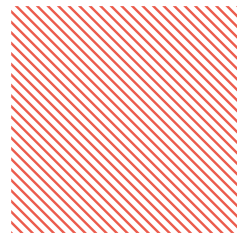
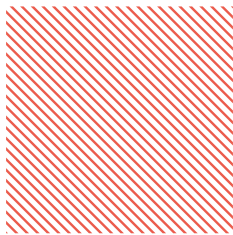




WORLD TRADE ORGANIZATION

Annual Report 2016



> Who we are

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

> Using this report

The 2016 Annual Report begins with a message from the WTO Director-General and an overview of the past year. This is followed by more in-depth accounts of the WTO's areas of activity over the past 12 months.

> Find out more

Website: www.wto.org

General enquiries: enquiries@wto.org

Tel: +41 (0)22 739 51 11

> Also available as an app to download to your tablet or smartphone.

 for iPad and iPhone

 for Android

 for Kindle

Annual Report

2016



Major events of 2015



Spotlight: 20th anniversary of the WTO

The WTO celebrated its
20th birthday on 1 January 2015.

See page **8**

Spotlight: Nairobi Ministerial Conference

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



See page **20**



Spotlight: Fifth Global Review of Aid for Trade

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

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Spotlight: Public Forum 2015

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



See page **140**



Spotlight: WTO Open Day

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

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Message from Director-General Roberto Azevêdo

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

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

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

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

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

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

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

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

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

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

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





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

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

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

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

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

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

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

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

Roberto Azevêdo

Director-General

Understanding the WTO

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

Who we are

The WTO was born out of negotiations aimed at progressively reducing obstacles to trade. Where countries have faced trade barriers and wanted them lowered, the negotiations have helped to open markets for trade. But the WTO is not just about opening markets, and in some circumstances its rules support maintaining trade barriers – for example, to protect consumers or prevent the spread of disease.

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

The system's overriding purpose is to help trade flow as freely as possible – so long as there are no undesirable side effects – because this is important for stimulating economic growth and employment and supporting the integration of developing countries into the international trading system. That partly means removing obstacles. It also means ensuring that individuals, companies and governments know what the trade rules are around the world, and giving them the confidence that there will be no sudden changes of policy. In other words, the rules have to be “transparent” and predictable.

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

What we stand for

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

Non-discrimination

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

More open

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

Predictable and transparent

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

More competitive

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

More beneficial for less developed countries

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



Protect the environment

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

What we do

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

Trade negotiations

The WTO agreements cover goods, services and intellectual property. They spell out the principles of liberalization, and the permitted exceptions. They include individual countries' commitments to lower customs tariffs and other trade barriers, and to open services markets. They set procedures for settling disputes. These agreements are not static; they are renegotiated from time to time and new agreements can be added, as was the case at the Bali and Nairobi ministerial conferences of 2013 and 2015. Negotiations continue on the issues of the Doha Development Agenda, which was originally launched by WTO trade ministers in Doha, Qatar, in November 2001.

Implementation and monitoring

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

Dispute settlement

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

Supporting development and building trade capacity

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

Outreach

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

A brief history

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

1994

April
Marrakesh Agreement establishing the WTO is signed.



1995

January
The WTO is born on 1 January.

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



1996

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



1997

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



1998

May
Second Ministerial Conference takes place in Geneva.



1999

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



November
Third Ministerial Conference takes place in Seattle, US.

2000

January
Negotiations begin on services.

March
Negotiations begin on agriculture.



2001

November
Fourth Ministerial Conference in Doha, Qatar. Doha Development Agenda is launched. China becomes the WTO's 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 150th member.

November

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



2009

April

DG Pascal Lamy reappointed for second term of four years.

September

First WTO Open Day in Geneva.

November

Seventh Ministerial Conference takes place in Geneva.



2010

January

"Chairs Programme" launched to support developing country universities.



WTO
CHAIRS
PROGRAMME

2011

December

Eighth Ministerial Conference takes place in Geneva.



2012

August

Russia becomes the WTO's 156th member.



2013

September

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



December

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

2014

April

Revised WTO Agreement on Government Procurement comes into force.

June

Yemen becomes the WTO's 160th member.



November

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

2015

April

Seychelles becomes the WTO's 161st member.

November

Kazakhstan becomes the WTO's 162nd member.

December

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



20th anniversary of the WTO

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

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

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

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

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

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

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

20th anniversary highlights

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





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

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

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

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

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



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

Deputy Director-General Xiaozhun Yi, who oversaw the 20th anniversary activities.