



## A year in review

A large number of WTO members ratified the Trade Facilitation Agreement in 2016, paving the way for its entry into force in early 2017. Many members also accepted an amendment to the WTO's intellectual property agreement, which finally came into effect in the first quarter of 2017. The amendment secures for developing countries a legal pathway to access affordable medicines. WTO members engaged constructively across several areas of trade negotiations from mid-2016 as they began to work towards the WTO's forthcoming ministerial conference, to be held in Argentina in December 2017.

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# Trade negotiations

WTO members focused on implementing decisions taken at the Nairobi and Bali ministerial conferences and on looking towards potential outcomes for the 11<sup>th</sup> Ministerial Conference (MC11) to be held in Buenos Aires in December 2017.

In the second half of the year, trade negotiations intensified, with several proposals being submitted by WTO members, including on agriculture, services and fisheries subsidies. In his role as Chair of the Trade Negotiations Committee, Director-General Roberto Azevêdo stressed the need to deepen discussions significantly in the months ahead.

DG Azevêdo emphasized the need for clarity from WTO members in terms of what they wish to see as a final outcome and for flexibility to accommodate the circumstances of other members.

DG Azevêdo stressed that WTO members should take whatever steps are possible – underlining that on any issue this would not be the end of the road but a first step. Pragmatism remained a vital ingredient. Balancing elements was important so that they took into account members' different interests



WTO members agree on the importance of advancing the development aspects of any negotiating topics.



WTO members concentrated on implementing decisions taken at the Nairobi and Bali ministerial conferences.

and positions and responded to the needs of developed, developing and least-developed countries.

In December, the chairs of the negotiating group provided updates on their activities and considered the way forward in 2017, including areas for potential outcomes at MC11. The chairs highlighted constructive engagement across several issues as a positive development that had not been witnessed for some time but underlined that in some areas further engagement was needed.

DG Azevêdo reported that in his consultations in Geneva and in his visits to capitals, there was a shared desire to deliver a successful Ministerial Conference in Buenos Aires and a common belief in the importance of sustaining ministerial engagement in the lead-up to the conference. He highlighted that outcomes are more likely through incremental progress rather than major leaps and that WTO members agree on the importance of advancing the development aspects of any issues.

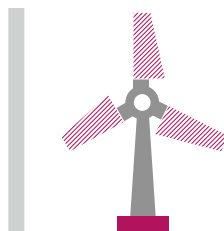
DG Azevêdo stressed that work needs to intensify in 2017 as divergent views remain in many areas. He proposed to facilitate exchanges among WTO members submitting proposals and delegations that have shown interest in specific issues so that they can share views and see how to advance these issues.



WTO members started to focus on the 11<sup>th</sup> Ministerial Conference to be held in Buenos Aires in December 2017.

Negotiations on an Environmental Goods Agreement (EGA) continued among 18 participants representing 46 WTO members. A meeting of ministers and senior officials in December in Geneva made “good progress” and set the stage for further talks.

An Environmental Goods Agreement would potentially slash tariffs on a broad range of environment-related products aimed at generating clean and renewable energy, improving energy and resource efficiency, controlling air pollution and addressing other environmental concerns. The benefits of the new agreement would be extended to the entire WTO membership.



# 46

WTO members are conducting negotiations on an Environmental Goods Agreement.



See pages 30-43.



Our year  
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# Implementation and monitoring

A major milestone for the global trading system was reached in early 2017 when the first multilateral deal concluded in the 21-year history of the WTO entered into force. Following ratification of the Trade Facilitation Agreement (TFA) by Rwanda, Oman, Chad and Jordan in February 2017, the WTO obtained the necessary number of acceptances from the WTO's 164 members for the Agreement to take effect.

The TFA aims to streamline, simplify and standardise customs procedures. By easing the flow of goods across borders, it will help to cut trade costs around the world. Full implementation of the TFA is forecast to slash WTO members' trade costs by an average of 14.3 per cent. The Agreement is expected to reduce the time needed to import goods by over a day and a half and to export goods by almost two days, representing a reduction of 47 per cent and 91 per cent respectively over the current average. By 2030, the Agreement could add 2.7 percentage points per year to world trade growth and more than half a percentage point per year to world GDP growth.

The Agreement is unique in that it allows developing countries to set their own timetable for implementation depending on their capacity to do so. A Trade Facilitation Agreement Facility was created to help ensure these countries receive the assistance needed to reap the full benefits of the TFA.

Another major milestone was the entry into force of the amendment to the WTO's intellectual property (TRIPS) agreement, securing for developing countries a legal pathway to access affordable medicines under WTO rules. It is the first time since the launch of the WTO in 1995 that a WTO accord has been amended.

The amendment came into force in January 2017 after the protocol containing it was accepted by the necessary two-thirds of WTO members. The amendment makes permanent a mechanism to ease poorer WTO members' access to affordable generic medicines produced in other countries.



# 14.3%

The TFA is forecast to slash WTO members' trade costs by an average of **14.3** per cent.



The implementation of the Trade Facilitation Agreement (TFA) in February 2017 is expected to ease the flow of goods across borders.



The entry into force of the TRIPS amendment in January 2017 secures for developing countries a legal pathway to access affordable medicines.

164

Liberia and Afghanistan joined the WTO in July 2016, bringing the WTO's total number of members to **164**.

23

The WTO conducted Trade Policy Reviews of **23** WTO members in 2016.

Argentina's offer to host the 11<sup>th</sup> Ministerial Conference (MC11) was accepted by the General Council, the WTO's highest decision-making body in Geneva. The Council agreed that the conference would be held in December 2017 in Buenos Aires. Argentina will be the first South American country to host the biennial event.

Liberia and Afghanistan became the 163<sup>rd</sup> and 164<sup>th</sup> members of the WTO in July 2016. Later in the year, the General Council agreed to start WTO membership talks for Somalia and Timor-Leste.

The WTO's other councils and committees continued to meet regularly throughout the year to ensure that WTO agreements and rules are being properly implemented. The WTO also continued its trade monitoring role.

The latest trade monitoring report showed a slight decrease in the number of new trade-restrictive measures introduced by WTO members. Between mid-October 2015 and mid-October 2016, an average of 15 such measures were introduced per month compared with the recent peak of 20 measures per month in 2015. Of the 2,978 trade-restrictive measures recorded for WTO members since 2008, 740 had been removed by mid-October 2016.

The WTO's Trade Policy Review Body (TPRB) reviewed the trade policies and practices of 23 WTO members in 2016, bringing the total number of trade policy reviews to 452 since the TPRB was established in 1989.



See pages 44-103.

# Dispute settlement

The WTO's dispute settlement system had its busiest year so far, averaging 22 active panel, arbitration and Appellate Body proceedings per month. The Dispute Settlement Body (DSB) received 17 requests for consultations, the first step in the dispute settlement process, and established eight new dispute settlement panels.

Out of the 17 requests for consultations, three complaints were filed by Brazil – against Indonesia, the United States and Thailand. Three complaints were also filed by the United States – all against China on three different matters: export duties on raw materials, domestic support provided to agricultural producers and China's administration of its tariff-rate quotas for wheat, rice and corn. The other disputes were brought by China (2), the European Union (2), India (2), Japan (2) and Turkey, which filed a dispute for the first time since 2003.

17

WTO members brought 17 new disputes to the WTO in 2016.

Some 520 trade disputes have been brought by WTO members since the organization was established in 1995. Two-thirds of the WTO membership has participated in the system in one way or another. The largest number of disputes

520

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has been brought by the United States (112) followed by the European Union (97), Canada (35) and Brazil (30). The main respondent in disputes brought to the WTO has been the United States (129) followed by the European Union (83), China (38) and India (24).

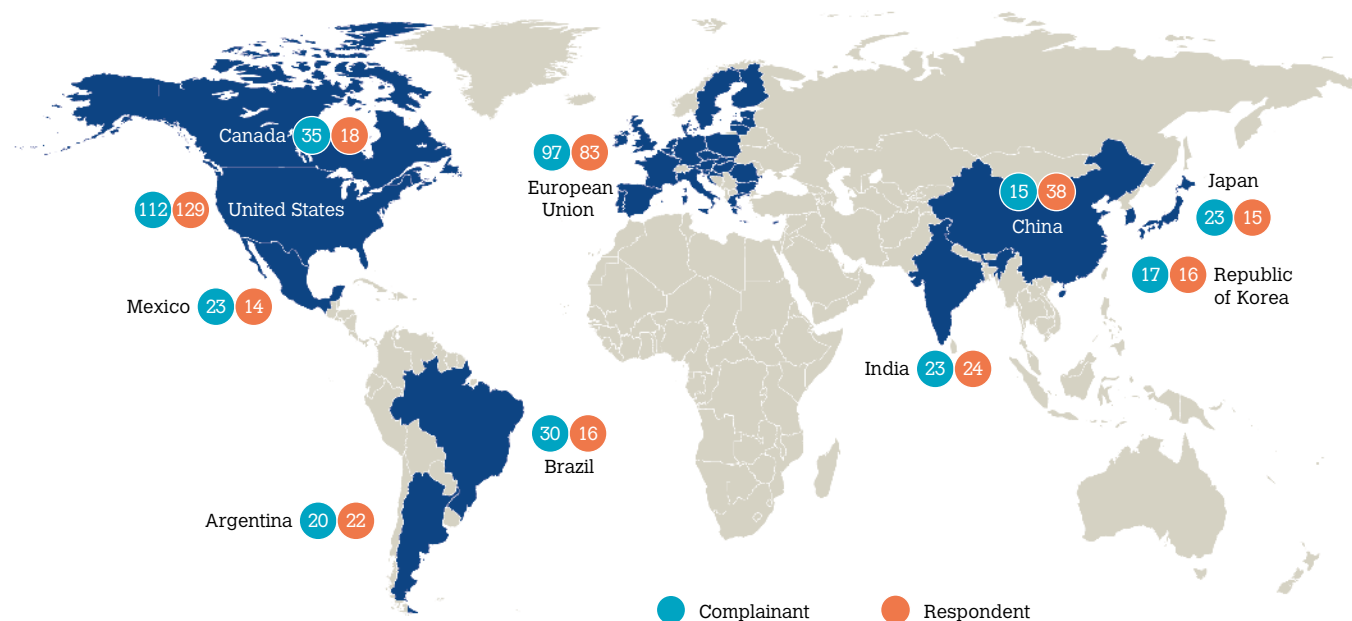
The disputes address a wide range of trade concerns and often touch upon global issues, such as human health, renewable energy, conservation of natural resources and, more recently, money laundering and tax evasion. A total of 11 panel reports were circulated in 2016.

During 2016, the dispute settlement system began to feel the benefit of measures introduced to address the challenge of the mounting number of disputes being brought by WTO

The Dispute Settlement Body appointed two new Appellate Body members: Hong Zhao of China (right) and Hyun Chong Kim of Korea (centre).



## WTO members most involved in disputes, 1995 to 2016



members. One of those steps was to reallocate vacant posts to the legal divisions and to ensure adequate staffing for trade remedy cases, which are a particularly active area for disputes.

As of the end of 2016, the WTO's Rules Division, which handles trade remedy and subsidies disputes, was fully staffing all its disputes. This was achieved principally by recruiting more lawyers and by greater assignment flexibility.

The Appellate Body had a busy year in 2016, with eight panel reports appealed and six Appellate Body reports circulated. The then chair of the Appellate Body, Thomas Graham, delivered a lecture on the state of the Appellate Body at an event in November. He highlighted that the number of appeals, the number of issues appealed and the number of pages of submissions have all grown significantly in recent years. He urged WTO members to work with the Appellate Body to "maintain, nurture and preserve the trust and

credibility that has been built up over the years in this dispute settlement system".

The DSB appointed two new Appellate Body members – Hong Zhao of China and Hyun Chong Kim of Korea – for a term of four years, starting on 1 December 2016.

In an address to the Appellate Body in January 2017, DG Azevêdo said: "Recourse to the dispute settlement system has ensured adherence to negotiated rules, thereby helping to provide security and predictability in international trade... The Appellate Body has proven its value, through its rigour in reviewing panel decisions and its clarification of members' rights and obligations under the WTO's covered agreements. The experience and knowledge that Ms Zhao and Mr Kim bring to the Appellate Body could not have come at a more opportune time."

 See pages 104-119.

# Supporting development and building trade capacity

Support for development and building trade capacity has grown in importance at the WTO and is now a central focus of the organization's activities. Much of the work in this area is conducted through the Committee on Trade and Development (CTD) which held a commemorative event in November 2016 to mark its 100<sup>th</sup> session.

WTO members and representatives from other international organizations and academia reflected on how trade has evolved since the Committee held its first meeting 20 years ago and on what needs to be done to ensure that trade continues to support developing countries in the future.

"It is a milestone for the CTD, for the WTO, and for the broader trade and development community," DG Azevêdo said in an address. "This is a time for reflection — and it is a time to be ambitious. We should look at what more the WTO can do to ensure more people can use trade as a tool for development," he added.

In June, the WTO hosted a United Nations session on helping landlocked developing countries (LLDCs) benefit from trade. DG Azevêdo told the meeting that capacity-building work through the WTO's Aid for Trade initiative can be particularly beneficial to LLDCs and that implementing the Trade Facilitation Agreement will be crucial in reducing delays in transit that can have a significant effect on LLDCs.

Disbursements of Aid for Trade reached US\$ 39.8 billion in 2015, the highest amount for a single year. The WTO and the OECD launched the 2016 Aid for Trade monitoring and evaluation exercise, which aims to review Aid for Trade priorities in advance of the Global Review of Aid for Trade, to be held at the WTO in July 2017.

In 2016, the Enhanced Integrated Framework launched phase two of its programme, which aims to help least-developed countries (LDCs) use trade as a tool for growth. Phase two will

# 100

The Committee on Trade and Development commemorated its **100<sup>th</sup>** session in November 2016.

run until 2022. Phase one (2009-2015) delivered 142 projects with a total allocation of US\$ 202 million across 51 of the world's poorest countries. Most projects were aimed at helping LDCs improve their capacity to trade and at creating the jobs that help to lift people out of poverty.

The WTO Secretariat undertook 315 technical assistance activities in 2016 aimed at helping government officials gain a better understanding of WTO rules and the multilateral trading system. Over 18,400 participants benefited from these training activities, up from some 15,000 in 2015. A total of 10,279 participants from 147 countries (compared with 7,523 in 2015) enrolled for e-learning courses, with Africa providing the majority of participants (38 per cent) followed by Latin America (21 per cent), and Asia and the Pacific (20 per cent).

An external evaluation report on the functioning of the WTO's technical assistance was issued in October 2016. It noted that these activities have been increasingly effective in improving the capacity of developing countries to implement multilateral trade rules and to participate in global trade. The report also recommended ways to improve the delivery of training courses based on the lessons learned over the past five years.



# 39.8

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The WTO Secretariat undertook 315 technical assistance activities in 2016 aimed at helping government officials gain a better understanding of WTO rules and the multilateral trading system.

Speaking at a meeting of the Committee on Trade and Development in January 2017, DG Azevêdo said: "When the WTO was created over two decades ago, technical assistance was not a major part of our work. Fast forward to today and it constitutes one of the biggest outputs of the organization. It has become, unquestionably, a central element of the WTO's activities."



**EIF**

Enhanced  
Integrated  
Framework

The EIF launched phase two of its programme, which aims to help least-developed countries use trade as a tool for growth.



See pages 120-137.



Our year  
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# Outreach

Interest in the WTO increased significantly in 2016. This led to the creation of the Trade Dialogues initiative, which was designed to facilitate increased engagement from a range of stakeholders. A series of meetings was held during the year, bringing in representatives of the private sector, NGOs, academia, labour and consumers.

As part of the Trade Dialogues initiative, the WTO facilitated a meeting of business leaders at the request of the International Chamber of Commerce and the B20, the business arm of the G20.

The event brought together over 60 business leaders to discuss the challenges and opportunities they face in conducting trade operations and how the WTO could address the current needs of the business community. The attendees were from small and large enterprises, from developed and developing countries, and from a variety of sectors.

In addition to the current negotiating agenda, the business leaders urged the WTO to look at a wide range of issues, such as electronic commerce, rules to better facilitate services and investment flows, support for micro, small and medium-sized enterprises, action to provide trade finance, and many others.

The WTO's major outreach event of the year was the Public Forum, held in September, which attracted over 1,100 participants to the 100+ sessions held during the three days of the event. The Forum provides a unique platform for businesspeople, academics and non-governmental organisations to come together to discuss some of the major trade and development issues of the day, with all of the sessions being organized by the participants. In 2016, the theme of the event was "inclusive trade".

Participants underlined the need to promote greater participation in trade by women and small businesses and the importance of ensuring that effective policies are put into place to help the poor and those who may suffer job losses resulting from trade. In his opening remarks, DG Azevêdo highlighted the need to ensure that the right policies are adopted so that the benefits of trade are shared more widely.

# 100

Over 100 sessions were held at the 2016 Public Forum.



The WTO's inaugural Trade Dialogues event brought together over 60 business leaders to discuss how the WTO can address the current needs of the business community.

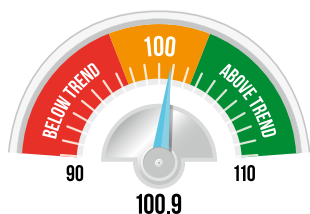
In July, DG Azevêdo attended the G20 trade ministers meeting in Shanghai, where he launched the WTO's World Trade Outlook Indicator, which aims to give an early indication of global trade trends. In September, he attended the summit of the G20 group of leading developed and developing countries in Hangzhou, China. In November, he presented then UN Secretary-General Ban Ki-moon with the WTO Ministerial Decision on Export Competition, which delivers a key contribution to meeting the UN's Sustainable Development Goal on "Zero Hunger".



The Public Forum, the WTO's major outreach event of the year, attracted over 1,100 participants to the three-day event in September 2016.

As part of its Trade Dialogues initiative, the WTO launched a series of lectures to allow technical experts to share their insights on topical issues, such as the relationship between trade and labour markets. The aim of the lectures is to promote informed discussion on these topics at a time when negative sentiment towards trade and globalization is on the rise.

The WTO's various channels of communication with the public continued to see increased traffic. The WTO website attracted almost 1.7 million visits a month in 2016 while its Facebook page and Twitter account increased to over 250,000 and 275,000 followers respectively.



The WTO's World Trade Outlook Indicator was launched in July to give an early indication of global trade trends.

**1.7** | The WTO website attracted almost 1.7 million visits a month in 2016.

 See pages 138-165.

# 2016: a snapshot

- DG Azevêdo pays tribute to Professor John Jackson, pioneer in the study of international trade law, who passed away in November 2015.



- DG Azevêdo pays tribute to Julio Lacarte-Muró, the first chair of Appellate Body, who passed away on 4 March.



- DG Azevêdo attends World Economic Forum in Davos.



- DG Azevêdo addresses the World Trade Symposium in London on the state of global trade.



February

April

May

January

March

June

- Harald Neple of Norway appointed as Chair of General Council.



- DG Azevêdo and heads of international agencies meet German Chancellor Angela Merkel to discuss the outlook for the global economy.



- WTO/World Bank forum on the role of trade in ending poverty takes place at WTO.



- WTO holds inaugural "Trade Dialogues" event.



- Liberia becomes WTO's 163<sup>rd</sup> member.



- Afghanistan becomes 164<sup>th</sup> member of WTO.



- Two new Appellate Body members appointed: Hong Zhao of China and Hyun Chong Kim of Korea.



- WTO launches World Trade Outlook Indicator at ministerial meeting in Shanghai to provide early indication of global trade trends.



- Director-General selection process launched; Mr Azevêdo confirms willingness to serve second term.



- DG Azevêdo presents UN Secretary-General Ban Ki-moon with WTO decision on export competition, fulfilling a key target in the UN's Sustainable Development Goals.



September

October

December

July

November

- DG Azevêdo attends G20 Summit in Hangzhou, China.



- WTO members accept Argentina's offer to host 2017 Ministerial Conference.



- The Comoros starts WTO membership negotiations.



- WTO's Public Forum focuses on inclusive trade.



- WTO launches World Trade Report on levelling trading field for SMEs.



- WTO membership talks begin for Somalia and Timor-Leste.

