

# Introduction

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# 1



# Spotlight: 2018 in numbers



**38**

WTO members initiated 38 new disputes in 2018, more than twice the number of 2017.



**12**

The General Council agreed that the 12<sup>th</sup> WTO Ministerial Conference will take place in Nur-Sultan, Kazakhstan, on 8-11 June 2020.



**141**

The Trade Facilitation Agreement has been ratified by 141 WTO members, as of end-January 2019.



**18**

The WTO undertook trade policy reviews of 18 WTO members in 2018.



**3.0**

World merchandise trade volume grew by 3.0 per cent in 2018 after growth of 4.6 per cent in 2017.



**11**

Eleven appeal proceedings were initiated in 2018, compared with eight in 2017.



**9**

Nine Appellate Body reports were circulated.





**22**

The number of countries currently seeking to join the WTO is 22.



**750,000**

WTO videos were watched over 750,000 times on social media in 2018.



**21,000**

The WTO undertook over 330 training activities in 2018, involving over 21,000 government officials, a 17 per cent increase from 2017.



**15**

Fifteen young people took part in the WTO's Young Professionals Programme in 2018.



**28**

Twenty-eight dispute settlement reports and decisions were circulated.



WORLD TRADE ORGANIZATION

**164**

The WTO currently has 164 members, representing 98 per cent of world trade.



**2.3**

The WTO website attracted over 2.3 million visits a month in 2018, over 20 per cent more than the year before.



**2,500**

The WTO's major outreach event, the Public Forum, attracted over 2,500 participants from over 100 countries, who took part in a record 111 sessions.



**38.8**

Global disbursements of Aid for Trade amounted to US\$ 38.8 billion in 2016 (the latest year on record).



Message from

## Director-General Roberto Azevêdo



**Mounting trade tensions, an increase in trade-restrictive measures and continuing economic uncertainty created real challenges for world trade in 2018. These factors and a deceleration in overall economic activity slowed momentum in global trade, restricting merchandise trade growth to 3 per cent compared with 4.6 per cent in 2017. This downward trend is expected to continue in 2019, with trade projected to grow by just 2.6 per cent. If trade growth is to bounce back in 2020, it is vital we resolve tensions and create an environment where trade can play its full part in driving economic growth and reducing poverty.**

To chart a positive path forward for world trade, WTO members are discussing ways to strengthen the trading system to enable it to better respond to the challenges of today's economy, including rapid technological change which is creating huge shifts in patterns of employment. G20 leaders emphasized the need for reform of the multilateral trading system at their summit in Buenos Aires in December, while also underscoring the system's vital importance.

Different approaches to improving the functioning of the WTO are under discussion, including improving members' compliance with obligations to submit information on their trade policies and practices in a timely fashion. Members are also seeking more effectively to address trade-distorting practices, such as subsidies, and to address issues in the Appellate Body, an essential component of the WTO's dispute settlement system.

The current impasse in the process for appointing Appellate Body members is putting the dispute settlement system under severe strain. WTO members are actively submitting proposals to address the impasse and to improve the system. If a solution is not found by December, due to the expiration of two Appellate Body members' terms the number of sitting members would fall to one, and the Appellate Body would no longer be

able to hear appeals. The importance of finding an urgent resolution to this situation cannot be overstated.

Another area of discussion among members is how to improve trade negotiations at the WTO so that we can keep delivering new agreements and build on recent successes, such as the landmark Trade Facilitation Agreement, the abolition of agricultural export subsidies, the expansion of the Information Technology Agreement, and a number of positive steps for least-developed countries and food security concerns.

In 2018, work continued to advance negotiations in a number of areas, including agriculture and fisheries subsidies.

In agriculture, WTO members engaged in intensive discussions to identify possible areas of agreement for the next Ministerial Conference to be held in Kazakhstan in June 2020. All areas of the agriculture negotiations are under discussion, including domestic subsidies, public stockholding for food security purposes, cotton and market access. In a new approach, thematic working groups have been established to cover each of these areas, with a detailed work programme for 2019.

In fisheries subsidies, WTO members agreed to finalise an agreement by the end of 2019. The overall objective is to reduce subsidies that lead to



overfishing and to eliminate subsidies to illegal, unreported and unregulated fishing, a key target of UN Sustainable Development Goal 14. Members have created a negotiating text and are working within small groups to identify ways of bridging differences in order to meet this deadline.

Groups of WTO members are also discussing so-called joint initiatives, which include electronic commerce, small and medium-sized enterprises, facilitation of investments, and the economic empowerment of women. While not all members are participating, these talks are open to everyone and are gaining momentum. In the area of e-commerce, for example, over 70 WTO members confirmed in January their intention to commence WTO negotiations on trade-related aspects of e-commerce. A group of members have also made progress on proposing new disciplines for domestic regulation of services.

Ensuring the effective implementation of existing rules is the core work of the WTO's committees and councils. WTO members continued to meet regularly to discuss trade concerns and to propose new ways of improving the WTO's rulebook. The WTO's newest committee, the Trade Facilitation Committee, marked the first anniversary of the entry into force of the Trade Facilitation Agreement and members shared experiences on implementing the Agreement, which is projected to slash trade costs by 14 per cent once fully implemented. By the end of 2018, over 80 per cent of WTO members had ratified the Agreement and many have already seen the benefits of a faster flow of goods across borders.

One of the aims of our committees is to prevent trade concerns escalating into full-blown disputes. When it is not possible to achieve this objective, WTO members can rely on the dispute settlement system. In 2018, the system was particularly active, with an increasing number of cases being brought for resolution. This demonstrates members' continuing reliance on the system, further underlining the need to find a solution to the Appellate Body issue mentioned above.

Supporting the needs of developing countries, particularly our least-developed members, continued to

be a core focus of our work, with the Committee on Trade and Development acting as the main forum for discussions. In May 2018, we launched a report looking at the contribution of trade to attaining the Sustainable Development Goals and we continued to work through programmes such as the Aid for Trade initiative and the Enhanced Integrated Framework to support projects aimed at developing the trading capacity of our poorest members. We also expanded our training programme to help government officials from around the world improve their understanding of the multilateral trading system, and continued to support countries seeking to join the WTO.

The rise in trade tensions and the rapidly evolving nature of trade have sparked an unprecedented degree of interest in the WTO and the global trading system. The WTO Secretariat has responded by hosting a series of outreach activities and events which enable stakeholders to better understand the challenges confronting the organization and to highlight issues they find important. The "Trade Dialogues" initiative continued during the year, bringing in voices from a range of different stakeholders. In June 2018, business representatives attended one such event to discuss priorities for the business community and how to strengthen global trade. Their recommendations were presented later in the year at the WTO's Public Forum, which attracted over 2,500 participants to debate how technological and other developments are affecting world trade.

As we move into 2019, the global trading system continues to face significant challenges. There is an urgent need to ease trade tensions, resolve systemic issues and further modernise our rulebook. By doing so, we can ensure that the WTO continues to provide stability and predictability for trading nations large and small, thereby supporting growth, development and job creation around the world.



**Roberto Azevêdo**  
Director-General



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# Understanding the WTO

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

## Who we are



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



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



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



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



# What we stand for

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



## 1 Non-discrimination

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

## 2 More open

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

## 3 Predictable and transparent

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

## 4 More competitive

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

## 5 More beneficial for less developed countries

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

## 6 Protect the environment

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

## What we do

- **Trade negotiations**
- **Implementation and monitoring**
- **Dispute settlement**
- **Supporting development and building trade capacity**
- **Outreach**

**164**

The WTO is run by its 164 member governments.

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





## Trade negotiations

The WTO agreements cover goods, services and intellectual property. They spell out the principles of liberalization, and the permitted exceptions. They include individual countries' commitments to lower customs tariffs and other trade barriers, and to open services markets. They set procedures for settling disputes. These agreements are not static; they are renegotiated from time to time and new agreements can be added, as was the case at the Bali and Nairobi ministerial conferences of 2013 and 2015.

Although at the end of the 2017 Ministerial Conference held in Buenos Aires the Conference Chair, Minister Susana Malcorra of Argentina, acknowledged that differences remain regarding the Doha Round and the Doha Development Agenda, she also highlighted the decisions taken by ministers and noted that "members agreed to advance negotiations on all remaining issues, including on the three pillars of agriculture – namely domestic support, market access and export competition – as well as non-agricultural market access, services, development, TRIPS, rules, and trade and environment".



## Implementation and monitoring

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



## Dispute settlement

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



## Supporting development and building trade capacity

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



## Outreach

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

1995

2000

# A brief history

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

## 1994

### April

Marrakesh Agreement establishing the WTO is signed.



## 1995

### January

The WTO is born on 1 January.

### May

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



## 1996

### December

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

## 1997

### December

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



## 1998

### May

Second Ministerial Conference takes place in Geneva.

## 1999

### September

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

### November

Third Ministerial Conference takes place in Seattle, US.



## 2000

### January

Negotiations begin on services.

### March

Negotiations begin on agriculture.



## 2001

### November

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



## 2002

### September

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



## 2003

### September

Fifth Ministerial Conference takes place in Cancún, Mexico.

## 2004

### July

General Council approves "July 2004 Framework" for advancing Doha Round negotiations.



## 2005



### 2005

#### September

Pascal Lamy (France) becomes WTO Director-General.

#### December

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

### 2006

#### September

First WTO Public Forum takes place in Geneva.



### 2007

#### November

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

### 2008

#### July

Ministerial meeting in Geneva attempts to take big step towards conclusion of Doha Round.



### 2009

#### April

DG Pascal Lamy reappointed for second term of four years.

#### September

First WTO Open Day in Geneva.

#### November

Seventh Ministerial Conference takes place in Geneva.

## 2010



### 2010

#### January

"Chairs Programme" launched to support developing country universities.



### 2011

#### December

Eighth Ministerial Conference takes place in Geneva.



### 2012

#### August

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



### 2013

#### September

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

#### December

Ninth Ministerial Conference takes place in Bali, Indonesia. "Bali Package" adopted, including the Trade Facilitation Agreement.

### 2014

#### April

Revised WTO Agreement on Government Procurement comes into force.

## 2015



### 2015

#### December

Tenth Ministerial Conference takes place in Nairobi, Kenya. "Nairobi Package" adopted, including abolition of agricultural export subsidies. Expansion of Information Technology Agreement concluded.

### 2016

#### July

Afghanistan and Liberia become the WTO's newest members.



### 2017

#### January

Amendment to the TRIPS Agreement enters into force, easing access to medicines.

#### February

Trade Facilitation Agreement enters into force.

#### September

Roberto Azevêdo begins second term as WTO Director-General.

#### December

Eleventh Ministerial Conference takes place in Buenos Aires, Argentina.



### 2018

#### July

Members accept Kazakhstan's invitation to host WTO's 12<sup>th</sup> Ministerial Conference in June 2020.

