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.
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General Council

- The process for selecting a new Director-General began in May 2020 and culminated in the selection by consensus of Dr Ngozi Okonjo-Iweala of Nigeria in February 2021. She is the first African and first woman to head the WTO.

- The General Council was a prime forum in 2020 for WTO members to share information and views on trade measures related to COVID-19. A number of statements on questions related to the pandemic were made during the year.

- The 12th Ministerial Conference (MC12), originally scheduled for Kazakhstan in June 2020, was postponed due to the pandemic. On 1 March 2021, the General Council agreed that MC12 would take place in the week of 29 November 2021 in Geneva.

- Members held extensive discussions on the Work Programme on Electronic Commerce. Views continue to differ on the moratorium on imposing duties on electronic transmissions.

COVID-19 trade-related matters

Amid the global pandemic, the General Council provided a prime forum for WTO members to share information and exchange views on COVID-19 trade-related measures.

In May 2020, a special General Council meeting was convened in virtual format to discuss the trade-policy aspects and effects of the global crisis, with 62 WTO members and three WTO observers sharing their experiences and views. This was the WTO’s first formal virtual meeting and paved the way for the organization to continue working through virtual means when physical meetings were not possible.

Throughout the year, matters related to COVID-19 were at the centre of discussions. WTO members presented several communications and statements. These included a joint ministerial statement by Australia, Canada, the Republic of Korea, New Zealand and Singapore on sustaining global value chains, facilitating the movement of people and minimizing the pandemic’s impact on trade and investment. The Cairns Group of farm goods exporters called for the protection of global food security through open trade.
A group of 13 developing and developed country members proposed the creation of a WTO Trade and Health Initiative. As a first step, they urged all members to back a joint declaration on enhancing the capacity of the trading system to deal with COVID-19 and any future pandemic (see page 41).

Bangladesh drew attention to the plight of the garments and textile sector while Afghanistan called for action to support fragile and conflict-affected countries. Asia-Pacific Economic Cooperation (APEC) ministers responsible for trade urged members to adopt digital solutions to strengthen supply chain resilience.

At the December meeting, members held an exchange on a status report by the Chair of the Council for Trade-Related Aspects of Intellectual Property Rights (TRIPS) on the consideration by the TRIPS Council of a proposal for a waiver from certain provisions of the TRIPS Agreement for the prevention, containment and treatment of COVID-19 (see page 113).

Selection of a new Director-General

Following the resignation of DG Roberto Azevêdo in May 2020 (see page 43), General Council Chair David Walker led the selection process for a new Director-General (see page 28). After three rounds of consultations, the choice came down to two candidates – Dr Ngozi Okonjo-Iweala of Nigeria and Yoo Myung-hee of the Republic of Korea.

For several months, the General Council was unable to reach a consensus. But on 5 February 2021, Ms Yoo withdrew her candidacy and Dr Okonjo-Iweala was appointed as the WTO’s seventh Director-General on 15 February. “This is a very significant moment for the WTO. On behalf of the General Council, I extend our warmest congratulations to Dr Ngozi Okonjo-Iweala on her appointment,” Ambassador Walker said. She is the first woman and the first African to lead the WTO.

Current trade debates

WTO members continued to discuss issues such as the negotiating function of the WTO, development – inclusivity and special and differential treatment for developing countries, the importance of market-oriented conditions to the world trading system, transparency and the deliberative function of the WTO, including strengthening the role of WTO committees.

In December, an extensive debate took place on a draft decision, co-sponsored by more than 80 members, on agriculture export prohibitions relating to the World Food Programme (see page 47). Other draft decisions presented for consideration included an action plan to enhance support for cotton by-product development in least developed countries (LDCs – see page 148).

Twelfth WTO Ministerial Conference (MC12)

Originally scheduled for June 2020 in Nur-Sultan, Kazakhstan, MC12 was postponed due to the pandemic. Kazakhstan offered to host the conference in June 2021. However, due to the uncertainties caused by the pandemic and the current situation,
members decided that Geneva would be a more realistic option. On 1 March 2021, the General Council agreed that MC12 would take place in the week of 29 November 2021 in Geneva.

Implementation of Bali, Nairobi and Buenos Aires outcomes

The General Council regularly reviewed progress in the implementation of decisions taken by ministers at the 9th, 10th and 11th Ministerial Conferences. The reviews included: progress in the implementation of the Nairobi decision on export subsidies in agriculture (see page 84); the Bali decision on tariff rate quotas; LDC preferential rules of origin and the LDC services waiver (see pages 99 and 111); implementation of the Trade Facilitation Agreement (see page 109); and Aid for Trade (see page 151).

Work Programme on Electronic Commerce

Members agreed in December 2019 to reinvigorate the Work Programme on Electronic Commerce, including with structured discussions based on all topics of interest brought forward by members. Members also agreed to extend the moratorium on customs duties on electronic transmissions until MC12. Early in 2020, the Chair of the General Council held consultations and convened an informal meeting to hear members’ views on how to structure the work.

In July 2020, an informal meeting was held to look at two submissions. One was from India and South Africa, and the other from a group of 13 delegations: Australia; Canada; Chile; Colombia; Hong Kong, China; Iceland; the Republic of Korea; New Zealand; Norway; Singapore; Switzerland; Thailand; and Uruguay. The submissions presented different views and perspectives on the scope and impact of the moratorium on customs duties on electronic transmission. The WTO Secretariat organized a webinar on quantifying the moratorium and its impact on economic development.

Members’ views continued to differ, with some calling for a permanent moratorium to give predictability to e-commerce, some calling for it to be lifted to allow members policy space, and others arguing for a continuation of the current periodic renewals.

At the October meeting, India highlighted the importance of continuing discussions on the Work Programme and the moratorium and suggested having a standing item on the Council agenda. In December, members considered a joint submission by India and South Africa highlighting the need for a multilateral discussion to promote an inclusive and development-oriented approach to electronic commerce.

The joint submission suggested that the Work Programme be a standing item not only in the General Council but also in the relevant
Many delegations stressed the important role of e-commerce in supporting economic recovery from the pandemic and the need to address current vulnerabilities and bridge the digital divide.

**Waivers under Article IX of the WTO Agreement**

The General Council considered and granted four waivers from obligations under the WTO Agreement, as set out in Table 1.

It also reviewed the following multi-year waivers:

- LDC members – Obligations under Article 70.8 and Article 70.9 of the TRIPS Agreement with respect to pharmaceutical products, granted on 30 November 2015 until 1 January 2033
- Kimberley Process Certification Scheme for Rough Diamonds, granted on 26 July 2018 up to 31 December 2024
- Canada – CARIBCAN, granted on 28 July 2015 until 31 December 2023
- Preferential Treatment in favour of Services and Service Suppliers of Least-Developed Countries, granted on 17 December 2011 until 31 December 2030
- Preferential Tariff Treatment for Least-Developed Countries, granted on 16 October 2019 until 30 June 2029
- Cuba – Article Xv:6 – Extension of Waiver, granted on 7 December 2016 until 31 December 2021

**Requests for accession and observer status**

In 2020, the General Council established a working party to examine the request for accession of Curaçao and granted observer status to Turkmenistan.

**Other reports**

The General Council in 2020 considered the regular reports on the Work Programme on Small Economies, the report on the Development Assistance Aspects of Cotton and the Annual Review of the Special Compulsory Licensing System.
Table 1: Waivers under Article IX (decision-making) of the WTO Agreement.

In 2020, the General Council granted the following waivers from obligations under the WTO agreements.

<table>
<thead>
<tr>
<th>Member Type</th>
<th>Decision Date of adoption</th>
<th>Expiry date</th>
</tr>
</thead>
<tbody>
<tr>
<td>China</td>
<td>Introduction of Harmonized System 2002 Changes into WTO Schedules of Tariff Concessions</td>
<td>18 December 2020</td>
</tr>
<tr>
<td>Argentina; Brazil; China; Dominican Republic; European Union; Malaysia; Philippines; and Thailand</td>
<td>Introduction of Harmonized System 2007 Changes into WTO Schedules of Tariff Concessions</td>
<td>18 December 2020</td>
</tr>
<tr>
<td>Argentina; Australia; Brazil; China; Colombia; Costa Rica; Dominican Republic; Ecuador; European Union; Guatemala; India; Kazakhstan; Republic of Korea; Malaysia; Mexico; New Zealand; Norway; Philippines; Russian Federation; Singapore; Switzerland; Thailand; and United States</td>
<td>Introduction of Harmonized System 2012 Changes into WTO Schedules of Tariff Concessions</td>
<td>18 December 2020</td>
</tr>
<tr>
<td>Argentina; Australia; Brazil; Canada; China; Colombia; Costa Rica; Dominican Republic; Ecuador; El Salvador; European Union; Guatemala; Honduras; Hong Kong, China; India; Israel; Kazakhstan; Republic of Korea; Macao, China; Montenegro; New Zealand; Norway; Pakistan; Paraguay; Philippines; Russian Federation; Switzerland; Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu; Thailand; United States; and Uruguay</td>
<td>Introduction of Harmonized System 2017 Changes into WTO Schedules of Tariff Concessions</td>
<td>18 December 2020</td>
</tr>
</tbody>
</table>

**Other issues**

As part of its overall oversight function, the General Council conducted a year-end review of WTO activities on the basis of annual reports from its subsidiary bodies. In addition, the General Council approved the WTO budget for 2021.
Trade in goods

▷ Thirteen new trade concerns were raised in the Council for Trade in Goods, up from 12 in 2019.

▷ Several WTO members proposed that the Council discuss in a systemic manner trade-related measures taken over COVID-19.

▷ A proposal was made for an authoritative interpretation of the Enabling Clause to provide greater legal certainty to non-reciprocal preferences granted by developing countries to least-developed countries (LDCs).

WTO members raised 13 new trade concerns in 2020 (see Table 2), little changed from 12 in 2019.

Among the new issues brought before the Council, Russia – supported by Armenia, China, Kazakhstan and the Kyrgyz Republic – expressed concerns regarding the European Union’s proposed carbon border adjustment mechanism. Under the mechanism, the European Union will impose a levy corresponding to the carbon footprint of an import from outside the European Union. Members expressed concerns as to whether the proposed measure would be consistent with WTO rules against discrimination.

Australia expressed concerns over measures implemented by China on a range of goods imported from Australia, including live rock lobster, barley, wine, timber logs, cotton and other agricultural commodities. Turkey expressed concerns over the Kingdom of Saudi Arabia’s trade policies, including what it said were long delays in customs clearance and increased safety inspections applied to perishable goods. Hong Kong, China expressed concerns over a revised US requirement that goods produced in Hong Kong, China could no longer indicate “Hong Kong” as their origin but had to indicate “China” instead.

In addition to previous concerns regarding the European Union’s renegotiation of tariff rate quota (TRQ) commitments as a consequence of the United Kingdom leaving the European Union (Brexit), nine members expressed new concerns regarding the TRQ commitments of the United Kingdom following Brexit.

Background

The Council for Trade in Goods is responsible for the workings of WTO agreements on trade in goods. It consists of the full WTO membership and reports to the WTO General Council. The Goods Council has 12 subsidiary committees dealing with specific subjects, such as agriculture, market access, subsidies, technical barriers to trade, sanitary and phytosanitary measures, import licensing, customs valuation and trade facilitation. These committees also comprise all WTO members. Working parties on state trading enterprises and the Information Technology Agreement also report to the Goods Council.
Other previously raised concerns included: Indonesia’s import and export-restricting policies and practices; India’s restrictions on imports of pulses; EU quality schemes for agricultural products; China’s measures restricting the import of scrap materials; the European Union’s renewable energy directive; and Russia’s trade-restricting practices.

**COVID-19 and measures relating to trade in goods**

Nine WTO members proposed that the Council provide a platform for members to discuss, in a systemic manner, the trade-related measures adopted in the context of the COVID-19 pandemic. Issues would include the expiry date and notification of measures, the list of products, an indication of trade-facilitating measures, good practices in monitoring those measures in the Council’s subsidiary bodies and collaboration with other international organizations.

**Authoritative interpretation of the Enabling Clause**

The Republic of Korea introduced a proposal for an authoritative interpretation of the Enabling Clause, which allows for preferential trade arrangements between developed and developing countries and among developing countries. The aim is to provide greater legal certainty to non-reciprocal preferences granted by developing countries to LDCs.

**Transparency**

Proponents introduced a revised proposal on transparency to enhance members’ compliance with notification requirements, adding flexibilities and clarifications with respect to the previous revision. In particular, LDCs would no longer be covered by proposed administrative sanctions if they requested technical assistance to address challenges in submitting notifications in a timely manner.

Some members reiterated their opposition to administrative measures and the differential treatment of notifications on agriculture. Other delegations referred to the need for an inclusive approach that considers the challenges faced by developing and least-developed countries.
Proponents introduced a revised proposal on transparency to enhance members’ compliance with notification requirements.

**Table 2: New trade concerns raised in the Council for Trade in Goods in 2020**

<table>
<thead>
<tr>
<th>Member(s) raising the concern</th>
<th>Topic</th>
</tr>
</thead>
<tbody>
<tr>
<td>Russian Federation</td>
<td>EU’s proposed carbon border adjustment mechanism</td>
</tr>
<tr>
<td>Australia, Brazil, Canada, China, New Zealand, Russian Federation, Switzerland, United States and Uruguay</td>
<td>UK draft goods schedule and proposed tariff rate quota commitments post-Brexit</td>
</tr>
<tr>
<td>European Union</td>
<td>US import restrictions on apples and pears</td>
</tr>
<tr>
<td>United States</td>
<td>Mexico’s front of pack nutrition-labelling (NOM 51)</td>
</tr>
<tr>
<td>China</td>
<td>US Executive Order on securing the bulk-power system</td>
</tr>
<tr>
<td>Russian Federation</td>
<td>EU safeguard measures on imports of certain steel products</td>
</tr>
<tr>
<td>Australia</td>
<td>China’s implementation of trade disruptive and restrictive measures</td>
</tr>
<tr>
<td>European Union</td>
<td>Egypt’s import restrictions for sugar</td>
</tr>
<tr>
<td>European Union</td>
<td>Nigeria’s foreign exchange restrictions affecting dairy imports</td>
</tr>
<tr>
<td>Costa Rica</td>
<td>Panama’s import restricting practices</td>
</tr>
<tr>
<td>Turkey</td>
<td>Kingdom of Saudi Arabia’s trade-restrictive policies and practices concerning Turkey</td>
</tr>
<tr>
<td>European Union</td>
<td>Sri Lanka’s import ban on various products</td>
</tr>
<tr>
<td>Hong Kong, China</td>
<td>US revised origin marking requirement for goods produced in Hong Kong, China</td>
</tr>
</tbody>
</table>

**E-commerce**

The Council continued discussing e-commerce in response to the call from the 11th Ministerial Conference to reinvigorate the WTO’s work in this area (see page 70).

**Functioning of the Council**

Discussions continued on how to improve the work of the Council and its subsidiary bodies.
COVID-19 and world trade

Global trade in goods and services was severely impacted by the COVID-19 pandemic that erupted in early 2020 and the adoption of global health measures taken by WTO members to try and mitigate the crisis.

Trade in goods declined by 5.3 per cent in 2020 (see also page 73). Trade in services also declined as limits to travel and other health-related restrictions prevented or severely curtailed face-to-face service delivery activities. Travel and transport services declined by 63 per cent and 19 per cent respectively.

Most of the 335 COVID-19 trade and trade-related measures identified in WTO trade monitoring reports were adopted on a temporary basis. In the early stages of the pandemic, most of the measures taken by WTO members restricted trade. But by mid-October, 195 (58 per cent) of the measures were trade-facilitating compared with 140 (42 per cent) that could be considered trade-restrictive.

Around 39 per cent of the restrictive measures implemented in response to the pandemic had been repealed by mid-October. Some 18 per cent of trade-facilitating measures related to COVID-19 had also been eliminated. The trade coverage of pandemic-related trade-facilitating measures implemented since the beginning of the pandemic was estimated at US$ 227 billion while trade-restrictive measures stood at US$ 180 billion.

To help respond to trade issues arising from the global health crisis, the WTO established an internal, cross-cutting working group. This was directed to help ensure comprehensive monitoring of COVID-19-related trade measures touching on WTO work.
These ranged from sanitary and phytosanitary (SPS) measures and technical barrier to trade (TBT) regulations to intellectual property measures. The group produced 20 information notes on the impact of COVID-19 on world trade, provided regular trade data updates and closely monitored members’ trade-related policy developments. It focused on ensuring transparency around trade and trade policy developments while providing substantive information on trade issues relevant for policymakers and businesses as they attempted to navigate the rapidly evolving global trading environment.

The first paper produced by the group was on “Trade in Medical Goods in the Context of Tackling COVID-19”. It was published in April and updated in December (see box).

Other topics covered by group notes included transparency and why it matters at times of crisis, trade in services, trade costs, agriculture, what measures WTO members used to expedite access to COVID-19 medical goods and services, and trade-related issues concerned with vaccine distribution.

As of November 2020, there had been over 270,000 downloads of the group’s reports.

The WTO also created a dedicated section on its website to provide up-to-the-minute information on COVID-19 and world trade, including relevant notifications by WTO members, the impact of the virus on exports and imports, and how WTO activities have responded to the pandemic.

The General Council spent much time discussing COVID-19. It held a special virtual meeting in May for WTO members to share information and views on COVID-19 trade-related matters. It was the first time that a special General Council meeting had been convened to discuss the trade-policy aspects and effects of a global crisis (see page 68). The Council continued to address the issue in subsequent meetings.

Travel and transport services were particularly hard hit.

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Trade and health

COVID-19 has placed health systems worldwide under extraordinary pressure. In the early phase of the pandemic, many countries faced a shortage in essential personal protective equipment (PPE). As production increased to meet the unparalleled spike in demand, trade played an important role in getting supplies to those most in need. In the first half of 2020, imports of face protection products jumped by 90 per cent while trade in medical goods increased by 16 per cent (see box).
As the pandemic took hold, WTO members shared information with the WTO about their trade-restrictive and trade-facilitating measures.

Duties, taxes and charges on COVID-19-critical medical goods and other essential supplies were temporarily removed or deferred by 40 WTO members. These trade-facilitating actions helped reduce the cost of the goods needed to fight the pandemic, both for the health sector and for the public. Measures to reduce or eliminate import tariffs made up around two-thirds of the import trade-facilitating measures reported to the WTO.

In addition, members expedited customs procedures and border clearance for COVID-19-critical medical goods by cutting back red tape. Actions taken included establishing priority clearance channels, lessening and simplifying documentary requirements and electronic processing, and improving border agency cooperation.

Members also took steps to enhance regulatory approval and cooperation on standards for traded goods, including measures to expedite regulatory assessments, recognizing the results of foreign regulators, and allowing remote or electronic conformity assessment procedures. Many members improved access to COVID-19-critical medical services. The international movement of health workers was facilitated, together with new rules on telemedicine.

Export restrictions on PPE and medical goods taken by some countries in the early stages of the pandemic were gradually phased out as supplies became more readily available. However, certain measures remain in place.

More information on members’ responses to the crisis is available in the information note “How WTO members have used trade measures to expedite access to COVID-19 critical medical goods and services” and on the WTO’s dedicated webpage on COVID-19 and world trade.

Vaccine production and distribution

Successive waves of coronavirus infection led to increased efforts to develop and manufacture vaccines and diagnostics to combat the pandemic, with the aim of meeting national needs and providing equitable access worldwide. However, demand far exceeded supply, leading to export limitations in some countries as producers struggled to fulfill orders.

Vaccine production is supported by complex value chains for raw materials and components. A typical vaccine manufacturing plant will use in the region of 9,000 different materials sourced from some 300 suppliers across approximately 30 different countries, according to an estimate from the International Federation of Pharmaceutical Manufacturers and Associations.

WTO trade statistics suggest that global exports of some particularly critical raw materials for vaccine production (including nucleic acids, amino acid phenols, acyclic amides, lecithins and sterols) grew by 49 per cent in the first six months of 2020 to reach some US$ 15.5 billion in value.
In view of the complexity of raw material and component value chains and limited production capacity in many countries, export controls, border clearance and transit issues affecting the sourcing of imported raw materials and other essential components posed difficulties for scaling up vaccine manufacturing operations and ensuring equitable access.

At the WTO, members discussed a proposal, initially submitted in October 2020, for a waiver of certain provisions of the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS) in relation to the “prevention, containment or treatment” of COVID-19. According to the proponents, the objective is to avoid barriers to timely access to affordable medical products including vaccines and medicines or to scaling-up of research, development, manufacturing and supply of essential medical products (see page 113).

Discussions have continued in 2021 in response to revised proposals submitted by WTO members.

Impact of COVID-19 on world trade

Global merchandise trade volumes declined by 14.3 per cent in the second quarter of 2020 compared to the previous period as COVID-19 containment measures affected economies around the world. This contraction is sharper than the 10.2 per cent drop recorded during the financial crisis between the third quarter of 2008 and first quarter of 2009.

However, most categories of manufactured goods saw significant gains in the second half of 2020. World trade in iron and steel was down 17 per cent in the third quarter but this decline was reduced to 2 per cent by the fourth quarter. Iron and steel trade is indicative of broader economic conditions as these products are heavily used in both automobile manufacturing and building construction, both of which were hit hard by the pandemic.

Strong growth in textiles trade in both the third and fourth quarter partly reflected high demand for medical face coverings. Electronic goods including computers also saw steady growth of 12 per cent in the second half of 2020, reflecting strong demand for upgraded equipment to facilitate working remotely.

Travel and transport services, down 63 per cent and 19 per cent respectively in 2020, were directly impacted by containment measures designed to limit the spread of COVID-19, many of which remain in place or have been tightened in response to the resurgence of the disease.

The number of daily international flights fell around 80 per cent in the first quarter of 2020 as countries closed their borders to reduce the spread of COVID-19. This number gradually picked up as cases declined and people resumed limited travel. The end of 2020 saw an uptick in flights as people travelled to meet friends and family for seasonal holidays, but a resurgence of the virus has reduced flights again in 2021.

WTO economists estimate the volume of world merchandise trade will increase by 8.0 per cent in 2021. Travel services are not expected to fully recover until the pandemic wanes.
Market access

The Committee discussed 19 trade concerns, one more than in 2019.

The WTO launched a new goods schedules e-library, facilitating access to all legal instruments recording tariff and other commitments made by WTO members.

A record 35 members submitted notifications on quantitative restrictions, up from 14 in 2019. Many of these notifications referred to export restrictions on products essential to combating COVID-19. Several members also notified when the restrictions were subsequently lifted.

Trade concerns

WTO members raised 19 trade concerns on issues such as border delays, applied tariffs allegedly in excess of WTO commitments, procedures to modify schedules of concessions, discriminatory internal taxation and, in particular, prohibitions and restrictions on imports and exports. Many concerns had been raised previously but a number were new.

Russia submitted a proposal on enhancing transparency on applied tariffs. Australia, Brazil and Canada submitted a proposal on transparency in tariff rate changes and their impact on shipments en route. Colombia and other members called for enhancing transparency of trade-restricting measures adopted in response to COVID-19. The Committee requested the WTO Secretariat to provide additional information on the COVID-19-related measures notified.

COVID-19

WTO members commended efforts by the Secretariat to monitor governments’ trade-related measures during the COVID-19 crisis (see page 76). They discussed ways to ensure that the emergency measures introduced to restrict exports are lifted once they are no longer deemed necessary and asked the Secretariat to produce a more detailed report.

Agreement on pharmaceuticals

The WTO Secretariat presented a consolidated list of products covered by a plurilateral agreement on pharmaceuticals, known as the Pharma Agreement. The European Union said the participation of signatory parties in global pharmaceutical trade had fallen from over 90 per cent in 1994 to only
64 per cent. Since export curbs and tariffs are depriving many of life-saving medicines, the EU invited WTO members to rethink the relevance of maintaining tariffs on such products.

**Databases**

In 2020, the Secretariat launched a goods schedules e-library (https://goods-schedules.wto.org), an online platform with access to thousands of files and legal instruments recording tariff and other commitments made by WTO members, known as their schedules of concessions. The platform also shows the various changes that have taken place, such as renegotiated schedules, transpositions of schedules, sectoral initiatives and other rectifications and modifications.

The WTO’s Integrated Database, the main source of tariff and import data, began automatic data transmission with interested members. This procedure significantly simplifies data notification both for members and the Secretariat.

The Secretariat presented a revised version of the quantitative restrictions database, which transforms notifications into a machine-readable format and makes it easy to search and display data. It is expected that this revised system will be released to the public in 2021.

**Harmonized System**

The Committee works to ensure that members’ schedules of concessions reflect the latest amendments to the World Customs Organization’s Harmonized System (HS), the system used to classify traded goods on a common basis. This technical work at the WTO seeks to ensure that WTO schedules are up to date, thereby facilitating the comparison of a member’s applied tariff regime with its WTO obligations.

The HS96, HS2002 and HS2007 “transposition exercises” – amendments are typically referred to by the year in which they enter into force – have been nearly concluded for all members. The Committee made good progress on the HS2012 transposition, with the schedules of 99 members updated. In addition, 54 schedules were transposed to HS2017 in 2020, of which 18 were certified. The Committee was informed by the WCO that a new amendment will enter into force on 1 January 2022.

Together with the WCO Secretariat, the Committee organized a workshop on the Harmonized System, including sessions on its practical application, its role in the WTO and on the new amendments that will enter into force on 1 January 2022.

**Quantitative restrictions**

The Committee received quantitative restrictions notifications from a record 35 members, up from 14 in 2019. These notifications include information on prohibitions and other restrictions that do not take the form of a tariff, tax, fee or charge, and are allowed by the WTO in specific circumstances only. Many related to temporary export restrictions introduced by WTO members to fight the COVID-19 pandemic. The number of these temporary measures peaked in the second quarter of 2020 and many have since been phased out.
The Committee received 351 notifications from members in 2020, the second-highest number after 2019’s 439, and a sign of members’ commitment to increased transparency.

Members raised 547 questions on individual notifications and on members’ implementation of commitments, the highest figure ever.

A special meeting of the Committee was convened in June 2020 on COVID-19 and agricultural trade policies. Many members called for enhanced transparency on COVID-related trade measures.

The Committee on Agriculture reviewed 133 notifications from WTO members and discussed 116 specific implementation matters concerning members’ agricultural policies under Article 18.6 of the Agreement on Agriculture, which allows members to raise questions on any matters relevant to the implementation of commitments. A total of 547 questions were raised in the Committee in these two areas, significantly more than the 404 questions raised in 2019 and an all-time high. As Figure 1 shows, agricultural policy developments in developing countries have been increasingly subject to the Committee’s review over recent years.

Around 71 per cent of the questions raised concerned domestic support (subsidy) notifications, including from Brazil, the European Union, India, Israel and Turkey. For the first time since 2011, the Committee reviewed notifications concerning export restrictions or prohibitions, most of which related to measures implemented in

Background
The Agreement on Agriculture aims to reform trade and make WTO members’ policies more market oriented. The rules and commitments apply to market access, domestic support and export competition as well as export restrictions and prohibitions. The Committee on Agriculture oversees the implementation of the Agreement. The Committee also monitors follow-up to the Marrakesh ministerial decision regarding the least-developed and net food-importing developing countries, which sets out objectives and mechanisms on the provision of food aid and other assistance.
response to COVID-19. Figure 2 provides a snapshot of the questions on notifications by subject area.

Transparency continued to be an important topic in 2020, and compliance with notification obligations, particularly for domestic support and export subsidies, was subject to specific scrutiny in the Committee. Eighteen questions were raised concerning pending notifications from Australia, China, Egypt, the European Union, India, Kenya, the Republic of Korea, Morocco, South Africa, Turkey and the United States.

Thirty-four per cent of domestic support notifications (848) and 30 per cent of export subsidy notifications (874) remained outstanding as of 31 December 2020. Nevertheless, Figure 3 shows a rising trend in the number of annual notifications, with the total reaching 351 in 2020, the second-highest since 1995 after 2019’s 439 and a sign of members’ continuing commitment to increased transparency.
COVID-19 and agriculture

In March 2020, as the COVID-19 crisis deepened, the heads of the WTO, the UN Food and Agriculture Organization and the World Health Organization issued a joint statement calling on governments to minimize the impact of COVID-19-related border restrictions on trade in food (see page 175).

In response to members’ requests, a special meeting of the Committee was convened in June 2020 on COVID-19 and agricultural trade policies. Members agreed to include “COVID-19 and agriculture” as a standing item on the Committee’s agenda. It was also agreed to invite observer international organizations to contribute to the discussions.

Several written contributions were submitted by members on COVID-19 and agriculture, including specific notifications and ad hoc reports on measures taken in the agricultural sector in response to the pandemic. Some observer international organizations also circulated contributions on this theme.

Several members called for enhanced transparency on COVID-19 measures at a Committee meeting in July. In a subsequent information session dedicated to COVID-19, members also heard from several international organizations about their research work.

In August, the WTO Secretariat published an information note on the impact of the pandemic on world agricultural trade. It said that agricultural trade had fared better than other sectors and that initial measures focused on guaranteeing the immediate availability of food had been followed by a second phase of policies seeking to mend broken supply chains and help producers.

Export competition

The Committee held its annual dedicated discussion on export competition in September. Export competition covers export subsidies, export credits, export credit guarantees or insurance programmes, international food aid and agricultural exporting state trading enterprises.

The 2015 Ministerial Conference decided to eliminate agricultural export subsidies and established disciplines on similar export measures. Of the 16 WTO members that had export subsidy reduction commitments at the time, 12 have modified their schedules of commitments in line with the decision. Canada and the European Union have already circulated draft revised schedules and

“...The lessons from the pandemic for global foods systems are clear: The continued strengthening of the WTO Agreement on Agriculture is absolutely vital”. - DDG Alan Wolff
certification is expected in due course. Brazil and Venezuela are yet to submit their draft revised schedules incorporating the decision.

**Transparency tools**

The WTO Secretariat continued its work on the improvement of its online tools, including the new online system for submission of agriculture notifications released at the end of 2019.

The Secretariat added new features to the question and answers function of the Agriculture Information Management System (AG-IMS), which allows members to pose questions and provide answers to be discussed at Committee meetings.

**Outreach and information exchange**

The WTO Secretariat organized a 2020 edition of the WTO Agriculture Symposium, in virtual mode, exploring the role of international trade in agriculture in food system transformation. The symposium marked 25 years of the Agreement on Agriculture. It assessed and drew lessons from the impact of the COVID-19 pandemic on agricultural trade.

“The lessons from the pandemic for global foods systems are clear. The continued strengthening of the WTO Agreement on Agriculture is absolutely vital,” Deputy Director-General Alan Wolff said in an address to the symposium. The virtual meeting was attended by WTO members, academics, civil society, farmers and agri-business.

In addition, the Secretariat launched the WTO Trade Dialogues on Food in April 2020. This will become a regular feature of virtual outreach conducted by the Agriculture and Commodities Division designed to explore topical issues in food and agricultural trade.
Sanitary and phytosanitary measures

The Committee adopted the Report of the Fifth Review of the Agreement on Sanitary and Phytosanitary (SPS) Measures, with recommendations for tackling new issues and continuing existing activities.

Committee members began using a new online platform – eAgenda – to submit and share agenda items, statements and specific trade concerns.

The number of new specific trade concerns raised by WTO members rose to 36 – more than double 2019’s 17 – covering a wide range of issues, such as pesticide-related policies and COVID-related restrictions.

Members notified 2,122 new or changed SPS regulations, an all-time high, and up from 1,762 the previous year.

Background

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 necessary for health protection and based on scientific principles.

Adoption of the Fifth Review Report

In 2020, the SPS Committee adopted the Report of the Fifth Review of the SPS Agreement, concluding a process launched in March 2018. Members showed a high level of engagement, submitting 22 proposals covering ten topics (see Box 1).


Implementation of the Fifth Review recommendations

The SPS Committee commenced implementing several recommendations in the report. A Working Group on Approval Procedures was established to enhance implementation of approval procedures that facilitate trade while meeting an importer’s appropriate level of SPS protection. This working group, led by Canada and Paraguay, held its first meeting in November.

The SPS Committee held a thematic session on voluntary third-party assurance programmes – formal, documented food-safety systems to improve food-safety outcomes – to increase awareness of the work of international standard-setting bodies and share approaches to third-party assurance in official controls.
In addition, the Committee continued to exchange information on various topics, including under the new standing agenda item on control, inspection and approval procedures.

**New eAgenda platform**

Because of the pandemic, several changes were made to Committee meetings to facilitate virtual participation. Starting in June, members could use a new online platform – eAgenda – to submit and share agenda items, statements and specific trade concerns (STCs).

**Proposed SPS declaration for 12th Ministerial Conference**

The Committee discussed a proposal on an SPS declaration for the 12th Ministerial Conference, initially submitted by Brazil, Canada and the United States, and subsequently co-sponsored by 22 members. This declaration aims to initiate a work programme to deal with future regulatory challenges, including emerging pests and diseases, climate change and technological innovation. Proponents responded to members’ queries, and indicated their intention to hold further discussions, including in smaller group settings.

**SPS issues related to COVID-19**

Members shared information on SPS issues pertaining to the pandemic in Committee
meetings and at an informal information-sharing session held in June. Codex, OIE, IPPC and the World Health Organization (WHO) provided updates on COVID-related activities. Many members underscored the need to respect the core principles of the SPS Agreement, such as transparency and scientific basis, in the design and implementation of COVID-19 measures and highlighted the role of guidance from the Food and Agriculture Organization (FAO), WHO and OIE.

**SPS@25 event**

Members participated in a special event to mark 25 years of the SPS Agreement. The event underlined the central role the Agreement has played to enhance trade in safe food. Negotiators of the Agreement, the former Secretary of the SPS Committee and Chair of the working group, former Committee chairs, experts and delegates reflected on the work done and tried to anticipate the challenges the next 25 years will bring.

"In these uncertain times, the SPS Committee has shown that its work and the SPS Agreement are more relevant than ever," Deputy Director-General Alan Wolff said in opening remarks.

**New observer organization**

The SPS Committee agreed to grant observer status to the Arab Organization for Agricultural Development.

**Specific trade concerns**

WTO members raised 36 new specific trade concerns – more than double 2019’s 17 – covering a wide range of issues, such as pesticide-related policies, COVID-related restrictions on agricultural products and phytosanitary restrictions on fresh vegetables and fruits. The Committee also considered 17 previously raised concerns.

Following an exercise conducted by the WTO Secretariat in September on the status of certain specific trade concerns, members reported 35 resolved and 42 as partially resolved. This brings the total number of fully or partially resolved concerns to 272 (over 50 per cent of the 516 concerns raised since 1995 – see Box 2).
Notifications

The SPS Agreement requires notification of draft regulations that are not “substantially the same” as an international standard. In 2020, members notified 2,122 new or changed SPS regulations, an all-time high, and up from 1,762 the previous year. Of these, 1,253 were regular notifications (up from 1,118 in 2019) and 265 were emergency notifications (up from 119 in 2019). Developing countries submitted 71 per cent of SPS notifications compared with 67 per cent in 2019 (see Figure 4).

Out of 294 COVID-related WTO notifications, 28 per cent were submitted under the SPS Agreement. At the onset of the crisis, emergency trade restrictions on imports of animals and animal products from affected areas were the most common. But since April 2020, most notifications and communications relate to measures to facilitate trade (see page 109). Some trade-facilitating examples include the acceptance of electronic/scanned certificates and the identification of dedicated websites to verify the validity of, or to submit, certificates.

Capacity-building

Despite the challenges of organizing technical assistance activities, due to the pandemic, the WTO Secretariat held 12 SPS technical assistance activities in virtual formats.

Publications

In 2020, the WTO Secretariat published an information note, “Future resilience to diseases of animal origin: the role of trade”, noting that the impact of COVID-19 has far eclipsed that of other recent outbreaks of such diseases. This note maps out the international framework in place to address these issues along with efforts to ensure safe trade in animals and animal products, including wildlife. It is clear from the current pandemic that international cooperation is essential in global animal health and world trade, the publication notes.

The note was part of a series on COVID-19 (see page 76). The Secretariat released another on “Standards, regulations and COVID-19 – what actions taken by WTO members?”. Around two-thirds of notifications by WTO members in response to COVID-19 are related to product standards and regulations, or procedures to assess conformity with such measures (i.e. technical barriers to trade and SPS measures).

“In these uncertain times, the SPS Committee has shown that its work and the SPS Agreement are more relevant than ever” - DDG Alan Wolff
Technical barriers to trade

The Committee used new IT tools, such as the eAgenda online platform, to continue its work despite the restrictions stemming from the COVID-19 pandemic.

The Committee’s implementation of its current 2019-21 workplan continued, including on developing guidelines on the choice and design of appropriate and proportionate conformity assessment procedures.

The Committee held a number of thematic sessions on various topics, including mandatory marking and labelling, technical assistance, conformity assessment and good regulatory practices.

The Committee adopted a timeline for the completion in 2021 of the ninth triennial review of the Technical Barriers to Trade (TBT) Agreement, which will lay down its 2022-24 workplan.

Members’ TBT notifications and specific trade concerns rose to record levels, indicating increasing use of the Committee’s transparency and monitoring mechanisms.

Progress on several fronts

The TBT Committee continued implementing its 2019-21 workplan, adopted in November 2018. Alongside its regular meetings, the Committee also held several thematic sessions on various issues, such as technical regulations (mandatory marking and labelling), technical assistance, conformity assessment procedures and good regulatory practices. The Committee also agreed on the timeline for the completion of its ninth Triennial Review in 2021, which will adopt its 2022-24 workplan.

The adoption of enhanced procedures and its use of new IT tools, such as the eAgenda online platform, allowed the Committee to continue its work despite disruptions caused by the COVID-19 pandemic. Members considered that the eAgenda in particular greatly facilitated discussing specific trade concerns (STCs). Engagement in STCs increased, including by LDCs.

The Committee’s work continued with respect to its mandate for developing guidelines on the choice and design of appropriate and proportionate conformity assessment

Background

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 WTO 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.
Specific trade concerns (STCs)

In 2020, the Committee discussed a record 214 STCs – new and previously raised concerns regarding draft or adopted TBT measures. This is a significant jump from the already high number of STCs (185) discussed in 2019 (see Figure 5). Compared with 2019, the number of new STCs (57) grew by over 60 per cent, with a slight increase in previously raised STCs (157).

The new STCs covered a wide range of product regulations, including those dealing with cybersecurity, environmental protection (on solid waste, plastics, eco-design requirements, energy conservation) and the description and labelling of various products. Of the new STCs, 33 were raised by developing countries (21 independently and 12 in conjunction with developed countries).
Notifications

Notifications rose to a record 3,354 draft measures (see Figure 6). However, the number of notifying members decreased from 93 to 82. The United States submitted the most notifications. Africa was again particularly active, with Uganda, Kenya, Tanzania, Rwanda and Egypt among the top ten notifying members.

Almost all notifications (93 per cent) were submitted through the WTO’s online portal, which enables the WTO Secretariat to publish notifications within two days of receipt. The portal also allows members to track the status of submitted notifications and facilitates the preparation of notifications via templates (see also Box 3).

TBT@40

The WTO Secretariat organized a TBT@40 dialogue series to mark 40 years of the TBT Agreement, with three online events. The first focused on how SPS/TBT transparency mechanisms reduce trade tensions. The second looked at how members use the TBT Committee to raise and discuss STCs for addressing trade frictions without having to resort to formal WTO disputes.

The third looked at whether the Committee’s “six principles” on international standardization (transparency, openness, impartiality and consensus, effectiveness and relevance, coherence, and the development dimension) remain fit for purpose 20 years after their adoption.

Capacity-building

In 2020, demand for – and delivery of – TBT technical assistance activities was severely affected by the pandemic. As a result, many such activities had to be postponed to 2021. The WTO Secretariat was nonetheless able to hold various TBT activities via virtual workshops or seminars, including three national workshops on the TBT Agreement (in Paraguay, Peru and Zimbabwe) and one national workshop on the TBT and SPS Agreements (in Brazil). In addition, training on the TBT and SPS Agreements was provided as part of the first online Regional Trade Policy Course for Caribbean members.

As in previous years, there was strong demand for training on TBT transparency and on ePing in particular. Fifteen virtual ePing training activities were organized, including on how to submit and track notifications related to COVID-19.
Subsidies and countervailing measures

- The Committee reviewed WTO members’ notifications of subsidies, and countervailing duty legislation and actions.
- The Chair alerted WTO members to the continuing “chronic” low compliance with notification obligations on subsidies.
- Initiations of countervailing duty investigations rose to 27 in the first half of 2020, compared with 15 in the same period of 2019.

Because of the COVID-19 pandemic, the Subsidies and Countervailing Measures (SCM) Committee held only one regular and one special meeting in 2020, in the autumn. The 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 Chair of the Committee, Michèle Legault Dooley (Canada), spoke of the “chronic” low compliance with the fundamental transparency obligation to notify subsidies, saying it constitutes a serious problem for the proper functioning of the SCM Agreement. Numerous members underlined the importance of transparency, citing poor compliance with notification obligations. Only 83 of the WTO’s 164 members had submitted their 2019 subsidies notifications. In addition, 67 members had not submitted their 2017 notifications.

The Committee continued to discuss ways to improve the timeliness and completeness of notifications and other information flows on trade measures. It also considered a revised proposal by the United States on procedures for questions and answers on programmes not included in WTO members’ notifications.

The Chair recalled the 31 December 2015 deadline for the extended transition given to 19 developing countries to eliminate export subsidies. The Chair noted that the beneficiaries should have made their final transparency notifications by 30 June 2016 but only 15 had done so. The Committee agreed to continue to discuss this issue in 2021. Least-developed countries and ten of the developing members listed in Annex VII(b) of the SCM Agreement continue to be exempted from the export subsidy prohibition.

Background

The Subsidies and Countervailing Measures (SCM) Agreement regulates WTO members’ use of subsidies and countervailing measures on subsidized imports of a product found to be injuring domestic producers of that product. The SCM Committee reviews 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. It serves as a forum for members to discuss the implementation of the SCM Agreement and any matters arising from this.

Initiations of countervailing duty investigations rose to 27 in the first half of 2020, compared with 15 in the same period of 2019.
The Committee also reviewed notifications of countervailing actions taken (see Figure 7). The number of initiations of countervailing duty investigations increased to 27 in the first half of 2020, compared with 15 in the same period of 2019. As of 30 June 2020, there were 228 notified measures (definitive duties and undertakings) in force.

The issue “subsidies and overcapacity” was discussed in the Committee for the eighth time at the request of Canada, the European Union, Japan, Norway and the United States. Members continued their discussions on whether subsidies contribute to overcapacity in certain sectors.

Figure 7: Countervailing initiations by WTO members, 1 January 1995 to end-June 2020*

Note: Figure 7 covers initiations up to the end of June 2020. Data for the second half of 2020 are not yet available.
Anti-dumping practices

WTO members initiated 188 new anti-dumping investigations from January to June 2020, nearly double the 99 registered in the same period in 2019 (see Figure 9).

India and the United States were again the leading initiators, accounting for more than 60 per cent of the new investigations.

Investigations involving steel products continued to be a main focus of discussion in the Committee.

In the first six months of 2020, the United States initiated 58 new anti-dumping investigations and India 57, up from 20 and 18 each, respectively, in the same period of the previous year.

Australia, Brazil, Canada, Egypt, Indonesia, Mexico, New Zealand, Pakistan, Thailand, Turkey and Viet Nam also initiated more investigations than in the first half of 2019.

Other users of anti-dumping investigations, including Argentina, the European Union, Malaysia, Ukraine and the six Gulf Cooperation Council (GCC) member states.

Figure 8: Anti-dumping investigations by reporting WTO member, 1 January 2020 to end-June 2020*

Background

WTO members can apply anti-dumping measures on imports of a product where the exporting company exports the product at a price lower than its normal value, generally the price it 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.

Note: Figure 8 covers initiations up to the end of June 2020. Data for the second half of 2020 are not yet available. All actions identified in respect of the Russian Federation operate at the level of the Eurasian Economic Union, i.e., also in respect of Armenia, Belarus, Kazakhstan and the Kyrgyz Republic. All anti-dumping actions identified in respect of the Kingdom of Saudi Arabia operate at the level of the Gulf Cooperation Council, i.e., also in respect of the Kingdom of Bahrain, the State of Kuwait, Oman, Qatar and the United Arab Emirates.
(Kingdom of Bahrain, State of Kuwait, Oman, Qatar, Kingdom of Saudi Arabia and the United Arab Emirates) initiated fewer investigations while China, the Republic of Korea and South Africa did not initiate any in the first half of 2020.

After India and the United States, the top initiators in the first half of 2020 were Australia (15), Thailand (eight), Canada (six) and Viet Nam (six) (see Figure 8).

Investigations involving steel products continued to be the subject of extensive debate in the Committee. These products accounted for more than a quarter of all new investigations in the first six months of 2020.

Due to the COVID-19 pandemic, the Committee only met once in 2020. It reviewed semi-annual reports for the second half of 2019 submitted by 47 members and semi-annual reports for the first half of 2020 submitted by 48 members. Committee Chair Lenka Šustrová (Czech Republic) noted at the October meeting that some members had failed to submit semi-annual reports for the second half of 2019 and the first half of 2020. Australia and the United States introduced an informal discussion on members’ anti-dumping procedures during the pandemic.

The Secretariat’s new online portal for submission of anti-dumping semi-annual reports is now available, starting for reports for the second half of 2020.

Due to the heavy agenda of the only Committee meeting held in 2020, the Informal Group on Anti-Circumvention and the Working Group on Implementation did not convene in 2020.

Figure 9: Anti-dumping investigations by year, 1 January 1995 to end-June 2020

Steel products accounted for more than a quarter of all new anti-dumping investigations in the first six months of 2020.

Note: Figure 9 covers initiations up to the end of June 2020. Data for the second half of 2020 are not yet available.
Customs valuation

- National legislation was notified for the first time by three members. The Committee continued the review of legislation of 21 members.
- The Committee hosted a webinar in November celebrating the 25th Anniversary of the Customs Valuation Agreement.

The Committee on Customs Valuation received three first-time notifications of national legislation, from Afghanistan, Tonga and Vanuatu, bringing to 105 the number of WTO members that have notified their legislation (representing over three-quarters of the membership).

The Committee is currently reviewing the legislation of 21 members based on notifications provided. The Committee also received first-time notifications from Israel and Namibia of the checklist of issues related to their legislation, bringing to 71 the number of members that have submitted this notification (representing over half of the membership).

In commemoration of the 25th Anniversary of the Customs Valuation Agreement (CVA), the Chair of the Committee, Carlos Guevara (Ecuador), hosted a virtual seminar in November with WTO members and customs experts. The seminar comprised two sessions – “Experience with the CVA over the past 25 years” and “Looking ahead at the future of the CVA”. Each session was followed by discussion among participating members.

The Committee also monitors the Agreement on Preshipment Inspection and reviews notifications from members regarding their preshipment inspection measures. In 2020, the Committee received five notifications. The Committee also launched a triennial review as required by the Agreement.

Background

The WTO’s Agreement on Customs Valuation seeks to establish a fair, uniform and neutral system for the valuation of goods for customs purposes, precluding the use of arbitrary or fictitious values. The Committee on Customs Valuation reviews implementation and administration of the Agreement as well as the Agreement on Preshipment Inspection.
Rules of origin

- WTO members marked the 25th anniversary of the Agreement on Rules of Origin with an event in March 2020.
- The Committee continued its consideration of a proposal to enhance transparency in non-preferential rules of origin.
- Members discussed preferential rules of origin for least-developed countries (LDCs) and considered notes by the WTO Secretariat on the underutilization of trade preferences.

Background

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 preferences, 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. The Committee also reviews the implementation of the 2013 and 2015 ministerial decisions on preferential rules of origin for LDCs.

The Agreement on Rules of Origin marked its 25th anniversary in March 2020 with an event bringing together WTO members, the Secretariat, former chairs of the Committee on Rules of Origin and private sector representatives.

Rules of origin are used to define where a product is made; they are critical in determining what the import conditions, such as tariffs, quotas or anti-dumping duties, should be. But work is unfinished on harmonizing non-preferential rules of origin — those applying to trade on a most-favoured-nation (MFN) basis.

The Chair of the Committee, Uma Shankari Muniandy (Singapore), said that rules of origin have become increasingly important — and complicated. “Regional and global value chains fragmented the production of goods and made the determination of origin a more complex exercise,” she noted.

Non-preferential rules of origin

WTO members continued considering a proposal to streamline notifications of non-preferential rules of origin, used for the implementation of trade policy measures such as quotas, anti-dumping or “made in” labels.
Regional and global value chains fragmented the production of goods and made the determination of origin a more complex exercise
- Uma Shankari Muniandy, Chair of the Committee

The proposal aims at updating the information held by the WTO Secretariat, standardizing the way the information is notified (by using a template) and enhancing the role of the Committee in examining such notifications. Despite widening support, some developing countries expressed concerns that the proposal would increase their administrative burden by adding new notification obligations.

No discussions were held on the work programme for the harmonization of non-preferential rules of origin.

**Preferential rules of origin**

WTO ministers have laid down guidelines to make it easier for LDCs to qualify for preferential treatment and better utilize market access opportunities. Members continued to discuss ways to ensure that preferential rules of origin for LDCs are “transparent and simple”.

In 2020, WTO members initiated an examination of preference-granting members’ rules of origin based on the *ad valorem* percentage criterion, whereby the degree of manufacturing or processing carried out in a country is calculated by the value it adds to the product or products. They also heard updates about new developments regarding the preferential rules of origin of the European Union, Russia, Thailand and the United Kingdom.

The Committee continued examining the link between origin requirements and the underutilization of preferences by LDCs. The Secretariat prepared a note on the minerals and metals sector that found that underutilization was surprisingly high, with only about a third of all preference-eligible imports receiving a tariff preference.

Another note examined requirements for direct consignment – whether goods are shipped directly or transhipped. It found that consignment requirements seem to affect LDC utilization of preferences: for instance, 52 per cent of all imports from landlocked LDCs do not receive any preferential treatment, more than double the 21 per cent for LDCs with sea access.

“Regional and global value chains fragmented the production of goods and made the determination of origin a more complex exercise” - Uma Shankari Muniandy, Chair of the Committee
Import licensing

The Committee reviewed 197 notifications from WTO members under the Agreement on Import Licensing Procedures, a sharp increase from 43 in 2019.

In October, the Committee launched an import licensing website, which can be publicly accessed.

The Committee heard specific trade concerns about import licensing rules and procedures.

The Committee received 173 notifications from 12 members on new import licensing procedures or changes in these procedures. It also reviewed 24 notifications from 22 members regarding responses to a questionnaire on import licensing procedures. No notifications were received regarding publications and/or legislation on import licensing procedures, compared with two in 2019.

Notifications on new import licensing procedures or changes increased almost nine-fold compared with 2019. The increase could be attributed, among other things, to the introduction of a new format for notifications and technical assistance activities conducted in some WTO members. In contrast, the absence of notifications on publications and/or legislation could be attributed to the fact that these can now be incorporated into notifications on new or changed licensing procedures.

As of the end of 2020, 14 WTO members had not submitted any notification on import licensing. In addition, 23 members had never submitted 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.

WTO members raised several new and recurring specific trade concerns before the Committee on Import Licensing Procedures. Australia and Canada questioned India’s import requirements on certain pulses. The European Union questioned Brazil’s import licensing on industrial nitrocellulose; Egypt’s import licensing on certain agricultural and processed products; India’s import licensing regime for pneumatic tyres; Indonesia’s import licensing regimes for certain textiles products and for alcoholic beverages; and Thailand’s import procedures on feed wheat.

Japan questioned Indonesia’s import licensing regime for rice. The United States questioned
An import licensing website was launched in 2020.

Argentina’s and Egypt’s import licensing systems; China’s changes to import licensing for solid waste and certain recoverable materials; the Dominican Republic’s import licensing regime for agricultural products and livestock; India’s import licensing requirements on boric acid; Indonesia’s import licensing regime for cell phones, handheld computers and tablets; and Kenya’s import licensing regime for agricultural products.

At the meeting of the Committee in October 2020, members launched an import licensing website. The site (https://importlicensing.wto.org) is publicly available and provides a user-friendly interface to access WTO members’ information on licensing requirements. It is based on members’ notifications and the work carried out in the committee since 1995.
The level of safeguard actions by WTO members remained high, with 13 investigations launched in the first six months of 2020 and seven measures imposed.

Members reviewed more than 60 specific safeguard investigations in October at the sole meeting of the Committee in 2020.

Background
WTO members may take safeguard actions (impose temporary additional duties, quantitative restrictions or other measures on a product) to protect a specific domestic industry from an increase in imports of the product that is causing, or threatening to cause, serious injury to the industry. Under these circumstances, WTO members have the right to apply safeguard measures on imports of the product from all sources (but not from a specific member or group of members). The Agreement on Safeguards provides rules concerning the investigation that must be conducted as well as the application of safeguard measures.

The first half (January-June) of 2020 saw 13 safeguard investigations initiated and seven safeguard measures imposed by WTO members. The number of investigations had risen to 30 in full-year 2019, when 13 new safeguard measures were imposed (see Figure 10).

Members that initiated two or more investigations during the six months were: Philippines (four), Ukraine (three), South Africa (two) and Turkey (two). Indonesia imposed four final measures during the January-June period and Madagascar, Morocco and South Africa imposed one each.

The share of investigations initiated in the metals sector (the vast majority of which involved steel products) continued to decrease, falling from 44 per cent in the July 2017-June 2018 period to 25 per cent in the July 2019-June 2020 period.

More than 60 specific safeguard investigations by WTO members were reviewed by the Safeguards Committee at its meeting in October. The large number of
Several members raised concerns over the rising number of safeguard measures taken.

The United Kingdom would need to conduct its own new safeguard investigation on the products in question.

Other matters addressed as separate agenda items at the Committee meeting included US measures on steel and aluminium (requested by India, Japan, the European Union and Turkey) and members’ procedures during the COVID-19 pandemic (requested by Australia and the United States).

**Figure 10: Safeguard investigations by year (for all WTO members)**

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Safeguard investigations in the metals sector represented 25 per cent of all investigations from July 2019 to June 2020.

actions under review was partly due to the spring meeting not taking place because of the COVID-19 lockdown.

Australia, China, Japan and the Republic of Korea highlighted general concerns over the rising number of safeguard measures taken and called on members to strictly abide by the provisions of the Safeguards Agreement. In this context, some members raised concerns regarding safeguard actions in the steel sector while others referred to the economic situation brought about by the COVID-19 pandemic.

The United Kingdom submitted to the Committee its new legislation governing trade remedies instruments, including safeguards. The United Kingdom explained how the new system would operate following the end of the transition period for its exit from the European Union on 31 December 2020. The United Kingdom also indicated that an EU safeguard measure on certain steel products would be “transitioned” and would continue to apply in respect of the United Kingdom’s territory. Some members queried whether...
Information Technology Agreement

Several participants in the Information Technology Agreement (ITA) again raised concerns about import duties applied by India, China and Indonesia on information and communication technology (ICT) products.

The Committee continued its discussions on non-tariff barriers and improving market access.

WTO members agreed to hold a workshop in September 2021 to explore developments in information and communications technology (ICT) and to discuss how ICT products have contributed to the global response to the COVID-19 pandemic.

Several ITA participants again expressed concerns over import duties applied by India, China and Indonesia on certain ICT products and their parts, which they consider to be covered by the ITA. The ITA Committee, which met in May and October, continued its discussions on non-tariff barriers and improving market access for information technology products. The industry wants harmonized technical and administrative regulations to reduce compliance costs.

A key area of the non-tariff measures (NTMs) work programme is a survey of conformity assessment procedures for electromagnetic compatibility (EMC) and electromagnetic interference (EMI) adopted and used by ITA participants. Regarding its work on an EMC/...
EMI pilot project, the Committee noted that, of the 53 participants representing 82 WTO members in the ITA, 43 had provided survey responses. It encouraged the remaining ten participants to provide theirs as soon as possible.

WTO members agreed to hold a workshop in 2021 to explore developments in the ITA industry and to discuss how IT products have contributed to the global response to the COVID-19 pandemic.

The Committee continued the discussion regarding the possible HS 2007 classification of “Attachment B” products of the 1996 Ministerial Declaration, for which there is no agreed tariff classification. The WTO Secretariat also provided a new technical note to update the ITA model list, which helps participants to monitor and track implementation issues and trade flows in ITA products.

2015 ITA expansion

Members of the ITA expansion group continued to implement tariff reduction commitments with respect to the 201 IT products covered by the Expansion Agreement reached in 2015. The new products include integrated circuits and touch screens. All current participants in the 2015 ITA expansion have submitted their expansion commitments and modified their tariff schedules.

The Expansion Agreement covers 90 per cent of world trade in the relevant products. It has 26 participants, representing 55 WTO members.
Trade-related investment measures

The Committee continued to discuss concerns regarding alleged local content requirements.

Background

The Agreement on Trade-Related Investment Measures recognizes that certain measures aimed at promoting foreign or domestic investments 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. An illustrative list of prohibited TRIMs, which often take the form of local content requirements, is part of the Agreement. The TRIMs Committee monitors the implementation of the Agreement and allows members to consult on any relevant matters.

At its only meeting in 2020, the Committee on Trade-related Investment Measures (TRIMs) continued its discussion of investment measures raised by WTO members in previous years. The concerns expressed by members are related to local content obligations allegedly contained in these measures.

These concerns included measures adopted by Russia, allegedly directing private companies to give priority to Russian-sourced goods, services and works over imports. The Committee also further examined alleged implementation by Indonesia of local content requirements in a wide range of sectors – 4G LTE (i.e. long term evolution) mobile devices and base stations; telecommunication services; retail and franchising; and the pharmaceutical and medical device sectors – together with alleged investment restrictions in Indonesia’s energy and mining sectors.

The Committee took note of notifications submitted by Vanuatu and Myanmar 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 within their territory.
Compliance with notification requirements remained low, with only 33 notifications submitted by WTO members.

A t its sole meeting in 2020, held in November, the Working Party on State Trading Enterprises (STEs) reviewed 59 new and full notifications from 31 WTO members regarding the activities of their STEs during the most recent notification period or earlier notification periods. Members also asked questions about specific aspects of notifications made at previous meetings. Because of the COVID-19 pandemic, the Working Party did not hold the meeting originally scheduled for April 2020.

Compliance with notification obligations remained low although some members provided notifications for previously missing earlier periods. For the most recent notification period, covering 2018 and 2019, only 33 new and full notifications were received. For the previous notification period, covering 2016 and 2017, only 48 new and full notifications were received out of a total of 136 WTO members subject to this obligation. WTO members were encouraged by the Working Party to continue to work with their respective capitals and the WTO Secretariat to improve their notification record.
At its one regular meeting in 2020, the Committee on Trade in Civil Aircraft took note of the Chair’s report on developments concerning the November 2015 protocol. This relates to updating the product annex in line with the 2007 update of the harmonized system (HS transposition), the system used for classifying goods for customs purposes (see page 81).

At the request of certain WTO members, the Chair of the Committee, Damaris Carnal (Switzerland), said that she will hold informal consultations on how to proceed regarding the next HS transposition of the product annex.
Trade facilitation

Over 93 per cent of WTO members had ratified the Trade Facilitation Agreement (TFA) by the end of 2020.

Members submitted 53 implementation notifications informing the Committee of their commitments with respect to fully implementing the TFA.

The Committee devoted much time to the COVID-19 pandemic. A number of members highlighted how the TFA can help ensure essential treatments and equipment can cross borders.

The Trade Facilitation Agreement Facility (TFAF) assisted over 60 developing countries and least-developed countries.

WTO members submitted 53 implementation notifications informing the Committee of their commitments with respect to fully implementing the TFA. Thirty-eight members also provided transparency notifications on such matters as publication of information, “single window” operations (where multiple transactions can be accomplished at one contact point), use of customs brokers and contact points for customs cooperation. Notifications were also received on technical assistance and capacity building, both from donors and recipients of aid.

Ninety-five per cent of developing and least-developed countries provided their roadmap for the full implementation of the Agreement through a series of implementation notifications.

Overall, the rate of implementation of TFA commitments stood at just under 70 per cent for the entire WTO, the Secretariat reported in January 2021. For developing and least-developed countries the rate is just over 60 per cent.

Marking the third anniversary of the TFA in February 2020, DG Azevêdo said: “Through this landmark reform, WTO members are working to ensure that the global trading system creates more prosperity for people.” The TFA will reduce trade costs globally by expediting the movement, release and clearance of goods across borders.

Experience-sharing formed part of all regular Committee meetings. Members compared notes on their implementation efforts and engaged in thematic discussions, including on national trade facilitation committees. Special attention was paid to matters arising from the COVID-19 pandemic in regular Committee meetings and in a special informal session.

A number of members highlighted how trade facilitation — and the TFA in particular — can help authorities ensure that essential goods related to COVID-19 treatments and equipment can cross borders quickly.
As required under the Agreement, the Committee will undertake the first review of the operation and implementation of the TFA in 2021. This will be a first milestone in the Committee’s oversight work.

An annual dedicated session was held on technical assistance and capacity building where members discussed implementation challenges and reviewed progress in the provision of related support.

**TFA Facility**

The Trade Facilitation Agreement Facility (TFAF) aims to help developing countries and LDCs to implement the TFA. Training and presentations by WTO officials were delivered to over 1,000 participants in the course of 25 activities. TFAF assisted over 60 developing countries and LDCs.

The TFAF also awarded seven project preparation grants to members that were unable to identify assistance elsewhere for their TFA commitments.

The TFAF website provides ratification and notification updates, TFA resources, case studies, news, contact points, implementation support and coordination of technical assistance efforts. In 2020, a TFAF grant award page was added.

The site also hosts a COVID-19 Trade Facilitation Repository, a platform of trade facilitation actions and initiatives adopted by key stakeholders, broken down by organization, type of measure and subject matter.

“Through this landmark reform, WTO members are working to ensure that the global trading system creates more prosperity for people”. Former DG, Roberto Azevêdo
Trade in services

- WTO members discussed how to advance the usefulness of the services waiver, which allows more favourable treatment for suppliers from least-developed countries.

- Members engaged in e-commerce discussions throughout the year, focusing mainly on how to improve digital capabilities.

- Members identified transport and tourism as being among the services sectors most hurt by the COVID-19 crisis.

Services waiver

The Least Developed Countries (LDC) Group put forward a number of ideas to advance the usefulness of a services waiver for least-developed countries during Services Council discussions. The Council is under instructions from trade ministers “to review and promote the operationalization of the waiver”. The waiver allows WTO members to grant more favourable treatment to LDC service suppliers.

The LDC Group proposed that the Council organize a workshop to bring together LDC service suppliers and consumers of LDC services in preference-granting members. The Council agreed that the WTO Secretariat prepare a draft programme for the event.

The WTO has received 24 notifications of preferential treatment in favour of LDC services and service suppliers from 51 members (counting EU members as one), unchanged from 2019.

E-commerce

The work programme on e-commerce occupied the Council throughout the year. A communication by a dozen WTO members calling for discussions on how to support digital capabilities generated substantive engagement, with many delegations presenting their own experiences and initiatives in this area.

Members said that e-commerce plays a vital role in fostering economic growth and development, a fact underscored during the COVID-19 pandemic. While acknowledging the benefits of e-commerce, some members called for the Council to address also the challenges it poses and to focus on constraints faced by developing countries and LDCs in the digital sphere.

Background

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 oversees the operation of the GATS.
E-commerce plays a vital role in fostering economic growth and development, a fact underscored during the COVID-19 pandemic.

Other issues addressed by the Council

Members discussed the impact of the COVID-19 pandemic on trade in services (see page 130). They identified transport and tourism as among the sectors most hurt by the crisis and noted that economies whose exports are concentrated in those services have suffered most. The pandemic has resulted in increased trade in online services, while also highlighting the importance of addressing disparities in digital connectivity.

Japan and the United States reiterated concerns about cybersecurity measures of both China and Viet Nam. China expressed preoccupations about Australian 5G measures, US and Indian measures on certain mobile apps and Indian measures on investment approval. The United States raised concerns about Russian measures regarding the allocation of radio frequency bands for foreign satellite operators, the pre-installation of software and certain tax benefits for domestic IT companies. Some of the concerns expressed were echoed by other members.

The Council received 36 notifications of new or revised measures that could significantly affect trade in services where the notifying members have commitments. Nine other notifications dealt with economic integration agreements covering services trade and another 12 concerned recognition measures in services sectors.

Financial services

The Committee on Trade in Financial Services organized a thematic seminar on “FinTech: Trade, Financial Inclusion and Development” in July. At a Committee meeting following the seminar, some members shared their domestic experiences, while others suggested topics for further discussion.

Specific commitments

The United States proposed that the Committee on Specific Commitments examine commitments under the General Agreement on Trade in Services, whose entry into force, implementation or updating had been made conditional on the adoption of new legislation or the review of pre-existing regimes. The Secretariat prepared a factual compilation of conditional commitments in members’ schedules and the Committee agreed to continue the discussion.

The Committee also briefly returned to the issue previously raised by the Kyrgyz Republic that some members’ schedules of commitments on mode 4 – the movement of individuals across borders to supply services – are ambiguous and opaque.

The services sector, ranging from financial services to distribution, has become the most dynamic component of international trade.
Trade-related aspects of intellectual property rights (TRIPS)

Barbados, The Gambia and Niger confirmed their acceptances of the amendment to the TRIPS Agreement making it easier for developing countries to access affordable medicines. The number of acceptances rose to 132 members.

Twenty-one members notified the TRIPS Council of new or revised IP legislation. To date, 138 WTO members have notified their TRIPS implementing legislation.

Senior government officials, intellectual property (IP) experts and representatives from academia marked in November the 25th anniversary of the TRIPS Agreement.

The Council discussed IP measures members have taken over the COVID-19 pandemic and considered a request for a waiver of certain parts of the TRIPS Agreement for the prevention, containment and treatment of COVID-19.

Public health

Barbados, The Gambia and Niger deposited their acceptances of the protocol amending the TRIPS Agreement. The amendment, the first to a multilateral WTO agreement, makes a special compulsory licensing system an integral part of the agreement and gives developing countries and least-developed countries (LDCs) an additional, secure legal avenue to procure affordable medicines from third-country sources.

To date, 132 members have accepted the protocol; the remaining members continue to benefit from a 2003 waiver decision that first established the mechanism.

Background

The intellectual property system has become central to the debate about economic development and broader public policy questions, such as innovation policy and public health. The TRIPS Agreement is the most comprehensive international treaty governing the protection, administration and enforcement of intellectual property rights. The Council for TRIPS, a body also open to certain observers, administers the TRIPS Agreement, provides a forum for debate on policy issues and reviews the intellectual property legislation of individual WTO members.
They have until 31 December 2021 to accept the amendment.

Senior government officials, intellectual property (IP) experts and representatives from academia marked in November the 25th anniversary of the TRIPS Agreement. In a virtual symposium, participants reflected on the evolution and impact of the most comprehensive multilateral treaty on IP protection and on the challenges ahead at a time of crisis due to the COVID-19 pandemic.

In July, the second edition of a trilateral study, “Promoting Access to Medical Technologies and Innovation: Intersections between public health, intellectual property and trade”, was launched by the WTO, the World Intellectual Property Organization (WIPO) and the World Health Organization (WHO). An introductory section entitled “An integrated health, trade and IP approach to respond to the COVID-19 pandemic” maps the multiple challenges posed by the pandemic in relation to the health, trade and IP policy frameworks set out in the study.

The WTO Secretariat issued a note in October on the role and key contributions that the global IP system can make to address COVID-19. The note also provides an overview of measures taken by WTO members since the start of the pandemic. In the same month, the WTO published a working paper on “Patent-related actions taken in WTO members in response to the COVID-19 pandemic”. It provides an overview of the patent landscape of medical treatments and technologies related to COVID-19 and presents various patent-related actions taken by legislators, policymakers, industry and civil society organizations in WTO members since the outbreak.

TRIPS and public health continued to be addressed in various technical cooperation activities organized by the WTO Secretariat as part of cooperation with the WHO and WIPO and with other multilateral and regional partners.

In October, the Secretariat organized, at the request of members, a technical workshop on “An Integrated Health, Trade and Intellectual Property Approach to Address the COVID-19 Pandemic” with the cooperation of the WHO and WIPO secretariats. The objective was to build capacity to assess domestic health systems, intellectual property regimes and trade policy and to use these tools effectively in an integrated way to respond to the pandemic.

COVID-19

The TRIPS Council discussed IP-related measures members have taken in the context of the COVID-19 pandemic, based on a compilation entitled “COVID-19: Measures Regarding Trade-Related Intellectual Property Rights” maintained by the Secretariat on the WTO website.

At its October and December meetings, the Council discussed a proposal by India and South Africa for a temporary waiver of certain TRIPS obligations in relation to the “prevention, containment or treatment” of COVID-19. A status report was submitted to the General Council in December (see page 69) indicating a lack of consensus on the issue and highlighting the common goal shared by WTO members of providing access to high-quality, safe, efficacious and affordable vaccines and medicines for all.
The Council discussed a proposal by India and South Africa for a temporary waiver of certain TRIPS obligations.

Promoting transparency

In 2020, 21 WTO members notified the TRIPS Council of new or updated IP legislation. To date, 138 WTO members have notified their TRIPS implementing legislation. In addition, 112 members have provided responses to a checklist notifying the essential elements of their systems for enforcement of IP rights and 145 have notified contact points for cooperating with each other on eliminating trade in IP-infringing goods. Members’ notifications constitute an important source of information.

At the Council meetings, several members provided further background on their respective notified legislation. The Council was also briefed on IP policy matters raised in Trade Policy Reviews and TRIPS-related measures covered in G20 and WTO-wide trade monitoring reports (see page 128).

The e-TRIPS gateway and the online submission system for WTO members are streamlining the submission and management of notifications and other transparency materials and providing user-friendly access to all TRIPS-related materials. Transparency training webinars were held in July 2020 with the aim of explaining to members how to use the system to submit reports on technology transfer and technical cooperation to the TRIPS Council. The Secretariat has also provided tailor-made training to delegates on the use of e-TRIPS.

Incentives for technology transfer

In February 2020, the Council concluded its 17th annual review of reports provided by developed countries on incentives granted to promote and encourage the transfer of technology to LDCs, as provided for by Article 66.2 of the TRIPS Agreement. The capital-based experts who had attended a preceding workshop contributed to discussions during the Council’s conclusion of the review and presented a proposal to streamline reporting procedures. The Council started its 18th review in October.

TRIPS non-violation and situation complaints

The TRIPS Council continued its discussion of the application of so-called non-violation and situation complaints. The question is whether members can bring disputes where an expected benefit from the TRIPS Agreement has been nullified, even if there is no specific violation. The current moratorium on such complaints has been further extended until the 12th Ministerial Conference.

Plants, animals, biodiversity and traditional knowledge

The Council continued its discussion on the patentability of plant and animal inventions, the relationship between the TRIPS Agreement and the Convention on Biological Diversity (CBD) and the protection of traditional knowledge and folklore.
WTO members reiterated their positions on whether the TRIPS Agreement should be amended to prohibit the patentability of life forms and whether – and, if so, how – it should do more to promote the CBD objectives of authorized access and equitable sharing of the benefits from the use of genetic resources and associated traditional knowledge in other members’ jurisdictions.

Technical cooperation and capacity-building

The WTO Secretariat organized briefings for delegates on non-violation and situation complaints and, for newly arrived delegates, on the work and mission of the TRIPS Council. A national seminar requested by Uzbekistan helped to increase awareness of TRIPS-related issues in preparation for the country’s WTO accession negotiations and domestic implementation of legislation.

The WTO continued its IP and Trade Policy Today Seminar series, including an edition in February 2020 on the protection of non-traditional trademarks under international and comparative IP law and another in June on internet platform liability for copyright infringement.

The TRIPS Council undertook the review of technical cooperation and capacity building on the basis of reports submitted by developed countries and international organizations.

New publications

The second edition of “A Handbook on the WTO TRIPS Agreement” was published in November. It describes the historical and legal background to the TRIPS Agreement, its role in the WTO and its institutional framework. In addition, in 2020 WIPO and the WTO jointly published the ninth and tenth editions of the WIPO-WTO Colloquium Papers, a series of peer-reviewed academic papers resulting from the WIPO-WTO Colloquium for IP Professors.

IP and innovation

The Council continued its information exchange on IP and innovation, focusing on public-private collaborations. Members shared their experiences and domestic policies designed to promote IP commercialization and making micro, small and medium-sized enterprises more competitive through trademarks and the protection of IP.

IP and the public interest

WTO members continued their discussions on the relationship between IP and the public interest. They focused on research and development costs and the pricing of medicines and health technologies, the so-called three-step test regarding copyright and a more holistic approach to TRIPS flexibilities.

A workshop on incentives for technology transfer to LDCs under the TRIPS Agreement was held in Geneva on 4-6 February 2020.
Trade and environment

The Committee discussed key trade and environment topics, including the circular economy, plastics pollution and post-COVID-19 green economic recovery plans.

For the second year, a WTO Trade and Environment week was held.

Together with the UN Environment Programme, the WTO hosted a high-level event on the environment and sustainable and inclusive economic recovery from COVID-19.

Two groups of WTO members launched new initiatives on trade and environmental sustainability and on plastics pollution.

At meetings in July and November, the Committee on Trade and Environment discussed important trade and environment topics, such as fossil fuels subsidy reform, plastics pollution, sustainable agricultural practices, biodiversity, climate change and trade-related aspects of post-COVID-19 green recovery plans. Several WTO members and international organizations presented their national and international initiatives related to the circular economy, which favours keeping materials in use and improving resource efficiency.

Trade and Environment Week

At the time of the November Committee meeting, a number of side-events were organized for the second year running in what has become known as the WTO Trade and Environment Week. The virtual events covered key topics under discussion in the Committee. Participants took the opportunity to share views on the work of the Committee and on the wider perspective of trade and environment discussions at the WTO. One session involved interaction with Geneva students on the future of trade and the environment.
Together with the UN Environment Programme, the WTO hosted a high-level event on “Environment and Trade for a Sustainable and Inclusive Recovery from COVID-19”. Trade and environmental policies working in concert are vital for unlocking a sustainable recovery from the pandemic and ensuring future resilience to climate change and other environmental disruptions, speakers said.

**Launch of new initiatives**

At the November Committee meeting, two groups of WTO members launched new initiatives aimed at concrete trade and environment outcomes by the 12th Ministerial Conference scheduled for late 2021. The first consists of structured discussions on trade and environmental sustainability; the second is an informal dialogue on plastics pollution and environmentally sustainable plastics trade (see page 62).

**Trade-related aspects of post-COVID-19 green recovery plans**

At the November Committee meeting and during Trade and Environment Week, several WTO members presented trade policies adopted to ensure a sustainable economic recovery from COVID-19. Speakers noted the importance of aligning trade policies with efforts to “build back better” and accelerate the transition to greener, lower-carbon economies.

Costa Rica shared its experience on combining sustainable living and international trade. The European Union briefed delegations on its European Green Deal, which aims at achieving net zero emissions of greenhouse gases by 2050. It includes plans for a carbon border adjustment mechanism (see page 73). Several delegations welcomed the transparency exercise and underlined the importance of respecting WTO rules.
Climate change and trade

New Zealand briefed delegates on the proposed Agreement on Climate Change, Trade and Sustainability (ACCTS). The discussions would cover the elimination of tariffs on environmental goods, new commitments on environmental services, disciplines to eliminate fossil fuel subsidies and guidelines for eco-labelling programmes. Switzerland announced it had joined the ACCTS discussions, launched in 2019 by New Zealand, Norway, Iceland, Costa Rica and Fiji.

The United Kingdom briefed delegations on planning for the next UN climate conference (COP 26) in November 2021. It underscored the need for action in the wake of COVID-19 through multilateral institutions – including the WTO – to support a clean, inclusive and resilient recovery built on the principles of the 2016 Paris Agreement on Climate Change and the UN Sustainable Development Goals.

Switzerland informed the Committee of its commitment to net zero emissions by 2050. The European Union announced it was considering launching a trade and climate initiative to support action on climate change. Some delegations reiterated their view that climate change issues should not be discussed in the Committee.

Reform of fossil fuel subsidies

New Zealand continued to update WTO members on recent developments related to fossil fuel subsidy reform, which seeks to rationalize and phase out subsidies that encourage wasteful consumption. A group of ministers issued a statement at the 11th WTO Ministerial Conference urging “ambitious and effective disciplines on inefficient fossil fuel subsidies”.

New Zealand said renewed efforts would be made to introduce subsidy reforms in the context of unprecedented economic stimulus packages being launched for the recovery from the COVID-19 pandemic. Some members reiterated their view that the WTO is not an appropriate venue for such matters.

Other policy developments

Russia briefed delegations on its “Ecology” national project, with its five main elements: waste management, water, air, biodiversity and technologies.
The UK underscored the need for action in the wake of COVID-19 through multilateral institutions – including the WTO – to support a clean, inclusive and resilient recovery.

Canada, as a co-sponsor, updated the Committee on recent discussions and its submission on environmental services at the Council for Trade in Services in special session (see page 48).

The Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) briefed delegations on zoonotic diseases – those that spread from animals to people – and the role CITES could play in addressing the risks they pose.

The Convention on Biological Diversity presented preparatory work for the 15th meeting of the Conference of the Parties in May 2021. China, as the host country, encouraged all members and stakeholders to make concrete and determinable commitments and contributions to biodiversity conservation.

Several other observer institutions briefed members on their trade and environment work. These included the Organisation for Economic Co-operation and Development, the International Trade Centre, UN Environment and the World Customs Organization.

**WTO environmental database**

The WTO Secretariat briefed members on the latest information available in the environmental database (www.wto.org/edb), which covers all environment-related notifications (see Figure 11) and environmental measures and policies mentioned in Trade Policy Reviews.

**Outreach and training activities**

A webinar organized on 4 June to mark World Environment Day highlighted the important role trade and the WTO have to play in steering global recovery on a sustainable course in the wake of the COVID-19 crisis.

Various training activities were delivered online, including trade policy courses and dedicated webinars. A new course on “Trade and Circular Economy” was made available in the WTO e-learning platform. A new booklet, “Short Answers to Big Questions on the WTO and the Environment”, was published providing easy-to-understand answers to some of the key questions of the trade and environment debate.

The WTO maintains an active outreach programme with multilateral environmental agreement (MEA) secretariats, other intergovernmental organizations, universities and think tanks. The WTO took part in many online events on how WTO agreements relate to environmental objectives.
Trade and transfer of technology

- The Working Group focused on WTO members’ presentations of initiatives and programmes undertaken to promote technology transfer.
- The Least Developed Countries Group noted that those countries most technologically equipped were best prepared to deal with COVID-19.

In 2020, activities in the Working Group on Trade and Transfer of Technology proceeded on the basis of presentations made by El Salvador, Saint Lucia and South Africa. Two of these involved descriptions of initiatives and programmes undertaken to promote the generation, management and transfer of technology. The third presentation was on the relationship between trade and technology transfer.

The Least Developed Countries Group underscored the critical role technology plays in increasing productivity and output, and in diversifying economies so they can better integrate into regional and global value chains and enhance their development. It noted that those countries most technologically equipped are best prepared to deal with the COVID-19 pandemic and its related challenges.

The Working Group on Trade and Transfer of Technology continued its examination of the relationship between trade and transfer of technology and possible recommendations that might be made within the mandate of the WTO to increase flows of technology to developing countries.

A group of members stated their willingness and availability to assist in updating a proposal entitled “Facilitating Access to Information on Appropriate Technology Sourcing – A Step to Increase Flows of Technology to Developing Countries”. The proposal was initially submitted by India, Pakistan and the Philippines.

Testing of an LED screen at a production and testing unit in Dhaka, Bangladesh.

Background

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”.

“Those countries most technologically equipped were best prepared to deal with COVID-19.”
- Least Developed Countries Group
Regional trade agreements

- The WTO received 59 notifications of regional trade agreements (RTAs) currently in force, compared with 15 in 2019. Of these notifications, 45 involved the United Kingdom.
- The 59 notifications concern 37 RTAs, of which 30 involve the UK.
- The number of RTAs (including accessions to existing RTAs) reviewed by WTO members under the transparency mechanism for RTAs rose to 200, involving 124 members.

Notifications

WTO members submitted 59 notifications of regional trade agreements (RTAs), with 45 of them involving the United Kingdom. Excluding agreements with the UK, which left the European Union on 31 January 2020, notifications would have been little changed with regard to the 15 received in 2019. The 59 notifications concern 37 RTAs, of which 19 cover trade in goods only and 18 cover trade in goods and services.

Twenty-nine of the RTAs are between developing and developed partners, while seven are between developed partners. One involves developing partners. Because of the UK, Europe was involved in the highest number of RTAs (32), followed by the Americas and the Asia Pacific regions (11 each), Africa (seven), the Middle East (four) and the Commonwealth of Independent States (three). Twenty-eight of the agreements covered members from two different regions.

Total RTA notifications stood at 758 on 31 December 2020, of which 541 concern RTAs in force (see Figure 12). RTAs are reciprocal preferential trade agreements.
agreements between two or more partners. The goods and services aspects of RTAs and accessions to existing RTAs are notified and counted separately. If all three elements are counted together, the notifications involved 532 individual RTAs, of which 335 were in force.

WTO members continued to urge that RTAs should be notified in a timely manner. The number of RTAs not notified stood at 54 in November, down from 81 in October 2019. The WTO Secretariat issues a list of RTAs in force but not notified before each meeting of the Committee on Regional Trade Agreements. The number decreased considerably following the notification of changes made by parties to the Latin American Integration Association.

Figure 12: RTAs notified to the GATT/WTO (1948 to 2020) by year of entry into force

Note: For notifications, goods, services and accessions to an RTA are counted separately. The cumulative lines show the number of RTAs/notifications in force for a given year. The notifications of RTAs in force are shown by year of entry into force and the notifications of inactive RTAs are shown by the year they became inactive.
Non-discrimination among trading partners is a core principle of the WTO. RTAs are authorized providing they adhere to a number of rules under WTO agreements.

Monitoring RTAs

All RTAs are subject to the WTO’s transparency mechanism for RTAs. 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 RTA, and that each RTA be reviewed by WTO members.

By the end of 2020, 200 RTAs currently in force (including accessions to RTAs), involving 124 WTO members, had been reviewed.

RTAs notified under the General Agreement on Tariffs and Trade (GATT) and the General Agreement on Trade in Services (GATS) are considered by the Committee on Regional Trade Agreements (CRTA), while RTAs notified under the Enabling Clause (see page 73) are considered by the Committee on Trade and Development (CTD), based on the WTO Secretariat’s factual presentation (see Table 3).

Under the transparency mechanism, WTO members are encouraged to inform the Secretariat of any agreements being negotiated or that have been signed but have not entered into force (so-called early announcements). They are required to inform the Secretariat of any changes to a notified agreement and to provide a report once an agreement is fully implemented.

In 2020, the CRTA considered 17 notifications of RTAs, counting goods, services and accessions separately, compared with 20 in 2019 and 22 in 2018. The CTD considered six RTAs.

The transparency mechanism also requires the WTO Secretariat to prepare “factual abstracts” on RTAs already examined by the Committee. By the end of 2020, 70 factual abstracts of agreements in force and two of inactive agreements (counting goods and services notifications separately) had been prepared in consultation with the relevant RTA parties and posted in the RTA database. The Secretariat has completed all the factual abstracts required under the mechanism.

In 2020, no early announcements were received from members, maintaining at 110 the total number received as of December 2020. Seventy-two of these were subsequently notified to the WTO following entry into force of the agreements.

Under the transparency mechanism, the CRTA also discusses end-of-implementation reports for RTAs, which are short written reports on how the liberalization commitments have been put into effect. They are important for understanding whether RTAs accomplish what they set out to do. The CRTA Chair, Mārtiņš Kreitus (Latvia), noted that reports had been due for 145 RTAs as of 15 April 2020, up from 139 the year before. Only one report was received during the year.

The General Council established the transparency mechanism on a provisional basis in 2006. Members are required to review the legal relationship between the mechanism and relevant WTO provisions on RTAs. The Negotiating Group on Rules started the review in 2011. At the 10th Ministerial Conference in Nairobi in December 2015, ministers called on WTO members to work towards making the mechanism permanent.
**Table 3: RTAs (including accessions to existing RTAs) considered in 2020**

<table>
<thead>
<tr>
<th>Considered in the CRTA</th>
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<tbody>
<tr>
<td>Association of Southeast Asian Nations (ASEAN) – Japan (goods)</td>
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<tr>
<td>Association of Southeast Asian Nations (ASEAN) – Republic of Korea (goods)*</td>
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<tr>
<td>Hong Kong, China – Georgia (goods and services)</td>
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<tr>
<td>Peru – Honduras (goods and services)</td>
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<tr>
<td>Agreement between the Guam participating states (Republic of Moldova, Azerbaijan, Georgia and Ukraine) (goods)</td>
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<tr>
<td>European Union – Armenia (services)</td>
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<tr>
<td>European Common Market (MERCOSUR) – Israel (goods)</td>
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<tr>
<td>European Union – Cameroon (goods)</td>
</tr>
<tr>
<td>European Union – Southern African Development Community (SADC) states (Botswana, Lesotho, Mozambique, Namibia, South Africa and Eswatini) (goods)</td>
</tr>
<tr>
<td>Republic of Korea – India (goods)*</td>
</tr>
<tr>
<td>European Free Trade Association (EFTA) – Philippines (goods and services)</td>
</tr>
<tr>
<td>Hong Kong, China – Australia (goods and services)</td>
</tr>
<tr>
<td>Chile – Indonesia (goods)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Considered in the CTD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Common Market for Eastern and Southern Africa (COMESA) – Accession of Egypt (goods)</td>
</tr>
<tr>
<td>India – Afghanistan (goods)</td>
</tr>
<tr>
<td>Southern Common Market (MERCOSUR) – Southern African Customs Union (SACU) (goods)</td>
</tr>
<tr>
<td>Association of Southeast Asian Nations (ASEAN) – Republic of Korea (goods)*</td>
</tr>
<tr>
<td>Mexico – Plurinational State of Bolivia (goods)</td>
</tr>
<tr>
<td>Republic of Korea – India (goods)*</td>
</tr>
</tbody>
</table>

* In accordance with the notifications of the ASEAN – Republic of Korea and the Republic of Korea – India agreements made under both Article XXIV of the GATT and the Enabling Clause, these agreements were considered in the CRTA and the CTD.

Note: The table refers to 19 agreements, four of which covered goods and services, 14 covered only goods and one covered only services. Further information on these agreements may be found in the WTO Database on RTAs: http://rtais.wto.org.
Trade Policy Reviews

In 2020, the Trade Policy Review Body reviewed the trade policies of seven WTO members. The other 12 reviews due to take place in 2020 were rescheduled for 2021 because of COVID-19.

In 2021, 28 members are scheduled for review, including the 12 deferred from 2020.

The Trade Policy Review Body (TPRB) reviewed the trade policies of seven members in 2020: Australia; the European Union; Indonesia; Japan; Macao, China; Thailand; and Zimbabwe. Most of the reviews were held virtually. The TPRB rescheduled 12 other reviews for 2021 because of the pandemic. The review of Tajikistan, which would have been its first, was suspended at the country’s request. The TPRB has conducted 508 reviews since 1989, with a balanced regional representation (see Figure 13).

Trade and investment policies and the overall economic situation were discussed during the review meetings. In-depth discussions took place on key trade issues, such as tariffs, use of trade remedies, regional trade agreements, non-tariff trade barriers, protection of intellectual property, and the role of state-owned enterprises.

The TPRs also provided an important opportunity for dialogue on issues such as fisheries subsidies negotiations, the joint declaration on trade and women’s economic empowerment, and the joint initiatives on e-commerce, investment facilitation, micro, small and medium-sized enterprises (MSMEs), and services domestic regulation. COVID-19 measures have also been a consistent theme since the start of the pandemic.

The European Union’s TPR attracted high interest, with 62 members taking the floor.
and more than 1,600 “advanced” questions posed ahead of the meeting. The European Union was complimented for being a strong defender of the rules-based system but a number of trade issues and concerns were raised (see Table 4). The key issues raised in the other TPRs in 2020 are also shown in Table 4.

Programme for 2021

In 2021, 28 WTO members are scheduled for review, including the 12 deferred from 2020. They are: India; Nicaragua; Myanmar; Mongolia; Kingdom of Saudi Arabia; Qatar; Tonga; Viet Nam; Kyrgyz Republic; China; Argentina; Singapore; Republic of Korea; Russian Federation; Mauritius; Oman; Antigua & Barbuda, Dominica, Grenada, St. Kitts & Nevis, St. Lucia, and St. Vincent and the Grenadines (grouped as members of the Organisation of Eastern Caribbean States); Kingdom of Bahrain; and Cameroun, Congo, Gabon, Central African Republic and Chad (grouped as members of the Economic and Monetary Community of Central Africa).

Table 4: Key issues raised in TPRs of 2020

<table>
<thead>
<tr>
<th>Member</th>
<th>Key issues</th>
</tr>
</thead>
<tbody>
<tr>
<td>Australia</td>
<td>Tariffs, sanitary and phytosanitary (SPS) measures, screening of foreign direct investment, use of anti-dumping and countervailing measures, indirect taxation.</td>
</tr>
<tr>
<td>European Union</td>
<td>SPS measures, technical barriers to trade (TBT), frequent use of trade remedies, agriculture protection, import barriers for fish products, the impact of the United Kingdom’s departure from the European Union.</td>
</tr>
<tr>
<td>Indonesia</td>
<td>Trade facilitation measures, tariffs, use of anti-dumping and countervailing measures, illegal, unreported and unregulated (IUU) fishing, non-tariff measures, TBT and SPS measures, the intellectual property (IP) regime, domestic fossil fuel subsidies, telecommunications services, and market access barriers for financial services.</td>
</tr>
<tr>
<td>Japan</td>
<td>Tariffs, digital privacy, export restrictions, foreign participation in government procurement, protection of agriculture, fisheries subsidies, SPS measures, medical care reform, trade facilitation, subsidies, notifications, non-tariff measures, and market access for services.</td>
</tr>
<tr>
<td>Macao, China</td>
<td>Regional cooperation, trade facilitation measures, tariffs, import-licensing regime, SPS certificate requirements, SME support schemes, regulatory regime, public procurement, and developments in IP.</td>
</tr>
<tr>
<td>Thailand</td>
<td>Foreign business licences, investment incentives, customs procedures, tariffs, tariff quota allocation system, import licensing, standards and SPS measures, IP protection, government procurement, agriculture trade protection, IUU fishing, investment regime for services, services in relation to General Agreement on Trade in Services commitments.</td>
</tr>
<tr>
<td>Zimbabwe</td>
<td>Governance of state-owned enterprises, reduction in investment restrictions, tariffs, quantitative restrictions, the conformity assessment system, non-automatic import licensing, SPS requirements, modernization of government procurement, the energy crisis, the mining regime, IP developments, and government intervention in agriculture.</td>
</tr>
</tbody>
</table>
Trade monitoring reports

Between mid-October 2019 and mid-October 2020, WTO members implemented 335 measures directly linked to COVID-19.

The trade coverage of import-facilitating measures over the 12-month period was US$ 731.3 billion (up from US$ 544.7 in the previous period) while import-restrictive measures stood at US$ 440.9 billion (down from US$ 746.9 billion).

Trade remedy initiations, such as anti-dumping investigations, significantly increased, with the trade coverage of such actions estimated at US$ 68.8 billion, up from US$ 46.2 billion.

In addition, WTO members implemented 335 measures directly linked to the COVID-19 pandemic. COVID-19 related trade-facilitating measures covered an estimated US$ 227.2 billion of goods trade while COVID-19 trade-restrictive measures covered trade worth US$ 179.8 billion.

In response to the pandemic, WTO members also adopted measures relating to trade in services and intellectual property, mostly with the aim of facilitating trade. Governments also put in place over 1,000 economic support measures worth several trillion US dollars to address the economic downturn caused by the pandemic and to prepare the ground for economic recovery.

Background

The WTO began regular monitoring of global trade developments in early 2009, covering all trade-related measures implemented by WTO members and observers. Initially launched in the context of the global financial 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 shedding light on the latest trends in the implementation of policy measures that facilitate as well as restrict the flow of trade. The trade monitoring is overseen by the Trade Policy Review Body.

Between mid-October 2019 and mid-October 2020, WTO members introduced the lowest number of “regular” trade-restrictive and trade-facilitating measures on goods since 2012 – that is, those unrelated to the COVID-19 pandemic. The trade coverage of import-restrictive measures fell to US$ 440.9 billion, from US$ 746.9 billion in the previous period (see Figure 14) while the coverage of import-facilitating measures rose to US$ 731.3 billion, up from US$ 544.7 billion (see Figure 15).

The fall in the trade coverage of import-restrictive measures was mainly the result of the sharp decline in global trade flows, governments shifting attention to fighting the pandemic, and a general commitment to keep trade flowing (see page 76).
The stockpile of import restrictions implemented since 2009, and still in force, stood at around 8.7 per cent of world imports at the end of 2019, up from 7.5 per cent in 2018 (see Figure 16). By mid-October 2020, the trade coverage of the stockpile was estimated at US$ 1.7 trillion, compared with US$ 1.6 trillion at the end of 2019. Trade measures related to COVID-19 are not included in the stockpile data.

WTO members implemented 699 “regular” trade measures over the latest period, of which 89 were trade-restrictive, 88 trade-facilitating (e.g. eliminating or reducing tariffs and simplifying customs procedures for imports and exports). A total of 522 were trade remedy actions, such as anti-dumping investigations, countervailing measures and safeguards, confirming that these measures remain an important policy tool for WTO members.

The trade coverage of trade remedy actions initiated over the review period was estimated at US$ 68.8 billion, up from US$ 46.2 billion in the previous period. Trade remedy terminations fell to US$ 9.9 billion from US$ 24.8 billion. Trade remedy actions account for 75 per cent of trade measures recorded on goods in the latest monitoring report.

At the same time, WTO members implemented 335 measures directly linked to the COVID-19 pandemic, including 195 considered as trade-facilitating and 140 which could be considered trade-restrictive. The trade coverage of COVID-19 trade-facilitating measures implemented since the beginning of the pandemic was estimated at US$ 227.2 billion while the coverage of COVID-19 trade-restrictive measures was an estimated US$ 179.8 billion. Around 39 per cent of the restrictive measures implemented in response to the pandemic had been repealed by mid-October.

In addition, WTO members put in place over 1,000 COVID-related economic support measures. The number and variety of support measures implemented in response to the pandemic is greater than that witnessed during the 2008-09 global financial crisis. These measures target sectors of the economy heavily affected by the crisis, including health, aviation, tourism and catering. They include monetary, fiscal and financial measures as well as broader stimulus packages.
The latest monitoring report also showed that services sectors were heavily affected by the COVID-19 pandemic although the extent varied across sectors and modes of supply. Most of the 124 COVID-related measures adopted by WTO members in the services sector appeared to be trade-facilitating. Many intellectual property measures were also introduced to promote innovation and facilitate access to COVID-related health technologies.

**Status of the reports**

The WTO Secretariat prepared four reports on global trade policy developments in 2020, including two on trade measures by G20 economies. The trade monitoring reports have no legal effect on the rights and obligations of WTO members and do not seek to pronounce on whether a trade measure is protectionist or question the explicit right of members to take certain trade measures.

**Consultations**

In November, an informal consultation on the trade monitoring exercise took place among WTO members. The objective of the meeting was to continue discussions from the July informal meeting of the Trade Policy Review Body (see page 126) on the Director-General’s Trade Monitoring Report regarding ways to further improve this transparency exercise.

During the consultations, suggestions were made with respect to both procedural and substantive issues. Further consultations will be held during 2021.

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**Figure 16: Cumulative trade coverage of import-restrictive measures on goods in force since 2009 (US$ billion and % of world merchandise imports)**

Note: The cumulative trade coverage estimated by the WTO Secretariat is based on information available in the Trade Monitoring Database (TMDB) on import measures recorded since 2009 and considered to have a trade-restrictive effect. The estimates include import measures for which HS codes were available. The figures do not include trade remedy measures. Measures related to COVID-19 are not included. The import values were sourced from the UNSD Comtrade database.
The availability of trade finance, already in short supply in developing countries and for smaller businesses, was further disrupted in 2020 by the COVID-19 pandemic. The situation became critical again 12 years after the great financial crisis had seriously limited financing flows.

At the July meeting of the WTO Working Group on Trade, Debt and Finance, several members from Africa, Latin America and Asia noted that since the beginning of the global pandemic in March, trade finance shortages had increased. The shortages were impeding imports of goods and medical equipment necessary to fight the pandemic and the export of essential goods from their countries. They described operational difficulties, including the lack of availability of documents for the processing of trade finance requests, payment refusals by buyers and increased difficulties for micro, small and medium-sized enterprises (MSMEs) in obtaining trade loans and repaying them.

The MSME dimension was particularly emphasized since a large majority of traders in developing countries are MSMEs. WTO members also described policy steps implemented by their governments to address the situation, such as trade loan repayment extensions, deferral schemes and credit guarantee schemes.

DG Azevêdo, until he resigned the post at the end of August, was active in raising the profile of trade finance issues.
of trade finance as a pressing issue requiring international support and cooperation. Together with six heads of multilateral development banks, he issued a statement in July pledging greater coordination in providing support to trade finance markets, particularly towards developing countries. “This marks the first time the major multilateral development banks have lined up together in support of trade finance markets. This will serve as a force multiplier for their future efforts,” the DG said.

The WTO issued a similar statement with private sector leaders – the International Chamber of Commerce and B20, the business arm of the G20 – warning that gaps between trade finance supply and demand could seriously impede the ability of trade to support post COVID-19 economic recovery.

The presence in markets of public entities, such as national export credit agencies and multilateral development banks, has had a stabilizing effect on trade finance markets, notably in low-income and developing countries. In all, multilateral development banks supported at least 12,000 trade transactions, many of them linked to essential products, worth more than US$ 40 billion.

Senior WTO officials continued to highlight the issue of trade finance at international meetings. “Trade finance for the developing world needs to be restored,” Deputy DG Alan Wolff said in remarks to a virtual summit of G20 leaders in November.

**Expert Group on Trade Finance**

Chaired by WTO senior management, the Expert Group on Trade Finance continued to evaluate gaps in trade finance markets. The group includes the International Finance Corporation, regional development banks, export credit agencies, big commercial banks and other international organizations.

**Strengthening multilateral cooperation**

Senior WTO management participated at International Monetary Fund and World Bank gatherings and the G20, mostly virtually. They argued for keeping trade open to allow for essential goods and medicines to flow during the pandemic.
Agreement on Government Procurement

Switzerland accepted the revised Agreement on Government Procurement (GPA), meaning it has come into force for all parties.

The United Kingdom acceded to the Agreement in its own right after leaving the European Union.

Brazil became the first Latin American country to apply to join the GPA.

Parties continued to discuss China’s sixth revised market access offer and examined a new update of its checklist of issues.

Côte d’Ivoire became an observer to the Committee.

Entry into force of the revised GPA for all parties

Switzerland completed the final step for its participation in the revised Government Procurement Agreement, submitting its instrument of acceptance to the WTO on 2 December 2020. This means that, as of 1 January 2021, the revised GPA is in force for all parties, replacing the previous text.

The revised version, which was adopted in 2012, strengthens the GPA’s role in promoting good governance, including through e-procurement, combating corruption and protecting the environment. Switzerland’s ambassador to the WTO, Didier Chambovey, said: “Switzerland attaches great importance to a strong rules-based trading system, including through plurilateral agreements such as the GPA.”

Accessions to the GPA

Following a decision adopted by the WTO Committee on Government Procurement in October 2020 regarding the United Kingdom’s accession to the GPA in its own right, the United Kingdom deposited its instrument of accession on 2 December 2020. On 1 January 2021, the Agreement entered into force for the United Kingdom, whose transition period for its exit from the European Union ended on 31 December.

United Kingdom Ambassador Julian Braithwaite said accession would ensure continued access for foreign suppliers to the United Kingdom’s procurement markets, worth GBP 68 billion annually under its market access offer.

In May 2020, Brazil submitted its application to join the GPA – the first Latin American country to do so. The Committee praised Brazil for sending a powerful signal of market opening amid the COVID-19 crisis. Parties also applauded Brazil for quickly circulating

Background

The GPA aims to open up, based on principles of reciprocity, and to the extent agreed between WTO members, government procurement markets to foreign competition, and to make government procurement more transparent. It provides legal guarantees of non-discrimination for the products, services and suppliers of GPA parties in procurement covered by the Agreement. The GPA is a plurilateral agreement — open to all interested WTO members and binding only the parties to it. Currently, 48 WTO members are covered by the Agreement. Any WTO member can apply for accession. The Committee on Government Procurement administers the GPA.
Accession will ensure continued access for foreign suppliers to the United Kingdom’s procurement markets, worth GBP 68 billion annually under its market access offer.

Ambassador Julian Braithwaite (United Kingdom)
Switzerland attaches great importance to a strong rules-based trading system, including through plurilateral agreements such as the GPA.

- Ambassador Didier Chambovey (Switzerland)

1.7

US$ 1.7 trillion of government procurement opportunities are annually covered by the GPA.

Construction of a new bridge over the Firth of Forth in Scotland.

provides an integrated point of access to GPA market access information.

**Work programmes**

In the Committee’s work programmes, attention focused on sustainable procurement, the collection and reporting of statistical data and small and medium-sized enterprises. The work programmes are intended to promote transparency, improve the Agreement’s administration and assist with preparations for possible future negotiations. The revised GPA calls for further negotiations to improve the Agreement and to progressively reduce and eliminate remaining discriminatory measures.

**Technical assistance and international cooperation**

The WTO Secretariat delivered several technical assistance events – including in virtual mode after the outbreak of the pandemic. A regional workshop was held for Caribbean economies in February 2020 and national workshops organized for China in January 2020 and for Aruba in February.

The Secretariat delivered the fourth edition of its Advanced Global Workshop on the WTO Plurilateral Agreement on Government Procurement in December. This e-workshop familiarized participants with the objectives, content and benefits of the revised GPA and policy-related issues on international government procurement, good governance and inclusive and sustainable development.

The Secretariat participated in the Institute for the Integration of Latin America and the Caribbean/Inter-American Development Bank’s Advanced Online Training Course on Government Procurement and Trade in July.

“Switzerland attaches great importance to a strong rules-based trading system, including through plurilateral agreements such as the GPA.” - Ambassador Didier Chambovey (Switzerland)