Who we are

The World Trade Organization deals with the global rules of trade between nations. Its main function is to ensure that trade flows as smoothly, predictably and freely as possible.

Using this report

This report covers the WTO’s activities in 2020 and early 2021. It begins with a message from the Director-General and an overview of 2020. This is followed by more in-depth accounts of the WTO’s areas of activity over the past year.

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Cover image: Rice cultivation in Thailand.
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The WTO aims to help developing countries build their trade capacity and allows them a longer time to implement trade agreements. Hundreds of training courses are organized each year for officials from developing countries.

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The WTO Secretariat has over 600 regular staff and coordinates the activities of the WTO. Most of the WTO’s annual budget consists of contributions by its members.
Introduction

The overall objective of the WTO is to help its members use trade as a means to raise living standards, create jobs and improve people’s lives. The WTO operates the global system of trade rules and helps developing countries build their trade capacity. It also provides a forum for its members to negotiate trade agreements and to resolve the trade problems they face with each other.
Key events since start of mandate

15 Feb: General Council selects Dr Ngozi Okonjo-Iweala as the WTO’s seventh Director-General.

1 Mar: On first day in office, DG calls on WTO members to adopt a “change of approach” to deliver results.

15-17 Mar: DG makes official visit to Nigeria, meets President Muhammadu Buhari and senior members of the government.

23 Mar: DG is joined by heads of WHO, IMF, World Bank, OECD, UNCTAD at Aid for Trade stocktaking event.

31 Mar: DG announces the WTO’s 2021 trade forecast.

31 Mar: DG addresses G7 trade ministers.

1 Apr: DG establishes Delivery Unit to coordinate efforts to reach outcomes at 12th Ministerial Conference.

9 Apr: DG attends World Bank-IMF spring meetings in Washington DC.

14 Apr: DG calls “vaccine summit” with WTO members, vaccine manufacturers, international organizations to address vaccine inequity.


29 Apr: DG participates in videoconference with German Chancellor Angela Merkel.

4 May: DG announces her four Deputy Directors-General: Angela Ellard (United States), Anabel González (Costa Rica), Jean-Marie Paugam (France), Xiangchen Zhang (China).

10 May: DG meets with Italy’s Prime Minister Mario Draghi and senior members of the government in Rome to discuss global response to COVID-19.


Message from Director-General Ngozi Okonjo-Iweala

As I write these words, the world continues to grapple with the COVID-19 pandemic and its devastating health and economic consequences. Close to 4 million people have already lost their lives. Millions more have lost livelihoods, or had their education interrupted. Even as vaccine production and roll-out gathers speed, the supply of doses remains far below what is needed. Poorer countries are being left behind in vaccine access and economic prospects. People are dying even though the means exist to save them.

When 2020 started, we had barely heard of the novel coronavirus, and had no inkling of the impact it would go on to have on people’s lives and the global economy.

The pandemic has had major effects on global trade – and on the day-to-day work of the WTO, which is the subject of this annual report. The multilateral trading system has played an important part in efforts to fight COVID-19, and I am convinced that the WTO can and must do more.

In late 2019, WTO economists were projecting 2.7% growth for world merchandise trade in 2020 – modest by historical standards, due in part to protectionist measures and continuing tensions around trade policy. By March and April 2020, much of the global economy had come to a sudden stop, amid the large-scale implementation of business closures, travel restrictions, and social distancing measures necessary to curb the spread of COVID-19. Trade went into free fall.

In the second quarter of 2020, the volume of world merchandise trade shrank 15% year-on-year, the steepest drop on record. But in the second half of the year, as lockdowns began to ease, trade rebounded strongly, propelled by demand resulting from extraordinary levels of fiscal and monetary support, particularly in advanced economies, as well as the containment of the pandemic’s impact in several Asian countries. Restraint in the use of trade protectionism was another important factor in the trade rebound: policies did not prevent supply chains from restarting operations. Ultimately, for 2020 as a whole, merchandise trade would go on to decline by 5.3% in volume terms, and 7.6% in value – a severe contraction, to be sure, but smaller than that seen in 2009, during the global financial crisis.

Importantly, trade’s resilience represented a lifeline for millions, enabling access to food and other essential supplies. Despite some initial disruptions, the value of trade in medical products rose by 16%, and trade in personal protective equipment expanded by 50%. Agriculture trade was relatively unhindered, which meant vital food supplies continued to move around the world, including to net food-importing developing countries. As trade has picked up again, there have been supply shortages, logistics bottlenecks, and price spikes, but all would have been vastly more disruptive had businesses and households been compelled to look for domestic alternatives to imported products.

In Geneva, the WTO had to suspend in-person gatherings in March and April. Negotiations, regular committee meetings, and other discussions subsequently resumed in virtual and hybrid formats, in line with the health authorities’ recommendations. The
The WTO can and must play a critical role in accelerating COVID-19 vaccine production and in ensuring a strong, sustained, and inclusive global economic recovery.

Twelfth Ministerial Conference (MC12), originally scheduled for June 2020 in Kazakhstan, was postponed, and is now set to be held in Geneva from 30 November to 3 December 2021.

The WTO stepped up its longstanding monitoring work to shed light on trade measures governments were introducing in response to the pandemic, including an early spate of export restrictions on medical products. The analysis revealed that many of the trade restricting measures were unwound, though too many still persist. Perhaps surprisingly, measures seeking to facilitate trade were more numerous and covered more traded merchandise, by value, than the new restrictions – US$ 225 billion compared to US$ 180 billion. The information on trade measures was published on a new area of the WTO website dedicated to the COVID-19 pandemic, along with members’ proposals related to the pandemic.

Key events since start of mandate

19 May: DG meets EU Commission President Ursula von der Leyen and President of European Council Charles Michel in Brussels to discuss vaccine equity and role of trade in combating the pandemic

21 May: DG addresses G20 leaders at Global Health Summit on vaccine inequity.

26 May: DG delivers address at graduation ceremony for Class of 2021 of Johns Hopkins University School of Advanced International Studies.

31 May: DG meets with Kazakhstan President Kassym-Jomart Tokayev to discuss Kazakhstan’s chairmanship of 12th Ministerial Conference.

1 Jun: DG joins leaders of IMF, World Bank, WHO in call for US$ 50 billion investment in health, trade, finance to end pandemic.

2 Jun: DG meets CARICOM Secretary-General Irwin LaRocque, addresses CARICOM Council for Trade and Economic Development.

5 Jun: On World Environment Day, DG calls for sustainable trade to protect environment and ensure inclusiveness.

5 Jun: DG addresses meeting of APEC Ministers Responsible for Trade.

7 Jun: DG welcomes President Kersti Kaljulaid of Estonia to WTO.

8 Jun: On World Ocean Day, DG calls on WTO members to conclude agreement on curbing harmful fishing subsidies.

9 Jun: DG welcomes Tunisia’s Head of Government, Hichem Mechichi, to WTO.

9 Jun: DG participates in Africa Roundtable with President Steinmeier (Germany) and President Macky Sall (Senegal).


12 Jun: DG addresses G7 leaders at summit hosted by the United Kingdom.
and a series of papers by WTO Secretariat officials looking into different aspects of the pandemic’s impact on global trade.

Other aspects of WTO work continued despite COVID-19 restrictions. Eleven dispute settlement reports and decisions were circulated in 2020, including a long-awaited report on tobacco plain packaging. However, the system’s appeals function remained blocked.

Echoing trends in the wider economy, the pandemic accelerated the move online for the WTO’s training programmes for government officials from developing countries. In 2020, over 13,500 participants benefited from these activities, including new e-learning courses. The WTO also continued to support multi-agency programmes, such as the Enhanced Integrated Framework, a provider of policy diagnostics and targeted funding to least-developed countries. In addition, our Aid for Trade work programme was adapted to reflect the economic impact of COVID-19 and to respond to members’ needs.

Looking ahead to 2021, the WTO can and must play a critical role in accelerating COVID-19 vaccine production and in ensuring a strong, sustained, and inclusive global economic recovery. To live up to its founding objectives of using trade to help people – to raise living standards, create jobs, and promote sustainable development – the WTO must deliver results this year. By responding together to a global crisis without precedent in our lifetimes, members can begin to rebuild the trust needed to address future challenges.

Between now and MC12, WTO members can contribute to vaccine equity by freeing up vaccine supply chains and improving access to raw materials, working with manufacturers to increase production volumes and investment in new manufacturing capacity in developing countries, and finding pragmatic solutions to questions of technology transfer, know-how, and intellectual property, including the proposed TRIPS waiver.

Another key deliverable for 2021 is a long-awaited agreement on curbing harmful fisheries subsidies. This will be critical for marine sustainability and for the WTO’s credibility as a negotiating forum – one where members are capable of jointly addressing problems of the global commons.

For many members, a successful MC12 will have to include meaningful outcomes on agriculture. By building on their discussions over the past year on public stockholding, export restrictions for humanitarian purchases by the World Food Programme, transparency, and domestic support, members can bolster food security, enhance predictability around applied tariffs,
The multilateral trading system has played an important part in efforts to fight COVID-19, and I am convinced that the WTO can and must do more.

and lay a foundation for subsequent work to reduce distortions in agricultural production and trade.

Finding a path forward on dispute settlement will be necessary to place rule-making at the WTO on a firmer footing. I hope that members will be able to agree this year at least on the contours of the changes they wish to see in how the system operates.

And finally, groups of WTO members have made substantial progress in areas such as investment facilitation, e-commerce, and services domestic regulation, as well as on empowering women and small businesses in the global economy. Two new initiatives on trade and environmental sustainability were launched last year, one looking at a wide range of issues including climate change, and the other focused on plastics pollution. Participating members can use these initiatives to agree on rules where international frameworks are currently weak or absent, and to harness the power of trade for environmental sustainability and greater social inclusion.

On a personal note, I would like to thank WTO members for appointing me to serve as the seventh Director-General of this institution. I am honoured by the trust you have placed in me, and will continue to do my utmost to help members reform and revitalize the WTO, and ensure that it continues to deliver for people around the world.

DR. NGOZI OKONJO-IWEALA
DIRECTOR-GENERAL
Understanding the WTO

Who we are

Improving people’s lives
The fundamental goal of the WTO is to improve the welfare of people around the world. The WTO’s founding Marrakesh agreement recognizes that trade should be conducted with a view to raising standards of living, ensuring full employment, increasing real income and expanding global trade in goods and services while allowing for the optimal use of the world’s resources.

Negotiating trade rules
The WTO was born out of five decades 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. Conversely, in some circumstances, WTO rules support maintaining trade barriers – for example, to protect consumers or the environment.

Overseeing WTO agreements
At its heart are the WTO agreements, negotiated and signed by the bulk of the world’s trading nations. Essentially contracts, these documents provide the rules for international commerce and bind governments to keep their trade policies within agreed limits. Their goal is to help producers of goods and services, exporters and importers conduct their business, with a view to raising standards of living, while allowing governments to meet social and environmental objectives.

Maintaining open trade
The system’s overriding purpose is to help trade flow as freely as possible – provided there are no undesirable side effects – because this stimulates economic growth and employment and supports the integration of developing countries into the international trading system. Its rules have to be transparent and predictable, to ensure that individuals, companies and governments know what the trade rules are around the world, and to assure them that there will be no sudden changes of policy.

Settling disputes
Trade relations often involve conflicting interests. Agreements, including those painstakingly negotiated in the WTO, 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 certain simple, fundamental principles run throughout all of these documents and form the foundations of the multilateral trading system.

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<td><strong>1</strong></td>
<td><strong>Non-discrimination</strong></td>
<td>A country should not discriminate between its trading partners, and it should not discriminate between its own and foreign products, services or nationals.</td>
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<td><strong>2</strong></td>
<td><strong>Opening trade</strong></td>
<td>Lowering trade barriers is an obvious way to encourage trade; these barriers include customs duties (or tariffs) and measures such as import bans or quotas, that restrict quantities selectively.</td>
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<td><strong>3</strong></td>
<td><strong>Predictability and transparency</strong></td>
<td>Foreign companies, investors and governments should be confident that trade barriers will 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.</td>
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<td><strong>Fair competition</strong></td>
<td>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.</td>
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<td><strong>Support for less developed countries</strong></td>
<td>Over three-quarters of WTO members are developing economies or 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.</td>
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<td><strong>Protection of the environment</strong></td>
<td>The WTO agreements permit members to take measures to protect not only public, animal and plant health but also the environment. However, these measures must be applied in the same way to both national and foreign businesses: members must not use environmental protection measures as a means of introducing discriminatory trade barriers.</td>
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<td><strong>Inclusion</strong></td>
<td>The WTO seeks to build a more inclusive trading system that will allow more women and small businesses to participate in trade and to reap the economic benefits of global trading.</td>
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<td><strong>Partnerships</strong></td>
<td>The WTO maintains regular dialogue with civil society, labour unions, universities and the business community to enhance cooperation and build partnerships. The WTO’s Trade Dialogues initiative and the annual Public Forum provide a platform for civil society and business groups to discuss the latest developments in world trade and to propose ways of enhancing the multilateral trading system.</td>
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<td><strong>Digital trade</strong></td>
<td>The WTO recognizes the growing importance of e-commerce. Periodic reviews of the WTO’s work programme on e-commerce are conducted by the General Council based on reports from various WTO bodies. In addition, a group of like-minded members are conducting negotiations on e-commerce, with a view to developing global digital trade rules and addressing challenges posed by the digital divide.</td>
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What we do

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

• The WTO is run by its members. 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 members, 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 specialists – 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 trade-opening and the permitted exceptions, and set procedures for settling disputes. They include countries’ commitments to lower trade barriers and to open services markets. The agreements are renegotiated from time to time and new agreements can be added, as was the case at the 2013 and 2015 ministerial conferences.
Outreach
The WTO maintains regular dialogue with the business community, non-governmental organizations, labour unions, parliamentarians, the academic community, other international 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.

Implementation and monitoring
The 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.

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

Supporting development and building trade capacity
The WTO agreements contain special provisions 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, handle disputes and implement technical standards. The WTO organizes many technical cooperation missions to developing countries and holds numerous courses 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, labour unions, parliamentarians, the academic community, other international 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.
The WTO began life on 1 January 1995, succeeding the General Agreement on Tariffs and Trade (GATT) which had regulated world trade since 1948. Over the past 25 years, the WTO has made a major contribution to the strength and stability of the global economy, helping to boost trade growth, resolve numerous trade disputes and support the integration of developing countries into the trading system.

1995
January

The WTO is born on 1 January.

1996
December

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

1998
May

Second Ministerial Conference takes place in Geneva.
Celebration to mark 50 years of the GATT.

1999
November

Third Ministerial Conference takes place in Seattle, United States.
Fourth Ministerial Conference in Doha, Qatar.
Doha Development Agenda is launched.
China becomes the WTO’s 143rd member.

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

Fifth Ministerial Conference takes place in Cancún, Mexico.

First WTO Public Forum takes place in Geneva.

First Global Review of Aid for Trade takes place in Geneva.
2009

September
- **First WTO Open Day** in Geneva.

November
- **Seventh Ministerial Conference** takes place in Geneva.

2010

January
- **WTO Chairs Programme launched** to support developing country universities.

2011

December
- **Eighth Ministerial Conference** takes place in Geneva.

2012

November
- Historic signing ends 20 years of **EU-Latin American banana dispute**, the longest-running dispute in WTO history.
2013 December

- Ninth Ministerial Conference takes place in Bali, Indonesia.

2015 December

- Tenth Ministerial Conference takes place in Nairobi, Kenya.
- “Nairobi Package" includes abolition of agricultural export subsidies and expansion of Information Technology Agreement.

2016 July

- Afghanistan and Liberia become the WTO’s newest (163rd and 164th) members.

2017

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

2020 November

- WTO marks its 25th anniversary.