



Message from Director-General Ngozi Okonjo-Iweala

The past year was another tumultuous one for the world economy and for global trade. Even as the COVID-19 pandemic began to recede, the international community was tested by one crisis after another, from persistent inflation to climate shocks, food insecurity, and both civil and interstate conflict. Despite the shadow cast by rising geopolitical tensions, trade has proved itself to be a force for resilience and recovery. The value of global goods and services trade in 2022 was a record US\$ 31.4 trillion.

Nevertheless, the risk of costly economic fragmentation is real and growing. WTO economists predict that global goods trade

volumes will grow by only 1.7 per cent in 2023, before picking up speed to 3.2 per cent in 2024, barring new downside surprises.

The subdued trade growth mirrors slowing growth in gross domestic product (GDP). World Bank researchers believe growth potential is declining within advanced and developing economies alike, and have argued that one factor responsible is the slow but steady slowdown in global trade compared to economic output over the past decade. Against this backdrop of diminished economic prospects facing people around the world, the case for multilateral cooperation on trade to combat fragmentation and bolster growth and productivity is stronger than ever.



It is vital that the WTO builds on the success of MC12 so that it continues to fulfil its mandate of using trade as a means to improve living standards, create better jobs and promote sustainable development.

Such cooperation remains possible, as we saw in June 2022 at the WTO's 12th Ministerial Conference (MC12). All 164 of our members came together across geopolitical and substantive differences to deliver a series of ministerial decisions on fisheries subsidies, food security, pandemic response and e-commerce. They proved that the multilateral trading system can meaningfully contribute to solving global commons challenges. They showed the WTO is capable of acting swiftly to respond to pressing problems.

MC12 also saw a commitment to WTO reform, with members agreeing to undertake a comprehensive review of the WTO's core functions to ensure the institution remains fit for purpose. Ministers agreed in particular to address concerns about the WTO's dispute settlement system, with the aim of securing a fully functioning mechanism by 2024.

It is vital that the WTO builds on the success of MC12 so that it continues to fulfil its mandate of using trade as a means to improve living standards, create better jobs and promote sustainable development.

One key step in this direction is to ensure the Agreement on Fisheries Subsidies reached at MC12 enters into force as soon as possible, which requires formal acceptance

by two-thirds of members. The ground-breaking agreement – the WTO's first to place environmental sustainability at its core – will help curb an estimated US\$ 22 billion per year in harmful subsidies. It will also contribute to reversing the decline in marine fish stocks that is putting at risk both the health of our oceans and the livelihoods of fishing communities around the world. And it comes accompanied by financial and technical assistance for developing and least-developed members to upgrade fisheries management capacity and implement the new disciplines.

The Agreement also provides for a second wave of negotiations on fisheries subsidies issues that could not be resolved at MC12, such as support related to overfishing and overcapacity. Finding solutions on these outstanding issues is high on the agenda for the WTO's 13th Ministerial Conference (MC13), to be held in Abu Dhabi in February 2024.

As members look ahead to MC13, they have been actively discussing institutional reform and looking at dispute settlement as well as various ways to make existing committees and processes more effective. Large groups of members continue efforts to create shared rules in areas at the centre of the 21st century global economy, such as e-commerce

and investment facilitation, and to advance discussions on various environmental initiatives. Importantly, members also are exploring new ways to tackle longstanding issues, such as agricultural reform, a critical priority for many developing and developed economies on which negotiations have been stuck for far too long.

Food security remains an important challenge, despite the important progress made at MC12, where ministers agreed to smooth the flow of emergency food aid by shielding World Food Programme humanitarian purchases from export restrictions and pledged to keep food flowing across borders. According to a May 2023 report from a network of United Nations, regional and non-governmental agencies, 258 million people were in crisis or worse levels of acute food insecurity in 2022 – up from 193 million in 2021. Hundreds of millions more are undernourished. Although WTO monitoring of export restrictions on food, animal feed and fertilizer have helped, high food prices and market volatility continue to contribute to immediate problems of affordability, while droughts, heatwaves and flooding undermine current production and warn of even worse climate-related supply problems ahead.

At the end of last year, WTO members established a work programme to help vulnerable economies improve their resilience to food insecurity. This too springs from what members agreed to at MC12. But much more

needs to be done. Members must find ways of breaking the long impasse in agricultural negotiations so that the WTO rulebook for farm trade, most of which dates back to the 1990s, is reformed and updated to respond more effectively to global food security needs and challenges today and tomorrow, including climate change and sustainability. MC13 would be an ideal place to start.

As this Annual Report makes clear, the WTO has been working hard across a wide range of other areas to keep trade open and to help its members deal with global challenges, from the economic consequences of the war in Ukraine to ongoing impacts from the pandemic, natural disasters and the biggest collective action problem facing the planet, namely climate change.

We chose to devote last year's edition of our flagship publication – the World Trade Report – to the topic of international trade and climate change. That report underlines the many ways in which trade can help, and is helping, economies to mitigate greenhouse gas emissions and adapt to a changing climate. The key message, which we took to the UN climate conference – COP27 – in Sharm el-Sheikh in late 2022, is that when it comes to climate change, trade is part of the solution far more than it is part of the problem.

This year's Annual Report also describes how, far from the news headlines, members have continued to use WTO committees to



Bringing economies and communities from the margins of the global economy to the mainstream would make trade more inclusive and even more resilient. A strong WTO is a prerequisite for this process.

raise trade concerns and to find solutions to problems they are encountering. In addition, the report provides a snapshot of our continued work to provide training to government officials – over 5,500 in 2022 – to help them better understand WTO rules so they can help their economies to benefit from the economic opportunities created by the multilateral trading system.

The shocks of the past three years have exposed genuine vulnerabilities in how global supply chains operate. But I remain convinced that the most serious problems are a function of overconcentration rather than of trade as such. This means that the way to solve these problems is not to make everything at home – which would create vulnerabilities of its own – but to promote supply chains that are deeper, more diversified and more de-concentrated. Bringing economies and communities from the margins of the global economy to the

mainstream would make trade more inclusive and even more resilient. A strong WTO is a prerequisite for this process, which we are calling “re-globalization”.

MC13 will be an important opportunity for WTO members to show that last year’s ministerial was not a one-off miracle on Lake Geneva. We can and must continue to strengthen this vital institution and ensure that multilateral cooperation on trade does its part to provide solutions to problems facing people, nations and the wider global commons.

DR. NGOZI OKONJO-IWEALA
DIRECTOR-GENERAL