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.
78  General Council

82  Spotlight: Impact of COVID-19 on world trade

84  Trade in goods

113  Trade facilitation

114  Trade in services

117  Trade-related aspects of intellectual property rights (TRIPS)

120  Trade and environment

123  Trade and transfer of technology

124  Regional trade agreements

127  Trade policy reviews

130  Trade monitoring reports

133  Trade, debt and finance

135  Agreement on Government Procurement
General Council

On 15 February 2021, the General Council made history by naming Dr Ngozi Okonjo-Iweala of Nigeria as Director-General, the first woman and first African to be appointed.

COVID-19 and preparations for the 12th Ministerial Conference (MC12) were central issues at General Council meetings throughout the year.

Chair of the General Council, Dacio Castillo (Honduras), appointed Ambassador David Walker (New Zealand) as facilitator in the search for agreement on a WTO response to the pandemic.

Discussions intensified on the Work Programme on Electronic Commerce and the moratorium on customs duties on electronic transmissions.

Selection of a new Director-General

WTO members made history on 15 February 2021 when the General Council agreed by consensus to select Dr Ngozi Okonjo-Iweala of Nigeria as the organization’s seventh Director-General. On taking office on 1 March, Dr Okonjo-Iweala became the first woman and the first African to be WTO Director-General. Her term, which is renewable, will expire on 31 August 2025.

Debates in 2021

The COVID-19 pandemic and preparations for MC12 were central issues at the more than 20 formal and informal sessions chaired by Ambassador Dacio Castillo in 2021. Proposals and communications were presented and discussed by members on a variety of issues, ranging from trade-related challenges for least-developed countries (see page 150) and strengthening notification requirements to special and differential (S&D) treatment for developing countries (see page 148) and systemic WTO issues. Members continued to raise specific trade concerns, including on COVID-19-related measures.

12th Ministerial Conference

In March 2021, the General Council formally agreed that MC12, originally scheduled for Kazakhstan in June 2020, would take place in Geneva from 30 November to 3 December 2021, subject to the pandemic situation.

The Chair reported on priority issues identified by members during his discussions.
with delegations in April and May, including the WTO response to the pandemic and negotiating areas (fisheries subsidies, agriculture, S&DT and others). In presenting the report, the Chair stressed that nothing prejudiced the right of any member to put forward or pursue further issues, and how issues were carried forward, and their actual content depended entirely on members.

In September, a process to prepare a possible MC12 outcome document began, with delegations agreeing the document should be comprised of two parts. The first part would set the current context and provide a political message from ministers, while the second would cover decisions and/or work programmes, declarations and reports on WTO work. The Chair-led process, which focused on the first part, resulted in substantive paragraphs dealing with the pandemic, development, WTO reform, dispute settlement, negotiations, and LDC issues, among many others.

At its meeting in November, the General Council forwarded to the Ministerial Conference for adoption two draft decisions – on the work programme on small economies (see page 152) and on TRIPS non-violation and situation complaints (see page 119). However, at the end of the month, MC12 was postponed because of the pandemic. The DG, the Chair of the General Council and other chairs urged members to continue work and to see how to progress in their respective areas.

At the end of January 2022, the Chair of the General Council met with delegations to report on his consultations on reconvening MC12, the WTO response to the pandemic and carrying forward substantive work under the General Council, including the outcome document. At a General Council meeting on 23 February, WTO members agreed that the postponed MC12 would take place in mid-June in Geneva.

COVID-19 and WTO response to the pandemic

During the Chair’s consultations on MC12 preparations, delegations pointed out the crucial importance of a WTO response to the pandemic, saying it should be the main focus of the Ministerial Conference. In response, the Chair appointed Ambassador David Walker (New Zealand) to be a facilitator responsible for leading WTO members in the search for agreement on a WTO response to the pandemic.

Intensive consultations by the facilitator focused on the trade policy-related aspects, while the TRIPS Council (see page 117) devoted its work to the intellectual property (IP) and IP-related aspects. Ambassador Walker’s consultations were conducted from June to December 2021. They included a thematic series in September and solutions-oriented text-based discussions in October.

At a meeting with heads of delegations at the end of October, the facilitator shared a first draft for a ministerial declaration on the WTO response, accompanied by a post-MC12 plan on pandemic preparedness and resilience. The two texts aimed to reflect areas of emerging convergence. The facilitator acknowledged that divergent views remained. Further work culminated with a report to the General Council in November ahead of the then still planned MC12. Ambassador Walker presented a revised draft text as part of his final 2021 report, taking account of the further comments he received.

Throughout the year, including after the postponement of MC12, members continued to strongly support and call for a credible, meaningful and holistic approach to the multilateral WTO response to the pandemic. The General Council also heard regular reports by the Chair of the TRIPS Council, Ambassador Dagfinn Serli (Norway), and discussed a proposal for a waiver from certain provisions of the TRIPS Agreement for the prevention, containment and treatment of COVID-19. Several delegations stressed that an outcome in IP was critical for the adoption of an overall agreement on a WTO response to the pandemic.

A meeting convened by the General Council Chair on 27 January 2022 looked at issues related to cross-border trade flows and the proposed IP waiver. DG Okonjo-Iweala called on members to move swiftly to try and reach a
comprehensive outcome. “It will be really sad if this organization keeps talking and debating on this pandemic, and that by the time we come up with a response people will not think it relevant,” she said.

Work Programme on Electronic Commerce

Discussions on the Work Programme on Electronic Commerce and the moratorium on customs duties on electronic transmissions intensified in 2021, with the General Council due to present a report to MC12. In April 2021, the Chair held consultations and convened an informal meeting to hear members’ views on the way forward in preparation for MC12. In May, he reported that several delegations had highlighted the need for structured discussions, which he convened on 5 July. The discussions focused on three themes: electronic transmissions; the imposition of internal non-discriminatory taxes on electronic transmissions – sharing of experiences; and the challenges and opportunities of e-commerce, particularly in light of the COVID-19 pandemic.

In September, the Chair conducted consultations on potential elements for a Ministerial Decision on the Work Programme on E-commerce. He reported that views on both the work programme and the moratorium continued to differ.

At the November meeting, the General Council considered two communications. The first, from Switzerland and other delegations, contained a draft ministerial decision calling for continuation of the work programme and the extension of the moratorium until MC13. The second was a paper from India and South Africa highlighting the need for clarity on the scope and impact of the moratorium.

The Chair reported on his ongoing consultations in preparation for MC12 and noted that India had also submitted a draft ministerial decision, which contained some preambular text and language on the reinvigoration and extension of the work programme.

As delegations could not reach consensus on the way forward, the Chair suggested that the two draft decisions, which were both revised to include additional co-sponsors, be forwarded to ministers. The Chair said he would provide a report to MC12, under his own responsibility, reflecting members’ discussions to date.

At their meetings throughout the year, members also considered India and South Africa’s proposal to keep the work programme as a standing item in the General Council and relevant WTO bodies. Views continued to differ on the issue.

Implementation of Bali, Nairobi and Buenos Aires outcomes

The General Council continued to regularly review progress in the implementation of decisions taken at MC9, MC10 and MC11. The reviews included, among other things, the Nairobi decision on all forms of export subsidies in agriculture (see page 89), the LDC services waiver (see page 115) and LDC preferential rules of origin (see page 103), the Trade Facilitation Agreement (see page 113) and Aid for Trade (see page 153). In December, the General Council agreed to extend the deadline by three months for a decision on an aspect of the Bali Decision on Tariff Rate Quota Administration covering the “underfill” of TRQ quotas (see page 90).

Other reports

The General Council considered 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.

Waivers under Article IX of the WTO Agreement

In 2021, the General Council considered and granted a number of 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
Table 1: Waivers under Article IX (decision-making) of the WTO Agreement
In 2021, the General Council granted the following waivers from obligations under the WTO agreements.

<table>
<thead>
<tr>
<th>Member</th>
<th>Type</th>
<th>Decision</th>
<th>Date of adoption</th>
<th>Expiry date</th>
</tr>
</thead>
<tbody>
<tr>
<td>European Union</td>
<td>Application of Autonomous Preferential Treatment to the Western Balkans</td>
<td>WT/L/1114</td>
<td>28 July 2021</td>
<td>31 December 2026</td>
</tr>
<tr>
<td>China</td>
<td>Introduction of Harmonized System 2002: Changes to WTO Schedules of Tariff Concessions</td>
<td>WT/L/1124</td>
<td>23 November 2021</td>
<td>31 December 2022</td>
</tr>
<tr>
<td>Argentina; Brazil; China; Dominican Republic; European Union; Malaysia; Philippines; and Thailand.</td>
<td>Introduction of Harmonized System 2007: Changes to WTO Schedules of Tariff Concessions</td>
<td>WT/L/1125</td>
<td>23 November 2021</td>
<td>31 December 2022</td>
</tr>
<tr>
<td>Argentina; Australia; Brazil; Canada; China; Colombia; Costa Rica; Dominican Republic; Ecuador; European Union; Guatemala; India; Kazakhstan; Republic of Korea; Malaysia; Mexico; New Zealand; Philippines; Russian Federation; Singapore; Switzerland; Thailand; and United States.</td>
<td>Introduction of Harmonized System 2012: Changes to WTO Schedules of Tariff Concessions</td>
<td>WT/L/1126</td>
<td>23 November 2021</td>
<td>31 December 2022</td>
</tr>
<tr>
<td>Argentina; Australia; Brazil; Canada; China; Colombia; Costa Rica; Dominican Republic; Ecuador; El Salvador; European Union; Guatemala; 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 to WTO Schedules of Tariff Concessions</td>
<td>WT/L/1127</td>
<td>23 November 2021</td>
<td>31 December 2022</td>
</tr>
<tr>
<td>Cuba</td>
<td>Article XV.6 of the General Agreement on Tariffs and Trade 1994</td>
<td>WT/L/1128</td>
<td>23 November 2021</td>
<td>31 December 2026</td>
</tr>
</tbody>
</table>

Other issues
The General Council conducted a regular 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 2022-23.
International trade continued to grow in the second year of the pandemic and to support economic recovery but stretched supply lines and new waves of infection weighed on growth over the course of the year.

Merchandise trade

The volume of world merchandise trade saw a sharp rebound of 9.8 per cent in 2021, following the pandemic-induced 5.0 per cent slump of 2020. However, growth might have been stronger without the recurring waves of COVID-19 during the year.

Every region had export growth below the world average of 9.8 per cent, apart from Asia, which saw its exports increase by 13.8 per cent. The situation was reversed on the import side, where North America, South America, the Commonwealth of Independent States (CIS) and Asia all recorded above-average growth.

Merchandise trade growth in value terms diverged strongly from growth in volume terms in 2021 due to strong price fluctuations over the course of the year.

World merchandise trade, as measured by the average of exports and imports, rose 26 per cent in 2021, which implies that export and import prices jumped 15 per cent for the year on average. The dollar value of trade in fuels and mining products was up 59 per cent, agricultural products were up 19 per cent, and manufactured goods were up 21 per cent.

Quarterly developments showed steady year-on-year growth in certain products (iron and steel, chemicals, integrated circuits) and weaker growth for others (clothing, machinery). Trade values for pharmaceuticals, computers and integrated circuits were actually higher in 2021 than before the pandemic, probably due to high demand for COVID-19 vaccines and increased prevalence of remote working. In contrast, trade in automotive products was up 14 per cent year-on-year in 2021 but down 4 per cent compared to 2019.

Trade in medical goods

The WTO has closely monitored trade in medical goods since the start of the pandemic and has made this information available through a series of reports on “Trade in Medical Goods in the Context of COVID-19”. A report issued in December 2021 noted that total trade in medical goods was valued at US$ 1,286 billion in the first
Trade measures related to COVID-19

A dedicated page on the WTO website provides up-to-the-minute trade-related information including relevant notifications by WTO members about COVID-19-related trade measures (see page 183), the impact the virus has had on exports and imports and how WTO activities have been affected by the pandemic. The WTO-International Monetary Fund (IMF) Vaccine Trade Tracker provides data on the trade and supply of COVID-19 vaccines (see page 190) by product, economy and arrangement type. Unequal distribution of COVID-19 vaccines continues to hamper the global economic recovery.

The WTO has also been monitoring COVID-19-related trade-restricting and trade-facilitating measures imposed by the G20 economies and the WTO membership in its biannual trade monitoring reports (see page 130). According to the DG’s annual overview report on trade-related developments, issued on 10 December 2021, WTO members have showed restraint in the imposition of new trade-restrictive measures related to COVID-19 and have continued to roll back restrictions adopted earlier in the pandemic.

Projections for 2022

Since the outbreak of war in Ukraine on 24 February 2022, WTO economists have reassessed their projections for world trade downwards over the next two years. The organization now expects merchandise trade volume growth of 3.0 per cent in 2022 – down from its previous forecast of 4.7 per cent – and 3.4 per cent in 2023, but these estimates are less certain than usual due to the fluid nature of the conflict.

The conflict has already led to a sharp rise in commodity prices. Despite their small shares in world trade and output, Russia and Ukraine are key suppliers of essential goods including food, energy and fertilizers, supplies of which are now threatened by the war. In addition, current lockdowns in China to prevent the spread of COVID-19 are again disrupting seaborne trade at a time when supply chain pressures had appeared to be easing. This could lead to renewed shortages of manufacturing inputs and higher inflation.

Services trade

Services trade was harder hit than goods as pandemic-related restrictions weighed particularly heavily on the travel and transport sectors. The recovery of services trade lagged that of goods until the third quarter of 2021, when commercial services posted a 25 per cent year-on-year increase, matching growth in goods (24 per cent). Overall, world trade in commercial services was up 15 per cent year-on-year in 2021, boosted by demand for transport services, which grew 33 per cent (see Figure 2).

Transport was boosted by high shipping rates, which were closely linked to strong demand for consumer goods. The combination of surging demand for goods and renewed pandemic-related lockdowns resulted in bottlenecks in major ports and long delays in delivery, which contributed to the higher shipping rates.

Travel in 2021 benefited from increases in vaccination, which allowed some tourism and business travel to resume but as travel restrictions were only partially eased during the year, growth remained weak at 8 per cent.

The category “Other services”, which includes financial and business services, was up 12 per cent in 2021 compared to the previous year. Digitally deliverable services, including computer, financial and other business services, were the main drivers of the increase.

Figure 2: Year-on-year growth in world commercial services trade, 2019-21

<table>
<thead>
<tr>
<th>Year</th>
<th>Total commercial services</th>
<th>Transport</th>
<th>Travel</th>
<th>Other commercial services</th>
<th>Goods-related services</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>-20</td>
<td>0</td>
<td>-40</td>
<td>-60</td>
<td>-80</td>
</tr>
<tr>
<td>2020</td>
<td>20</td>
<td>40</td>
<td>20</td>
<td>60</td>
<td>80</td>
</tr>
<tr>
<td>2021</td>
<td>40</td>
<td>60</td>
<td>80</td>
<td>100</td>
<td>120</td>
</tr>
</tbody>
</table>

Note: Average of exports and imports.
Source: WTO-UNCTAD estimates in cooperation with the International Trade Centre (ITC).
Trade in goods

A record-breaking 20 new trade concerns were raised by WTO members in the Council for Trade in Goods in 2021, up from 13 in 2020.

The Least-Developed Countries (LDC) Group presented a proposal to allow “graduated” LDC members to continue to provide export subsidies.

The Council’s July meeting received a revised proposal on transparency to enhance compliance with notification requirements.

WTO members raised a large number of trade concerns at the three formal meetings of the Council for Trade in Goods (CTG), with the 37 in November being an all-time high. A total of 20 new trade concerns were raised in 2021 (see Table 2), representing a significant increase from the 13 new concerns raised in 2020.

Table 2: New trade concerns raised in the CTG in 2021

<table>
<thead>
<tr>
<th>No.</th>
<th>Member(s) raising the concern</th>
<th>Subject</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Australia, Japan and the United States</td>
<td>China’s cosmetics supervision and administration regulations</td>
</tr>
<tr>
<td>2</td>
<td>United States</td>
<td>China’s administrative measures for registration of overseas producers of imported foods</td>
</tr>
<tr>
<td>3</td>
<td>Australia, Canada, the European Union, Japan, the United Kingdom and the United States</td>
<td>China’s subsidy transparency and publication and inquiry point obligations under China’s Protocol of Accession</td>
</tr>
<tr>
<td>4</td>
<td>Australia</td>
<td>The EU’s COVID-19 vaccine export transparency and authorization measure</td>
</tr>
<tr>
<td>5</td>
<td>Brazil</td>
<td>The EU’s extension of safeguard measures on certain steel products</td>
</tr>
<tr>
<td>6</td>
<td>Russian Federation</td>
<td>The EU’s Green Deal</td>
</tr>
<tr>
<td>7</td>
<td>China</td>
<td>EU - Sweden’s Discriminatory Market Access Prohibition on 5G Equipment</td>
</tr>
<tr>
<td>8</td>
<td>Chinese Taipei</td>
<td>India’s caustic soda quality control order</td>
</tr>
<tr>
<td>9</td>
<td>European Union, Indonesia, and Chinese Taipei</td>
<td>India’s import policy on tyres</td>
</tr>
<tr>
<td>10</td>
<td>Japan</td>
<td>India’s import restrictions on air conditioners</td>
</tr>
<tr>
<td>11</td>
<td>Japan</td>
<td>India’s mandatory certification for steel products</td>
</tr>
<tr>
<td>12</td>
<td>United States</td>
<td>India’s order related to requirement of non-GM cum GM-free certificate accompanied with imported food consignment</td>
</tr>
<tr>
<td>13</td>
<td>Indonesia</td>
<td>India’s plain copier paper quality order 2020</td>
</tr>
<tr>
<td>14</td>
<td>Indonesia</td>
<td>India’s standards and import restrictions in the automotive sector</td>
</tr>
<tr>
<td>15</td>
<td>European Union</td>
<td>Indonesia’s import substitution programme</td>
</tr>
<tr>
<td>16</td>
<td>United States</td>
<td>Mexico’s conformity assessment procedures for cheese under a 2018 Mexican official standard</td>
</tr>
<tr>
<td>17</td>
<td>United States</td>
<td>Panama’s onions and potatoes harvest life and sprouting requirements</td>
</tr>
<tr>
<td>18</td>
<td>United States</td>
<td>The Kingdom of Saudi Arabia’s SABER conformity assessment online platform/SALEEM product safety programme</td>
</tr>
<tr>
<td>19</td>
<td>Indonesia</td>
<td>Sri Lanka’s import ban on palm oil</td>
</tr>
<tr>
<td>20</td>
<td>Brazil and Switzerland</td>
<td>UK’s extension of safeguard measures on certain steel products</td>
</tr>
</tbody>
</table>
In addition to these new trade concerns, members continued discussing other longstanding issues, such as the European Union’s renegotiation of tariff rate quota (TRQ) commitments as a consequence of the United Kingdom’s departure from the European Union, as well as the equivalent negotiations by the United Kingdom in the context of establishing its individual schedule of concessions.

Extension of waivers and other decisions

The Council approved four collective waiver requests extending deadlines for updating WTO goods schedules to reflect changes to the Harmonized System (2002, 2007, 2012 and 2017 – see page 87). The Council also forwarded to the General Council a draft decision by the European Union to extend a waiver on the application of autonomous preferential treatment to the Western Balkans. It did the same with a draft decision approving a further extension for Cuba to its waiver concerning Article XV of the GATT 1994, which refers to WTO members that do not belong to the IMF.

In addition, the CTG approved requests by Armenia and the Kyrgyz Republic to extend by a further 12 months members’ right to modify or withdraw concessions by mutual agreement under Article XXVIII of the GATT 1994, as well as similar requests by the European Union and the United Kingdom to extend members’ negotiating rights in their respective renegotiating procedures by a further six months.

Graduated LDCs

The Council considered a proposal by the LDC Group to allow graduated LDC members to continue to provide export subsidies if they meet the requirement of Article 27 of the Agreement on Subsidies and Countervailing Measures (i.e., having a GNP per capita of less than US$ 1,000 per annum in constant 1990 US dollars).

An LDC is considered to have “graduated” when its economy grows beyond limits set by the United Nations for being least-developed. LDCs are accorded special treatment in the WTO, in particular with regard to enhanced market access opportunities and policy flexibilities (see page 150). Additional information was requested by other members, including on the calculation of gross national product (GNP) for all members based on the agreed methodology and in constant 1990 US dollars.

Transparency

The Council’s July meeting received a revised proposal on transparency to enhance compliance with notification requirements. The proposal made significant changes from the previous revision, including removing financial penalties from possible administrative measures for non-compliance, adding a multi-year transition period and suggesting improvements for technical assistance. Some members reiterated their concerns about certain aspects of the proposal, in particular the remaining administrative measures.

Other issues

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 80). Discussions continued on how to improve the work of the Council and its subsidiary bodies.

Manufacturing automotive accessories in Jakarta, Indonesia.
Trade concerns

The number of concerns discussed in the Committee on Market Access rose to 27, from 19 in 2020. They related to issues such as import and export prohibitions and restrictions and applied tariffs allegedly above WTO commitments. Many had been raised previously, but 10 were new.

The Committee agreed to include them in the WTO trade concerns database, an online tool under development for concerns raised in the market access, technical barriers to trade and sanitary and phytosanitary committees.

Transparency

The Committee continued to discuss a Russian Federation proposal on enhancing transparency on applied tariffs. It also heard about an initiative by Australia, Brazil, Canada, the European Union and Ukraine on transparency in applied tariff rate changes.

In June, the WTO Secretariat improved access to the consolidated tariff schedules (CTS) database, which combines all the concessions recorded by WTO members in their schedules. The CTS files are available from the Goods Schedule e-Library.
COVID-19

WTO members praised the Secretariat for its continued efforts to monitor and enhance transparency on governments’ trade-related measures during COVID-19. A revised report by the Secretariat showed that as of 4 October 2021, a total of 77 restrictive measures had been introduced and almost half remained in force. At the same time, 165 trade-facilitating measures had been introduced, with almost 70 per cent of them eliminating, suspending or waiving tariffs or taxes, such as value-added tax.

By October 2021, 77 trade-restrictive and 165 trade-facilitating measures had been introduced in response to COVID-19.

The Secretariat presented the joint indicative list of critical inputs for COVID-19 vaccines, which was developed in collaboration with the World Customs Organization (WCO) and other international organizations. It details products and identifies the tariff classification for vaccines and their inputs, including vaccines-related supplies and equipment.

Databases and other online tools

The WTO launched a new version of the Quantitative Restrictions (QR) Database, which allows users to search and retrieve information on trade restrictions and prohibitions notified by WTO members. In 2021, the database contained information on 1,724 measures notified by 81 members, including export prohibitions and restrictions relating to the COVID-19 pandemic, with detailed information on the affected products, the intended duration of the measures and their WTO justification.

The WTO’s Integrated Database (IDB), the main source of tariff and import data, began automatically receiving data from interested members. This procedure can significantly simplify data notification both for members and the Secretariat.

In June 2021, the Committee met to discuss members’ feedback on the data dissemination and online tools developed by the Secretariat. Members provided comments and suggestions and also heard about upcoming projects, such as the Tariff Analysis Online.

Harmonized System

In October, the WTO launched the HS Tracker, a new online tool that allows users to keep track of changes in the WCO’s Harmonized System (HS) for the classification of traded goods, which is used for members’ schedules of concessions. One of its main functions is to display how a specific code has changed across different versions of the HS, with an explanation for the changes from the WCO.

The Committee adopted new procedures to introduce HS2022 changes in WTO schedules of concessions. The new version of the nomenclature, which entered into force on 1 January 2022, includes 233 sets of changes aimed at recognising new product categories and addressing environmental and social issues of global concern, including health and safety, the fight against illicit trade and terrorism.

The HS96, HS2002 and HS2007 “transposition exercises” – amendments are typically referred to by the year in which they enter into force – are nearly concluded. The Committee made good progress on the HS2012 transposition, with the schedules of 102 members updated. In addition, 54 schedules were transposed to HS2017 and certified in 2021.

Quantitative restrictions

The Committee received quantitative restrictions (QR) notifications from 32 members, many of which related to temporary export restrictions introduced as a result of COVID-19. QR notifications generally include information on prohibitions and other restrictions that do not take the form of a tariff, tax, fee or charge, and are allowed only in specific circumstances.

In September, the Committee held an information session on quantitative restrictions and their relation to multilateral environmental agreements. The workshop featured presentations from the WTO Secretariat, the WCO, and the Secretariat of the Basel, Rotterdam and Stockholm environmental conventions.
Agriculture

The Committee received 321 notifications about agricultural trade measures from WTO members in 2021, the third highest ever, and a sign of members’ commitment to increasing transparency.

In 2021, members maintained a high level of engagement in the Committee’s review process and raised 431 questions on notifications and on broader policy matters.

“COVID-19 and agriculture” was a standing item at all Committee meetings in 2021.

The annual discussion on export competition marked the first time that all members were subject to transparency requirements under the Nairobi ministerial decision.

Transparency continued to be an important topic. Members’ compliance with notification obligations, particularly for domestic support and export subsidies, was subject to specific scrutiny in the Committee on Agriculture. Thirty-three per cent of domestic support notifications (883) and 30 per cent of export subsidy notifications (907) remained outstanding as of 31 December 2021.

Fourteen questions were raised concerning pending notifications from Australia, Brazil, Canada, the European Union, India, Pakistan, Saudi Arabia, South Africa, Thailand and the United States.

However, in a sign of members’ continuing commitment to increased transparency, there has been a rising trend in the number of annual notifications, with the total reaching 321 in 2021, the third highest after 2019 and 2020 (see Figure 5). Efforts to get up to date with notifications were also evident in 2021, including cases where members cleared backlogs from multiple years.

El Salvador and Tonga submitted outstanding domestic support notifications for 10 years while Guinea presented export subsidy notifications covering eight years and South Africa submitted five years of outstanding safeguard notifications.

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.

Rice cultivation in Indonesia.
COVID-19 and agriculture

“COVID-19 and agriculture” was a standing item at all Committee meetings in 2021. Five members (El Salvador, the European Union, Israel, Japan and South Africa) submitted or updated ad hoc reports on agricultural measures taken in response to the COVID-19 pandemic. Observer international organizations also contributed to the debate. To meet its humanitarian food aid objectives, the World Food Programme needs food supply chains to function smoothly, the UN organization told the September meeting.

At the request of the Committee, the WTO Secretariat circulated a compilation of members’ ad hoc reports and developed a new webpage on COVID-19 agricultural measures as part of the WTO’s overall trade monitoring exercise.

Notifications reviewed

The Committee reviewed 122 notifications from WTO members and discussed 100 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 431 questions were raised in the Committee in these two areas, below the record 547 of 2020. As Figure 3 shows, agricultural policy developments in developing countries have drawn the most questions in the Committee’s review process over recent years.

Around 76 per cent of the questions concerned domestic support (subsidy) notifications, including from Canada, the European Union, India, the Republic of Korea, the United States and Viet Nam. Figure 4 provides a snapshot of the questions on members’ notifications by subject area.

Export competition

The Committee held its annual discussion on export competition at its September meeting. All members, for the first time, were subject to the transparency requirements of the 2015 Nairobi Ministerial Decision on...
Export Competition, which eliminated export subsidies after the expiry of a five-year grace period for developing countries.

Export competition commitments cover all forms of export subsidies and other export measures with equivalent effect, including export credits, export credit guarantees or insurance programmes, international food aid and agricultural exporting state trading enterprises.

Brazil circulated its draft modified export subsidy schedule in 2021, leaving only Venezuela to submit its modified schedule incorporating the decision.

The Committee initiated in March 2021 its second mandated triennial review of the Nairobi decision. The review aims to enhance disciplines and prevent circumvention of export subsidy elimination commitments.

### Tariff quota underfill mechanism

The Committee continued to review the Bali Ministerial Decision on Tariff Rate Quotas (TRQs) to find agreement on procedures to resolve concerns about underfilled quotas. TRQs allow imports inside a quota to be charged lower duties. They give exporters some access to markets when the normal tariffs on imports are high. With no agreement by the end-2021 deadline, the General Council approved an exceptional three-month extension – up to 31 March 2022.

### Transparency tools

The WTO Secretariat continued its work on the improvement of the online Agriculture Information Management System (AG-IMS). These improvements targeted both components of the AG-IMS, namely the online agriculture notification system and the Q&A component incorporating the Committee’s review process.

### Technical assistance activities

The WTO Secretariat delivered the first phase of an advanced workshop on agriculture notifications. The workshop was attended by 28 capital-based government officials from developing-country members (including six least-developed countries). The first phase was conducted virtually for the first time due to the COVID-19 pandemic. It focused on notification requirements for agricultural subsidies, which are applicable to the entire WTO membership. The workshop also addressed specific transparency requirements stipulated by the Nairobi Decision on Export Competition.

### Outreach and information exchange

The Secretariat continued its WTO Trade Dialogues on Food, holding four sessions in 2021. They have become a regular feature of virtual outreach conducted by the Agriculture and Commodities Division, with experts from governments, non-governmental organizations, businesses, academia, think tanks and foundations invited to debate the most topical issues in food and agricultural trade.
Sanitary and phytosanitary measures

The Committee discussed a proposed declaration on sanitary and phytosanitary (SPS) measures for the 12th Ministerial Conference (MC12), including a work programme to address emerging issues impacting agricultural trade, among them population growth and climate change.

WTO members raised 27 new specific trade concerns, down from 36 the year before, covering a wide range of issues, such as undue delays in approval procedures and pesticide-related policies.

In 2021, members notified 1,825 planned, new or changed SPS regulations, compared to 2,122 the previous year.

The WTO Secretariat launched a booklet highlighting members’ implementation of the transparency provisions of the SPS Agreement.

Thematic work and follow-up to the Fifth Review

The SPS Committee continued to implement recommendations of the Fifth Review of the Operation and Implementation of the SPS Agreement, adopted in 2020.

The Working Group on Approval Procedures, co-led by Canada and Paraguay, discussed issues ranging from a common understanding of the term “approval procedures” and questions surrounding procedures that affect international trade, such as timing and undue delays, to harmonization with international standards and other challenges, such as the COVID-19 pandemic. The mandate of the working group was extended for an additional year.

The SPS Committee held a thematic session on African swine fever, providing members with an opportunity to share experiences on the challenges and benefits of ensuring safe trade conditions for pigs, pork and pork products. This includes the application of regionalization, where a region of a country is recognized as pest or disease-free or with low prevalence.

A virtual workshop on risk assessment, risk management and risk communication brought together over 1,000 registered participants. The workshop allowed members to share experiences on SPS risk analysis and discuss challenges, best practices and emerging issues. The workshop built on the 2014 thematic SPS workshop on risk analysis and the 2015 SPS thematic session on risk communication.

Members discussed a proposal by New Zealand to modernize the Committee’s procedure for monitoring the process of international harmonization. A thematic session on the procedure provided members with an opportunity to exchange
views and review progress on international harmonization and to learn about the efforts undertaken by relevant international standard-setting bodies.

**Proposed SPS declaration for MC12**

The Committee continued discussions on the proposed SPS declaration for MC12. The proposal, initially submitted by Brazil, Canada and the United States, is sponsored by 89 delegations.

The declaration proposes a work programme looking at the impact of emerging pressures — such as climate change and the increasing global population — on the application of the SPS Agreement and the challenges they pose to its implementation.

A background document submitted by 17 of the sponsors — “New Opportunities and Emerging Challenges in International Trade in Food, Animals and Plants” — was discussed in the Committee. Proponents indicated their intention to provide additional information and to hold further discussions.

Other members suggested the SPS Committee consider developing, together with other relevant committees, a cross-cutting work programme to address issues related to the transition to sustainable agri-food systems, with a view to reporting to the 13th Ministerial Conference.

**SPS issues related to COVID-19**

SPS issues relating to the COVID-19 pandemic were discussed in Committee meetings throughout the year. Codex, the World Organisation for Animal Health (OIE) and the International Plant Protection Convention provided updates on COVID-19 activities and initiatives in their areas.

Several members recalled the guidance and assessments from organizations such as the WHO and the Food and Agriculture Organization, as well as the OIE, and called on other members to reduce unnecessary restrictions to trade. In addition, members provided updates on the implementation of trade-facilitating measures, such as the use of electronic certification and remote inspections.

**New trade concerns database**

The WTO Secretariat developed and introduced the Trade Concerns Database. The database brings together trade concerns discussed in the SPS, the Technical Barriers to Trade and Market Access committees (see page 66). It allows members to search and filter special trade concerns by sets of criteria, such as products concerned, reported status, keywords and number of times raised.

**Specific trade concerns**

The SPS Committee considered 27 new specific trade concerns, down from 36 in 2020, and 50 previously raised concerns (including 13 new concerns discussed more than once during 2021), more than doubling the number of previously raised concerns discussed in 2020. A wide range of issues was covered, including those related to undue delays in approval procedures, actions related to COVID-19 that affect trade, restrictions related to animal diseases, and pesticide-related policies and maximum residue levels.
One trade concern relating to Panama’s renewal of authorizations for establishments exporting bovine products and by-products was reported as resolved in the November 2021 Committee meeting. This brought the total number of fully or partially resolved concerns to 271 (over 50 per cent of the 532 concerns raised since 1995).

The total number of fully or partially resolved concerns rose to 271 (over 50 per cent of the 532 concerns raised since 1995).

Notifications

The SPS Agreement requires notification of draft regulations that are not “substantially the same” as an international standard. Other WTO members should be given sufficient time to submit comments on the notified draft regulation. Notifications are an important demonstration of members commitment to transparency in their SPS measures.

In 2021, members notified 1,825 planned, new or changed SPS regulations, compared to 2,122 the previous year. Of these, 1,453 were regular notifications (down from 1,782 in 2020) and 372 were emergency notifications (up from 340 in 2020). Developing countries (including least-developed countries – LDCs) submitted 70 per cent of SPS notifications compared with 71 per cent in 2020 (see Figure 6).

Out of 439 WTO notifications and communications related to COVID-19, 27 per cent were submitted under the SPS Agreement. Similar to 2020, notifications and communications related to measures to facilitate trade, or related to the extension of trade-facilitating measures, continued to surpass notifications and communications related to trade-restrictive measures.

Examples of trade-facilitating measures included the provisional waivers of on-site verification and testing requirements, and the temporary implementation of virtual verifications of packing and treatment facilities.

Notifications and communications related to COVID-19 trade-facilitating measures continued to surpass trade-restrictive measures.
Capacity-building

The WTO Secretariat undertook 12 SPS training activities in virtual format. A number of technical assistance activities were held in cooperation with other divisions as well as international partners, such as FAO and the United Nations Conference on Trade and Development. The first “SPS In-depth Virtual Course” was held from 20 September to 8 October, with the objective of equipping a group of selected government officials to participate in the work of the SPS Committee.

Publications

In July 2021, the WTO Secretariat launched a new booklet highlighting members’ implementation of the transparency provisions of the SPS Agreement. The publication presented 10 key results from the 2020 review of members’ implementation of the agreement, stressing members’ commitment to transparency and the prevention of trade disputes.

The booklet underlined the use of available online tools for the submission of SPS notifications by over 84 per cent of members and the role of developing and least-developed countries in the submission of notifications.

Box 1: Easing SPS trade tensions: 1995-2022*

- 29,660 notifications: members notify about proposed new or modified measures, and emergency measures.
- 532 specific trade concerns: raised at a full membership committee.
- 51 disputes started: via the Dispute Settlement Body.
- 13 disputes resulting: in a ruling.

*until 1 February 2022.
The Technical Barriers to Trade (TBT) Committee concluded its 9th triennial review and adopted a workplan for 2022-2024, covering regulatory cooperation, conformity assessment procedures, trade and health, and transparency, among other issues.

The Committee was mandated to finalize guidelines on the choice and design of appropriate and proportionate conformity assessment procedures and to examine and compile best practices for future pandemic preparedness of WTO members.

WTO members submitted a record 3,966 notifications on product requirements, providing increasing transparency.

**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.
Under the new workplan, the Committee also mandated the WTO Secretariat to enhance TBT online tools, including the ePing system for tracking alerts on TBT notifications. To facilitate tracking of sanitary and phytosanitary (SPS) and TBT measures, the Secretariat will launch an integrated ePing SPS&TBT platform in 2022. In 2021, the ePing alert system had 15,443 registered users from 184 countries/territories, up from 12,360 users in 2020.

Specific trade concerns (STCs)

In 2021, the Committee discussed a record 257 STCs, both new and previously raised concerns regarding draft or adopted TBT measures (see Figure 7). The number of new STCs (64) grew slightly compared with 2020 (57), and the number of previously raised STCs (193) increased by 24 per cent.

A significant number of STCs related to environment measures in areas such as carbon footprints, the circular economy, plant protection, plastic waste management, the classification of hazardous chemicals and vehicle emissions. Concerns covered a wide range of products, including batteries, biofuel, chemicals, cosmetics, electrical appliances, household goods, medical devices and pesticides.

Notifications

In 2021, WTO members submitted a record 3,966 notifications on product requirements (see Figure 8) and the number of notifying members increased from 82 to 83 compared with 2020. Brazil submitted the most notifications. African members were again particularly active, with the East African Community not only among the top notifiers but also demonstrating the importance of good regional coordination by submitting notifications on a regional level.

The vast majority of notifying members (89 per cent) submitted notifications through the WTO’s online portal, which enables the Secretariat to publish notifications within two days of receipt, increasing the time available for comments by other members and stakeholders. The portal also allows WTO members to track the status of submitted notifications and facilitates the preparation of notifications via templates.
In November, the Secretariat reported that since March 2020, WTO members had submitted 179 COVID-19-related TBT notifications. These notifications comprised 41 per cent of all COVID-19-related WTO notifications to date. The notifications cover a range of products, including medicines, medical supplies and personal protective equipment. Most of the TBT measures notified were temporary and trade-facilitating.

**Capacity-building**

As in 2020, most technical assistance activities took place virtually. The Secretariat organized virtual workshops on the TBT Agreement and provided various training activities on the Agreement in dedicated national and regional activities, as well as through WTO-wide online regional trade policy courses.

**By November 2021, WTO members had submitted 179 COVID-19-related TBT notifications, comprising 41% of all WTO notifications relating to COVID-19 to date.**

As in previous years, there was strong demand for training on TBT transparency and on ePing. Eight virtual ePing training activities were organized. At the launch of the Vietnamese version of ePing, the Secretariat, in cooperation with International Trade Centre, organized a training activity to help Vietnamese businesses stay informed about SPS and TBT measures in target markets.

**Publications**

A new WTO publication provided an overview of the purpose and scope of the TBT Agreement, the types of measures it covers and its key principles. This new edition in the “WTO Agreements” series aims to enhance understanding of the TBT Agreement.

The WTO also launched a new booklet highlighting 10 key results from the 2020 annual review of the TBT Agreement and how members are implementing it.
Subsidies and countervailing measures

Transparency remained a major topic in the Subsidies and Countervailing Measures Committee in 2021. Chairs reiterated concerns over chronic low compliance with notification obligations on subsidies.

Members discussed a proposal to amend the procedures for review of new and full subsidy notifications.

Initiations of countervailing duty investigations fell to 11 in the first half of 2021, down from 27 in the same 2020 period.

In 2021, the Subsidies and Countervailing Measures (SCM) Committee reviewed WTO members’ notifications of specific subsidies, notifications of countervailing duty legislation, semi-annual reports of countervailing actions and ad hoc notifications of preliminary and final countervailing measures taken.

Committee chairs Erik Solberg (Norway) at the first meeting of the year and Noriko Teranishi (Japan) at the second drew members’ attention to the chronic low compliance with the fundamental transparency obligation to notify subsidies. They noted that this constitutes a serious problem for the proper functioning of the SCM Agreement.

Only 55 of the WTO’s 164 members had submitted their 2021 notifications by the end-June deadline. In addition, 78 members had not submitted their 2019 notifications. Numerous members underlined the importance of transparency, citing poor compliance with notification obligations.

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.
The Committee continued to discuss ways to improve the timeliness and completeness of notifications and other information flows on trade measures. It returned to a revised proposal by the United States on procedures for questions and answers on subsidy programmes not included in members’ notifications. At its October meeting, the Committee also discussed a joint proposal from Canada, the European Union, Japan, the United Kingdom and the United States to amend the procedures for review of new and full subsidy notifications.

At both Committee meetings, the chairs recalled the 31 December 2015 deadline for the extended transition period given to 19 developing countries to eliminate export subsidies. They 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 2022. Least-developed country members and 10 developing members listed in Annex VII(b) of the SCM Agreement continue to be exempted from the export subsidy prohibition.

The Committee also reviewed notifications of countervailing actions taken (see Figure 9). The number of initiations of countervailing duty investigations decreased to 11 in the first half of 2021, compared with 27 in the same period of 2020. As of 30 June 2021, there were 265 notified measures (definitive duties and undertakings) in force.

The Committee continued its discussions on the issue of subsidies and overcapacity raised by Canada, the European Union, Japan and the United States. It also considered requests for information from the European Union and the United States to China regarding potential steel subsidies.

The Committee returned to the issue, raised by Australia, Canada, the European Union, Japan, the United Kingdom and the United States, regarding China’s publication and inquiry point obligations under China’s Protocol of Accession.
Anti-dumping practices

WTO members initiated 115 new anti-dumping investigations from January to June 2021, nearly 40 per cent fewer than the 188 registered in the same period in 2020.

India and the United States were the leading initiators, accounting for more than 30 per cent of new investigations, down from 60 per cent in the 2020 period.

Investigations involving steel products continued to be one of the main focuses of discussion in the Committee on Anti-dumping Practices.

In the first six months of 2021, India initiated 25 new anti-dumping investigations and the United States initiated 11, down from 57 and 58 each, respectively, in the same period of the previous year.

Argentina, Brazil, the European Union, the six Gulf Cooperation Council (GCC) member states (Kingdom of Bahrain, State of Kuwait, Oman, Qatar, Kingdom of Saudi Arabia and the United Arab Emirates), Japan, the Republic of Korea, Pakistan, Philippines, South Africa, Turkey, Ukraine and the United Kingdom initiated more investigations than in the first half of 2020.

Other users of anti-dumping investigations, namely Australia, Canada, India, Malaysia, Thailand, the United States and Viet Nam, initiated fewer investigations. While Chile, Colombia, Egypt, Indonesia, Mexico and Peru did not initiate any investigations in the first half of 2021, the Eurasian Economic Union (EAEU) states (Armenia, Kazakhstan, the Kyrgyz Republic and the Russian Federation) and New Zealand initiated the same number as in the first half of 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 of the like product in the importing country. The Committee on Anti-Dumping Practices provides WTO members with the opportunity to discuss any matters relating to the Anti-Dumping Agreement at its meetings held in the last weeks of April and October of every year.
After India and the United States, the top initiators in the first half of 2021 were Pakistan (nine), Turkey (eight), Brazil (seven) and Argentina, Australia, South Africa and Ukraine (six each) (see Figure 10).

Investigations involving steel products continued to be the subject of extensive debate in the Committee on Anti-dumping Practices (see Figure 11). These products accounted for more than a quarter of all new investigations in the first six months of 2021.

Despite the COVID-19 pandemic restrictions, the Committee convened its two regular meetings in 2021. It reviewed semi-annual reports for the second half of 2020 submitted by 48 members, and semi-annual reports for the first half of 2021 submitted by 49 members. Committee chairs Maarit Keitanen (Finland) and Ahmed Al-Sulaiti (Qatar) noted at the April and October meetings, respectively, that some members had failed to submit semi-annual reports for the second half of 2020 and the first half of 2021.

The WTO Secretariat’s new online portal for submission of anti-dumping semi-annual reports is now operational and 55 per cent of the circulated reports covering the first half of 2021 were submitted through it.

The Informal Group on Anti-Circumvention did not meet in 2021. The Working Group on Implementation held its first meeting since the beginning of the pandemic in October 2021.

WTO members initiated 115 new anti-dumping investigations from January to June 2021, nearly 40% fewer than in the same period in 2020.
The Committee received six first-time notifications of national legislation – from Benin, El Salvador, Mongolia, Saint Kitts and Nevis, the United Kingdom and Viet Nam – bringing to 111 the number of WTO members that have notified their legislation (representing over 80 per cent of the membership). The Chair of the Committee, Buddhi Prasad Upadhyaya of Nepal, described as encouraging the increase in notifications, which were double the number in 2021 (three).

The Committee is currently reviewing the legislation of 34 members based on notifications provided. The Committee also received first-time notifications from Bolivia, El Salvador, Guatemala, Paraguay, Tonga and the United Kingdom of the checklist of issues related to their legislation, bringing to 77 the number of members that have submitted this notification (representing over 60 per cent of the membership).

The Committee also monitors the Agreement on Preshipment Inspection and reviews notifications from members regarding their preshipment inspection measures. This year the Committee concluded its fifth triennial review of the Agreement.

A total of 111 WTO members have notified their national legislation.

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

The Committee on Rules of Origin continued to consider in its discussions on non-preferential rules a proposal to enhance transparency and update notifications.

On preferential rules of origin for least-developed countries (LDCs), members considered a note by the WTO Secretariat on the under-utilization of trade preferences.

A webinar on the utilization of trade preferences drew 600 participants.

Non-preferential rules of origin

WTO members discussed a joint proposal for enhancing transparency in non-preferential rules of origin, used to define where a product is made and to implement trade policy measures, such as quotas and anti-dumping actions. The proposal aims to introduce a template to notify rules of origin used in the application of most-favoured-nation (MFN) treatment and other non-preferential commercial policy instruments, as well as any other practices with respect to certification of origin for non-preferential purposes.

The Chair, Ambassador Han-Ming Huang (Chinese Taipei), told the Committee on Rules of Origin in May 2021 that members were not far from a common understanding on the proposal, which has been on the Committee agenda for about three years.

No discussions were held on the work programme for the harmonization of non-preferential rules of origin, one of the main objectives of the Agreement on Rules of Origin.

Preferential rules of origin

The Committee continued to focus on the needs and concerns of LDCs. Members looked at recent developments in relation to preferential rules of origin for LDCs. They also examined efforts by preference-granting members to implement a 2015 Ministerial Decision setting out 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”.

New Zealand, Thailand and the United Kingdom reported that they had initiated a
comprehensive review of their preferential rules of origin for LDCs. The European Union updated members on the introduction of a system of self-certification of origin being implemented by the European Union, Norway, Switzerland and Turkey.

Members also reviewed the latest WTO Secretariat note on utilization of trade preferences by LDCs. Unlike previous notes, which focused on individual years, the latest review covers a multi-year period (2015-19). It aimed to determine whether previously reported levels of preference under-utilization reflected circumstantial rather than structural patterns.

The Secretariat found that volatility in trade and under-utilizations were significant and that there was ample scope to improve preference utilization across schemes. While under-utilization was widespread, it was not uniform across product sectors, nor across LDCs. There had been a slight improvement in the level of preference utilization by LDCs with sea access but a deterioration in utilization by landlocked LDCs.

In May 2021, members participated in a webinar on “What Drives the Utilization of Trade Preferences”, organized by the Secretariat. The webinar looked at linkages between origin requirements and the utilization of preferences and explored the difference between preferential tariff rates and MFN rates, awareness by businesses and compliance costs. Participants learned about research conducted by other institutions and shared experiences in working with the private sector to promote fuller use of preferences. Reporting to the Committee, the Chair said the webinar, which drew 600 participants, “showed that these are complex topics and that we can all learn from each other”.

The Committee reviewed 89 notifications from WTO members under the Agreement on Import Licensing Procedures.

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

In October, the WTO held a virtual workshop for developing and least-developed countries on import licensing and notifications.

Background

The Agreement on Import Licensing Procedures establishes disciplines on import licensing systems, with the objective of ensuring that the procedures applied for granting import licences do not in themselves restrict trade. It aims to simplify the administrative requirements necessary to obtain licences and to ensure fair and transparent administration of the procedures. The Agreement requires WTO members to notify publications and legislation on import licensing procedures and any changes thereof as well as submit an annual questionnaire on import licensing procedures.
The Committee on Import Licensing Procedures received 60 notifications from 15 members on new import licensing procedures or changes in these procedures. It also reviewed 27 notifications from 24 members regarding responses to a questionnaire on import licensing procedures. Two notifications from one member were received regarding publications and/or legislation on import licensing procedures.

In 2021, Guinea submitted its first notification on import licensing procedures to the Committee. Vice-Chair Stephania Aquilina (Malta) welcomed this development and encouraged others to improve their notification compliance.

Notifications of new import licensing procedures or changes declined compared with the 173 received in 2020. This decline could be attributed, among other things, to a lack of in-presence technical assistance activities due to the COVID-19 pandemic.

As of the end of 2021, 13 WTO members had not submitted any notification on import licensing. In addition, 22 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. Australia, Canada and the European Union questioned India’s import requirements on certain pulses. The European Union questioned Angola’s import licensing requirements, Egypt’s import licensing on certain agricultural and processed products and importation of ceramics, India’s import licensing regime for pneumatic tyres and Thailand’s import procedures on feed wheat.

Japan and the European Union questioned Indonesia’s import licensing regime for certain textiles products, its compulsory registration by importers of steel products and its import restriction on air conditioners. The United States questioned China’s changes to import licensing for certain recoverable materials, India’s import licensing requirement for boric acid, and Indonesia’s import licensing regime for cell phones, handheld computers and tablets.

Indonesia questioned India’s import licensing regime on tyres and Sri Lanka’s import ban on palm oil. Australia raised a concern regarding Indonesia’s import licensing restricting policies and practices.

In October, the WTO held a virtual workshop on import licensing and notifications, attended by 71 government officials from developing and least-developed countries. The workshop aimed at strengthening members’ capacity to comply with notification obligations under WTO rules and to facilitate use of the WTO’s import licensing website.

In 2021, Guinea submitted its first notification on import licensing procedures to the Committee.

www.wto.org/importlicensing
Safeguards

WTO members launched nine safeguard investigations in 2021 and applied 10 measures.

Measures applied by the European Union and the United Kingdom drew the most discussion.

In 2021, WTO members initiated nine new safeguard investigations, with Ukraine accounting for five, and imposed 10 safeguard measures (see Figure 12). Morocco, Peru, Tunisia and Turkey were the other members to initiate investigations. Egypt, Indonesia (four each), Madagascar, South Africa, Turkey and Ukraine (two each) applied measures during the year.

In total, the Safeguards Committee reviewed notifications relating to 60 specific safeguard investigations by WTO members at its regular meetings in April and October.

Several WTO delegations expressed concern over the large number of safeguard actions taken and called on members to strictly abide by the provisions of the Safeguard Agreement. Most of those members stressed that the safeguard instrument was intended to address

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 (rather than 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.
emergency situations. Other general issues raised concerned the impact of safeguards on global trade and supply chains.

Among the various matters taken up at the April and October meetings, two notifications drew the most discussions. The European Union notified to the Committee the extension, effective as of 1 July 2021, of its safeguard measure on certain steel products for three more years. Besides expressing concern, several members explained that they proposed to suspend concessions on imports from the European Union in response.

The United Kingdom also notified the extension, effective as of 1 July 2021, of its safeguard measure on certain steel products for three more years. The United Kingdom also notified that it had initiated on 7 September 2021 a “reconsideration” process of the measure. This process allows interested parties to request that the authorities revisit the decision. Several members expressed their concerns.

Several WTO members expressed concern over the large number of safeguard actions taken.

The European Union recalled that it asked the Committee whether Turkey’s proposed suspension of concessions aimed at the European Union (in retaliation for an EU safeguard measure on certain steel products) met the relevant terms of the Safeguards Agreement. Similarly, Ecuador asked about Ukraine’s safeguard measure on fresh cut roses. Members discussed these two issues at the autumn 2021 meeting.
The Committee on Trade-related Investment Measures continued to discuss concerns regarding alleged local content requirements in investment measures.

These concerns included measures adopted by the Russian Federation, 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 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.

In addition, the Committee discussed new items concerning alleged import restrictions by India on tyres and air conditioners and alleged import restrictions by Indonesia on carpets and other textiles and air conditioners.

The Committee took note of notifications submitted by Turkey and Guinea 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.

The Committee discussed alleged import restrictions by Indonesia on carpets and other textiles.
An anniversary symposium – 25 Years of the ITA – was held in September to look back at trade opening under the ITA over the past 25 years.

A special meeting of the Committee in November approved Lao PDR’s ITA schedule, making it the first least developed country (LDC) to join the Agreement outside a WTO accession process.

In her opening remarks, DG Okonjo-Iweala said: “Joining the ITA, on its own, cannot bridge the existing digital gaps, or address power supply problems. However, it can help countries prepare the ground for the digital era.”

In November 2021, the ITA Committee approved Lao PDR’s revised ITA schedule. Lao PDR became the first LDC to join the ITA outside an accession process. With Lao PDR, the number of ITA participants rose to 83, representing about 97 per cent of world trade in IT products.

Background

The ITA requires participants to eliminate duties on IT products on a most-favoured nation basis, meaning that all WTO members benefit from it. The ITA covers a large number of ICT products, including computers, telecommunications equipment and semiconductors. The Committee of Participants on the Expansion of Trade in Information Technology Products oversees the agreement and reviews its implementation. In 2015, over 50 members concluded the expansion of the Agreement, which now covers an additional 201 products valued at over US$ 1.3 trillion per year.
25 years of the Information Technology Agreement

**December 1996**

Information Technology Agreement (ITA) concluded by 29 WTO members at the Singapore Ministerial Conference. Participants commit to eliminate tariffs on IT products covered by the ITA. Products include computers, telecom equipment and semiconductors.

**June 2012**

33 WTO members start process of negotiations for the expansion of products covered by ITA.

**December 2015**

Expansion of ITA concluded by over 50 WTO members at Nairobi Ministerial Conference. ITA expansion covers an additional 201 products valued at over US$ 1.3 trillion per year. Products include new-generation semi-conductors, GPS navigation equipment, and medical equipment, such as scanners.

**September 2021**

A WTO symposium celebrates 25 years of the ITA.

**December 2021**

Lao People’s Democratic Republic becomes first least-developed country to join ITA and ITA Expansion.

**January 2022**

The number of ITA participants has grown to 83 – representing about 97 per cent of world trade in IT products. Trade in IT products accounts for approximately 10 per cent of global merchandise exports. ITA Expansion has 55 participants covering about 90 per cent of world trade in products covered by the Agreement.

In 2021, the Committee continued a discussion on the possible HS2007 classification of “Attachment B” products of the 1996 Ministerial Declaration, for which there is no agreed tariff classification.

The Committee continued its discussions on product coverage, non-tariff barriers and improving market access for information technology products. Regarding the electromagnetic compatibility (EMC) and electromagnetic interference (EMI) pilot project, the Committee noted that 10 ITA participants had not provided survey responses and encouraged them to do so as soon as possible. The survey is an important area of the Committee’s work programme on non-tariff barriers.

Several ITA participants expressed concerns over import duties applied by India, Indonesia and China on certain ICT products which they consider covered by the ITA.

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. Lao PDR joined the group in November.
State trading enterprises

The Working Party on State Trading Enterprises reviewed 20 new and full notifications from 13 WTO members.

Compliance with notification obligations remained poor although several members provided missing notifications covering earlier periods.

At its meetings in 2021, the Working Party on State Trading Enterprises (STEs) reviewed 20 new and full notifications from 13 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.

For the most recent notification period, covering 2018 and 2019, only 43 new and full notifications were received out of a total of 136 WTO members – counting the European Union as one – subject to this obligation. For the notification period covering 2016 and 2017, 53 new and full notifications were received. 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.

Background

State trading enterprises are defined as governmental or non-governmental enterprises, including marketing boards, which have been granted exclusive or special rights or privileges that give them an influence on imports and/or exports of goods. They are required to act in a manner consistent with the WTO principle of non-discriminatory treatment. The Working Party on State Trading Enterprises reviews notifications by WTO members of their state trading activities.
Trade in civil aircraft

At its one regular meeting in 2021, the Committee agreed to initiate a transposition exercise of the product annex of the Agreement on Trade in Civil Aircraft – that is, to update the annex to reflect the latest amendments to the Harmonized System (HS), the system used to classify traded goods on a common basis: HS2012, HS2017 and HS2022.

The Committee also discussed how to strengthen transparency in light of certain legally complicated situations surrounding the Agreement. It elected Jean-Marie Meraldi (Switzerland) as the new Chair.

Background

The Agreement on Trade in Civil Aircraft is a plurilateral agreement that aims to achieve maximum freedom of world trade in civil aircraft, parts and related equipment – such as engines, radar, flight recorders and ground flight simulators – by, among other things, eliminating tariffs on goods listed in its product annex. The Committee on Trade in Civil Aircraft provides signatories with an opportunity to consult on any matters relating to the operation of the Agreement.
Trade facilitation

By the end of 2021, 94 per cent of WTO members had ratified the Trade Facilitation Agreement (TFA).

Members updated the Trade Facilitation Committee on their implementation commitments, technical assistance/capacity-building and other trade facilitation issues, including measures to mitigate the impact of COVID-19.

Members conducted a mandated first review of the operation and implementation of the TFA.

The Trade Facilitation Agreement Facility completed seven project-preparation grants to assist developing country members to identify implementation assistance.

Background

The Trade Facilitation Agreement (TFA) entered into force in February 2017. It aims to expedite the movement, release and clearance of goods, including goods in transit, and establishes measures for effective cooperation between customs and other appropriate authorities on trade facilitation and customs compliance issues. The Agreement also contains provisions for technical assistance and capacity building. The Committee on Trade Facilitation oversees the TFA and reviews its implementation.

Work in the Trade Facilitation Committee focused on four main areas: (i) the implementation and administration of the TFA; (ii) experience-sharing/thematic discussions; (iii) responses to the COVID-19 pandemic; and (iv) the TFA’s first four-year review.

Members submitted 43 additional implementation notifications, informing the Committee of their commitments with respect to fully implementing the TFA. By the end of 2021, 95 per cent of developing and least-developed countries had provided roadmaps for its implementation. The overall rate of TFA implementation commitments stood at slightly over 70 per cent for the entire WTO membership.

Members presented 32 transparency notifications on matters such as publication of information, “single window” operations (where multiple transactions are carried out at a single point), use of customs brokers and contact points for customs cooperation. Notifications were received on technical assistance and capacity-building. A dedicated session was held on technical assistance, where members discussed...
implementation challenges and reviewed progress in the provision of related support.

Members compared notes on their implementation efforts and engaged in thematic discussions on a number of TFA-related matters. The Committee discussed the impact of COVID-19 and members’ responses to it. The WTO Secretariat was asked to compile all related contributions.

The Committee devoted considerable time to a first review of the operation and implementation of the TFA, which needed to be conducted four years from its entry into force, and periodically thereafter. DG Okonjo-Iweala congratulated members on the review’s successful conclusion. “The constructive and cooperative Committee spirit that kicked in as members navigated their way through a first such exercise is clearly reflected in this significant outcome,” she said.

TFA Facility

In 2021, members commenced a review of the governance and operations of the Trade Facilitation Agreement Facility (TFAF) and of its relationship with the Committee. The review will continue in 2022. The TFAF aims to help developing countries implement the TFA.

At the request of one member, TFAF technical assistance activities were halted in 2021, pending the result of the review. However, in October, members agreed that member-requested technical assistance activities should resume. New transparency procedures on these activity requests were implemented through the TFAF website.

The TFAF worked with external consultants to complete seven project-preparation grants for members unable to identify assistance elsewhere for their TFA commitments. The status of TFAF grants awarded can be followed online.

The TFAF website was upgraded, with the new platform providing new features and enhancing the user experience. The website provides TFA resources, case studies, ratification and notification updates, news, contact points, information on finding implementation support, and coordination of technical assistance efforts.

Trade in services

> WTO members organized a webinar on the participation of least-developed countries (LDCs) in services trade and the operation of the LDC services waiver.

> The Council’s e-commerce discussions focused mainly on members’ initiatives to improve digital capabilities.

> The Council received 21 notifications of new or revised measures that significantly affect trade in services, down from 36 in 2020.

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.
Services waiver

In June, the Council organized a webinar to discuss implementation of the services waiver allowing more favourable treatment for services and suppliers from LDCs. It brought together LDC service suppliers and consumers of LDC services in preference-granting members and illustrated the opportunities and challenges of LDC suppliers’ participation in global services trade. It also highlighted the significant gaps in LDC services trade data.

Chad’s Minister of Trade and Industry, Ali Djadda Kampard, noted that LDCs have been disproportionately affected by the COVID-19 crisis. The minister called for a holistic approach to identify the challenges and barriers that LDC service providers face. DG Okonjo-Iweala warned that after COVID-19, “restoring and increasing the export performance of LDCs in services takes on even greater urgency”.

The Council is under instructions from trade ministers “to review and promote the operationalization of the waiver”, which ministers approved in 2011. In October, the LDC Group informed the Council that LDC trade ministers had adopted a declaration for the 12th Ministerial Conference (MC12) with a number of items related to the waiver. Following the United Kingdom’s departure from the European Union, the Council took note of the United Kingdom’s independent notification of preferences under the waiver. The United Kingdom’s preferences had previously been extended as part of the European Union’s notification. In total, the WTO has received 25 notifications of preferential treatment for LDC services and service suppliers from 51 members (counting EU members as one).

E-commerce

The work programme on e-commerce occupied the Council throughout the year. A 2020 communication by a dozen WTO members calling for discussions on how to support digital capabilities continued to generate substantive engagement, with some delegations presenting information about their own initiatives in this area.

While they welcomed the exchange of information, a couple of members called for the Council to strengthen multilateral discussions under the work programme, including on the scope of a moratorium on customs duties on electronic transmissions, and to focus on the challenges faced by developing countries in the digital sphere.
Other issues

Japan and the United States reiterated concerns about cybersecurity measures of both China and Viet Nam. China expressed concerns 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, and about the localization of customer services in Saudi Arabia. Some of the concerns expressed were echoed by other members.

The Council received 21 notifications of new or revised measures that significantly affect trade in services where the notifying members have commitments. Twenty-seven other notifications dealt with economic integration agreements covering services trade and another two concerned recognition measures in services sectors.

Specific commitments

The Committee on Specific Commitments continued to examine conditional commitments in General Agreement on Trade in Services schedules, whose entry into force, implementation or updating is conditional on the adoption of new legislation or the review of pre-existing regimes. The objective of the exercise is to improve the transparency and legal certainty of members’ specific commitments.

Based on a factual compilation of conditional commitments prepared by the WTO Secretariat, a number of members provided updates on their conditional commitments. One member submitted a request for certification of improvements of its existing commitments as a result of the implementation of conditional commitments.
Trade-related aspects of intellectual property rights (TRIPS)

Antigua and Barbuda deposited its instrument accepting the amendment to the TRIPS Agreement. The United Kingdom confirmed its continued acceptance.

Fifteen members notified the TRIPS Council of new or revised IP legislation. To date, 139 WTO members have notified their TRIPS implementing legislation.

The Council discussed IP measures members have taken in response to the COVID-19 pandemic and considered the proposals submitted by members on access to vaccines, therapeutics and diagnostics.

Public health

Antigua and Barbuda deposited its instrument accepting the protocol amending the TRIPS Agreement. Following its exit from the European Union, the United Kingdom confirmed its continued acceptance. The amendment, the first to a multilateral WTO agreement, makes a special compulsory licensing system an integral part of the TRIPS 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, 133 members have accepted the protocol. The remaining members continue to benefit from a 2003 waiver decision that first established the mechanism. They have until 31 December 2023 to accept the amendment.

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 the World Intellectual Property Organization (WIPO), and with other multilateral and regional partners. The WTO and the Economic Community of West African States (ECOWAS) Commission jointly organized a three-day virtual workshop on health, intellectual property (IP) and trade policymaking in March 2021 in collaboration with WHO and WIPO.

The WTO Secretariat organized a six-week virtual course on “Trade and Public Health with a Special Focus on the COVID-19 Pandemic”, again in close collaboration with the WHO and WIPO secretariats, in June and July.

A WHO-WIPO-WTO workshop on “Innovation in and Access to COVID-19 Technologies: Intellectual Property Licensing, Technology Transfer, and Sharing of Know-how and Clinical Trial Information” took place in September. It aimed at strengthening the
capacity of policymakers and experts from WHO, WIPO and WTO members to address the COVID-19 pandemic.

In October, the TRIPS Council undertook its annual review of the operation of the special compulsory licensing system and reported to the General Council.

COVID-19

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

The Council discussed, formally and informally, throughout the year, a revised proposal submitted by South Africa and India in 2020 calling for a waiver for all members of certain provisions of the TRIPS Agreement in relation to the “prevention, containment or treatment” of COVID-19. According to proponents, the objective is to avoid barriers to the timely access to affordable medical products, including vaccines and medicines, and to the scaling-up of manufacturing and supply of essential medical products (see page 62).

It also debated a proposal by the European Union, presented in June, advocating the limiting of export restrictions on COVID-19 vaccines and therapeutics, supporting the expansion of their production and facilitating the use of current compulsory licensing provisions in the TRIPS Agreement.

The TRIPS Council reported to the General Council that members had not reached consensus on the proposals, but it highlighted the shared objective of providing access to high-quality, safe, efficacious and affordable COVID-19 vaccines and medicines for all.

Promoting transparency

In March 2021, the WTO Secretariat issued the first Annual Report on Notifications and Other Information Flows, which among other content, explains TRIPS Agreement-related transparency mechanisms and notification trends.

During 2021, 15 WTO members notified the TRIPS Council of new or updated IP legislation. To date, 139 WTO members have notified their TRIPS implementing legislation. Several members provided further background on their respective notified legislation.

Additionally, 112 members have provided responses to a checklist notifying the essential elements of their systems for enforcement of IP rights and 147 have notified contact points for cooperating with each other on eliminating trade in IP-infringing goods. Members’ notifications constitute an important source of information and transparency.

In May 2021, Bolivia notified the WTO that it needed to import 15 million doses of COVID-19 vaccines under Article 31bis of the TRIPS Agreement, which gives import-reliant countries access to affordable medicines, vaccines and other pharmaceutical products. Antigua and Barbuda also notified the WTO that it would be using the same special compulsory licensing system.

In July, the European Union submitted a request to China for information, under Article 63.3 of the TRIPS Agreement, regarding a number of judicial decisions and regulations relating to patents.
The Council was briefed on TRIPS-related measures covered in the DG’s G20 and WTO-wide trade monitoring reports (see page 130) and on IP policy matters raised during trade policy reviews, including evolution of copyright, trademark, geographical indications (GIs) and patent regimes, enforcement online and at the border and international cooperation on IP.

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.

Extension of the transition period for LDCs

In June, the Council agreed to extend the transition period for LDC members to apply provisions of the TRIPS Agreement until 1 July 2034 or whenever a member ceases to be an LDC, whichever date is earlier.

Incentives for technology transfer

In March 2021, the Council concluded its 18th annual review of reports provided by developed countries on incentives granted to promote and encourage the transfer of technology to LDCs. Experts who attended a virtual workshop dedicated to the implementation of the provisions, held immediately prior to the March meeting, contributed to discussions. The Council started its 19th annual 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. This relates to the question whether members can bring disputes where an expected benefit from the TRIPS Agreement has been nullified, even if there is no specific violation. In November, the Council agreed to recommend to the 12th Ministerial Conference that the current moratorium on such complaints be further extended until the following 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

In March 2021, the Council concluded an annual review of technical cooperation and capacity building. In June, developed country members, intergovernmental organizations that have observer status and the WTO Secretariat were invited to supply updated information on their activities. The TRIPS Council began the 2021-22 annual review in October.

A series of TRIPS@25 webinars, which began in November 2020 to mark the 25th anniversary of the TRIPS Agreement, brought together experts to discuss the economics of intellectual property, biotechnology and biodiversity, traditional knowledge and TRIPS and competition.

IP and innovation

The Council continued its information exchange on IP and innovation, focusing on making micro, small and medium enterprises (MSMEs) more competitive in green technologies, women and intellectual property, and intellectual property for investment, financing and funding. Members shared their experiences and domestic policies in these areas.

In September, the WTO and WIPO launched a book entitled “Competition Policy and Intellectual Property in Today’s Global Economy” looking at the positive linkage between IP and competition. With the WHO, the two organizations also updated their “Integrated health, trade and IP approach to respond to the COVID-19 pandemic” on health systems and responses at the global level.
The Committee on Trade and Environment (CTE) discussed topics such as fossil fuel subsidies reform, the circular economy, which emphasizes reusing and recycling materials, plastics pollution, climate change, sustainability and carbon border adjustment mechanisms.

Many WTO members reiterated their strong support for the work of the Committee on addressing environmental issues and as a forum for discussion and experience-sharing.

Several members briefed the Committee on their national efforts to combat plastics pollution and support sustainable trade.

Trade can and must contribute to a comprehensive climate action agenda, DG Okonjo-Iweala said at COP26.

Discussions and briefings took place at every Committee meeting on three member-led trade and environment initiatives – the Informal Dialogue on Plastics Pollution and Environmentally Sustainable Plastics Trade (IDP), the Trade and Environmental Sustainability Structured Discussions (TESSD) and the Fossil Fuel Subsidy Reform (FFSR). Co-convenors of these initiatives informed the Committee on their preparations for ministerial statements.

Several members briefed the Committee on their national efforts to combat plastics pollution. The Central African Republic outlined national policies that include a ban on non-biodegradable plastics and packaging. The Maldives presented its efforts to phase out single-use plastics by 2023. Norway informed members of its strategy for a green, circular economy and its revised strategy on plastics. The Kingdom of Saudi Arabia outlined its circular carbon economy framework while Morocco described its national strategy for a plastic-free coastline.

**Background**

Sustainable development and protection and preservation of the environment are fundamental goals of the WTO. The Committee on Trade and Environment is responsible for examining the relationship between trade and the environment.
Trade can and must contribute to a comprehensive climate action agenda.
DG Okonjo-Iweala

At every meeting in 2021, the European Union briefed WTO members on aspects of the European Green Deal, which aims at net zero greenhouse-gas emissions by 2050. In March, it introduced its “Open, Sustainable and Assertive Trade Policy”, which it says has sustainability at its heart. It referred again to its carbon border adjustment mechanism, which seeks to address the risk of “carbon leakage,” where companies shift production to countries with lower carbon costs. Delegations stressed the importance of ensuring that the measures do not constitute a disguised restriction to international trade.

At its June meeting, members considered a joint presentation from Argentina, Brazil, Chile, Paraguay and Uruguay on sustainable food production. Paraguay said it is vital to respond to the challenges of climate change by improving the resilience of food production systems and global food security. The Maldives updated the Committee on sustainable fisheries. It suggested basing import tariffs on the fishing methods and their impact on the marine environment rather than the country’s development status, which is the current practice. Canada provided an update on trade and the circular economy.

MC12 preparation

The Chair, Ambassador Manuel A.J. Teehankee (Philippines), updated the Committee on his consultations on potential input to a ministerial declaration at the 12th Ministerial Conference (MC12). At a meeting in October, many delegations reiterated their strong support for the significant work of the Committee in the nexus of trade and environment and its role as a forum for discussion and experience-sharing.

Many members expressed their support for a general reference in an outcome document of MC12 to trade and environment work, climate change, environmental sustainability and the work of the Committee in addressing environmental issues with an impact on trade.

Climate change and trade

Trade can and must contribute to a comprehensive climate action agenda, DG Okonjo-Iweala declared in her engagements with world leaders and stakeholders at the COP26 UN climate change conference held in Glasgow, Scotland, in November.

The United Kingdom and the UN Framework Convention on Climate Change provided regular updates on preparations for COP26. The United Kingdom also informed members about the Forest, Agriculture and Commodity Trade Dialogue, a roadmap of actions launched during its COP26 presidency to protect forests and other vital ecosystems while promoting sustainable supply chains, trade and development.

Some members shared their experiences of climate change mitigation strategies: Switzerland on its commitment to net zero emissions by 2050; Maldives on its policies to promote the trade of energy-efficient products and environment-friendly products; and Pakistan on the experience of a tyre and footwear manufacturing and exporting company which transitioned into a more sustainable business by tapping solar power.
New Zealand updated the Committee on negotiations under the proposed Agreement on Climate Change, Trade and Sustainability (ACCTS), launched by Costa Rica, Fiji, Iceland, New Zealand, Norway and Switzerland. The ACCTS would cover the removal of tariffs on environmental goods, new and binding commitments for environmental services, disciplines to eliminate harmful fossil fuel subsidies and voluntary eco-labelling programmes.

Deputy Director-General Angela Ellard highlighted the role of international trade and the WTO in helping combat climate change. Speaking on behalf of the DG at a “Global Leaders for Climate Action” event, hosted by the International Chamber of Commerce UK in October, she noted that while the WTO is not the place to establish global climate policy goals, it plays an important role because its rules govern taxes, tariffs, subsidies, regulatory measures and other instruments that are relevant for implementing climate policies. Also in October, a Trade Dialogues event looked at the role of trade in supporting climate action (see page 170).

Environmental database and new publications

The WTO Secretariat briefed members on the latest information in the environmental database, which covers all environment-related notifications (see Figure 13) and environmental measures and policies mentioned in trade policy reviews. Notifications rose to 827 in 2020 from 311 in 2005, a sign of greater transparency.

The WTO Secretariat published five information briefs on trade, climate and related issues in support of efforts to harness trade policy as part of the solution for effective and just climate action. They ranged from climate change-related provisions in regional trade agreements to trade resilience amid natural disasters and carbon emissions associated with international trade.

The WTO and the International Renewable Energy Agency launched a new publication highlighting the need for open trade policies and harmonized product standards to support the deployment of solar photovoltaic technologies. By assisting an expansion in solar energy, trade can contribute to environmental goals and support economic recovery in the aftermath of the COVID-19 crisis, the publication states.

Outreach and training activities

On the margins of Committee meetings, several side events were organized, including a high-level panel discussion on “Trade, the Environment and Sustainability: A Focus on Green Recovery in a COVID-19 Era” co-hosted by Barbados and the Maldives in March 2021. An event in partnership with the United Nations Economic and Social Commission for Asia and the Pacific and New Zealand saw the launch of the Asia-Pacific Trade and Investment Report 2021. In addition, the WTO Secretariat presented the new WTO e-learning course on trade and the circular economy.
The Working Group on Trade and Transfer of Technology continued examining the relationship between trade and technology transfer through experience-sharing.

Least-developed countries (LDCs) called for increased information-sharing and for advancing work on steps to increase technology flows to developing countries.

Some members proposed a workshop to explore technological barriers which members have faced during the COVID-19 pandemic.

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.

At the October meeting, some members called for reinvigorating the work of the Group, including through the organization of a workshop on transfer of technology, specifically to explore technological barriers which members had been facing during the COVID-19 pandemic.

Japan presented a projected conducted since 2006 in Vanuatu to promote community-based coastal resource management. The presentation focused on the management approach, instruments and tools developed for the project. Members appreciated the presentation as it provided concrete experience with views from the field.

Viet Nam described policy actions it had taken to match buyers and sellers of technology, which revolved around four pillars: an enabling legal framework, improved understanding of the demand side, widening the supply side, and supporting intermediaries.

The LDC Group stressed the critical role technology plays in development and called for increased information-sharing between members and for advancing work on recommendations of steps to increase flows of technology to developing countries.
Regional trade agreements

- The Committee on Regional Trade Agreements held a landmark 100th session on 21 June 2001 at which its work was praised by DG Okonjo-Iweala.

- The WTO received 32 notifications of regional trade agreements (RTAs) currently in force, compared with 59 in 2020. Of these notifications, 14 involved the United Kingdom.

- The 32 notifications concern 21 RTAs, of which nine involve the United Kingdom.

- Over 215 RTAs (including accessions to existing RTAs) were reviewed by WTO members under the transparency mechanism for RTAs, involving 133 members.

Background

The Committee on Regional Trade Agreements (CRTA) monitors all RTAs notified to the WTO, except those notified under special provisions for agreements between developing countries (the Enabling Clause), which are considered by the Committee on Trade and Development. The CRTA considers RTAs individually and considers the systemic implications of RTAs for the multilateral trading system.

Committee holds landmark 100th session

The Committee on Regional Trade Agreements held a landmark 100th session on 21 June at which its work was praised by DG Okonjo-Iweala as especially valuable at a time when trading relationships are becoming more complex under new RTAs.

“There has always been a close relationship between RTAs and the multilateral trading system,” she said. “The work done by the Committee helps us understand how this relationship is evolving and is a regular reminder of how important it is for RTAs and the multilateral trading system to work towards the same goals,” she added.

Notifications

WTO members submitted 32 notifications of RTAs, which are reciprocal preferential trade agreements between two or more partners. Fourteen of the notifications involved the United Kingdom, which left the European...
Union in 2020. The 32 notifications, compared with 59 in 2020 (45 involving the United Kingdom), concern 21 RTAs, of which nine cover trade in goods only and 12 cover trade in goods and services.

Ten of the RTAs are between developing and developed partners while eight are between developing partners and three involve developed partners only. The European Union was involved in the highest number of RTAs (13), followed by the Asia Pacific region (seven), Africa (six), the Americas (three), the Middle East (two) and the Commonwealth of Independent States (one). Eleven of the agreements covered members from two different regions. Total RTA notifications stood at 790 on 31 December 2021, of which 572 concern RTAs in force (see Figure 14).

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 551 individual RTAs, of which 353 were in force.

The number of RTAs not notified rose by two to 56 compared to November 2020. The WTO Secretariat issues a list of RTAs in force but not notified before each meeting of the Committee.

**Monitoring RTAs**

All RTAs are subject to the WTO’s transparency mechanism for RTAs, which entered into force in December 2006. 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 for each RTA to be reviewed by WTO members.

By the end of 2021, over 215 RTAs currently in force (including accessions to RTAs), involving 133 WTO members, had been reviewed.

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**Figure 14:** RTAs notified to the GATT/WTO (1948 to 2021) 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.
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 148) 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 2021, the CRTA considered 12 notifications of RTAs, counting goods, services and accessions separately, compared with 17 in 2020 and 20 in 2019. The CTD considered six RTAs. In 2021, no early announcements were received from members.

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. No such report was received during the year. Chair Cleopa Kilonzo Mailu (Kenya) noted that reports had been due for 156 RTAs as of 8 February 2021, up from 145 the year before.

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 2021

<table>
<thead>
<tr>
<th>Considered in the CRTA</th>
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<tbody>
<tr>
<td>European Union – Singapore (goods and services)</td>
<td></td>
</tr>
<tr>
<td>Peru – Australia (goods and services)</td>
<td></td>
</tr>
<tr>
<td>Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) (goods and services)</td>
<td></td>
</tr>
<tr>
<td>European Union – Viet Nam (goods and services)</td>
<td></td>
</tr>
<tr>
<td>Indonesia – Australia (goods and services)</td>
<td></td>
</tr>
<tr>
<td>United States – Mexico – Canada (USMCA/CUSMA/T-MEC) (goods and services)</td>
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</table>

<table>
<thead>
<tr>
<th>Considered in the CTD</th>
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<tbody>
<tr>
<td>India – Nepal (goods)</td>
<td></td>
</tr>
<tr>
<td>Mexico – Paraguay (goods)</td>
<td></td>
</tr>
<tr>
<td>Mexico – Brazil (goods)</td>
<td></td>
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<tr>
<td>Indonesia – Pakistan (goods)</td>
<td></td>
</tr>
<tr>
<td>El Salvador – Cuba (goods)</td>
<td></td>
</tr>
<tr>
<td>Mexico – Ecuador (goods)</td>
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</table>

Note: The table refers to 12 agreements, six of which covered goods and services and six covered only goods. Further information on these agreements may be found in the WTO Database on RTAs: http://rtais.wto.org.
Trade Policy Reviews

The Trade Policy Review Mechanism enhances the transparency of WTO members’ trade policies and practices, with the aim of improving members’ adherence to WTO rules and the functioning of the multilateral trading system. Through its regular Trade Policy Reviews, the mechanism enables members to collectively examine the trade policies and practices of individual members in all trade-related areas. Reviews are not intended to serve as a basis for the enforcement of obligations or for dispute settlement procedures.

In 2021, the Trade Policy Review Body reviewed the trade policies of 18 WTO members. Three reviews were rescheduled for 2022-23 because of COVID-19. In 2022, 23 members are scheduled for review, including one deferred from 2021.

The Trade Policy Review Body (TPRB) reviewed the trade policies of 18 members, including Tajikistan for the first time (see Table 4). Most of the reviews were held virtually or in hybrid format.

The TPRB rescheduled a review of one member for 2022 on account of the pandemic. Two further reviews – covering WTO members in the Economic Community of Central African States (CEMAC) and in the Organisation of Eastern Caribbean States (OECS) – were rescheduled for 2022-23 for the same reason. The TPRB has conducted 527 reviews since 1989, with a balanced regional representation (see Figure 15).

The COVID-19 pandemic was a common theme across all TPRs. Most members suffered an economic downturn and responded with a variety of protective measures, including fiscal and monetary stimuli, border measures and prohibitions but also with trade-opening measures, such as lower customs duties. Many members commented that such measures were often prudent but they should avoid creating unnecessary barriers to trade or disrupting.

Figure 15: Trade policy reviews, by region, 1989 to 2021

<table>
<thead>
<tr>
<th>Region</th>
<th>TPRs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Europe/Middle East</td>
<td>127</td>
</tr>
<tr>
<td>Africa</td>
<td>95</td>
</tr>
<tr>
<td>Asia/Pacific</td>
<td>151</td>
</tr>
</tbody>
</table>

Total TPRs: 527
global supply chains. Those members reliant on the travel and tourism sector, often small island economies, were particularly negatively impacted by the pandemic.

Many members were commended for taking an active role in the various joint statement initiatives (see page 66). Another common theme in the TPRs was the issue of women and trade, participation in the Buenos Aires Declaration on Women’s Economic Empowerment and the Informal Working Group on Trade and Gender (see page 74).

The TPR of China, on the 20th anniversary of its accession, attracted high interest, with 65 members taking the floor and more than 1,600 questions posed ahead of the meeting. Members praised China’s active participation in the WTO and noted that it had benefited enormously from it. Some questioned whether China was assuming the responsibilities commensurate with its weight in global trade.

**Programme for 2022**

In 2022, 23 WTO members are scheduled for review, including one deferred from 2021. They are: Barbados; Brazil; Djibouti; Dominican Republic; Georgia; Ghana; Guyana; Kazakhstan; Mexico; Republic of Moldova; New Zealand; Pakistan; Panama; Seychelles; United Arab Emirates; the United States; Switzerland and Liechtenstein (grouped); and Botswana, Eswatini, Lesotho, Namibia, and South Africa (grouped as members of the Southern African Customs Union (SACU)).

The COVID-19 pandemic was a common theme across all TPRs. Most members suffered an economic downturn and responded with a variety of protective measures.
## Table 4: Key issues raised in TPRs of 2021

<table>
<thead>
<tr>
<th>Member</th>
<th>Key issues</th>
</tr>
</thead>
<tbody>
<tr>
<td>Argentina</td>
<td>Strong agricultural sector, fiscal situation, export taxes, trade facilitation, exchange restrictions, import licensing, tariffs exceeding the bound rate, transparency, competition and price controls, micro, small and medium-sized enterprise (MSMEs), government procurement, intellectual property rights (IPRs)</td>
</tr>
<tr>
<td>Bahrain, Kingdom of</td>
<td>Diversification of the economy, investment, notifications, regional integration, customs procedures, business requirements, government procurement, competition</td>
</tr>
<tr>
<td>China</td>
<td>Trade liberalization, trade facilitation, investment environment, support to developing and least-developed countries (LDCs), transparency of state measures, support to state-owned enterprises (SOEs), clean energy, sanitary and phytosanitary (SPS) standards, IPR protections, fisheries, discriminatory measures</td>
</tr>
<tr>
<td>India</td>
<td>Transparency in regulations, business and investment environment, trade facilitation, tariff rates, trade remedies, goods and service tax, SPS regulations, government procurement and local preferences, government intervention in services, services sector</td>
</tr>
<tr>
<td>Republic of Korea</td>
<td>Economic resilience, digital trade, regulatory matters, relatively high and complex tariffs, trade facilitation, market access for agricultural products, services liberalization, energy, Korean New Deal</td>
</tr>
<tr>
<td>Kyrgyz Republic</td>
<td>High reliance on mining sector and remittances, accession to Eurasian Economic Union, market access, customs valuation, foreign investment regime, business environment reforms, IPR, notifications</td>
</tr>
<tr>
<td>Mauritius</td>
<td>Diversification towards services economy, trade openness, regional trade agreements, state participation in economic activities, strengthening of IP regime, agriculture and fisheries policies, trade facilitation measures</td>
</tr>
<tr>
<td>Mongolia</td>
<td>Economy and trade concentrated in a few sectors and markets, regional trade agreements, improvements in investment regime, trade facilitation, SPS standards, strengthening good governance</td>
</tr>
<tr>
<td>Myanmar</td>
<td>Significant reforms undertaken but concerns about political developments, integration with ASEAN and regional initiatives, investment regime, trade facilitation, import licensing, competition law</td>
</tr>
<tr>
<td>Nicaragua</td>
<td>Solid economic growth before the pandemic, regional cooperation, trade policy largely unchanged, regulatory reforms and institutional framework, foreign direct investment reforms</td>
</tr>
<tr>
<td>Oman</td>
<td>Diversification of the economy, digital transformation, foreign investment improvements, incentives for agriculture, IPR protection, regional integration</td>
</tr>
<tr>
<td>Qatar</td>
<td>Resilient economic performance, numerous reforms in institutional and regulatory framework, eGovernment, opening of foreign investment, Qatar National Vision 2030, notifications</td>
</tr>
<tr>
<td>Russian Federation</td>
<td>Policy reforms in several trade areas, simplifying the tariff structure, support for developing countries, procurement including local content requirements, improvements to the business and investment climate, transparency of SOEs, technical barriers to trade, SPS, export restrictions</td>
</tr>
<tr>
<td>Kingdom of Saudi Arabia</td>
<td>Leadership at G-20 and WTO reforms, comprehensive reforms, diversification of the economy, localization requirements, IP enforcement, government procurement, notifications</td>
</tr>
<tr>
<td>Singapore</td>
<td>Positive economic performance, open markets, commitment to the WTO and participation in joint statements, increase in tariff bindings, tax and non-tax incentives, role of services in the economy, changes in IP regime</td>
</tr>
<tr>
<td>Tajikistan</td>
<td>Efforts to minimize the negative impacts of the pandemic, high dependency on commodity exports and remittances, reform initiatives for businesses, National Development Strategy, SOE market dominance</td>
</tr>
<tr>
<td>Tonga</td>
<td>Highly vulnerable natural hazards and effects of climate change, tax reform, finance management, investment climate, transparency, customs clearance</td>
</tr>
<tr>
<td>Viet Nam</td>
<td>Global value chains and business environment, structural reform, notifications, robust manufacturing sector, information and communication technologies, SOEs, public procurement, IP, e-government, customs modernization, harmonization of standards.</td>
</tr>
</tbody>
</table>
Trade monitoring reports

WTO members showed restraint in the imposition of new trade-restrictive measures related to COVID-19 and continued to roll back restrictions adopted earlier in the pandemic, according to the latest WTO Trade Monitoring Report on trade-related developments covering mid-October 2020 to mid-October 2021.

As at mid-October 2021, 205 COVID-19 related trade-facilitating measures on goods, with an estimated trade coverage of US$ 112 billion, were still in force, compared to 56 trade-restrictive measures, with an estimated trade coverage of US$ 92 billion.

Many economic support programmes implemented by WTO members to alleviate the economic and social disruption caused by COVID-19 have been phased out or adjusted to take into account new circumstances and to prepare for the post-pandemic recovery.

Fewer non-COVID-19 trade restrictions were introduced during the review period, but the stockpile of existing restrictions remained large.

Since the outbreak of the pandemic, 399 COVID-19 trade and trade-related measures in goods had been implemented by WTO members and observers by mid-October 2021. Of these measures, 262 (66 per cent) were trade-facilitating and 137 (34 per cent) could be considered trade-restrictive (see Figure 16), according to the latest WTO Trade Monitoring Report released in November.

“The monitoring report makes clear that the multilateral trading system has been, and continues to be, an important factor in our response to the pandemic,” DG Ngozi Okonjo-Iweala said.

Export restrictions accounted for 85 per cent of all restrictive measures recorded, of which 59 per cent had been repealed by mid-October 2021. Hence, 56 trade restrictions remained in place, and of these, 45 restricted exports.

“I urge members to roll back these restrictions as soon as possible as they may be hampering the COVID-19 response, including vaccine production and deployment,” the DG said.

The monitoring report makes clear that the multilateral trading system has been, and continues to be, an important factor in our response to the pandemic.

DG Okonjo-Iweala

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. It 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.
Around 22 per cent of COVID-19 trade-facilitating measures have been terminated. The trade coverage of the 205 COVID-19 trade-facilitating measures still in place was estimated by the WTO Secretariat at US$ 112.1 billion while the coverage of the trade-restrictive measures stood at US$ 92.3 billion (see Figure 17).

A limited number of new COVID-19 trade and trade-related measures on goods were recorded in the period for WTO members. Most of the measures consisted of extensions of existing measures implemented in the early stages of the pandemic or the termination of some. Similarly, the flow of new COVID-19-related support measures by WTO members and observers to mitigate the social and economic impacts caused by the pandemic has decreased.

Services sectors were heavily impacted by the pandemic and 138 (90 per cent) of the 153 reported COVID-19-related measures affecting trade in services put in place were still in force as of mid-October 2021. During the review period, 29 new COVID-19-related services measures were recorded by the WTO Secretariat.

With respect to non-COVID-19-related trade measures, 124 new trade-facilitating and 103 trade-restrictive measures on goods were recorded. The trade coverage of the import-facilitating measures introduced during the review period was estimated by the Secretariat at US$ 481.6 billion, down sharply from US$ 731.3 billion the previous year. The reduction or elimination of import tariffs make up the bulk of trade-facilitating measures.

The trade coverage of import-restrictive measures tumbled to US$ 105.9 billion (see Figure 18), from US$ 440.9 billion in 2020. Restrictive measures mostly included tariff increases, stricter customs procedures, quantitative restrictions and bans.

Although the trade coverage of new import restrictions is relatively low (see Figure 18), the stockpile of import restrictions implemented since 2009, and which are still in force, was estimated at US$ 1.5 trillion, representing some 8.7 per cent of world imports as at mid-October 2021.

The trade coverage of import-restrictive measures tumbled to US$ 105.9 billion, from US$ 440.9 billion in 2020.
Initiations of trade remedy investigations by WTO members declined during the review period to US$ 26.9 billion after reaching a record US$ 68.8 billion in 2020. Trade remedy actions remain an important trade policy tool, accounting for 66 per cent of all non-COVID-19-related trade measures on goods recorded in the report, down from 75 per cent the previous year. As of 8 October 2021, only two members had notified anti-dumping actions referring to the COVID-19 pandemic.

Status of the reports

The WTO Secretariat prepared four reports on global trade policy developments in 2021, 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.

Figure 18: Trade coverage of new import measures in each reporting period (not cumulative)

Note: These figures are estimates and represent the trade coverage of the measures (i.e., annual imports of the products concerned from economies affected by the measures) introduced during each reporting period, and not the cumulative impact of the trade measures. COVID-19 trade and trade-related measures are not included.
Trade, debt and finance

WTO ministers decided in 2001 to establish a Working Group on Trade, Debt and Finance to look at how the WTO could contribute to finding a durable solution to the external debt problems of many developing countries and to avoid having WTO members’ trade opportunities undercut by financial instabilities. The Working Group has focused its attention on a range of financial issues with an impact on trade, including issues related to the availability of trade finance and the relationship between exchange rates and trade.

DG Okonjo-Iweala and International Finance Corporation (IFC) Managing Director Makhtar Diop agreed to enhance cooperation on identifying trade finance gaps and on directing capacity-building and other resources where unmet demand is greatest.

The recovery of global merchandise trade and easy monetary conditions normalized trade finance markets in the main routes of trade in 2021. However, in many low-income countries, difficulties remained. Up to 80 per cent of global trade transactions involve trade finance, which takes the form of a credit, guarantee or credit insurance.

The 2021 Asian Development Bank’s global trade finance gap survey reported an increased trade finance gap – financing requested but rejected by lenders or donors – of US$ 1.7 trillion in 2020. The gap mostly affected developing countries, especially micro, small and medium-sized enterprises (MSMEs). Women-led MSMEs suffered the highest rejection rate – 70 per cent. A 2021 survey by the African Development Bank and African Export Import Bank also found increased rejection rates and a growing reluctance by international banks to take on trade payment risk in countries where economic conditions had been deteriorating.

The trade finance gap totalled US$ 1.7 trillion in 2020.

Women-led MSMEs in low-income countries suffer the highest rejection rates for trade financing.

Background

WTO ministers decided in 2001 to establish a Working Group on Trade, Debt and Finance to look at how the WTO could contribute to finding a durable solution to the external debt problems of many developing countries and to avoid having WTO members’ trade opportunities undercut by financial instabilities. The Working Group has focused its attention on a range of financial issues with an impact on trade, including issues related to the availability of trade finance and the relationship between exchange rates and trade.
Côte d’Ivoire proposed to the WTO Working Group on Trade, Debt and Finance a work programme aimed at facilitating the availability of trade finance, particularly for MSMEs, with a focus on developing countries affected by the COVID-19 pandemic. The proposal was endorsed in a proposal from the ACP Group, with the latter extending it to other areas of trade finance and to debt-servicing.

Members generally acknowledged the difficulties in accessing trade finance encountered by developing countries at the peak of the COVID-19 pandemic. However, they noted that trade finance gaps were to a large extent structural and had existed before COVID-19. Progress was made in identifying potential areas of consensus in several areas of the new proposals.

DG Okonjo-Iweala and IFC Managing Director Makhtar Diop agreed in November to enhance cooperation to explore ways to improve the availability of trade finance for regions in need. In their joint statement, the WTO and the IFC heads agreed to work with small traders and financial institutions at the local level, particularly in Africa, to better understand the ecosystem of trade finance.

They also pledged to improve access to trade finance training programmes. They agreed to help local financial institutions meet compliance challenges and to facilitate knowledge and awareness among exporters and importers of trade finance support available from multilateral development banks. “Working together, experts from our two organizations will be able to better analyse, detect and explain trade finance gaps, with a view to directing finite resources where they are needed the most. I believe that a significant share of trade finance gaps results from knowledge gaps,” the DG said.

The presence of multilateral development banks has had a stabilizing effect on trade finance markets since the beginning of the pandemic, notably in low-income and developing countries. In 2021, multilateral development banks supported more than 10,000 trade transactions, many of them for essential goods and medicines, worth more than US$ 30 billion.

“Working together, experts from our two organizations will be able to better analyse trade finance gaps, with a view to directing resources where they are needed the most.”

DG Okonjo-Iweala

ANNUAL REPORT

IMPLEMENTATION AND MONITORING
Agreement on Government Procurement

The GPA celebrated dual anniversaries.

Brazil submitted initial and revised market access offers. It could become the first Latin American country to join the GPA.

China submitted replies to the comments and questions by parties on its sixth revised market access offer.

Discussions continued on the accessions of Kazakhstan, the Kyrgyz Republic, North Macedonia, the Russian Federation and Tajikistan.

Background

GPA 2012 aims to open up, based on principles of reciprocity, and to the extent agreed between its parties, 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. GPA 2012 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 and 35 members are observers to the Committee on Government Procurement, which administers GPA 2012.

Celebrations to mark dual anniversaries of the GPA

In 2021, the WTO marked 40 years since the entry into force of the GATT Tokyo Round Agreement on Government Procurement (1981) and 25 years since the entry into force of the first WTO Agreement on Government Procurement (1996). In 2012, a revised WTO Agreement on Government Procurement (known as GPA 2012) was adopted to further expand GPA market access opportunities and to improve the text of the Agreement, including by strengthening its role in promoting good governance. To celebrate the dual anniversaries, the WTO Secretariat created a dedicated webpage, with key figures, accessions and milestones in the evolution of the GPA.

Switzerland's acceptance of GPA 2012

On 1 January 2021, GPA 2012 entered into force for Switzerland, which had submitted its instrument of acceptance on 2 December 2020. As a result, GPA 2012 is in force for all parties and replaces GPA 1994.

Accessions to the GPA

From 1 January 2021, the United Kingdom became a party to GPA 2012 in its own right following its exit from the European Union. Progress was also achieved with respect to the accessions of several other WTO members. Since submitting its accession application in May 2020, Brazil has circulated its responses to the checklist of issues and its initial and revised market access offers. This was followed by written exchanges between Brazil and the GPA parties.

The Committee on Government Procurement said that Brazil’s accession, on mutually agreeable and appropriate terms, would be significant for GPA 2012, for the WTO and...
for the world economy. Brazil would be the first Latin American country to join and, as such, would raise interest in the GPA among countries in the region and beyond. Brazil was eager to prove that “the benefits of becoming a party to the GPA are accessible to all members of the WTO,” said Brazil’s WTO Ambassador, Alexandre Parola.

The Committee continued to discuss China’s sixth revised market access offer and thanked China for the submission of its replies to the comments and questions by parties and for the update on the ongoing government procurement reform.

Discussions on the accessions of Kazakhstan, the Kyrgyz Republic, North Macedonia, the Russian Federation and Tajikistan also continued although progress was affected by the COVID-19 pandemic. Albania, Georgia, Jordan and Oman initiated the process of acceding to GPA 2012 several years ago. Four other WTO members – Afghanistan, Mongolia, the Kingdom of Saudi Arabia and Seychelles – have GPA-related commitments in their respective protocols of accession to the WTO.

**Work programmes**

Attention in the Committee’s work programmes 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 implementation and administration of GPA 2012, and assist with preparations for possible future negotiations.

**GPA 2012 and other WTO rules can help governments minimize corruption, tackle illicit trade and enhance transparency.**

DG Okonjo-Iweala

Construction of a viaduct in Skomielna Biala in southern Poland.
GPA 2012 and other WTO rules can help governments minimize corruption in how public contracts are awarded, tackle illicit trade, and enhance transparency, DG Okonjo-Iweala said in the Transparency International United Kingdom annual anti-corruption lecture, given virtually on 15 December.

Technical assistance and international cooperation

The WTO Secretariat delivered several technical assistance events in virtual mode due to the pandemic. A regional workshop was held for the Central and Eastern Europe, Central Asia and the Caucasus region in April 2021. The Secretariat delivered an online version of its Advanced Global Workshop on GPA 2012 from October to November. In delivering technical assistance, the Secretariat partnered with international organizations and academic institutions active in government procurement.

In addition, the Secretariat organized a session on green government procurement within the scope of the Public Forum (see page 172) in September and partnered with the International Telecommunication Union to deliver a masterclass for small and medium-sized enterprises in July 2021.