



Implementation and monitoring

- The WTO's Trade Facilitation Agreement entered into force in February 2017, the first multilateral trade deal concluded in the 21-year history of the WTO.
- An amendment to the WTO's intellectual property agreement entered into force in January 2017, making it easier for developing countries to access affordable medicines.
- The WTO's latest trade monitoring report showed a slight decrease in the number of trade-restrictive measures introduced by WTO members.

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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 2016, the WTO General Council oversaw the implementation of decisions taken at the Bali and Nairobi ministerial conferences as well as progress in trade negotiations work, based on reports of the Director-General. It also reviewed progress in the work programme on electronic commerce. In December, the General Council approved the establishment of two new working parties for the accessions of Somalia and Timor-Leste. The General Council decided that the 11th Ministerial Conference (MC11) will be held in Buenos Aires, Argentina, in December 2017.

Bali and Nairobi decisions

General Council Chair Harald Neple (Norway) provided regular reports on implementation of the Bali and Nairobi ministerial decisions in WTO regular councils and committees. This included the so-called “regular work” – TRIPS non-violation and situation complaints (see page 78), the work programme on e-commerce (see below), small economies (see page 126), Aid for Trade (see page 127) and trade and transfer of technology (see page 87) – and ministerial decisions in the Bali and Nairobi packages.

The Chair updated the Council on the work taking place in the Committee on Agriculture, for example, concerning the implementation of the Nairobi decision on export competition (see page 35), and on development and least-developed country (LDC) issues. These issues include the monitoring mechanism (see page 122), duty-free quota-free market access for LDCs (see page 122), preferential rules of origin for LDCs (see page 65) and the application of the LDCs’ services waiver. He also provided regular reports on the status of ratifications of the Trade Facilitation Agreement (TFA), which entered into force in February 2017 (see page 73).

The Director-General, in his role as Chair of the Trade Negotiations Committee, reported regularly to the General Council on progress in the trade negotiations (see page 32) and in carrying out the instructions given by ministers in Nairobi regarding the negotiations.

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 ministerial conferences in addition to carrying out the specific tasks assigned to it by the agreement establishing the WTO.

WTO’s 11th Ministerial Conference

In 2016, the General Council Chair held consultations on the date and venue of the 11th Ministerial Conference (MC11). Offers to host the conference were received from the governments of Argentina and Uruguay. Subsequently, Uruguay withdrew its offer in favour of Argentina. Following the consultations, the General Council agreed that MC11 will be held in Buenos Aires in December 2017. Argentina will be the first South American country to host the biennial event. The last ministerial conference took place in Nairobi in December 2015.

Working parties on the accessions of Somalia and Timor-Leste

In December, the General Council agreed to establish working parties to negotiate membership terms for the Federal Republic of Somalia and the Democratic Republic of Timor-Leste (see page 25-6). In the meantime, it agreed to welcome them as observers to the WTO.

Other accession matters considered by the General Council in 2016 included the appointment of Ambassador Kemal Madenoğlu (Turkey), Ambassador Gustavo Miguel Vanerio Balbela (Uruguay) and Mr Ryosuke Kuwana (Japan) to chair the working parties of Belarus, Algeria and Sudan, respectively, as well as the Director-General’s Annual Report on Accessions.

Work Programme on Electronic Commerce

In July and December, in line with the Nairobi Decision on E-commerce, the General Council conducted a periodic review to assess progress in e-commerce, which involves the production, distribution, marketing, sale or delivery of goods and services by electronic means.



Ambassador Harald Neple was elected as Chair of the General Council in February 2016.

The Work Programme on Electronic Commerce is carried out under the auspices of the General Council, with the Council for Trade in Services, the Council for Trade in Goods, the Council for Trade-related Aspects of Intellectual Property Rights (TRIPS) and the Committee on Trade and Development examining and reporting to the General Council on various aspects of electronic commerce.

At the July meeting, Panama's Ambassador, Alfredo Suescum (friend of the GC Chair on electronic commerce), reported on consultations held in June as well as on the 11th Dedicated Discussion on E-commerce held earlier in July. He noted positions remained divergent, including on whether to make the current moratorium on customs duties on transmission of electronic data permanent. However, there was a greater interest among members about discussing e-commerce further. This increased interest resulted in the circulation of submissions from members covering a wide range of e-commerce-related issues.

The Chair reported in December on further e-commerce consultations with members. Many delegations had stressed the need to continue work on e-commerce in line with the 1998 mandate of examining and exploring its trade-related aspects, he said. While some delegations are ready to pursue discussions further, including possible rule-making, some felt that e-commerce is being given a higher priority than Doha Round issues of interest to them. Many delegations recognized the potential benefits of e-commerce but pointed to structural and infrastructural challenges that need to be addressed first.

During the General Council discussion, some members said they hoped to see some progress by MC11. Suggestions were made to look at areas where WTO rules could make a difference as well as to focus on easier issues where consensus could be reached – issues that are doable and realistic. Others stressed the need to address development challenges and to maintain a member-driven and bottom-up process.

Appointment of officers to WTO bodies

At the May meeting, some members asked the General Council Chair to hold consultations on whether the guidelines for appointing officers to WTO bodies need clarifying. These consultations took place in the second half of the year. At the December meeting, the General Council heard the report by the Chair who stressed the importance of starting the selection process early to allow sufficient time for group coordinators to conduct consultations with their respective constituencies.

Waivers under Article IX of the WTO Agreement

In 2016, 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:

- Canada – CARIBCAN, granted on 28 July 2015 until 31 December 2023
- Preferential treatment for LDCs, granted on 27 May 2009 until 30 June 2019
- United States – Former Territory of the Pacific Islands, granted on 27 July 2007 until 31 December 2016
- United States – Caribbean Basin Economic Recovery Act, granted on 5 May 2015 until 31 December 2019
- Philippines – Special treatment for rice, granted on 24 July 2014 until 30 June 2017
- Preferential treatment to services and service suppliers of LDCs, granted on 17 December 2011 until 31 December 2030
- 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

- Cuba – Article XV:6 of 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. Other matters considered by the Council in 2016 included regular reports on the work programme on small economies, the development assistance aspects of cotton and the new biennial work programme on Aid for Trade, with the theme “promoting connectivity”.

The General Council also regularly considered the reports of the WTO Budget Committee and dealt with matters related

to the WTO Pension Plan, including consultations regarding the appointment of members, alternates and the chair of the Pension Plan Management Board.

As part of its oversight function, the General Council conducted a year-end review of WTO activities, based on the annual reports of 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 2016, the General Council granted the following waivers from obligations under WTO agreements.

Member(s)	Waiver	Decision of	Expiry	Decision
Argentina, China and the European Union	Introduction of Harmonized System 2002 changes to WTO schedules of tariff concessions	7 December 2016	31 December 2017	WT/L/996
Argentina; Brazil; China; Dominican Republic; European Union; Israel; Malaysia; Mexico; New Zealand; Philippines; Switzerland; and Thailand	Introduction of Harmonized System 2007 changes to WTO schedules of tariff concessions	7 December 2016	31 December 2017	WT/L/997
Argentina; Australia; Brazil; Canada; China; Colombia; Costa Rica; Dominican Republic; El Salvador; European Union; Guatemala; Honduras; Hong Kong, China; India; Israel; Korea, Republic of; 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	7 December 2016	31 December 2017	WT/L/998
Argentina; Brazil; Canada; China; Colombia; Costa Rica; El Salvador; European Union; Hong Kong, China; Korea, Republic of; New Zealand; Norway; Paraguay; Russian Federation; Switzerland; Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu; United States; and Uruguay	Introduction of Harmonized System 2017 changes to WTO schedules of tariff concessions	7 December 2016	31 December 2017	WT/L/999
United States	Former Trust Territory of the Pacific Islands	7 December 2016	31 December 2026	WT/L/1000
United States	Trade Preferences granted to Nepal	7 December 2016	31 December 2025	WT/L/1001
European Union	Application of autonomous preferential treatment to the Western Balkans	7 December 2016	31 December 2021	WT/L/1002
Cuba	Article XV:6 – Extension of waiver	7 December 2016	31 December 2021	WT/L/1003

Trade in goods

In 2016, the Council for Trade in Goods addressed many trade concerns, including ten new ones, reflecting its growing role as a forum for airing concerns about measures, policies and practices considered potentially discriminatory or trade restricting. China and Pakistan presented a proposal for advancing the WTO work programme on e-commerce. The Council also considered several waiver requests.

Trade concerns were raised by WTO members at all three meetings of the Goods Council in 2016.

Ukraine raised the issue of Russian measures affecting international transit of cargo by road and rail, particularly from Ukraine. Ukraine said the measures were neither transparent nor justified and were applied in a non-uniform and onerous way. The restrictions, enacted on 1 January 2016, ban all international transit of cargo by road and rail transport from Ukraine to Kazakhstan through Russian territory. Goods must cross Belarus, adding up to 900 km to the distance and adding 30 per cent in transit costs, Ukraine said. It said the issue was not just a Ukrainian concern and deserved the attention of all WTO members.

The European Union, Turkey, Canada, Australia, Japan, the United States and Switzerland joined Ukraine in voicing concerns about the Russian measures. Turkey said that since the beginning of 2016 Russia had banned the import of 20 categories of products of Turkish origin.

For its part, Russia raised concerns about some aspects of the United States' monitoring programme for preventing illegal, unreported and unregulated (IUU) fishing (see page 84). Russia said that the US measures not only sought information already contained in customs declarations, bills of lading and commercial instruments but also required importers to keep some additional

and not clearly specified information during five years. The United States said that its monitoring programme is open to comments and the concerns will be reported to its capital.

The European Union, Japan and the United States expressed concerns about India's minimum import prices (MIP) for almost 173 iron and steel products. Imports are not allowed when the price is below the MIP. They said MIPs are inconsistent with GATT (General Agreement on Trade and Tariffs) Article XI on quantitative restrictions. Japan and the European Union also questioned India's safeguard measure for hot flat-rolled products. India also heard concerns about increased customs duties on 96 tariff lines for capital goods, including the information and communications technology (ICT) sector.

Complaints were also raised about India's "compulsory registration order" for certain electronic products, which requires foreign products be re-tested in an Indian laboratory to demonstrate their compliance with Indian standards even though these norms are identical to existing international standards. Chile, New Zealand, China and others welcomed India's decision to reopen several ports that were closed to apple imports but asked India to provide further explanation about the treatment applied to imports in the different ports. India replied that the MIP for steel had not yet been implemented, that safeguards are always controversial and that the port restrictions have been lifted.

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. These committees also comprise all WTO members. Working parties on state trading enterprises and the Information Technology Agreement (ITA) also report to the Goods Council.



Russia, supported by China, raised a concern already brought before the Committee on Anti-Dumping regarding the European Union's anti-dumping practices and the methodology it uses in its investigations against cold-rolled flat steel products from Russia and China, particularly the rejection by EU authorities of data submitted by Russian exporters. Russia also questioned the way the EU investigating authority determines the export price for the targeted goods, which it considered to be artificially low. In response, the European Union said its anti-dumping investigations meet high quality standards and that it has already provided responses to these concerns. Its methodology complies with WTO rules, it added.

New Zealand raised concerns about Sri Lankan tariffs on skimmed milk and milk powder that exceeded the *ad valorem* bound duty of 20 per cent, an issue raised during the last three years at the Committee on Agriculture. Sri Lanka acknowledged the breach and indicated that it would address the issue by mid-2016.

New Zealand, backed by Australia, Chile, the European Union, Mexico and the United States, also raised concerns about various measures adopted by Canadian provincial authorities, particularly regulations implemented by British Columbia (BC) on wine. They said the British Columbian regulations discriminate against imported wine by allowing only local wine to be sold on grocery store shelves. The situation is similar for some wines and spirits in Ontario. Canada responded that its Government is working closely with the provinces concerned to ensure their policies are consistent with Canada's WTO obligations. But the British Columbia measure has existed for decades and was "grandfathered" through many agreements to which Canada is a party, it added.

Japan registered concerns over China's import tax on personal effects (hand luggage). The tax, implemented in April 2016, combines a customs duty, an import value added tax (VAT) and a consumption tax, all of which already existed. But for some products, the new combined rate appears to exceed the aggregate amounts of the three existing duties, Japan said.

Russia said some measures taken by Croatia are adversely affecting imports of petroleum products and biofuels from third countries, including from Russia. The measures include pre-approval requirements and mandatory use of certain warehouses. These measures are not applied to imports from EU members or to those of members of the European Economic Area and Turkey, Russia said. The European Union said it will analyse the issue with Croatia.

Japan voiced concerns about Turkey's duties on imported tyres, which it said are higher than what it had committed to the WTO. Turkey said it is working on this issue and assured members its policies are consistent with its WTO commitments.

The European Union raised concerns about Russia's mandatory certification measures for cement, which it said are a de facto ban on EU cement imports. It said certificates previously approved have been cancelled. Russia responded that the measures are justified due to a sharp decline in the quality of cement and that it applies the measure in a

non-discriminatory manner. It said the requirement applies to all manufacturers and that 290 certificates have been issued since March 2016, of which 51 correspond to foreign companies.

The Council also considered trade concerns that had been brought to its attention in previous years. These included: Nigerian import restrictions; China's measures applied to seafood; Indonesia's import and export restrictions; Ecuador's balance of payment measures; Ukraine's determination of the transaction value; and Pakistan's discriminatory taxes.

Waiver requests

The Council approved four collective waiver requests, extending the deadlines for the updating of tariff schedules under the harmonized system changes (2002, 2007, 2012 and 2017) (see page 52). It approved two waiver requests from the United States, extending a waiver concerning the Former Trust Territory of the Pacific Islands and some trade preferences granted to Nepal. It also extended a waiver concerning the European Union's application of autonomous preferential treatment to the Western Balkans and approved the extension of a waiver granted to Cuba to facilitate its compliance with Article XV:6 of the GATT 1994, which refers to WTO members who are not members of the International Monetary Fund (IMF).

The Council took note of the information provided by Jordan regarding the establishment of a new WTO programme to replace its current export subsidy programme for domestic producers, in particular small and medium-sized enterprises (SMEs). Jordan will continue updating the Council about the establishment of its new programme.

The Council also considered a draft decision on the procedure for the introduction of harmonized system 2017 changes to schedules of concessions, using the consolidated tariff schedules (CTS) database. It agreed to forward the draft decision to the General Council for adoption.

Regarding the EU enlargement of 2013 (Croatia), the Council agreed to extend the deadline for the withdrawal of concessions until 1 July 2017. On the accession of the Kyrgyz Republic to the Eurasian Economic Union (EAEU), the Council extended until 12 February 2018 the period in which interested members could withdraw substantially equivalent concessions. Similarly, the Council extended until 2 January 2018 the deadline for the withdrawal of concessions for the Republic of Armenia, following its accession to the EAEU.

Electronic commerce

Following the Nairobi Ministerial Conference decision to continue the existing WTO work programme on e-commerce, China and Pakistan proposed that discussions on e-commerce focus on the promotion and facilitation of cross-border trade in goods enabled by the Internet. Presenting the proposal to the November Council meeting, China said that the needs of developing countries should be reflected in any

outcomes. Priority should be given to “easy issues”, with a focus on realizing “pragmatic progress” at the 11th Ministerial Conference (MC11) to be held in Buenos Aires in December 2017, China said.

Several members affirmed the importance of working towards delivering outcomes at MC11. There was also support for incorporating the needs and concerns of developing countries in the deliberations. Some members emphasized the importance of maintaining discussions on other aspects of e-commerce, such as online trade in services as well as commitments for consumer protection, data privacy and intellectual property rights. Several delegations said there is a need to make permanent the moratorium on customs duties on electronic transmissions instead of continuing with the current practice of renewing the moratorium every two years.

Several members said they were working on a “mapping” paper identifying elements of substance and position. To advance the e-commerce discussions, China said a seminar on e-commerce and trade in goods should be organized under the auspices of the Council for Trade in Goods. Several members supported holding a joint informal meeting of the mandated WTO bodies.

Other issues

In 2016, the Council was informed about eight free trade agreements (FTAs) that were concluded and notified by WTO members.

China reminded members about the expiry date of Section 15(a)(ii) of its Protocol of Accession and invited members to change or adopt a new methodology to replace the current surrogate or analogue method relating to anti-dumping. Some members disagreed with China’s interpretation that the expiration of one provision in its Protocol of Accession requires members to abandon the use of a third-country methodology.

Market access

Members raised nine trade concerns at the two formal meetings of the Committee on Market Access in 2016. The Committee made further good progress in updating members’ schedules of commitments to reflect the latest international tariff classification standards and adopted procedures for the introduction of the latest classification amendment. Disappointment was expressed at the low number of notifications received on quantitative restrictions.

Trade concerns

WTO members raised nine trade concerns at the two formal meetings of the Committee on Market Access. The European Union considered that Argentina’s newly adopted law to promote its auto-part industry discriminates against imports (see page 68). The European Union also considered that Russia’s ban on exports of raw hides and skins unduly restricts trade. The European Union, Japan, Korea and the United States considered that India is levying duties on telecommunication products in excess of its bound duties.

Japan considered that India’s minimum import prices on iron and steel products discriminate against Japan’s exports and constitute a banned quantitative restriction (see page 49). Russia expressed concern with Croatia’s regulations on the importation and distribution of certain oil and biodiesel products (see page 50). Switzerland again questioned the level of Bahrain’s import duties on cigarettes as well as the impact of an eventual increase in duties by the Kingdom of Saudi Arabia.

Thailand expressed concern that Korea has not finished converting non-tariff measures into tariffs (so-called tariffication) and introducing a tariff rate quota for rice. The United States considered that Oman’s increase in its duties for tobacco products exceeds its bound commitment.

Background on market access

The Committee on Market Access supervises the implementation of tariff and non-tariff commitments not covered by any other WTO body. It also seeks to ensure that WTO members’ schedules of commitments are kept up to date, including changes required to reflect amendments to the Harmonized System (HS). This is important for ensuring that tariffs in members’ schedules of commitments can be compared with those applied in practice. The HS, administered by the World Customs Organization, allows countries to classify traded goods on a common basis. It has been updated four times since 1996.

Harmonized System

The Committee continued its work to ensure that WTO members' schedules of commitments reflect the amendments made by the World Customs Organization (WCO) to the Harmonized System nomenclature, which take place every four to five years. The amendments are typically referred to by the year in which they enter into force. They include HS96, HS2002, HS2007, HS2012 and HS2017. These "transposition" exercises help guarantee that members' schedules are up to date and that tariff obligations are transparent, allowing applied tariffs to be compared with members' legal obligations at the WTO.

The HS96 and HS2002 transpositions have been concluded for nearly all WTO members. Modest progress was made on the HS2007 exercise in 2016, with amendments to more than 105 schedules either certified or being certified, compared with 102 in 2015. The Committee began its work on the HS2012 transposition by adopting a detailed methodology identical to the one used for the HS 2007 transposition. However, it also includes measures proposed to improve the efficiency and quality of the work, including several simplifications of the transposition process and a standard procedure for verifying members' submissions. The Committee also agreed on the general procedures to be used for the HS2017 transposition, which were forwarded to the General Council for adoption.

The WTO Secretariat issued an update of its "Situation of schedules of WTO members", which lists all the legal instruments relating to each member's schedule of commitments. For the first time, the Secretariat also prepared a report on renegotiations under GATT Article XXVIII on the modification of members' schedules, with a view to enhancing transparency and monitoring the status of such negotiations.

Databases

The WTO Secretariat reported on the Integrated Data Base (IDB), which provides information on applied tariffs and import data as notified by WTO members, and the Consolidated Tariff Schedules (CTS) database, which compiles information on the legal obligations reflected in members' schedules of commitments. The Secretariat also provided information on the use of information in the databases, the status of software development and the availability of technical assistance.

IDB data coverage has significantly improved in recent years but important gaps remain. Presently, IDB data needs to be complemented with data coming from other sources. The WTO Secretariat has therefore encouraged WTO members to notify the relevant data and to reduce the gaps.

Quantitative restrictions

During 2016, the Committee received 15 new notifications of quantitative restrictions on imports and exports from

Afghanistan, Brazil, Canada, Cuba, Hong Kong (China), Japan, Macao (China), Mauritius, Mexico, Nicaragua, Russia, Chinese Taipei, Ukraine, United States and Uruguay.

The General Agreement on Tariffs and Trade (GATT) requires the general elimination of quantitative restrictions, which include prohibitions and other restrictions on trade that do not take the form of a tariff or a tax. However, these restrictions are allowed in some defined circumstances. Members are required to provide detailed information on the quantitative restrictions they maintain, including their justification under WTO rules.

WTO members expressed disappointment over the continuing low number of notifications and poor compliance with the requirement.

Agriculture

The Committee on Agriculture continued to examine how WTO members are complying with their commitments on subsidies and market access and discussed issues arising from this. The number of questions posed to individual members hit a high of 362, with an increasing number directed to developing countries. The Committee held its first dedicated session on export competition since the Nairobi Ministerial Conference barred developed countries from using agricultural export subsidies. It reviewed a revised paper from a group of WTO members describing trends in domestic support.

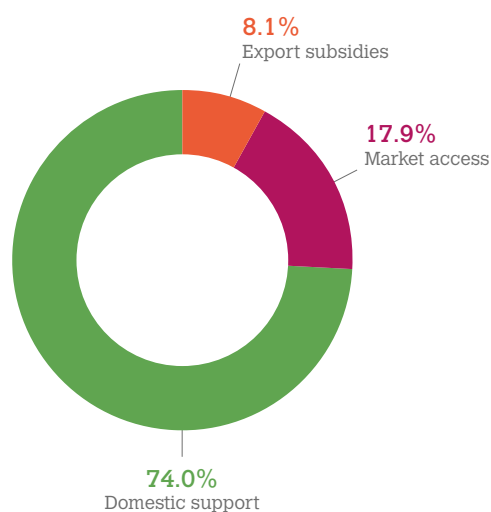
The Committee on Agriculture reviewed 80 notifications of agricultural trade measures by WTO members at its four meetings in 2016, up from 58 in 2015. WTO members raised 196 questions about these individual notifications.

The review of WTO members' progress in implementing their commitments on subsidies and market access under the

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.

Figure 1: Questions on notifications raised in the Committee on Agriculture in 2016, by subject area



Agriculture Agreement is largely based on their notifications. Members can also ask about agricultural measures that have not been notified. Article 18.6 of the Agreement allows members to raise any matter relevant to the implementation of commitments at any time. In 2016, members posed 146 such questions in the Committee, also the highest number in one year to date. Figure 1 gives a snapshot of the proportion of questions on notifications raised by subject area.

Figure 2 shows the annual proportion of questions on notifications addressed to developed and developing countries. Out of 362 questions raised in total (including questions on individual notifications, overdue notifications, Article 18.6 and questions raised under the “other” category), the highest to date, 247 were directed towards developing countries in 2016. Members posed many questions to Brazil and China relating to their recently notified domestic support (subsidy) measures. Brazil’s notification covered its domestic support programme for 2013-14 while China’s covered 2009-10.

More than half of the questions about individual notifications raised over the last 21 years (1995-2016) have focused on domestic support. In 2016, questions on domestic support programmes continued to dominate, although the percentage fell to 74 per cent from 87.5 per cent in 2015. Questions on market access nearly tripled in percentage terms to 17.9 per cent. A total of 63 implementation-related issues were raised – 51 of them for the first time – by 15 WTO members in 2016. The remaining issues had been discussed at least once in previous years.

While developing countries continued to be less active than developed countries in posing questions, their participation in the review process within the Committee has increased over time. In 2016, developing countries asked 24 questions under Article 18.6, which is more than in any previous year.

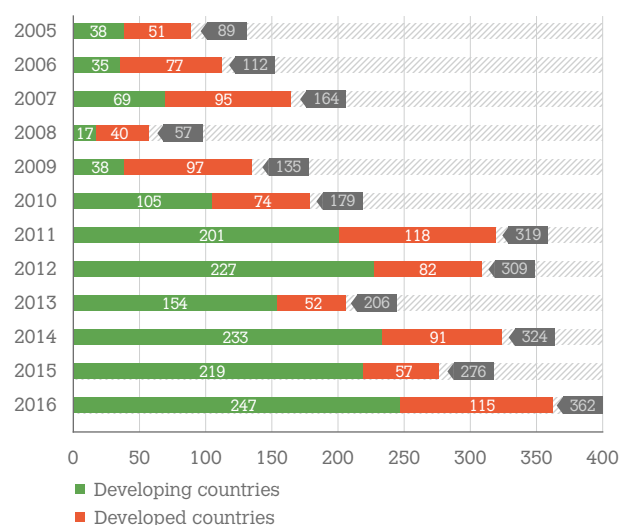
The issue of overdue notifications came up repeatedly in Committee discussions in 2016. Some WTO members renewed specific concerns about overdue notifications, particularly on domestic support and export subsidies. These concerns included EU imports under tariff quotas, domestic support policies of China and Thailand and Turkey’s domestic support and export subsidy policies. Other issues raised in the Committee included Ukraine’s concerns that Russia’s restrictions on the transit of agricultural goods from Ukraine to Kazakhstan through Russia by truck and railway were effectively a ban on Ukraine’s goods (see page 49), questions about India’s export subsidies on onions, Greece’s tax on coffee and Canada’s wine sales policy (see page 50).

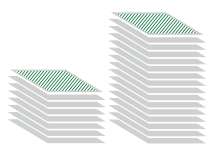
The information provided in notifications is essential to many other monitoring activities of the Committee, including WTO members’ inputs to Committee discussions and the review of trends in agricultural trade. In 2016, the Committee discussed trends in notified domestic support described in a revised paper submitted by the Cairns Group of agricultural exporting nations, which compiled the latest data notified to the Committee by the top ten agricultural trading nations.

WTO members noted the important role that domestic support plays in attaining food security and livelihood objectives in developing countries and expressed sustained concerns about poor compliance with domestic support notification commitments. A total of 30 members have never submitted a domestic support notification.

The Committee also continued to review the growth of world agricultural trade in the context of export subsidy commitments. A background note by the WTO Secretariat showed how world agricultural trade has evolved in several products or product categories considered potentially more prone to export subsidies. Discussions benefited from additional information provided by some WTO members that extended the analysis. Many members noted that the data depended on notifications and urged timely notification to strengthen the review of trends in this area.

Figure 2: Questions on notifications addressed to developing countries, 2005-2016





80

The Committee on Agriculture reviewed 80 notifications of agricultural trade measures by WTO members, up from 58 in 2015.

Export competition

In June, the Committee held its first dedicated discussion on export competition since ministers decided in Nairobi in December 2015 to scrap farm export subsidies in all developed countries. Developing countries have longer timeframes. The discussions aim to enhance transparency and improve monitoring of export competition. Export competition covers export subsidies, export credits, export credit guarantees or insurance programmes, international food aid and agricultural exporting state trading enterprises.

The discussions were based on a WTO Secretariat background document, which compiled information provided by WTO members on their export competition policies. During the meeting, members exchanged questions and answers on specific measures in relation to the implementation of the Nairobi decision. The Cairns Group submitted a paper which drew some key conclusions from the analysis. The Group noted that the use of export subsidies has decreased dramatically over the past two decades. Several of the 16 WTO members with schedules of commitments permitting them to subsidize their farm exports confirmed their intention to formally modify their schedules.

Other ministerial outcomes

The Committee discussed follow-up to other ministerial decisions, specifically the Bali Ministerial Decision on Tariff Rate Quota Administration and the Bali Decision on Public Stockholding for Food Security Purposes. Members provided no new information on the monitoring foreseen under the two decisions.

Under tariff rate quotas (TRQs), duties inside a quota are lower, often significantly lower, than those levied outside the quota. Ministers declared that WTO members should notify the Committee of the extent to which their TRQs are being filled. Unused quotas mean exporters are missing out on potential sales. Similarly, on the issue of public stockholding for food security (see page 35), members are supposed to notify the Committee in certain cases. For example, members should tell the Committee if they are exceeding or close to exceeding agreed limits on domestic support.

Enhancing transparency and the review process

The Secretariat held an information session on enhancing transparency in the Committee's work. The session included a presentation on online sources of information useful for the work of the Committee, with an emphasis on the Agriculture Information Management System (AG IMS). Using the system, WTO members can analyse notified information and submit questions or responses. The session also provided a preview of a new system for online submission of agriculture notifications.

WTO members also shared experiences with respect to the preparation and submission of notifications and the reviews of implementation under the Agreement on Agriculture. Lack of awareness and technical knowledge were two of the reasons why only a small proportion of members fully comply with their transparency obligations, some members felt. Members suggested various ideas for strengthening the work of the Committee, including targeting the needs of members, particularly least-developed countries, through tailored technical assistance activities, including notification workshops to address gaps.

Notification workshop

Given the complexity of agriculture notifications, training and technical assistance for government officials involved in these notifications are critical for enhancing the monitoring function of the Committee. The WTO Secretariat delivered a workshop on agriculture notifications in July 2016 to facilitate the preparation and review of agriculture notifications.



The workshop provided training to 31 capital-based officials involved in preparing notifications. It included practical exercises related to the review process of the Committee and hands-on training on using the AG IMS.

Balance of payments

In 2016, the Committee on Balance-of-Payments Restrictions continued its consultations with Ecuador to review the import surcharges the country had adopted for balance-of-payments purposes. Ecuador had been due to lift the measure in June 2016, but it extended the end date until June 2017.

In March 2015, Ecuador introduced a temporary tariff surcharge for balance-of-payments purposes for a period of up to 15 months in view of the “highly unfavourable economic climate”, including a sharp fall in the price of oil – one of its main exports. It was applied to 38 per cent of Ecuador’s tariff lines at rates ranging from 5 per cent on “non-essential” capital and primary capital goods to 45 per cent on final consumer goods, with intermediary rates of 15 per cent and 25 per cent.

The surcharge is applicable to all of Ecuador’s trading partners, except for Bolivia and Paraguay. Ecuador excluded these two WTO members because, within the Latin American Integration Association, they are regarded as countries of “lesser relative economic development”. In October 2015, Ecuador presented a timetable for the gradual elimination of the measure.

Ecuador lowered the 45 per cent rate to 40 per cent from January 2016. Following the earthquake of April 2016, Ecuador notified the Committee that it would partially implement the timetable for the progressive reduction of the measure by removing the 5 per cent rate but that it would defer the final phase-out of the whole measure for an additional year. In October 2016, Ecuador notified the WTO that it was

Background on balance of payments

The Committee on Balance-of-Payments Restrictions is responsible for the review of all import restrictions applied by WTO members for balance-of-payments purposes. Under WTO rules, measures can be taken to safeguard a member’s external financial position and (in the case of developing countries) to ensure a level of reserves adequate for the implementation of programmes of economic development. When adopting balance-of-payments measures, members must give preference to those with the least disruptive effect on trade.

lowering its top surcharge rate from 40 per cent to 35 per cent and the 25 per cent rate to 15 per cent.

The Committee held consultations with Ecuador in February, June and November 2016. Members welcomed Ecuador’s efforts to lower its import surcharge rates and to reduce the number of tariff lines affected. However, they have been unable to reach consensus on whether the measure is in line with WTO rules or whether it is the most appropriate measure to deal with Ecuador’s balance-of-payments problems. The Committee is scheduled to continue its consultations with Ecuador in 2017.

Sanitary and phytosanitary measures

The Committee on Sanitary and Phytosanitary (SPS) Measures considered a wide range of specific trade concerns in 2016, ranging from diseases such as avian influenza and African swine fever to plant pests and novel foods. Of the 416 trade concerns raised since 1995, WTO members have reported solutions for 148 of these issues. Pilot versions of a new notification submission system and a new information management system were tested by a group of members as part of an ongoing project to modernize SPS online systems.

Specific trade concerns

The Committee considered a wide range of specific trade concerns at each of its three meetings in 2016. Thirteen new concerns were raised and other previously raised concerns were discussed again. The measures discussed ranged from diseases such as avian influenza and African swine fever to plant pests, radionuclides, endocrine disruptors, novel foods, biotech and matters concerning approval processes.

New trade concerns included: Namibia’s concerns over South Africa’s revised veterinary health certificates for cattle, sheep

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.

Implementation and monitoring

and goats; Israel's concerns over Costa Rica's regulation on pesticides and related substances; Brazil's concerns over EU restrictions on exports of pork from the state of Santa Catarina; EU concern relating to China's import restrictions due to Schmallenberg Virus and Highly Pathogenic Avian Influenza; and Russia's import restrictions on certain animal products from Germany.

Two trade concerns were reported to have been resolved. One related to Mexico's measures on imports of hibiscus flowers and the other to China's import conditions related to phthalates (chemicals used in plastics) in spirits and wine.

Of the 416 trade concerns raised since 1995, WTO members have reported solutions for 148. A partial solution has been reported for another 32, meaning that not all those raising the concern accepted the solution or that a solution was found for only some of the products at issue. Altogether, about 43 per cent of the specific trade concerns raised in the SPS Committee since 1995 have been either completely or partially resolved. For the remaining 57 per cent, WTO members have not reported any solution.

Notifications by developing countries

As Figure 3 shows, the total number of all SPS notifications has grown steadily over the years, helping to improve the transparency of WTO members' activities. In 2016, 1,389 notifications were submitted. Of these, 935 were regular notifications (down from 1,166 in 2015), and 97 were emergency notifications (down from 114 in 2015).

Figure 3: Number of SPS notifications per year, 2000-16



416

The Committee on Sanitary and Phytosanitary Measures has considered 416 specific trade concerns since 1995.

Notifications inform trading partners of coming changes in the importing member's requirements and – unless there is an urgent health protection issue – provide a period during which partners can comment before they enter into force. When there is an urgent health problem, members submit an emergency notification immediately upon the regulation's entry into force, although they should still receive and consider comments from trading partners. 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.

In 2016, developing countries accounted for 62 per cent of all SPS notifications (see Figure 4). Since 2008, developing countries have submitted more than 50 per cent of all notifications of new or changed food safety, animal or plant health regulations with an effect on international trade. Developing countries submitted 862 of the 1,389 notifications circulated in 2016. Three developing countries submitted notifications for the first time – Afghanistan, the Democratic Republic of the Congo and Kazakhstan.

Figure 4: Share of SPS notifications submitted by developing countries, 2000-16

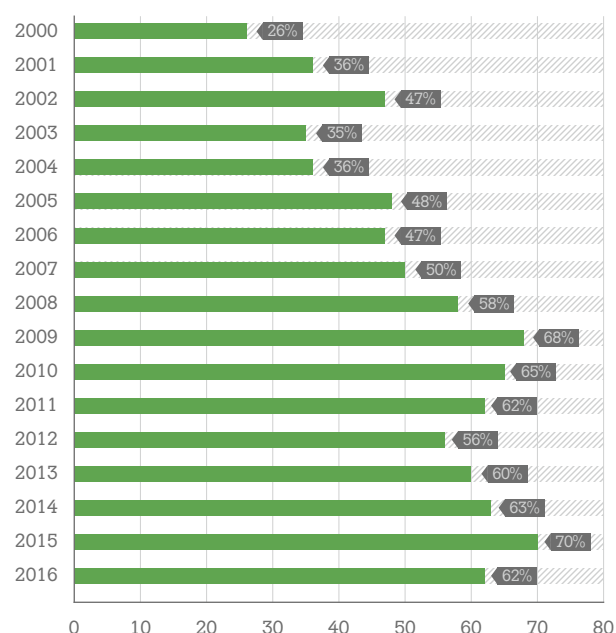


Figure 5: Number of SPS notifications by region

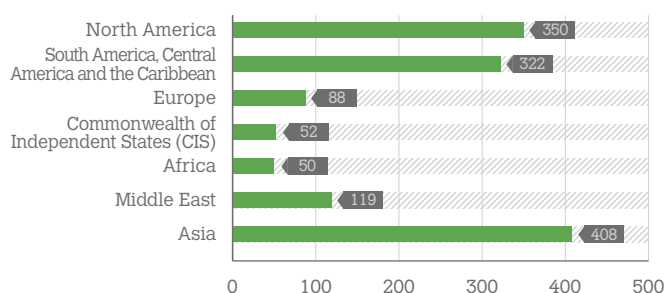


Figure 5 shows a regional breakdown of SPS notifications, illustrating the very high numbers of notifications submitted by WTO members in the Americas and Asia. In 2016, three regions increased the number of notifications submitted as compared with 2015: Europe, 88 (slightly up from 82), the Commonwealth of Independent States (CIS), 52 (up from 42) and the Middle East, 119 (up from 94).

Implementation of transparency obligations

The Committee continued to discuss possible improvements to WTO members' transparency obligations, including a joint proposal by Chile and the European Union. The proposal suggests creating a platform to post unofficial translations of notified regulations on the WTO website and holding an informal discussion in 2017 on how members decide which regulations to notify as trade-facilitating measures. It also suggests setting up a webpage with links to sites where members post final SPS regulations. The Committee agreed to hold a session on notification of trade-facilitating measures in March 2017.

The ongoing project to modernize existing SPS online systems moved forward with the launch of phase II in September 2016. A pilot group of volunteering members tested both the SPS information management system (IMS) and the notification submission system (NSS) to test their interoperability, as well as the functioning of the new SPS IMS.

In November 2016, a new online alert system (ePing) was introduced to help government agencies and small and medium-sized enterprises (SMEs) keep track of the latest information on regulatory requirements for international trade. It was launched jointly by the WTO, the United Nations Department of Economic and Social Affairs and the International Trade Centre (ITC) at a special meeting of the Technical Barriers to Trade Committee at the WTO (see page 60).

Private standards

The SPS Committee remained at an impasse regarding the fourth review of the implementation of the SPS Agreement, started in 2014, as a recommendation for the Committee's

future work on private standards persists as a point of contention. Although several members worked together to find a solution, they could not bridge differences.

In October 2015, the then Chair, Felipe Hees (Brazil), presented a package on SPS-related private standards in an effort to break the deadlock in the Committee. The package contains a draft working definition of the term "SPS-related private standard", recommendations for inclusion in the report of the fourth review and three future actions for the Committee on private standards.

The hope was that the package would allow for trade-offs and make it easier to find a solution to this issue. Several consultations with WTO members took place in 2016 but the Committee did not make any further progress on the text on recommendations for private standards. The Committee was also split on a new proposal from China to develop guidelines on private standards. Private standards remain a growing concern among developing countries, many of which urged continued efforts to find a compromise.

International harmonization of standards

Four new issues were raised under the Committee's procedure to monitor the process of international harmonization of standards. These included two issues raised by the United States: BSE restrictions not consistent with the World Organisation for Animal Health (OIE) standard; and phytosanitary certificate requirements for processed food products.

The other two issues concerned measures on bovine semen and reproductive material more restrictive than the OIE standard, raised by Argentina, and the application of International Standards for Phytosanitary Measures (ISPM) 13 on notifications of non-compliance, raised by Senegal.

The SPS Agreement encourages WTO members to bring to the attention of the SPS Committee any international standards whose use or non-use is creating trade problems, or where there is a lack of an international standard whose existence could facilitate trade.

Workshop on pesticides

The SPS Committee held a workshop on pesticide maximum residue levels (MRLs) in October 2016. Close to 180 participants attended the workshop, including Geneva- and capital-based delegates and regulators as well as participants from intergovernmental organizations and speakers from the private sector.

Complying with different MRLs of pesticides in various export markets can be a costly obstacle to trade, especially for small enterprises and for exporters in developing countries, participants heard. Participants also discussed difficulties in establishing MRLs for so-called "minor use crops" (crops for which pesticide manufacturers do not find it commercially

interesting to produce the data packages required for a risk assessment that would allow the establishment of an MRL) and the impact of default MRLs.

Where pesticides have not been registered, MRLs are often set at levels where even very low amounts found in traded products can lead to trade interruptions. The workshop sparked proposals for further work, including on increased transparency and harmonization and on how to ensure the best use of the limited resources available for MRL development and reduce duplication of work.

Technical barriers to trade

In 2016, WTO members embarked on a three-year work programme for the Technical Barriers to Trade (TBT) Committee. One major pillar of this programme, agreed in 2015, is sector-specific discussions on regulatory cooperation. The first two sessions covered energy efficiency and food labelling. Members raised the 500th specific trade concern, a milestone for this key element of Committee work. The launch of ePing, a global trade alert system, boosted transparency of product regulations. Members submitted a record 2,324 notifications in 2016.

Thematic sessions on regulatory cooperation

As part of its current work programme, the TBT Committee is seeking to reinforce regulatory cooperation between WTO members by scheduling dedicated thematic sessions on a sectoral basis. In contrast to specific trade concerns (see below), which have the potential to turn into disputes, regulatory cooperation aims to avoid the development of such problems.

A first session dealt with energy efficiency, underscoring the importance of aligning standards and regulations to save energy and fight climate change. These standards — covering products such as household appliances, TVs and cars — set

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.



2,324

WTO members submitted a record 2,324 notifications of technical barriers to trade in 2016.

out minimum energy performance standards, provide ways of testing for energy efficiency performance and regulate energy management systems. Members emphasized the need to harmonize national requirements with international standards whenever possible, as companies may find it difficult to export if required to comply with multiple standards to achieve an “energy efficient” label.

In a second session, WTO members addressed food and nutrition labelling in which one key challenge for members is to increase coherence between parallel work being done in the Codex Alimentarius (Food Code) of the Food and Agriculture Organization (FAO) and the World Health Organization. The Committee also held five other thematic sessions during the year on cross-cutting topics: good regulatory practice (including the use of regulatory impact assessment), conformity assessment procedures, standards, transparency and technical assistance.

Specific trade concerns

WTO members raised 82 specific trade concerns (STCs), including the 500th concern to be raised since 1995, which highlighted the significance of this pillar in the Committee's work (see Figure 6). Acknowledging the milestone, Director-General Roberto Azevêdo said: “It sounds technical but actually this is about dealing with all sorts of real-life issues that we all care about — from the use of chemicals in toys to the sugar, salt and fat content of our food.”

Measures affecting a wide range of products were discussed, including the consumption of alcohol, food labelling, toy safety, medical devices, pharmaceutical products and, increasingly, information technology (IT) products. The latter include: the management and disposal of electronic waste (e-waste), regulations to ensure security in ICT, the use of 4G/LTE technologies in smartphones, and other regulations, such as conformity assessment procedures for electronics and IT goods. E-waste refers to discarded electronic appliances, such as mobile phones and computers.

WTO members use the Committee to raise concerns about measures they believe are not consistent with the TBT Agreement. These can be standards, testing and certification procedures, regulations or labelling requirements imposed by the importing country.



Examples of new concerns for 2016 were India's new e-waste regulations, Egypt's compulsory manufacturer registration and Korea's health warning messages about smoking and drinking, which appeared to make a link between alcohol consumption and certain types of cancer.

Only 31 of the concerns raised were new, substantially fewer than the 47 in 2014 and 42 in 2013.

Developing countries raised ten new concerns in 2016, down from 14 in 2015, but one more than developed countries. Twelve new concerns were raised jointly by developing and developed countries (see Figure 7).

Figure 6: Specific trade concerns raised in the TBT Committee, 1995 to 2016

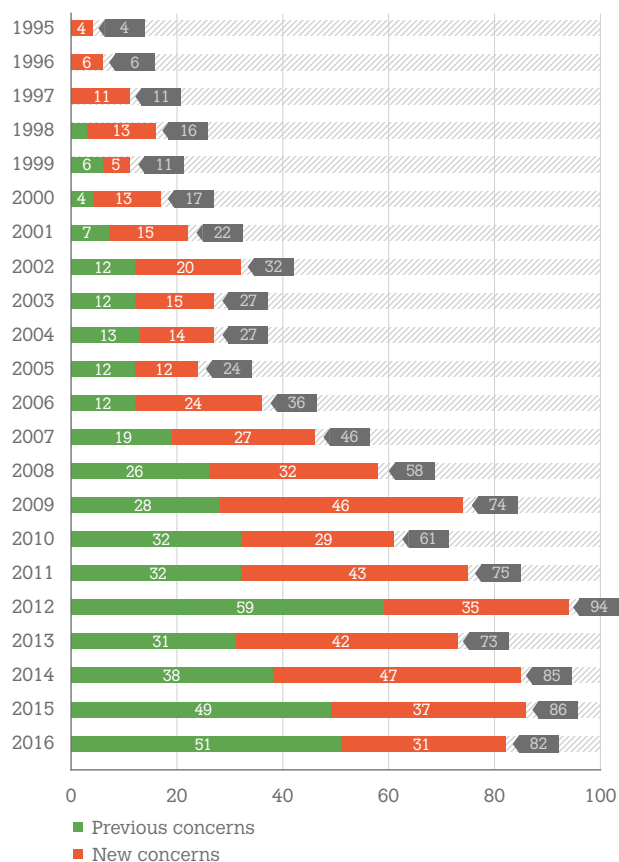
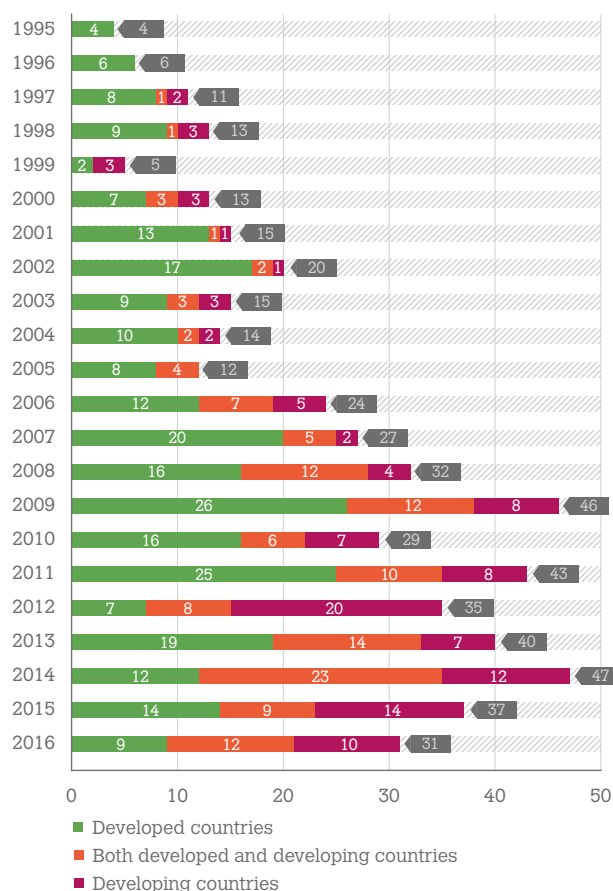


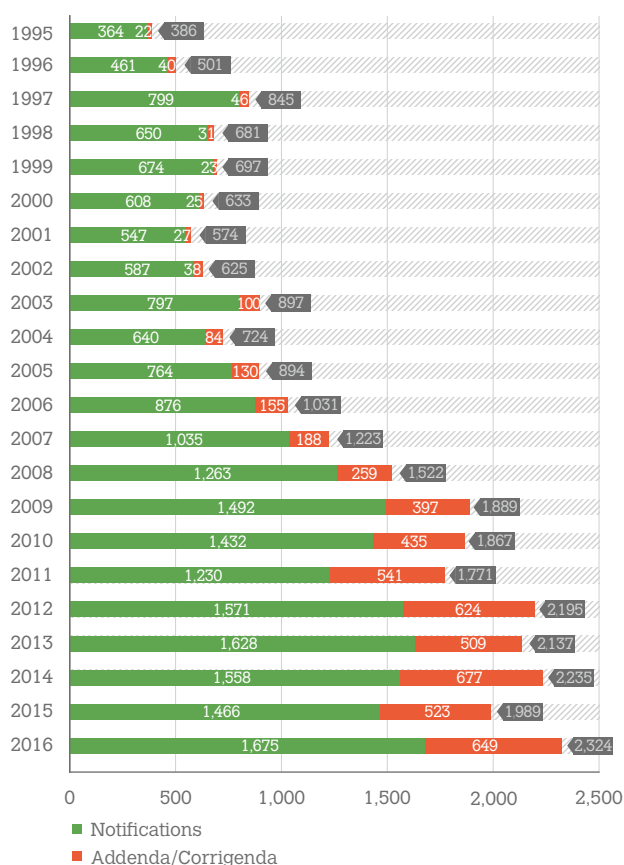
Figure 7: New specific trade concerns raised by developing and developed countries, 1995 to 2016



Notifications

In 2016, WTO members submitted a record 2,324 notifications of new (or changed) draft measures (see Figure 8), the highest figure since 1995. More than 60 per cent of all TBT notifications were submitted through the WTO's online portal, up from 52 per cent in 2015. The system has enabled the WTO Secretariat to publish notifications within two days of receipt. It also allows members to track the status of submitted notifications through a user interface and facilitates the preparation of similar notifications through the use of templates.

Figure 8: TBT notifications, 1995 to 2016



The TBT Committee received updates in 2016 from representatives of various observer organizations – the African Organisation for Standardisation; the African, Caribbean and Pacific States; the Bureau International des Poids et Mesures; the FAO/WHO Codex Alimentarius Commission; the International Electrotechnical Commission; the International Organization of Legal Metrology; the International Standards Organization; the Organisation for Economic Co-operation and Development; the United Nations Economic Commission for Europe; and the World Health Organization – on their latest activities, including on technical assistance.

ePing

Fruit of a tripartite collaboration between the WTO, the International Trade Centre (ITC) and the United Nations Department of Social Affairs (UNDESA), the global trade alert system “ePing” (www.epingalert.com) saw its official launch in November 2016. The system provides relevant information on product requirements in export markets through daily or weekly email alerts about sanitary and phytosanitary (SPS) and TBT notifications on products and markets of interest to users. Each year the WTO receives more than 3,500 TBT and SPS (see page 55) notifications proposing measures that may affect international trade. By improving access to this information, ePing will help avoid disruptions caused by these measures.

An integral part of this online system is an Enquiry Point Management tool, which facilitates information sharing and discussions at the domestic and international level. Stakeholders can track, comment on and/or adapt to the new regulatory conditions, avoiding trade disruption and addressing potential trade problems at an early stage.

Capacity building

Demand for TBT-related technical assistance has increased significantly over the last few years. In 2016, the WTO Secretariat organized 37 training activities. These included five regional workshops, seven national workshops and three advanced courses in Geneva on the TBT Agreement.

The activities were designed to help participants expand their understanding of the TBT Agreement, to discuss challenges in implementing the TBT Agreement and to better engage in the work of the TBT Committee. Particular emphasis was placed on transparency issues and national coordination. Several of the training activities also covered the SPS Agreement.

Observers

The Committee granted ad hoc observer status to the CARICOM Regional Organization for Standards and Quality. The organization, which comprises national standards bodies from each CARICOM member, works towards promoting the harmonization of metrology systems and standards.



The “ePing” system, providing regular alerts about SPS and TBT notifications, was launched at the WTO in November 2016.

Subsidies and countervailing measures

The Committee on Subsidies and Countervailing Measures (SCM) focused on improving the timeliness and completeness of WTO members' notifications and on encouraging more members to notify their subsidy programmes. Numerous members expressed serious concern at the state of notifications. The Committee considered the status of notifications of members that had benefited from extensions to the period for eliminating export subsidies.

In 2016, the 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. The chairs – Mitsuhiro Fukuyama of Japan at the spring meeting and Jin-dong Kim in the autumn – drew members' attention to the low compliance with the fundamental transparency obligation of notifying their subsidy programmes.

At the autumn meeting, Mr Kim urged the 63 members that still had not made their 2013 new and full subsidy notifications, and the 89 members that had not yet done so for 2015, to do so as soon as possible. Fifty-seven members had still not submitted their 2011 notifications. Many of these members "either have never notified or have done so only in the distant past," the Chair said. "The chronic low compliance with the fundamental transparency obligation to notify subsidies constitutes a serious problem in the proper functioning of the (SCM) Agreement," he added.

The Committee continued its consideration of 2015 new and full notifications, which is the latest notification period, and notifications for prior periods. It also continued to discuss ways to improve the timeliness and completeness of notifications and other information on trade measures under the SCM Agreement. The Committee continued to consider a proposal by the United States on procedures for questions and answers when members ask about other members'

Background on subsidies and countervailing measures

The Subsidies and Countervailing Measures (SCM) Agreement disciplines WTO members' use of subsidies and regulates the actions WTO members can take to counter the effects of subsidies if a subsidized import is 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 this.

subsidy programmes not included in their notifications. It also discussed Australia's proposal regarding additional information to be included in a WTO Secretariat compendium on subsidy notifications.

Both chairs urged developing countries that had not yet made final notifications of the elimination of their export subsidy programmes to do so. Nineteen developing countries were given a final two-year extension, to the end of 2015, for the elimination of such programmes. Final transparency notifications of the removal of the subsidies were due by end-June 2016. The Committee reviewed the final notifications that had been received, and considered the status of notifications by the members that had not yet made their final notifications. As of 31 December 2016, only seven members had provided their final transparency notifications out of 19 in total.

Least-developed countries (LDCs) and developing countries with a per capita gross national income below US\$ 1,000 a year, calculated in constant 1990 dollars, are exempt from the export subsidy prohibition. Based on World Bank calculations, 14 WTO members were still in the latter category in 2016.

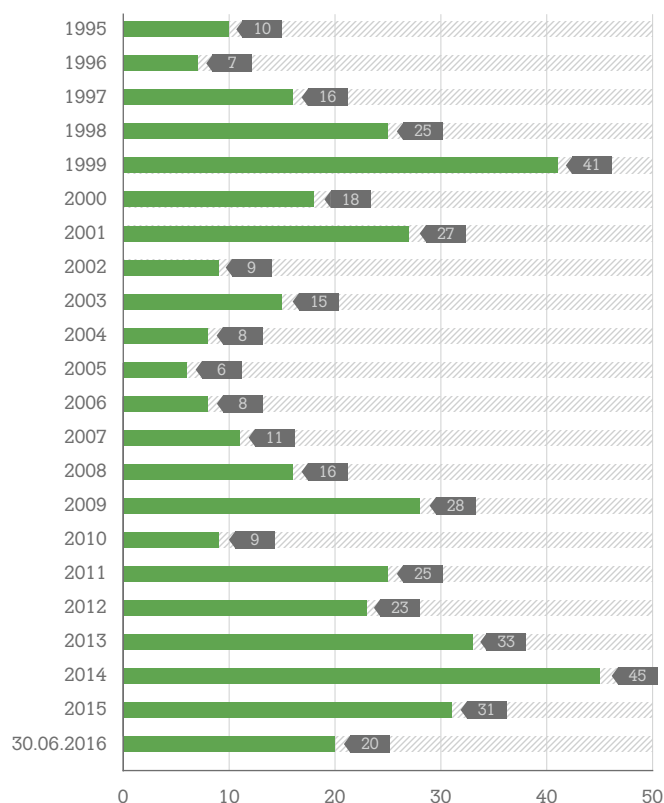
The Committee also reviewed notifications of countervailing actions taken (see Figure 9). As of 30 June 2016, there were 126 notified countervailing measures (definitive duties and undertakings) in force. The Committee also returned to a United States request to China about its support programmes for fisheries. It also considered Brazil's request to Canada for information about launch aid for Canadian plane maker Bombardier and an EU request to China. In addition, the Committee returned to the issue raised by the United States of the elimination by India of export subsidies for textile and clothing products.

The Committee started to discuss a US proposal to enhance information notified on fisheries subsidies, for which several WTO members expressed support but no consensus was reached.

The Committee also discussed a proposal by Brazil to establish an implementation working group on countervailing measures with an identical mandate to the one for anti-dumping. It proposed that the group operate as a forum where members exchange views on technical matters related to the implementation of countervailing and safeguard measures. While several WTO members were supportive, others considered that the scope of the proposed group should cover the entire SCM Agreement, particularly subsidy notifications.

Finally, at the October meeting, the Committee discussed a paper entitled "Subsidies and Over-capacity – Follow-up from the G-20 Process" submitted by the European Union, Japan, Mexico and the United States. The co-sponsors proposed that the Committee discuss whether the SCM Agreement needs to be amended to effectively regulate subsidies that contribute to over-capacity in certain sectors.

Figure 9: Countervailing initiations by reporting member, 1 January 1995 to end-June 2016*



* Figure 9 covers initiations up to the end of June 2016. Data for the second half of 2016 are not yet available.

Anti-dumping practices

WTO members initiated 145 new anti-dumping investigations from January to June 2016, significantly up from 108 in the same period in 2015. India was the leading initiator, accounting for nearly one-third of the total, followed by the United States. Steel continued to be a major concern. 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.

India and the United States were by far the biggest initiators of anti-dumping investigations in the first six months of 2016. India initiated 48 investigations, four times as many as in the same 2015 period, while the United States initiated 24, sharply up from 15 previously. Argentina, Australia, Canada, the European Union, Morocco, Pakistan and Thailand also initiated more investigations. Other frequent users of anti-dumping investigations, including Brazil, China, Mexico and Turkey, initiated fewer investigations. After India and the United States, the top initiators in 2016 were Pakistan (12), Australia (11) and Chinese Taipei (8) (see Figure 10).

Steel concerns continued to dominate discussions in the Committee on Anti-Dumping Practices. At the Committee's April meeting, several members said they believe over-capacity in the steel sector and the resulting distortions in steel trade are behind an increase in the initiation of safeguard and anti-dumping investigations on steel products.

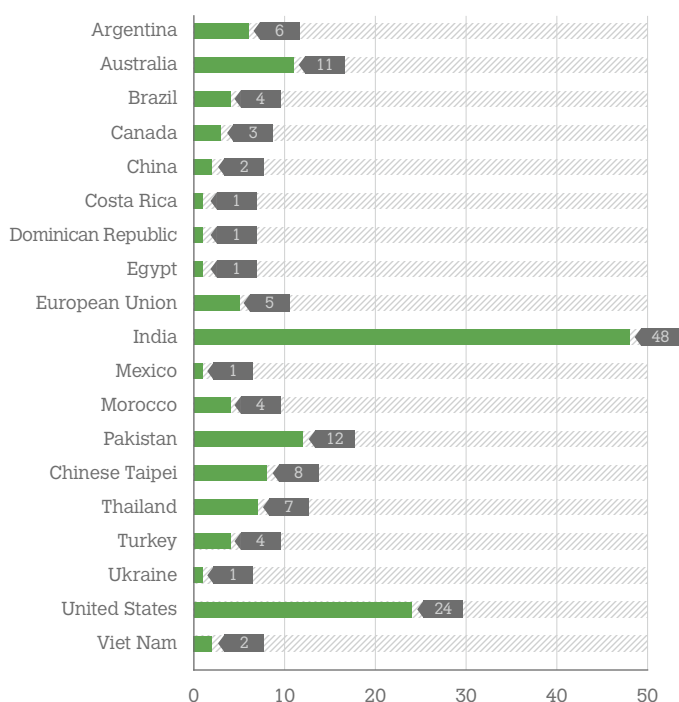
Japan said that 41 new anti-dumping investigations targeting steel imports were triggered in 2015. It added that it is concerned that oversupply in steel is mainly due to an economically unjustified expansion of production capacity among emerging economies and that this is triggering a rise in trade remedy measures globally. It urged members to examine whether their investigations meet the strict requirements set out under WTO rules. Brazil echoed Japan's concerns about the rising use of trade defence measures in the steel sector and said the trend is increasing.

Background on anti-dumping practices

WTO members can 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.



Figure 10: Anti-dumping initiations by reporting member, 1 January 2016 to end-June 2016*



* Figure 10 covers initiations up to the end of June 2016. Data for the second half of 2016 are not yet available.

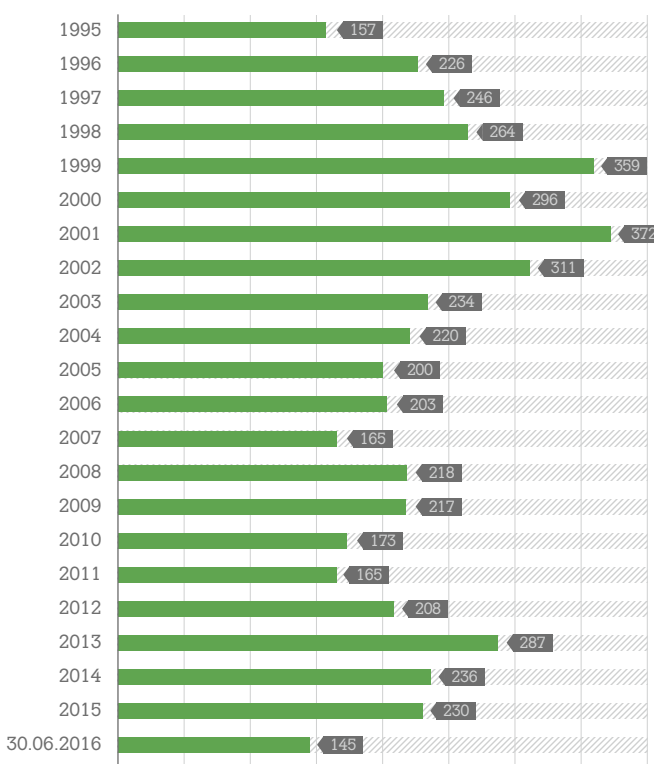
WTO members taking anti-dumping actions used the revised report format, adopted in 2008, for their semi-annual reports. Many used the minimum information format, as revised in 2009, in making their ad hoc notifications of such actions. Compliance with this notification obligation has improved. Following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

At its spring and autumn meetings, the Committee on Anti-Dumping Practices reviewed semi-annual reports for the second half of 2015 submitted by 41 WTO members and semi-annual reports for the first half of 2016 submitted by 45 members. It also reviewed ad hoc notifications of preliminary and final actions taken by 34 WTO members at both meetings. As of 30 June 2016, 45 members had notified the WTO of 1,598 anti-dumping measures (definitive duties and undertakings) in force.

The Committee reviewed new notifications of legislation submitted by the following members: Australia, Bahrain, Brazil, Canada, Colombia, Dominican Republic, India, Kazakhstan, Kuwait, Kyrgyz Republic, Oman, Pakistan, Qatar, Russia, Saudi Arabia, Seychelles, United Arab Emirates, United States and Vanuatu. Written questions posed about the legislative notification of Cameroon remained on the agenda of the April and October meetings.

The Working Group on Implementation, which serves as a forum for the exchange of information on member practices, held two meetings in 2016 and discussed the gathering and compilation of injury data and treatment of confidential information in anti-dumping investigations. Some WTO members made presentations or provided papers describing their practices while other members contributed to the discussions, posing questions or making comments.

Figure 11: Anti-dumping initiations by year, 1 January 1995 to end-June 2016*



* Figure 11 covers initiations up to the end of June 2016. Data for the second half of 2016 are not yet available.



145

WTO members initiated 145 new anti-dumping investigations from January to June 2016, compared to 108 in the same period in 2015.

Customs valuation

The Committee on Customs Valuation reviewed WTO members' national legislation on customs valuation and received responses to a standard checklist of issues. It concluded the review of five members' national legislation and received one new notification and one new reply to the checklist. The Committee continued to discuss a Uruguay proposal to update the method for determining the customs value of software for data processing equipment.

Review of national legislation

The Committee on Customs Valuation concluded its examination of the legislation of Ecuador, Mali, Moldova, South Africa and Ukraine. It continued examining the legislation of the Kingdom of Bahrain, Belize, Cabo Verde, Colombia, The Gambia, Guinea, Honduras, Montenegro, Nepal, Nicaragua, Nigeria, Russia, Rwanda and Sri Lanka. It also started to examine the legislation of the Solomon Islands. In addition, the Committee received Kazakhstan's response to the standardized checklist of issues, a questionnaire that facilitates the Committee's review of national legislation.

As of the end of 2016, the notification record remains poor, with only 97 WTO members having notified their national legislation and 65 members having provided responses to the checklist.

Uruguay's proposal

The Committee continued to discuss Uruguay's proposal to update a 30-year-old decision that has allowed WTO members to value, for customs purposes, software and data based on the cost of the carrier media (such as CDs) in which they are transported from one country to another.

Background on customs valuation

The customs value of a good plays a critical role in the calculation of import duties on an ad valorem basis. An ad valorem duty rate is one that is expressed as a percentage of the value of the imported goods, and it is the most common duty rate used in international trade. The Agreement on Customs Valuation seeks to establish a fair system for the valuation of goods for customs purposes. The Committee on Customs Valuation oversees this agreement and the Agreement on Pre-shipment Inspection.

The proposal would update the Committee's Decision on the Valuation of Carrier Media Bearing Software for Data Processing Equipment to take into account the fact that software is increasingly being imported using new types of carrier media, e.g. USB flash drives or other similar devices, which might not fall under the existing definition of "carrier medium". The proposal enjoys wide support but remains under discussion in the Committee.

Pre-shipment inspection

The Committee received two new notifications on pre-shipment inspection in 2016 – from Kazakhstan and Vanuatu. Pre-shipment inspection is the practice of employing private companies to check shipment details, such as price, quantity and quality of goods ordered overseas. The Agreement on Pre-shipment Inspection recognizes that the principles of the General Agreement on Tariffs and Trade (GATT) apply to the activities of pre-shipment inspection agencies mandated by governments.

Rules of origin

In 2016, the Committee held "transparency and educational" sessions on non-preferential rules of origin attended by private sector representatives who highlighted the impact of these rules on international trade. In addition, the Committee discussed WTO members' implementation of the Nairobi ministerial decision on preferential rules of origin, which aims to make it easier for exports from least-developed countries (LDCs) to qualify for preferential market access. LDCs presented a draft template for the notification of preferential rules of origin which will be further discussed in 2017.

Background on rules of origin

Rules of origin are the criteria used to determine the country in which a product is 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.

Non-preferential rules of origin

The Committee on Rules of Origin held two information sessions on non-preferential rules of origin in 2016. During the sessions, private sector representatives explained how businesses cope with non-preferential rules of origin requirements. These sessions formed part of a transparency and educational exercise that members agreed to initiate in 2014 because of a long-standing deadlock in the Committee's work programme on harmonizing rules of origin.

The WTO Agreement on Rules of Origin mandated WTO members to negotiate and adopt common rules of origin. Harmonized rules would then be used by all WTO members in their non-preferential trade. Non-preferential rules of origin are those which apply in the absence of any trade preference — that is, when trade is conducted on a most-favoured nation (MFN) basis. Negotiations on the harmonization work programme effectively halted around 2007 over differences in the way harmonized rules would be combined with other commercial regulations, such as anti-dumping or labelling. Members hold different views on whether to finalize the work programme.

The purpose of the transparency and educational exercise is to hear different views and learn more about how existing non-preferential rules of origin affect international trade and businesses. Many speakers pointed out that compliance with non-preferential rules of origin often imposes high costs on firms. Some called for the harmonization of non-preferential rules of origin, arguing that having a single global standard would simplify the planning and management of suppliers and reduce the uncertainty and risk associated with certification and marking of origin. Many also called for greater transparency in national requirements.

Drawing on views heard during these sessions, Switzerland circulated questions to encourage fresh discussions in the Committee about possible guidelines to streamline and simplify non-preferential rules of origin requirements.

The Chair, Chih-Tung Chang (Chinese Taipei), told members in September they should identify areas where work would be useful and said the Committee could try to narrow down discussions by focusing on specific topics, such as labelling, certification and anti-dumping. He also said it would be useful if members presented their own non-preferential origin requirements in greater detail.

Many members said they saw value in continuing the educational exercise, although some stressed the need to delineate discussions in these informal sessions from the formal work taking place in the Committee.

Preferential rules of origin

The Committee discussed the implementation of the 2013 Bali and 2015 Nairobi ministerial decisions on preferential rules of origin for least-developed countries (LDCs). At Bali, ministers set out for the first time multilaterally agreed guidelines to make it easier for LDC exports to qualify for preferential market access. At Nairobi, ministers took further steps towards ensuring that preferential trade arrangements for LDCs have simple and transparent rules of origin. Both decisions instructed the Committee to annually review developments in preferential rules of origin applicable to imports from LDCs.

In 2016, the Committee noted some new features, such as the introduction by the European Union, Norway and Switzerland of a system of self-certification of origin for registered exporters from LDCs. The Committee also reviewed notifications by preference-granting members of their imports from LDCs. At the April meeting, then chair Christian Wegener (Denmark) reminded delegations of their obligation under the Nairobi decision to inform the Committee about the measures being taken by preference-granting members to implement the 2015 ministerial decision. Developed countries should do so by the end of 2016, while for developing countries with preferential schemes, information is due when they start implementing the ministerial decision.

The Secretariat circulated a background note with the latest notifications of preferential rules of origin in favour of LDCs; 21 WTO members have preferential rules of origin for LDCs in place. The Chair noted that the report shows “very uneven” compliance with the notification requirements. Finally, the Committee was informed about a new function of the WTO Tariff Analysis Online (TAO) tool, which will allow users to directly access utilization rates under preferences for LDCs.

Following up on ministers' instructions in Nairobi, members discussed a draft template for the notification of preferential rules of origin prepared by the LDC Group. The LDCs consider that greater transparency and understanding of existing origin requirements will help their producers better seize market access opportunities. Members also considered options for the calculation of preferential utilization rates. Utilization rates could be used as an indicator of the stringency of specific preferential rules of origin (low utilization rates could indicate that the rules are overly stringent and cannot be met by LDC producers). The Committee will continue its discussions on both the template and on utilization rates in 2017.

Import licensing

The Committee on Import Licensing reviewed 86 notifications submitted by WTO members under the Agreement on Import Licensing Procedures, up from 67 in 2015. Nevertheless, the Chair of the Committee, Tapio Pyysalo (Finland), said compliance with notification obligations was “not encouraging”. The Committee heard specific trade concerns about import licensing rules and procedures applied by some members.

The Committee on Import Licensing reviewed 25 notifications from 13 WTO members regarding publications and/or legislation on import licensing procedures, and 18 notifications from 11 members relating to new import licensing procedures or changes in these procedures. It also reviewed 43 notifications from 35 members regarding responses to a questionnaire on import licensing procedures.

Improving transparency through notifications is an important objective of the Agreement, particularly given 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.

As of October 2016, 15 WTO members had not submitted any notifications under the Agreement. In addition, 23 members had never fulfilled their obligation to submit responses to the annual questionnaire on licensing procedures. WTO trade monitoring reports have identified import licensing as one of the main trade-restricting measures introduced by governments.

In 2016, six members submitted notifications for the first time – Afghanistan, Bolivia, El Salvador, Kazakhstan, Seychelles and Tajikistan. The WTO Secretariat continued to provide technical assistance and capacity building to members in need. All notifications submitted by members are published on the WTO website.

The low level of compliance with transparency obligations has been the main preoccupation of the Committee. The Chair held six informal meetings in 2016 on improving transparency and streamlining the notification procedures and templates of the Agreement. To facilitate the discussion, the Secretariat prepared a number of background papers and presentations. There is general recognition that the issue of overlapping notification requirements contained in different provisions, as well as the duplications in current notification templates, contribute to the low compliance.

Nevertheless, the Chair said he was encouraged to see more WTO members involved in efforts to improve notification procedures. He identified five issues as priorities for discussion in the Committee: identification of overlapping notification requirements, clarification of elements to be notified, the types of notifications and their content,



86

The Committee on Import Licensing reviewed 86 notifications submitted by WTO members in 2016, up from 67 in 2015.

the appropriate template for each type of notification and improvements to the annual questionnaire.

During the Committee's review of new notifications, the European Union sought clarification on notifications from Bolivia and Malaysia. Malaysia asked questions regarding Turkey's surveillance system on imports of solar products.

The Committee also heard several new specific trade concerns regarding import licensing. Several emerging economies raised questions about an EU “surveillance” measure on imports of certain steel and iron products, which requires information about traders' intention to import. Russia, supported by China and Brazil, said the procedures have a “significant” impact on delivery times and thus grant an advantage to domestic suppliers in the European Union. The EU replied that licences are valid for four months and can be requested in advance.

Russia also sought clarification from Ukraine on a draft law that would restrict the distribution of print materials such as books and magazines “with so-called anti-Ukrainian content”. It called on Ukraine to adhere to relevant WTO rules.

Ukraine, in response, said that the draft law prescribes the treatment of print material “of extremist nature”.

Some members reiterated concerns about India's import regime on boric acid, Brazil's import licensing regulatory requirements on nitrocellulose, Indonesia's import regulations on cell phones, handheld computers and tablets, Viet Nam's import regime on distilled spirits, Mexico's steel import licensing regime and Bangladesh's import licensing procedures. In addition, WTO members raised questions about several other topics, including Morocco's import regime on bladed weapons and aerial vehicles.

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

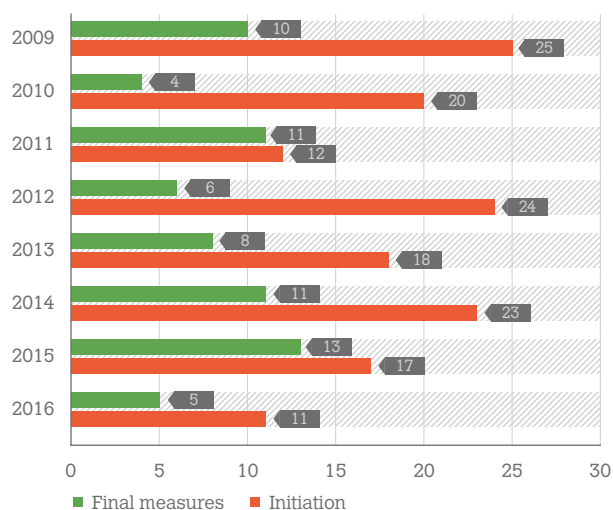
The Safeguards Committee reviewed WTO members' notifications of their safeguard rules and actions. Just 11 new investigations were initiated in 2016, the lowest figure since 2008. Notifications of final measures were the lowest since 2010. But members expressed concern at the rising use of safeguard measures in steel, which accounted for over 70 per cent of new investigations in 2016.

In 2016, the number of new investigations initiated declined to 11, from 17 in 2015 (see Figure 12). Safeguard investigations were initiated by 13 WTO members: China, the Cooperation Council for the Arab States of the Gulf (GCC) member countries (two), India, Jordan, Malaysia (two), South Africa (two), Thailand and Viet Nam. The GCC conducts safeguard investigations and imposes common measures on behalf of its member states – Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates.

The steel sector accounted for eight of the 11 investigations initiated in 2016, an unusually high percentage.

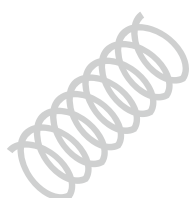
Several members told the Committee they believed over-capacity in the steel sector, and the resulting distortions in steel trade, were triggering an increase in the initiation of safeguard and anti-dumping investigations (see page 62) on steel products. Many members called for caution in the use

Figure 12: Safeguard investigations by year (for all WTO members)



of safeguard measures. They stressed that safeguards, unlike anti-dumping and countervailing duties, target exports that are not violating any WTO rules, and members imposing these measures should therefore be particularly careful.

In 2016, WTO members imposed five new safeguard measures, a sharp decline from 2014 and 2015 when the number of final measures was unusually high. The countries that imposed final measures were Chile, India (two), Ukraine and Viet Nam.



8

The steel sector accounted for 8 of the 11 safeguard investigations initiated in 2016.

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. During an investigation, importers, exporters and other interested parties may present evidence, give their views and respond to the presentations of other parties.

Trade-related investment measures

The WTO's Committee on Trade-Related Investment Measures (TRIMs) discussed three new investment measures. The Committee also continued to debate several measures previously raised by WTO members. In addition, it reviewed compliance with members' notification obligations under the TRIMs Agreement.

The TRIMs Committee met twice in 2016, with three new investment measures on the agenda, all concerning alleged local content requirements, which stipulate that at least part of a good or service should be locally produced.

The first measure, discussed at the request of the United States, concerned draft regulations published by China requiring companies in the insurance industry to procure "secure and controllable" information technologies (IT). The United States said that the draft measure could imply a preference for local technologies. The European Union and other members echoed this concern. China countered that the issue is not relevant to the TRIMs Committee and has already been raised elsewhere.

Several WTO members raised concerns about Russian import-substitution measures replacing foreign imports with domestic production. The European Union said that Russia seems to be extending its local content requirement, pointing to a new measure in Russia to give 15 per cent price preference for domestic products. Russia replied that many of the items at issue are merely proposals that may or may not be implemented. The third new issue, discussed at the request of Mexico, related to a new Argentinian law offering tax incentives to automakers that give preference to the use of local components. Argentina responded that the law at issue has not been implemented pending the approval of regulatory legislation.

The Committee also discussed several concerns, some of them long-standing, regarding measures adopted by Indonesia. These include local content requirements for certain mobile devices (smartphones) and for the telecommunications and energy sectors. WTO members also reiterated concerns about Indonesia's Industry Law and Trade Law and its minimum local product content requirements for the retail sector.

The Committee took note of two new notifications under Article 6.2 of the TRIMs Agreement, which requires WTO 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.

The Committee also received notifications from Kazakhstan and Kuwait, under Article 5.1 of the TRIMs Agreement, which requires members to notify any trade-related investment measure that is not in conformity with the TRIMs Agreement. Kazakhstan's notification referred to certain local content requirements in the oil and gas and mining sectors and to certain provisions on industrial assembly of motor vehicles. Kuwait's notification indicated that it does not apply any WTO-inconsistent TRIMs.

In December 2016, the Chair of the Committee, Marine Willemetz (Switzerland), undertook consultations with interested members to hear views on possible ways to improve the operation of the Committee.

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 trade-related investment 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.



Information Technology Agreement

The Committee continued to review progress on implementation of the Information Technology Agreement (ITA). A symposium will be held in June 2017 to mark the 20th anniversary of the ministerial declaration that launched the ITA. In 2016, participants in the ITA expansion agreement started implementing their tariff reduction commitments. Macao, China, joined the expansion of the ITA in December.

The number of participants in the ITA has remained at 53, representing 82 WTO members. The agreement covers around 97 per cent of world trade in information technology products, of which 90 per cent is duty-free. During the year, the Committee of the Participants on the Expansion of Trade in Information Technology Products continued to review progress in the implementation of the ITA.

IT symposium

Participants have agreed to hold a symposium on 27-28 June 2017 to mark the 20th anniversary of the Information Technology Agreement. Committee Chair Zsófia Tvarusko (Hungary) said she had started consulting with delegations on the format, structure and themes for the symposium. Some delegations stressed the need to make the symposium balanced by highlighting the concerns of developing countries.

Background on the Information Technology Agreement

The Information Technology Agreement (ITA) was concluded in December 1996 in Singapore. The plurilateral agreement requires participants to eliminate duties on IT products on a most-favoured nation (MFN) basis. It has 53 participants, representing 82 WTO members. The ITA covers a large number of high-technology products, including computers, telecommunication equipment, semiconductors, software and scientific instruments. The Committee of the Participants on the Expansion of Trade in Information Technology Products oversees the Agreement. The ITA expansion agreement was concluded at the Tenth Ministerial Conference in Nairobi in 2015 after three years of negotiations. It has 25 participants, representing 54 WTO members.



Product classification divergences

In 2016, the Committee made some further progress in reducing divergences in product classification. At its meeting of 18 April, the Committee agreed on the HS2007 classification (see page 52) of 15 additional so-called "Attachment B" products, thereby reducing the number of ITA products without an agreed HS2007 code to 22 items. "Attachment B" refers to a list of items attached to the 1996 Ministerial Declaration and for which there was no agreed tariff classification. ITA participants continue to work on the remaining 22 items to find a common classification. The WTO Secretariat is providing technical assistance to ITA participants in modifying their WTO schedules of commitments to reflect the agreed classification changes.

Non-tariff measures (NTMs)

One of the key areas of the NTMs work programme is a survey on conformity assessment procedures for electromagnetic compatibility (EMC) and electromagnetic interference (EMI) adopted and used by ITA participants. But responses to the survey, which aims to lead to the adoption of common guidelines, remains poor. Only 33 participants in the ITA have provided responses. The Committee encouraged those that have not yet done so to reply without further delay to enhance transparency and simplification.

In other areas of its work on non-tariff barriers (NTBs), the Committee continued to discuss follow-up to an



97%

The Information Technology Agreement covers 97 per cent of world trade in IT products, with 90 per cent of this trade now duty-free.

industry-driven workshop held in May 2015, at which the private sector shared its experience with trade policy-makers. The main issues raised at the workshop by industry representatives were transparency, standards for recognition of test results, e-labelling and energy efficiency. At the request of the Committee, the Chair Andrew Staines (United Kingdom) held informal consultations with interested delegations to examine the recommendations and avenues that were suggested by industry representatives. The consultations will continue in 2017.

Expansion of the ITA

In 2016, participants in the ITA expansion agreement, concluded at the Tenth Ministerial Conference in December 2015, started implementing their tariff reduction commitments. The landmark deal will liberalize trade in a further 201 high-tech products, whose annual value is estimated at some US\$ 1.3 trillion, around 10 per cent of world trade in goods.

Covered products include new generation multi-component integrated circuits, touch screens, GPS navigation equipment, portable interactive electronic education devices, video game consoles, and medical equipment such as magnetic resonance imaging and ultra-sonic scanning apparatus. The expansion of the agreement was the first major tariff-cutting deal at the WTO since 1996.

In December 2016, Macao, China, joined the expansion of the ITA. It presented an ambitious offer which immediately eliminates import duties and other charges on all 201 covered products. The inclusion of Macao, China, took the number of participants to 25, representing 54 WTO members, including developed and developing countries, and accounting for approximately 90 per cent of world trade in these products. Many other WTO members have signalled an interest in joining.

The decision taken at the Tenth Ministerial Conference established that the first set of tariff cuts would be implemented on 1 July 2016 and the second set no later than 1 July 2017. Further reductions would take place on 1 July 2018, with effective elimination for 90 per cent of the tariff lines covered – representing 95 per cent of imports – no later than 1 July 2019.

By the end of 2016, a large majority of participants had implemented their tariff commitments. Reporting on behalf of the ITA expansion group to the ITA Committee, Canada said that 18 of the 24 participants had submitted modified tariff schedules of commitments and that others were on track to do so. The cuts will be bound and applied on a most-favoured nation (MFN) basis, which means that all WTO members will benefit from duty-free access in these markets.



201

The expanded Information Technology Agreement liberalizes trade in a further 201 high-tech products, whose annual value is estimated at US\$ 1.3 trillion.

State trading enterprises

The Working Party on State Trading Enterprises (STEs) continued its monitoring of WTO members' notifications during its two formal meetings in 2016 and encouraged WTO members who were behind in complying with their notification obligations to improve their record.

At the June and October meetings of the Working Party on State Trading Enterprises, members started the review of new and full notifications of STEs in 2016 and asked questions about specific aspects of notifications made at previous meetings. The first notifications made by China and Viet Nam since they acceded to the WTO were among those reviewed.

In 2016, compliance with notification obligations remained poor. For the 2016 notification period only 33 new and full notifications were received out of a total of 136 members subject to this obligation. Members were encouraged by the Working Party to continue to work with their respective capitals and the WTO Secretariat to improve their notification record.

The Working Party continued to discuss a Canadian paper on agricultural exporting state trading enterprises, which aims at bringing to the attention of the Working Party discussions on export competition held in the Committee on Agriculture (see page 54).

Finally, the Working Party discussed a proposal aimed at improving transparency by automatically placing on the agenda

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 of their state trading activities.



of meetings those items whose review had not started or had not been completed at previous meetings. Consultations on this proposal continued into 2017.

Trade in civil aircraft

In 2016, the Trade in Civil Aircraft Committee began discussing how to deal with the issue of further amending the Agreement on Trade in Civil Aircraft to reflect the latest international harmonized system of product coverage. Tajikistan was granted observer status in the Committee.

The Committee adopted in November 2015 a protocol amending the Agreement to bring product coverage into line with the 2007 update of the Harmonized System (HS2007), used for classifying goods for customs purposes. The protocol had been under negotiation since 2008. None of the 32 signatories to the Agreement, of which 20 are member states of the European Union, has yet submitted to the WTO its instrument of acceptance of this protocol.

At its November 2016 meeting, the Committee discussed a proposal for another round of discussions to further update the products list to align it with the 2012 version of the Harmonized System. The Chair, Hsiao-Yin Wu (Chinese Taipei), said he will hold informal consultations on the issue.

Background on trade in civil aircraft

The Agreement on Trade in Civil Aircraft aims to achieve maximum freedom of world trade in civil aircraft, parts and related equipment – such as engines, radar, flight recorders and ground flight simulators – 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.



WTO members approved Tajikistan's request for observer status in the Committee. Tajikistan reaffirmed its intention to join the Agreement, which it undertook to do in its WTO accession commitments. It acceded to the WTO in 2013.

Trade facilitation

A major milestone for the global trading system was reached on 22 February 2017. The first multilateral trade deal concluded in the 21-year history of the WTO entered into force when the WTO obtained the necessary number of acceptances from the WTO's 164 members for the Trade Facilitation Agreement to take effect.

Rwanda, Oman, Chad and Jordan submitted their instruments of acceptance to WTO Director-General Roberto Azevêdo on 22 February, bringing the total number of ratifications over the required threshold of 110, or two-thirds of the WTO membership, the number needed to bring the TFA into force. By expediting the movement, release and clearance of goods across borders, the TFA is expected to give a significant boost to global commerce and to the multilateral trading system.

Full implementation of the TFA is forecast to slash WTO members' trade costs by an average of 14.3 per cent, notably by cutting the time taken to import and export goods. The TFA is likely 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. Implementing the TFA is also expected to help new firms to export.

Developing countries have the most to gain from the TFA; once it is fully implemented, developing countries may see a 20 per cent rise in the number of new products they export, with least-developed countries (LDCs) likely to see an increase of up to 35 per cent, according to a study by WTO economists published in the 2015 World Trade Report.

DG Azevêdo said: "By ratifying the Agreement, WTO members have shown their commitment to the multilateral trading system. They have followed through on the promises made when this deal was struck in Bali just over three years ago. And by bringing the deal into force we can now begin the work

Background on trade facilitation

Negotiations on the Trade Facilitation Agreement were successfully concluded at the WTO's Ninth Ministerial Conference in December 2013. The Agreement entered into force following ratification by two-thirds of WTO members. The Agreement aims to expedite the movement, release and clearance of goods across borders and to establish measures for effective cooperation between customs and other authorities on trade facilitation and customs compliance issues. The Agreement also contains provisions for technical assistance and capacity building.



of turning its benefits into reality... 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. This impact would be greater than the elimination of all existing tariffs around the world."

The Agreement is unique in that it allows developing countries and LDCs to set their own timetable for implementation depending on their capacity to do so. A Trade Facilitation Agreement Facility (TFAF) (see below) was created at the request of developing and least-developed countries to help ensure they receive the assistance needed to reap the full benefits of the TFA and to support the ultimate goal of full implementation of the Agreement by all WTO members.

Developed countries have committed to immediately implement the Agreement, which sets out a broad series of trade facilitation reforms. The provisions include improvements to the availability and publication of information about cross-border procedures and practices, improved appeal rights for traders, reduced fees and formalities connected with the import/export of goods, faster clearance procedures and enhanced conditions for freedom of transit for goods. The Agreement also contains measures for effective cooperation between customs and other authorities on trade facilitation and customs compliance issues.

Developing and least-developed countries will immediately apply only the TFA provisions they have designated as "Category A" commitments. For the other provisions,

The Trade Facilitation Agreement entered into force on 22 February 2017.

Its aim is to streamline, simplify and standardise customs procedures and to ease the flow of goods across borders.

How does the TFA cut red tape at the border for easier trade?

- **Speeds up** the release and clearance of goods
- Makes information on rules and procedures more **readily available**
- Requires WTO members to accept **e-payments** and electronic versions of certain documents
- Imposes disciplines for fees and penalties charged for **customs processing** of imports and exports and other services
- Introduces **harmonized processes and standards** for border agencies and customs
- Provides opportunities for traders and others to comment on proposed rules and states that WTO members shall provide a **right to appeal** customs administrative decisions
- Provides for special and differential treatment for **developing countries** seeking to implement the Agreement.

➤ **14.3%**

Full implementation of the TFA is expected to reduce trade costs by an average 14.3%, with least-developed countries forecast to enjoy an even bigger reduction.

➤ **2 days**

The TFA is likely to reduce the time needed to import goods by over a day and a half and to export goods by almost two days.

By 2030, implementation of the TFA could add up to:

➤ **2.7%**

2.7 percentage points per year to world trade growth

➤ **0.5%**

more than half a percentage point per year to world GDP growth



The WTO's Trade Facilitation Agreement Facility will help developing countries assess their specific needs for implementing the Agreement and to identify possible development partners.

➤ Rwanda, Oman, Chad and Jordan submitted their instruments of acceptance to DG Azevêdo on 22 February, bringing the total number of ratifications over the required threshold of two-thirds of the WTO membership, the number needed to bring the TFA into force.



categories “B” and “C”, they must indicate when these will be implemented and, in the case of category C provisions, what capacity-building support will be needed to help them implement them. By the end of 2016, 90 WTO members had provided their notifications of category A commitments and six members had submitted notifications for categories B and C. Notifications on category B and C commitments are to be submitted by developing countries upon entry into force of the TFA, with LDCs given an additional year.

During 2016, WTO members regularly updated the Preparatory Committee on Trade Facilitation on the state of their ratification process and briefed it on technical assistance and capacity-building activities. A workshop on establishing national committees on trade facilitation, a requirement of the Agreement, was held on 8 June 2016. The committees will facilitate domestic coordination and implementation of the provisions of the Agreement.

Representatives from more than 150 countries shared their experiences on setting up such committees. Officials from government agencies outlined their experiences in drafting the mandates, defining the institutional frameworks and ensuring the proper functioning of such committees. Donor agencies and international organizations also outlined how to obtain assistance to set up and maintain the committees.

A common theme in the discussions was the importance of private sector involvement, particularly representatives from small and medium-sized enterprises, as business is directly affected by customs bottlenecks and red tape which the TFA seeks to address. Another common theme was the need for coordination between government ministries and agencies with a role in TFA implementation.

Trade Facilitation Agreement Facility

The Trade Facilitation Agreement Facility (TFAF) was launched in 2014 to provide guidance to developing and least-developed countries on the implementation of the TFA. It provides an information-sharing platform to provide resources, to help identify possible donors and to undertake donor and recipient match-making activities. It will also provide project preparation and project implementation grants in cases where efforts to attract funding from other sources have failed.

In 2016, the work of the TFAF national and regional workshops focused on helping WTO members prepare for ratification of the TFA and submit notifications to allow them to benefit from flexibilities in implementing the Agreement. It also organized two courses aimed at helping the chairs of the national trade facilitation committees increase their understanding of the Agreement.

In addition, the TFAF helped to find donors for members that requested assistance, and held meetings with partner organizations/donors to enhance coordination of support for implementation of the Agreement.

The TFAF complements efforts by regional and multilateral agencies, bilateral donors and other stakeholders that provide technical assistance and capacity-building support for trade facilitation. It is funded by WTO members on a voluntary basis.

While funding is an important element of the Facility, its core purpose is to help WTO members access the support they need through existing projects offered by bilateral donors as well as by international and regional organizations and the private sector.



Trade in services

The Council for Trade in Services focused much of its work on electronic commerce, with WTO members exchanging information and considering a proposal for a seminar on the services aspect of this topic. A seminar was also proposed to discuss barriers to the cross-border movement of persons to provide services (mode 4). The Council continued addressing the services waiver, which allows for more favourable treatment to be given to least-developed countries.

E-commerce

Electronic commerce – the production, distribution, marketing, sale or delivery of goods and services by electronic means – figured prominently on the Council's agenda in 2016. China presented recent data on the continuing acceleration of e-commerce in its market while Canada shared information on the e-commerce provisions included in its trade agreements.

At the June meeting, after noting that existing WTO rules apply to e-commerce, some delegations called on the WTO membership to consider whether additional disciplines might usefully complement the multilateral rulebook in this area. A few delegations reiterated, however, that WTO members' discussions under the e-commerce work programme, launched in 1998, must not aim at any prescriptive outcomes.

Brazil proposed that the WTO Secretariat update a 1998 note produced to assist members' examination of the treatment of e-commerce in the General Agreement on Trade in Services (GATS) legal framework. Many delegations welcomed the suggestion but no consensus was reached.

Background on trade in services

The General Agreement on Trade in Services (GATS) defines trade in services in terms 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.

In October, the Council considered a proposal by a group of WTO members for a seminar on the services aspects of e-commerce. At the November meeting, members agreed, in principle, to hold the seminar. Many delegations called for the event to focus on the development dimension of e-commerce, to address exclusively services issues and to serve as an information-sharing exercise, remaining within the mandate of the work programme and without any negotiating implications.

Some WTO members said their agreement on the seminar was conditional on the Council also agreeing to a proposal for a mode 4 seminar (see below). The Secretariat was tasked with the preparation of a draft programme for the seminar that reflected all the concerns raised and comments made.

China presented a communication, which it also submitted to other WTO bodies tasked with the e-commerce work programme (see page 46). It proposed that discussions should focus on services directly supporting trade in goods enabled by the Internet, such as payment and logistics services. All WTO members welcomed the communication, with several seeking a number of clarifications. Many members expressed support for its call to enhance transparency and information exchange. A few also backed its call for the moratorium on custom duties on electronic transmissions to be extended, with a number arguing that it should be made permanent.

In terms of the institutional arrangement for e-commerce discussions, most WTO members expressed flexibility but some argued for deliberations to take place initially in the WTO's subsidiary councils and committees and to be referred to the General Council only when sufficiently mature.

LDC services waiver

The Council continued to discuss the services waiver for least-developed countries (LDCs). The waiver, agreed in 2011, enables WTO members to grant more favourable treatment to LDC services and service suppliers. By the end of 2016, the Council had received 23 notifications of preferential



treatment to LDC services and service suppliers, provided by 50 members (counting EU member states individually).

Notifications were submitted by Canada, Australia, Norway, Korea, China, Hong Kong (China), Chinese Taipei, Singapore, New Zealand, Switzerland, Japan, Mexico, Turkey, the United States, India, Chile, Iceland, Brazil, the European Union, Liechtenstein, South Africa, Uruguay and Thailand.

As instructed by ministers at the 10th Ministerial Conference in Nairobi, the Council promptly considered and approved all preferential treatment going beyond market access measures. The ministerial waiver stipulated that while WTO members can implement preferential treatment related to market access measures upon notification to the Council, preferential treatment regarding any other measure is subject to the Council's approval.

During the year, LDCs offered a detailed assessment of the preferences notified by the European Union, South Africa, Turkey and Canada. LDCs intend to continue sharing their examination of the notifications received at future meetings of the Council.

In Nairobi, ministers also instructed the Council to facilitate discussions on technical assistance aimed at promoting LDCs' participation in services trade. The European Union, China, Australia and India shared information on their capacity-building measures. A representative of the World Bank provided an overview of the types of assistance likely to be of greatest relevance to LDCs.

Mode 4 (movement of natural persons)

At its March and June meetings, the Council addressed a communication by India assessing barriers to entry in mode 4, which covers the temporary movement of people (rather than companies) across borders to supply services.

The communication referred to measures by the United States, Canada and the United Kingdom that India judges to impede or may impede mode 4 trade. The delegations concerned questioned India's approach in citing specific measures, rather than generic barriers, and expressed their disappointment that the issue had been raised in the Council in a manner they considered unconstructive. Several developing countries echoed India's general concerns about the many barriers that hamper mode 4 trade. India also proposed that the WTO Secretariat update its 2009 background note on mode 4 but a few members did not agree with the suggestion.

When the Council took up the issue again in October, India suggested that, rather than focusing on specific members' measures, the Council should organize either a dedicated discussion or a seminar to discuss generic mode 4 obstacles (such as unclear definitions, non-portability of social security, non-recognition of qualifications, residency requirements and economic needs tests).

Several WTO members offered their preliminary support to the suggestion but called on India to submit its proposal in writing. A few others called for a broader discussion of services market access issues, across all modes, and noted the importance of taking into account the sectoral scope and level of commitments.

In November, India made a written proposal for a mode 4 seminar. Although most WTO members said that, subject to clarifications and some amendments to the agenda, they could support India's suggestion, a few did not have instructions from their capitals and could not agree to it. It was agreed that the Chair would hold consultations on the proposal.

Exemptions to the MFN obligation

In June, the Council started a fourth review of the exemptions that many WTO members took from the most-favoured nation (MFN) obligation on becoming a member of the WTO.

The review examines whether the conditions that gave rise to the exemptions still exist. The Council decided to hold the substantive part of the review in a dedicated meeting in March 2017 on the basis of a question-and-answer process organized by sector. It requested questions to be submitted in writing before the end of 2016 and answers circulated in written form in advance of the dedicated meeting. The WTO Secretariat was mandated to update the compilations and statistical notes on MFN exemptions it had prepared for the previous review in 2010.



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The Services Council received 23 notifications of preferential treatment provided by WTO members to LDC services and service suppliers by end-2016.

Other issues

At the meetings in March, June, October and November, Russia made a statement on measures related to the reform of the Unified Gas Transportation System of Ukraine. Ukraine responded to the statement and a few other WTO members intervened on this issue.

In March, Canada raised concerns about new administrative rulings adopted by China related to online publishing services.

In accordance with the GATS' transparency provisions, the Council received 20 notifications of new or revised measures that could significantly affect trade in sectors where the notifying WTO members have commitments. Another 13 notifications dealt with new economic integration agreements covering services trade.

Financial services

On 18 March 2016, Brazil accepted the Fifth Protocol to the GATS, which embodies the results of the financial services negotiations concluded in 1997. The protocol has now been accepted by all its parties.

The Committee on Trade in Financial Services continued its consideration of financial inclusion, focusing on the most important barriers, such as inadequate regulatory frameworks, institutional weaknesses and deficient financial infrastructure. It also focused on trade in services' contribution to the elimination of financial exclusion. As part of this discussion, WTO members exchanged information on their respective financial inclusion initiatives.

Under the Committee's ongoing review of global financial regulatory reform and the implications for trade in financial services, the Global Forum on Transparency and Exchange of Information for Tax Purposes made a presentation on recent developments and discussed with WTO members the potential implications for trade in financial services.

Jamaica, on behalf of the members of the Caribbean Community (CARICOM), highlighted the problems associated with de-risking by global banks, which could affect a wide range of international transactions, including remittance transfers, international trade finance and credit card settlements.

Specific commitments

In 2016, the Committee on Specific Commitments considered how to reinvigorate the discussion on economic needs tests (ENTs). An ENT is a test that conditions market access on the fulfilment of certain economic criteria. A major problem with respect to ENTs is that most relevant entries in WTO members' schedules of commitments provide no or minimal indications on the criteria applied.

Turkey made a number of suggestions for future work, including updating the WTO Secretariat's note on ENTs, examining tendencies in the scheduling of ENTs in regional trade agreements, exchanging information among WTO members on the application of ENTs and identifying common elements of the criteria for ENTs by mode or by sector. Turkey's proposal received general support.

Members generally agreed that ambiguous ENT entries in WTO members' schedules of commitments undermined the value of specific commitments under the GATS. Nevertheless, the Committee only agreed to task the Secretariat with updating its note by examining the schedules of newly acceded members.

The WTO Secretariat examined the schedules of commitments of the 11 WTO members that have acceded to the WTO since 16 April 2010. The note highlights that many ENT-related entries continue to be problematic, even in new members' schedules. The Committee will continue to consider how to proceed further with Turkey's proposal.

The Committee briefly touched upon the issue of "new services" – those that appear to be not specifically mentioned in the GATS classification system. A number of WTO members indicated that the Committee had exhausted this discussion while some others continued to express interest in further exploring related issues. Members have been divided on whether "new services" exist and whether a definition is needed and on their implications for existing GATS commitments.

The Chair, Gustavo Miguel Vanerio Balbela (Uruguay), held consultations on possible future work under the Committee's mandate. At the meeting of 5 October 2016, a number of WTO members expressed interest in having discussions on various scheduling and classification issues, in particular those related to e-commerce. There were also questions about the purpose of the Committee's work in the absence of market access negotiations. The Chair will continue to consult with members on the future work of the Committee.

Trade-related aspects of intellectual property rights (TRIPS)

An amendment to the TRIPS Agreement making it easier for developing countries to access affordable medicines came into force in January 2017. The TRIPS Council continued its regular work on promoting transparency in WTO members' intellectual property systems and reviewed the implementation of the TRIPS Agreement. It also discussed access to medicines, biodiversity, patentability of life forms and technical cooperation, among other topics.

TRIPS and public health

On 23 January 2017, an amendment to the TRIPS Agreement entered into force, 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 an WTO accord has been amended. The amendment came into force after the protocol containing it was accepted by the necessary two-thirds of WTO members.

Unanimously adopted by WTO members in 2005, the protocol amending the TRIPS Agreement makes permanent a mechanism to ease poorer WTO members' access to affordable generic medicines produced in other countries. The amendment allows generic versions of patented medicines to be produced under compulsory licences (i.e. without the consent of the patent owner) exclusively for export to countries

that cannot manufacture the needed medicines themselves or not in sufficient quantities.

"This is an extremely important amendment. It gives legal certainty that generic medicines can be exported at reasonable prices to satisfy the needs of countries with no pharmaceutical production capacity, or those with limited capacity. By doing so, it helps the most vulnerable access the drugs that meet their needs, helping to deal with diseases such as HIV/AIDS, tuberculosis or malaria, as well as other epidemics," said Director-General Roberto Azevêdo.

"The entry into force of the TRIPS amendment is a milestone in the WTO's comparatively short history," said the Chair of the TRIPS Council, Ambassador Modest Jonathan Mero of Tanzania.

WTO members who are yet to accept the TRIPS amendment currently have until end December 2017 to do so. In the meantime, a 2003 waiver decision granting access to affordable medicines from third-country sources continues to apply to these members.

Background on TRIPS

Intellectual property rights have become a key part of the debate about economic development and broader public policy questions, such as innovation and public health. 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 and observers, administers the TRIPS Agreement, provides a forum for debate on policy issues and reviews the intellectual property legislation of individual WTO members.

In 2016, the Council also discussed a report by the UN Secretary-General High-Level Panel on access to medicines at the request of Brazil, India, China and South Africa. These members highlighted key recommendations made in the report, including a call for respect of the 2001 Doha Declaration on TRIPS and Public Health and full use of TRIPS flexibilities for access to medicines. The 2001 declaration stated that the TRIPS Agreement "does not and should not prevent members from taking measures to protect public health".

Discussions among WTO members also covered other recommendations, including on rigorous definitions of invention and criteria for the granting of patents that are "sensitive"



An amendment to the TRIPS Agreement entered into force on 23 January 2017

The amendment eases poorer WTO members' access to medicines by allowing generic versions of patented medicines to be produced under compulsory licences (i.e. without the consent of the patent owner) for export to countries that cannot manufacture the needed medicines themselves.

Five things you need to know about the TRIPS amendment

1. It is the first time since the WTO was created in 1995 that WTO rules have been amended.

1st

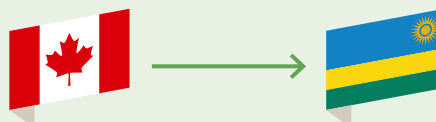
2. The amendment is entirely driven by public health concerns. African countries played a major role in bringing about this change.



3. Law making can sometimes be slow but patience pays off. WTO members first agreed to ease access to generic medicines for countries lacking production capacity in 2003. Two years later, this decision was transformed into a permanent amendment to the WTO's IP rules. The amendment finally entered into force in 2017 after two-thirds of WTO members had accepted it.

2003 → 2017

4. The compulsory licence system for the export of medicines has been used once so far. A Canadian company exported HIV/AIDS medicine to Rwanda in 2008 and 2009. Efforts to make the amendment work effectively in the future and to deliver concrete results are under way.



5. The amendment came into force once Burkina Faso, Liechtenstein, Nigeria, the United Arab Emirates and Viet Nam submitted their instruments of acceptance in January 2017, bringing the total number of acceptances over the threshold of two-thirds of the WTO membership, the number needed to bring the amendment into effect. The rate of acceptances increased significantly over the past two years, with 36 WTO members having submitted their instruments of acceptance since the start of 2015.



Implementation
and monitoring

■ Implementation and monitoring

to public health. Members also discussed cooperation by international organizations to support governments applying such criteria, including training for patent examiners as well as legislation that facilitates the granting of compulsory licences. Some members highlighted the importance of innovation to promoting global health and the key role of IP protection in driving medical innovation, and expressed their concern over the narrow perspective of the panel report.

During 2016, the issue of TRIPS and public health continued to be addressed in various technical cooperation activities organized by the WTO Secretariat in collaboration with the World Health Organization and the World Intellectual Property Organization. The annual WTO workshop on trade and public health was held in Geneva in October and covered a wide range of topics, including the interface between health, trade and IP, the economics of innovation and access to health technologies, pricing and procurement policies, competition policy and rules, health services and the WTO's Trade Facilitation Agreement. Thirty-five government officials from 30 developing countries and five developed countries attended the workshop.

The three organizations hosted their sixth trilateral technical symposium in October. The symposium on antimicrobial resistance reviewed how to foster access to, and appropriate use, of antibiotics and innovation. The misuse of antibiotics can lead to the evolution of more resistant pathogens, posing a major risk to public health systems, participants heard. The issue of antimicrobial resistance has attracted growing global attention. In September 2016, a UN High-Level Meeting on Antimicrobial Resistance committed world leaders to curbing the spread of infections that are resistant to antimicrobial medicines.

Promoting transparency

Transparency in national IP systems is a key principle of TRIPS. It helps the TRIPS Council monitor the implementation of the TRIPS Agreement, to reduce trade tensions and to build productive trading relationships among WTO members.

TRIPS notifications provide a unique body of information and are an important transparency mechanism. In 2016, 15 WTO members notified the Council of more than 100 pieces of legislation, which reflect evolving policy needs and technological, social and commercial development in these jurisdictions.

In June 2016, the European Union notified the Council of its trademark reforms, which aim to give businesses more effective protection. Five members — Brazil, India, South Africa, China and Indonesia — expressed concerns about the impact of the new directive. They said they are concerned the new trademark regime could result in possible restrictions on legitimate shipments of goods, including essential medicines in transit. The European Union replied that the trademark provisions are limited to the use of trademarks that are identical with a trademark registered in the European

Union and will neither target patent infringements nor pharmaceutical products.

Under the Council's review of national implementing legislation, the European Union and the United States introduced their respective new legislation on the protection of trade secrets. They highlighted the importance of trade secrets to the fostering of innovation, encouraging exchange of knowledge and promotion of economic growth. Their presentations were complemented by brief overviews of relevant legislation in Canada, Japan, New Zealand and Chinese Taipei.

Trade secrets include formulas, processes, technological know-how, commercial data and other information. For the United States, protecting trade secrets is essential for maintaining the competitive edge of US business. The European Union noted that trade secrets are often used by small companies that do not have the resources to formally file patents.

Based on the notifications received, the Council completed reviews of TRIPS implementing legislation of Fiji and Tajikistan and initiated reviews of the legislation of Seychelles and Kazakhstan, both of which acceded to the WTO in 2015 and agreed to apply the TRIPS Agreement as of the date of their accession.



The Council continued its work on the e-TRIPS project. This aims to improve the timeliness and completeness of TRIPS notifications and other relevant information flows and to provide an enhanced information service for WTO members.

Plants, animals, biodiversity and traditional knowledge

The Council continued to deliberate a cluster of issues 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.

Two issues remained at the forefront: whether the TRIPS Agreement should be amended to prohibit the patentability of life forms; and whether – and, if so, how – TRIPS should do more to promote the CBD objective of equitably sharing the benefits that arise from the use of genetic resources and associated traditional knowledge.

Views continued to diverge on whether to amend the TRIPS Agreement to oblige WTO members 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.

Incentives for technology transfer

In October 2016, the Council, in its regular session, undertook the 14th annual review of reports provided by developed countries on the incentives they give for the transfer of technology to LDCs. The TRIPS Agreement requires developed countries to provide such incentives. In 2003, the Council, fulfilling a directive of the 2001 Doha Ministerial Conference, established a review mechanism to monitor this obligation.

The WTO Secretariat organized a ninth annual workshop to enhance LDCs' understanding of the reports and to enable LDCs and developed countries to have an open and frank dialogue about the operation of these incentives. On behalf of the LDC Group, Ambassador Eloi Laourou (Benin) recognized that some developed countries had defined "transfer of technology" in their reports, and indicated that this was a technical concept which encompassed the transfer of IP, ideas and technology.

In the discussion on IP and innovation, LDCs called for the implementation of Article 66.2 to foster the transfer of green technology, since LDCs are particularly vulnerable to climate change. LDCs have long pushed for this article, laying out the obligation for developed countries to provide incentives for technology transfer to be made more effective.

TRIPS non-violation and situation disputes

In 2016, WTO members continued to discuss the application of so-called non-violation and situation complaints but without narrowing their differences over whether such disputes should be permitted under the TRIPS Agreement, whether there is a need to establish the scope and ground rules (modalities) for such complaints, and whose task it would be to propose possible elements for the scope and modalities.

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, even without any violation of 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". This moratorium has been repeatedly extended by ministerial conferences. Most recently, the Tenth Ministerial Conference in Nairobi in 2015 recommended the Council to continue examining the scope and modalities for these disputes and to make recommendations to the next ministerial conference.

Technical cooperation and capacity building

The Council was updated on IP technical cooperation by developed countries, other intergovernmental organizations and the WTO Secretariat. The Secretariat continued to focus on assisting WTO members and observers to understand the rights and obligations which flow from the TRIPS Agreement and relevant decisions of WTO bodies to enable them to meet their developmental and other domestic policy objectives.

The WTO and WIPO jointly delivered two advanced technical assistance courses for government officials and university teachers in March and June in Geneva. The aim was to strengthen the capacity of developing-country participants to monitor and participate in international IP developments and to make informed assessments of IP policy issues. Over the past decade, the two courses have trained about 280 IP teachers and about 170 government officials.

In November, the WTO Secretariat organized a workshop on supporting least-developed countries (LDCs) in making effective use of intellectual property rights in advancing their national economic and social development goals.

Innovation

In 2016, the Council discussed three new topics as part of its series on "intellectual property and innovation", which has been requested by several WTO members on an ad hoc basis since 2012. The topics included IP education and diffusion, sustainable resource and low-emission technology strategies, and regional innovation models.

■ Implementation and monitoring

In March, WTO members shared detailed information on IP education as an innovation accelerator which benefits both innovators and users. The Council turned in June to discussing the role of IP in sustaining innovation and contributing to environmentally friendly growth and development. The discussion was linked to the broader policy context, notably the Paris Agreement on climate change and the implementation of the UN 2030 Sustainable Development Goals.

In its meeting of November, the Council discussed regional innovation models. Many members, including the European Union, Australia, Switzerland, Japan, the United States, Brazil and Canada, shared their experiences in setting up regional innovation hubs and collaborating across borders.

E-commerce

At the Tenth Ministerial Conference in Nairobi in 2015, members decided to continue work under the Work Programme on E-Commerce, based on their existing mandate

and guidelines. The Council resumed discussions on IP and e-commerce, initially on the basis of a request by Canada.

The Council discussed how to develop concrete themes which could guide its work on e-commerce during 2017. During 2016, Canada shared its national experience of an enforcement initiative against the sale of counterfeit products over the Internet. Brazil made a submission on copyright implementation in the digital environment, which would be examined in 2017. The Council is expected to make a substantive contribution to the periodic review of e-commerce that the General Council will conduct and report to the next Ministerial Conference in December 2017.

Other issues

No new proposals emerged from the reviews, mandated under the TRIPS Agreement, of the Agreement as a whole (the “71.1 review”). The Council’s work on the incentives for technology transfer to LDCs and on “non-violation and situation complaints” is discussed on page 81.

Trade and environment

In 2016, the Committee on Trade and Environment discussed a broad range of trade-related environmental issues, including climate change, reform of fossil fuel subsidies, chemicals and waste management, wildlife trade, forestry and fisheries. The Committee was also updated on the WTO environmental database, the environmental provisions in regional trade agreements and the Environmental Goods Agreement negotiations.

Climate change and trade

The United Nations Framework Convention on Climate Change (UNFCCC) briefed the Committee on the main features of the 2015 Paris Agreement, which sets out a global action plan to avoid dangerous climate change by limiting global warming to below 2°C, and the status of climate change discussions. Several WTO members highlighted the importance of the Agreement and called for coherence between trade and climate policies.

Brazil, Chile, China, Mexico and Singapore presented their respective national climate action plans, known officially as Intended Nationally Determined Contributions (INDCs). Chinese Taipei described its experience with renewable energy and other policies related to climate change.

Citing the need for coherent policies, Korea, Canada, Costa Rica, Mexico and Chinese Taipei submitted a joint proposal to deepen the understanding of the relationship between trade and climate change. Their proposal is to take stock of discussions taking place at the WTO and other international organizations to deepen WTO members' understanding of trade policy's potential contribution to addressing climate change. Several delegations expressed support for the proposal. However, some expressed concerns and suggested that climate change discussions are better left to other fora.

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.

Reform of fossil fuel subsidies

On behalf of the Friends of Fossil Fuel Subsidy Reform – an informal group of non-G20 countries – New Zealand drew attention to a communiqué on reform of fossil fuel subsidies issued at the UNFCCC conference in Paris. The communiqué called on the international community to increase efforts to phase out subsidies to fossil fuels by promoting policy transparency, ambitious reform and targeted support for the poorest.

New Zealand also drew attention to the commitment to rationalize inefficient fossil fuel subsidies contained in the Addis Ababa Action Agenda, a global action agenda for financing sustainable development adopted in 2015, and the United Nations' Sustainable Development Goal 12 (see page 40).

Several WTO members acknowledged the importance of the reform of fossil fuel subsidies, shared their experiences, and supported continued discussions in the Committee. However, several other members said that reform of fossil fuel subsidies has no link to the WTO; they were of the view that the WTO is not the appropriate venue to discuss such matters.



SDG 12 calls for sustainable consumption and production and environmentally sound management of chemicals and wastes throughout their life cycle.



Some WTO members have stressed the need to prohibit certain forms of fisheries subsidies which contribute to over-capacity and over-fishing, and to eliminate subsidies that contribute to illegal, unregulated and unreported fishing.

Chemicals and waste management

Following a request from several developing countries, the Committee discussed chemicals and waste management, with a focus on discarded electronics or “e-waste”.

The Secretariat of the Basel, Rotterdam and Stockholm (BRS) conventions, which all aim to protect human health and the environment from the harmful effects of chemicals and hazardous waste, made a presentation on its work. Executive Secretary, Rolph Payet, informed WTO members of BRS work regarding the management and recycling of e-waste.

The United Nations Industrial Development Organization (UNIDO) presented its work on the sustainable management of e-waste and the main barriers to e-waste treatment, particularly for developing countries. Chile, Canada and Chinese Taipei shared their domestic practices and regulations on waste management.

Wildlife trade

The Committee was briefed by the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) about recent developments, including decisions taken to combat illegal trade in wildlife and to improve the sustainability, legality and traceability of trade in wildlife at its conference of parties in Johannesburg in October 2016.

The European Union presented its Action Plan against Wildlife Trafficking, adopted in 2016, which sets out a roadmap for the EU strategy against wildlife trafficking until 2020. The United States updated delegations on the work of its Presidential Task

Force on Wildlife Trafficking, including the National Strategy for Combatting Wildlife Trafficking issued in 2014.

Forestry

Canada presented its forest and forest product governance and regulations as well as its legislation to enforce CITES in Canada and to control imports of non-CITES species obtained illegally. In addition to domestic experiences, the Committee was also briefed by the International Tropical Timber Organization on activities related to forest law enforcement and cooperation with CITES.

Fisheries

The Food and Agriculture Organization (FAO) shared findings from the 2016 State of World Fisheries and Aquaculture report, which highlights the role of fisheries in food security and provides information on fish trade. WTO members showed interest in the findings and some stressed the need to prohibit certain forms of fisheries subsidies (see page 42) which contribute to over-capacity and over-fishing, and to eliminate subsidies that contribute to illegal, unregulated and unreported (IUU) fishing.

Environmental provisions in RTAs

Several WTO members spoke about environmental provisions in regional trade agreements (RTAs). Canada shared its experience in negotiating and implementing environmental



Negotiations on an Environmental Goods Agreement are taking place among 46 WTO members, with the aim of slashing tariffs on a variety of environmental goods.

provisions in free trade agreements and said that the key principle it follows is to promote mutual supportiveness between trade opening and environmental protection. New Zealand gave a presentation on the implementation of environmental provisions in its RTAs, providing concrete examples of bilateral cooperation under its agreements.

The European Union noted that the rationale for including environmental provisions in RTAs is rooted in the recognition that environmental policies are an integral part of sustainable development. Chile, Korea, Switzerland and Chinese Taipei shared their experiences with environmental provisions in RTAs.

The WTO Secretariat made a presentation on environmental provisions in RTAs notified to the WTO, based on a WTO staff working paper published in August 2016. The analysis covers 270 RTAs in force and notified between 1957 and May 2016. Environmental exceptions along with environmental cooperation continue to be the most common types of environment-related provisions in the RTAs.

WTO environmental database

The WTO Secretariat presented an updated version of the Environmental Database and highlighted key trends in environment-related trade measures notified to the WTO. The database, which is updated annually, contains all environment-related notifications submitted by WTO members as well as environmental measures and policies mentioned in trade policy reviews (see page 92).

WTO members expressed their appreciation for the database and suggested that it could be improved with a web-based interface to facilitate dissemination and ease of use. The Secretariat noted that it is exploring such improvements subject to the availability of resources.

Environmental goods

Australia, as chair of the Environmental Goods Agreement (EGA) negotiations, continued to update the Committee on progress. The EGA is being negotiated by 18 participants, representing 46 WTO members (see page 41).

Other topics

Ecuador told WTO members that the current multiplicity of organic agricultural certificates creates a market access barrier, particularly for small producers. It said it supports giving preferential tariff treatment for organic products because this will create incentives for production, promote sustainable consumption and contribute to global environmental protection.

Australia briefed delegations on a workshop on “The WTO and Agenda 2030”, jointly organized by Mexico, Indonesia, the Republic of Korea, Turkey and Australia in October 2016. The workshop explored the history and content of Agenda 2030 as it relates to trade and featured detailed discussions of selected areas of Agenda 2030 relevant to WTO work.

MEAs and other international organizations

The Committee continued to serve as a platform to inform WTO members about the latest developments in multilateral environmental agreements (MEAs) and other international organizations. In 2016, this included briefings by the United Nations Environmental Programme (UNEP) on its work related to the implementation of the 2030 Agenda, including initiatives to promote synergies between trade and environment policies.



In June, a panel discussion was held as part of an advanced course on trade and the environment co-organized by the WTO and the Grantham Institute, Imperial College London.

UNEP also briefed delegations on the second United Nations Environmental Assembly (UNEA-2), held in May 2016, and the deal adopted under the Montreal Protocol in October 2016 to curb the use of hydrofluorocarbons (HFCs), a major contributor to climate change. The agreement, reached in Kigali, caps and reduces the use of HFCs gradually, starting in 2019.

The United Nations Conference on Trade and Development (UNCTAD) presented a report on “trading into sustainable development: trade, market access, and the Sustainable Development Goals”. The Organisation for Economic Co-operation and Development (OECD) presented a working paper on how stringent but well-designed environmental policies in a country tend to encourage the development and exports of environmentally friendly goods and services.

Technical assistance and outreach

In 2016, the WTO organized a two-week advanced course on trade and environment. A session on “unlocking trade for clean energy technology” was jointly delivered with the Grantham Institute of Imperial College, London, as part of the course. Speakers at the event discussed how trade can help bring climate technology solutions to where they are needed most and thereby help countries around the world achieve sustainable development.

Trade and environment training was also delivered as part of the WTO’s Geneva-based and regional trade policy courses, and through the e-learning platform.

The WTO collaborated with UNCTAD and the International Trade Centre in an event held at the UNFCCC Conference of the Parties (COP22), in Marrakesh, Morocco, in November. The main message was that trade can play an important role in addressing climate change and helping countries meet their commitments to the Paris Agreement.

Trade and transfer of technology

The Working Group on Trade and Transfer of Technology continued to analyse the relationship between trade and transfer of technology. It heard a presentation by Chinese Taipei on its experience with technological innovation and its transfer. WTO members also continued to discuss a submission by India, Pakistan and the Philippines on “facilitating access to information on appropriate technology sourcing”.

Discussions in the Working Group on Trade and Transfer of Technology highlighted the importance of technology and technical know-how for improving productivity, promoting export growth and supporting economic growth in developing and least-developed countries. WTO members reiterated a call to share national experiences, particularly if members have undergone rapid development in recent years. It was underlined that such experience-sharing would help technology-deficient countries make more informed choices in support of growth.

Chinese Taipei shared its experience with innovation, technology generation and its transfer. It emphasized that the key to building a sound technological base is the existence of a comprehensive technology policy that encourages institutional development and investment flows and that establishes linkages between all stakeholders. The presentation showed how Chinese Taipei had used technology transfer to help St Lucia improve its capacity to tackle Black Sigatoka Disease, a leaf disease affecting banana plants.

Discussions also highlighted the crucial role played by supportive governmental policies, finance, investment flows, research and development, educational institutes, human resources and infrastructure development in technology transfer.

Background on trade and transfer of technology

The Working Group on Trade and Transfer of Technology was established at the Doha Ministerial Conference in 2001 “to examine the relationship between trade and transfer of technology and to make recommendations on steps that might be taken, within the mandate of the WTO, to increase flows of technology to developing countries”.



During 2016, WTO members continued to discuss a submission by India, Pakistan and the Philippines entitled “Facilitating access to information on appropriate technology sourcing – A step to increase flows of technology to developing countries”. The proponents suggested that the Working Group should recommend the establishment of a dedicated WTO webpage on technology transfer, which could serve as a one-stop-shop on technology-related issues.

Regional trade agreements

The Committee on Regional Trade Agreements (CRTA) began discussing the implications of RTAs for the multilateral trading system, as called for by the Tenth Ministerial Conference in Nairobi. In 2016, the WTO received 22 notifications of RTAs, up from 16 in 2015. The notifications involved 11 new RTAs. The Asia Pacific region and the Americas notified the highest number – five each. The WTO launched a new book on RTAs and their relationship with the WTO's rules.

Notifications

Of the 11 regional trade agreements (RTAs) notified to the WTO in 2016 (counting goods and services together), eight included both goods and services provisions while three included goods provisions only. In contrast to 2015, when most of the agreements were between developing and developed trading partners, only three of the RTAs were between developed and developing partners, while eight RTAs were between developing partners only.

WTO members reached a new milestone with the notification in June 2016 of an RTA between Japan and Mongolia. Before then, Mongolia had been the only WTO member that was not party to an RTA. Members from the Asia Pacific region and the Americas were involved in five RTAs each. Other RTAs involved members from Europe, the Commonwealth of Independent States, Africa and the Middle East. Three of the agreements covered members from two different regions and eight covered members from one region.



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In 2016, the WTO received 22 notifications of RTAs, up from 16 in 2015.

The notifications took the number of RTAs notified to the WTO by 31 December 2016 to 643, of which 431 were in force (see Figure 13). 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, must be notified separately and thus are counted separately. However, if all three elements are counted together, the 643 notifications involved 464 individual RTAs, of which 271 were in force.

Some 83 RTAs had not been notified to the WTO as of 31 October 2016. Committee Chair Ambassador Daniel Blockert (Sweden) also told the Committee in November that he had consulted with delegations involved in RTAs for which data submissions are incomplete and hoped they will soon provide missing information so that the Secretariat can complete factual presentations of these RTAs.

Background on regional trade agreements

The Committee on Regional Trade Agreements (CRTA) monitors 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 examines RTAs individually and considers their systemic implications for the multilateral trading system. Following the notification of the RTA between Mongolia and Japan in June 2016, all WTO members now have an RTA in force (some belonging to as many as 30).

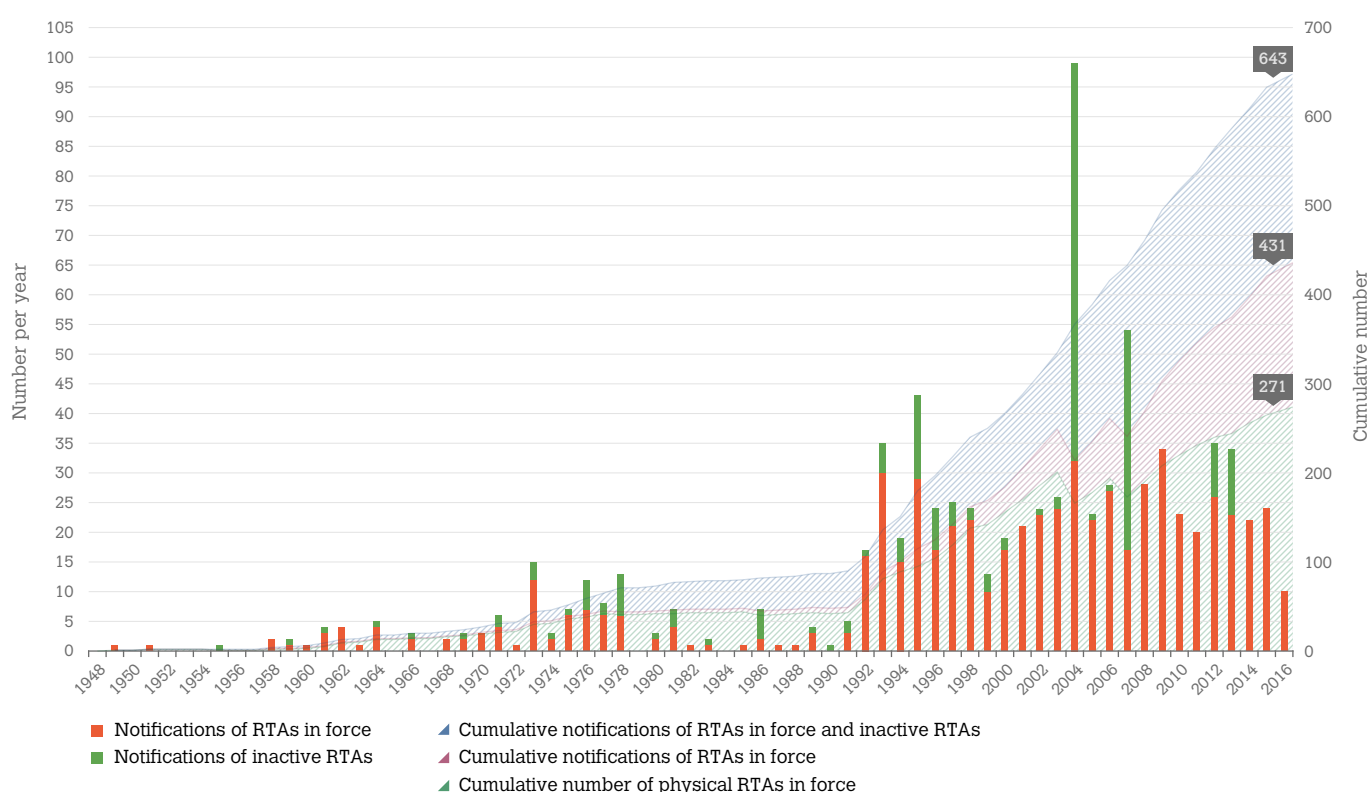
Monitoring RTAs

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 Article V of the General Agreement on Trade in Services (GATS) (for trade in services), are subject to the provisions and procedures of the transparency mechanism.

The mechanism provides specific guidelines on when a new RTA should be notified to the WTO Secretariat and the related information and data to be provided. It also requires the Secretariat to prepare a factual presentation on each



Figure 13: All RTAs notified to the GATT/WTO (1948 to 2016) by year of entry into force



Note: Notifications of RTAs: goods, services & accessions to an RTA are counted separately. Physical RTAs: goods, services & accessions to an RTA are counted together. The cumulative lines show the number of notifications/physical RTAs that were in force for a given year.
Source: WTO Secretariat.

RTA, and that each RTA be reviewed by WTO members. On 14 December 2016, the WTO marked the 10th anniversary of the mechanism, which has reviewed 143 RTAs involving 106 WTO members over the past decade.

The General Council established the transparency mechanism on a provisional basis in 2006. In Nairobi in December 2015, ministers called on WTO members to work towards making the mechanism permanent.

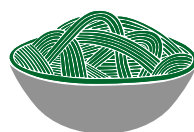
The Chair said that, based on his consultations, there is less commitment from members for possible negotiations about a permanent review mechanism although certain members had stressed that the issue remains important. For the mechanism to be adopted on a permanent basis, members need to review, and if necessary, modify it as part of the overall results of the Doha Round. The Negotiating Group on Rules started the review in 2011 (see page 42). Members are also required to review the legal relationship between the mechanism and relevant WTO provisions on RTAs.

Agreements notified under Article XXIV of the GATT 1994 and Article V of the GATS are considered by the Committee on Regional Trade Agreements (CRTA) while agreements notified under the Enabling Clause (see page 88) are considered by a dedicated session of the Committee on

Trade and Development (CTD), using the Secretariat's factual presentation as the basis for consideration (see Table 2).

WTO members are required to inform the WTO Secretariat of any 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 currently being negotiated or those that have been signed but are yet to enter into force (so-called early announcements).

Notified agreements already in force are considered by the CRTA or the CTD, normally within a year of the date of notification. In 2016, the CRTA held four meetings and considered 29 notifications of RTAs, counting goods, services and accessions separately, compared with 19 in 2015 and 42



643

By end-2016, the WTO had received 643 notifications of RTAs since 1995, of which 431 were in force.

Table 2: Regional trade agreements considered in 2016**1. Considered in the CRTA:**

Canada – Republic of Korea (goods and services)

Japan – Australia (goods and services)

EFTA – Colombia (goods and services)

EFTA – Bosnia and Herzegovina (goods)

Republic of Korea – Australia (goods and services)

Canada – Honduras (goods and services)

Russian Federation – Serbia (goods)

Dominican Republic and Central America (Costa Rica, El Salvador, Guatemala, Honduras and Nicaragua) (goods and services)

Dominican Republic, Central America (Costa Rica, El Salvador, Guatemala, Honduras and Nicaragua) and the United States (goods and services)

United States – Panama (goods and services)

Chile – Viet Nam (goods)

Republic of Korea – New Zealand (goods and services)

European Union – Bosnia and Herzegovina (services)

Iceland – China (goods and services)

Australia – China (goods and services)

India – Association of Southeast Asian Nations (ASEAN) (services)

EFTA – Central America (Costa Rica and Panama) (goods and services)

2. Considered in the CTD:

Mauritius – Pakistan (goods)

MERCOSUR – India (goods)

Note: The table refers to 19 agreements, twelve of which covered both goods and services, five covered only goods and two only services.

in 2014. The CTD held two dedicated sessions on RTAs and considered two RTAs notified under the Enabling Clause.

The transparency mechanism also requires the WTO Secretariat to prepare “factual abstracts” on RTAs examined by the CRTA prior to their entry into force. By the end of 2016, 72 factual abstracts of agreements currently in force had been prepared in consultation with the relevant RTA parties and posted in the RTA database.

In addition, five “early announcements” of RTAs were received from WTO members in 2016, two for newly signed RTAs not yet in force and three for RTAs under negotiation. As of December 2016, the WTO had received 103 early announcements. Sixty-three of these had subsequently been notified to the WTO following entry into force of the 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 how the liberalization commitments are put into effect. Seven such reports were submitted in 2016. The reports are important for understanding whether RTAs accomplish what they set out to do. The Chair noted that implementation reports had been due for 129 RTAs as of 11 March 2016 but only seven had been received during the year.

Impact of RTAs on the multilateral trading system

New RTAs are becoming increasingly comprehensive, with provisions for market opening in services and 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 trade regulations. Critics argue that these overlapping trade regimes make international trade more complex and undermine WTO non-discrimination principles. Proponents of RTAs argue that regional trade regimes can lay the groundwork for future multilateral rules. They also allow members wishing to move faster than others in opening their markets to do so within WTO rules.

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.

Enlargement and consolidation of existing agreements is proposed by new RTAs, such as the Pacific Alliance between Chile, Colombia, Mexico and Peru, which already have bilateral agreements among themselves. Other examples include the Regional Closer Economic Partnership Agreement between the Association of Southeast Asian Nations (ASEAN) and six other regional partners, and the Tripartite Agreement between 26 African partners, which will bring together three existing regional economic communities.

Other “behind the border” commitments, such as legislative reform (for example, a new competition or environment law) can also be non-discriminatory and beneficial for all trading partners. Research by the WTO Secretariat based on RTAs notified since 2000 shows that around 60 per cent of these agreements contain trade-opening commitments for both goods and services. In addition, over half contain rules on investment, government procurement, competition, sanitary and phytosanitary (SPS) measures, technical barriers to trade, trade defence measures and intellectual property rights. Some RTAs also include other issues, such as environmental and labour standards and electronic commerce, which are not yet covered by the WTO rules.

The Nairobi Ministerial Declaration of December 2015 reaffirmed the need to ensure that RTAs remain



A new publication on RTAs was launched at the Public Forum in September.

complementary to and not a substitute for the multilateral trading system. It instructed the CRTA to discuss the systemic implications of RTAs for the multilateral trading system and their relationship with WTO rules.

At a CRTA meeting in September, the Chair said members appeared ready to start such discussions. These will be geared towards the sharing of information and experience rather than reaching any formal conclusion, he added. "Many have made it clear to me that this is a priority for them and I have yet to encounter any members who are against this," he said.

The Chair noted, however, that there is less clarity on the type of systemic discussion desired by members. Several delegations said they are willing to engage in systemic discussions of a thematic nature. Some members said that any discussion of systemic issues had to take RTA rules as the starting point. The issue of dealing with improving members' compliance with the current transparency mechanism was also raised as an important systemic issue.

New publication

A new publication on RTAs and how they can potentially affect WTO rules was launched at the WTO's Public Forum in September. "Regional Trade Agreements and the Multilateral Trading System", edited by Rohini Acharya, Chief of the RTA Section, and authored by staff of the WTO Secretariat, examines provisions contained within these trade deals to see to what extent they reflect or diverge from the WTO's legal texts. The book uses what is perhaps the largest dataset yet on RTAs to increase understanding of whether RTAs are creating new standards that are different from the WTO's and the possible implications of this.

RTA database

All the information on RTAs notified to the WTO is contained in a publicly accessible database. This 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.

Trade Policy Reviews

In 2016, the Trade Policy Review Body (TPRB) reviewed the trade policies and practices of 23 WTO members. By the end of 2016, the TPRB had conducted 452 reviews since its establishment in 1989, covering 153 of the 164 WTO members. During the year, members agreed further reforms to the trade policy review mechanism, including adjusting the frequency of undertaking trade policy reviews.

Trade Policy Reviews

Of the 23 WTO members reviewed in 2016, two – Ukraine and the Russian Federation – underwent the process for the first time. The other members reviewed were Georgia, Morocco, Fiji, Turkey, Maldives, the Kingdom of Saudi Arabia, Malawi, Honduras, Albania, United Arab Emirates, Zambia, Tunisia, China, Singapore, El Salvador, the Republic of Korea, the Democratic Republic of the Congo, Sri Lanka, Guatemala, Solomon Islands and the United States. The dates of the reviews and the members covered are shown on the map on pages 94-5.

The United States is the most reviewed member, having been reviewed 13 times. It is followed by: Japan and the European Union – 12 times; Canada – 10 times; Hong Kong (China), Australia, the Republic of Korea and Thailand – seven times; Malaysia, Norway, Singapore, Indonesia, Switzerland, Brazil, China, Turkey and India – six times; and Mexico, Chile, New Zealand, Morocco and South Africa – five times. Twenty-eight members have been reviewed four times and 42 members three times.

Background on Trade Policy Reviews

The Trade Policy Review Mechanism aims at encouraging all WTO members to adhere to WTO rules. Through its regular Trade Policy Reviews, the mechanism enables members to collectively examine the trade policies and practices of individual members in all trade-related areas. The four largest trading entities (currently the European Union, the United States, China and Japan) are reviewed every two years, the next 16 largest every four years, and other members every six years, with a longer cycle for least-developed countries. Reviews are not intended to serve as a basis for the enforcement of obligations or for dispute settlement procedures.



23

The WTO reviewed the trade policies and practices of 23 WTO members in 2016.

Three members opted for the alternative timeline for the submission of written questions and replies for their TPR meetings in 2016. The alternative timeline was introduced at the fourth appraisal of the Trade Policy Review Mechanism (TPRM) in 2011. It requires members to submit questions four weeks before a meeting and requires the reviewed member to submit written responses one week in advance.

Digital audio files (podcasting) were used in 16 of the 23 TPR meetings in 2016, namely for Georgia, Morocco, Fiji, Turkey, Ukraine, Malawi, Honduras, Albania, United Arab Emirates, Zambia, Tunisia, China, Singapore, the Republic of Korea, Sri Lanka and the United States. The audio files are accessible to members but not to the public. As of 2017, the podcasting option will be discontinued in line with a decision of the sixth TPRM appraisal in 2016. The seven-minute rule for members' interventions continued to work satisfactorily.

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



Sixth Appraisal of the TPRM

The sixth appraisal of the TPRM was completed in December 2016. Members agreed on reforms to further improve the review of members' trade policies and practices and the monitoring of the trading environment. One decision was to adjust the frequency with which members are reviewed to ensure the continued effectiveness of reviews amid the rising number of WTO members. Currently, members undergo a TPR every two, four or six years, depending on their share in world trade. Beginning in 2019, they will be reviewed every three, five or seven years, respectively.

Members also agreed to revise the timeline for the question-and-answer process. Members under review will have one additional week to provide written answers to other members' questions. Members also noted efforts by the WTO Secretariat to develop an information technology system to better manage the question-and-answer process. To enhance the transparency of trade policies, it was agreed that members will provide brief reports on significant changes in their policies during trade monitoring meetings. The next appraisal is due not later than 2021.

TPR follow-up workshops

After a trade policy review, the reviewed member can ask the Secretariat to organize a follow-up workshop with domestic stakeholders to discuss the outcome. In 2016, four follow-up workshops – for Botswana (a member of the Southern African Customs Union), El Salvador, Guyana and Madagascar – were conducted, building on the success of the Myanmar and Pakistan follow-ups.

Trade Policy Review programme for 2017

Sixteen TPR meetings are scheduled to be held in 2017 for 24 members (counting the European Union as one). They are Sierra Leone, Japan, Mozambique, Mexico, Belize, Switzerland and Liechtenstein, Nigeria, Brazil, the European Union, Jamaica, Paraguay, Iceland, the Plurinational State of Bolivia, Cambodia, the Gambia and the West African Economic and Monetary Union members, i.e. Benin, Burkina Faso, Côte d'Ivoire, Guinea Bissau, Mali, Niger, Senegal and Togo.

Trade Policy Reviews in 2016

The WTO conducted 23 trade policy reviews in 2016. The dates of the reviews and the WTO members covered are shown on the map. Further information, including the Chair's concluding remarks for each review, can be found on the WTO website.





Trade monitoring reports

Trade monitoring reports showed a slight decrease in the number of new trade-restrictive measures introduced by WTO members. The WTO revised downwards its trade forecasts for 2016, predicting the slowest pace of trade and output growth since the financial crisis of 2009. The monitoring reports underscore the need for WTO members to work together to ensure that the benefits of trade are spread more widely and are better understood.

The WTO Secretariat prepared four reports on global trade policy developments during 2016.

Trade monitoring summary for 2016

The number of new trade-restrictive measures introduced monthly by WTO members fell between mid-October 2015 and mid-October 2016.

WTO members applied 182 new trade-restrictive measures during the 12-month period, an average of 15 measures per month. While this represented a reduction in the monthly figure compared to the recent peak of 20 measures per month in 2015, it was actually a return to the trend level for new trade restrictions since 2009. It also remained significantly below the monthly average of trade-facilitating measures (see Figures 14 and 15) – a consistent trend over the past couple of years. The 182 new measures accounted for US\$ 101.2 billion of world merchandise imports during the review period.

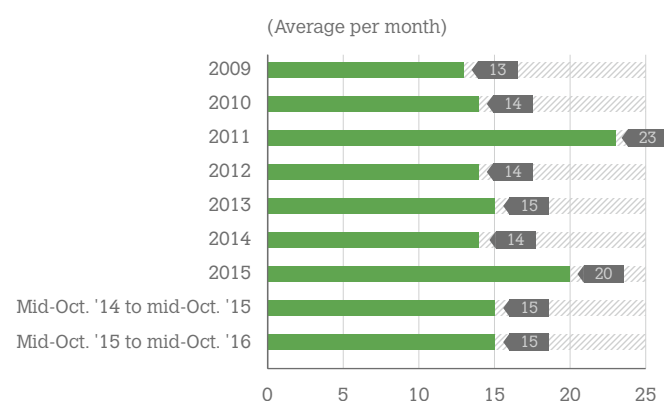
The number of new trade-restrictive measures being introduced remains a concern against the backdrop of the continuing global economic uncertainty. The WTO's downward revision of its trade forecasts, predicting for 2016 a 1.7 per cent growth, down from the 2.8 per cent forecast previously, marks the slowest pace of trade and output growth since the financial crisis of 2009.

Background on trade monitoring reports

In early 2009, the WTO began regular monitoring of global trade developments, covering all 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 trade monitoring is overseen by the Trade Policy Review Body.

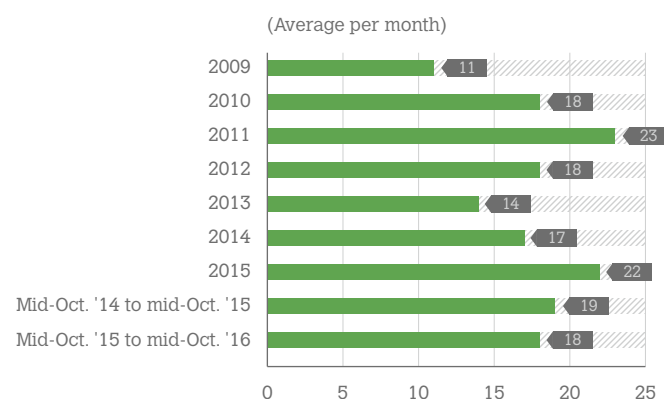
"In the context of a challenging economic scenario, it is more important than ever that WTO members adopt policies which will support trade and ensure that its benefits reach as many people as possible," Director-General Roberto Azevêdo said on presenting his annual overview of trade developments.

Figure 14: Trade-restrictive measures, (average per month)*



* Excluding trade remedies.
Note: Values are rounded.
Source: WTO Secretariat.

Figure 15: Trade-facilitating measures, (average per month)*



* Excluding trade remedies.
Note: Values are rounded.
Source: WTO Secretariat.



WTO members also applied 216 measures aimed at facilitating trade during the review period. Although the average of 18 trade-facilitating measures per month in the latest period was slightly down from 19 per month in the previous report, it remained above the 2009-2015 average.

The trade-facilitating measures recorded by the reports included the first measures implemented in the context of the expanded Information Technology Agreement (ITA) (see page 70). The trade-facilitating measures recorded were valued at US\$ 248.9 billion of world merchandise imports. The trade coverage value of the ITA expansion measures was not included, as it would distort any comparison with previous reports.

Of the 2,978 trade-restrictive measures recorded for WTO members since 2008, 740 had been removed by mid-October 2016. The rollback of trade-restrictive measures recorded since 2008 remains slow and continues to hover just below 25 per cent.

Trade remedy measures (anti-dumping actions, countervailing duties and safeguard measures) made up almost 47 per cent of all trade-related measures in the review period, up from 43 per cent in the previous annual report.

Out of the 347 trade remedy measures recorded, 257, or almost three-quarters, were anti-dumping actions. More initiations were recorded than terminations.

The reports underscore the importance of WTO members working together to ensure that trade remains open and to ensure that the benefits of trade are spread more widely and are better understood.

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 WTO bodies. The 2016 monitoring reports, with a view to increasing transparency, continue to include a section providing a brief overview of trade concerns raised by WTO members in formal meetings of various WTO bodies during the reporting period.

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

The WTO trade monitoring exercise contains a unique verification process, which provides WTO members with the opportunity to update and correct information included in the monitoring reports and subsequently 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 the number of members participating in the preparation of reports is encouraging, a large number still do not take part.

The monitoring reports include several other important trade-related developments that took place during 2015-16. These included new initiatives in regional trade agreements (RTAs), developments in the Trade Facilitation Agreement (TFA) and in government procurement, electronic commerce and the new biennial Aid for Trade programme. The reports also drew attention to the changing technological landscape and to the increasing significance of intellectual property in economic development.

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-restricting as well as trade-liberalizing measures, particularly in times of economic crisis when restrictive pressures tend to surge.

Preparing the trade monitoring reports is an ongoing 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

“The multilateral trading system helps to provide vital stability in global economic relations. The clearest example of this came after the financial crisis of 2008. That crisis posed a major challenge to the multilateral trading system – and it passed the test. We did not see a significant rise in protectionism, and we certainly did not see a repeat of the 1930s. The share of world imports covered by import-restrictive measures implemented since October 2008 is just 5 %. Of course it could be even lower – but it shows that the WTO did its job.”

DG Azevêdo

■ Implementation and monitoring

WTO members, formal publication 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 members, which seeks to gather complete, up-to-date and accurate information on their 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-related measures as well as general economic support measures.

The WTO Secretariat collates all recorded country-specific information on trade measures and re-submits this information to each WTO member 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 trade monitoring reports are subsequently discussed at meetings of the WTO's Trade Policy Review Body.

Database

The Trade Monitoring Database, which is 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. Members are regularly invited to update all existing information compiled by the WTO Secretariat since 2008 so as to facilitate an evaluation of the extent of "rollback" of such measures. The database is updated once a new report has been discussed by WTO members.

Trade, debt and finance

Director-General Roberto Azevêdo highlighted the need to address persistent gaps in trade financing for small businesses in developing countries and met heads of partner institutions to discuss how to tackle the problem. A new WTO publication looks at how those gaps might be addressed. The Expert Group on Trade Finance continued to evaluate gaps in trade finance markets, especially in the poorest countries.

The Director-General continued to highlight the need to address persistent gaps in trade finance provision in 2016, following up on previous interventions, including at the Third UN Financing for Development Conference in Addis Ababa in July 2015. A WTO publication, "Trade Finance and SMEs", published in May 2016, took a detailed look at the gap in trade financing for developing countries. It considered potential steps to help deal with the issue, such as bolstering existing trade finance programmes, enhancing the trading capacity of developing countries and improving communication between all parties involved in trade finance.

Some 80-90 per cent of world trade relies on trade finance (trade credit and insurance/guarantees). 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 global financial system has since reduced its size and, by focusing on existing clients, has exercised greater selectivity in lending to small and medium-sized enterprises (SMEs) and in trade lending and guarantees to developing countries.

"Trade Finance and SMEs" looks at why the gap between supply and demand reached US\$ 1.4 trillion in 2015, according to an extensive survey by the Asian Development Bank and the International Chamber of Commerce. Other surveys, such as those from the African Development Bank and



90%

Some 80-90 per cent of world trade relies on trade finance (trade credit and insurance/guarantees).

the World Economic Forum, confirm that the lack of affordable trade finance remains one of the top three obstacles for firms in developing countries wishing to export.

Not all the financing gap is the outcome of a failure by markets to acknowledge the low-risk character of trade financing. The surveys also highlight the fact that SMEs in developing countries typically offer less collateral, guarantees and credit history than larger, more established companies. They also have less access to the largest banks. Even when liquidity is abundant, it may not always be available to them. The poorer the country, the greater the challenges faced by SMEs in accessing trade finance. Local financial institutions supporting them may be smaller, less internationalized, or less advanced in terms of risk management. In many such countries, and in some large regions, access to know-how and skills in handling trade finance instruments is also a challenge.

Following the 2009 financial crisis, the appetite of international banks for investing in developing countries has been limited. Some 57 per cent of trade finance requests by SMEs are rejected, against only 10 per cent for multinational companies, according to the Asian Development Bank survey. The lack of trade finance can be a powerful barrier to trade and for the integration of countries into the global trading system.

The publication looks at how the WTO could work with partners to enhance existing trade finance facilitation programmes operated by multilateral development banks, address knowledge gaps in local financial institutions by increasing capacity building provided by both the private and public sector, foster dialogue with regulators and better monitor trade finance gaps. Members of the Working Group on Trade, Debt and Finance (WGTDf) supported this approach.

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.

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Members were eager to have further in-depth discussions in the WGTDF, notably on new methods of financing trade, such as supply-chain financing and digital trade, and ways in which micro and small and medium-sized enterprises (MSMEs) could be covered by the discussions and proposals on trade finance.

In recent years, a network of trade finance facilitation programmes has been established in almost all multilateral development banks, including the International Finance Corporation (IFC, part of the World Bank Group), the Asian Development Bank, the African Development Bank, the Inter-American Development Bank, the Islamic Development Bank and the European Bank for Reconstruction and Development. These programmes support roughly US\$ 30 billion in (small) trade transactions in the poorest countries. The Director-General continues to work with these partners to address problems in trade finance provision.

Expert Group on Trade Finance

Established after the Asian financial crisis in the late 1990s, the Expert Group on Trade Finance brings together

representatives of the main players in trade finance, including the IFC, regional development banks, export credit agencies and big commercial banks as well as the International Chamber of Commerce and other international organizations.

Under the chairmanship of the Director-General, the Expert Group continued to evaluate gaps in trade finance markets, especially in the poorest countries. One approach to filling these gaps has been for multilateral development banks to expand trade finance facilitation programmes in the regions where they operate (see above).

Strengthening cooperation with other IGOs

The WTO cooperates closely with the IMF and the World Bank on the issue of trade finance. The Director-General, IMF Managing Director Christine Lagarde and World Bank Group President Jim Yong Kim met on 7 October to emphasize that the benefits of trade must be spread more widely. They took part in a joint event entitled “Making Trade an Engine of Growth for All”, held at the IMF’s headquarters in Washington, D.C. The three leaders discussed the importance of making a credible and balanced case for trade.

Government Procurement Agreement

Ukraine and Moldova joined the Agreement on Government Procurement (GPA) in 2016. Good progress was made on the accessions of Australia, the Kyrgyz Republic and Tajikistan while discussions continued on China's accession. Russia applied to join the GPA. Phase II of the e-GPA web portal was completed, providing a single entry point for market access information. The WTO Secretariat continued to provide technical assistance to developing countries and strengthened its partnerships with other international organizations.

Accessions to the GPA

Ukraine and the Republic of Moldova completed their accession processes and became parties to the GPA in May and July 2016 respectively, bringing the total number of WTO members covered by the GPA to 47. For both countries, the substantive work on their accessions was concluded in around three years – from the circulation of the initial market access offer in Ukraine's case and the resumption of active negotiations in late 2012 in the case of Moldova. The two accessions are expected to encourage other WTO members in Eastern and Central Europe to come forward.

The GPA is a plurilateral agreement within the WTO framework. Any WTO members interested in joining can apply for membership based on terms to be agreed with the existing GPA parties. Accession negotiations include a review by existing parties of the candidate's legislative, regulatory and policy frameworks to ensure full compliance with the GPA and

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, meaning that it applies only to those WTO members that have agreed to be bound by it. The Committee on Government Procurement administers the GPA.

Figure 16: Growth in GPA membership, 1996-2016



negotiations on market access commitments, i.e. the elements of the candidate's procurement market that will be opened up to international competition. The past decade has witnessed the steady growth of GPA membership (see Figure 16).

Work on the GPA accessions of Australia, the Kyrgyz Republic and the Republic of Tajikistan moved ahead in 2016. Australia's accession process began in 2015 and the Committee hopes that the negotiations can be concluded in 2017. Australia told the Committee its latest market access offer would open a procurement market to parties valued at over A\$ 100 billion (US\$ 70 billion) at the federal, state and local levels. The GPA accession negotiations of the Kyrgyz Republic were resumed in 2016 after being inactive for several years. Intensive discussions on this accession were carried out in 2016

■ Implementation and monitoring

based on market access offers and proposed amendments to the Kyrgyz Republic's public procurement law. Hopes have been expressed that the remaining minor issues can be resolved quickly.

Good progress was made on Tajikistan's accession in 2016. Since the initiation of its accession process in 2015, Tajikistan has circulated four market access offers for consideration by the Committee together with a draft law on public procurement. While some pending issues need to be addressed, the GPA Committee hopes to conclude this accession in 2017.

Constructive discussions continued on China's accession, possibly paving the way for the country to submit a revised offer on market access in 2017. The GPA parties reiterated that China's accession, on the appropriate terms, will be a matter of great significance for the Agreement, for the WTO and for the world economy. Russia submitted an application for accession, honouring a commitment it undertook in its WTO accession protocol. Its initial offer on market access is expected to be circulated in 2017.

Government procurement accounts for about 15 per cent of gross domestic product in developed and developing countries. Only a part of this is currently covered by the GPA. The Agreement aims to open as much as possible of the global procurement market to international trade and competition while ensuring appropriate transparency and a commitment to good governance. Kazakhstan was granted observer status under the GPA in October 2016, bringing the number of observers to 29.

Monitoring of implementation and legislation

The revised Agreement on Government Procurement (adopted by the parties in 2012) came into force for the Republic of Korea in January 2016, 30 days after the country submitted its instrument of acceptance. The revised Agreement is now in force for all but one of the parties, Switzerland. The latter hopes to accept the revised Agreement in 2017 when internal legislative procedures have been completed to harmonize its procurement legislation at the federal and cantonal levels.

The revision extends GPA coverage to approximately 500 additional procurement entities, including local government and sub-central entities, together with new services and other areas of public procurement activities. It creates market access gains of US\$ 80-100 billion or more annually. The text of the Agreement has been streamlined and modernized to include, for example, standards related to the use of electronic

procurement tools. The GPA's role in promoting good governance and battling corruption has been strengthened.

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

The Committee adopted a decision on procedures to resolve disagreements when a party wishes to modify its agreed market access commitments. The decision lays out procedures and timelines to appoint arbitrators, organize substantive meetings, make determinations and implement decisions.

The Committee advanced its discussions under work programmes focusing on small and medium-sized enterprises, the collection and reporting of statistical data, sustainability in international procurement, and exclusions and restrictions in parties' schedule annexes. The work programmes are intended to promote transparency with respect to parties' implementation of the Agreement, to improve its administration and to assist preparations for future negotiations. The revised GPA calls for further negotiations to improve the Agreement and to progressively reduce and eliminate discriminatory measures.

The WTO launched an enhanced version of its e-GPA web portal. The e-GPA provides a single entry point for market access information under the revised Agreement together with related information that parties have committed to provide. The portal offers improved transparency, with the aim of better publicizing the market access opportunities available under the Agreement. New features include an advanced search tool and the possibility to access relevant information published in parties' domestic jurisdictions, such as tender notices and national legislation. Further improvements to the portal are envisaged. These include a module to handle notifications of statistical data and to facilitate access to such data.

Technical assistance and cooperation with other intergovernmental organizations

The WTO Secretariat carried out regional workshops, tailored national seminars and Geneva-based activities in response to heightened interest in the revised GPA. In Central and Eastern Europe, the Secretariat continued its cooperation with the European Bank for Reconstruction and Development in providing technical assistance. This cooperation has greatly facilitated the accession of countries to the GPA and reform

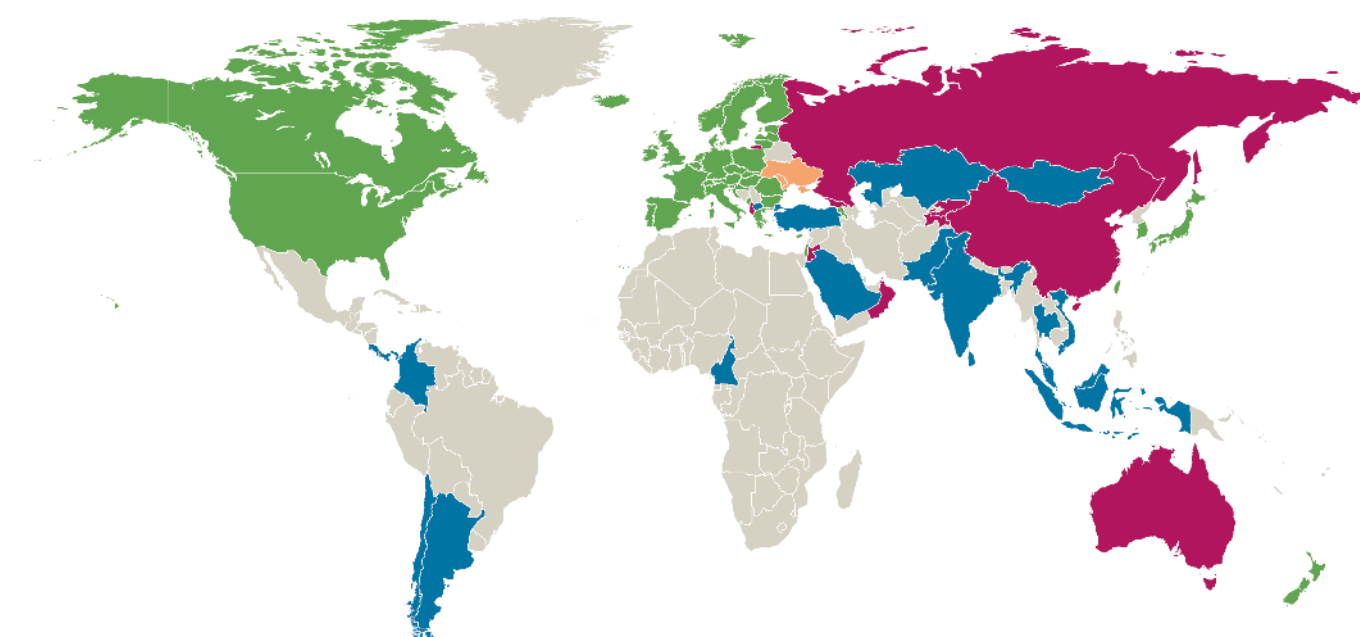


of their national procurement systems. Collaboration has also been strengthened with other international organizations, including the Organisation for Economic Co-operation and Development, the World Bank and other regional development banks.

In Central and Eastern Europe, the provision of technical assistance has been greatly facilitated by the WTO Secretariat's cooperation with the European Bank for Reconstruction and Development (EBRD). Collaboration

with other international organizations is also increasing. In September 2015, the Secretariat updated the Committee on its ongoing discussions with the World Bank to achieve greater synergies on government procurement issues. A new procurement framework, approved by the Bank's Executive Board in 2015, refers to GPA accession as one path that World Bank countries can use to put into place legislation which may also be acceptable to the World Bank for its own purposes.

Figure 17: Market coverage, members and observers of the Government Procurement Agreement



- Parties to the GPA: 19 parties (counting the European Union and its member states as one).
- New members in 2016: Republic of Moldova and Ukraine.
- WTO members in the process of GPA accession: Albania, Australia, China, Georgia, Jordan, Kyrgyz Republic, Oman, Russian Federation and Tajikistan.
- Other observer countries: Argentina, Kingdom of Bahrain, Cameroon, Chile, Colombia, Costa Rica, India, Indonesia, Kazakhstan, Malaysia, Mongolia, Pakistan, Panama, Kingdom of Saudi Arabia, Seychelles, Sri Lanka, Thailand, the former Yugoslav Republic of Macedonia, Turkey and Viet Nam.

1.7 trillion

19 WTO members (counting the European Union and its member states as one) are parties to the Government Procurement Agreement, giving them access to a US\$ 1.7 trillion market.