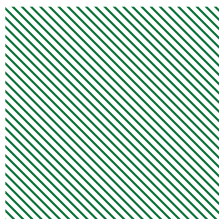
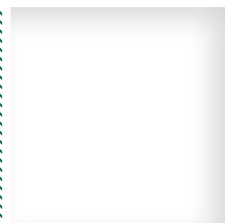
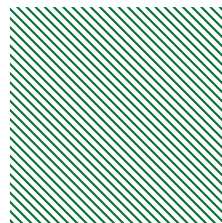
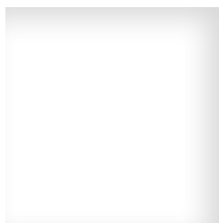


# Annual Report 2017



## > 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 2017 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

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## > An app is also available to download to your tablet or smartphone.



for iPad and iPhone



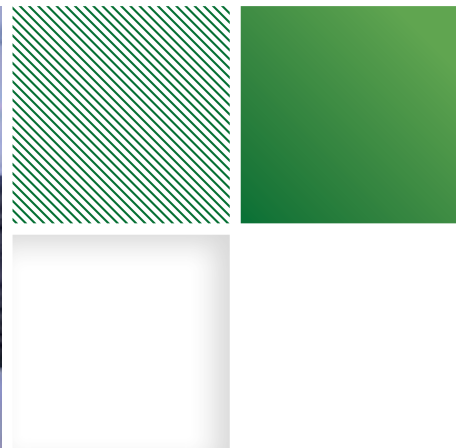
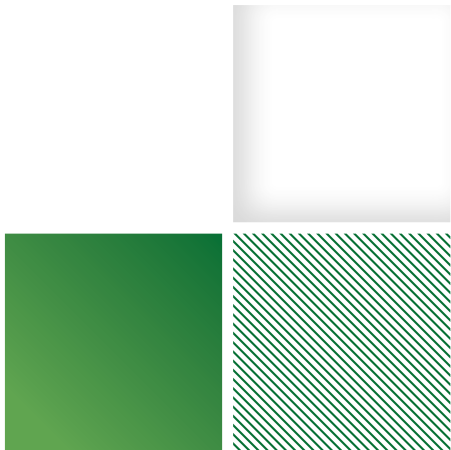
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# Annual Report

2017







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# Message from Director-General Roberto Azevêdo

Following the success of the 10<sup>th</sup> WTO Ministerial Conference in Nairobi in December 2015, we saw a significant rise in engagement in many areas of our work in 2016. The year was defined by robust discussion among members on a wide range of issues and a notable rise in interest from other stakeholders.

This heightened engagement was reflected in the large number of members who advanced their ratifications of two important WTO accords during the year, specifically the Trade Facilitation Agreement (TFA) and an amendment to the WTO's intellectual property agreement designed to enhance access to essential medicines among the poorest countries. This acceleration in members' domestic ratifications led to the entry into force of both agreements in early 2017 – a moment of real historic significance for the WTO.

The TFA is the biggest global trade deal so far this century. It aims to speed up the flow of goods across borders by streamlining customs procedures and making them more transparent, delivering major economic benefits as a result. Developing and least-developed countries will enjoy the greatest benefits of the Agreement, while also having access to technical assistance and capacity building programmes to help with its implementation.

The amendment to the WTO's intellectual property agreement is also very important. This amendment secures a legal pathway for developing countries to access medicines at more affordable prices. Under the amendment, generic versions of patented medicines may be exported to countries that do not have the capacity to manufacture generically the needed medicines themselves. By doing so, this deal could help these countries better tackle diseases such as HIV/AIDS, tuberculosis or malaria.

This progress has put renewed energy into the WTO's work and provided momentum for our forthcoming 11<sup>th</sup> Ministerial Conference, to be held in Buenos Aires in December this year – the first WTO Ministerial Conference to be held in South America. With this meeting in mind, members have been very active in their discussions. The Doha negotiating groups have been continuing their work and we have seen a number of new papers and ideas being put forward – covering a wide range of issues including agriculture, fisheries subsidies, services, e-commerce and measures related to small and medium-

sized businesses. I hope that we can sustain this prevailing momentum and positive engagement in the lead-up to the Buenos Aires meeting. There are also areas with a specific mandate for the 11<sup>th</sup> Ministerial Conference, such as public stockholding for food security. Any action in Buenos Aires should include steps on development and in support of the least developed countries.

A welcome addition to the ongoing discussions in Geneva has been the engagement of an array of stakeholders. At the initiative of the International Chamber of Commerce and the B20, the business arm of the G20, an event was held at the WTO in May 2016 bringing together over 60 business leaders to discuss the challenges they face in their trade operations and to discuss how the WTO can help in dealing with them. Participants represented an array of sectors, ranging from small to large enterprises from both developed and developing countries. This event was part of the "Trade Dialogues" initiative, aimed at providing a range of stakeholders, including labour organizations, consumer bodies and academics, with the opportunity to discuss trade-related matters. In September 2016, many of these constituencies came to the WTO to take part in our flagship annual outreach event – the Public Forum – which attracted over 1,100 participants to 100 sessions, the biggest turnout and the highest number of sessions in the Forum's history.

Another important form of outreach is the training and capacity building support that the WTO provides to its membership. In 2016, over 18,000 participants benefited from the WTO's training activities aimed at helping government officials gain a better understanding of the global trading system. This included participants from the WTO's newest members – Afghanistan and Liberia. Both formally joined the organization in July, bringing our total membership to 164, representing around 98 per cent of world trade.

The WTO's founders may not have conceived of technical assistance and capacity building as a central element of our







**“We must work harder to ensure that the benefits of trade reach more people, especially in the most vulnerable countries. The WTO’s role is to work with governments to help them build policies which respond to the many challenges in the economy today – policies which leverage trade as part of the solution.”**

work – but it is unquestionably central today. Moreover, these initiatives are vital for trade to play its full role in powering development as foreseen in the new Sustainable Development Goals. An independent evaluation carried out in 2016 showed that we continue to deliver a high level of trade-related technical assistance. WTO initiatives like Aid for Trade, the Standards and Trade Development Facility, the Trade Facilitation Agreement Facility and the Enhanced Integrated Framework, which launched its second phase in 2016, are also bearing fruit. We look forward to the 6<sup>th</sup> Global Review of Aid for Trade in July 2017 as an important moment to review and strengthen this work.

Out of our 164 members, two-thirds have participated in one way or another in our dispute settlement system, which had its most active year so far in 2016. By the end of the year, some 520 trade disputes had been submitted to the WTO. To respond to the increasing number of disputes being brought to the WTO, I have continued to reallocate resources to our legal divisions so that cases can be examined in a timely manner. The regular use of the WTO’s dispute settlement system by both developing and developed countries is a clear indication of the importance that members attach to the system, and their confidence in it.

Nevertheless, we must recognise that these are challenging times for global trade. Economic growth is low; trade growth is low; the threat of protectionism cannot be ignored; and we struggle with the persistent global challenges of poverty, inequality and under-development. We must work harder to ensure that the benefits of trade reach more people, especially in the most vulnerable countries. The WTO’s role is to work with governments to help them build policies which respond to the many challenges in the economy today – policies which leverage trade as part of the solution. Trade may not be a silver bullet that will by itself deliver growth, but it is a fundamental and necessary ingredient for any strategy aiming at sustainable social and economic development. In this context, cooperative engagement at the international level is more important than ever.

The structures of the multilateral trading system were built in direct response to the lessons of history. They represent the world’s best effort to ensure that the mistakes of the past are not repeated. They provide the tools to deal with many of the problems that are at the forefront of the debate today. Our trade monitoring reports have shown us that the import-restrictive measures implemented since October 2008 and still in place cover just 5 per cent of world imports. It could be even lower, of course, but this illustrates that the system has worked. Despite the financial crisis and its economic impact, we have not seen a significant rise in protectionism, and we certainly have not seen a repeat of the 1930s where escalating tariffs and unilateral actions helped fuel the downward spiral that wiped out two-thirds of global trade and ultimately led to the Great Depression. With this in mind, I believe that the WTO is now more important than ever. We must work together to strengthen the trading system in the interests of global economic stability, and so that the benefits of trade in supporting jobs, growth and development can be spread as far and as wide as possible.

Finally, on a personal note, I would like to thank WTO members for reappointing me for a second term as Director-General, starting in September 2017. I believe that the WTO is stronger today. Moreover, in an increasingly interdependent world economy, I believe it is our responsibility to ensure that we bolster global economic cooperation – and that we leave a well-functioning trading system for future generations. I look forward to working with members over the next four years to fulfil that responsibility.

**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 the global 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 and the environment 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 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 – such as increased 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 introducing a trade barrier.

## What we do

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

### Trade negotiations

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

### Implementation and monitoring

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

### Dispute settlement

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

### Supporting development and building trade capacity

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

### Outreach

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

# A brief history

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

## 1994

April

Marrakesh Agreement establishing the WTO is signed.



## 1995

January

The WTO is born on 1 January.

May

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



## 1996

December

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



## 1997

December

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



## 1998

May

Second Ministerial Conference takes place in Geneva.



## 1999

September

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



November

Third Ministerial Conference takes place in Seattle, US.

## 2000

January

Negotiations begin on services.

March

Negotiations begin on agriculture.



## 2001

November

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



## 2002

September

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





## 2003

September

Fifth Ministerial Conference takes place in Cancún, Mexico.



## 2005

September

Pascal Lamy (France) becomes WTO Director-General.



December

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

## 2006

September

First WTO Public Forum takes place in Geneva.



## 2007

January

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

November

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



## 2009

April

DG Pascal Lamy reappointed for second term of four years.

September

First WTO Open Day in Geneva.

November

Seventh Ministerial Conference takes place in Geneva.



## 2010

January

"Chairs Programme" launched to support developing country universities.



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.

November

Approval of the final legal text of the Trade Facilitation Agreement, originally agreed in Bali in 2013.

## 2015

December

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



## 2016

July

Liberia becomes the WTO's 163<sup>rd</sup> member. Afghanistan becomes the WTO's 164<sup>th</sup> member.

