

A year in review

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2018: a snapshot

January

DG Azevêdo attends World Economic Forum in Davos

Peter Sutherland, first WTO Director-General, passes away in Dublin, Ireland.



February

DG Azevêdo welcomes new cohort of WTO young professionals.

August

DG Azevêdo pays tribute to former UN Secretary-General Kofi Annan, who passed away on 18 August.



July

WTO Monitoring Report finds new trade restrictions by G20 economies have doubled since previous review period.

Kazakhstan to host WTO's next Ministerial Conference.

September

DG Azevêdo welcomes commitment of G20 trade ministers to modernizing WTO at Mar del Plata meeting in Argentina.

DG Azevêdo meets President Nazarbayev in Astana to discuss plans for 12th WTO Ministerial Conference in 2020.



October

DG Azevêdo meets Prime Minister Trudeau in Ottawa; welcomes strong support for WTO.

WTO's Public Forum welcomes over 2,500 participants to discuss "Trade 2030".

WTO, IMF, World Bank and OECD heads call for new focus on trade as a driver of growth.





March

Ambassador Junichi Ihara of Japan appointed as Chair of General Council.

April

WTO hosts symposium on the role of trade policy in responding to natural disasters.



June

Business leaders express support for WTO and call for action on priority issues.

German Chancellor Angela Merkel and leaders of six multilateral agencies call for enhanced global cooperation.



May

DG Azevêdo launches report on role of trade in advancing the Sustainable Development Goals.

DG Azevêdo welcomes President Macron's call to strengthen the trading system



November

DG Azevêdo takes part in Paris Peace Forum.

DG Azevêdo joins President Xi at opening ceremony of inaugural China Import Expo in Shanghai.

DG Azevêdo meets with Chinese Premier Li Keqiang and heads of IMF, World Bank, ILO, OECD and FSB in Beijing.

DG Azevêdo meets Prime Minister Abe in Tokyo to discuss global trade tensions.



December

DG Azevêdo welcomes G20 leaders' commitment to improve functioning of WTO at Buenos Aires Summit.

DG Azevêdo and UN Secretary-General Guterres discuss ongoing cooperation to deliver SDGs.



Our year

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- **WTO members accepted Kazakhstan’s invitation to host the 12th Ministerial Conference, to be held in June 2020. It will be the first country in Central Asia to organize a ministerial conference.**
- **WTO members sought to move trade negotiations forward in advance of the Conference, with the most active areas of negotiation including agriculture, fisheries subsidies, services, development and dispute settlement reform. Discussions also got under way among some members on possible ways of modernizing the WTO.**
- **Many WTO members stressed that the “joint initiatives” – on e-commerce, investment facilitation, small businesses and women’s economic empowerment – launched in December 2017 are important for ensuring that trade policies remain relevant to today’s global economy.**



Trade negotiations and discussions

In 2018, WTO members sought practical and constructive ways to move trade negotiations forward. Ideas were put forward on possible ways to reform or modernize the WTO.

During the year, WTO members sought to move trade negotiations forward in advance of the 12th Ministerial Conference to be held in June 2020. The Chair of the Trade Negotiations Committee (TNC), Director-General Roberto Azevêdo, emphasized the fundamental value of the multilateral trading system to the global economy and said that the needs of developing countries have to remain at the heart of WTO members' work. In all areas of activity, flexibility is key, he said.

Chairs of active negotiating groups – agriculture, fisheries subsidies, services, development and dispute settlement negotiations – regularly reported to the full membership on work in their respective areas.

DG Azevêdo pointed out that if members are to address current challenges and move forward, they have to put forward new ideas that could lead to convergence. There were some early signs of modest movement in some areas, he said.

Many WTO members pointed to the intensive work undertaken on fisheries subsidies and noted the decision at the July General Council to keep the deadline of December 2019 for an agreement. DG Azevêdo emphasized that an outcome will not come easily and said all

members have to be prepared to work hard to achieve a positive result in this area and in other important longstanding issues.

Many WTO members stressed that the joint initiatives launched in Buenos Aires in December 2017 – on e-commerce; investment facilitation for development; micro, small and medium-sized enterprises; and women's economic empowerment – are important for ensuring trade policies remain relevant to today's global economy and deliver inclusive opportunities. Participants said they were encouraged by the progress made in these talks. The TNC Chair stressed that the initiatives should not be a departure from multilateralism but a way to support it. It was encouraging, he said, that the initiatives are open to all members.

Members stressed that the WTO faces unprecedented challenges, including escalating trade tensions, that are straining the system. In the second half of the year, many members began to focus on possible reform or modernization of the WTO as a means of responding to these challenges and making the trading system work better. DG Azevêdo urged all WTO members to engage in discussions about the future of the organization.

See pages 34-55.



Implementation of WTO agreements and decisions

WTO members accepted Kazakhstan's invitation to host the 12th WTO Ministerial Conference in Nur-Sultan in June 2020. Work in the WTO's councils and committees continued to focus on the effective implementation of WTO agreements and decisions.

The General Council agreed that the 12th WTO Ministerial Conference will take place in Nur-Sultan, Kazakhstan, on 8-11 June 2020. Kazakhstan will be the first country in Central Asia to host a WTO ministerial conference.

Substantive debates took place in the General Council on trade tensions. Forty-one members issued a statement in May 2018 expressing concerns over rising trade tensions and risks of protectionism. The statement called on governments to resolve their differences through dialogue and cooperation, including through the WTO.

The WTO's trade monitoring reports noted a proliferation of trade-restrictive actions among WTO members, with trade coverage of import-restrictive measures more than seven times that recorded in the previous review. "The proliferation of trade-restrictive actions and the uncertainty created by such actions could place economic recovery in jeopardy," said DG Azevêdo. World trade growth slowed as trade tensions multiplied and global financial conditions tightened.

An increased number of trade concerns were brought to the Council for Trade in Goods, including 21 new concerns. WTO members expressed clear support for the preservation of the rules-based multilateral trading system and encouraged the membership to use existing WTO mechanisms for dealing with unfair trade practices.

Several WTO members submitted a comprehensive proposal to enhance the transparency of members' trade measures and to strengthen the requirements for members to provide comprehensive and prompt notifications of these measures.

The Trade Facilitation Agreement marked its first anniversary, with implementation of the Agreement making good headway. Over 85 per cent of the WTO membership has completed the ratification process, and notifications by developing countries outlining the timetables envisaged for implementing the Agreement are on the rise.

"The TFA is one of the biggest trade reforms in a generation. By dramatically reducing trade costs, it will really bring great benefits for all WTO members, especially developing countries," said DG Azevêdo on the Agreement's first birthday.

The WTO and UN Environment hosted in October a leadership dialogue on environmental and trade policies. Panellists called on the WTO to expand the contribution of trade to sustainability and prosperity to help achieve the UN's Sustainable Development Goals.

Australia's accession to the Agreement on Government Procurement was successfully concluded.

See pages 56-113.



Dispute settlement

Dispute settlement activity continued to intensify in 2018, with nearly 10 per cent more ongoing monthly proceedings than in the previous year. WTO members remained divided on the selection process to appoint replacements for four of the seven members of the Appellate Body.

In 2018, dispute settlement activity in the WTO continued to rise. WTO members initiated 38 new disputes, more than twice the number of 2017 and one of the highest annual totals since the WTO was established in 1995. Twenty-two WTO members initiated these new disputes concerning a wide range of issues.

Twenty-eight dispute settlement reports and decisions were circulated in 2018, including panel reports, compliance reports and Appellate Body reports. On average, 42 proceedings were ongoing each month, nearly 10 per cent more than in 2017.

Eleven appeal proceedings were initiated in 2018, compared with eight in 2017. Nine Appellate Body reports were circulated during the year.

The term of office of Appellate Body member Shree Baboo Chekitan Servansing expired on 30 September 2018. Four out of seven Appellate Body positions remained vacant at the end of the year, with members remaining divided on the selection process to appoint replacements. Three is the minimum number of members required to hear an appeal.

Many members expressed concerns with the lengthy delays in launching a selection process

to appoint new Appellate Body members. Concerns about the functioning of the Appellate Body were also raised.

In June 2018, Appellate Body Chair Ujal Singh Bhatia warned that the dispute settlement system faces increasingly complex disputes while fundamental questions have been raised about the way the WTO's dispute settlement procedures should be used. He highlighted that the impasse in the process for appointing Appellate Body members is debilitating the Appellate Body, leading to significant delays in dispute resolution.

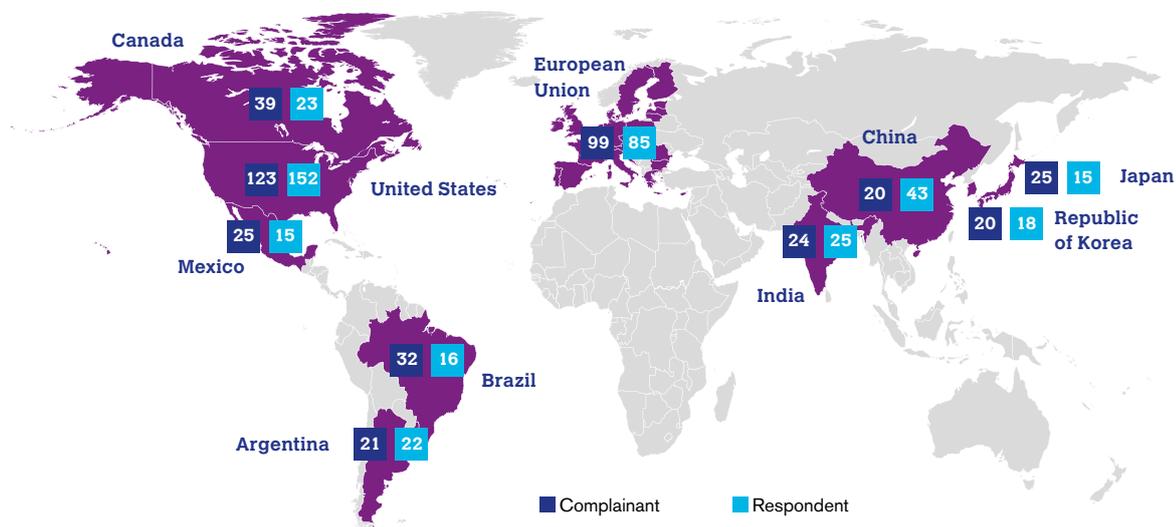
The Chair encouraged WTO members to engage in a reasoned and systemic dialogue that keeps at the forefront the enormous value of an effective system and the consequences of its paralysis.

The impasse in the appointment of Appellate Body members for four vacant positions was a recurrent theme in WTO members' discussions at Heads of Delegation meetings at the WTO.

In December, the General Council agreed to launch an informal process to overcome the impasse. Ambassador David Walker of New Zealand was appointed as facilitator to assist the General Council Chair in working with WTO members to resolve differences on the functioning of the Appellate Body.

See pages 114-127.

WTO members most involved in disputes, 1995 to 2018



Supporting developing countries and building trade capacity

In 2018, support for developing countries and building trade capacity continued to be a central focus of the WTO's activities, with the Committee on Trade and Development acting as the main forum for these discussions.

Discussions in the Committee continued to focus on duty-free and quota-free market access for least-developed countries (LDCs). The Committee also reviewed the implementation of special and differential treatment (S&D) for developing countries in WTO agreements and decisions. S&D provisions range from increasing trade opportunities for developing countries to granting longer transition periods for the implementation of WTO agreements and providing technical assistance.

After three years of negative growth, LDCs' exports of goods and services increased by 13 per cent in 2017, thanks largely to increases in the prices of fuels and minerals. But LDCs expressed concern about their low share (0.5 per cent) of world manufacturing exports and urged WTO members to improve market access conditions for products from LDCs.

In May, the WTO launched a publication on the role of trade in advancing achievement of the UN Sustainable Development Goals (SDGs). The publication looks at how international trade can help countries gain access to new markets and new investments, boost growth, raise living standards and promote sustainable development.

The WTO-led Aid for Trade initiative disbursed US\$ 38.8 billion in 2016 to address trade-related

constraints identified by developing and least-developed countries. The next Aid for Trade Global Review is set to take place at the WTO on 3-5 July 2019.

The first Global Forum for Inclusive Trade for LDCs was held at the WTO in June 2018. More than 300 participants from over 50 countries attended the event organized by the Enhanced Integrated Framework, a multilateral partnership dedicated to addressing the needs of LDCs in their use of trade as an engine for growth.

In 2018, the multi-agency Standards and Trade Development Facility committed US\$ 3.9 million to help developing countries meet international standards for food safety, plant and animal health and access global markets.

The WTO Secretariat undertook over 330 technical assistance activities in 2018, providing training to 21,600 government officials, a 17 per cent increase from 2017.

Fifteen young people took part in the WTO's Young Professionals Programme in 2018. The aim of the programme is to increase the representation of nationalities under-represented in the WTO Secretariat.

See pages 128-143.



Outreach

In 2018, the WTO continued to reach out to the business community, civil society, academia and the general public through a range of initiatives.

The WTO's biggest annual outreach event, the Public Forum, attracted over 2,500 participants from over 100 countries. Under the theme of "Trade 2030", the Forum hosted a record 111 sessions focusing on sustainable trade, technology-enabled trade and a more inclusive trading system. For the first time, the Forum held a session organized entirely by young people.

Keynote speakers at the opening session of the Public Forum stressed the importance of innovation and flexibility in adapting to the new global trading environment. DG Azevêdo underlined the need "to set a path towards better global trade by 2030 – trade that is even more sustainable and inclusive".

The WTO continued its active collaboration with the business sector. In June, the WTO facilitated a second "Trade Dialogue" for the business community. The event brought together over 60 senior business representatives to discuss trade-related issues and challenges. Their recommendations on strengthening global trade were presented in October during the WTO Public Forum.

The WTO continued to work closely with other international organizations, with DG Azevêdo taking part in events organized by the UN, the World Bank, the IMF, the OECD and many others. He also attended the G20 summit in December, at which G20 leaders recognized the contribution of the multilateral trading system to economic growth while calling for reform of the WTO to improve its functioning.

Reform of the WTO was also discussed at the 2018 Parliamentary Conference on the WTO, held in December. More than 300 members of parliament representing over 100 countries attended the meeting. The conference urged WTO members to strengthen the multilateral trading system, with the WTO as its cornerstone.

The WTO website attracted over 2.3 million visits a month in 2018, over 20 per cent more than the year before. The social media channels of the WTO attracted an increasing number of followers while WTO videos were watched over 750,000 times on social media. The WTO issued over 60 publications and launched a new iLibrary bringing together into one self-contained area all the WTO's key research material on global trade.

See pages 144-169.

