reviewed 12 times by the TPRB; Japan and the European Union 11 times; Canada nine times; Hong Kong, China seven times; Australia, the Republic of Korea, Malaysia, Norway, Singapore, Thailand, Indonesia, Switzerland and Brazil six times; China, India, Mexico and Turkey five times; 22 members four times; and 38 members three times.

## ➤ Implementation of the Fifth Appraisal of the TPRM

In 2013, the TPRB carried out the fifth appraisal of the TPRM, which stressed the need to make reviews as interactive and fruitful as possible. In 2014, four members chose to use the alternative timeline, one of the measures reviewed by the appraisal. The alternative timeline requires the submission of written questions four weeks in advance of the TPRB meeting and of written replies one week in advance. Members under review opted to use digital audio files (podcasting) of TPRB meetings, another innovation, in 12 of the meetings. The audio files are posted on the members' website. Also, the seven-minute rule for members' interventions was implemented satisfactorily.

## ➤ TPR follow-up workshops

Two TPR follow-up workshops were organized in 2014, one at the request of the Kyrgyz Republic as a national activity and the other at the request of the Central African Economic and Monetary Community (CEMAC) as a regional activity. Follow-up workshops had been envisaged for the East African Community (EAC) and the Organization of Eastern Caribbean States (OECS) but they did not take place.

The workshops have enhanced the benefits of the TPR exercise for developing countries, particularly LDCs. The TPR constitutes an external (independent) audit of the trade regimes of members, and this helps developing countries identify their technical assistance (including capacity-building) needs. The follow-up workshops help developing countries discuss and disseminate the results of their reviews in their capitals, and to convince national stakeholders of the need to address concerns expressed by other members about their trade regimes. However, the demand for TPR follow-up workshops has remained low.



## > TPR programme for 2015

For 2015, 21 TPR meetings are scheduled for 25 members (counting the European Union as one): Barbados; Brunei Darussalam; Japan; Pakistan; Australia; Sierra Leone; India; Canada; Chile; New Zealand; European Union; Madagascar; Dominican Republic; Guyana; Angola;

Cabo Verde; Republic of Moldova; the members of the Southern African Customs Union (SACU: Botswana, Lesotho, Namibia, South Africa and Swaziland); Jordan; Thailand; and Haiti. Cabo Verde and Republic of Moldova are to be reviewed for the first time.



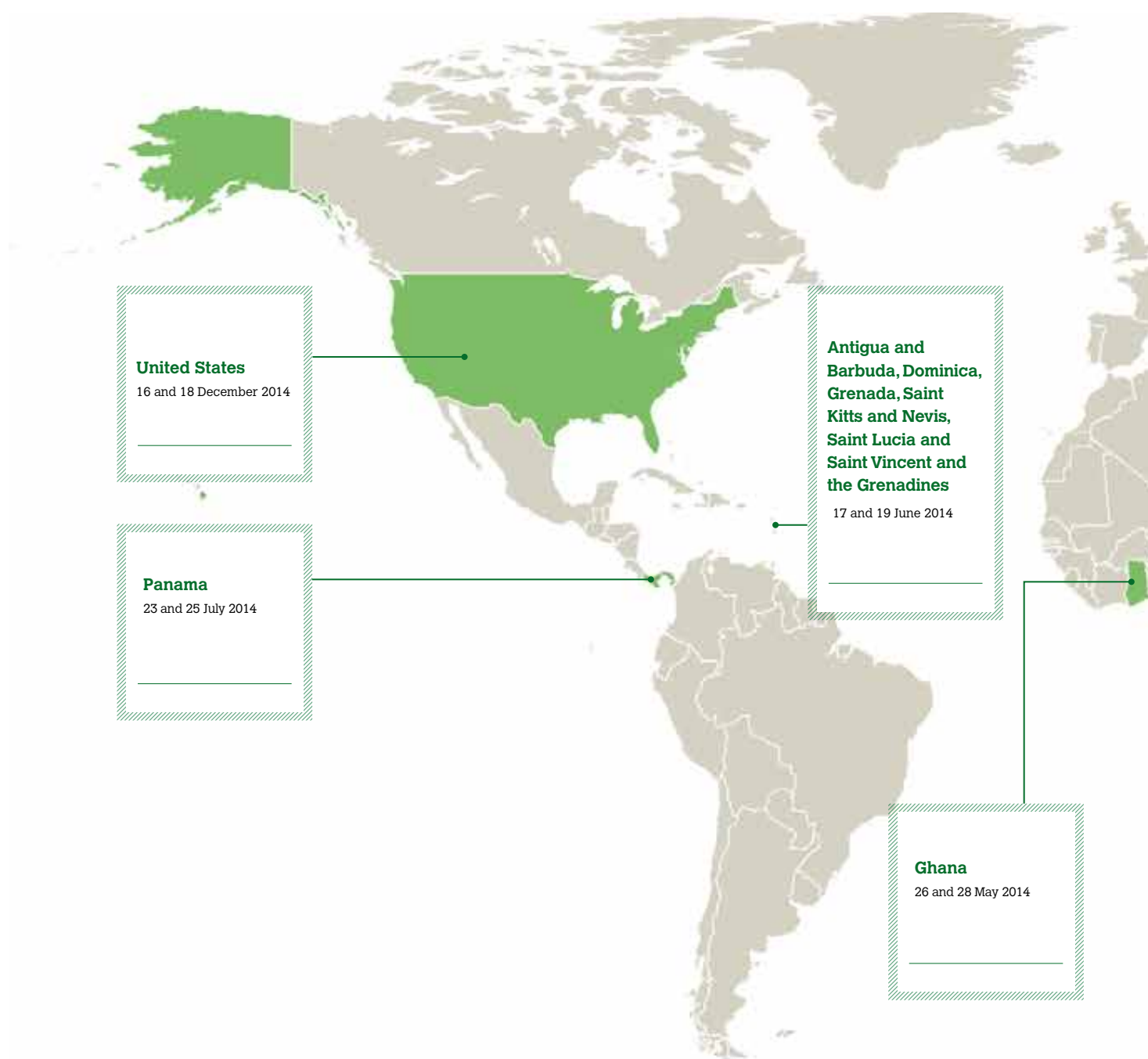
✓  
**405**

The WTO had carried out 405 Trade Policy Reviews by the end of 2014, covering 149 of the WTO's members.



# Trade Policy Reviews in 2014

The WTO conducted 13 Trade Policy Reviews in 2014 to examine the trade policies and practices of 21 WTO members. The dates of the reviews and the countries covered are shown on the map. Further information, including the Chair's concluding remarks for each review, can be found on the WTO website: [www.wto.org/tpr](http://www.wto.org/tpr)





# Trade monitoring reports

**Trade monitoring reports revealed that trade-restrictive measures introduced by WTO members continued to rise. Given the continuing uncertainties in the global economy, the reports stressed the need for countries to show restraint in imposing new measures and to eliminate more of the existing measures.**

The WTO Secretariat prepared four reports on global trade developments during 2014 amid continuing global economic uncertainty and sluggish trade growth. Two of the Secretariat reports, covering trade and investment measures taken by the G20, were prepared jointly with the secretariats of the Organisation for Economic Co-operation and Development (OECD) and the United Nations Conference on Trade and Development (UNCTAD). The other two reports covered trade measures taken by WTO members and observers and were discussed at meetings of the Trade Policy Review Body (TPRB).

## > Trade monitoring summary for 2014

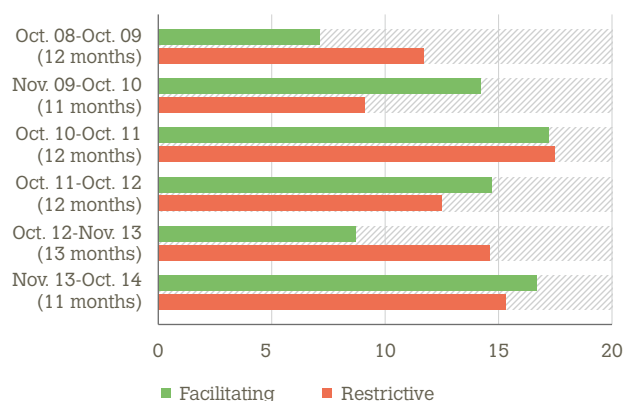
Against the backdrop of an unpredictable global economy with historically sluggish rates of growth of trade, certain developments in trade policy actions of WTO members were a cause for concern. First, although the pace of introduction of new trade-restrictive measures during the review period (mid-November 2013 to mid-October 2014) decreased compared with the period between October 2012 and November 2013, the number of new measures remained high at 168.

If trade-remedy actions – such as anti-dumping actions, countervailing duties and safeguard measures – are added,

### Background on trade monitoring reports

In early 2009, the WTO began regular monitoring of global trade developments, covering all trade and trade-related measures implemented by WTO members and observers. Initially launched in the context of the global financial and economic crisis, the trade monitoring exercise has become a regular function in the WTO that further strengthens the transparency aims of the Trade Policy Review Mechanism by providing comprehensive information on recent trade policy changes. The Eighth Ministerial Conference decided in 2011 to strengthen the trade monitoring exercise. The trade monitoring is overseen by the Trade Policy Review Body, which also conducts detailed reviews of members individually (see pages 78-81).

**Figure 12:** Trade-facilitating and restrictive measures, not including trade remedies (average number per month)



Source: WTO Secretariat.

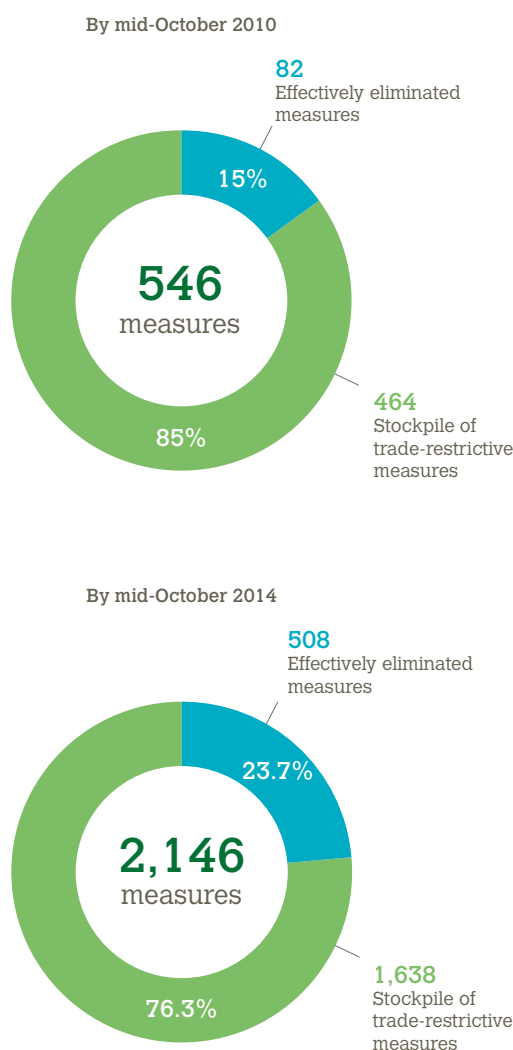
WTO members applied 339 trade-restrictive measures in the period compared with 407 in the previous reporting period. These 339 measures accounted for 1.4 per cent, or US\$ 257.5 billion, of world merchandise imports during the review period.

The average number of trade-restrictive measures taken per month in the latest period was higher than during the two years immediately after the onset of the global economic and financial crisis in 2008 (see Figure 12). If trade-remedy actions are included, the average number of trade-restrictive measures per month was higher than in any other period since October 2008. Viewed in this light, the level of trade restrictions imposed by members in the period under review remained very significant.

Second, the stock of restrictive trade measures introduced by members since 2008 continued to increase during the review period. Of the 2,146 trade-restrictive measures introduced since October 2008, only 508 (24 per cent of the total) have been removed. The total number of restrictive measures still in place stood at 1,638 (76 per cent of the total measures) (see Figure 13).



**Figure 13: Stockpile of trade-restrictive measures**



Source: WTO Secretariat.

On a positive note, the number of trade-liberalizing measures significantly increased from 107 in the previous annual reporting period to 177 in the latest one. These trade-liberalizing measures accounted for 6.4 per cent, or US\$ 1,183.4 billion, of world merchandise imports. Combined with trade-liberalizing measures on trade-remedy actions, the total number of trade-liberalizing measures increased from 251 to 350.

However, the relatively positive development in the area of trade-liberalizing measures should not distract from the concerns about the accumulation of trade restrictions. Although the removal rate of trade-restrictive measures was significantly higher in 2014 compared with 2010, the stockpile of trade-restrictive measures has grown almost fourfold. The reports urged WTO members to take decisive action to reduce the stock of trade restrictions by showing restraint in the imposition of new measures and by effectively eliminating existing ones.

Furthermore, adequate information on behind-the-border measures, including regulatory measures and subsidies, is still lacking. Various types of non-tariff measures, such as technical or health regulations and product standards, have increasingly been the subject of debate in general bodies such as the Council for Trade in Goods and the General Council.

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

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

The monitoring reports also highlighted the growth in the number of regional trade agreements and their changing scope. This underlined the need for continuing work by members to understand the systemic implications of regionalism and to ensure that regional trade agreements are consistent with and supportive of the multilateral trading system.

## > WTO trade monitoring – A unique process

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

Preparing the trade monitoring reports is an on-going activity, which relies on continuous dialogue and exchange of information across divisions within the WTO Secretariat. The core of this information stems from formal notifications by WTO members, formal publication in various media of new legislation and other public sources, including media reports.

However, the most important element in collecting trade policy information for the reports is the close and continuous consultation between the WTO Secretariat and WTO delegations which seek to gather complete, up-to-date and accurate information on their trade and trade-related measures and to verify the relevant information collected from other public sources. In preparation for each report, the Director-General writes to all WTO members and observers inviting them to provide the WTO Secretariat with information on recent trade and trade-related measures as well as general economic support measures.

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

### ➤ Database

In 2013, the WTO launched its Trade Monitoring Database where all information gathered since October 2008, when the monitoring exercise began, can be found. The database, which is also publicly

available, provides information on trade measures implemented by WTO members and observers and includes various search criteria options, e.g. country or country group, HS code, type of measure, date of measure etc. This facilitates navigation of the comprehensive amount of data contained in the database. Members are also regularly invited to update all existing information compiled by the WTO Secretariat since 2008 so as to facilitate an evaluation of the extent of "roll-back" of such measures. The database is updated once a new report has been discussed by WTO members.

# Trade, debt and finance

**The Working Group on Trade, Debt and Finance continued efforts during its two meetings in 2014 to improve understanding of the links between exchange rates and trade, in particular with a view to strengthening coherence between the International Monetary Fund (IMF) and the WTO. WTO members strongly encouraged the WTO Director-General to continue to act by way of diagnosis, advocacy and leadership with partner institutions. At the request of members, a high-level WTO seminar was organized on the challenges of access to trade finance in March 2015.**

In November 2014, WTO Director-General Roberto Azevêdo received unanimous support from the Working Group, with particularly strong backing from developing countries, regarding the need for the WTO to continue its diagnosis, advisory and advocacy role on the availability of trade finance in developing countries, in partnership with the IMF, the World Bank and multilateral development banks.

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 in 2008-09, many companies, especially smaller enterprises in both developed and developing countries, found it impossible or prohibitively expensive to obtain the credit they needed to trade.

The Working Group examined a WTO Secretariat background paper showing that trade finance is the top pre-condition for trading (along with trade facilitation), according to regional or global exporters' surveys recently published by the World Economic Forum and the World Bank. The study reviews the financing gap in Africa, the region in which international banks have cut back the most since the financial crisis. This financing gap in Africa was estimated to be between US\$ 50 billion and US\$ 225 billion. Annual rates of interest for international trade loans are well above 25 per cent in real terms

## Background on trade, debt and finance

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

(net of inflation). Gaps exist in other areas, such as in Latin America, South Asia and the Pacific and the Middle East.

The WTO therefore continued to work in 2014 with multilateral development banks to boost the global network of trade finance facilitation programmes that help to reduce the risk of financing trade in developing countries. With the renewed support of WTO members, the WTO has been a driving force behind a number of initiatives aimed at closing some of the structural gaps in trade finance markets.

The trade finance facilitation programmes expanded again in 2014, as a result of demand from traders in very poor countries. The African Development Bank introduced in 2013 a trade finance programme for African traders that can support up to \$1 billion in trade at any time. The Bank will further increase this support to trade finance in the African continent in 2015. In 2014, the European Bank for Reconstruction and Development also started to support finance for trade in the Middle East and North Africa (MENA) region. Other multilateral development banks remain active in supporting trade finance in their respective areas of competency. All in all, these programmes support over US\$ 20 billion of trade transactions by small and medium-sized enterprises in poor countries, which would not have received support from private markets.

Some regions, notably Africa and the Middle East, have seen a partial withdrawal of global banks since the financial crisis. As a result, the WTO Working Group on Trade, Debt and Finance decided in November 2014 to hold a seminar in the spring of 2015 on the challenges faced by developing countries in accessing affordable trade finance. The seminar brought together high-level experts from members' capitals, private bankers, representatives of multilateral development banks and prudential regulators for a dialogue aimed at increasing the synergies between stakeholders.



A meeting of the Working Group on Trade, Debt and Finance, at which DG Azevêdo provided the opening remarks.

### › Strengthening coherence

The Working Group continued its efforts to improve understanding of the links between exchange rates and trade, in particular with a view to strengthening the coherence between the IMF and WTO. At the suggestion of Brazil, WTO members agreed to commission a factual note from the Secretariat. The note will address the instances and cases in the history of the GATT/WTO system where multilateral trade rules have been invoked to address the impact of exchange rate movements on members' rights and obligations under the WTO Agreement.

Members stressed the factual and historical character of that note, cautioning that it should neither venture into analysis nor affect their rights and obligations under the current agreements. The Secretariat is expected to present the note in the course of 2015. It was also agreed that the IMF will continue to give regular updates on progress in exchange rate and external sector surveillance. Members confirmed that there is a need to build a stronger relationship between the IMF and the WTO on the topic of exchange rates and trade.

### › Expert Group on Trade Finance

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

The Expert Group on Trade Finance continued to meet in 2014, under the chairmanship of the Director-General, with a view to evaluating, and potentially helping to fill, remaining gaps in the trade finance markets, especially in the poorest countries. One tool to boost the supply of trade finance in these countries has been the expansion by multilateral development banks of trade finance facilitation programmes in the regions where they operate (see above). The Director-General confirmed the central role of its work on trade finance for the institution, and indicated that the WTO is ready to take whatever steps are necessary, provided it has the support of members.



# Government Procurement Agreement

**In October 2014, negotiations were concluded on the accessions of Montenegro and New Zealand to the Government Procurement Agreement (GPA), giving them access to a US\$ 1.7 trillion market. Important developments occurred with respect to the GPA accessions of several other WTO members, including China, Moldova and Ukraine. The revised Agreement, adopted by the GPA parties in 2012, came into force (see page 43). A new, automated market access information tool, the e-GPA system, was publicly released. The WTO Secretariat undertook high-level technical assistance and deepened its collaborative partnerships with other international organizations.**

In October 2014, negotiations were concluded with respect to Montenegro's and New Zealand's accessions to the GPA. In Montenegro's case, this fulfilled a commitment made at the time of its WTO accession in April 2012. For Montenegro, the negotiations were concluded essentially in one year, while for New Zealand, it was a two-year process. The two WTO members' status as parties to the GPA will become effective on the 30<sup>th</sup> day following the deposit of their respective instruments of accession, which are expected to be submitted to the WTO in the coming months.

Accession candidates are invited to accede to the GPA and submit relevant instruments after a review by existing parties of the legislative, regulatory and policy framework of acceding WTO members – to ensure full compliance with the GPA – and after reaching agreement with each of the existing parties to the GPA on which parts of their procurement market will be covered by the GPA and thus open to international competition. The parties to the

GPA hope that the accessions of Montenegro and New Zealand will encourage other prospective parties to come forward.

Towards the end of 2014, China submitted a fifth revised GPA accession offer setting out multiple improvements to its proposed market access commitments under the GPA. It had previously undertaken to submit an offer that would be "commensurate with the coverage of GPA parties". The WTO Secretariat has estimated that, when it is concluded, China's accession to the GPA may add as much as US\$ 289 billion annually to the value of the market access commitments under the GPA.

Substantial progress was also made during the year regarding the GPA accessions of Moldova and Ukraine. Both have recently circulated new coverage offers and information concerning relevant national legislation. Hopes have been expressed that the accessions of both members might be concluded in 2015. Separately,

## Background on the Government Procurement Agreement

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



Tajikistan and Pakistan were granted observer status under the GPA. Subsequently, Tajikistan applied for accession to the GPA in February 2015.

### ➤ Monitoring of implementation and legislation

A key focus of the Committee on Government Procurement in 2014 was on bringing into force the revised version of the GPA that was adopted by the parties in 2012. This required the submission of formal "instruments of acceptance" by two-thirds of the parties. Regular roundtable sessions were held to monitor progress, and the revised GPA came into force on 6 April 2014 (see page 43). The Committee also considered modifications to parties' schedules of commitments, statistical reports, threshold levels expressed in national currencies and changes in parties' legislation implementing the GPA.

With the encouragement and support of the GPA parties, the WTO Secretariat developed a new automated GPA market access information tool (the "e-GPA system"). The system provides a convenient single point of access to the market access information available under the revised GPA, together with related information that the parties are committed to provide. An initial version of the tool was released in November 2014. Additional functionalities will be added over time.

### ➤ Technical assistance and international cooperation

The WTO Secretariat carries out an intensive programme of technical assistance relating to the GPA, including the organization and presentation of both regional workshops and tailored national seminars on request by WTO members wishing to learn more about the GPA. A large number of such events took place during the year,

**Figure 14: Members and observers of the Government Procurement Agreement**

# ✓ 1.7 trillion

**Total market access commitments under the GPA: an estimated US\$ 1.7 trillion (as of 2014)**

- Parties to the GPA (15 parties, comprising 43 WTO members).
- Negotiations to join the GPA concluded in 2014: Montenegro and New Zealand
- WTO members in the process of GPA accession (Albania, China, Georgia, Jordan, Kyrgyz Republic, Republic of Moldova, Oman, Tajikistan and Ukraine).
- Other observer countries (Argentina, Australia, Kingdom of Bahrain, Cameroon, Chile, Colombia, India, Indonesia, the Former Yugoslav Republic of Macedonia, Malaysia, Mongolia, Pakistan, Panama, Russia, Kingdom of Saudi Arabia, Sri Lanka, Turkey and Viet Nam).

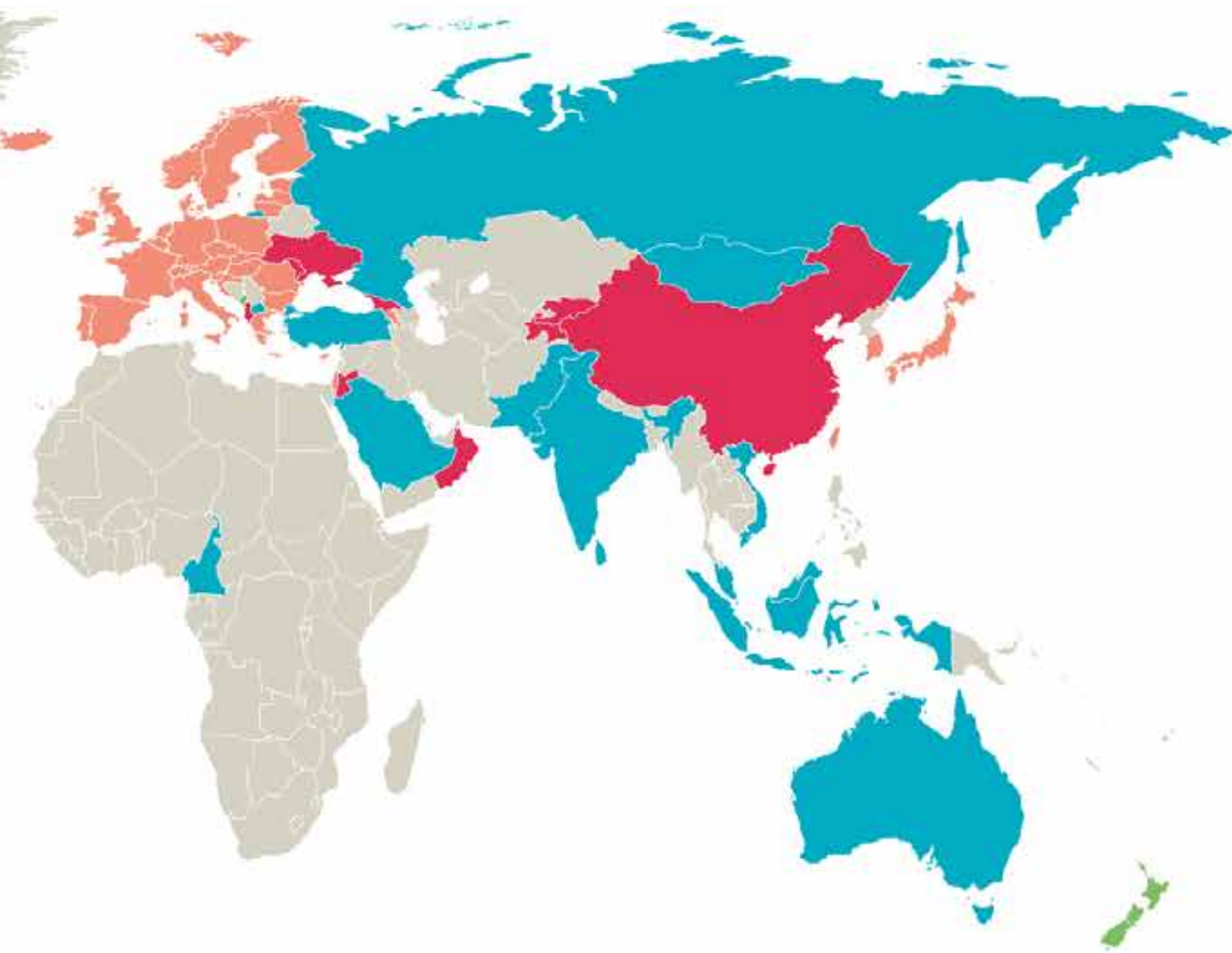
reflecting not only heightened interest in the revised GPA but also the close relationship between it and many regional initiatives in this area. These events included regional workshops organized for Latin American countries in cooperation with the Inter-American Development Bank, and for the Arab and Middle East countries in cooperation with the Arab Monetary Fund.

National seminars were organized for four WTO members in 2014 – namely, Armenia, Gabon, the Kyrgyz Republic and Tajikistan. The latter three activities were organized in cooperation with the European Bank for Reconstruction and Development (EBRD) and, in the case of Armenia, also with the Commercial Law Development Program of the US Department of Commerce.

In 2014, the WTO Secretariat and the EBRD implemented a new informal cooperation arrangement for the purpose of facilitating the joint delivery of technical assistance in this area. This arrangement has effectively leveraged the Secretariat's scarce resources for

technical assistance activities and facilitated the organization and presentation of a large number of activities in the region of central and eastern Europe and Central Asia.

The WTO Secretariat also collaborated with other international organizations, notably the United Nations Commission on International Trade Law (UNCITRAL), in the delivery of other technical assistance activities, and pursued on-going background discussions aimed at fostering greater cooperation on government procurement issues with the World Bank. The Committee on Government Procurement, which is briefed regularly on relevant developments, has expressed its strong support for the Secretariat's technical assistance programme and its cooperation with other relevant organizations.





## Dispute settlement

- > In 2014, the Dispute Settlement Body received 14 requests for consultations – the first stage in the dispute settlement process – and established 13 new panels.
- > A dispute about Australia's tobacco plain packaging requirements is the largest dispute ever brought before the dispute settlement system in terms of member participation.
- > In September, a new member – Shree Baboo Chekitan Servansing of Mauritius – was appointed to the seven-member Appellate Body for a four-year term.



Dispute settlement activity in 2014	92
Appellate Body	103

#### Background on implementation and monitoring

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

# Dispute settlement activity in 2014

**Dispute settlement had one of its most active years in 2014 since the inception of the WTO in 1995, with 34 active panel, compliance and arbitration proceedings and six appeals. A highly anticipated dispute against Australia's tobacco plain packaging requirements got under way. The Dispute Settlement Body (DSB), which met 14 times, received 14 requests for consultations – the first stage in the dispute settlement process – and established 13 panels.**

The upsurge in dispute settlement activity continued to present challenges for the three dispute settlement divisions (Legal Affairs Division, Rules Division and the Appellate Body Secretariat) as well as for translation services. In response, the Director-General reallocated resources within the WTO Secretariat to provide 15 additional posts to support these divisions. This has gone some way towards relieving the burden posed by the increase in dispute settlement proceedings.

## ➤ Overview of dispute settlement activity

During 2014, the DSB received 14 requests for consultations. Although the number of requests was less than in the previous two years (27 and 20, respectively – see Figure 1), this did not reduce the workload because WTO adjudicating bodies were dealing with a significant number of disputes that had started in previous years. In addition to the new matters, 40 active disputes were already proceeding through adjudication, whether before the Appellate Body, panels or in arbitration. The DSB established 13 new panels in 2014 (see Figure 1).

Requests for compliance panels (whereby WTO members challenge measures taken to comply with previous rulings) increased in 2014. The DSB referred three requests for compliance panels (see below) back to the panels that had originally adjudicated the disputes. This was in addition to the two large civil aircraft compliance panels (involving Airbus and Boeing), where proceedings were already under way prior to 2014.

In 2014, the DSB adopted nine panel reports covering five distinct matters and seven Appellate Body reports covering four distinct matters. The panels and the Appellate Body issued reports in disputes concerning: Chinese export restrictions on rare earths, which are materials used in a host of applications from cameras to aerospace, brought by the European Union, Japan and the United States; an EU measure regulating the importation and sale of seal products in a dispute brought by Canada and Norway; countervailing and anti-dumping measures imposed by the United

States on certain Chinese products, brought by China; and countervailing measures imposed by the United States on certain hot-rolled carbon steel flat products from India, brought by India. A panel report was issued in a dispute concerning anti-dumping and countervailing duties imposed by China on certain US automobiles, which was not appealed.

Five WTO members are challenging Australia's plain packaging requirements for tobacco products and 41 members have registered their interest in participating in the dispute as third parties, making it the largest dispute ever brought before the dispute settlement system in terms of member participation.

During the second half of 2014, parties in four disputes informed the DSB that they had settled their pending disputes and that a panel was no longer required (see page 98 and 100).

## Background on dispute settlement activity

The General Council convenes as the Dispute Settlement Body (DSB) to deal with disputes between WTO members. Such disputes may arise with respect to any agreement contained in the Final Act of the Uruguay Round that is subject to the Understanding on Rules and Procedures Governing the Settlement of Disputes (DSU). The DSB has authority to establish dispute settlement panels, refer matters to arbitration, adopt panel, Appellate Body and arbitration reports, maintain surveillance over the implementation of recommendations and rulings contained in such reports, and authorize suspension of concessions in the event of non-compliance with those recommendations and rulings.

**Table 1: WTO members involved in disputes, 1995 to 2014**

Member	Complainant	Respondent	Member	Complainant	Respondent
Antigua and Barbuda	1	0	Korea, Republic of	17	14
Argentina	20	22	Malaysia	1	1
Armenia	0	1	Mexico	23	14
Australia	7	15	Moldova, Republic of	1	1
Bangladesh	1	0	Netherlands	0	3
Belgium	0	3	New Zealand	9	0
Brazil	27	15	Nicaragua	1	2
Canada	34	18	Norway	4	0
Chile	10	13	Pakistan	4	3
China	12	32	Panama	7	1
Colombia	5	4	Peru	3	5
Costa Rica	5	0	Philippines	5	6
Croatia	0	1	Poland	3	1
Cuba	1	0	Portugal	0	1
Czech Republic	1	2	Romania	0	2
Denmark	1	1	Russia	2	5
Dominican Republic	1	7	Singapore	1	0
Ecuador	3	3	Slovak Republic	0	3
Egypt	0	4	South Africa	0	4
El Salvador	1	0	Spain	0	3
European Union (formerly EC)	95	80	Sri Lanka	1	0
France	0	4	Sweden	0	1
Germany	0	2	Switzerland	4	0
Greece	0	3	Chinese Taipei	4	0
Guatemala	9	2	Thailand	13	3
Honduras	8	0	Trinidad and Tobago	0	2
Hong Kong, China	1	0	Turkey	2	9
Hungary	5	2	Ukraine	3	2
India	21	22	United Kingdom	0	3
Indonesia	8	11	United States	107	122
Ireland	0	3	Uruguay	1	1
Italy	0	1	Venezuela, Bolivarian Republic of	1	2
Japan	19	15	Viet Nam	2	0

## > Which members were active in 2014?

Developing countries initiated five of the 14 new requests for consultations filed in 2014, compared with nine requests initiated by developed countries. These figures were reversed for respondents: nine of the respondents were developed country members and five developing country members.

Among the developing countries initiating disputes was Brazil, which along with New Zealand and the United States, requested consultations with Indonesia on importation of chicken, horticultural and other products. Indonesia initiated consultations with the European Union regarding EU anti-dumping duties on Indonesian

biodiesel. Chinese Taipei initiated dispute settlement proceedings for the fourth time only since becoming a member in 2002 when it requested consultations with Canada regarding anti-dumping duties on steel products. Tables 1 and 2 provide further information on the complainants and respondents involved in disputes.

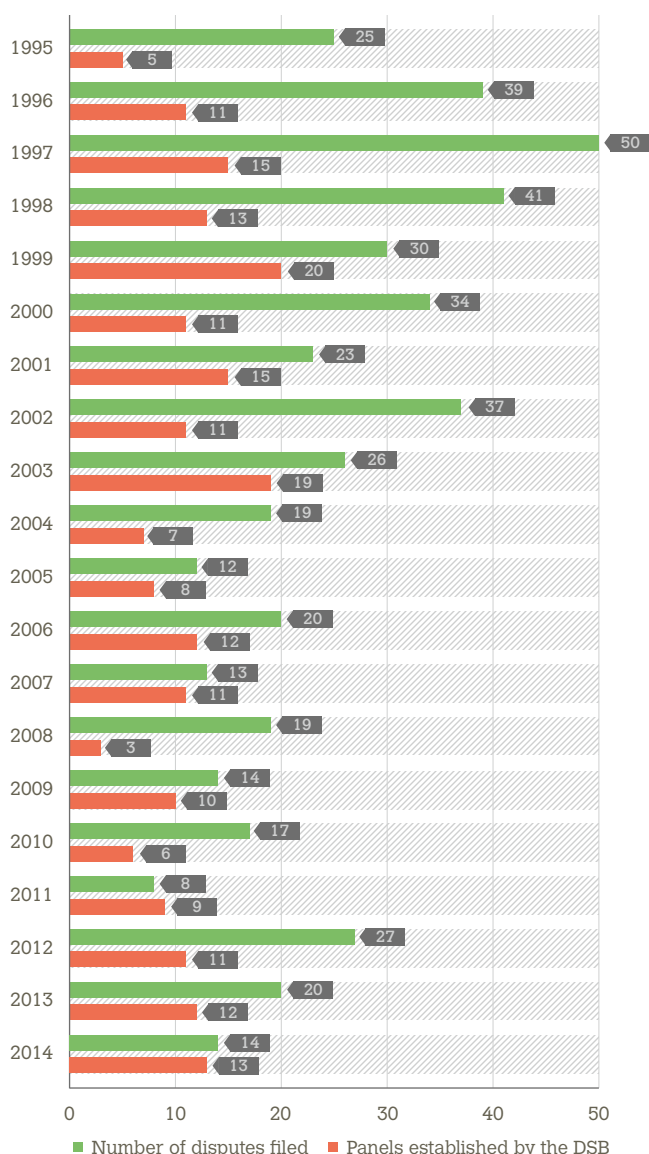
Among developed countries, the European Union was the most active member, initiating five disputes, including three with Russia. Canada, the United States and New Zealand each initiated one dispute and Russia requested consultations with the European Union on certain measures related to the EU energy sector.

**Table 2: Requests for consultations in 2014**

Title of dispute	Dispute number	Complainant	Date of initial request	WTO agreements cited	Status as of 31 December 2014
United States – Anti-Dumping Measures on Certain Oil Country Tubular Goods from Korea	WT/DS488	Republic of Korea	22 December 2014	General Agreement on Tariffs and Trade (GATT) 1994 Anti-Dumping Agreement (ADP)	In consultations
United States – Conditional Tax Incentives for Large Civil Aircraft	WT/DS487	European Union	19 December 2014	Agreement on Subsidies and Countervailing Measures (SCM)	In consultations
European Union – Countervailing Measures on Certain Polyethylene Terephthalate from Pakistan	WT/DS486	Pakistan	28 October 2014	GATT 1994 SCM	In consultations
Russia – Tariff Treatment of Certain Agricultural and Manufacturing Products	WT/DS485	European Union	31 October 2014	GATT 1994 Agreement on Implementation of Article VII (Customs Valuation)	In consultations
Indonesia – Measures Concerning the Importation of Chicken Meat and Chicken Products	WT/DS484	Brazil	16 October 2014	GATT 1994 Agreement on the Application of Sanitary and Phytosanitary Measures (SPS) Agreement on Technical Barriers to Trade (TBT) Agreement on Import Licensing Procedures Agreement on Preshipment Inspection (PSI)	In consultations
China – Anti-Dumping Measures on Imports of Cellulose Pulp from Canada	WT/DS483	Canada	15 October 2014	GATT 1994 ADP	In consultations
Canada – Anti-Dumping Measures on Imports of Certain Carbon Steel Welded Pipe from the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu	WT/DS482	Chinese Taipei	25 June 2014	GATT 1994 ADP	In consultations
Indonesia – Recourse to Article 22.2 of the DSU in the US – Clove Cigarettes Dispute	WT/DS481	European Union	13 June 2014	Dispute Settlement Understanding (DSU)	In consultations
EU – Anti-Dumping Measures on Biodiesel from Indonesia	WT/DS480	Indonesia	10 June 2014	GATT 1994 ADP Agreement Establishing the World Trade Organization (WTO)	In consultations
Russia – Anti-Dumping Duties on Light Commercial Vehicles from Germany and Italy	WT/DS479	European Union	21 May 2014	GATT 1994 ADP	Panel work has commenced
Indonesia – Importation of Horticultural Products, Animals and Animal Products	WT/DS478	United States	8 May 2014	GATT 1994 Agreement on Agriculture Import Licensing PSI	In consultations
Indonesia – Importation of Horticultural Products, Animals and Animal Products	WT/DS477	New Zealand	8 May 2014	GATT 1994 Agreement on Agriculture Import Licensing PSI	In consultations
European Union and its Member States – Certain Measures Relating to the Energy Sector	WT/DS476	Russia	30 April 2014	GATT 1994 General Agreement on Trade in Services (GATS) SCM Trade-Related Investment Measures (TRIMs) WTO	In consultations
Russian Federation – Measures on the Importation of Live Pigs, Pork and other Pig Products from the European Union	WT/DS475	European Union	8 April 2014	GATT 1994 SPS	Panel work has commenced



**Figure 1: Disputes filed by WTO members, and panels established by the DSB, 1995 to 2014**



As for on-going disputes, only seven of the 41 third parties participating in the tobacco plain packaging dispute are developed countries. There is also strong participation by developing country members as complainants, respondents and third parties in other on-going disputes (see Table 3). All panel and Appellate Body reports, bar one, issued in original proceedings in 2014 involved a developing country as either complainant or respondent. Even in the one dispute where this was not the case, "EC – Seal Products", there was strong participation by developing countries as third parties (see Table 4).

Figure 2 shows the variety of WTO agreements raised in disputes initiated in 2014 and the number of times an agreement has been referred to in requests for consultations since 1995. All but two of the disputes raised in 2014 included challenges under the General

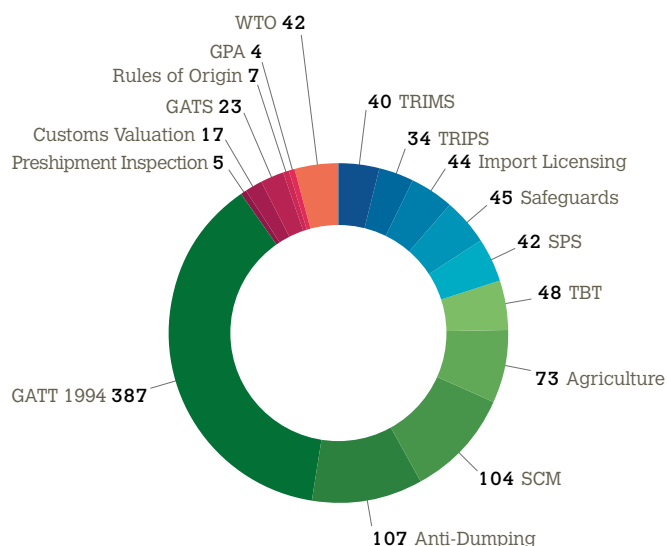
Agreement on Tariffs and Trade (GATT) 1994. Since 1995, 387 of the 488 requests for consultations have included a claim under this agreement. Disputes under the Subsidies and Countervailing Measures (SCM) Agreement and the Anti-Dumping (ADP) Agreement have been more frequent than disputes under other agreements.

## > Subject matter of the disputes

WTO members continue to litigate in many different trade areas (see Figure 2). Current disputes include three complaints concerning measures imposed by Indonesia on horticultural, agricultural, chicken and chicken meat products; one concerning measures imposed by Russia on EU pigs and pork; and another complaint against Russia concerning measures related to its energy sector. Following on from the Boeing and Airbus large civil aircraft complaints, the European Union has initiated another complaint concerning alleged tax incentives provided to Boeing.

As of the end of 2014, the Appellate Body was considering appeals related to measures imposed by Argentina on the import of goods (see below) and to US requirements on the mandatory country of origin labelling for certain beef and pork products. This latter dispute is a compliance proceeding brought by Canada and Mexico, which are challenging US measures taken to comply with the DSB's rulings and recommendation in the original "US – COOL" country of origin labelling dispute for meat products.

**Figure 2: WTO agreements referred to in requests for consultations, 1995-2014 (number of times)**



## > A sharp increase in panels during 2014

Dispute settlement was very active in 2014 as WTO adjudicating bodies considered disputes arising from the recent record number of requests for consultations received in the previous two years (see Table 3).

**Table 3: Active appeals and panels as of 31 December 2014**

Dispute number	Title of dispute	Complainant	Third parties	Date of panel composition or appeal	Agreements cited
WT/DS438	Argentina – Import Measures	European Union	Australia, Canada, China, Ecuador, Guatemala, India, Israel, Japan, Korea, Norway, Saudi Arabia, Switzerland, Chinese Taipei, Thailand, Turkey, United States	Appeal filed 26 September 2014	Agreement on Agriculture General Agreement on Tariffs and Trade (GATT) 1994 Import Licensing Agreement Safeguards Agreement Agreement on Trade Related Aspects of Investment Measures (TRIMs)
WT/DS444	Argentina – Import Measures	United States	Australia, Canada, China, Ecuador, European Union, Guatemala, India, Israel, Japan, Korea, Norway, Saudi Arabia, Switzerland, Chinese Taipei, Thailand, Turkey	Appeal filed 26 September 2014	Agreement on Agriculture GATT 1994 Import Licensing Agreement Safeguards Agreement TRIMs
WT/DS445	Argentina – Import Measures	Japan	Australia, Canada, China, Ecuador, European Union, Guatemala, India, Israel, Korea, Norway, Saudi Arabia, Switzerland, Chinese Taipei, Thailand, Turkey, United States	Appeal filed 26 September 2014	Agreement on Agriculture GATT 1994 Import Licensing Agreement Safeguards Agreement TRIMs Agreement
WT/DS384	US – COOL (Article 21.5 – Canada)	Canada	Australia, Brazil, China, Colombia, European Union, Guatemala, India, Japan, Korea, Mexico, New Zealand	Appeal filed 28 November 2014	GATT 1994 Technical Barriers to Trade (TBT) Agreement
WT/DS386	US – COOL (Article 21.5 – Mexico)	Mexico	Australia, Brazil, Canada, China, Colombia, European Union, Guatemala, India, Japan, Korea, New Zealand	Appeal filed 28 November 2014	GATT 1994 TBT
WT/DS474	EU – Cost Adjustment Methodologies and Certain Anti-Dumping Measures on Imports from Russia	Russia	Argentina, Australia, Brazil, Canada, China, Indonesia, Mexico, Norway, Saudi Arabia, Turkey, Ukraine, United States	23 December 2013 22 July 2014 – panel established	GATT 1994 Anti-Dumping Agreement (ADP) Agreement on Subsidies and Countervailing Measures (SCM) Agreement Establishing the World Trade Organization (WTO)
WT/DS473	EU – Anti-Dumping Measures on Biodiesel from Argentina	Argentina	Australia, China, Colombia, Indonesia, Malaysia, Mexico, Norway, Russia, Saudi Arabia, Turkey, United States	23 June 2014	GATT 1994 ADP WTO
WT/DS472	Brazil – Certain Measures Concerning Taxation and Charges	European Union	Argentina, Australia, Canada, China, Colombia, India, Japan, Korea, Russia, South Africa, Chinese Taipei, Turkey, United States	19 December 2013 17 December 2014 – panel established	GATT 1994 SCM TRIMs
WT/DS471	US – Certain Methodologies and their Application to Anti-Dumping Proceedings involving China	China	Brazil, Canada, European Union, India, Japan, Korea, Norway, Russia, Saudi Arabia, Chinese Taipei, Turkey, Ukraine, Viet Nam	28 August 2014	GATT 1994 ADP
WT/DS468	Ukraine – Definitive Safeguard Measures on Certain Passenger Cars	Japan	Australia, European Union, India, Korea, Russia, Turkey, United States	20 June 2014	GATT 1994 Safeguards Agreement
WT/DS467	Australia – Certain Measures concerning Trademarks, Geographical Indications and other Plain Packaging Requirements applicable to Tobacco Products and Packaging	Indonesia	Argentina, Brazil, Canada, Chile, China, Cuba, Dominican Republic, European Union, Guatemala, Honduras, India, Japan, Korea, Malawi, Malaysia, Mexico, New Zealand, Nicaragua, Nigeria, Norway, Oman, Peru, Philippines, Russia, Singapore, Chinese Taipei, Thailand, Turkey, Ukraine, United States, Uruguay, Zimbabwe	5 May 2014	GATT 1994 TBT Trade-related Aspects of Intellectual Property Rights (TRIPS)

Dispute number	Title of dispute	Complainant	Third parties	Date of panel composition or appeal	Agreements cited
WT/DS458	Australia – Certain Measures concerning Trademarks, Geographical Indications and other Plain Packaging Requirements applicable to Tobacco Products and Packaging	Cuba	Argentina, Brazil, Canada, Chile, China, Dominican Republic, European Union, Guatemala, Honduras, India, Indonesia, Japan, Korea, Malaysia, Mexico, New Zealand, Nicaragua, Nigeria, Norway, Peru, Philippines, Russia, Saudi Arabia, South Africa, Singapore, Chinese Taipei, Thailand, Turkey, Ukraine, United States, Uruguay, Zimbabwe	5 May 2014	GATT 1994 TBT TRIPS
WT/DS441	Australia – Certain Measures concerning Trademarks, Geographical Indications and other Plain Packaging Requirements applicable to Tobacco Products and Packaging	Dominican Republic	Argentina, Brazil, Canada, Chile, China, Cuba, European Union, Guatemala, Honduras, India, Indonesia, Japan, Korea, Malaysia, Mexico, New Zealand, Nicaragua, Nigeria, Norway, Peru, Philippines, Russia, Saudi Arabia, Singapore, South Africa, Chinese Taipei, Thailand, Trinidad and Tobago, Turkey, Ukraine, United States, Uruguay, Zimbabwe	5 May 2014	GATT 1994 TRIPS TBT
WT/DS435	Australia – Certain Measures Concerning Trademarks, Geographical Indications and other Plain Packaging Requirements applicable to Tobacco Products and Packaging	Honduras	Argentina, Brazil, Canada, Chile, China, Cuba, Dominican Republic, European Union, Guatemala, India, Indonesia, Japan, Korea, Malawi, Malaysia, Mexico, New Zealand, Nicaragua, Nigeria, Norway, Oman, Panama, Peru, Philippines, Singapore, South Africa, Chinese Taipei, Thailand, Turkey, Ukraine, United States, Uruguay, Zambia, Zimbabwe	5 May 2014	GATT 1994 TRIPS TBT
WT/DS434	Australia – Certain Measures concerning Trademarks and other Plain Packaging Requirements applicable to Tobacco Products and Packaging	Ukraine	Argentina, Brazil, Canada, Chile, China, Cuba, Dominican Republic, Ecuador, Egypt, European Union, Guatemala, Honduras, India, Indonesia, Japan, Korea, Malawi, Malaysia, Mexico, Moldova, New Zealand, Nicaragua, Nigeria, Norway, Oman, Peru, Philippines, Singapore, Chinese Taipei, Thailand, Turkey, United States, Uruguay, Zambia, Zimbabwe	5 May 2014	GATT 1994 TRIPS TBT
WT/DS460	China – Measures Imposing Anti-Duties on High-Performance Stainless Steel Seamless Tubes ("HP-SSST") from the European Union	European Union	India, Japan, Korea, Russia, Saudi Arabia, Turkey, United States	11 September 2013	GATT 1994 ADP
WT/DS454	China – Measures Imposing Anti-Duties on High-Performance Stainless Steel Seamless Tubes ("HP-SSST") from Japan	Japan	European Union, India, Korea, Russia, Saudi Arabia, Turkey, United States	29 July 2013	GATT 1994 ADP
WT/DS461	Colombia – Measures Relating to the Importation of Textiles, Apparel and Footwear	Panama	China, Ecuador, El Salvador, European Union, Guatemala, Honduras, Philippines, United States	15 January 2014	GATT 1994
WT/DS456	India – Certain Measures Relating to Solar Cells and Solar Modules	United States	Brazil, Canada, China, Ecuador, European Union, Japan, Korea, Malaysia, Norway, Russia, Saudi Arabia, Chinese Taipei, Turkey	24 September 2014	GATT 1994 TRIMs SCM
WT/DS447	US – Measures Affecting the Importation of Animals, Meat and Other Animal Products from Argentina	Argentina	Australia, Brazil, China, European Union, India, Korea	8 August 2013	GATT 1994 Sanitary and Phytosanitary (SPS) Measures Agreement WTO

Dispute number	Title of dispute	Complainant	Third parties	Date of panel composition or appeal	Agreements cited
WT/DS453	Argentina – Measures Relating to Trade in Goods and Services	Panama	Australia, Brazil, China, Ecuador, European Union, Guatemala, Honduras, India, Oman, Saudi Arabia, Singapore, United States	11 November 2013	GATT 1994 General Agreement on Trade in Services (GATS)
WT/DS414 Article 21.5	China – Countervailing and Anti-Dumping Duties on Grain Oriented Flat-Rolled Electrical Steel from the United States	United States	European Union, India, Japan, Russia	26 February 2014	ADP SCM GATT 1994
WT/DS397 Article 21.5	European Communities – Definitive Anti-Dumping Measures on Certain Iron or Steel Fasteners from China	China	Japan, United States	27 March 2014	ADP GATT 1994
WT/DS381 Article 21.5	United States – Measures Concerning the Importation, Marketing and Sale of Tuna and Tuna Products	Mexico	Australia, Canada, China, European Union, Guatemala, Japan, Korea, New Zealand, Norway, Thailand	27 January 2014	TBT GATT 1994
WT/DS353 Article 21.5	United States – Measures Affecting Trade in Large Civil Aircraft (Second Complaint)	EC	Australia, Brazil, Canada, China, Japan, Korea, Russia	30 October 2012	SCM
WT/DS316 Article 21.5	European Communities and Certain Member States – Measures Affecting Trade in Large Civil Aircraft	United States	Australia, Brazil, Canada, China, Japan, Korea	17 April 2012	SCM

Nine panels circulated reports covering 13 different complaints. The Legal Affairs Division assisted with nine disputes (relating to four separate matters). The other five panels (relating to five separate disputes) addressed the area of trade remedies and were assisted by the Rules Division (see page 100).

Aside from the panels where reports were adopted or circulated, the Legal Affairs Division and Rules Division continued to assist panellists with 12 other disputes. The Legal Affairs Division assisted with ten complaints covering six separate matters and the Rules Division provided assistance to panellists in six panels covering six separate matters. This is in addition to five on-going compliance proceedings, which involve lawyers from both divisions.

### › Reports circulated or adopted by the DSB

As of 31 December 2014, nine panel reports had been circulated during the year, of which five had been appealed. Three panel reports are pending either appeal to the Appellate Body or adoption by the DSB, and one panel report was adopted by the DSB without being appealed. Of the nine reports circulated, five were in the area of trade remedies (safeguards, anti-dumping etc.), highlighting the increasing number of disputes in this area (see Table 4).

### › Compliance panel and arbitration work

As the recent increased dispute activity moves through panel and Appellate Body proceedings, it is likely that compliance proceedings will also increase.

New compliance proceedings in 2014 concerned the US complaint regarding Chinese countervailing and anti-dumping duties on US grain oriented flat-rolled electrical steel, China's complaint about anti-dumping measures imposed by the European Union on Chinese iron or steel fasteners, and Mexico's complaint regarding US measures that affected the importation, marketing and sale of tuna and tuna products. Mexico is also challenging, along with Canada, US compliance measures on labelling requirements for meat products (see above). The compliance panel issued its report in October 2014 and these two members are now challenging certain aspects of the compliance panel's findings before the Appellate Body.

### › Settled complaints

In August 2014, the parties in the dispute "EU – Herring", regarding a complaint by the Faroe Islands over imports of certain fish stocks, informed the DSB that "the matter raised ... is settled".

**Table 4 : Reports circulated or adopted in 2014**

Dispute	Document number	Complainant	Respondent	Third parties	WTO agreements covered <sup>1</sup>	Date of adoption by DSB
EC – Seal Products	WT/DS400/R WT/DS400/AB/R	Canada	European Union	Argentina, China, Colombia, Ecuador, Iceland, Japan, Mexico, Norway, Russia, United States	Agreement on Agriculture General Agreement on Tariffs and Trade (GATT) 1994 Technical Barriers to Trade (TBT) Agreement	18 June 2014
EC – Seal Products	WT/DS401/R WT/DS401/AB/R	Norway	European Union	Argentina, Canada, China, Colombia, Ecuador, Iceland, Japan, Mexico, Namibia, United States	Agreement on Agriculture GATT 1994 TBT	18 June 2014
China – Autos (US)	WT/DS440/R	United States	China	Colombia, European Union, India, Japan, Korea, Oman, Saudi Arabia, Turkey	Anti-Dumping Agreement (ADP) GATT 1994 Subsidies and Countervailing Measures (SCM) Agreement	18 June 2014
US – Countervailing and Anti-Dumping Measures (China)	WT/DS449/R WT/DS449/AB/R	China	United States	Australia, Canada, European Union, India, Japan, Russia, Turkey, Viet Nam	ADP GATT 1994 SCM [Dispute Settlement Understanding <sup>2</sup> ]	22 July 2014
China – Rare Earths	WT/DS431/R WT/DS431/AB/R	United States	China	Argentina, Australia, Brazil, Canada, Colombia, European Union, India, Indonesia, Japan, Korea, Norway, Oman, Peru, Russia, Saudi Arabia, Chinese Taipei, Turkey, Viet Nam	GATT 1994 China's Protocol of Accession [WTO Agreement <sup>2</sup> ] [DSU <sup>2</sup> ]	29 August 2014
China – Rare Earths	WT/DS432/R WT/DS432/AB/R	European Union	China	Argentina, Australia, Brazil, Canada, Colombia, India, Indonesia, Japan, Korea, Norway, Oman, Peru, Russia, Saudi Arabia, Chinese Taipei, Turkey, United States, Viet Nam	GATT 1994 China's Protocol of Accession [WTO Agreement <sup>2</sup> ] [DSU <sup>2</sup> ]	29 August 2014
China – Rare Earths	WT/DS433/R WT/DS433/AB/R	Japan	China	Argentina, Australia, Brazil, Canada, Colombia, European Union, India, Indonesia, Korea, Norway, Oman, Peru, Russia, Saudi Arabia, Chinese Taipei, Turkey, United States, Viet Nam	GATT 1994 China's Protocol of Accession [WTO Agreement <sup>2</sup> ] [DSU <sup>2</sup> ]	29 August 2014
US – Carbon Steel (India)	WT/DS436/R WT/DS436/AB/R	India	United States	Australia, Canada, China, European Union, Saudi Arabia, Turkey	GATT 1994 SCM WTO Agreement [DSU <sup>2</sup> ]	19 December 2014
US – Countervailing Measures (China)	WT/DS437/R WT/DS437/AB/R	China	United States	Australia, Brazil, Canada, European Union, India, Japan, Korea, Norway, Russia, Saudi Arabia, Turkey, Viet Nam	GATT 1994 SCM China's Protocol of Accession [DSU <sup>2</sup> ]	Panel report circulated 14 July 2014 Appellate Body report circulated 18 December 2014
Argentina – Import Measures	WT/DS438/R	European Union	Argentina	Australia, Canada, China, Ecuador, Guatemala, India, Israel, Japan, Korea, Norway, Saudi Arabia, Switzerland, Chinese Taipei, Thailand, Turkey, United States	Agreement on Agriculture GATT 1994 Import Licensing Agreement Safeguards Agreement Trade-related Investment Measures (TRIMs) Agreement	Panel report circulated 22 August 2014 [Appeal filed 26 September 2014]



Dispute	Document number	Complainant	Respondent	Third parties	WTO agreements covered <sup>1</sup>	Date of adoption by DSB
Argentina – Import Measures	WT/DS444/R	United States	Argentina	Australia, Canada, China, Ecuador, European Union, Guatemala, India, Israel, Japan, Korea, Norway, Saudi Arabia, Switzerland, Chinese Taipei, Thailand, Turkey	Agreement on Agriculture GATT 1994 Import Licensing Agreement Safeguards Agreement TRIMs	Panel report circulated 22 August 2014 [Appeal filed 26 September 2014]
Argentina – Import Measures	WT/DS445/R	Japan	Argentina	Australia, Canada, China, Ecuador, European Union, Guatemala, India, Israel, Korea, Norway, Saudi Arabia, Switzerland, Chinese Taipei, Thailand, Turkey, United States	Agreement on Agriculture GATT 1994 Import Licensing Agreement Safeguards Agreement TRIMs	Panel report circulated 22 August 2014 [Appeal filed 26 September 2014]
US – Shrimp II (Viet Nam)	WT/DS429/R	Viet Nam	United States	China, Ecuador, European Union, Japan, Norway, Thailand	ADP DSU GATT 1994 WTO Agreement	Panel report circulated 17 January 2014 [Appeal expected January 2015]
India – Agricultural Products	WT/DS430/R	United States	India	Argentina, Australia, Brazil, China, Colombia, Ecuador, European Union, Guatemala, Japan, Viet Nam	GATT 1994 SPS	Panel report circulated 14 October 2014
Peru – Agricultural Products	WT/DS457/R	Guatemala	Peru	Argentina, Brazil, China, Colombia, Ecuador, El Salvador, European Union, Honduras, India, Korea, United States	Agreement on Agriculture Customs Valuation Agreement GATT 1994	Panel report circulated 27 November 2014

<sup>1</sup> As indicated in the request for consultations.

<sup>2</sup> In appellate proceedings only.

In October 2014, Indonesia and the United States informed the DSB that they had reached a mutually agreed solution in their dispute concerning clove cigarettes, which involved a ban on certain flavoured cigarettes. Also in October 2014, Brazil and the United States informed the DSB that they had achieved an agreed solution in their dispute concerning subsidies on US upland cotton.

In December 2014, Canada informed the DSB that it formally withdrew the complaint it had initiated against the European Union concerning the treatment accorded to Canadian seal products as the measures at issue had been repealed. Later complaints initiated by Canada and Norway, also concerning EU measures on seal products, progressed through the dispute settlement system with an Appellate Body report issued in 2014.

## > Themes in dispute settlement

During the past year, panels considered a number of the “traditional” issues that often arise in WTO dispute settlement. For example, panels adjudicated matters relating to quantitative restrictions, which refer to limits on the volume or value of goods traded by WTO members. They also adjudicated matters relating to national treatment, trade remedies and the Sanitary and Phytosanitary (SPS) Measures Agreement. Trade remedies allow governments to take remedial action when a domestic industry is being injured by imports, provided certain conditions are established through an investigation by national authorities.

However, new and at times quite challenging issues also arose that required panels to adopt new procedures or to consider substantive matters that have arisen only rarely in the past. For example, as well as considering traditional import restrictions, the panel in “India – Agricultural Products” dealt with new legal matters relating to regionalization under Article 6 of the SPS Agreement, which covers such questions as pest- or disease-free areas within countries, and introduced procedural innovations to streamline the consultation process involving scientific experts.

The panel in “Argentina – Import Measures” was faced with determining whether a combination of unwritten actions could constitute a measure for the purposes of WTO dispute settlement. The panel in “China – Rare Earths” looked at the traditional issue of border restrictions from the new perspective of export controls. In the trade remedies area, the “China – Autos (US)” panel considered a number of traditional claims arising under the Anti-Dumping Agreement and the SCM Agreement in relation to respective investigations and duties, such as the obligation on investigating authorities to require the submission of adequate non-confidential summaries of confidential information in the petition, as well as taking a new look at the way an authority determines residual anti-dumping and countervailing duties for unknown exporters.

In “US – Carbon Steel (India)”, the panel dealt with the traditional issue of countervailing duties but it examined, from new angles, claims of systemic importance within the context of the SCM Agreement, such as the definitions of “public body” and “financial

contribution". Similarly, in "US – Countervailing Measures (China)", the panel dealt with countervailing measures but it had also to examine the simultaneous challenge of 17 anti-subsidy investigations and to consider for the first time whether an authority can presume majority state-owned enterprises to be "public bodies" under Article 1 of the SCM Agreement.

#### **Argentina – Import Measures**

In the dispute "Argentina – Import Measures", the European Union, the United States and Japan made a number of traditional claims under the GATT 1994 related to two measures that allegedly restricted the complainants' ability to import into Argentina. These were the Advance Sworn Import Declaration for imports and certain trade-related requirements. The panel agreed with the complainants that the challenged measures constituted import restrictions prohibited under Article XI:1 of the GATT 1994 (elimination of quantitative restrictions). With respect to the trade-related requirements, the panel found that Argentina required importers to incorporate a certain level of local content in their products, which is inconsistent with the national treatment obligation in Article III:4 of the GATT 1994.

In making these findings, the panel was faced with new and challenging evidentiary issues. The unwritten nature of Argentina's trade-related requirements, which were not stipulated in any law or regulation, meant that the panel had to examine more than 900 pieces of evidence (exhibits) so as to define the contours and the scope of the measure before considering whether the measure was consistent with Argentina's WTO obligations.

The panel report is currently under appeal. The Appellate Body report is expected in early 2015.

#### **India – Agricultural Products**

The panel in "India – Agricultural Products" considered a number of traditional claims under the SPS Agreement that required the use of experts to assist the panel in its examination of the scientific evidence. Panels started to rely on experts in SPS disputes as far back as 1997 when the first SPS dispute was brought to the WTO. The use of experts, while necessary and worthwhile, has tended to slow down the work of panels. Consequently, the panel in "India – Agricultural Products" adopted some procedural innovations in its consultation with the experts, e.g. shorter deadlines for all stages of the expert consultation process and a reduced number of experts, thereby achieving efficiencies and time savings in the process.

In terms of novelty, from a substantive point of view, this was the first dispute in which a respondent argued that its SPS measures "conform to" an international standard pursuant to Article 3.2 of the SPS Agreement and that, consequently, compliance with other provisions of the SPS Agreement (including those on the need for scientific foundation of SPS measures) must be presumed. Furthermore, this was the first panel to interpret the provisions on adaptation to regional conditions under Article 6 of the SPS Agreement.

The panel report is currently under appeal. The Appellate Body Report is expected in the first half of 2015.

#### **China – Rare Earths**

Like the panel on "Argentina – Import Measures", the rare earths panel considered traditional claims brought by the complainants – the United States, the European Union and Japan – under Article XI of the GATT 1994 relating to quantitative restrictions. The panel also considered China's defence of its export restrictions under Article XX of the GATT 1994. This case therefore dealt with traditional GATT disciplines but from the new perspective of export rather than import controls.

There is almost no jurisprudence on export controls, and the panel was required to closely analyse the effects, including certain unforeseen effects, of export restrictions on international trade. Additionally, while Article XX defences in relation to violations of Article XI of the GATT 1994 have often been raised in WTO dispute settlement proceedings, the first time being in the 1997 "US – Shrimp" dispute, this was only the second dispute in which Article XX was raised in defence of an export restriction.

Article XI refers to the elimination of quantitative restrictions while Article XX sets out general exceptions that WTO members may rely upon to excuse violations of GATT obligations. For example, a member may be permitted to take measures that violate its GATT obligations if they are necessary to protect human, animal or plant life or health.

#### **US – Countervailing and Anti-Dumping Measures (China)**

In this dispute, the panel had to consider a traditional GATT claim on the publication and administration of trade regulations (Article X) although such a claim is not frequently raised in trade remedy disputes. Notably, the panel examined the obligation on members not to enforce a measure of general application that increases a rate of duty or imposes a new or more burdensome requirement prior to its official publication and not to enforce such measure with retroactive effect.

The panel was required to examine, for only the second time, a relatively new type of claim concerning the simultaneous application of anti-dumping and countervailing duties in a non-market economy (NME) context ("double remedies").

#### **China – Autos (US)**

In this dispute, the panel considered a number of traditional claims under the Anti-Dumping Agreement and the SCM Agreement in relation to respective investigations and duties, such as the obligation on investigating authorities to require the submission of adequate non-confidential summaries of confidential information in the petition and to disclose the essential facts under consideration which form the basis for its decision to impose anti-dumping duties.

However, the panel took a new look at considering the way an authority defines the domestic industry, determines residual anti-dumping and countervailing duties for unknown exporters and conducts the analysis of price effects and causation.

#### **US – Carbon Steel (India)**

This dispute dealt with a traditional challenge of countervailing duties imposed by the United States on imports of hot-rolled carbon steel flat products from India.

Various new aspects of claims of systemic importance within the context of the SCM Agreement were addressed, including the definition of “public body”, the definition of “financial contribution”, benchmarks for calculating the benefit of the financial contributions and the use of “facts available”.

### US – Countervailing Measures (China)

Similar to “US – Carbon Steel”, this dispute addressed numerous traditional issues under the SCM Agreement. Rather unusually, the panel was faced with the simultaneous challenge of 17 countervailing duty investigations, which resulted in a dispute covering a myriad of determinations and claims.

From a substantive point of view, this was the first dispute to examine whether majority state-owned enterprises can be presumed by an authority to be “public bodies”. It was also one of the few disputes that addressed whether export restraints can constitute a “financial contribution”, how to reach market-determined benchmark prices for a benefit determination, whether there is a sequence in a specificity analysis, how to identify an unwritten subsidy programme, and the use of facts available.

### US – Shrimp II (Viet Nam)

This was the latest dispute in which a panel had to revisit the long-disputed issue of using “simple zeroing” in US anti-dumping administrative and sunset reviews (see page 42). Zeroing is a methodology employed by governments in anti-dumping investigations (see pages 59-60) so that whenever the export price of a product exceeds normal value the price of that sale is considered to be zero for purposes of calculating the dumping margin.

However, the panel also considered other matters such as whether, in anti-dumping proceedings involving NME countries, an authority may treat all companies within a NME country as a single, NME-wide entity and assign a single rate to that entity – all new issues for the panel's consideration.

The panel report is currently under appeal. The Appellate Body report is expected in the first half of 2015.

### EC – Seal Products

The “EC – Seal Products” panel was established to examine EU prohibition on the importation and marketing of seal products. The EU measure includes exceptions to the prohibition for seal products derived from hunts conducted by Inuit or indigenous communities and hunts conducted for marine resource management purposes, provided certain conditions are met. Canada and Norway challenged the EU measure under the Technical Barriers to Trade (TBT) Agreement and the GATT 1994. The panel report was circulated to WTO members in November 2013 and was appealed in January 2014 (see page 106).

## > Resource constraints in WTO dispute settlement

The statistics above reflect the high demand that is severely testing the capacity of the WTO dispute settlement mechanism.

As Director-General Roberto Azevêdo mentioned in his speech to the DSB on 26 September 2014, there are several constraints on the WTO's ability to extend that capacity. For example, DG Azevêdo noted that the WTO has faced difficulties in retaining staff in the three dispute settlement divisions (the Appellate Body Secretariat, Legal Affairs and Rules). He acknowledged that the private sector and other institutions can sometimes offer WTO dispute settlement lawyers more stable and lucrative long-term working conditions and better career advancement opportunities. Inevitably, this has led to the loss of a number of trained and experienced lawyers and consequently their institutional and case law memory.

In addition, as DG Azevêdo noted, the intensity of the work required to complete an appeal within the 90-day timeframe means that it is not possible for an Appellate Body member (see page 103) to serve on two divisions with identical or largely overlapping schedules. The “90 days” refers to how long the Appellate Body has to circulate its report from the date on which a notice of appeal is filed. These and other factors explain why members are experiencing delays in getting panels up and running after composition. It also explains why the Appellate Body occasionally needs more than 90 days to complete appeals and why parties may have to wait for an appeal slot to become available.

Given the ever-increasing dispute settlement workload, coupled with the recent loss of a number of trained and experienced dispute settlement lawyers, DG Azevêdo reallocated resources so that the three dispute settlement divisions could recruit junior lawyers through temporary contracts for a period of up to two years. In addition, some results were achieved by temporarily reassigning staff working in other Secretariat divisions, who had previously worked on disputes in professional and support capacities, to work on the pending disputes.

However, these solutions only provide temporary relief for what is a recurrent problem. The need for specialised skills, at both professional and support staff levels, means that the WTO needs to hire new staff at both the senior and junior levels. Moreover, while the WTO has been able to attract qualified people through temporary contracts, it is unable to retain them without offering more stability and long-term career opportunities.

To address this issue, in 2014 DG Azevêdo allocated 15 additional posts to the three dispute settlement divisions – six at the senior level and nine at the junior level. His intention is to significantly increase capacity in the dispute settlement area. In the unlikely event that dispute settlement activity were to wane in the coming years, these individuals could be put to work elsewhere in the Secretariat and brought back to work in dispute settlement when required. These remedial measures take into account the limitations imposed by WTO members, including the overall cap on the budget and the cap on the proportion of the budget that can be used for costs related to personnel.

Bearing in mind WTO members' continued reliance on, and faith in, the WTO dispute settlement system, it is paramount that adequate resources be allocated to serve this important function of the WTO. DG Azevêdo has made clear his commitment to doing so.

# Appellate Body

**The Appellate Body had a busy year in 2014, with seven appeals being filed and the Appellate Body issuing reports for five of those appeals. The Dispute Settlement Body (DSB) appointed a seventh member to the Appellate Body, Shree Baboo Chekitan Servansing of Mauritius, for a four-year term.**

## ➤ Appointment of new Appellate Body member

On 10 September 2014, the Selection Committee tasked with appointing a seventh Appellate Body member recommended that Shree Baboo Chekitan Servansing of Mauritius be appointed for a four-year term. The membership endorsed this recommendation and appointed Mr Servansing to the Appellate Body at the DSB meeting of 26 September 2014. He replaces David Unterhalter of South Africa, whose two terms expired in December 2013.

Mr Servansing was the Ambassador and Permanent Representative of the Republic of Mauritius to the United Nations Office and other international organizations in Geneva, including the WTO, from 2004 to 2012. As Ambassador to the WTO, Mr Servansing chaired a number of committees, including the Committee on Trade and Development for three consecutive terms from 2007 to 2009. Since March 2013, Mr Servansing has been Team Leader of the Project Monitoring Unit on the Technical Barriers to Trade (TBT) Programme of the African, Caribbean and Pacific Group of States (ACP) and the European Union, where he is responsible for capacity-building assistance to ACP countries to enhance their export competitiveness and improve quality infrastructure to comply with technical regulations.

The appointment of Mr Servansing to the Appellate Body followed a rigorous selection process that involved the vetting of candidates from seven WTO members: Cameroon, Egypt, Ghana, Kenya, Mauritius, Uganda and Zimbabwe. "The number and quality of the

candidates put forward for selection was an encouraging sign of members' continuing confidence in the WTO dispute settlement mechanism, and particularly in the role of the Appellate Body," said the Chair of the DSB, Fernando de Mateo, at the swearing-in ceremony in October.

As of 31 December 2014, the seven Appellate Body members were:

- Ujal Singh Bhatia (India) (2011-15)
- Seung Wha Chang (Republic of Korea) (2012-16)
- Thomas R. Graham (United States) (2011-15)
- Ricardo Ramírez-Hernández (Mexico) (2009-17)
- Shree Baboo Chekitan Servansing (Mauritius) (2014-18)
- Peter Van den Bossche (Belgium) (2009-17)
- Yuejiao Zhang (China) (2008-16)

## 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.



✓ The Dispute Settlement Body (DSB) appointed Mr Shree Baboo Chekitan Servansing (right) to the Appellate Body at the DSB meeting of 26 September 2014. The Chair of the Appellate Body, Mr Ricardo Ramírez-Hernández, presided over the swearing-in ceremony.

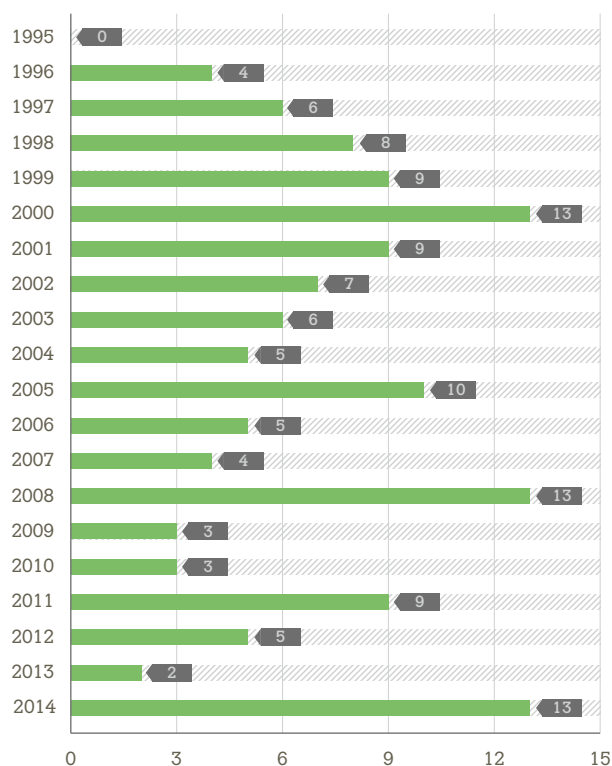


Members of the Appellate Body as of 31 December 2014, from left to right: Ujal Singh Bhatia, Peter Van den Bossche, Shree Baboo Chekitan Servansing, Thomas R. Graham, Yuejiao Zhang, Seung Wha Chang and Ricardo Ramírez-Hernández (Chair of the Appellate Body).

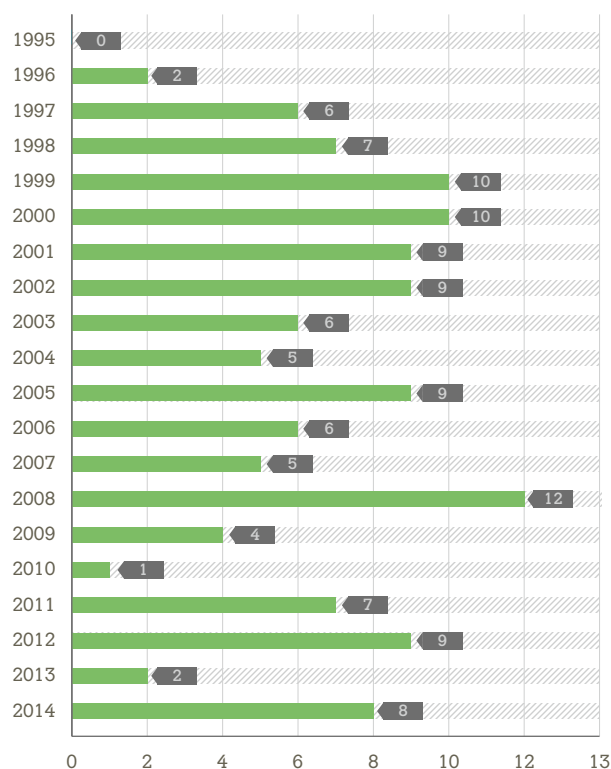
## > Appeals

During the year, the Appellate Body heard seven appeals, covering 13 disputes (see Figure 3 and Table 5). In 2014, the Appellate Body circulated eight reports (see Figure 4 and Table 6). In addressing the appeals, the Appellate Body discussed several issues of systemic significance. These included claims under the TBT Agreement, the general exceptions in Article XX of the General Agreement on Trade and Tariffs (GATT) 1994, the disciplines governing subsidies and countervailing duties and requirements that measures be published before they are applied (the publication of measures).

**Figure 3:** Number of notices of appeal filed, 1995 to 2014



**Figure 4:** Number of Appellate Body reports circulated, 1995 to 2014\*



\* Some Appellate Body reports were issued as a single document covering two or more reports.



**Table 5: Appeals filed in 2014**

Panel reports appealed	Date of appeal	Appellant	Document number for notification of an appeal	Other appellant	Document number for notification of an other appeal
United States — Certain Country of Origin Labelling (COOL) Requirements (Article 21.5 – Mexico)	28 November 2014	United States	WT/DS386/28	Mexico	WT/DS386/29
United States — Certain Country of Origin Labelling (COOL) Requirements (Article 21.5 – Canada)	28 November 2014	United States	WT/DS384/29	Canada	WT/DS384/30
Argentina – Measures Affecting the Importation of Goods	26 September 2014	Argentina	WT/DS438/15	European Union	WT/DS438/16
Argentina – Measures Affecting the Importation of Goods	26 September 2014	Argentina	WT/DS444/14	No other appeal	-
Argentina – Measures Affecting the Importation of Goods	26 September 2014	Argentina	WT/DS445/14	Japan	WT/DS445/15
United States — Countervailing Duty Measures on Certain Products from China	22 August 2014	China	WT/DS437/7	United States	WT/DS437/8
United States — Countervailing Measures on Certain Hot-Rolled Carbon Steel Flat Products from India	8 August 2014	India	WT/DS436/6	United States	WT/DS436/7
United States — Countervailing and Anti-Dumping Measures on Certain Products from China	8 April 2014	China	WT/DS449/6	United States	WT/DS449/7
China – Measures Related to the Exportation of Rare Earths, Tungsten and Molybdenum	8 April 2014	United States	WT/DS431/9	China	WT/DS431/10
China – Measures Related to the Exportation of Rare Earths, Tungsten and Molybdenum	25 April 2014	China	WT/DS/432/9	No other appeal	-
China – Measures Related to the Exportation of Rare Earths, Tungsten and Molybdenum	25 April 2014	China	WT/DS/433/9	No other appeal	-
European Communities — Measures Prohibiting the Importation and Marketing of Seal Products	24 January 2014	Norway	WT/DS401/9	European Union	WT/DS401/10
European Communities — Measures Prohibiting the Importation and Marketing of Seal Products	24 January 2014	Canada	WT/DS400/8	European Union	WT/DS400/9

**Table 6: Appellate Body reports circulated in 2014**

Panel reports appealed	Date of appeal	Appellant	Document number for notification of an appeal	Other appellant	Document number for notification of an other appeal	Circulation date of report
United States — Countervailing Duty Measures on Certain Products from China	22 August 2014	China	WT/DS437/7	United States	WT/DS437/8	18 December 2014
United States — Countervailing Measures on Certain Hot-Rolled Carbon Steel Flat Products from India	8 August 2014	India	WT/DS436/6	United States	WT/DS436/7	8 December 2014
China – Measures Related to the Exportation of Rare Earths, Tungsten and Molybdenum <sup>1</sup>	8 April 2014	United States	WT/DS431/9	China	WT/DS431/10	7 August 2014
China – Measures Related to the Exportation of Rare Earths, Tungsten and Molybdenum <sup>1</sup>	25 April 2014	China	WT/DS432/9	No other appeal	-	7 August 2014
China – Measures Related to the Exportation of Rare Earths, Tungsten and Molybdenum <sup>1</sup>	25 April 2014	China	WT/DS433/9	No other appeal	-	7 August 2014
United States — Countervailing and Anti-Dumping Measures on Certain Products from China	8 April 2014	China	WT/DS449/6	United States	WT/DS449/7	7 July 2014
European Communities — Measures Prohibiting the Importation and Marketing of Seal Products <sup>2</sup>	24 January 2014	Canada	WT/DS400/8	European Union	WT/DS400/9	22 May 2014
European Communities — Measures Prohibiting the Importation and Marketing of Seal Products <sup>2</sup>	24 January 2014	Norway	WT/DS401/9	European Union	WT/DS401/10	22 May 2014

<sup>1</sup> These three Appellate Body reports were circulated in a single document.

<sup>2</sup> These two Appellate Body reports were circulated in a single document.

## > TBT Agreement

The year saw a continuation of the recent trend of disputes involving claims raised under the TBT Agreement. In “EC – Seal Products”, Canada and Norway challenged measures adopted by the European Union that established the conditions under which seal products could be imported and/or placed on the EU market (EU Seal Regime). On appeal, the Appellate Body reversed the panel’s finding that the EU Seal Regime is a “technical regulation” within the meaning of Annex 1.1 to the TBT Agreement, which lays down product characteristics or their related processes and production methods.

Additionally, in addressing the relationship between the non-discrimination obligations in the TBT Agreement and the GATT 1994, the Appellate Body upheld the panel’s finding that the legal standard for the non-discrimination obligations under Article 2.1 of the TBT Agreement does not apply equally to claims under Articles I:1 and III:4 of the GATT 1994. Still in this regard, the Appellate Body upheld the panel’s conclusion that the EU Seal Regime is inconsistent with Article I:1 of the GATT 1994. The European Union did not appeal the panel’s finding that the measure at issue is inconsistent with Article III:4 of the GATT 1994.

## > General exceptions in Article XX of the GATT 1994

### EC - Seal Products

Two appeals that came before the Appellate Body in 2014 concerned the availability of the general exceptions in Article XX of the GATT 1994. “EC – Seal Products” was the first WTO case to examine whether a measure adopted to address public concerns regarding animal welfare may be justified on the grounds that it is “necessary to protect public morals” within the meaning of Article XX(a) of the GATT 1994, which covers general exceptions. This aspect of the case, and the interests of the Inuit, indigenous peoples inhabiting Arctic regions, implicated in the measure has generated much interest among non-governmental organizations (NGOs) and the public.

The Appellate Body upheld the panel’s finding that the EU Seal Regime is provisionally deemed “necessary to protect public morals” within the meaning of Article XX(a) of the GATT 1994. As regards the chapeau, an introductory text that broadly defines principles and objectives, of Article XX of the GATT 1994, the Appellate Body found that the panel erred in applying the same legal test to the chapeau of Article XX as it applied under Article 2.1 of the TBT Agreement.

Instead, it should have conducted an independent analysis of the consistency of the EU Seal Regime with the specific terms and requirements of the chapeau. The Appellate Body completed the analysis and found, as the panel did, that the European Union had not demonstrated that the EU Seal Regime met the requirements of the chapeau of Article XX of the GATT 1994. Consequently, the Appellate Body found that the European Union had not justified the EU Seal Regime under Article XX(a) of the GATT 1994.

### China – Rare Earths

In “China – Rare Earths” (see page 101), two issues regarding the general exceptions under the GATT 1994 arose. First, China appealed an intermediate finding made by the panel in reaching its conclusion

that Article XX of the GATT 1994 could not be used to justify a breach of Paragraph 11.3 of China’s Accession Protocol regarding export duties. In upholding the panel’s finding, the Appellate Body found that the Marrakesh Agreement, the multilateral trade agreements and China’s Accession Protocol form a single package of rights and obligations that must be read together.

However, the question of whether there is an objective link between an individual provision in China’s Accession Protocol and existing obligations under the 1994 Marrakesh Agreement, which established the WTO, and the multilateral trade agreements or whether China may rely on an exception provided for in those agreements to justify a breach of such protocol provision must be answered through a thorough analysis of the relevant provisions on the basis of the customary rules of treaty interpretation and the circumstances of the dispute.

Second, China did not appeal the panel’s finding that China’s export quotas were inconsistent with Article XI:1 of the GATT 1994, barring prohibitions or restrictions other than duties, taxes or other charges. However, it appealed limited aspects of the panel’s interpretation and application of Article XX(g) of the GATT 1994 in connection with its findings that the export quotas at issue are not measures “relating to” the conservation of exhaustible natural resources and are not “made effective in conjunction with” restrictions on domestic production or consumption.

The Appellate Body found that the panel rightly considered that it should focus on the measures’ design and structure rather than on their effects in the market place. For this and several other reasons, the Appellate Body upheld the panel’s findings that China’s export quotas on rare earths, tungsten and molybdenum were not justified under Article XX(g) of the GATT 1994.

## > Subsidies and countervailing duties

In 2014, the Appellate Body decided three appeals that involved the United States’ use of countervailing duties, which are duties used to counter the effects of subsidies. In addressing these three disputes, several issues of systemic significance were discussed, including the term “public body”, the calculation of benefit and the publication of measures.

### US – Carbon Steel (India)

Regarding the meaning of the term “public body” in Article 1.1(a)(1) of the Safeguards and Countervailing Measures (SCM) Agreement, the Appellate Body in “US – Carbon Steel (India)”, which concerned US countervailing duties on imports of certain hot-rolled carbon steel flat products from India, found that a public body is an entity that possesses, exercises or is vested with governmental authority. Whether the conduct of an entity is that of a public body must in each case be determined on its own merits, with due regard to the core characteristics and functions of the relevant entity, its relationship with the government, and the legal and economic environment prevailing in the country in which the investigated entity operates.

The Appellate Body further recalled that just as no two governments are exactly alike, the precise contours and characteristics of a public body are bound to differ from entity to entity, state to state, and case

to case. An investigating authority must therefore evaluate and give due consideration to all relevant characteristics of the entity and, in reaching its ultimate determination as to how that entity should be characterized, avoid focusing exclusively or unduly on any single characteristic without affording due consideration to others that may be relevant.

In “US – Carbon Steel (India)”, the Appellate Body also set forth an interpretation of Article 14(d) of the SCM Agreement as it relates to the identification of an appropriate benchmark for calculating benefit to the recipient of a subsidy. The Appellate Body interpreted the terms “prevailing market conditions” in Article 14(d) of the SCM Agreement and considered that, taken together, these terms describe generally accepted characteristics of an area of economic activity in which the forces of supply and demand interact to determine market prices.

Furthermore, the Appellate Body emphasized that whether a price may be relied upon for benchmarking purposes under Article 14(d) is not a function of its source but, rather, whether it is a market-determined price reflective of prevailing market conditions in the country of provision.

In “US – Carbon Steel (India)”, the Appellate Body also addressed “cross-cumulation”, which gives the right to aggregate subsidy effects that might not on their own be enough to qualify as distortion and found that Article 15.3 and other provisions of the SCM Agreement do not authorize investigating authorities to assess cumulatively the effects of subsidized imports with the effects of nonsubsidized but dumped imports. Article 15.3 applies where imports of a product from more than one country are simultaneously subject to countervailing duty investigations.

#### **US – Countervailing Measures (China)**

In “US – Countervailing Measures (China)”, which concerned US countervailing measures on certain products from China, the Appellate Body clarified that because the issue of whether a price may be relied upon for benchmarking purposes under Article 14(d) is not a function of its source, the selection of a benchmark for the purposes of Article 14(d) cannot, at the outset, exclude consideration of incountry prices from any particular source, including government-related prices other than the financial contribution at issue.

With respect to the publication of measures, the Appellate Body in “US– Countervailing and Anti-Dumping Measures (China)” stated that whether a measure increases a duty or imposes a new or more burdensome requirement within the meaning of Article X:2 of the GATT 1994 – and must thus be published before it is enforced – requires a comparison between the new measure of general application in municipal law and the prior published measure that it replaced or modified.

Thus, Article X:2 requires the identification of a “baseline” of comparison in municipal law applicable prior to the new measure. Hence, the Appellate Body determined that the panel erred in finding that the phrase “under an established and uniform practice” in Article X:2 served to define the relevant prior rate that was to be used to establish whether or not an advance in a rate of duty had been effected.

For this and other reasons, the Appellate Body reversed the panel’s finding under Article X:2 of the GATT 1994 that the United States had not acted inconsistently with Article X:2 of the GATT 1994 because Section 1 of United States Public Law PL-112-99, which had been enforced before its publication, did not effect an advance in a rate of duty or other charge on imports under an established and uniform practice, or impose a new or more burdensome requirement, restriction or prohibition on imports.



## Building trade capacity

- > The Committee on Trade and Development held its first session on the monitoring mechanism to review the implementation of special and differential treatment provisions for developing countries in WTO agreements and decisions.
- > Aid for Trade flows to developing countries rebounded in 2012, the latest year for which figures are available, with commitments rising 21 per cent after sliding 14 per cent in the previous year.
- > The Services Council held a meeting in early 2015, at which over 25 WTO members indicated services sectors and modes of supply from least-developed countries (LDCs) to which they would give preferential treatment as a means of improving the participation of LDCs in world exports of commercial services.
- > The WTO increased its training programme for government officials, undertaking 324 technical assistance activities in 2014, compared with 279 in 2013.

<b>Trade and development</b>	<b>110</b>
Least-developed countries	111
Small economies	113
<b>Aid for Trade</b>	<b>114</b>
<b>Enhanced Integrated Framework</b>	<b>116</b>
<b>Standards and Trade Development Facility</b>	<b>118</b>
<b>Technical cooperation and training</b>	<b>120</b>

#### Background on building trade capacity

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



# Trade and development

**The WTO's Committee on Trade and Development implemented a number of decisions taken at the Ninth Ministerial Conference in Bali, including holding a first session of the monitoring mechanism on special and differential treatment for developing countries. It discussed the WTO's technical assistance and training activities and received members' notifications concerning market access for developing countries and least-developed countries (LDCs). It also began discussions on how to proceed with a review of the transparency mechanism for preferential trade arrangements.**

In 2014, the Committee on Trade and Development began implementing decisions taken at the WTO's Ninth Ministerial Conference in Bali. It held two dedicated sessions on the monitoring mechanism on special and differential treatment, which ministers launched in Bali.

The mechanism acts as a focal point within the WTO to analyse and review the implementation of special and differential treatment provisions in WTO agreements and decisions. Such provisions range from increasing trade opportunities to granting longer transition periods for the implementation of WTO agreements and providing technical assistance. In addition, as agreed by ministers, the Committee continued an annual review of steps taken by members to provide duty-free and quota-free (DFQF) market access to LDCs. To aid this review, the WTO Secretariat prepared a report on members' DFQF market access for LDCs.

A number of proposals were considered in the context of the mandate from the WTO's Eighth Ministerial Conference in 2011 for the Committee to undertake focused work on the link between trade and development. Members also considered how to proceed with a review of the transparency mechanism for preferential trade arrangements, under which beneficiaries do not have to offer concessions in return, and examined an overview of the status of its implementation. The mechanism, agreed in 2010, aims to increase understanding of all PTAs being implemented by WTO members.

## Background on trade and development

The Committee on Trade and Development is the focal point for the coordination of all work on trade and development issues in the WTO. The Committee deals with a variety of issues, including all developmental issues, technical cooperation and training, and notifications under the Enabling Clause, which allows developed countries to give more favourable treatment to developing countries.

In the Committee's dedicated session on preferential trade arrangements, members considered the trade preferences granted by the European Union to Pakistan. These preferences were granted for a limited period of time in order to promote Pakistan's economic recovery following the floods of July and August 2010.

The Committee received a report on the 48<sup>th</sup> session of the Joint Advisory Group (JAG) of the International Trade Centre (ITC). The JAG is the policy-making body of the ITC, the trade promotion agency for developing countries jointly sponsored by the WTO and the United Nations Conference on Trade and Development (UNCTAD). The ITC's work focuses on assisting small and medium-sized enterprises in developing countries.

A new facility entered into force in November 2014 to help developing countries implement the newly approved Trade Facilitation Agreement (see page 41).

## > Notifications on market access

In 2014, the Committee received a notification, under the Enabling Clause (see page 76), concerning Canada's generalized system of preferences (GSP) scheme. GSP schemes allow developed countries to grant preferential tariffs to imports from developing countries. Canada's notification provided information on the extension of its GSP scheme to 31 December 2024. In addition, Chile notified to the Committee its DFQF market access scheme for LDCs. This scheme sets at 0 per cent the customs duties on imports of goods originating from LDCs, excluding imports of wheat, wheat flour and sugar.

## > Technical cooperation and training

The WTO's technical assistance and training activities were discussed (see pages 120-3). The Committee took note of the 2013 annual report on technical assistance and training. The WTO Secretariat undertook 320 technical assistance activities in 2013, both in Geneva and in various WTO member and observer countries. The majority of these activities were organized in partnership with other international



organizations and regional and sub-regional organizations. Overall, close to 14,000 participants were trained during the year, an increase of 9 per cent compared with 2012. This growth is due to online courses, which attracted 40 per cent of all participants.

## Least-developed countries

**The Sub-Committee on Least-Developed Countries (LDCs) continued to implement the recently revised WTO work programme for LDCs. It conducted its annual review of market access for LDC products and took stock of progress in the provision of WTO technical assistance and training provided to the LDCs as well as other technical assistance programmes. It reviewed progress on the WTO accession processes of LDCs and heard reports from the LDC Coordinator on the outcome of a workshop, organized by the LDC Group, to define the elements that LDCs would like to pursue as part of the post-Bali work programme.**

### > Market access for LDCs

Market access issues for LDCs again featured prominently on the agenda of the Sub-Committee. The WTO Secretariat's annual report on global trends in LDC trade and market access showed that LDC exports of goods and commercial services rebounded 6.0 per cent, more than twice the world average, in 2013. However, the participation of LDCs in global trade remained marginal, at 1.23 per cent, and the overall participation of LDCs in world exports of commercial services remained low, at 0.7 per cent. The study showed that export concentration continues to be a defining characteristic of LDC trade, with more than 70 per cent of LDC merchandise exports dependent on a few main products.

WTO members appreciated the study as well as efforts by the Secretariat to expand data not only on LDC trade in services but also on non-tariff measures (NTMs) faced by LDC exports. The LDCs expressed concern about the gradual decline in their share of agricultural and manufactured products and reminded members to put into action the decisions taken at the Bali Ministerial Conference in 2013, in particular relating to duty-free and quota-free (DFQF) market access as well as the LDC services waiver (see page 67). In Bali, ministers called on developed-country members to improve their existing DFQF coverage for products originating from LDCs and encouraged developing-country members, declaring themselves able to do so, to provide DFQF market access for products originating from LDCs or to improve their existing DFQF coverage for such products. The LDC services waiver allows other members to grant preferences to LDCs to increase the participation of LDCs in world services trade.

The coordinator of the LDC Group at the WTO briefed members on the outcome of a workshop held at UNCTAD in March 2014. The workshop took stock of the results of the Bali Ministerial Conference and discussed the way forward for the LDC Group, including in the context of the post-Bali work programme. The workshop reiterated the importance of the Trade Facilitation Agreement (see pages 39-41) and the need for the effective implementation of LDC-specific decisions, such as the services waiver, adopted by members in Bali.

### Background on least-developed countries (LDCs)

The Sub-Committee on LDCs was established in July 1995 as a subsidiary body to the Committee on Trade and Development to address issues of interest to LDCs. Since the Doha Ministerial Conference in 2001, the Sub-Committee has focused on the implementation of the WTO work programme for LDCs, which looks at a number of systemic issues of importance to them, such as market access, technical assistance and accession to the WTO.

The Government of Chile notified its comprehensive DFQF scheme which came into force in February 2014. Chile thus joined a number of other developing countries that have opened their markets to products from LDCs without duty or quotas.

Members of the Sub-Committee also received a report from the Secretariat on the first annual review of preferential rules of origin for LDCs conducted by the Committee on Rules of Origin (CRO), in accordance with the Bali ministerial decision (see page 61). The decision contains a set of multilaterally agreed guidelines to make it easier for LDC exports to qualify for preferential market access. The LDCs invited members to examine their submission at the CRO outlining the challenges they face with complying with preferential rules of origin.

### ➤ Technical assistance and capacity building

The Sub-Committee regularly monitors the progress of WTO trade-related technical assistance provided to LDCs as well as other capacity-building initiatives in which the WTO is involved, such as the Enhanced Integrated Framework (EIF – see page 116) and the Standards and Trade Development Facility (STDF – see page 118).

LDCs are given priority in the implementation of WTO technical assistance and they benefit from tailor-made advanced courses. They are also given priority for internships and WTO reference centre programmes (see page 122). Furthermore, there has been a steady increase of LDC participants in the WTO's e-learning courses (see page 122), which are now a prerequisite for intermediate and advanced level WTO training.

Regular updates are also being provided in the Sub-Committee on the EIF, a multi-donor programme to help LDCs take part in trade. An update on the current status of the implementation of the EIF was provided in June by the EIF Executive Secretariat, and LDCs reiterated the importance of the EIF programme to build their trade capacities. In view of the continuous need to address trade capacity building in the LDCs, donors and other development partners heeded a call from LDCs and agreed to extend the EIF beyond the end of its current programme in 2015. The EIF is currently helping 50 of the poorest countries worldwide. The WTO is one of six partner agencies of the programme and also hosts the Executive Secretariat.

The Sub-Committee also received updates from the STDF. The importance of capacity building to meet sanitary and phytosanitary (SPS) measures and requirements was highlighted, as was the fact that some 50 per cent of STDF project funds were allocated to LDCs.

Development partners continued to provide updates on their events, activities and programmes in favour of LDCs. In June 2014, the World Bank announced its support to help developing countries, in particular LDCs, reform their trade facilitation laws and practices and bring them in line with the WTO's Trade Facilitation Agreement (TFA). The programme, supported by Australia, Canada, the European Union, Norway, Switzerland and the United States, is worth US\$ 30 million and aims to help LDCs address some of their immediate needs related to the implementation of the TFA,

which will come into force once it is ratified by two-thirds of the WTO membership (see page 39).

### ➤ Accession of LDCs to the WTO

Members received a status report on the eight LDC accessions currently being negotiated (Afghanistan, Bhutan, Comoros, Equatorial Guinea, Ethiopia, Liberia, Sudan, and Sao Tomé and Príncipe). The Secretariat explained the rationale, purpose and policy framework of the WTO accession process as well as efforts, in terms of transparency and outreach, to advance LDC accessions.

Members reiterated their commitment to facilitate LDC accessions and underlined the need to explore ways to activate some LDC accessions that have remained inactive for a number of years. The LDCs underscored the need for monitoring the faithful implementation of the LDC accession guidelines adopted in 2012. The new guidelines introduce some new flexibility and parameters to help acceding LDCs integrate into the multilateral trading system, consistent with their development, trade and financial needs.

### ➤ Cotton, development assistance

Against a background of high volatility in global cotton prices, WTO members acknowledged the importance that the cotton sector plays in a number of developing countries and particularly in some LDCs.

At the Bali Ministerial Conference in 2013, ministers reaffirmed the importance of the development assistance aspects of cotton and committed to continued engagement in the Director-General's



Consultative Framework Mechanism (DGCFM) on cotton, which reviews and tracks cotton-specific assistance as well as infrastructure support programmes or other assistance related to the cotton sector.

At the 21<sup>st</sup> round of the DGCFM held in June 2014, members heard how regional African organizations are increasing their involvement in developing the continent's cotton sector to ensure aid reaches farmers who really need it and to strengthen production from the field to the clothing market. Presentations by several organizations were made and the WTO Secretariat reported a slight decline in assistance for cotton – current and future – as a number of projects have been completed.

At the 22<sup>nd</sup> round of the DGCFM held in November, members of the “Cotton Four” (see page 33) group of West African cotton producers – Burkina Faso, Benin, Chad and Mali – declared that recent price falls were hurting their producers and called for a swift conclusion to the negotiations to slash policies, such as subsidies, that distort markets.

The consultations on the development aspect of cotton have been described as unique in the WTO because they deal with a single commodity, and do so monitoring aid (particularly for LDCs), trade, market conditions and other aspects.

In Bali, ministers also reiterated WTO members' commitment to “on-going dialogue and engagement” to make progress in the trade-related negotiations on cotton, according to the objectives agreed at the Hong Kong Ministerial Conference in 2005. Following up on the ministerial decision, two rounds of dedicated discussions were held over the year within the framework of the agriculture negotiations on the latest developments on market access, domestic support and export subsidies for cotton, and tariff measures and non-tariff measures applied to cotton exports, particularly from LDCs.

At the Bali Ministerial Conference in 2013, ministers instructed the Committee to consider in further detail the proposals contained in the various submissions that had been received, to examine any additional proposals that members might wish to submit and, where possible, and within its mandate, to make recommendations to the General Council on any of these proposals.

In 2014, a number of SVEs discussed work and activities related to the 2013 Bali ministerial decision and began identifying relevant issues and areas of possible research and analysis concerning the challenges and opportunities for small economies when linking into global value chains for goods and services. These included issues such as evidence of the integration of small economies into and the role of foreign direct investment in global value chains, the challenges and opportunities for small and medium-sized enterprises, the role of logistics, and trade facilitation and trade policy experiences.

### Background on small economies

The Committee on Trade and Development – in dedicated session – oversees work on small economies and monitors the progress of proposals from small, vulnerable economies in the various WTO bodies and Doha Round negotiating groups. Small economies are mainly but not exclusively small island states. They do not constitute a defined group in the WTO.

## Small economies

**The Committee on Trade and Development held two formal dedicated sessions on issues raised by small, vulnerable economies (SVEs) in the WTO. The Committee carried out ministerial instructions to examine the impact of WTO rules on small economies and the trade-related constraints they face, and began work on the challenges and opportunities experienced by small economies when linking into global value chains (GVCs) for trade in goods and services.**

Small, vulnerable economies are those WTO members that account for only a small percentage of world trade. WTO members recognize that these economies, while not forming an official sub-category of members, face specific challenges due to their small size and the distances that separate them from their key trading partners.



# Aid for Trade

**Aid for Trade flows to developing countries rebounded in 2012, the latest year for which figures are available, with commitments rising 21 per cent after sliding 14 per cent in the previous year. Africa was the region that benefited most but overall flows to least-developed countries (LDCs) declined. WTO members discussed preparations for the Fifth Global Review of Aid for Trade on “Reducing Trade Costs for Inclusive, Sustainable Growth”, to be held from 30 June to 2 July 2015.**

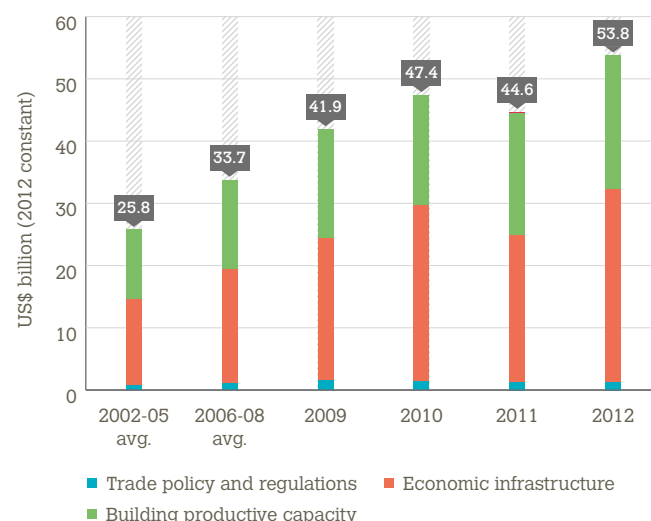
Against the backdrop of an uncertain global outlook and fiscal pressures in donor countries, global and regional partners remained committed to acting together with the private sector to overcome national and regional constraints to trade development. The most recent figures showed that in 2012 Aid for Trade flows for developing countries resumed their previous growth trajectory, rising by 21 per cent to reach almost US\$ 54 billion, more than twice the level of the 2002-05 baseline period.

The largest increase was directed towards middle-income developing countries in the form of loans. While most of the rise in 2012 benefited Africa, whose share of total Aid for Trade commitments rose to 40 per cent, the share of resources committed to LDCs declined by 2 per cent. Figures 1 and 2 provide a breakdown of regional and category-specific commitments. Uganda, speaking on behalf of the LDCs, told the Committee on Trade and Development in October that LDCs attracted only 24 per cent of total Aid for Trade in 2012. It called on members to give priority to the needs and interests of LDCs and to ensure that at least one-third of Aid for Trade is disbursed to LDCs.

Aid for Trade is a WTO-led initiative aimed at increasing the capacity of developing countries, particularly LDCs, to engage in international trade. The Organisation for Economic Co-operation and Development (OECD) is a key partner, monitoring the flow of foreign aid targeted at improving countries' trade policies and regulations. It includes assistance for trade facilitation, streamlining customs procedures

and cutting red tape, developing economic infrastructure and strengthening the production capacity of developing countries.

**Figure 1: Aid for Trade commitments by category**



## Work programme

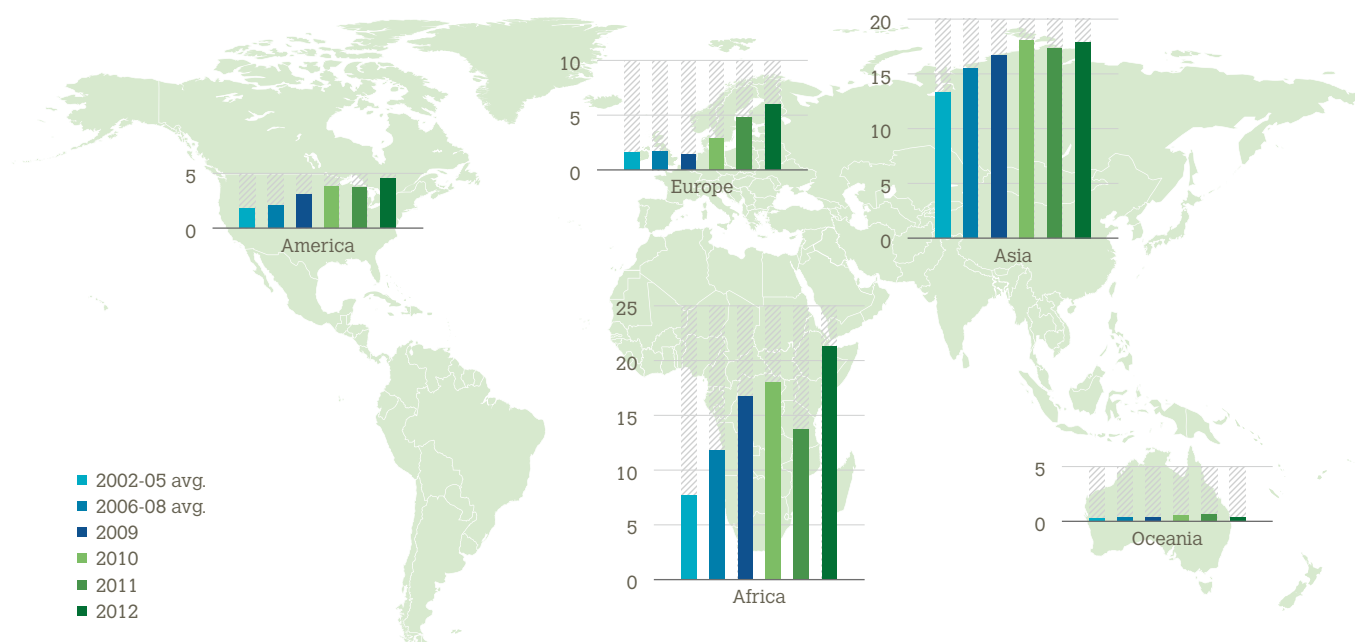
The Committee on Trade and Development held a series of dedicated sessions on Aid for Trade – three in 2014 – at which members discussed progress in the implementation of the 2014-15 Work Programme, and partners and organizations reported on their Aid for Trade work. The theme of the programme – “Reducing Trade Costs for Inclusive, Sustainable Growth” – addresses such issues as global value chains, infrastructure development, increased engagement of South-South (developing country-developing country) partners, private sector engagement, sustainable development, regional trade integration, trade facilitation, monitoring Aid for Trade flows and measuring results.

### Background on Aid for Trade

The Aid for Trade initiative was launched at the WTO's Sixth Ministerial Conference in Hong Kong in 2005. It aims to help developing countries, and particularly least-developed countries, enjoy the opportunities offered by the multilateral trading system. Aid for Trade assists them in developing the trade-related skills and infrastructure needed to implement and benefit from WTO agreements and to expand their trade.



**Figure 2: Aid for Trade commitments by region in US\$ billion (2012 constant)**



The focus on trade costs resonates with the Aid for Trade initiative mandate to build the supply-side capacity and trade-related infrastructure that developing countries, and in particular LDCs, need to assist them to implement and benefit from WTO agreements and more broadly to expand their trade. As mandated by the Ninth Ministerial Conference in Bali, the Work Programme also looks at Aid for Trade in the broader context of the United Nation's Post-2015 Development Agenda and the new development targets that will replace the expiring Millennium Development Goals (MDGs).

The WTO and the International Trade Centre (ITC) jointly hosted a workshop in October on Aid for Trade and the competitiveness of small and medium-sized enterprises (SMEs). The workshop examined the challenges that SMEs face in "internationalizing" (exporting or joining international supply chains) and discussed how Aid for Trade was addressing these challenges. It underscored how integral SMEs are to private sector development, particularly in LDCs, and how they are an essential component of inclusive, sustainable development. A number of constraints to SMEs fully engaging in international trade were highlighted, such as lack of access to finance, lack of institutional support, insufficient skilled personnel, high trade costs, lack of access to technology and an unfavourable business environment.

## ➤ Global review

The centrepiece of the 2014-15 Work Programme is the Fifth Global Review of Aid for Trade. At the General Council meeting in October, the Director-General announced that the review, on the same theme of reducing trade costs, will be held from 30 June to 2 July 2015. He also officially launched the monitoring and evaluation exercise

that typically underpins and informs the deliberations of global review events. The Review will examine in depth the issue of trade costs and how Aid for Trade can promote inclusive, sustainable growth by taking action to reduce trade costs. It will also review trade and development issues, both in retrospect and in prospect, notably as regards to the contribution that trade, and the WTO, can make to the emerging post-2015 development agenda.

The monitoring exercise will focus on how trade costs affect developing countries' competitiveness and ability to connect to regional and global value chains, what is being done to address this issue, and how Aid for Trade can help reduce trade costs and the associated impacts to deliver inclusive, sustainable growth. The exercise is based on self-assessment questionnaires – addressed to developing countries and LDCs, bilateral and multilateral donors, regional economic communities and transport corridors, and South-South partners – and an invitation to the public and private sectors, academia and NGOs to present case stories which illustrate Aid for Trade initiatives to reduce trade costs.

# Enhanced Integrated Framework

**The Enhanced Integrated Framework (EIF) continued to grow in 2014, with a rise in the number of active projects in EIF countries. Forty-six countries are receiving assistance to build stronger trade institutions and to address trading challenges, with Somalia becoming the latest LDC to join the EIF. After an independent evaluation, the EIF Steering Committee extended the programme into a second phase when the current one ends in 2015. The EIF is supported by donor pledges of US\$ 251 million and contributions of approximately US\$ 201 million as of 31 December 2014 (up from US\$ 190 million in 2013).**

Based on the findings of an independent evaluation, the EIF Steering Committee endorsed the recommendation of the EIF Board to extend the framework's programme into a second phase, from 2016 to 2022. The EIF, an aid for trade programme for least-developed countries (LDCs), helps the poorest countries integrate into the global trading system. The EIF's role is to strengthen trade institutions and foundations and roll out priority projects that add value to agriculture, services and trade facilitation and promote exports and capacity building. The EIF operates within the framework of the Paris Declaration on Aid Effectiveness and the Accra Agenda for Action, which monitor how donors and recipients are doing against their commitments.

Announcing the extension, the Steering Committee urged the EIF to build on the achievements of the first phase while undertaking reforms in key areas to improve the efficiency, effectiveness and sustainability of the programme. The evaluation confirmed the EIF's

continued relevance to LDC trade priorities and noted that there are good prospects that the progress made can be sustained. It identified key challenges and areas that need strengthening and proposed new measures to help LDCs benefit more from regional and global trade in light of the on-going changes in the trading environment. It noted that mobilizing additional resources at the country level has been especially challenging. It also pointed to governance and efficiency issues that need to be addressed. The proposed new areas involve issues such as regional integration, the role of the private sector and integration into global value chains.

In 2015, the EIF partnership will work out the scope and modalities for the new phase and address ways to further strengthen the programme. A pledging conference will be organized to replenish the EIF Trust Fund.

The EIF recently launched a new trade mainstreaming facility to further help EIF countries put trade at the centre of their development agenda. Since its launch in June 2014, several members have requested access to the facility for additional support, including Burkina Faso, Cambodia, The Gambia, Guinea, Lao PDR, Senegal, Solomon Islands and Togo.

## Background on the Enhanced Integrated Framework

The Enhanced Integrated Framework (EIF) for trade-related assistance to least-developed countries (LDCs) is a multi-donor programme that helps LDCs become more active players in the multilateral trading system. The EIF combines the efforts of LDCs with those of 23 donors and six core international partner agencies, including the International Monetary Fund, the International Trade Centre, the United Nations Conference on Trade and Development (UNCTAD), the United Nations Development Programme (UNDP), the World Bank and the WTO. Other development partners, such as the United Nations Industrial Development Organization (UNIDO) and the World Tourism Organization, (UNWTO) act as observers.

## > Rise in projects

The programme offers two types of funding, "Tier 1" and "Tier 2". Tier 1 projects, comprising institutional capacity-building support and diagnostic trade integration studies (DTIS), help countries identify and address constraints to trade, economic growth and sustainable development. DTISs provide a basis for action by governments, civil society, the private sector and development partner stakeholders. Tier 2 projects build supply-side capacity to trade and provide finance for activities identified as priorities in the first phase.



An EIF project in Cambodia aims to increase exports of handmade silk products and to improve opportunities for women in rural areas, whose livelihoods depend on silk production.

The number of approved Tier 1 projects doubled to 95 in 2014, from 46 in 2013. These included 37 projects providing multi-year support for plans to mainstream trade and coordinate priority activities. A further 14 Tier 2 projects were approved for implementation in 2014, after nine in 2013, increasing the number of Tier 2 projects to 36. There are over 20 in the pipeline.

Tier 2 projects approved in 2014 include strengthening the productive and marketing capacities of Benin, contributing to the growth of dried mango and processed cashew nut export revenues in Burkina Faso, strengthening and diversifying the export supply capacity in Cambodia, improving the export competitiveness of vanilla, ylang-ylang and clove in Comoros, reviving the Democratic Republic of the Congo's productive and trade capacity in palm oil production, increasing agro-processed products in Malawi, supporting Rwanda's National Cross Border Trade Strategy 2012-17 to improve livelihoods and earning potential, developing a trade sector-wide programme in Samoa, increasing mango exports in Senegal, promoting tourism in the Solomon Islands, contributing to higher earnings from the soybean value chain in Togo, increasing tourism's contribution to Vanuatu's economy and developing the honey industry in Yemen.

### > Monitoring, evaluation and capacity building

Thirty-seven countries implementing Tier 1 projects are applying results-based management through monitoring and evaluation (M&E) frameworks.

Capacity-building programmes to support M&E, reporting and communications were rolled out in Lomé, Togo, in March, for French and Portuguese-speaking EIF African countries, and in Bangkok, Thailand, in May, for Asian and Pacific EIF countries. A total of 26 countries participated.

The French-speaking workshop was co-organized with the International Trade Centre (ITC), which covered mainstreaming gender into the EIF process, while the Asia and Pacific workshop was organized in collaboration with the United Nations' Economic and Social Commission for Asia and the Pacific (UN-ESCAP). In 2014,

the EIF also developed a module aimed at enhancing participation of non-state actors, particularly the private sector, in the EIF process and piloted it in Burkina Faso, Nepal and Zambia.

### > Partnership growing and new contributions

Somalia joined the EIF, bringing the total number of EIF countries to 50. Apart from Cabo Verde, Maldives and Samoa, all are LDCs. In 2014, Finland made an additional contribution of EUR 5 million to the Multi-Donor Trust Fund while Sweden donated a further US\$ 3 million.

### > At the international level

The EIF participated in the LDC Ministerial Conference on "New Partnerships for Productive Capacity Building in the Least Developed Countries", held in Cotonou, Benin, in July. The Cotonou Agenda, the outcome document, reaffirmed the great importance of the EIF for productive capacity building in LDCs.

On the margins of the conference, the EIF, in collaboration with the Ministry of Industry, Commerce and Small and Medium Enterprises of the Republic of Benin, organized a high-level panel discussion with ministers from LDCs, heads of EIF partner agencies and high-level representatives from LDCs, donor countries and UN agencies.

The EIF also participated in the second UN Conference on Landlocked Developing Countries held in Vienna, Austria, in November. It organized a high-level panel discussion, which showcased examples of EIF work in landlocked developing countries through testimonies from Lao PDR, Mali, Nepal, Niger and Rwanda and interventions from EIF partner agencies.

The support provided by the EIF to LDCs' progress towards graduation was recognized in the Kathmandu Declaration for Sustainable Graduation of Asia-Pacific LDCs, the outcome document of the Ministerial Meeting of Asia-Pacific LDCs on Graduation and Post-2015 Development Agenda, held in Kathmandu, Nepal in December 2014.

# Standards and Trade Development Facility

**The Standards and Trade Development Facility (STDF) undertook research in 2014 in a number of developing countries, which led to recommendations for improving coordination between sanitary and phytosanitary (SPS) and other agencies at borders and facilitating safe trade. It also assisted in the development and implementation of numerous projects that promote compliance with international food safety, animal and plant health standards and facilitate market access. Throughout the year, several recommendations to further strengthen the operation of the Facility were implemented.**

In 2014, the STDF completed research work in a number of countries in South-East Asia (i.e. Cambodia, Lao PDR, Thailand and the Philippines) to examine how SPS controls are implemented for selected food and agricultural products. The research was based on relevant provisions of the SPS Agreement and the standards and guidelines of the three relevant standard-setting bodies under the WTO SPS Agreement, i.e. the Codex Alimentarius, the World Organization for Animal Health (OIE) and the International Plant Protection Convention (IPPC). Similar research work was initiated in a number of countries in Southern Africa (notably Malawi, Zambia and South Africa). Preliminary results were presented at an STDF thematic session, entitled "Implementing SPS Measures to Facilitate Safe Trade" held in March 2014 on the margins of the WTO's SPS Committee.

## Background on the Standards and Trade Development Facility

The STDF is a global partnership that supports developing countries in building their capacity to implement international sanitary and phytosanitary (SPS) standards, guidelines and recommendations as a means to improve human, animal and plant health and the ability to gain and maintain access to markets. This work contributes to sustainable economic growth, poverty reduction, food security and environmental protection in developing countries. Established by the UN Food and Agriculture Organization (FAO), the World Organization for Animal Health (OIE), the World Bank, the World Health Organization and the WTO, the STDF is financed by voluntary contributions. The WTO provides the Secretariat and manages the STDF trust fund.

The work in South-East Asia highlighted the importance of ensuring health protection while keeping transaction costs as low as possible to facilitate trade. A number of procedural obstacles associated with implementation of SPS measures were identified during the research, including complex and lengthy procedures, excessive or duplicative document requirements, high formal and informal fees, lack of transparency, repeated or redundant border inspections and long waiting times. The research confirmed recent findings of the World Bank's Logistics Performance Indicators Report, which suggests that, in some countries, agencies responsible for implementing SPS controls must catch up with other border agencies in modernizing their procedures.

Recommendations included simple reforms that can be carried out on a priority basis. Improved transparency and fewer, more uniform document requirements can easily reduce waiting times at borders. Adjusting the frequency of SPS inspections to the level of risk presented by specific products and/or traders can make SPS controls more efficient and optimize resource allocation. Incentive structures should be reformed, so that unnecessary regulatory activity is not rewarded with revenue. Other recommended schemes will require more time and resources and should be a longer-term target for governments. These include coordinated border management initiatives, which involve coordination of policies, programmes and delivery among cross-border regulatory agencies, or electronic single-window systems, which allow traders to submit all import, export and transit information required by regulatory agencies via a single electronic gateway, and one-stop border posts. Several countries in South-East Asia started to actively implement the recommendations of the research.

Together with the Enhanced Integrated Framework (see page 116), the STDF initiated a joint study that analyses the coverage of SPS issues in diagnostic trade integration studies (DTIS), which help countries identify and address constraints to trade, economic growth and sustainable development. The study, which will be

completed in 2015, identifies good practice for future studies and their implementation. In addition, the STDF continued working on revising and finalizing a practical guide for developing countries to assist in prioritizing SPS investment options for market access, based on multi-criteria decision analysis. A new STDF website (<http://www.standardsfacility.org/>) was launched in August 2014 in English, French and Spanish, allowing the Secretariat to publish, edit and modify content more easily. An upgraded version of the STDF Virtual Library, an electronic repository providing quick and easy online access to a variety of information resources focused on SPS capacity building, was integrated into the new website.

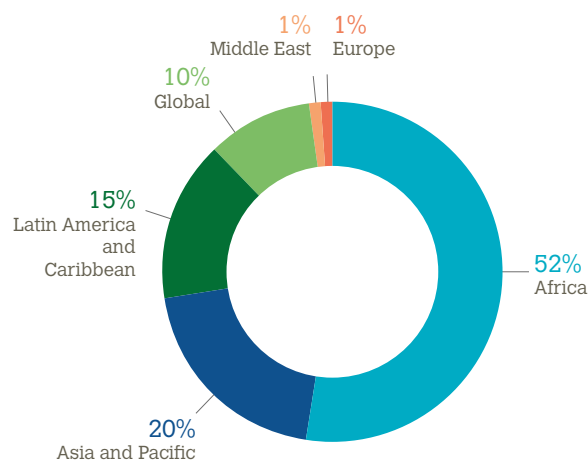
The STDF actively participated in several conferences, training workshops and other information sessions and meetings at international, regional and national levels to promote coherence and synergies in the design and delivery of SPS projects and initiatives. It continued to report to the WTO's SPS Committee on its activities and operations. Reports were also made to the WTO Committee on Trade and Development (CTD) on Aid for Trade, and the CTD's Sub-Committee on Least-Developed Countries. A presentation on the STDF was also made at a WTO workshop held on the margins of the Technical Barriers to Trade Committee.

## > Project grants

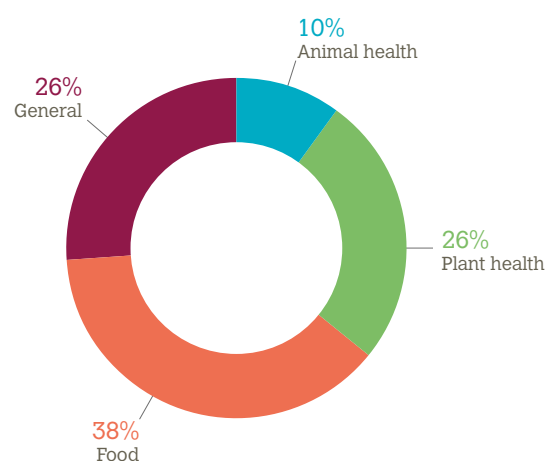
Six project preparation grants (PPGs) and four projects were approved in 2014, bringing the total number of PPGs and projects funded by the STDF to 66 and 70, respectively. The projects approved included one to improve SPS compliance and increase export revenues in the oilseeds value chain in Myanmar and another that aims to increase intra-regional trade in selected agri-food products between selected countries from the Common Market for Eastern and Southern Africa (COMESA) by reducing trading costs associated with SPS measures.

Of the total number of grants, 52 per cent have been awarded to sub-Saharan Africa, 20 per cent to Asia and the Pacific and 15 per cent to Latin America and the Caribbean. In addition, 10 per cent of projects and PPGs can be classified as global (see Figure 3). On a thematic basis, 38 per cent of projects and PPGs were dedicated to food safety issues, 26 per cent to plant health and 10 per cent to animal health, while 26 per cent can be classified as general SPS (see Figure 4). Overall, the STDF has devoted 58 per cent of project resources to least-developed countries (LDCs) and other low-income countries. Hence, it continued to meet its target to allocate at least 40 per cent of its project resources to LDCs and other low-income countries.

**Figure 3: Location of STDF projects and project preparation grants (number)**



**Figure 4: Coverage of STDF projects and project preparation grants (number)**



## > Strengthening the STDF's operation

Throughout the year, several recommendations to further strengthen the operation of the Facility, including by further enhancing its coordination function and ability to monitor results, were implemented. This followed the release in January (see the WTO Annual Report 2014) of an independent review to assess progress in the implementation of the STDF's medium-term strategy. The review, which covered the period 2009-13, reported that "the results are impressive and a testament to the effective operation of the STDF".



# Technical cooperation and training

**The Institute for Training and Technical Cooperation (ITTC) reinforced the design and delivery of WTO technical assistance programmes and strengthened key aspects of these programmes. The WTO undertook 324 technical assistance activities in 2014, higher than the 279 in 2013 but below the 343 activities in 2012. Although the overall total of activities was down on two years ago, the number of participants benefiting from technical assistance continues to rise due to the growing use of e-learning, with an increasing focus on least-developed countries (LDCs) and Africa.**

Most of the WTO's work on technical cooperation and training is conducted according to a technical assistance and training plan, which is agreed by the Committee on Trade and Development. The plan for 2014-15 incorporates a results-based management approach, integrating strategy, resources, processes and measurements to ensure that assistance and training meet the goals laid down for them. The approach was adopted by the WTO Secretariat to improve planning, decision-making, transparency and accountability. The ITTC has also continued to consolidate the progressive learning strategy, which offers a step-by-step approach to building up knowledge about trade issues. It comprises guidelines and benchmarks developed to support the standardization of the content, teaching methodology and evaluation of all the technical assistance activities delivered by the WTO. Clear prerequisites are established for participation in each activity. This determines the selection of applicants and ensures a homogeneous group of trainees.

A number of advanced trade policy courses (ATPC) were held in Geneva over the year, both for generalists and specialists. Generalists are those government officials who will need a broad

knowledge of the WTO to conduct their work, such as capital-based officials dealing with WTO issues or delegates posted to Geneva missions with general responsibility for WTO affairs. Specialists are those government officials who will require in-depth knowledge in a specific area, such as those working on a specific issue in a particular ministry in their capital. Advanced specialist courses were run on sanitary and phytosanitary (SPS) issues, regional trade agreements and dispute settlement.

A number of regional activities were held in 2014. These ranged from a trade policy course for French-speaking African countries in Tunisia, a course on technical barriers to trade (TBT) for English-speaking African countries held in Namibia and training on TBT for Central and Eastern Europe, Central Asia and the Caucasus countries held in Vienna to a workshop on government procurement for Arab and Middle East countries in Abu Dhabi and a regional seminar on trade in services and domestic regulation for Pacific Islands in Port Vila, Vanuatu.

The WTO continued to involve international and regional partners in the delivery of trade-related technical assistance to ensure that a regional or specific perspective was included in the design of training programmes for each region. Apart from the training courses, the partnership approach has been extended to the Academic Support Programme (see page 147).

## Background on technical cooperation and training

The Institute for Training and Technical Cooperation coordinates the WTO's technical assistance programmes. Its activities include e-learning, global and regional training courses, academic programmes and workshops at national and regional level. The technical assistance programmes help WTO members better understand their rights and obligations in the multilateral trading system. This strengthens countries' capacity to benefit from participation in the system.

## > Technical assistance activities

The WTO's training activities covered virtually all WTO-related subjects, from general courses on the WTO and multilateral trade agreements to the more specialized courses on the various WTO subjects, such as agriculture, non-agriculture market access, SPS measures, intellectual property and many other topics. The WTO worked in partnership with other international and regional organizations to help WTO members better participate



in the rules-based multilateral trading system, deal with the emerging challenges and implement their rights and obligations. In line with the demand-driven approach, approximately 35 per cent of all activities were delivered at the national level in those member countries where a specific need was identified.

The WTO continued providing subject-specific regional seminars. This approach facilitated the WTO Secretariat's interaction with beneficiaries and regional partners. Twenty per cent of technical assistance activities benefited African countries, 16 per cent benefited Asia and the Pacific, 10 per cent Latin America, 8 per cent the Arab and Middle East regions, and 9 per cent Central and Eastern Europe and Central Asia, respectively (see Table 1).

There has been a gradual, but marginal, decrease in the overall number of face-to-face technical training activities conducted by the WTO Secretariat, mainly because of increased use of e-learning and better filtering of requests to ensure consistency with assessed priorities and needs.

LDCs benefited from approximately 47 per cent of all technical assistance activities, including national activities held in LDCs and regional and global activities in which LDCs were invited to participate. Several products have been specifically created for LDCs, or have LDCs as a priority. Examples are the three-week introduction course for LDCs and the advanced LDCs course. One each of these courses was held in 2014.

**Table 1: Trade-related technical assistance by region in 2014**

Region	National technical assistance		Regional		Global <sup>1</sup>		Other (conferences, etc.)		Total	
Africa	41	31%	15	25%	0	0%	9	24%	65	20%
Arab and Middle East	15	11%	8	13%	0	0%	3	8%	26	8%
Asia and the Pacific	28	21%	15	25%	0	0%	9	24%	52	16%
Central and Eastern Europe and Central Asia	19	15%	7	11%	0	0%	4	11%	30	9%
Caribbean	6	5%	3	5%	0	0%	0	0%	9	3%
Latin America	22	17%	10	16%	0	0%	1	3%	33	10%
<b>Sub-Total</b>	<b>131</b>	<b>100%</b>	<b>58</b>	<b>95%</b>	<b>0</b>	<b>0%</b>	<b>26</b>	<b>68%</b>	<b>215</b>	<b>66%</b>
Global <sup>1</sup>	0	0%	3	5%	94	100%	12	32%	109	34%
<b>Total</b>	<b>131</b>	<b>100%</b>	<b>61</b>	<b>100%</b>	<b>94</b>	<b>100%</b>	<b>38</b>	<b>100%</b>	<b>324</b>	<b>100%</b>

<sup>1</sup> Activities under the "global" category are not targeted at a specific region but include activities such as Geneva-based courses, distance learning, internship programmes and the advisory role on legal issues.

## ➤ Technical assistance beneficiaries

The number of participants in technical assistance activities has continued to rise over the years to more than 15,000 in 2014. This was made possible by the increased use of elearning resources made available by the WTO online platform <http://ecampus.wto.org/> as well as the growth in face-to-face activities.

The WTO's e-learning courses are diverse, with more than 20 certificate courses available on various general or specialist subjects in the three WTO languages (English, French and Spanish). In 2014, a total of 7,590 participants from 139 countries enrolled for e-learning courses, with Africa providing 41 per cent of participants, followed by Latin America with 24 per cent, Asia and the Pacific with 18 per cent, Central and Eastern Europe and Central Asia with 7 per cent, the Caribbean with 5 per cent, and the Arab and Middle East regions with 3 per cent.

Women made up 45 per cent of the participants for all WTO training courses in 2014, similar to the percentage for 2013. The breakdown by language for the courses shows roughly 60 per cent of participants completing the training in English. French- and Spanish-language participants made up 21 and 17 per cent respectively, with some multi-lingual activities taking place.

## ➤ Technical assistance for acceding countries

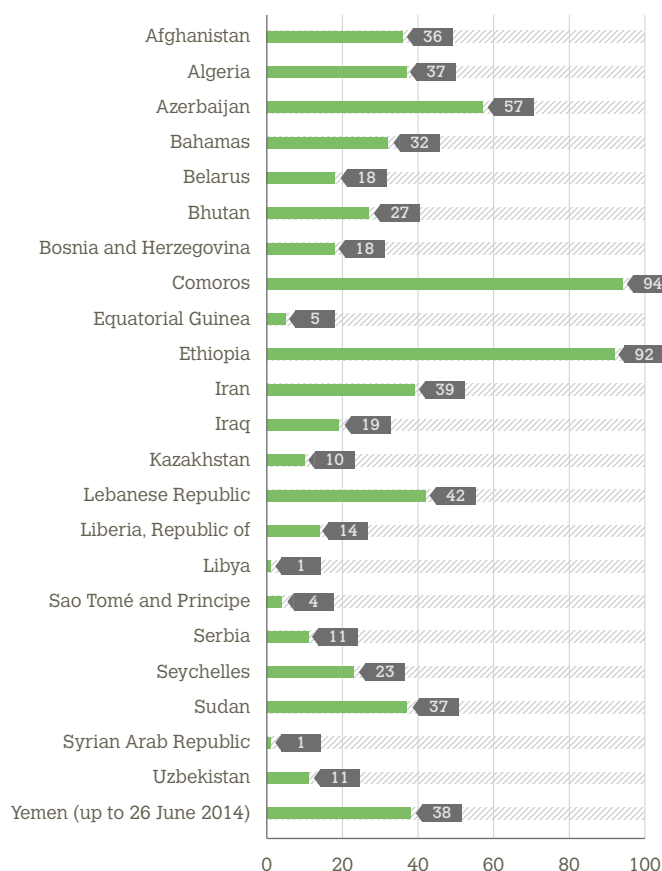
Technical assistance was strengthened in 2014 for countries acceding to the WTO (see page 22 and Figure 5), with government officials invited to participate in over 120 technical assistance events, up from over 100 in 2013.

## ➤ WTO reference centres

The reference centre programme has evolved to respond to the changing needs of developing countries, LDCs and countries without a resident mission in Geneva. In 2014, eight WTO reference centres were established or upgraded – three in Africa, three in Asia and the Pacific, and one each in the Caribbean and Latin America.

Reference centres are established within a government department, at an academic institution or within a business organization, such as a chamber of commerce. Training on the use of WTO IT resources and trade databases is provided together with WTO publications. Reference centres can also be established in regional/sub-regional organizations to improve their collaboration with WTO members and other agencies. Each centre has a manager, who is responsible for its daily operation.

**Figure 5:** Participants from WTO acceding governments in WTO technical assistance activities in 2014



## ➤ Internships

WTO internship programmes offer government officials hands-on experience on WTO issues, enabling them to contribute more fully to the economic and social development of their countries. The Netherlands Trainee Programme (NTP), the Mission Internship Programme (MIP), the Regional Coordinator Internship Programme (RCI) and the Accession Internship Programme give priority to applicants from Africa and LDCs, small and vulnerable economies, and countries in the process of acceding to the WTO.

In 2014, 45 officials completed one of the WTO internship programmes, the majority from Africa and the Asia and Pacific regions. Of all the interns, 17 completed the MIP, 17 the NTP, six the RCI and five the Accession Internship Programme.

## ➤ Financing technical assistance

One of the continuing challenges for the technical assistance programme is to ensure adequate funding. The bulk of the programme is financed from the Doha Development Agenda Global Trust Fund, which receives voluntary contributions from WTO members (see Table 2).

A total of CHF 25.9 million was available for the implementation of the programme in 2014 and 2015. Of the total funds available in 2014, CHF 7.8 million was contributed during the year from 13 members. The timing of contributions has regrettably become less predictable in recent years.

**Table 2: Doha Development Agenda Global Trust Fund**

### Contributions and pledges

### Monthly financial report – 31 December 2014

Donor (CHF)	2010	2011	2012	2013	2014
Australia	1,952,400	1,803,600	-	2,689,900	61,370
Austria	285,640	258,600	240,200	243,600	241,400
Canada	-	944,276	1,362,298	-	-
China	200,300	-	-	-	-
Chinese Taipei	-	184,200	-	181,400	-
Czech Republic	-	23,746	-	-	-
Denmark	180,019	331,230	321,903	491,063	482,422
Estonia	28,932	26,209	23,199	24,160	24,640
European Union	1,574,550	1,187,500	1,024,050	1,232,000	317,592
Finland	1,364,000	1,228,000	-	-	-
France	655,500	611,000	600,500	617,000	608,500
Germany	1,438,500	1,237,500	1,198,000	1,233,000	1,203,000
Ireland	409,200	-	-	-	-
Japan	395,604	395,604	395,604	368,744	312,019
Korea, Republic of	344,400	322,350	334,950	313,600	336,350
Liechtenstein	40,000	40,000	40,000	40,000	40,000
New Zealand	158,000	-	-	-	-
Netherlands	1,472,990	1,472,990	-	-	875,000
Norway	1,784,440	1,593,626	2,438,905	2,287,108	2,163,722
Spain	467,950	400,050	-	-	-
Switzerland	-	-	800,000	800,000	-
Sweden	2,353,920	2,074,322	2,386,480	2,245,600	-
United States	1,002,654	940,580	940,535	851,885	1,127,392
<b>Total contributions received</b>	<b>16,108,999</b>	<b>15,075,383</b>	<b>12,106,624</b>	<b>13,619,060</b>	<b>7,793,406</b>
<b>Total contributions including pledges</b>	<b>16,108,999</b>	<b>15,075,383</b>	<b>12,106,624</b>	<b>13,619,060</b>	<b>7,793,406</b>
<b>Total number of donors</b>	<b>19</b>	<b>19</b>	<b>14</b>	<b>15</b>	<b>13</b>



## Outreach

- > The WTO's major outreach event in 2014 was the Public Forum, which attracted 1,064 participants, a 16 per cent increase on 2013.
- > In May, the WTO launched the second phase of the Chairs Programme, which supports trade-related academic activities by universities and research institutions in developing countries, with the selection of seven new chairs.
- > The WTO website received an increasing number of visitors, with page views rising 5 per cent in 2014 while the number of followers of WTO social media channels, such as Facebook and Twitter, soared.



<b>Relations with non-governmental organizations</b>	<b>126</b>
<b>Contact with parliamentarians</b>	<b>129</b>
<b>Cooperation with other international organizations</b>	<b>131</b>
<b>Contact with the media</b>	<b>134</b>
<b>Contact with the business community</b>	<b>136</b>
<b>Contact with the public</b>	<b>137</b>
WTO website	137
Social media	137
Visiting groups	138
WTO publications	138
<b>Economic research activities</b>	<b>141</b>
<b>Statistics activities</b>	<b>142</b>
<b>WTO Essay Award for Young Economists</b>	<b>144</b>
<b>Cooperation with academic institutions</b>	<b>145</b>
WTO Chairs Programme	145
Academic Support Programme	147
Chairs Programme: Phase 2	148

#### Background on outreach

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

# Relations with non-governmental organizations

Non-governmental organizations (NGOs) had multiple opportunities to participate in the trade debate in 2014. Whether through the Public Forum, regional workshops, briefings, the new NGO webpage or book launches, NGOs were able to voice their views on trade and the WTO and receive information on the organization's activities. NGOs were invited to attend dispute panel hearings on animal welfare and food labelling.

## > Public Forum

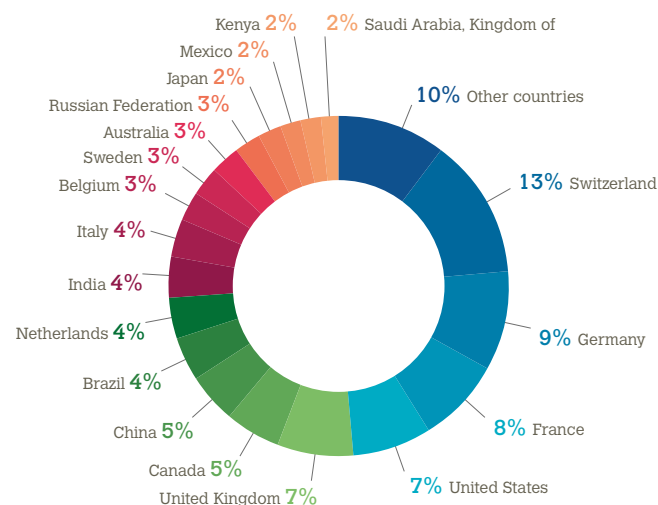
The 2014 WTO Public Forum, held in Geneva in October, looked at the future of trade in an era of innovation and digitalization. Since its launch in 2001, the Forum has provided an annual platform for debate on a wide range of WTO issues and trade topics. It is also an opportunity for the WTO to listen and exchange views with NGOs, academia and the private sector. The Forum attracted 1,064 participants (not including delegates, staff and others who already have WTO accreditation), a 16 per cent increase on 2013.

Participants came from more than 120 countries, including non-WTO members and observer governments, with strong representation from both developed and developing countries (see Figure 1).

### Background on relations with non-governmental organizations

The WTO maintains regular dialogue with civil society organizations on various aspects of the WTO and the on-going Doha Round negotiations, with the aim of enhancing cooperation and increasing public awareness of WTO activities and the role and value of the rules-based multilateral trading system. The WTO's founding agreement establishes a legal basis for consultation and cooperation with NGOs, and the General Council recognized the role of NGOs in raising awareness about the WTO in a declaration in 1996.

**Figure 1:** Public Forum participation in 2014, by country



Representation was also balanced in terms of the range of participants, with a fifth coming from NGOs, followed closely by representatives of business and international organizations (see Figure 2). Many of the sessions were the result of collaboration between different types of organizations.

The theme of the Forum was "Why trade matters to everyone". It told the human story behind trade and showcased the myriad connections between trade and people's daily lives. It demonstrated how trade impacts on and improves the day-to-day lives of citizens around

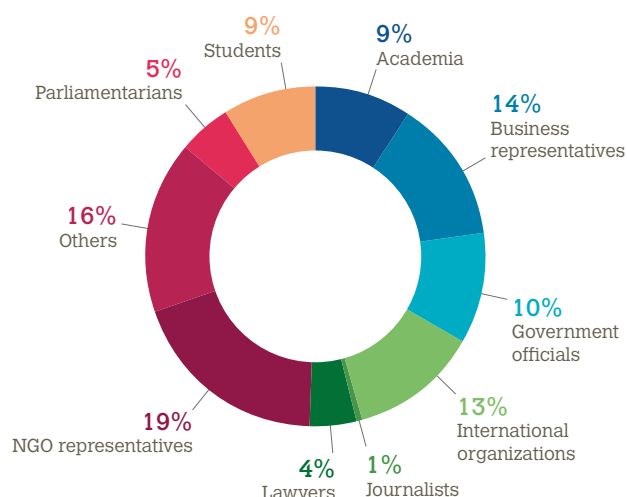


## Opening session of the 2014 Public Forum.

the globe, whether in developed or developing countries. Under this thematic umbrella, three sub-themes were discussed: trade and jobs; trade and consumers; trade and Africa.

The programme featured 96 sessions, including two plenary debates. Side events included the “Trade & People Fair”, an exhibition showcasing the connections between trade and people’s lives.

**Figure 2: Public Forum participation in 2014**



Participants discussed how various communities have improved their living standards through trade.

The Forum also featured lunchtime presentations from the Pew Research Center, which showed the results of its 44-country survey of “world views on trade and investment”, as well as “meet the author” sessions presented by the WTO Bookshop and Library.

Participants had the opportunity to record a two-minute video message – “120 seconds to talk” – on the topic of the Forum which was streamed on social media sites and the WTO website.

## > Outreach activities

In August 2014, the WTO and Thailand’s International Institute for Trade and Development held a regional workshop in Bangkok, Thailand, for NGOs from the Association of Southeast Asian Nations (ASEAN). The objective was to share perspectives on trade and the WTO. NGO representatives from Malaysia, Indonesia, the Philippines and Thailand attended the workshop.

In November 2014, the WTO and the Friedrich-Ebert Stiftung (FES), a German organization promoting democracy and political education, organized a regional workshop for East African NGOs in Nairobi, Kenya. The workshop was entitled “Current and future challenges for the multilateral trading system – perspectives from East Africa”. Topics discussed included post-Bali issues, the WTO decision-making process, the dispute settlement mechanism, regionalism versus multilateralism, trade facilitation and food security. NGO representatives from Burundi, Ethiopia, Kenya, Malawi, Rwanda, Sudan, Tanzania and Uganda attended the workshop.

### > NGO briefings

The WTO Secretariat held ten NGO briefings in 2014, reporting on meetings of the General Council and the Trade Negotiations Committee. Overall, a total of nearly 230 NGO briefings have been organized since 2000.

### > NGO webpage

The WTO webpage dedicated to NGOs was revamped and updated regularly with new information. It serves as an additional communication interface with NGOs.

### > NGO papers

NGOs can submit position papers and studies to the WTO Secretariat and have them posted on the WTO website. The list of NGO position papers received by the Secretariat is circulated to WTO members. In 2014, two contributions were received. One was submitted by

the Institute for Trade, Standards and Sustainable Development on the use of voluntary standards while the other was from the International Road Transport Union (IRU) and dealt with the Bali ministerial decisions.

### > Public events

NGOs participated in two book launches: that of the World Trade Report, on the theme of *Trade and development: recent trends and the role of the WTO*, and that of *Connecting to global markets: challenges and opportunities*, a volume of contributions from the WTO Chairs Programme (see pages 138-9).

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 2014, two panels were opened to the public: the seal dispute and the COOL cases (see pages 95-106).

# Contact with parliamentarians

**In 2014, the European Parliament's Committee on International Trade met the Director-General Roberto Azevêdo to discuss the post-Bali agenda. A parliamentary session on the theme was also held at the Public Forum in October. The WTO Secretariat continued to update parliamentarians on WTO issues. It also organized two regional workshops for Arab and Latin American parliamentarians.**

## > Activities and meetings

DG Azevêdo delivered a speech to the European Parliament's Committee on International Trade in Brussels in February 2014. He urged parliamentarians to help the WTO keep up the negotiating momentum generated by ministers at the Bali Ministerial Conference in December 2013, where they took a number of decisions, including approving the Trade Facilitation Agreement (see pages 39-1).

The Steering Committee of the Inter-Parliamentary Union (IPU) on WTO matters, comprising about 30 parliamentarians, met in October in Geneva. Regular participation in these meetings by the Director-General, senior WTO staff, the Chair of the WTO General Council and Geneva-based ambassadors provides a channel to brief legislators on important issues facing the multilateral trading system. WTO Deputy Director-General Yi Xiaozhun addressed the Committee in 2014 on the state of play regarding the measures approved by ministers in Bali. The IPU is the international organization of parliaments.

A parliamentary session on the theme "Post-Bali agenda: where does parliamentary oversight fit in?" was held during the WTO Public



✓ **Director-General Azevêdo speaking at a meeting of the European Parliament Committee on International Trade and the Steering Committee of the Parliamentary Conference on the WTO in Brussels in February 2014.**

## **Background on contact with parliamentarians**

Due to their constitutional role, parliamentarians play an important role in the multilateral trading system and the WTO. Any deal resulting from intergovernmental negotiations at the WTO will, in most cases, need approval from legislators. The WTO seeks to maintain an open dialogue with parliamentarians and to help them gain a deeper understanding of the organization and its work. The WTO participates in ad hoc parliamentary body meetings and organizes workshops for parliamentarians at national and regional levels.

Forum (see pages 126-7). Speakers at this session included MPs as well as the Executive Director of the International Trade Centre, Arancha González.

## > Regional workshops

In 2014, the WTO joined the IMF-Middle East Center for Economics and Finance, based in Kuwait, in organizing a regional parliamentary workshop for participants from African Arab countries. The workshop attracted highly ranked MPs from the region and triggered an interesting debate on the relevance of the work of the WTO and the International Monetary Fund for the region.





**Director-General Roberto Azevêdo alongside Vital Moreira, Chair of the International Trade Committee of the European Parliament, at a meeting of parliamentarians in Brussels in February 2014.**

---

The WTO also teamed up with Parlamento Latinoamericano Presidencia, which brings together parliamentarians from Latin American countries, to organize a regional workshop for MPs from Latin America, held in Panama.

The aim of the two workshops, which were each attended by around 30 participants, was to generate greater understanding of the multilateral trading system and to provide a forum for participants to discuss and exchange ideas on trade-related and development-related

issues of particular relevance to their region. They also sought to encourage an informed and open debate on the potential role of the WTO in fostering development.

The workshops were part of regular WTO cooperation with various regional parliamentary associations, foundations and think tanks. These regional workshops complement national workshops for parliamentarians, which are carried out as a part of the WTO's regular technical assistance work.

# Cooperation with other international organizations

In 2014, the WTO cooperated with a variety of intergovernmental organizations, including the United Nations, the Organisation for Economic Co-operation and Development (OECD), the International Monetary Fund (IMF) 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) leading developed and developing countries.

## > United Nations

Director-General Roberto Azevêdo attended the spring meeting of the United Nations Chief Executives Board (CEB) – a high-level body composed of the executive heads of UN agencies, funds and programmes as well as the executive heads of the Bretton Woods institutions (IMF and World Bank) and the WTO. The role of the CEB, chaired by the UN Secretary-General, is to enhance international cooperation on global issues. WTO Secretariat officials also participate in meetings of the Board's subsidiary bodies dealing with programme and management issues.

Deputy Director-General Xiaozhun Yi attended the spring meeting of the UN Economic and Social Council (ECOSOC) held in New York under the broad theme of "Coherence, coordination and cooperation in the context of financing for sustainable development and the post-2015 development agenda".

In meetings with UN Secretary-General Ban Ki Moon and other top UN officials, DG Azevêdo emphasized the positive role played by trade in sustainable, inclusive and equitable economic growth and stressed the need for this to be reflected in international sustainable development targets under discussion. The UN General Assembly is due to approve in September 2015 a series of Sustainable Development Goals (SDGs) to replace the UN Millennium Development Goals (MDGs), which expire in 2015.

### Background on cooperation with other international organizations

The WTO works closely with other intergovernmental organizations and regional bodies, especially those involved in trade-related issues. This cooperation helps to ensure coordinated action and a coherent approach to international trade policies.



**Director-General Roberto Azevêdo met with the United Nations Secretary-General Mr Ban Ki-moon at the UN headquarters in New York on 12 March 2014.**

The WTO Secretariat is also represented at the United Nations MDGs Gap Task Force, which monitors progress in achieving the MDGs. The MDGs are eight international development goals in areas ranging from hunger to health that were set following the Millennium Summit of the United Nations in 2000.

The WTO is also represented on the United Nations High-Level Task Force (HLTF) on the Global Food Security Crisis, which was established by the CEB in April 2008, following the rise in global food prices and the crisis it triggered. The task force recommends a comprehensive approach to achieving food security, encompassing availability, access, stability and utilization. Since January 2013,

the HLTF has focused on the zero hunger challenge (ZHC) as its central theme. The ZHC, launched at the 2012 UN Conference on Sustainable Development (Rio+20), is working towards a hunger-free world. It lays down five objectives, including ensuring that all people have adequate access to nutritious food and that food systems are environmentally sustainable.

## ➤ United Nations Conference on Trade and Development (UNCTAD)

The WTO published two six-monthly joint reports with UNCTAD and the OECD on trade and investment measures in the G20 group of leading developed and developing countries. In November, the report urged the G20 economies to take decisive action to reduce their stock of trade restrictions, show restraint in the imposition of new ones and effectively eliminate existing ones. Of the 1,244 restrictions recorded by their reports since the onset of the international financial crisis in 2008, only 282 have been removed, the report said (see page 82).

The WTO and UNCTAD continued to cooperate closely on training and technical assistance to developing countries and least-developed countries (LDCs). UNCTAD is a major WTO partner on programmes such as the Enhanced Integrated Framework (see page 116) and the Joint Integrated Technical Assistance Programme. The latter partnership, which also involves the International Trade Centre (ITC), provides technical assistance to selected least-developed and other African countries. The WTO and UNCTAD jointly sponsor the ITC, a 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.

DG Azevêdo and UNCTAD Secretary-General Mukhisa Kituyi co-hosted a WTO-UNCTAD trade and investment roundtable in Geneva in October. The two organizations stressed their commitment to strengthening their partnership in support of trade and development.

## ➤ International Trade Centre

The WTO works closely with the ITC to build supply-side capacity and trade-related infrastructure that developing countries need to implement and benefit from WTO agreements. Joint initiatives include the Joint Integrated Technical Assistance Programme, together with UNCTAD and other international organizations, the Enhanced Integrated Framework and the Business for Development initiative. This initiative aims to help the private sector in developing countries

define national priorities for WTO negotiations and to encourage governments to be more mindful of business concerns.

The ITC celebrated its 50<sup>th</sup> birthday in 2014. In a speech to the ITC Joint Advisory Group (JAG) on 11 June, DG Azevêdo commended the ITC's achievements in helping developing-country exporters. The JAG meets annually to make recommendations on the ITC's work programme.

## ➤ Organisation for Economic Co-operation and Development

DG Azevêdo attended the Annual OECD Ministerial Meeting and Forum. In addition to the joint reports mentioned above, the OECD and the WTO continued their cooperation on a value-added database launched in January 2013 (see page 143), regularly updating its contents. The database provides information from 57 countries. Measuring trade in terms of value added gives a clearer picture of today's way of trading than the traditional statistics based on customs returns.

The two organizations also teamed up to produce estimates of services trade based on the Extended Balance of Payments Services Classification (EBOPS) of the IMF (see page 143). The WTO and the OECD have a long-standing and close working relationship at all levels, with WTO Secretariat officials participating in many OECD meetings.

## ➤ Other intergovernmental organizations

The WTO cooperated on trade issues and on the needs of developing countries with a number of intergovernmental organizations, such as the United Nations Development Programme (UNDP), the IMF and the World Bank.

In October, the World Bank Group and the WTO agreed to enhance their cooperation in assisting developing and least-developed countries to better utilize trade facilitation programmes, which can help countries reduce trade costs and more fully engage in the global economy (see page 41). The two organizations are working together to prepare a joint World Bank Group/WTO study on the role of trade in ending extreme poverty and boosting shared prosperity.

Together with the IMF and the World Bank, the WTO hosted a two-day workshop on international trade at the IMF in Washington in November 2014. Experts from the three institutions presented research and exchanged views on current international trade issues, including the links between trade and growth, global value chains, services trade, trade finance, and trade and other policy links.

The WTO also has long-standing working relationships with organizations such as the Food and Agriculture Organization, the World Customs Organization, the World Intellectual Property Organization and the United Nations Educational, Scientific and Cultural Organization. The WCO and the WTO are natural partners in efforts to implement the Trade Facilitation Agreement (see page 39).



Director-General Roberto Azevêdo participated in the G20 Leaders' Summit in Brisbane, Australia, in November 2014.

## > G20

The WTO participated actively, and at the highest level, in the work of the G20 during 2014, providing input on trade and on protectionism. DG Azevêdo attended the G20 Summit in Brisbane, Australia, in November.

The WTO's Agriculture and Commodities Division increased its participation in the G20 Agricultural Market Information System (AMIS), an initiative established in June 2011 to enhance food market transparency and encourage international policy coordination.

In 2014, the division continued to contribute trade policy information to the monthly releases of the AMIS Market Monitor. It attended the G20 Rapid Response Forum, the policy coordination body comprising senior officials from AMIS countries, which met in Canberra. The division also took part in the expert meetings of the AMIS Global Food Market Information Group in Rome. In October 2014, the division was invited by the FAO to brief the 70<sup>th</sup> session of its Committee on Commodity Problems (CCP) on the state of play of the agriculture negotiations.



# Contact with the media

**More press briefings were held in Geneva in 2014 than the year before, reflecting continued media interest as WTO members sought to implement decisions from the 2013 Bali Ministerial Conference, including on trade facilitation. The number of journalists registered to use the media newsroom on the WTO website rose 6 per cent to 2,347. The WTO also held a number of training activities for journalists.**

The Information and External Relations Division (IERD) held 38 press briefings and four press conferences in Geneva in 2014, covering various aspects of the WTO's work, including implementation of the Bali ministerial decisions, dispute settlement, the Doha Round negotiations and the work of the General Council (see Figure 3). The number of press briefings is slightly higher than the 35 held in 2013 and sharply above the 22 held in 2012.

The press conferences in 2014 included those related to the accession of Yemen and Seychelles. In addition, around 140 e-mail briefings on various WTO meetings were sent to journalists around the world. Many of these briefing notes became news stories on the WTO website.

The WTO maintained regular contact with over 2,300 journalists in many countries, who have registered to use the media newsroom on the WTO website. This allows them to receive regular email

bulletins on developments and to access information under embargo. Journalists were regularly invited to WTO events, including book launches and seminars.

## > Training activities

In 2014, the WTO held several training activities for journalists. A seminar for Spanish-speaking journalists and a regional workshop took place at WTO headquarters in Geneva while regional workshops were held in Bangkok, Thailand, and Nairobi, Kenya.

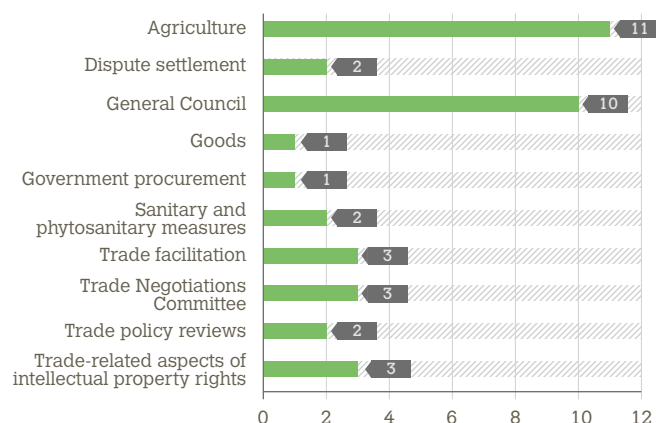
The seminar for Spanish-speaking journalists was organized in collaboration with the Friedrich Ebert Stiftung (FES). Run over three days in July, it was attended by 13 journalists from Argentina, Bolivia, Brazil, Colombia, Costa Rica, Ecuador, El Salvador, Guatemala, Honduras, Mexico, Nicaragua, Panama and Peru.



**In April, 14 journalists from Russia, Kazakhstan and Ukraine attended a regional workshop at WTO headquarters and met with Director-General Azevêdo.**



**Figure 3: Meetings/subjects covered by WTO briefings/press conferences in 2014**



Presentations by WTO officials covered a wide range of topics, including WTO accessions, dispute settlement, trade facilitation and trade in value-added terms. Participants also had the opportunity to meet with Director-General Roberto Azevêdo and ask questions.

Fourteen journalists from Russia, Kazakhstan and Ukraine attended a regional workshop at WTO headquarters in April. It provided an introduction to the WTO and covered subjects of particular interest to Russia, Kazakhstan and Ukraine. Participants heard presentations on such topics as accessions, agriculture, development, dispute settlement and energy. They also met with DG Azevêdo. The FES covered the cost of this workshop.

The IERD organized a three-day WTO regional workshop for Association of Southeast Asian Nations (ASEAN) journalists in Bangkok, Thailand, in August in collaboration with Thailand's International Institute for Trade and Development. The UN Social Commission for Asia and the Pacific (ESCAP) provided five expert speakers. The workshop had nine participants from Cambodia, Indonesia, Malaysia, Philippines and Thailand. It was followed by a workshop for ASEAN non-governmental organizations (NGOs).

The IERD also organized a regional dialogue for East African media, business and NGO representatives in Nairobi, Kenya, in November, with the assistance of the FES. There were 30 participants from Burundi, Ethiopia, Kenya, Malawi, Rwanda, Sudan, Tanzania and Uganda. During a joint session opened by the Kenyan government, participants had the chance to hear first-hand experiences about the way trade is being facilitated in the region.

# Contact with the business community

**In 2014, the WTO continued to build its relations with business. The interest from both business groups as well as individual companies to know more about the WTO's functions and operations is growing. This became clear during the 2014 Public Forum, "Why trade matters to everyone", where business was very well represented. The number of private sector visits to the WTO went up significantly in 2014.**

## > Website

The WTO's website area dedicated to the business community ([www.wto.org/business](http://www.wto.org/business)) and its quarterly electronic newsletter have become important sources of information for the private sector. Increasingly, business seeks specific information on the state of play in the post-Bali trade negotiations, on trade statistics and dispute settlement.

## > Public Forum

Close to 150 business representatives attended the WTO's 2014 Public Forum, "Why trade matters to everyone". Business organized a total of 15 sessions. Among session organizers were the All India Association of Industries, the World Federation of the Sporting Goods Industry, the International Chamber of Commerce, the United States Council for International Business, BusinessEurope, Europe's leading business lobby, and the International Federation of Pharmaceutical Manufacturers & Associations.

## > Outreach

Several of the regional outreach seminars that were organized in 2014 saw private sector participation increasing, compared with previous years. This was particularly evident in a workshop in

Bangkok, Thailand, in August for participants from Association of Southeast Asian Nations (ASEAN) countries, where four out of nine participants were from the private sector. Business representatives comprised a third of the 30 participants at a workshop in Nairobi, Kenya, in November for participants from Eastern Africa. Business interest has grown because of positive developments in the post-Bali negotiating agenda as well as the growing number of bilateral and regional trade agreements and their relation with WTO rules and functions.

Throughout the year, WTO officials met members of the business community during visits to Geneva as well as during travel around the world. The WTO's trade negotiations, the functions of the organization and dispute settlement were among the issues most frequently discussed.



A session organized by TradeMark East Africa at the 2014 Public Forum.

### Background on contact with the business community

Business and the WTO have always been closely connected. The private sector is a major beneficiary of transparent and predictable trade rules and obligations. Business is an important interlocutor for both governments and the WTO. It is actively involved in the multilateral trading system and participates in public activities of the WTO.

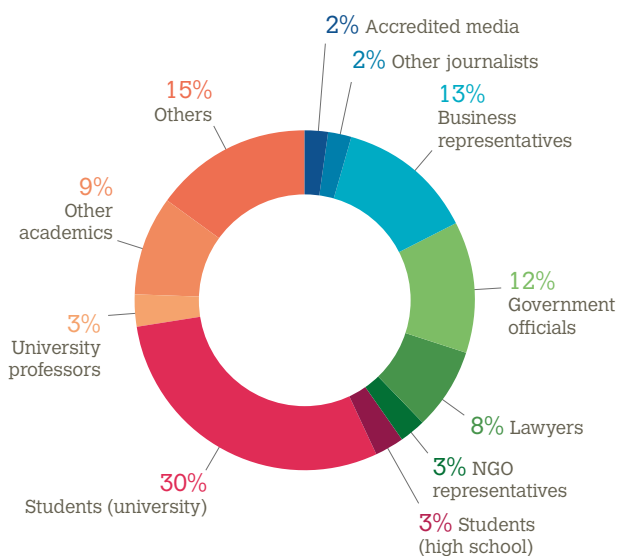
# Contact with the public

The WTO website received an increasing number of visitors, with page views rising 5 per cent in 2014. The number of followers of WTO social media pages, Facebook and Twitter, soared and subscription to the WTO channel on YouTube jumped. An average 222,000 video clips were watched every month. The WTO welcomed 216 visiting groups. Over 70 WTO publications were produced, including for the first time an app version of the World Trade Report 2014 for viewing on tablets.

## > WTO website

The WTO website regularly attracts over 1.9 million visits a month. In 2014, total page views exceeded 42 million, a 5 per cent increase on 2013. Audio files of WTO meetings and events are listened to on average 39,000 times per month. The most downloaded files in 2014 were the WTO's flagship publications: the *World Trade Report*, *International Trade Statistics* and the *Annual Report*. An average of 222,000 videos clips are watched per month. The most popular in 2014 was the Trade Facilitation Agreement Facility launch, which had 246,000 views, followed by the Ninth Ministerial Conference wrap-up video, with 191,000 views.

Figure 4: People registered to receive email alerts, as of end 2014



The number of people registered to receive email alerts when news items are published on the website stands at over 113,000. The largest categories for these alerts are university students (30 per cent), the business community (13 per cent), government officials (12 per cent), the academic community (12 per cent) and lawyers (8 per cent) (see Figure 4). The countries with the largest total number of registrations are India (9 per cent), the United States (8 per cent), Mexico (5 per cent), China (4 per cent) and France (4 per cent). Over 2,000 web pages were created or updated during the course of the year.

## > Social media

In 2014, social media were used extensively to disseminate information about the WTO and to promote events such as the Public Forum and book launches. Social media sites were used to communicate both before and during the Public Forum (see page 126). A "selfie" contest and a survey on "Why trade matters to everyone" were launched through social media. Live tweeting was undertaken during the Forum, and participants had the opportunity to send two-minute video messages which were streamed on social media sites (Facebook, Twitter and YouTube).

As of January 2015, the WTO had four times as many fans and followers for its Facebook page and Twitter than at the end of 2013. The WTO's main Facebook page had 128,266 fans, up from 32,000, while Twitter had 128,000 followers, compared with 33,900 previously. The WTO channel on YouTube attracted 3,585 subscribers, up from 2,600 at the end of 2013. The number of followers of the Twitter account of the Director-General nearly tripled to 4,210, from 1,632 in January 2014. Users include young entrepreneurs, lawyers, students, academics, WTO members, politicians, business executives, journalists, and members of international and non-governmental organizations (NGOs).

## ➤ Visiting groups

The WTO welcomed 216 visiting groups in 2014, up from 164 in 2013, totalling 5,725 people, compared with approximately 4,800 in 2013. Most of the presentations covered the current work of the organization and the history of the WTO. Some visiting groups were given presentations on specific WTO topics, primarily dispute settlement, agriculture, development and TRIPS.

The majority of the presentations (82 per cent) were given in English. A total of 9 per cent were given in French, while 3 per cent were in German and 2 per cent were in Spanish. The remaining 4 per cent of the presentations were given in Chinese, Dutch, Korean, Portuguese, Thai and Turkish.

## ➤ WTO publications

Over 70 WTO publications were produced in 2014, including for the first time an app of the World Trade Report. The vast majority of WTO publications can be downloaded free of charge from the WTO website in the WTO's three official languages: English, French and Spanish. The three most downloaded publications in 2014 were the *Annual Report* (approximately 40,000 downloads), *International Trade Statistics* (about 60,000) and the *World Trade Report* (over 110,000). Printed copies can be purchased from a global network of distributors and from the WTO online bookshop at <http://onlinebookshop.wto.org>

Apps of the *Annual Report* and the *World Trade Report* can be downloaded from the App Store and Google Play for viewing on iPads and Android tablets.

The WTO's Publications Facebook page has over 36,000 fans and its Twitter page has amassed over 39,000 followers. WTO Publications also has a presence on Foursquare, Google+ and Pinterest. A digital newsletter, "Book News", is sent regularly to over 57,000 recipients.

## ➤ Flagship publications

### Annual Report 2014

ISBN 978-92-870-3909-5 | CHF 55

The *Annual Report 2014* provides an overview of WTO activities in 2013 and early 2014. A message from the WTO Director-General and a brief summary of the year are followed by an in-depth review of the WTO's main areas of activity.



### Annual Report 2014 app | Free

The *Annual Report 2014* is available as an app, which can be downloaded from the App Store and Google Play for viewing on iPads and Android tablets. The report includes videos, photo galleries, charts, podcasts and interactive maps.



### World Trade Report 2014

#### Trade and development: recent trends and the role of the WTO

ISBN 978-92-870-3912-5 | CHF 60

The *World Trade Report 2014* looks at how four recent major economic trends have changed how developing countries can use trade to facilitate development: the economic rise of developing economies, the growing integration of global production through supply chains, the higher prices for agricultural goods and natural resources, and the increasing interdependence of the world economy. It also looks into what role the WTO can play.



### World Trade Report 2014 app | Free

The *World Trade Report 2014* is available as an app, which can be downloaded from the App Store and Google Play for viewing on iPads and Android tablets. The app includes the full text of the Report plus the underlying data for all charts and tables in Excel format. It also contains a video and photos of the launch event.



### International Trade Statistics 2014

ISBN 978-92-870-3968-2 | CHF 50

*International Trade Statistics* offers a comprehensive overview of the latest developments in world trade, covering both merchandise and services trade as well as trade measured in value-added terms. Charts and maps highlight the latest developments in world trade.



## ➤ Other annual publications

### Trade Profiles 2014

ISBN 978-92-870-3971-2 | CHF 40

*Trade Profiles 2014* provides a snapshot summary of the most relevant indicators on growth, trade and trade policy measures on a country-by-country basis. The data provided include basic economic indicators, trade policy indicators, merchandise trade flows, services trade flows and industrial property indicators.



### Trade Policy Reviews 2014

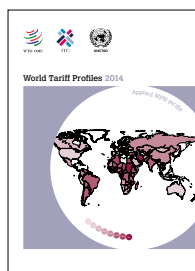
The Trade Policy Reviews analyse the trade policies and practices of WTO members. In 2014, 21 reviews were published, covering: Macao, China; Mexico; Suriname; Switzerland and Liechtenstein; European Union; countries of the Economic Community of Central African States; Viet Nam; Costa Rica; Peru; Kyrgyz Republic; Former Yugoslav Republic of Macedonia; Tonga; Malaysia; Myanmar; Qatar; Kingdom of Bahrain; Oman; Ghana; the Organization of Eastern Caribbean States; China; and Panama.



### World Tariff Profiles 2014

ISBN 978-92-870-3974-3 | CHF 50

*World Tariff Profiles 2014* provides a unique collection of data on the tariffs imposed by WTO members and other countries. It is jointly published by the WTO, the United Nations Conference on Trade and Development and the International Trade Centre.



### Dispute Settlement Reports 2012

This multi-volume series provides the full texts of panel reports, Appellate Body reports and arbitration awards issued by the WTO in 2012. Thirteen volumes were published in 2014. Co-published with Cambridge University Press.



### Services Profiles 2014

ISBN 978-92-870-3977-4 | CHF 40

*Services Profiles 2014* provides key statistics on "infrastructure services", i.e. transportation, telecommunications, finance and insurance, for some 150 economies. The profiles reflect data as contained in the WTO's Integrated Trade Intelligence Portal (I-TIP) services database as of July 2014.



## ➤ New publications

### Connecting to Global Markets – Challenges and Opportunities: Case Studies Presented by WTO Chair Holders

(Edited by Marion Jansen, Mustapha Sadni Jallab and Maarten Smeets)  
ISBN 978-92-870-3931-6 | CHF 50

This book brings together contributions from the 14 WTO chair holders of the first phase of the WTO Chairs Programme (2010-14).



### Boxed set of WTO statistical titles 2014

ISBN 978-92-870-3981-1 | CHF 150

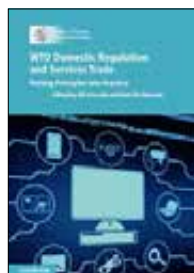
The set comprises the WTO's four annual statistical publications: *International Trade Statistics 2014*, *World Tariff Profiles 2014*, *Trade Profiles 2014* and *Services Profiles 2014*.





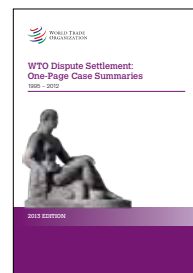
**WTO Domestic Regulation and Services Trade: Putting Principles into Practice**  
(Edited by Aik Hoe Lim and Bart De Meester)  
ISBN 978-11-076-3534-0 | CHF 60

This book contains analyses and case studies from academics, regulators and trade experts exploring the scope of WTO legal principles to promote domestic regulatory reform and how domestic regulation is implemented in practice. Co-published with Cambridge University Press.



**WTO Dispute Settlement One-Page Case Summaries 1998-2012 (2013 Edition)**  
ISBN 978-9-28703-935-4 | CHF 35

This publication provides handy one-page summaries of the key findings of every dispute panel report issued up to the end of 2012 and the relevant Appellate Body reports issued over this period.



**Technical Barriers to Trade – 2<sup>nd</sup> Edition – WTO Agreements Series**  
ISSN 1020-4768 | ISBN 978-92-870-3836-4 | CHF 30

This edition of *Technical Barriers to Trade*, fully revised in 2014, provides an overview of the WTO's TBT Agreement, the full legal text of the Agreement, and the decisions and recommendations adopted by the TBT Committee since 1 January 1995.



**WTO Appellate Body Repertory of Reports and Awards 1995-2010 (5<sup>th</sup> Edition)**  
ISBN 978-1-10705-972-6 | CHF 400

The Repertory covers the Appellate Body's rulings in WTO disputes since its establishment in 1995. This fifth edition has been expanded to two volumes. New excerpts cover the 14 Appellate Body reports and two arbitration awards issued from 2010 to 2013. Co-published with Cambridge University Press.



# Economic research activities

**In 2014, the WTO's Economic Research and Statistics Division (ERSD) organized more than 20 events, many in collaboration with other institutions. Events included policy lectures, the launch of the WTO flagship publication, the World Trade Report 2014, the third Annual Trade Workshop, co-hosted by the WTO, the World Bank and the International Monetary Fund, and a number of seminars and workshops. WTO economists reported on world trade growth in 2014 and made their forecasts for 2015 (see page 82).**

October 2014 saw the launch of the World Trade Report, entitled *Trade and development: recent trends and the role of the WTO*. The Report looks at how four major economic trends since the start of the millennium have changed the relationship between trade and development. The trends identified were the economic rise of developing economies, the growing integration of global production through supply chains, the higher prices for agricultural goods and natural resources, and the increasing interdependence of the world economy.

The Report found that many developing countries have experienced unprecedented growth and have successfully participated in the global economy. The open, non-discriminatory, rules-based multilateral trading system, as embodied by the WTO, has been important in underpinning their success. At the same time, many developing countries have a long way to go in addressing their development challenges. Further progress in the post-Bali agenda would be important to making trade work more effectively for development.

In November 2014, ERSD staff members participated in the third Annual Trade Workshop organized in collaboration with the World Bank and the International Monetary Fund (IMF). The workshop brought together trade experts from the three institutions to present on-going research projects, discuss current policy issues and identify areas of future collaboration. The topics of the papers included the links between trade and growth, global value chains, services trade, trade finance and the future of global trade. The Managing Director

of the IMF, Christine Lagarde, and Director-General Roberto Azevêdo addressed the workshop via video link.

Earlier in the year, the ERSD hosted a presentation by the Chief Trade Economist of the European Commission, Lucian Cernat, on the growing importance of services inputs in manufacturing sector exports.

In 2014, the Geneva Trade and Development Workshop programme, co-organized by ERSD, the Graduate Institute's Centre for Trade and Economic Integration, the University of Geneva and the United Nations Conference on Trade and Development, hosted 19 events. The programme brings together academics and researchers in the Geneva region working in the area of trade and development. By providing a forum for discussion, the programme contributes to the exchange of ideas, supports high-quality research and facilitates outreach to policy-makers and the wider Geneva trade policy community.



## Background on economic research activities

The WTO's Economic Research and Statistics Division organizes regular seminars and conferences as well as online forums involving academics and researchers in Geneva and around the world. These activities include the Geneva Trade and Development Workshop programme, which is a joint project with the Graduate Institute's Centre for Trade and Economic Integration, the United Nations Conference on Trade and Development and the University of Geneva.



**The 2014 World Trade Report, entitled *Trade and development: recent trends and the role of the WTO*, was launched at the WTO in October 2014.**

# Statistics activities

The Statistics Group continued to be the principal supplier of WTO trade statistics and information on market access. The WTO's Integrated Trade Intelligence Portal (I-TIP), which includes tariff and non-tariff measures, was further improved in 2014. I-TIP now covers trade in services and benefits from analysis produced jointly with the World Bank. In 2014, the WTO also cooperated with, among others, UNCTAD on market access and trade statistics, with OECD on trade in value-added terms and with the UN regional commissions. As a key contributor to the UN manual on trade in services, the WTO participated in several regional capacity-building initiatives.

## ➤ Non-tariff measure notifications

Two years since its launch, the WTO's Integrated Trade Intelligence Portal (I-TIP) now covers or will soon cover most non-tariff measures (NTMs) notified to the WTO. I-TIP provides a single entry point for information compiled by the WTO on trade policy measures. Notifications mainly refer to trade defence measures (such as anti-dumping), technical measures (such as sanitary and phytosanitary measures), quantitative (import or export) restrictions, import licences (forthcoming), NTMs relating to the Agreement on Agriculture, including special safeguards and export subsidies (forthcoming), and state trading enterprises.

Improvements to I-TIP, which can be accessed via the WTO website (<http://i-tip.wto.org/goods/>), include increased data coverage and enhanced accessibility and search functions. Users can search the entire range of NTMs, sorting data by imposing and affected country, stock or flow dates, product or type of measure. Graphs allow the user to understand trends, flows and magnitudes, and there are comprehensive tables available by product and imposing country. It is also possible to conduct product searches by combining text descriptions with Harmonized System codes (see page 51) or

even to take into account codes of the International Classification for Standards (ISC), a convention managed by the International Organization for Standardization (ISO). Despite being highly specialized, the goods and services sections attract between them some 10,000 to 20,000 visits per month, of which around 5,000 are visitors requesting specific information.

## ➤ Collaboration with the World Bank

I-TIP services (<http://i-tip.wto.org/services>), jointly produced with the World Bank, was publicly launched in mid-2014. It facilitates government and other stakeholder access to information relevant for trade policy-making. It offers a set of linked databases providing information on WTO members' commitments under the General Agreement on Trade in Services, services commitments in regional trade agreements (RTAs), applied measures in services, and services statistics.

The integrated database permits searches by WTO member, sector, agreement or source of information. The information is presented in summary form or in detail and can be filtered across a number of additional criteria. Users can easily change from one module to another, switching, for example, from a member's commitments in a given sector to relevant commitments in RTAs and to related services statistics.

## ➤ I-TIP data included in *World Tariff Profiles*

The 2014 edition of *World Tariff Profiles* included, as a special topic, data on non-tariff measures, specifically anti-dumping measures. The data are based on WTO members' notifications and are also available in I-TIP. They are complemented by information from the World Bank's Global Antidumping Database.

### Background on statistics activities

The Statistics Group supports WTO members and the Secretariat with quantitative information in relation to economic and trade policy issues. The group is the principal supplier of WTO trade statistics and information on tariffs. It provides technical assistance in the advanced trade policy courses, regional trade policy courses, reference centres and national workshops as well as supplying input on methodological issues in inter-organization statistical activities.



**Director-General Roberto Azevêdo announces the WTO's annual trade statistics and forecasts at a press conference held at the WTO's headquarters on 14 April 2014.**

### › International cooperation: OECD-WTO value-added database

Since the value-added database was first released in January 2013, it has been regularly updated and now holds data for 57 countries across 18 industrial sectors, covering 1995, 2000, 2005, 2008 and 2009. In spring 2015, coverage will be extended to 61 countries (adding Colombia, Costa Rica, Croatia and Tunisia) and the industrial coverage will be extended to 34 sectors, with data for 2013 added. Measuring trade in terms of value added gives a clearer picture of today's way of trading. Traditional statistics that rely on customs values fail to capture the fact that international supply chains are at the core of globalization in the 21st century.

A major challenge of the project is producing estimates on bilateral trade. While for goods trade this is based on information drawn from the UN Comtrade database, it is more difficult for services. The Organisation for Economic Co-operation and Development (OECD) and the WTO have teamed up to advance the production of estimates based on the IMF's Extended Balance of Payments Services Classification (EBOPS). Reducing reported bilateral

asymmetries is also a challenge. What one country reports as imports from another differs significantly from what that second country reports as imports from the first. These asymmetries, especially for services, are significant. As a result, the international statistical community, through the United Nations, OECD and the inter-agency task force convened by WTO, has jointly engaged in processes that should help reduce these asymmetries.

Together with OECD, the WTO is cooperating with UN regional commissions in Africa and Latin America to promote the compilation of official statistics needed to extend the coverage of the value-added database in these regions.

### › Cooperation with UNCTAD on non-tariff measures

The WTO strengthened technical assistance collaboration with UNCTAD in 2014, building on the memorandum of understanding signed in 2013 to share and cross-validate information on NTMs, encouraging the use of common standards and classifications.

# WTO Essay Award for Young Economists

**The WTO Essay Award for Young Economists was shared in 2014 by Jonathan Dingel from the United States and Claudia Steinwender from Austria. Dingel's paper dealt with why higher-income countries export higher-quality goods while Steinwender focused on the impact of the better transmission of market and price information on market efficiency and trade.**

In his paper, "The Determinants of Quality Specialization", Jonathan Dingel notes there are two possible explanations for why higher-income countries tend to export higher-quality (skill-intensive) products: producers in higher per capita income countries have access to bigger markets (home market effect) for higher-quality goods, and higher per capita income countries tend to boast a relatively greater abundance of skills. He finds that more than half of the variation observed in the data is explained by the home market effect. The Selection Panel said the paper addresses a central question in trade theory in an extremely competent way and has potentially important trade policy implications.

Claudia Steinwender's paper, "Information Frictions and the Law of One Price: When the States and the Kingdom became United", studies the effect of better transmission of information on market efficiency and trade. The paper finds substantial welfare gains from reducing so-called information frictions, which are the difficulties and costs of obtaining market information from elsewhere. In the judgment of the Selection Panel, this is a masterly paper both in terms of the question it poses and its execution. Furthermore, it makes an important contribution to understanding the role that WTO transparency provisions play in fostering trade and efficiency.

Jonathan Dingel studied economics and political science at Gonzaga University (United States) and received a Ph.D. in economics from Columbia University (United States). He is an Assistant Professor in economics at Booth School of Business at the University of Chicago (United States).

## Background on the WTO Essay Award for Young Economists

The WTO established the annual WTO Essay Award for Young Economists in 2009. The award, which carries a prize of CHF 5,000, aims to promote high-quality economic research on the WTO and WTO-related issues and to reinforce the relationship between the WTO and the academic community.

Claudia Steinwender studied economic mathematics at Vienna University of Technology and international business administration at the University of Vienna (Austria). She received a Ph.D. in economics from the London School of Economics (UK). She is spending the coming year as an IES Fellow at Princeton University (United States) and then joining the faculty of the Harvard Business School (United States) in the autumn of 2015 as Assistant Professor.

## > Academic Selection Panel

The Academic Selection Panel for 2014 comprised Dr Avinash Dixit (Emeritus Professor of Economics, Princeton University), Dr Robert Staiger (Professor of Economics, Wisconsin University), Dr Robert Teh (Director, Economic Research and Statistics Division, WTO) and Dr Alberto Trejos (Professor of Economics, INCAE Business School). Dr Roberta Piermartini (Counsellor, Economic Research and Statistics Division, WTO) coordinated the work of the panel.



Jonathan Dingel and Claudia Steinwender receive the 2014 WTO Essay Award for Young Economists from Roberta Piermartini, WTO Counsellor.



# Cooperation with academic institutions

The WTO launched the second phase of its WTO Chairs Programme (WCP) in 2014 with the selection of seven new chairs, taking the total number to 21. During the year, the WCP continued to strengthen its capacity to contribute to trade policy and decision-making. In 2014, the WCP issued an edited volume, *Connecting to Global Markets – Challenges and Opportunities: Case Studies Presented by WTO Chair Holders*, with contributions from all 14 chairs from the first phase. The Academic Support Programme continued to support academic institutions from developing countries and least-developed countries (LDCs).

## > WTO Chairs Programme

In May, the WTO launched the second phase of the WTO Chairs Programme (WCP) with the selection of seven new chairs (see Table 1) to join the 14 already taking part in the initiative. Inauguration ceremonies for the seven new institutions were held in 2014 and early 2015, with the participation of WTO deputy directors-general (see page 148). Under the programme, each institution will receive financial support of up to CHF 50,000 per annum for up to four years.

**Table 1: New chairs selected in 2014**

Country	Institution and chair-holder
Benin	University Abomey-Calavi Professor Fulbert Amoussouga Gero
Brazil	Getulio Vargas Foundation, Sao Paulo School of Economics Professor Vera Thorstensen
Indonesia	University Pelita Harapan Professor John Riady
Oman	Sultan Qaboos University Associate Professor Houcine Boughanmi
South Africa	North-West University Professor Wilma Viviers
Tunisia	University of Tunis, Tunis Business School Assistant Professor Leila Baghdadi
Turkey	Istanbul Bilgi University Assistant Professor Pinar Artiran

The chairs were selected from 77 proposals received through a competitive process led by the WTO Secretariat, with the support of the WCP Advisory Board, an external advisory body composed of 21 scholars, whose role is to ensure the academic quality of outputs generated by the chairs. The selection process took into account criteria such as potential for developing capacities at the host institution, relevance of research topics to trade policy and WTO-related issues, quality of research proposals, prospect to offer new courses or update current ones, potential for interaction with policy-making institutions (such as government departments), ability to establish networks with other academic institutions, sustainability of the activities, and capacity to maintain an appropriate team in the host institution to collaborate with the chair-holder.

The WTO's academic collaboration activities are channelled through the WCP and the Academic Support Programme (see below). These complementary projects support academic institutions in research, curriculum development and outreach activities, with a view to enhancing their institutional capacities and their potential to contribute to trade-related policy analysis.

Launched in 2010, the WCP completed its first four-year cycle in 2013. The second phase will run until 30 May 2018 and is funded with support from the Netherlands. The Secretariat will continue to work with chairs from the first phase and they will benefit from scientific and trade-related technical assistance support.

The programme is implemented through partnership agreements between the WTO Secretariat and the selected institutions. The WTO provides financial, scientific and technical support to its partners in three interdependent pillars: research, curriculum development and outreach activities for up to four years. At the end of this period, it is intended that programmes should continue as appropriate, possibly with financial support from other sources.

The WCP gives chairs access to WTO material and expertise. Events like the WCP Annual Conference or the biennial Global Review of Aid for Trade have provided chairs with an opportunity to present their work to the Geneva-based policy community. In addition, the WCP has encouraged networking and collaboration among chairs. A recent result of this collaboration is an edited volume containing contributions from all 14 chairs of the first phase of the programme: *Connecting to Global Markets – Challenges and Opportunities: Case Studies Presented by WTO Chair Holders*. This volume was officially launched in February 2014.

In 2014, the WCP contributed to the increasing consolidation of WTO chairs' capacity to contribute to policy and decision-making through research and outreach activities. The outreach was enhanced through more and regular interactions with government officials, both at the national and international level.

There was strong collaboration between the chairs, with several of them contributing to activities organized by other chairs. As a result, the chairs network has deepened and strengthened, resulting in joint projects and publications. Regarding the sustainability of the programme, diverse initiatives are being developed by the chairs to ensure that they will continue with the same vigour without the annual financial support of the WTO.

## > Four years of achievement

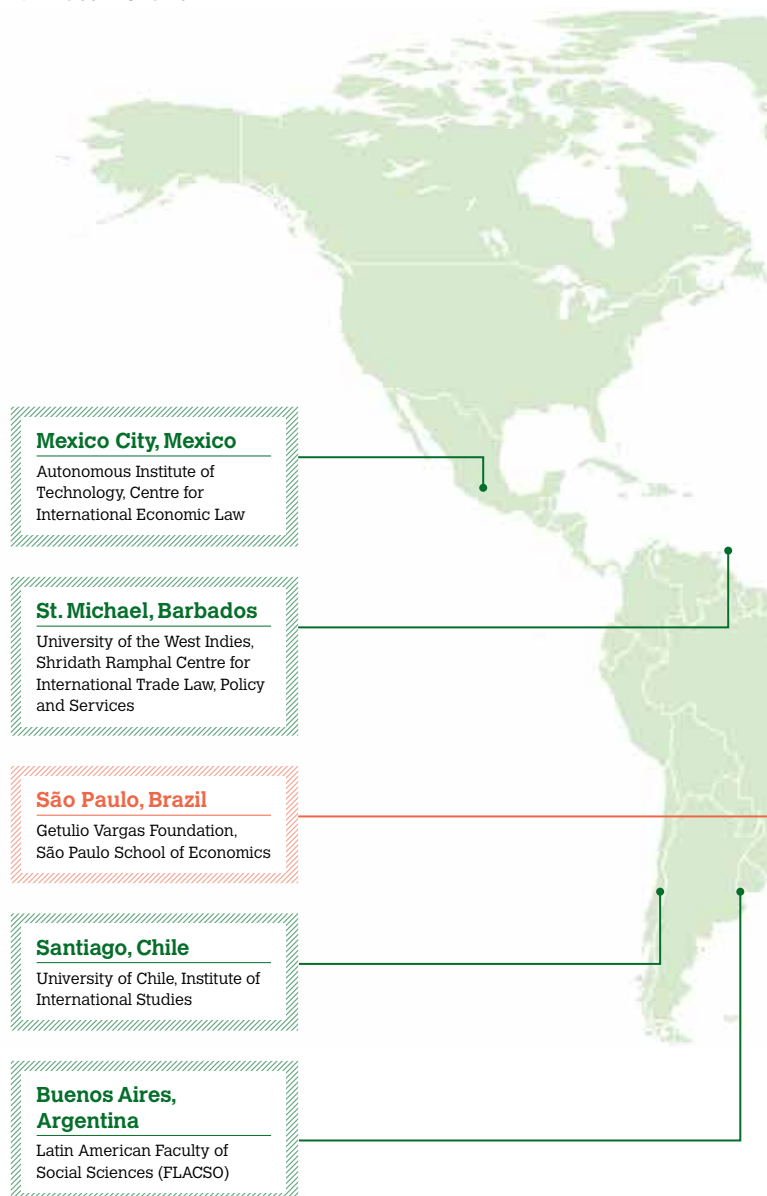
Over the four years of the programme, more than 300 journal articles and research papers have been published in addition to 22 books and about 12 new masters' programmes. A new journal dedicated to trade and WTO-related issues was created in Latin America under the auspices of the programme. In terms of outreach, another pillar of the programme, over 300 seminars, conferences, workshops and roundtables have been organized over the years. Chairs have worked with government agencies, private and public sector companies and also with international organizations other than the WTO.

Other activities undertaken in 2014 included a workshop on the WTO's TRIPS (Trade-Related Aspects of Intellectual Property Rights) Agreement and intellectual property-related matters held in Balaclava, Mauritius, in March 2014, with the financial support of the WCP. Under the auspices of the WCP, some 80 postgraduate students from various universities across China attended a summer school organized by the School of WTO Research and Education of the Shanghai University of International Business and Economics that focused specifically on the trade and environment nexus.

## > Universities participating in the WTO Chairs Programme

● Phase 1 Chairs

● Phase 2 Chairs





## > Academic Support Programme

In 2014, 24 activities were implemented in member and acceding countries under the Academic Support Programme (ASP), which aims to support academic institutions from developing countries and LDCs that are outside the scope of the WCP. These included 15 lecturing arrangements with universities in which WTO staff taught in masters and bachelor degree courses. The ASP also supported conferences and academic events organized by academic institutions as well as university competitions on WTO law.

The ASP also handled the donation of WTO publications to universities and organized presentations to academic audiences together with the WTO Reference Centres Programme (see page 122). During 2014, the ASP also began registering university lecturers as participants in courses offered by the WTO's E-campus, the e-learning hub that offers online interactive courses on a variety of international trade matters.

# Chairs Programme: Phase 2

**The WTO Chairs Programme (WCP), which supports and promotes trade-related academic activities by universities and research institutions in developing and least-developed countries (LDC), moved into its second phase in 2014 with the selection of seven more institutions to join the 14 already in the programme.**

During 2014 and in early 2015, WTO deputy directors-general attended inauguration ceremonies at the seven universities in Benin, Brazil, Indonesia, Oman, South Africa, Tunisia and Turkey (see page 145) selected from the 77 that applied worldwide. In making its choice, the WTO Secretariat was helped by an independent, external Advisory Body, made up of 20 respected academics. The programme provides financial support of up to CHF 50,000 per annum for up to four years for programme-related activities.

The second phase will run until 30 May 2018 and is funded with support from the Netherlands. At the end of the four years, it is intended that the institutions will remain part of the WCP network but with financial support from other sources. The WTO Secretariat is continuing to work with chairs from the first phase, which will benefit from scientific and trade-related technical assistance. Such assistance can include WTO missions to support the chair's teaching, research or outreach activities or invitations to attend the annual WCP conference.

Begun in 2010, the programme contributes to building a worldwide network of academic and research institutions, sharing knowledge, experience, good practices and pedagogical material. Joint capacity-building efforts undertaken by the WTO and the academic institutions benefit the WTO itself and enhance the

ability of academic institutions to train government officials as well as students who may one day become government officials.

Launching the programme at the Getulio Vargas Foundation, São Paulo, in December 2014, Deputy Director-General David Shark said: "Not only is the WTO Chairs Programme one of the WTO's flagship products in terms of trade capacity building, it is an effective way to reach out to the academic community and develop links between academia and the policy world."

As Deputy Director-General Xiaozhun Yi told the programme launch at the Universitas Pelita Harapan, Indonesia, in October 2014, one of the WTO's current focuses is to remedy supply-side constraints faced by developing countries. These constraints are not just about lack of trade-related infrastructure and the high cost of credit, they also reflect a scarcity of people with the kind of training and capability that can inform policy-making. "This is the supply-side constraint that we, through the WTO Chairs Programme, are trying to address," he said.

In February 2015, DDG Yi inaugurated the Faculty of Law, Istanbul Bilgi University in Turkey, into the programme. He expressed the hope that "the WTO's contribution will make a difference in further developing academic courses, promoting new research initiatives, and linking up these enhanced institutional capacities to other universities and research institutions in Turkey and in this region".

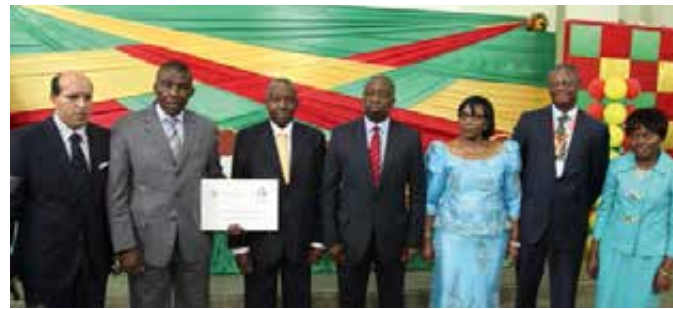


Universitas Pelita Harapan in Indonesia: ceremony attended by DDG Xiaozhun Yi on 15 October 2014.



North-West University of Potchefstroom, South Africa: ceremony attended by DDG Dave Shark on 17 September 2014.





University of Abomey Calavi in Cotonou, Benin: ceremony attended by DDG Yonov Frederick Agah on 24 November 2014.



Istanbul Bilgi University in Turkey: ceremony attended by DDG Yi on 12 February 2014.



University of Tunis: ceremony attended by DDG Karl Brauner on 30 October 2014.



Sultan Qaboos University, Oman: ceremony attended by DDG Shark on 27 October 2014.



São Paulo School of Economics, Brazil: ceremony attended by DDG Shark on 5 December 2014.

## > Links academia with policy-makers

Of the 21 WCP chairs, seven are from Southern Saharan Africa. Apart from Benin and South Africa, they are Kenya, Morocco, Mauritius, Namibia and Senegal. Deputy Director-General Yonov Frederick Agah officially launched the WTO Chair awarded to the University of Abomey Calavi in Cotonou, Benin, in November 2014. He expressed confidence that "this Chair will contribute to train a new generation of experts on trade policy and will benefit from the chairs network".

The Tunis Business School of the University of Tunis was officially inaugurated into the WTO Chairs Programme at a ceremony attended by Deputy Director-General Karl Brauner in October 2014. DDG Brauner told the university that the programme helps to "decompartmentalize" the academic and the policy-making worlds. It helps "to establish a better dialogue between those responsible for defining and conducting trade policy, and academics who are able to provide the empirical data and quantitative assessments needed to guide them in their decisions."

An example of the contribution that the chairs can make was a book published in February 2014 with the support of the WTO Secretariat. *Connecting to Global Markets – Challenges and Opportunities: Case Studies presented by WTO Chair-holders* collected research carried out by the 14 chairs of the first phase of the WCP. Director-General Roberto Azevêdo described the book as a "very fitting" conclusion to the first phase of the programme.

The work is based on the premise that in a more globalized economy, where developing countries have emerged as major trading powers and where new ways of organizing production have become more widespread, the countries that connect to this new trading system will follow the path to growth and economic development more quickly, he said. However, its clearest message is just how much academics can contribute to policy-making in developing countries, DG Azevêdo added.





## Secretariat and budget

- > The WTO has 634 staff on the regular budget.
- > Secretariat staff come from 78 WTO members.
- > The WTO's total budget for 2015 is CHF 197,203,900.
- > The final phase of the renovation of the WTO building was completed in May 2014.

WTO Secretariat	152
Budget, finance and administration	158

#### Background on 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 members.

# WTO Secretariat

**The WTO Secretariat is based in Geneva, Switzerland. It has 634 staff on the regular budget and is headed by Director-General Roberto Azevêdo, who took office for a four-year term on 1 September 2013. The four Deputy Directors-General began their terms of office on 1 October 2013. They are Yonov Frederick Agah of Nigeria, Karl Brauner of Germany, David Shark of the United States and Xiaozhun Yi of China (see Figure 1). The Secretariat has no decision-making powers; all decisions in the WTO are taken by members.**

The Secretariat's 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 legal assistance in the dispute settlement process and advises governments wishing to become members of the WTO.

Secretariat staff members come from 78 WTO member countries (see Figure 4). The staff is composed mostly of economists, lawyers and others with a specialization in international trade policy. In addition, staff also comprise other professions required to carry out the daily operations in the areas of information technology, statistics, finance, human resources and language services.

Secretariat staff on the regular budget comprise professional and support service categories. The professional staff accounts for 58 per cent of the total and support service staff 42 per cent. Women outnumber men at the WTO by 330 to 304. Of the professional staff, 41 per cent are female and 59 per cent male (see Figures 2, 3 and 4). The working languages of the WTO are English, French and Spanish.

## 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

### Huijian Zhu

Dispute Settlement Lawyer, Rules Division  
Nationality: Chinese | Joining date: 1 September 2014

I have a longstanding interest in international trade law and the WTO. To work for the WTO and in the field of public interest in general has always been uppermost in my mind since I started working in trade law seven years ago.

I was brought up in Yantai city in the Shandong province of China. For the past 15 years, I have studied and worked in Europe (the UK, France and Belgium). So I consider both China and Europe to be home. After high school and having been inspired by Lord Denning's books which had recently been translated into Chinese (by, among others, the current Chinese Premier), I went to study law in England, and subsequently qualified as a barrister.

Over the last few years, I have been working as a trade and customs lawyer in London and Brussels. In this role, I advised companies and governments on all aspects of international and EU trade law, with a particular focus on trade defence investigations, litigation before the EU courts, economic sanctions and export control issues.

At the WTO, I am working as a dispute settlement lawyer in the Rules Division. My main responsibility is to provide legal advice and assistance to panellists and senior lawyers, and to conduct research on technical and legal issues.

“To work for the WTO and in the field of public interest in general has always been uppermost in my mind since I started working in trade law”



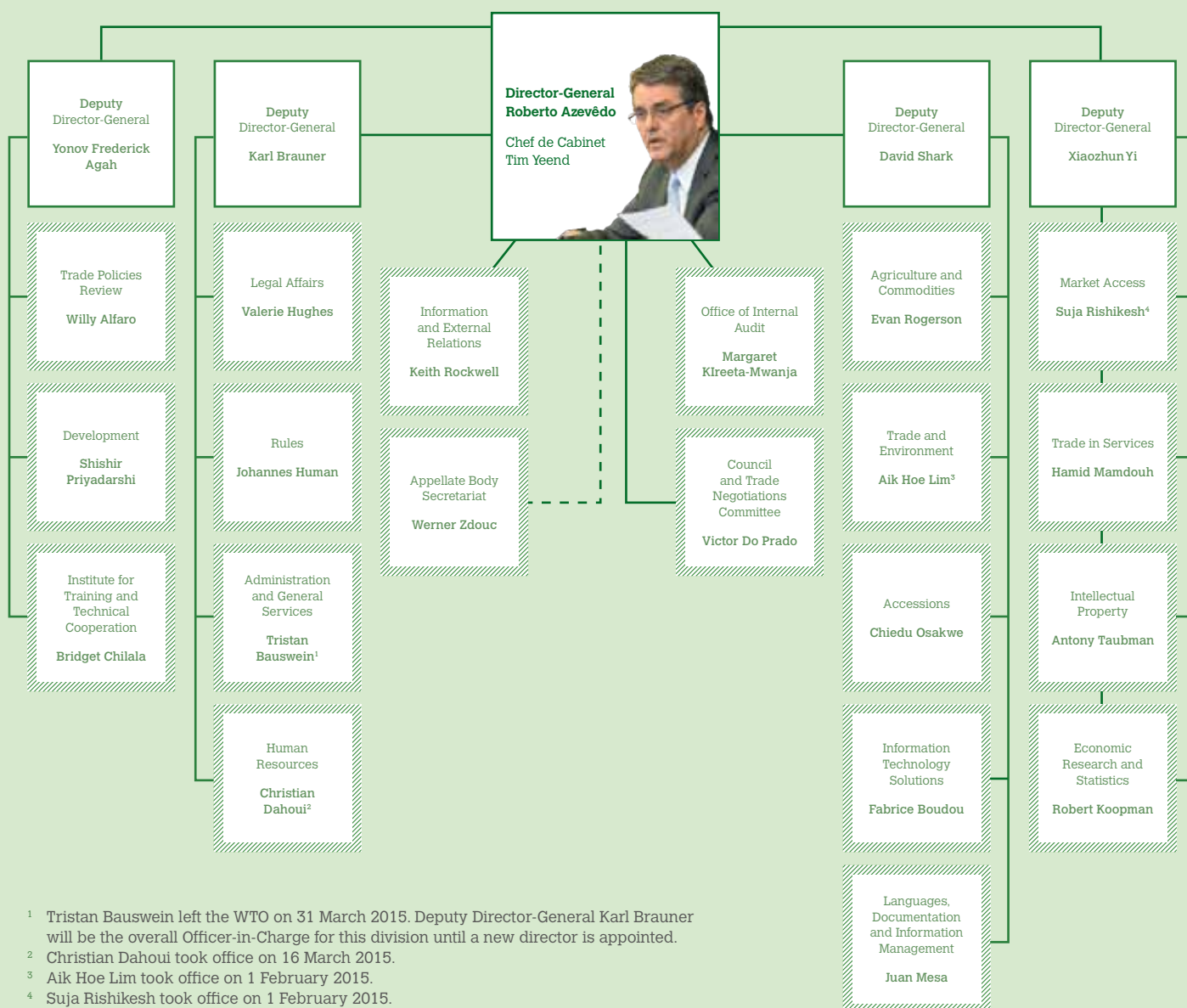
The Human Resources Division (HRD) continues to respond to the evolving needs of the Secretariat. While HRD assists in the reallocation of resources to new or high priority areas of work, other initiatives include enhancing performance and effectiveness as well as supporting a work environment that is both engaging and conducive to developing the professional skills of staff.

An organizational review process was launched by Director-General Roberto Azevêdo in January 2014 to respond to budgetary and administrative challenges. The objectives are to efficiently deliver on future challenges and priorities set by WTO members as well as to improve policies and procedures in a number of key areas within the Secretariat. The Director-General addressed an interim report to the Committee on Budget, Finance and Administration (CBFA) in September 2014 highlighting progress of the organizational review.

The workload of the legal divisions has risen greatly due to the continuing high number of disputes being filed. In response, the Director-General reallocated some resources to allow these divisions to add 15 new posts, six at senior level and nine at junior level (see page 102). The measures take into account the limitations imposed by WTO members, including the overall cap on the budget, and are accomplished through the use of savings from senior posts vacated elsewhere in the Secretariat.

The WTO Staff Council, elected by staff members, promotes the interests of all staff within the Secretariat, provides staff with a forum for issues of concern, increases staff understanding of their rights and duties, represents the interests of staff and presents staff views to senior management.

**Figure 1: WTO Secretariat organizational chart, as of 31 December 2014**



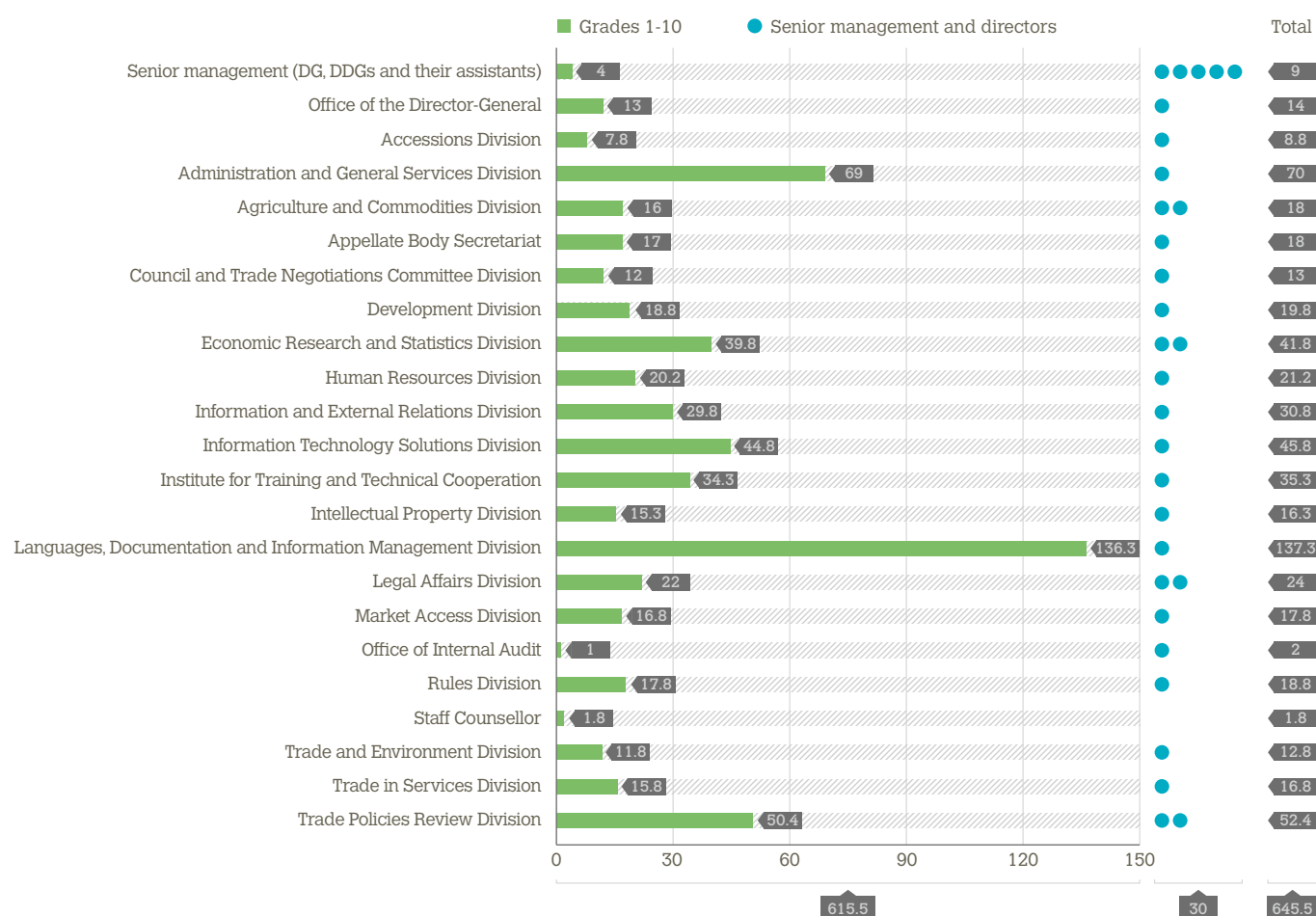
<sup>1</sup> Tristan Bauswein left the WTO on 31 March 2015. Deputy Director-General Karl Brauner will be the overall Officer-in-Charge for this division until a new director is appointed.

<sup>2</sup> Christian Dahoui took office on 16 March 2015.

<sup>3</sup> Aik Hoe Lim took office on 1 February 2015.

<sup>4</sup> Suja Rishikesh took office on 1 February 2015.

**Figure 2:** Allocation of staff by division, as of 31 December 2014 (number of posts)\*



\* Includes posts not yet filled. Figures in decimals indicate staff members who work a percentage of the working week (e.g. 80 per cent).

## > New recruits

### Joana Sancho Piccinini

Reviser, Languages, Documentation and Information Management Division  
Nationality: Spanish | Joining date: 1 September 2014

For me, this is a very welcome return to the WTO. I originally worked here for five years in the 1990s, as a Spanish translator, and prior to that I worked in the GATT. I left the WTO in 2000 to be with my husband whose job was relocated to the UK. After three years in the UK we moved to Madrid. Due to the demands of my growing family and once my period of leave expired, I had no choice but to resign from the WTO.

I returned to Geneva a few years ago and started to work in a variety of intergovernmental organizations on a freelance basis. I also worked with the International Fund for Agricultural Development in Rome. During this time, I got to know a vast variety of subjects and their specific

“The WTO has always been very dear to me as it was here that I originally learned my trade ,,”

terminology. I am very grateful for this experience as it has helped me to adapt easily to a rapidly changing professional environment.

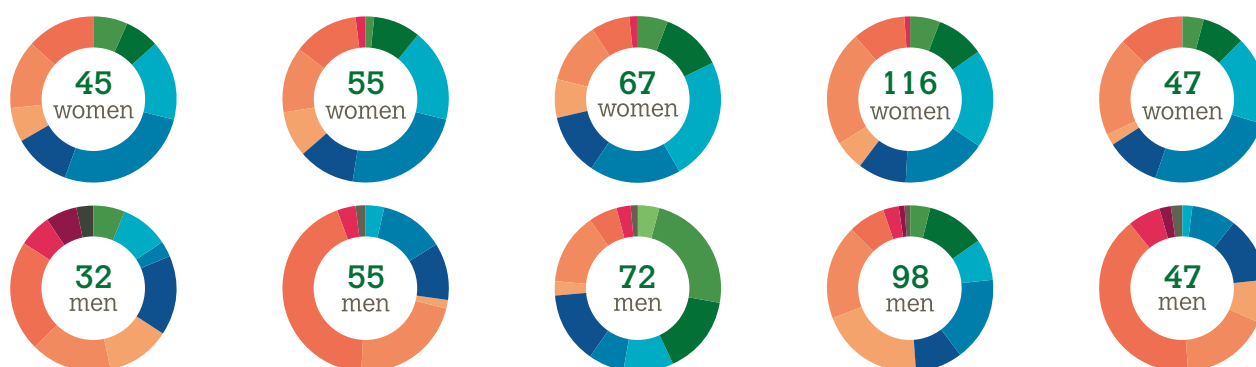
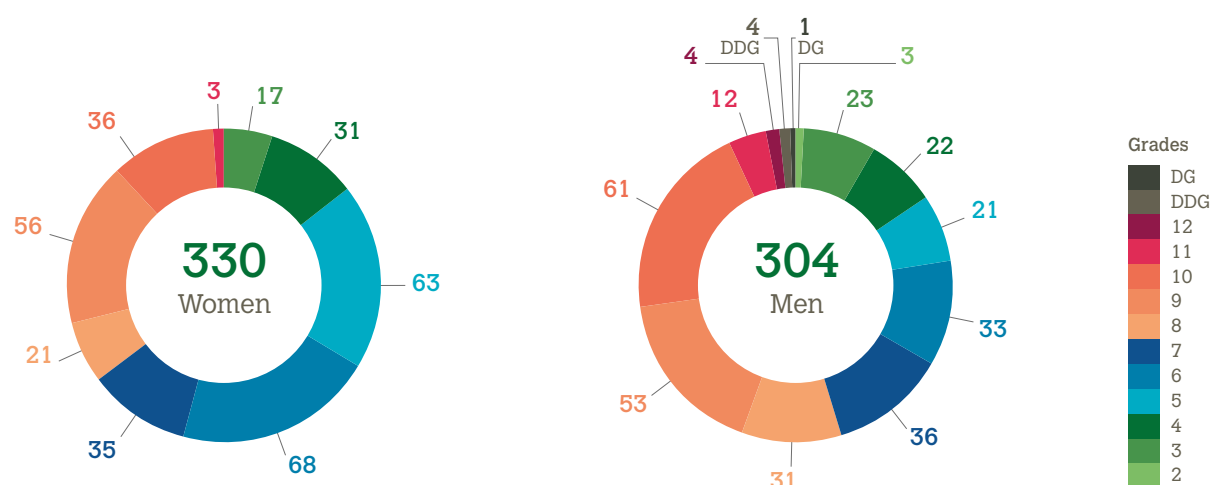
The WTO has always been very dear to me as it was here that I originally learned my trade and where I had the chance to be supervised by exceptional mentors. Even during my absence, I felt close to the organization and its staff, some of whom are close friends of mine. So it felt quite natural to seize the opportunity to come back to the WTO.

This time, I have been recruited as Spanish Reviser. My job consists of translating and revising all kinds of WTO material.





**Figure 3:** WTO staff on regular budget by grade and gender, as of 31 December 2014



**> Director-General**

Director-General  
Office of the Director-General  
Appellate Body Secretariat  
Council and Trade Negotiations Committee Division  
Information and External Relations Division  
Office of Internal Audit

**> Deputy Director-General 1**

Office of Deputy Director-General 1  
Development Division  
Institute for Training and Technical Cooperation  
Trade Policies Review Division

**> Deputy Director-General 2**

Office of Deputy Director-General 2  
Administration and General Services Division  
Human Resources Division  
Legal Affairs Division  
Rules Division

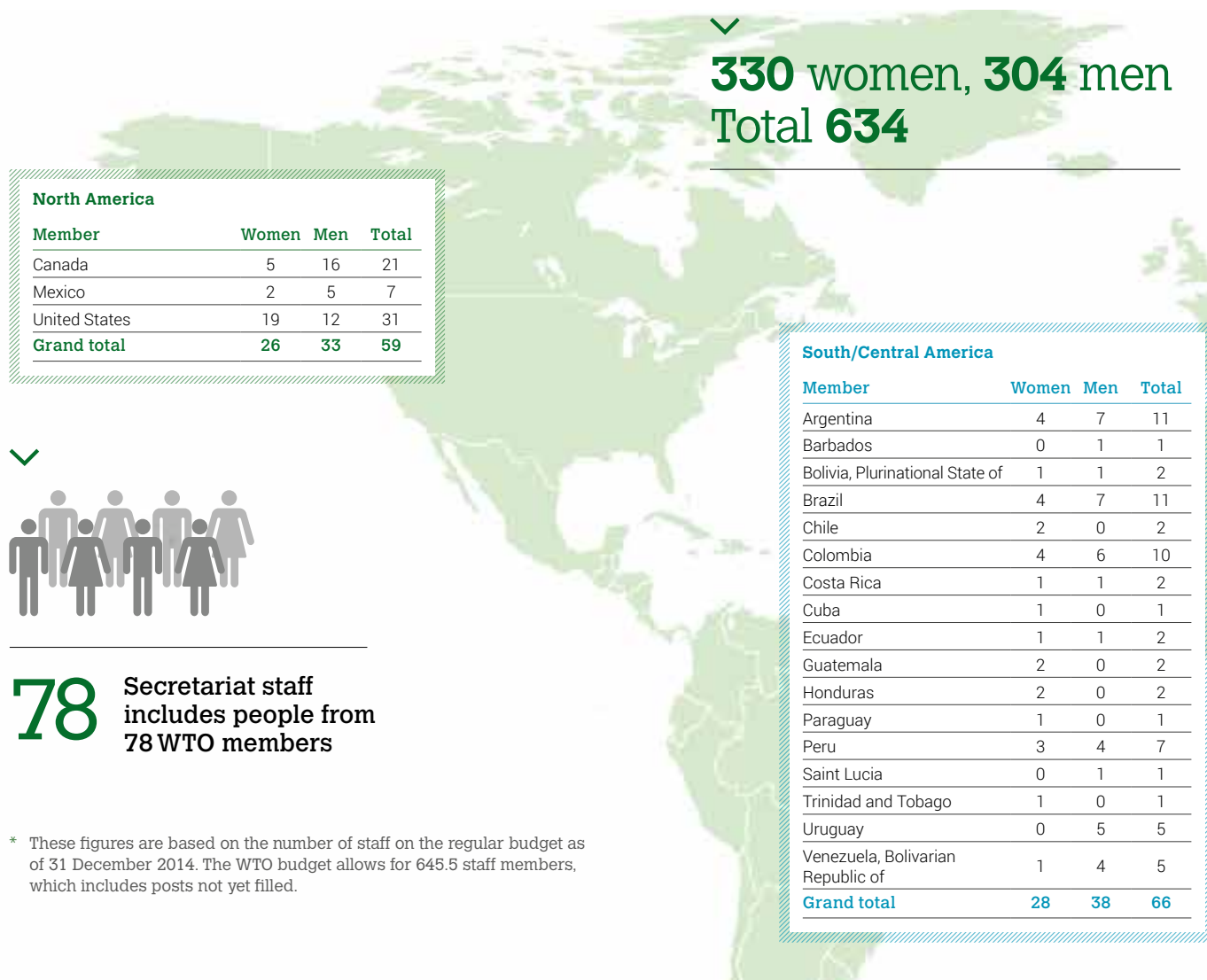
**> Deputy Director-General 3**

Office of Deputy Director-General 3  
Accessions Division  
Agriculture and Commodities Division  
Information Technology Solutions Division  
Languages, Documentation and Information Management Division  
Trade and Environment Division

**> Deputy Director-General 4**

Office of Deputy Director-General 4  
Economic Research and Statistics Division  
Intellectual Property Division  
Market Access Division  
Trade in Services Division

**Figure 4:** WTO staff on regular budget by gender and nationality, as of 31 December 2014\*



## > New recruits

### Sainabou Taal

Trade Policy Analyst, Development Division  
Nationality: British | Joining date: 1 July 2014

I first developed a curiosity in the WTO and its core objectives during an economic development class at the University of Toronto when I came across a discourse on "trade as an engine for growth". Many debates followed on how countries could use the multilateral trading system to boost trade and economic growth, which further increased my interest. Little did I realize at the time that my career path would finally lead me here.

I graduated from university right in the middle of the economic crisis. Rather than stay in Canada to seek opportunities like many of my classmates,

I moved back to The Gambia to work for the Ministry of Trade as a trade economist, a decision I'm very pleased I made. After a few years at the Ministry, I pursued my Masters in International Law and Economics at the World Trade Institute followed by an internship and a short-term contract at the WTO. I then left the WTO to work at the UN Department of Economic and Social Affairs (UNDESA) on a trade-related project in Uganda, The Gambia, Lesotho and Nepal.

Now I am working in the Aid for Trade Unit of the Development Division as a trade policy analyst. My work covers implementation of the Aid for Trade Work Programme, including preparations for the Global Review of Aid for Trade.

“ I first developed a curiosity in the WTO and its core objectives during an economic development class at the University of Toronto ”



## Europe

Member	Women	Men	Total	Member	Women	Men	Total
Albania	1	0	1	Italy	9	10	19
Austria	2	3	5	Netherlands	2	4	6
Belgium	3	2	5	Norway	0	2	2
Bulgaria	0	4	4	Poland	2	2	4
Croatia	1	0	1	Portugal	1	3	4
Denmark	1	1	2	Romania	2	0	2
Estonia	1	0	1	Russia	1	0	1
Finland	2	3	5	Spain	26	13	39
France	97	72	169	Sweden	1	2	3
Germany	5	14	19	Switzerland	21	12	33
Greece	3	2	5	Turkey	2	1	3
Hungary	0	1	1	United Kingdom	43	13	56
Ireland	10	1	11	<b>Grand total</b>	<b>236</b>	<b>165</b>	<b>401</b>

## Asia

Member	Women	Men	Total
Bangladesh	0	1	1
China	6	7	13
India	2	11	13
Japan	2	2	4
Jordan	1	0	1
Korea, Republic of	4	0	4
Malaysia	0	2	2
Pakistan	0	3	3
Philippines	5	8	13
Sri Lanka	0	2	2
Thailand	0	1	1
<b>Grand total</b>	<b>20</b>	<b>37</b>	<b>57</b>

## Africa

Member	Women	Men	Total	Member	Women	Men	Total
Benin	0	2	2	Morocco	1	2	3
Chad	0	1	1	Nigeria	0	2	2
Côte d'Ivoire	0	1	1	Rwanda	0	1	1
Democratic Republic of the Congo	1	1	2	Senegal	0	1	1
Egypt	3	2	5	South Africa	0	1	1
Ghana	0	1	1	Tanzania	1	0	1
Guinea	0	1	1	Tunisia	2	3	5
Kenya	1	0	1	Uganda	3	0	3
Malawi	0	1	1	Zambia	1	0	1
Mauritius	0	2	2	Zimbabwe	2	0	2
				<b>Grand total</b>	<b>15</b>	<b>22</b>	<b>37</b>

## Oceania

Member	Women	Men	Total
Australia	4	8	12
New Zealand	1	1	2
<b>Grand total</b>	<b>5</b>	<b>9</b>	<b>14</b>

# Budget, finance and administration

**The WTO Secretariat regularly informed members of the on-going WTO organizational review. The Committee on Budget, Finance and Administration presented five reports to the General Council in 2014. It reviewed reports on the financial and budgetary situation of the organization, the arrears for members' and observers' contributions, the WTO pension plan and the funding of the building project. The Committee reviewed the annual report on diversity in the WTO Secretariat, the annual report on grading structure and promotions, and the annual report of the Office of Internal Audit.**

The Secretariat kept WTO members informed about the on-going work of the Secretariat during the WTO organizational review, launched by the Director-General in June 2013. The Director-General addressed an interim report to the Committee on Budget, Finance and Administration in September. A final report will be presented to the Committee in early 2015.

The Director-General and the External Auditor presented to the Committee the WTO Financial Performance Report and the External Auditor Report for 2013. The Committee examined these reports and proposed to the General Council the approval of the 2013 audited accounts.

The Committee reviewed and recommended that the General Council approve pro rata contributions for Yemen, which joined the WTO in June 2014 as the 160<sup>th</sup> member.

The Committee reviewed the work of the working group on the WTO's after-service health insurance (ASHI), which is examining future liabilities generated by providing subsidized health insurance to WTO retirees, a population which will grow significantly over

the next 20 years. It extended the group's mandate for another six months. It also reviewed the work of the working group on the WTO financial regulations.

The security perimeter around the Centre William Rappard was completed in May 2014, ending the final phase of the building renovation project that began in 2011. The Secretariat suggested the establishment of a long-term building maintenance fund. The Committee will review this proposal in 2015.

The Committee examined the report on the 2014-15 mid-term review for the WTO and the International Trade Centre. No changes were proposed to the 2015 budget already approved by the General Council at the end of 2013. The Committee recommended that the General Council approve the scale of contributions for 2015.

The Committee examined the possibility of establishing an Audit Committee at the suggestion of the WTO Internal Auditor. It engaged in constructive discussions on this question at its last meeting of the year and will continue its discussion early next year.

## Background on budget, finance and administration

The Committee on Budget, Finance and Administration monitors the WTO's budgetary and financial situation, including matters relating to the receipt of contributions, and undertakes any function assigned to it by WTO members. It considers issues concerning human resources management, hears progress reports on the WTO pension plan and deals with financial and administrative matters concerning the WTO Secretariat. The Committee reports to the General Council.

## > WTO budget 2015

The WTO derives its income from annual contributions from its 160 members (see Tables 1, 2 and 3) and miscellaneous income. These contributions are based on a formula that takes into account each member's share of international trade. Miscellaneous income mainly consists of contributions from observer countries, income from the sale of publications and rental of meeting rooms.

➤ The WTO's budget for 2015 is:

<p>✓</p> <p>WTO Secretariat:</p> <p><b>CHF 190,699,300</b></p>	<p>✓</p> <p>Appellate Body and its Secretariat:</p> <p><b>CHF 6,504,600</b></p>	<p>✓</p> <p>The total WTO budget is</p> <p><b>CHF 197,203,900</b></p>
--	---	---

**Table 1: Consolidated expenditure 2014\***

Section	Budget (in thousand CHF)	Expenditure (in thousand CHF)	Balance (in thousand CHF)
Staff expenditure (including staff remuneration, pension and post-employment benefits, health and invalidity insurance, family and international benefits)	131,415	122,280	9,136
Temporary assistance (including short-term staff, consultants, panellists and Appellate Body member fees)	17,167	17,390	-223
General services (including telecommunications and post, contractual services and maintenance, energy and supplies, documentation and publication)	15,801	12,944	2,857
Travel and hospitality	7,481	5,970	1,511
Implementing partners (includes any activity or event partly/jointly/fully funded by the WTO but executed by a third-party organization)	273	200	73
Capital expenditure (including procurement of fixed assets and rental and leasing of equipment)	2,967	1,661	1,305
Financial expenditure (including bank and interest charges and building loan reimbursement)	1,230	1,224	6
Contributions to International Trade Centre and special reserves (including Appellate Body operating fund and Ministerial Conference operating fund)	20,870	20,870	0
<b>Grand total</b>	<b>197,204</b>	<b>182,540</b>	<b>14,664</b>

\* These figures have not yet been audited.

**Table 2: Consolidated budget 2015**

Section	Budget 2015 (in thousand CHF)
Staff expenditure	131,415
Temporary assistance	17,167
General services	15,601
Travel and hospitality	7,481
Implementing partners	273
Capital expenditure	2,967
Financial expenditure	1,230
Contributions to International Trade Centre and special reserves	21,070
<b>Grand total</b>	<b>197,204</b>



**Table 3: Members' contributions to the WTO budget and the budget of the Appellate Body 2015**

Member	CHF	% of total budget	Member	CHF	% of total budget
Albania	52,785	0.027%	Ecuador	226,780	0.116%
Angola	512,210	0.262%	Egypt	561,085	0.287%
Antigua and Barbuda	29,325	0.015%	El Salvador	78,200	0.040%
Argentina	801,550	0.410%	Estonia	175,950	0.090%
Armenia	33,235	0.017%	European Union <sup>1</sup>	0	0.000%
Australia	2,725,270	1.394%	Fiji	29,325	0.015%
Austria	2,148,545	1.099%	Finland	1,061,565	0.543%
Bahrain, Kingdom of	173,995	0.089%	France	7,741,800	3.960%
Bangladesh	263,925	0.135%	Gabon	66,470	0.034%
Barbados	29,325	0.015%	The Gambia	29,325	0.015%
Belgium	4,013,615	2.053%	Georgia	58,650	0.030%
Belize	29,325	0.015%	Germany	15,941,070	8.154%
Benin	29,325	0.015%	Ghana	134,895	0.069%
Bolivia, Plurinational State of	78,200	0.040%	Greece	785,910	0.402%
Botswana	60,605	0.031%	Grenada	29,325	0.015%
Brazil	2,504,355	1.281%	Guatemala	136,850	0.070%
Brunei Darussalam	72,335	0.037%	Guinea	29,325	0.015%
Bulgaria	326,485	0.167%	Guinea-Bissau	29,325	0.015%
Burkina Faso	29,325	0.015%	Guyana	29,325	0.015%
Burundi	29,325	0.015%	Haiti	29,325	0.015%
Cabo Verde	29,325	0.015%	Honduras	84,065	0.043%
Cambodia	76,245	0.039%	Hong Kong, China	4,985,250	2.550%
Cameroon	72,335	0.037%	Hungary	1,129,990	0.578%
Canada	5,145,560	2.632%	Iceland	72,335	0.037%
Central African Republic	29,325	0.015%	India	4,187,610	2.142%
Chad	44,965	0.023%	Indonesia	1,737,995	0.889%
Chile	787,865	0.403%	Ireland	2,025,380	1.036%
China	16,850,145	8.619%	Israel	842,605	0.431%
Colombia	525,895	0.269%	Italy	6,007,715	3.073%
Congo	58,650	0.030%	Jamaica	62,560	0.032%
Costa Rica	138,805	0.071%	Japan	8,785,770	4.494%
Côte d'Ivoire	101,660	0.052%	Jordan	162,265	0.083%
Croatia	265,880	0.136%	Kenya	115,345	0.059%
Cuba	148,580	0.076%	Korea, Republic of	5,632,355	2.881%
Cyprus	109,480	0.056%	Kuwait, the State of	678,385	0.347%
Czech Republic	1,401,735	0.717%	Kyrgyz Republic	37,145	0.019%
Democratic Republic of the Congo	89,930	0.046%	Lao People's Democratic Republic	29,325	0.015%
Denmark	1,648,065	0.843%	Latvia	154,445	0.079%
Djibouti	29,325	0.015%	Lesotho	29,325	0.015%
Dominica	29,325	0.015%	Liechtenstein	52,785	0.027%
Dominican Republic	142,715	0.073%	Lithuania	295,205	0.151%

<sup>1</sup> Contributions from the European Union are made individually by its member states.

Member	CHF	% of total budget
Luxembourg	762,450	0.390%
Macao, China	242,420	0.124%
Madagascar	31,280	0.016%
Malawi	29,325	0.015%
Malaysia	2,191,555	1.121%
Maldives	29,325	0.015%
Mali	29,325	0.015%
Malta	80,155	0.041%
Mauritania	29,325	0.015%
Mauritius	58,650	0.030%
Mexico	3,393,880	1.736%
Moldova, Republic of	39,100	0.020%
Mongolia	46,920	0.024%
Montenegro	29,325	0.015%
Morocco	371,450	0.190%
Mozambique	52,785	0.027%
Myanmar	66,470	0.034%
Namibia	46,920	0.024%
Nepal	37,145	0.019%
Netherlands	5,833,720	2.984%
New Zealand	439,875	0.225%
Nicaragua	48,875	0.025%
Niger	29,325	0.015%
Nigeria	782,000	0.400%
Norway	1,624,605	0.831%
Oman	355,810	0.182%
Pakistan	351,900	0.180%
Panama	220,915	0.113%
Papua New Guinea	58,650	0.030%
Paraguay	105,570	0.054%
Peru	398,820	0.204%
Philippines	658,835	0.337%
Poland	2,189,600	1.120%
Portugal	869,975	0.445%
Qatar	647,105	0.331%
Romania	688,160	0.352%
Russian Federation	4,371,380	2.236%
Rwanda	29,325	0.015%
Saint Kitts and Nevis	29,325	0.015%
Saint Lucia	29,325	0.015%
Saint Vincent and the Grenadines	29,325	0.015%

Member	CHF	% of total budget
Samoa	29,325	0.015%
Saudi Arabia, Kingdom of	2,422,245	1.239%
Senegal	46,920	0.024%
Sierra Leone	29,325	0.015%
Singapore	4,609,890	2.358%
Slovak Republic	785,910	0.402%
Slovenia	338,215	0.173%
Solomon Islands	29,325	0.015%
South Africa	1,069,385	0.547%
Spain	4,306,865	2.203%
Sri Lanka	146,625	0.075%
Suriname	29,325	0.015%
Swaziland	29,325	0.015%
Sweden	2,271,710	1.162%
Switzerland	3,049,800	1.560%
Chinese Taipei	3,006,790	1.538%
Tajikistan	29,325	0.015%
Tanzania	84,065	0.043%
Thailand	2,301,035	1.177%
The former Yugoslav Republic of Macedonia	56,695	0.029%
Togo	29,325	0.015%
Tonga	29,325	0.015%
Trinidad and Tobago	127,075	0.065%
Tunisia	240,465	0.123%
Turkey	1,949,135	0.997%
Uganda	50,830	0.026%
Ukraine	819,145	0.419%
United Arab Emirates	2,559,095	1.309%
United Kingdom	7,579,535	3.877%
United States of America	22,114,960	11.312%
Uruguay	111,435	0.057%
Vanuatu	29,325	0.015%
Venezuela, Bolivarian Republic of	735,080	0.376%
Viet Nam	936,445	0.479%
Yemen	97,750	0.050%
Zambia	70,380	0.036%
Zimbabwe	37,145	0.019%
<b>TOTAL</b>	<b>195,500,000</b>	<b>100.0%</b>

## ➤ WTO Chairpersons (as of 31 December 2014)

### Chairpersons of the General Council and bodies reporting to it

General Council	Ambassador Jonathan T. Fried (Canada)
Dispute Settlement Body	Ambassador Fernando de Mateo (Mexico)
Trade Policy Review Body	Ambassador Mariam MD Salleh (Malaysia)
Council for Trade in Goods	Ambassador Atanas Atanassov Paparizov (Bulgaria)
Council for Trade in Services	Ambassador Seokyoung Choi (Korea, Republic of)
Council for TRIPS	Mr. Palai Mothusi (Botswana)
Committee on Trade and Environment	Ambassador Päivi Kairamo (Finland)
Committee on Trade and Development	Ambassador Pierre Claver Ndayiragije (Burundi)
Committee on Balance-of Payments Restrictions	Ambassador Martin Eyjólfsson (Iceland)
Committee on Regional Trade Agreements	Ambassador Francisco Pirez Gordillo (Uruguay)
Committee on Budget, Finance and Administration	Ambassador Francisco Alberto Lima Mena (El Salvador)
Working Group on Trade and Transfer of Technology	Ambassador Abdolazeez Al-Otaibi (Saudi Arabia, Kingdom of)
Working Group on Trade, Debt and Finance	Ambassador Bertrand de Crombrugge de Picquendaele (Belgium)
Trade Negotiations Committee	Director-General Roberto Azevêdo (WTO)

### Chairpersons of bodies established under the Trade Negotiations Committee

Negotiating Group on Market Access	Ambassador Remigi Winzap (Switzerland)
Negotiating Group on Rules	Ambassador Wayne McCook (Jamaica)
Preparatory Committee on Trade Facilitation	Ambassador Esteban B. Conejos (Philippines)
Special Session of the Council for Trade in Services	Ambassador Gabriel Duque (Colombia)
Special Session of the Council for TRIPS	Ambassador Dacio Castillo (Honduras)
Special Session of the Dispute Settlement Body	Ambassador Ronald Saborío Soto (Costa Rica)
Special Session of the Committee on Agriculture	Ambassador John Adank (New Zealand)
Sub-Committee on Cotton	Ambassador John Adank (New Zealand)
Special Session of the Committee on Trade and Environment	Ambassador Wiboonlasana Ruamraksa (Thailand)
Special Session of the Committee on Trade and Development	Ambassador Harald Neple (Norway)

### Chairpersons of subsidiary bodies of the Council for Trade in Goods

Committee on Agriculture	Ms. Miriam Chaves (Argentina)
Committee on Anti-Dumping	Mr. Andrew Staines (United Kingdom)
Committee on Customs Valuation	Ms. Joanna K.Y. Cheung (Hong Kong, China)
Committee on Import Licensing	Mr. Tsotetsi Makong (Lesotho)
Committee on Market Access	Mrs. Alana Hudson (New Zealand)
Committee on Rules of Origin	Mr. Ken Chang-Keng Chen (Chinese Taipei)
Committee on Safeguards	Ms. Kim Kampel (South Africa)
Committee on Sanitary and Phytosanitary Measures	Mrs. Lillian Bwalya (Zambia)
Committee on Subsidies and Countervailing Measures	Mr. Eduardo Minoru Chikusa (Brazil)
Committee on Technical Barriers to Trade	Mr. Filipe Ramalheira (Portugal)
Committee on Trade-Related Investment Measures	Mr. Víctor Echevarría Ugarte (Spain)
Working Party on State Trading Enterprises	Mr. Mohamed Al-Saadi (Oman)
ITA Committee	Dr. Frédéric Payot (Switzerland)

### Chairpersons of subsidiary bodies of the Council for Trade in Services

Committee on Trade in Financial Services	Mrs. Caroline McCarthy (Australia)
Working Party on Domestic Regulation	Mr. Christian Wegener (Denmark)
Committee on Specific Commitments	Mr. Felipe Sandoval Zamorano (Chile)
Working Party on GATS Rules	Mr. Saqer Almoqbel (Saudi Arabia, Kingdom of)

### Chairpersons of Committees of Plurilateral Agreements

Committee on Trade in Civil Aircraft	Mr. Hsiao-Yin Wu (Chinese Taipei)
Committee on Government Procurement	Mr. Krzysztof Trepczynski (Poland)

## > Abbreviations

ADP	Anti-Dumping Practices	MFN	Most-favoured nation
ASEAN	Association of Southeast Asian Nations	MIWI	"Made in the World"
CTD	Committee on Trade and Development	NAMA	Non-agricultural market access
DDA	Doha Development Agenda	NFIDCs	Net food-importing developing countries
DSB	Dispute Settlement Body	NGO	Non-governmental organization
DSU	Dispute Settlement Understanding	NTMs	Non-tariff measures
EIF	Enhanced Integrated Framework	OECD	Organisation for Economic Co-operation and Development
EU	European Union	PLS	Progressive learning strategy
FAO	Food and Agriculture Organization	PSI	Agreement on Preshipment Inspection
FDI	Foreign direct investment	PTAs	Preferential trade arrangements
GATS	General Agreement on Trade in Services	RTAs	Regional trade agreements
GATT	General Agreement on Tariffs and Trade	SCM	Subsidies and Countervailing Measures
GDP	Gross domestic product	SG	Agreement on Safeguards
GIs	Geographical indications	SMEs	Small and medium-sized enterprises
GPA	Government Procurement Agreement	SPS	Sanitary and phytosanitary measures
HS	Harmonized System	STDF	Standards and Trade Development Facility
ICC	International Chamber of Commerce	SVE	Small, vulnerable economy
ILO	International Labour Organization	TBT	Technical barriers to trade
IPU	Inter-Parliamentary Union	TNC	Trade Negotiations Committee
ISO	International Organization for Standardization	TPR	Trade Policy Review
ITA	Information Technology Agreement	TPRM	Trade Policy Review Mechanism
ITC	International Trade Centre	TRIMs	Trade-related investment measures
ITTC	Institute for Training and Technical Cooperation	TRIPS	Trade-related aspects of intellectual property rights
ITU	International Telecommunication Union	UNCTAD	United Nations Conference on Trade and Development
LDCs	Least-developed countries	WIPO	World Intellectual Property Organization
MEAs	Multilateral environmental agreements		

0 is zero or became zero due to rounding.

Billion means one thousand million.

Minor discrepancies between constituent figures and totals are due to rounding.

Unless otherwise indicated, (i) all value figures are expressed in US dollars;

(ii) trade figures include the intra-trade of free trade areas, customs unions, regional and other country groupings.

### Note

This report covers the WTO's activities in 2014 and early 2015.

The word "country" is frequently used to describe WTO members whereas a few members are officially "customs territories", and not necessarily countries in the usual sense of the word.

## > Further information

**Further information about the organization and its activities can be found on the WTO website: [www.wto.org](http://www.wto.org)**

**General information about the WTO is available in the following publications, which may all be downloaded free of charge from the website:**

### > WTO in Brief

*WTO in Brief* provides a starting point for essential information about the WTO. Concise and practical, this short brochure is an ideal introduction to the WTO.

### > 10 things the WTO can do

This publication highlights some of the benefits of the trading system, but it does not claim that everything is perfect – otherwise there would be no need for further negotiations and for the system to evolve and reform continually. The publication replaces *10 Benefits of the WTO Trading System* and *10 Common Misunderstandings about the WTO*.

### > Understanding the WTO

An introduction to the WTO, what it is, why it was created, how it works, and what it does, *Understanding the WTO* has been written specifically for non-specialists. More comprehensive than *WTO in Brief*, this publication details WTO agreements, the dispute settlement process, the Doha Round of negotiations and many other issues.

### > Online bookshop

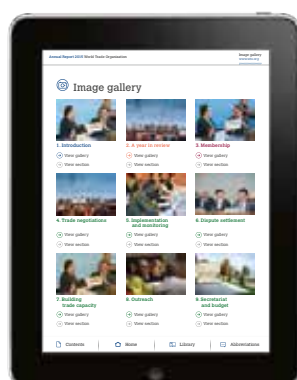
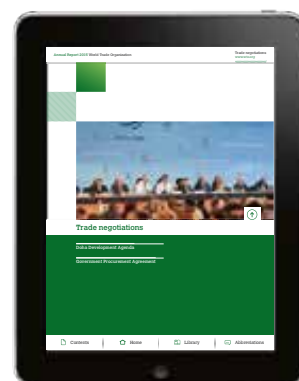
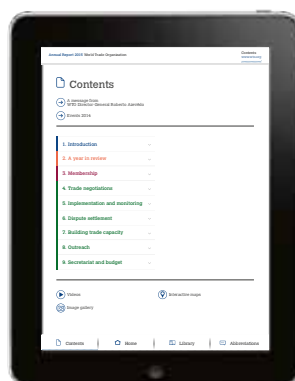
Printed publications can be purchased through the WTO's online bookshop: <http://onlinebookshop.wto.org>.

Many publications may be downloaded free of charge from the WTO website: [www.wto.org](http://www.wto.org).

You can register to receive free alerts when new titles become available.

## ➤ Download the app

The WTO Annual Report 2015 is available as an app. It can be downloaded from the App Store, Google Play and Amazon Apps for viewing on your iPad, Android tablet or Kindle. The app includes the full text of the Annual Report as well as videos, photo galleries, charts, podcasts and interactive maps.





## ➤ Photo credits

Cover photos (clockwise from top right): © WTO; © Nikada;  
© Frederic Courbet; © WTO; © Tom Bonaventure; © Getty Images/  
David Hanson; © PANOS-REA/Frederic COURBET

Pages 3, 9, 13, 19, 124, 127, 136, 150: © WTO/Studio Casagrande

Pages 5, 6, 7, 10, 12, 15, 18, 20, 24, 25, 28, 31, 32, 33, 34, 42, 43, 44, 47,  
86, 90, 103, 104, 121, 129, 134, 141, 142, 148, 149, 152, 153, 154, 156:  
© WTO

Page 8 (according to date): © WTO; © WTO; © WTO; © Getty Images/  
Glowimages; © WTO; © WTO; © Getty Images/OJO Images RF;  
© WTO; © WTO;

Page 9 (according to date): © WTO; © WTO/ANTARA; © WTO

Page 13 (according to date): © WTO; © Getty Images/Paul Mathews/  
G20 Australia; © WTO; © Nigel Pavitt; © WTO

Page 35: © Getty Images/Ulrich Baumgarten

Page 36: © Getty Images/Monty Rakusen

Page 38: © Shutterstock/Rawpixel; © Shutterstock/servickuz

Page 39: © Shutterstock/Darren Baker

Page 40: © Shutterstock/KAMONRAT

Page 49: © Shutterstock/tcly

Page 53: © PANOS-REA/Sven Torfinn

Page 55: © PANOS-REA/Borje TOBIASSON

Page 61: © Shutterstock/Diego Cervo

Page 65: © PANOS-REA/Mark Henley

Page 67: © PANOS-REA/G.M.B. Akash

Page 70: © Shutterstock/Avatar\_023

Page 71: © Shutterstock/Alexandru Chiriac

Page 72: © Shutterstock/Elnur

Page 73: © Getty Images/Peter Muller

Page 87: © Shutterstock/saiko3p

Page 108: © PANOS-REA/Atul Loke

Page 111: © Getty Images/David Hanson

Page 112: © iStock/AM29

Page 117: © EIF Cambodia

Page 130: © European Union

Page 131: © UN Photo/Paulo Filgueiras

Page 133: © Steven Christo/G20 Australia

Page 144: © Romy Bonitz.

ISBN 978-92-870-3982-8

Printed by the WTO Secretariat.

Report designed by Paprika

[www.paprika-annecy.com](http://www.paprika-annecy.com)

© World Trade Organization 2015

The Annual Report is also available  
in French and Spanish.



WORLD TRADE  
ORGANIZATION

World Trade Organization  
Centre William Rappard  
Rue de Lausanne 154  
CH-1211 Geneva 21  
Switzerland  
Tel. switchboard: +41 (0)22 739 51 11  
Fax: +41 (0)22 731 42 06  
email: [enquiries@wto.org](mailto:enquiries@wto.org)  
Website: [www.wto.org](http://www.wto.org)

ISBN 978-92-870-3982-8

